

## AMENDMENTS TO THE SGX-DC CLEARING RULES

Rule amendments marked in *red*.

<b>RULE AMENDMENTS</b>
<b><u>Chapter 2 Clearing Membership</u></b>
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<b>2.20 Limits of Positions</b>
<b>2.20.1</b>  The Clearing House may from time to time establish limits on the positions owned or controlled by any person or persons acting in concert with respect to any Contracts including the Designated Futures Contracts.
<b>2.20.2</b>  Any person may request for an increase in initial position limit or previously approved position limit by making an application to the Clearing House on forms provided by Clearing House through its Clearing Member carrying the relevant positions for its account on the books of the Clearing Member.
<b>2.20.3</b>  In conjunction with the foregoing, a Clearing Member shall ensure at all times that:—  2.20.3.1 each of its Customers and their respective related corporations for whom such Clearing Member also maintains accounts as Customers of the Clearing Member (each such Customer and its related corporations, to be hereafter referred to as the "Collective Customer"); and  2.20.3.2 each House Account carried on its books (collectively the "Collective House Accounts"), shall comply with the respective position limits as may be applicable to them individually or collectively as may be prescribed by the Clearing House from time to time.
<b>2.20.4</b>  In the event that the aggregate maintenance margins required to be deposited by a Collective Customer and/or the Collective House Accounts with a Clearing Member exceeds such relevant amount(s) (whether the amount(s) are stated as a sum or sums of money and/or calculated in accordance with a formula or formulae) as may be prescribed by the Clearing House from time to time, the Clearing Member shall, unless the Clearing House otherwise decides, forthwith procure:—  2.20.4.1 from the chief executive officer of the Clearing Member, a letter of awareness;  2.20.4.2 from such related corporation of the Clearing Member as the Clearing House may require a

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letter of awareness; or

2.20.4.3 from such related corporation of the Clearing Member as the Clearing House may require a letter of guarantee;

and in addition, where relevant, to forthwith procure

2.20.4.4 from such related corporation of the Collective Customer as the Clearing House may require a letter of awareness;

as may be required by the Clearing House, in each case, in such form and content as may be prescribed or otherwise acceptable to the Clearing House.

### **Chapter 7 Clearing and Margins**

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#### **7.02A Registration of Eligible Non-Relevant Market Transactions**

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#### **7.02AA Registration of Eligible OTCF Transactions**

##### **7.02AA.1 Eligible OTCF Transactions**

7.02AA.1.1 Only OTCF Transactions which meet the following criteria will be eligible for registration with the Clearing House ("Eligible OTCF Transactions"):

- a. a transaction which falls under one of the classes of Eligible OTCF Contracts; and
- b. a transaction where each Original OTCF Contract Counterparty has satisfied the requirements prescribed by the Clearing House in the OTCF Clearing Member Handbook from time to time.

Once the criteria in Rule 7.02AA.1.1 are satisfied, the Clearing Members acting for the respective Original OTCF Contract Counterparties shall be responsible for the Eligible OTCF Transaction as principals to the Clearing House.

7.02AA.1.2 If an OTCF Transaction does not fulfil the eligibility criteria in Rule 7.02AA.1.1, such OTCF Transaction shall be deemed not to have been submitted to the Clearing House and shall remain in effect or be terminated, as the case may be, in accordance with any terms agreed to between the Original OTCF Contract Counterparties.

7.02AA.1.3 Notwithstanding that an OTCF Transaction fulfils all eligible criteria prescribed under Rule 7.02AA.1.1, the Clearing House shall have the sole discretion to disallow the registration of such OTCF Transaction if any of the events of default set out in Rule 7A.01A.1 occurs or is, in the reasonable

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opinion of the Clearing House, about to occur in relation to the Clearing Member in whose name such OTCF Transaction is to be registered.

### **7.02AA.2 Registration of OTCF Transactions**

7.02AA.2.1 OTCF Transactions will be registered with the Clearing House for clearing through the Trade Registration System or other facility as prescribed by the Clearing House. A submission for registration will be accepted or rejected by the Clearing House as quickly after submission as would be technologically practicable if fully automated systems were used.

7.02AA.2.2 An Eligible OTCF Transaction may only be submitted to a Trade Registration System for registration by the Clearing House by any of the following parties:

- a. a Clearing Member; or
- b. such other party authorised by the Clearing Member; or
- c. the Clearing House itself for the purpose of executing any default proceeding contemplated under Rule 7A.02.1 or as it considers necessary from time to time.

7.02AA.2.3 Any of the parties submitting an Eligible OTCF Transaction through the Trade Registration System, or other facility approved by the Clearing House, for registration shall comply with the terms and conditions governing the access to and operation of that system, as varied, amended, or supplemented from time to time.

7.02AA.2.4 A Clearing Member acting for an Original OTCF Contract Counterparty, shall obtain the consent of such Original OTCF Contract Counterparty, before allowing such other party referred to at Rule 7.02AA.2.2 to register OTCF Transactions on behalf of such Clearing Member.

7.02AA.2.4A Clearing Member shall require the relevant Customer of a Customer Contract in respect of which an Eligible OTCF Transaction is to be registered to provide the Clearing Member with sufficient Collateral to meet margin requirements and any Settlement Variation and to fulfil such other requirements prescribed by the Clearing House from time to time prior to submitting the Eligible OTCF Transaction, for the account of the Customer, for registration.

7.02AA.2.5 Unless the relevant information with regard to an Eligible OTCF Transaction as required by Rule 7.02AA.1.1 and set out in the OTCF Clearing Member Handbook are submitted to the Clearing House on the same day, prior to the trade submission deadline(s) prescribed by the Clearing House, such Eligible OTCF Transaction will not be registered.

7.02AA.2.6 For the avoidance of doubt, an Eligible OTCF Transaction which has been registered with the Clearing House shall remain a bilateral OTCF Contract between the Original OTCF Contract Counterparties until the Clearing House becomes the central counterparty pursuant to Rule 7.04.5A.1.

7.02AA.2.7 A Clearing Member acting for an Original OTCF Contract Counterparty shall assume the

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duties and obligations of that Original OTCF Contract Counterparty, as principal to the Clearing House, for an Eligible OTCF Transaction that has been submitted for registration by any of the parties in Rules 7.02AA.2.2.

7.02AA.2.8 In submitting or allowing the submission of an Eligible OTCF Transaction for registration through the Trade Registration System or other facility as prescribed by the Clearing House, the Original OTCF Contract Counterparties to the Eligible OTCF Transaction shall be deemed to have mutually agreed (i) to substitute their contract for a contract based on the OTCF Contract Terms set out in the OTCF Clearing Member Handbook, and (ii) for the Clearing House to become the counterparty to each Clearing Member in whose name such Eligible OTCF Transaction has been registered pursuant to Rule 7.04.

7.02AA.2.9 Once an Eligible OTCF Transaction has been submitted for registration, the terms of the Eligible OTCF Transaction shall be final and a Clearing Member shall be bound by the terms of the Eligible OTCF Transaction registered in its name.

The Clearing House shall not be responsible for confirming the terms of such Eligible OTCF Transactions.

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### 7.03A Collateral

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#### 7.03A.7 Investment and Use of Collateral

7.03A.7.1 The Clearing House may invest, manage and use Collateral in such manner as it shall deem fit, provided that:

a. Collateral in respect of Customer Contracts shall be invested in accordance with this Rules, the Security Deed, the SFA and any applicable laws; and

b. the Clearing House shall not use any Collateral received and notified to it as Collateral in respect of a Customer Contract to settle any obligations that are incurred in relation to a House Contract, except in accordance with this Rules, the Security Deed, the SFA and any applicable laws.

c. the Clearing House shall not use any Collateral received and notified to it as Collateral in respect of an Affiliate Contract to settle any obligations that are incurred in relation to a House Contract that is not an Affiliate Contract, except in accordance with this Rules, the Security Deed, the SFA and any applicable laws.

7.03A.7.2 Each Clearing Member shall secure contractual waivers in favour of the Clearing Member from its Customers waiving their respective rights to all interest and investment earnings from the Collateral held with or otherwise provided to the Clearing House in respect of Customer Contracts, in the form and manner as may be prescribed by the Clearing House, as may be necessary to give effect

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to the Clearing House's rights in relation to interest and fees under Rule 7.03A.8.

7.03A.7.3 All Collateral deposited or provided by each Clearing Member to the Clearing House shall be subject to this Rules, the Security Deed, the SFA (each as amended or supplemented from time to time) and any applicable laws. Each Clearing Member shall ensure that all Collateral deposited or provided to the Clearing House are deposited or provided only on the foregoing basis and shall also ensure that, prior to depositing or providing any Collateral to the Clearing House for the account or for the Contracts of any person, such person has been notified of and has accepted the foregoing.

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### 7.20 Margin Amounts

#### 7.20.1 Acceptable Margin

Margin requirements shall be prescribed by the Clearing House from time to time. The Clearing House will accept as margin, cash, government securities or common stocks, units of listed business trusts or units of listed real estate investment trusts in accordance with such procedures as may be prescribed by the Clearing House all of which must be and remain unencumbered, unless otherwise permitted or contemplated under this Rules, the Security Deed or the SFA.

The Clearing Member shall notify the Clearing House as to whether such Collateral ~~is are~~ to be maintained for its Customer Contracts or its House Contracts, ~~and where it~~ Where the Collateral is to be maintained for the Clearing Member's Customer Contracts, the Clearing Member shall notify the Clearing House as to whether it is to be held for an Applicable Customer Account. Where the Collateral is to be maintained for the Clearing Members' House Contracts, the Clearing Member shall notify the Clearing House as to whether it is to be held for an Affiliate Account. ~~Such~~ Collateral will be held by the Clearing House for ~~that the~~ relevant account.

#### 7.20.2 Margin Composition

Without prejudice to the generality of the foregoing, the aggregate amount of Collateral deposited with or provided to the Clearing House in respect of the aggregate required margin in relation to Customers' Contracts, Affiliate Contracts and House Contracts (excluding Affiliate Contracts) must each separately comply with the following:

7.20.2.1 where the relevant total margin requirements are US\$1,000,000 (or its equivalent) or less, the entire margin requirements must be in the form of cash and/or government securities; and

7.20.2.2 where the relevant total margin requirements are more than US\$1,000,000 (or its equivalent), cash and/or government securities must constitute at least US\$1,000,000 or 60 percent of the total margin requirements whichever is the greater.

7.20.2.3 [Rule has been deleted]

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<b>7.24</b>	<b>Failure to Comply with Emergency Orders</b>
<b>7.24.1</b>	<p>In the event of the failure of a Clearing Member to deposit additional margins or to comply with the order of transfer of positions or to deposit additional funds as required under Rule 7.23, the Clearing House may direct and the Clearing Member shall in such event forthwith comply with any such direction that the Clearing Member forthwith liquidate all or part of the positions on its books.</p>
<b>7.24.2</b>	<p>If there is a failure to so effect the required reduction in positions by the next Business Day, the Clearing House shall thereupon order the liquidation of all or the required part of the Clearing Member's position with due consideration to the positions <del>of</del><u>in</u> Customers <u>Accounts and Affiliate Accounts</u>. Any Clearing Member whose trades are thus liquidated shall provide for the payment of any loss to the Clearing House on the next settlement cycle by the Clearing House pursuant to Rule 7.12 or 7.13.</p>
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<b><u>7.31 Affiliate Account</u></b>	
<b><u>7.31.1</u></b>	
<p><u>For the purpose of Part 7 and 7A of this Rules, a Clearing Member may designate as an Affiliate Account, any House Account that belongs to and is maintained wholly for the benefit of one or more Affiliates. The Clearing Member must notify the Clearing House of any designation, failing which the Clearing House will be under no obligation to treat the designated account(s) as Affiliate Account(s).</u></p>	
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<b>Chapter 7A</b>	<b>Suspension and Default</b>
...	
<b>7A.02</b>	<b>Open Positions of Defaulted /Suspended Clearing Members</b>
<b>7A.02.1</b>	<p>When a Clearing Member having open positions has defaulted upon its obligation to the Clearing House, or has been suspended, the Clearing House may: -</p>
7A.02.1.1	<p>transfer or facilitate the transfer of all or any part of positions in Customer Contracts held by the defaulted or suspended Clearing Member to one (1) or more Clearing Members designated</p>

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by the Clearing House in accordance with applicable laws, provided that all or any part of positions held in Cleared Swaps Customer Accounts may be transferred only to one (1) or more FCM Clearing Members designated by the Clearing House. When such positions are so transferred, the following shall apply:

- a. subject to Rule 7A.02.1.1.c. and to the extent permitted by applicable laws, margins deposited with the Clearing House in respect of the positions shall be entrusted to the designated Clearing Member or Clearing Members;
- b. the margins entrusted to a designated Clearing Member pursuant to this Rule 7A.02.1.1 may not be in such form as was originally deposited with the Clearing House;

c. the Clearing House shall have the discretion not to transfer all or any part of the margins ~~and settlement monies~~ to a designated Clearing Member as described in Rule 7A.02.1.1.~~ba.~~, if:

i. ~~those margins cannot be attributed to the positions that are transferred to that Clearing Member the positions are held in an omnibus account;~~ or

ii. ~~those margins monies and other assets deposited with the Clearing House in relation to Customers' Contracts~~ may be applied pursuant to Rule 7A.05.1.2 ~~or 7A.05.1.2A~~,

provided that where margins ~~and settlement monies~~ are not transferred to the designated Clearing Member, the designated Clearing Member shall be required to collect the required margins ~~and settlement monies~~ from its Customer; and

d. The margins not entrusted to designated Clearing Members shall be retained by the Clearing House and may be applied in accordance with Rule 7A.05.1.2 ~~or 7A.05.1.2A~~. Any unused margins shall be returned to the defaulted or suspended Clearing Member, or entrusted to the designated Clearing Members, as the Clearing House deems appropriate:

- i. following the settlement of losses arising from the event of default; or
- ii. at such time that the Clearing House determines that the margins may not be used.

7A.02.1.1A transfer or facilitate the transfer of all or any part of positions in Affiliate Contracts held by the defaulted or suspended Clearing Member to one (1) or more Clearing Members designated by the Clearing House in accordance with applicable laws. When such positions are so transferred, the following shall apply:

a. subject to Rule 7A.02.1.1A.c. and to the extent permitted by applicable laws, margins deposited with the Clearing House in respect of the positions shall be entrusted to the designated Clearing Member or Clearing Members;

b. the margins entrusted to a designated Clearing Member pursuant to this Rule 7A.02.1.1A may

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not be in such form as was originally deposited with the Clearing House;

c. the Clearing House shall have the discretion not to transfer all or any part of the margins to a designated Clearing Member as described in Rule 7A.02.1.1A.a., if:

i. those margins cannot be attributed to the positions that are transferred to that Clearing Member; or

ii. those margins may be applied pursuant to Rule 7A.05.1.1A, 7A.05.1.2 or 7A.05.1.2A,

provided that where margins are not transferred to the designated Clearing Member, the designated Clearing Member shall be required to collect the required margins from the Affiliate; and

d. The margins not entrusted to designated Clearing Members shall be retained by the Clearing House and may be applied in accordance with Rules 7A.05.1.1A, 7A.05.1.2 and 7A.05.1.2A. Any unused margins shall be returned to the defaulted or suspended Clearing Member, or entrusted to the designated Clearing Members, as the Clearing House deems appropriate:

i. following the settlement of losses arising from the event of default; or

ii. at such time that the Clearing House determines that the margins may not be used.

7A.02.1.2 execute hedging transactions, on behalf of and at the risk of the defaulted or suspended Clearing Member, to eliminate or reduce market risk resulting from such open positions;

7A.02.1.3

a. close out or liquidate via auction or otherwise such open positions in House Contracts (including any Affiliate Contracts that have not been transferred pursuant to Rule 7A.02.1.1A), and/or any Customer Contracts that have not been transferred pursuant to Rule 7A.02.1.1, including any hedging transaction executed pursuant to Rule 7A.02.1.2; or

b. appoint one or more Inter Dealer Brokers, Clearing Members or members of the applicable Relevant Market to close out positions in House Contracts (including any Affiliate Contracts that have not been transferred pursuant to Rule 7A.02.1.1A) and/or any Customer Contracts that have not been transferred pursuant to Rule 7A.02.1.1, including any hedging transaction executed pursuant to Rule 7A.02.1.2, all on the behalf of and at the risk of the defaulted or suspended Clearing Member;

7A.02.1.4 where the open positions relate to an Eligible Non-Relevant Market Transaction or a Contract subject to physical delivery prior to re-novation in Rule 6.02A.7, and it is in the Clearing House's good faith opinion impossible or impracticable for the open positions to be transferred or closed out pursuant to Rules 7A.02.1.1, 7A.02.1.1A and 7A.02.1.3 respectively, the Clearing House may, in addition to any other power or right it may have, invoice back such positions to the defaulting or suspended Clearing Member. The Clearing House shall then simultaneously invoice back the equivalent number of positions or as nearly equivalent number of such positions as the Clearing House may deem practical to



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the following:—

- a. in the case of an Eligible Non-Relevant Market Transaction or a Contract subject to physical delivery prior to the matching process in Rule 6.02A.7, to other non-defaulting and non-suspended Clearing Members, and/or any other non-defaulting Relevant Market (or its clearing house) holding appropriate opposite positions (whether reported to the Clearing House as being House, or Customer positions) as at the date of such invoicing back, on a pro-rata basis, calculated as the proportion of such gross opposite positions of each non-defaulting and non-suspended Clearing Member and/or Relevant Market (or its clearing house) at the date of such transfer relative to the aggregate value of such open positions held by all non-defaulting and non-suspended Clearing Members (to be rounded down or up if the number of lots is not a whole number at the Clearing House's absolute discretion); or
- b. in the case of a Contract subject to physical delivery after the matching process in Rule 6.02A.7 and before re-novation in Rule 6.02A.7, to the non-defaulting and non-suspended Clearing Members and/or clearing member of another Relevant Market (or its clearing house), with which the defaulting or suspended Clearing Member has been matched in accordance with Rule 6.02A.7 (whether reported to the Clearing House as being House or Customer positions).

The invoicing back shall be carried out by the Clearing House effecting and registering opposite positions between itself and each of the relevant affected persons. The Clearing House shall then settle the open positions against such opposite positions, at a price determined by it. The Clearing House's actions, including the timing of the transfer and the price determined by the Clearing House shall be binding on all affected Clearing Members;

**7A.02.2**

The Clearing Member that has defaulted upon its obligation to the Clearing House, or has been suspended, shall cooperate with the Clearing House and non-defaulting Clearing Members in respect of any of the actions that the Clearing House may take pursuant to Rule 7A.02.1.

**7A.02.3**

All costs and expenses sustained by the Clearing House in connection with any steps which are or may be taken by the Clearing House pursuant to Rule 7A.02.1, including losses incurred from authorized hedging transactions and the unwinding of such hedging transactions, shall be charged to the account of the defaulted Clearing Member after all outstanding rights and liabilities in respect of all its Contracts with the Clearing House have been determined, and shall be set off against all other amounts owed and owing between the defaulted Clearing Member and the Clearing House, to produce a net sum payable by either party to the other.

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**7A.05 Protection of Clearing House**

**7A.05.1 Failure by Clearing Member and any other Relevant Market (or its Clearing House) to**

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### discharge its obligations to the Clearing House in respect of Contracts

Without prejudice and subject to the other provisions of this Rules:

7A.05.1.1 Where a Clearing Member has failed promptly to discharge any of its obligations to the Clearing House in respect of a House Contract (that is not an Affiliate Contract), the Clearing House may apply any or all of the following to discharge such obligations:

- a. the Clearing Member's Collateral deposited with or provided to the Clearing House (except such Collateral deposited or provided in relation to (i) Customer Contracts ~~which shall be governed by Rule 7A.05.1.2.b~~ and (ii) Affiliate Contracts); and
- b. in the case of a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.a or b, the Collateral deposited or provided by the Bank Clearing Member pursuant to Rule 2.08.1B.1.

7A.05.1.1A Where a Clearing Member has failed promptly to discharge any of its obligations to the Clearing House in respect of an Affiliate Contract, the Clearing House may apply any or all of the following to discharge such obligations:

- a. the Clearing Member's Collateral deposited with or provided to the Clearing House (except such Collateral deposited or provided in relation to Customer Contracts); and
- b. in the case of a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.a or b, the Collateral deposited or provided by the Bank Clearing Member pursuant to Rule 2.08.1B.1,

provided that Collateral deposited by the Clearing Member in relation to Affiliate Contracts shall not in any case be applied to discharge any of the Clearing Member's obligations to the Clearing House in respect of a House Contract (that is not an Affiliate Contract).

7A.05.1.2 Where a Clearing Member has failed promptly to discharge any of its obligations to the Clearing House in respect of a Customer Contract other than an Applicable Customer Contract, the Clearing House may apply any or all of the following to discharge such obligations:

- a. the Clearing Member's Collateral deposited with or provided to the Clearing House (except such Collateral deposited or provided in relation to Customer Contracts ~~other than an Applicable Customer Contracts, it shall be governed by Rule 7A.05.1.2.b~~);
- b. Collateral deposited or provided by the Clearing Member in relation to Customer Contracts other than an Applicable Customer Contracts provided that the conditions in the SFA in relation to the permissible use of customers' money and assets are satisfied;

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b1. Collateral deposited or provided by the Clearing Member in relation to Applicable Customer Contracts, provided Rule 7A.05.1.8 applies;

c. in the case of a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.a or b, the Collateral deposited or provided by the Bank Clearing Member pursuant to Rule 2.08.1B.1; and

d. the qualifying letters of credit deposited with the Exchange by a Trading Member sponsored by the Clearing Member, pursuant to Rule 7.3.6 of the Trading Rules, provided that the Clearing Member's default is attributable to such Trading Member's act or omission,

provided that (i) Collateral deposited by the Clearing Member in relation to Applicable Customer Contracts shall not in any case be applied to discharge any of the Clearing Member's obligations to the Clearing House in respect of a Customer Contract other than an Applicable Customer Contract, save as provided by Rule 7A.05.1.8; and (ii) Collateral deposited by the Clearing Member in relation to Affiliate Contracts shall not in any case be applied to discharge any of the Clearing Member's obligations to the Clearing House in respect of a House Contract (that is not an Affiliate Contract).

7A.05.1.2A Where a Clearing Member has failed promptly to discharge any of its obligations to the Clearing House in respect of an Applicable Customer Contract, the Clearing House may apply any or all of the following to discharge such obligations:

a. the Clearing Member's ~~Security Deposit and all other forms of~~ Collateral deposited with or provided to the Clearing House (except such Collateral deposited or provided in relation to Applicable Customer Contracts, ~~it shall be governed by Rule 7A.05.1.2A.c~~);

b. [This rule is deleted]. Collateral deposited by the Clearing Member in relation to House Contracts;

c. Collateral deposited or provided by the Clearing Member in relation to the Applicable Customer Contracts of the Customer to whom the relevant defaulted Applicable Customer Contract belongs only;

c1. Collateral deposited or provided by the Clearing Member in relation to Customer Contracts other than Applicable Customer Contracts, provided 7A.05.1.8 applies;

d. in the case of a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.a or b, the Collateral deposited by the Bank Clearing Member pursuant to Rule 2.08.1B.1; and

e. the qualifying letters of credit deposited with the Exchange by a Trading Member sponsored by the Clearing Member, pursuant to Rule 7.3.6 of the Trading Rules, provided that the Clearing Member's default is attributable to such Trading Member's act or omission,

provided that (i) Collateral deposited by the Clearing Member in relation to Customer Contracts other

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than Applicable Customer Contracts, or in relation to ~~the any other~~ Applicable Customer Contracts of any other Customer, shall not in any case be applied to discharge any of the Clearing Member's obligations to the Clearing House in respect of the Applicable Customer Contract, save as provided by Rule 7A.05.1.8; and (ii) Collateral deposited by the Clearing Member in relation to Affiliate Contracts shall not in any case be applied to discharge any of the Clearing Member's obligations to the Clearing House in respect of a House Contract (that is not an Affiliate Contract).

7A.05.1.3 The Clearing House may liquidate any non-cash Collateral deposited with it by a Clearing Member:

a. in respect of Collateral in relation to House Contracts (that are not Affiliate Contracts), where the Clearing Member has failed to promptly discharge its obligations to the Clearing House in respect of any Contract;

a1. in respect of Collateral in relation to Affiliate Contracts, where the Clearing Member has failed to promptly discharge its obligations in respect of an Affiliate Contract and/or a Customer Contract;

b. in respect of Collateral in relation to Customer Contracts, where the Clearing Member has failed to promptly discharge its obligations in respect of a Customer Contract and the conditions in the SFA in relation to the permissible use of customers' money and assets are satisfied; and

c. in respect of assets in relation to House Contracts, or Customer Contracts, if the Clearing House is of the opinion that such liquidation of non-cash assets is necessary to protect the Clearing House from depreciation of the value of Collateral, pending transfer of such House Contracts or Customer Contracts, as the case may be,

provided that (i) the Clearing House shall not be liable for any losses arising from such liquidation and any such losses will be borne by the House Account or Customer Account in respect of which the non-cash assets were liquidated; and (ii) Collateral deposited by the Clearing Member in relation to Affiliate Contracts shall not in any case be liquidated or applied to discharge any of the Clearing Member's obligations to the Clearing House in respect of a House Contract (that is not an Affiliate Contract).

7A.05.1.4 Without prejudice to the rights of the Clearing House in respect of failure by the Clearing Member to promptly discharge any of its obligations to the Clearing House, the Clearing Member shall immediately make up any deficiencies in its Security Deposit resulting from such applications.

7A.05.1.5 The Clearing Member shall not take any action or do anything that will directly or indirectly interfere with, prohibit, restrict or inhibit the ability of the Clearing House to so apply the Collateral and the Clearing House shall, except where it has acted in bad faith, be under no liability to the Clearing Member or any other person whatsoever in so applying Collateral and the Clearing Member shall fully indemnify and keep indemnified the Clearing House and hold the Clearing House harmless against any such liability.

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7A.05.1.6 If a Relevant Market, including a Participating Market, and/or its clearing house as the case may be fails to promptly discharge any of its obligations to the Clearing House arising out of any arrangement relating to the clearing of Contracts, including the Mutual Offset System, the Collateral of such Relevant Market shall be applied by the Clearing House to discharge the obligation.

7A.05.1.7 Where the Clearing Member which is also a clearing member of CDP has failed to settle its financial obligations to CDP, the Clearing House shall be entitled to retain any Collateral deposited or provided by the Clearing Member in relation to House Contracts (excluding Affiliate Contracts) which have not been utilised pursuant to this Rule 7A.05.

7A.05.1.8 Where the Clearing House is acting pursuant to Rule 7A.05.1.2 and/or Rule 7A.05.1.2A in respect of ~~more than one a~~ Customer Account, ~~and the Clearing House identifies that any two or more of such Customer Accounts belong to the same Customer, then~~ the Clearing House may, in discharge of obligations relating to such Customer Account, apply the Collateral deposited for any other such Customer Account(s) held on the books of the Clearing Member for the same Customer ~~to all such identified Customer Accounts.~~

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### 7A.07 Default of the Clearing House

#### 7A.07.1

A non-defaulting Clearing Member may exercise its rights under Rule 7A.07 if the Clearing House:

- a. fails to make a payment to a non-defaulting Clearing Member for a period of 30 days from the date the obligation to pay under a Contract fell due; or
- b. commences a procedure seeking or proposing liquidation on the ground of its inability to pay its debts, receivership, judicial management, or a scheme of arrangement involving a compromise with its creditors or any class thereof, or other similar relief with respect to itself or to its debts under any bankruptcy, insolvency, regulatory, supervisory or similar law, or if any of the foregoing cases or procedures is commenced in relation to the Clearing House by any other person which results in liquidation or winding up of the Clearing House on the ground of its inability to pay its debts, or if the Clearing House takes corporate action to authorise any of the foregoing, in any such case other than for the purposes of corporate restructuring (including any consolidation, amalgamation or merger).

#### 7A.07.2

While any of the circumstances set out in Rule 7A.07.1 continue, the non-defaulting Clearing Member may, at any time by notice in writing to the Clearing House, specify a date (the "Termination Date") for the termination and liquidation of all Contracts to which it is a party in accordance with Rule 7A.07.4 below.

#### 7A.07.3

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In the event a Clearing Member exercises its rights under Rule 7A.07.2, the Clearing House may, in its absolute discretion and by notice in writing, take any steps necessary to terminate any related Contract or close out any related positions held with any other Clearing Member, notwithstanding that such Clearing Member is not in default of any of its obligations.

### 7A.07.4

Upon the specification of a Termination Date:

- a. all obligations of the Clearing House and the Clearing Member in respect of any Contract between them shall cease to exist from the Termination Date, provided that such termination shall have no effect upon the rights and obligations under such Contract, which rights and obligations shall survive such termination, and any obligations to make further payments or deliveries which would otherwise have fallen due shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Termination Amount;
- b. the Clearing House shall (on, or as soon as reasonably practicable after, the Termination Date) determine the Clearing Member's total loss or total gain (as the case may be) in respect of each Contract, in each case expressed in Singapore Dollars (the "Base Currency");
- c. the Clearing House shall treat each gain to the Clearing Member as a positive amount and each loss by that Clearing Member as a negative amount and shall, in accordance with Rule 7A.07.4, aggregate all of such amounts to produce a single, net positive or negative amount, denominated in the Base Currency (the "Termination Amount"); and
- d. where a Clearing Member has ~~a house and~~ one or more House Accounts and Customer client aAccounts:
  - (i) the Clearing House shall determine ~~two net amounts under Rule 7A.07.4 (c); one net amount in respect of gains and losses arising on Contracts registered in the Clearing Member's client account (or client accounts as combined) and a second net amount in respect of gains and losses arising on all other Contracts; and~~ net amounts under Rule 7A.07.4 (c) as follows: one net amount for each Applicable Customer Account; one net amount for all Customer Account(s) that are not an Applicable Customer Account; one net amount for all Affiliate Account(s); and one net amount for all other accounts; and
  - (ii) the ~~two~~ net amounts determined under Rule 7A.07.4(d)(i) each shall constitute Termination Amounts.

### 7A.07.5

If a Termination Amount determined pursuant to Rule 7A.07.4 above is a positive amount, the Clearing House shall pay it to the Clearing Member and if any such Termination Amount is a negative amount, the Clearing Member shall pay it to the Clearing House, in either case in accordance with Rule 7A.07.6. The Clearing House shall notify the Clearing Member of each such Termination Amount, and by which

**RULE AMENDMENTS**

party it is payable, as soon as practicable after the calculation thereof.

**7A.07.6**

A Termination Amount shall be paid in the Base Currency by the close of business on the business day following notification pursuant to Rule 7A.07.5 above.

**7A.07.7**

For the purposes of any calculation required to be made under this Rule 7A.07, the Clearing House may convert amounts denominated in any other currency into the Base Currency at such rate prevailing at the time of the calculation as it shall reasonably select.

**7A.07.8**

The rights of the Clearing House and the Clearing Members under this Rule 7A.07. shall be in addition to, and not in limitation or exclusion of, any other rights which the Clearing House or the Clearing Member may have.

...

**Chapter 9 Definitions and Interpretation**

**9.01 Definitions**

<u>Term</u>	<u>Meaning</u>
<u>"Affiliate"</u>	<u>is a related corporation of a Clearing Member with respect to accepted instructions to deal for an account belonging to, and maintained wholly for the benefit of, that related corporation.</u>
<u>"Affiliate Account"</u>	<u>is an account designated by a Clearing Member pursuant to Rule 7.31.1.</u>
<u>An "Affiliate Contract"</u>	<u>is a Contract booked into an Affiliate Account.</u>
...	
A "Customer Account"	is an account carried on the books of a Clearing Member <u>belonging to and maintained wholly for the benefit of</u> <del>for</del> a Customer and, unless otherwise provided, includes an Applicable Customer Account.
...	
"House Account"	<del>-A "House" account</del> is an account <u>carried on the books of a Clearing Member</u> which is not a Customer Account <u>and, unless otherwise provided, includes an</u>

**RULE AMENDMENTS**

	<u>Affiliate Account.</u>
A "House Contract"	is a Contract for: a. the Clearing Member itself with respect to the proprietary account of the Clearing Member; or b. a director, officer, employee or representative of the Clearing Member; or c. <u>an Affiliate.</u> <del>a related corporation of the Clearing Member with respect to accepted instructions to deal for an account belonging to, and maintained wholly for the benefit of, that related corporation.</del>