

24 April 2019

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

## REQUEST FOR APPROVAL OF AMENDMENTS TO SGX-DC CLEARING RULES

### 1. Request for approval of amendments to SGX-DC Clearing Rules

1.1 Pursuant to Commission Regulation 40.5, Singapore Exchange Derivatives Clearing Limited ("**SGX-DC**"), a derivatives clearing organisation ("**DCO**") registered with the Commodities Futures Trading Commission (the "**Commission**"), hereby submits a request for the Commission's approval of amendments to its Clearing Rules ("**SGX-DC Clearing Rules**", and the amendments, "**Rule Amendments**").

1.2 The Rule Amendments are to effect the following:

- (a) give SGX-DC the power to conduct, and oblige a Clearing Member to participate in, an auction for the Contract Class comprising of Contracts that are listed for trading on the Exchange or Relevant Market (i.e. "**ETD contracts**") and Non-Relevant Market Contracts (i.e. "**NMC Contracts**") (for the purposes of this submission, this Contract Class is referred to as the "**ETD/NMC Contract Class**", and the auction an "**ETD/NMC Auction**");
- (b) give SGX-DC the power to unilaterally terminate positions of non-defaulting SGX-DC Clearing Members that exactly offset those of the defaulted SGX-DC Clearing Member (i.e. "**Partial Tear-Up**");
- (c) revise the application of the clearing fund of SGX-DC (the "**SGX-DC Clearing Fund**") for:
  - (i) the prioritised application of Clearing Fund Deposits ("**CFDs**") of Clearing Members who are required to participate in an ETD/NMC Auction based on those Clearing Members' performances in that auction; and

- (ii) the application of all SGX-DC Clearing Members' Further Assessment Amounts ("FAAs"), on a pro-rata basis across the membership, only after all the funded components of the SGX-DC Clearing Fund have been exhausted; and
  - (d) cessation of clearing of over-the-counter financial derivatives contracts (i.e. "OTCF Contract Class"); and
  - (e) clarify the limited circumstances in which disclosure of information by SGX-DC is permitted, such as when the disclosure of information is in connection with the discharge of SGX-DC's regulatory obligations under the Securities and Futures Act (Chapter 289 of Singapore)("SFA"), or when compelled under applicable laws to do so, or pursuant to any cross-border regulatory sharing arrangement subject to its obligation to maintain confidentiality under the SFA.
- 1.3 These Rule Amendments also result in consequential amendments to other SGX-DC Clearing Rules.
- 1.4 The text of the Rule Amendments and consequential amendments, with the changes indicated, is attached as **Appendix 1**.

## 2. Explanation and analysis of Rule Amendments

### (a) ETD/NMC Auction

#### *Description of Rule Amendments for ETD/NMC Auction*

- 2.1 SGX-DC intends to introduce SGX-DC Clearing Rule 7A.02.1.3.c to set out SGX-DC's power to conduct an auction of a defaulted Clearing Member's open positions in all Contract Classes.
- 2.2 Correspondingly, the existing SGX-DC Clearing Rule 7A.02.1.3.a, which provides that SGX-DC has the power to close out, or liquidate via auction or otherwise, a defaulted Clearing Member's open positions, will be revised to set out generally that SGX-DC may close out or liquidate a defaulted Clearing Member's open positions.
- 2.3 A new SGX-DC Clearing Rule 7A.02.2.2 will set out the obligation for Clearing Members who are clearing in the ETD/NMC Contract Class and have open cleared positions in the Contracts that constitute the Auction Portfolio at the time of the relevant event of default to participate in the auction. Such Clearing Members will be defined as "Required Participants" under the SGX-DC Clearing Rules.
- 2.4 SGX-DC Clearing Rule 7A.02.1.5, which sets out the obligation for Participating Clearing Members to participate in an OTCF Auction, will be deleted in light of the removal of the OTCF Contract Class (see section 2(d), below).

*Purpose and effect of Rule Amendments for ETD/NMC Auction*

- 2.5 At present, open-market liquidation is the only market-based recovery tool SGX-DC will employ to manage a defaulted Clearing Member's positions in ETD Contracts and NMC Contracts. Each contract has to be liquidated on an individual basis.
- 2.6 SGX-DC will be implementing an auction protocol for the new ETD/NMC Contract Class. An auction mechanism for the ETD/NMC Contract Class will allow SGX-DC to more effectively manage a defaulted Clearing Member's fungible ETD contracts and their NMC equivalents.
- 2.7 Participation in an ETD/NMC Auction is limited to<sup>1</sup> and mandatory for Required Participants, regardless of whether these Required Participants have any house activity in the relevant contracts that constitute the Auction Portfolio. SGX believes that these participants would be capable from both the risk and operational perspectives to process and price the Auction Portfolio in question, particularly during stressed market conditions.

(b) Partial Tear-Up

*Description of Rule Amendments for Partial Tear-Up*

- 2.8 SGX-DC intends to introduce a new SGX-DC Clearing Rule 7A.02.1.5A to empower SGX-DC to unilaterally terminate positions of its non-defaulting Clearing Members (for the purposes of this document, such Clearing Members are referred to as "**Affected Clearing Members**") that exactly offset those which remain in the defaulted Clearing Member's portfolio.
- 2.9 SGX-DC Clearing Rule 7A.02.1.5A.a will limit the scenarios under which Partial Tear-Up may be employed to the following:
- (a) when SGX-DC has been unsuccessful in its attempts to close out or liquidate such open positions;
  - (b) when an auction of such open positions has failed; or
  - (c) when SGX-DC is of the good faith opinion that it is impossible or impracticable for such open positions to be closed out via auction or open-market liquidation.
- 2.10 SGX-DC Clearing Rule 7A.02.1.5A.b.i will set out that SGX-DC's selection of positions to be terminated is on a pro-rata basis to the extent practicable, based on the number of positions in the relevant Contracts held by each Affected Clearing Member across its House Accounts and Customer Accounts, while SGX-DC Clearing Rule 7A.02.1.5A.b.ii will provide Affected Clearing Members with some scope for deviating from SGX-DC's Selection.

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<sup>1</sup> For the avoidance of doubt, non-defaulting Clearing Members who are not Required Participants of an ETD/NMC Auction will not be allowed to participate in that ETD/NMC Auction.

*Purpose and effect of Rule Amendments for Partial Tear-Up*

- 2.11 At present, SGX-DC does not have a mandatory, ex ante mechanism in place to restore a “matched book”<sup>2</sup> in the event market-based recovery tools such as auction or open-market liquidation have failed. In line with international recommendations,<sup>3</sup> SGX intends to introduce Partial Tear-Up as its last-resort tool to re-establish a “matched book”. By allowing SGX-DC to unilaterally terminate positions of its non-defaulting Clearing Members that exactly offset those which remain in the defaulted Clearing Member’s portfolio, SGX-DC is able to close out existing positions of the defaulted Clearing Member in a prompt and effective manner.
- 2.12 SGX is aware that Partial Tear-Up can affect the ability of non-defaulting Clearing Members to properly risk-manage a portfolio of cleared transactions.<sup>4</sup> As such, SGX-DC will employ Partial Tear-Up in very limited circumstances.
- 2.13 Affected Clearing Members will have some flexibility to deviate from SGX-DC’s Selection, which will balance potential risk management, legal and regulatory considerations in light of the severe implications of Partial Tear-Up.

(c) SGX-DC Clearing Fund

*Description of Rule Amendments in relation to the SGX-DC Clearing Fund*

- 2.14 The existing SGX-DC Clearing Rules 7A.01A.2, 7A.01A.2A and 7A.01B will be deleted. The order of priority in which the funds comprising the SGX-DC Clearing Fund are to be applied (i.e. the “**SGX-DC Clearing Fund waterfall**”) will be restated in a new SGX-DC Clearing Rule 7A.01A.2B.
- 2.15 SGX-DC Clearing Rule 7A.01A.2B sets out a revised SGX-DC Clearing Fund waterfall, with the contingent FAAs to be applied only after all funded sources (i.e. Clearing House First Loss Contribution, Clearing House Intermediate Contribution, and CFDs of Clearing Members) are exhausted, as follows:
- (a) first, Clearing House First Loss Contribution;
  - (b) second, CFDs of Clearing Members which have been active in any of the Contract Classes in which the default has occurred (i.e. “**Active Clearing Members**”);

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<sup>2</sup> In the normal course of business, any position SGX-DC takes on with one Clearing Member is offset by an opposite position taken on with a second Clearing Member.

<sup>3</sup> CPMI-IOSCO’s revised report on Recovery of financial market infrastructures (2017) recommends at [4.5.5] that, despite the potentially severe drawbacks and risks associated with mandatory ex-ante agreed mechanisms, a central counterparty will need such a tool in place to address the likelihood that voluntary methods might prove insufficient to re-establish a matched book.

<sup>4</sup> For example, trades subject to termination would be mandated by the CCP and are not within the control of Clearing Members. This in turn could subject individual participants to a loss of hedges or significant replacement costs.

- (c) third, Clearing House Intermediate Contribution;
  - (d) fourth, CFDs of Clearing Members which are not available for use under (ii) (these Clearing Members being "**Non-Active Clearing Members**");
  - (e) fifth, FAAs of all non-defaulting Clearing Members; and
  - (f) sixth, any other contributions to the Clearing Fund.
- 2.16 The apportionment and application of the funded layers of the Clearing Fund contributions across Contract Classes and across auctions within each Contract Class will be detailed in new SGX-DC Clearing Rules 7A.01A.2C (Clearing House First Loss Contribution), 7A.01A.2D (Clearing Fund Deposits of Active Clearing Members), and 7A.01A.2E (Clearing House Intermediate Contribution).
- 2.17 The new SGX-DC Clearing Rule 7A.01A.2D also sets out the apportionment and application of CFDs of Required Participants to meet losses arising from an ETD/NMC Auction. SGX proposes to pool a portion of all Required Participants' to be applied first, ahead of other Active Clearing Members' CFDs. In the application of this pool of apportioned Required Participants' CFDs to that ETD/NMC Auction, SGX proposes to juniorise the apportioned CFDs based on each Required Participant's bidding behaviour, in the order set out below:
- (a) the apportioned CFDs of Required Participants who did not submit a bid ("**Non-Bidders**");
  - (b) the apportioned CFDs of Required Participants who placed a bid but did not place the highest bid price ("**Participating Bidders**"). These contributions will be applied in two stages: –
    - (i) first, the apportioned contributions will be applied on a pro-rata basis; and
    - (ii) second, the remaining amounts of apportioned contributions that are not used in (i); and
  - (c) the contributions of the winning bidder, or where there are two or more Required Participants who placed the same highest bid, those of these Required Participants (together, the "**Highest Bidder(s)**").
- 2.18 Practice Note 7A.01A.2A, on the apportionment of Clearing Fund contributions across Contract Classes and across OTCF auctions, will be deleted in light of the removal of the OTCF Contract Class (see section 2(d), below). A new Practice Note 7A.01A.2B.2 illustrates the apportionment and application of Clearing Fund Contributions when one or more auctions are held in respect of the ETD/NMC Contract Class.

*Purpose and effect of Rule Amendments in relation to the SGX-DC Clearing Fund*

- 2.19 The SGX-DC Clearing Fund was recently restructured with the following key changes:
- (a) the Contract Class for ETD Contracts and the Contract Class for NMD Contracts were combined to become the ETD/NMD Contract Class, and
  - (b) the Security Deposit Component and the pre-funded portion of FAAs were merged to become the CFD component, rendering FAAs an entirely component of the SGX-DC Clearing Fund.
- 2.20 With those changes, Active Clearing Members' FAAs are to be called upon and applied after the exhaustion of all Active Clearing Members' CFDs and prior to the application of the Clearing House Intermediate Contribution. Non-Active Clearing Members' FAAs will be called upon and applied only after the exhaustion of both the Clearing House Intermediate Contribution and the Non-Active Clearing Members' CFDs. This is as per the existing SGX-DC Clearing Fund waterfall.
- 2.21 However, with the FAAs becoming an entirely contingent source of funds to be called upon only when default losses exceed the size of funded contributions, the interspersed manner of applying Clearing Members' FAAs becomes less appropriate. The utilisation of contingent funds prior to the depletion of all funded sources may create liquidity stress and contagion risk among the non-defaulting Clearing Members. This may in turn result in further financial instability in an already-stressed market situation. In addition, this is not aligned with major clearing houses' practices in that funded resources are applied ahead of contingent resources.
- 2.22 In order to reduce the likelihood of liquidity pressure on Clearing Members and the impact of a Clearing Member default on non-defaulting Clearing Members, SGX will apply all non-defaulting Clearing Members' FAAs only after the funded contributions are exhausted. The other layers in the SGX-DC Clearing Fund waterfall will move up accordingly, with the Clearing House Intermediate Contribution to be used prior to the application of (i) Non-Active Clearing Members' CFDs and (ii) all Clearing Members' FAAs.
- 2.23 SGX-DC will apply the FAAs of Active and Non-Active Clearing Members altogether on a pro-rata basis.
- 2.24 These aforementioned FAA-related changes will affect Clearing Members only. Namely, Non-Active Clearing Members' exposure to liability would be accelerated, since their CFDs would be applied before Active Clearing Members' FAAs, and any liability in excess of funded contributions would be borne equally by Active and Non-Active Clearing Members. Conversely, Active Clearing Members would benefit from the additional "buffer" of the Clearing House Intermediate Contribution before the application of their FAAs.

- 2.25 However, with the OTCF Contract Class being removed, there will be only one Contract Class. In addition, there are presently no Non-Active ETD/NMC Clearing Members. Accordingly, the changes will effectively result in SGX-DC's funded contributions being used ahead of Active Clearing Members' FAAs.

(d) Cessation of Clearing for OTCF Contracts

*Description of Rule Amendments*

- 2.26 The amendments to the SGX-DC Clearing Rules in relation to the cessation of the OTCF clearing service consist mainly of:
- (a) removal of provisions which make reference to the OTCF membership class and OTCF Contracts (removal of Rules 2.02.2, 2.02.2A, 2.02C.3, 7A.01A.2D.4, 7A.06.2.1B);
  - (b) removal of provisions which make reference to OTCF Transactions (removal of Rules 7.02AA.1, 7.02AA.2, 7.04.5A), including the removal of the rule relating to the early termination of OTCF Contracts (i.e. Rule 7.29); and
  - (c) consequential editorial amendments.

*Purpose and effect of Rule Amendments*

- 2.27 SGX-DC will no longer be offering its OTCF clearing service for commercial reasons. The abovementioned Rule Amendments were made as a consequence.
- 2.28 Clearing members were actively engaged on the winding down of the SGX clearing service since the last quarter of 2018. Throughout those engagements, the members had no objections to the cessation of the OTCF clearing service and worked with SGX to de-clear their positions by 5 April 2019<sup>5</sup>. The Rule Amendments will take effect after all OTCF positions have been removed from SGX, as such they have no impact on market participants.

(e) Disclosure of information by SGX-DC

*Description of Rule Amendments in relation to disclosure of information by SGX-DC*

- 2.29 Besides editorial amendments, SGX-DC Clearing Rule 4.17.3 will be revised to expand the circumstances under which SGX-DC may disclose information provided to it by its Clearing Members to include the following:
- (a) where disclosure is in connection with the discharge of its regulatory obligations under the SFA or when compelled under applicable laws to do so or pursuant to any cross-

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<sup>5</sup> As at the date of this submission, all of the OTCF trades have been de-cleared from SGX-DC and there are no outstanding trades to be de-cleared.

border regulatory sharing arrangement subject to its obligation to maintain confidentiality under the SFA;

- (b) where disclosure of information is to any of SGX-DC's related corporations; and
- (c) where disclosure is authorised by the Monetary Authority of Singapore, to be disclosed or furnished under the SFA.

*Purpose and effect of Rule Amendments in relation to disclosure of information by SGX-DC*

- 2.30 SGX intends to clarify in the SGX-DC Clearing Rules the limited circumstances under which SGX-DC may disclose information provided to it by their respective Clearing Members.
- 2.31 This protection for Clearing Members' information will align the SGX-DC Clearing Rules with the disclosure of information provisions in other rulebooks managed by Singapore Exchange Limited.

### **3. Opposing views**

- 3.1 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 Rule Amendments. If any opposing views are reviewed by SGX-DC during the Commission's review period, such views will be communicated to the Commission accordingly.

### **4. Certification of compliance with core principles and relevant regulations**

- 4.1 The Rule Amendments in relation to the cessation of clearing of OTCF Contract Class have been promulgated in respect of SGX-DC's compliance with Core Principle C on participant and product eligibility.
- 4.2 The Rule Amendments in relation to SGX-DC's disclosure of information is in furtherance of SGX-DC's compliance with Core Principle J on reporting, and Core Principle M on information sharing.
- 4.3 The other Rule Amendments have been promulgated in respect of SGX-DC's compliance with Core Principle D on risk management, and Core Principle G on default rules and procedures.
- 4.4 SGX-DC hereby certifies to the Commission that the Rule Amendments comply with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.



**5. Anticompetitive effects on market participants**

5.1 The Rule Amendments do not result in any potential anticompetitive effects on market participants or others.

**6. Rule Amendments fit into SGX-DC's framework of self-regulation**

6.1 SGX-DC's statutory regulator, the Monetary Authority of Singapore, must be notified of these Rule Amendments prior to implementation. This requirement is set out in Section 66(2) of the SFA read with Regulation 30 of the Securities and Futures (Clearing Facilities) Regulations 2013.

**7. Public notice of pending certification**

7.1 SGX-DC has made publicly available a notice of the Rule Amendments' pending approval by the Commission, together with a copy of this submission on its website at the following address: <https://www2.sgx.com/regulation/about-sgx-regco>.

**8. Intended implementation date**

8.1 The Rule Amendments are proposed to be implemented on 28 June 2019, but will not be implemented prior to the Commission's 45-day review period.

**9. Contact details**

9.1 Please do not hesitate to contact the undersigned at [alfred.pang@sgx.com](mailto:alfred.pang@sgx.com), or [jolene.ng@sgx.com](mailto:jolene.ng@sgx.com), should you require any clarification.

Thank you.

Yours sincerely



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**APPENDIX 1 AMENDMENTS TO THE SGX-DC CLEARING RULES**

<b>Note:</b>	
<u>Sample</u>	Rule insertion
<del>Sample</del>	Rule deletion

**AMENDMENTS TO THE SGX-DC CLEARING RULES**

**Chapter 2 Clearing Membership**

...

**2.02 Eligibility Criteria for General Clearing Members**

...

**2.02.2 [Rule has been deleted.]**

~~Unless otherwise prescribed by the Clearing House, to be eligible for Clearing Membership as a General Clearing Member that clears (i) House-OTCF Contracts or (ii) House-OTCF Contracts and Customer-OTCF Contracts, an applicant must, in addition to the eligibility criteria prescribed under Rule 2.02.1, satisfy the Clearing House that:~~

~~2.02.2.1 it has a base capital of not less than \$50,000,000 or such other capital and financial requirements as may be prescribed by the Clearing House from time to time;~~

~~2.02.2.2 it or its holding company:~~

~~a. is licensed and/or regulated by a financial authority; and~~

~~b. has obtained a long-term credit rating that indicates, at least, a strong overall creditworthiness supporting the fulfillment of its financial obligations;~~

~~2.02.2.3 it has obtained a guarantee in a form acceptable to the Clearing House from a bank that:~~

~~a. is licensed and/or regulated as such by a financial authority; and~~

<p>b. has obtained a long term credit rating that indicates, at least, a strong overall creditworthiness supporting the fulfillment of its financial obligations, and a credit rating that indicates, at least, adequate intrinsic safety and soundness, excluding external credit support, and a limited ability to withstand adverse business or economic conditions, from any rating agency registered with an appropriate authority; and</p> <p>2.02.2A.4 it has in place the appropriate procedures and capabilities to participate in the default management activities contemplated under Rule 7A.02.1-5;</p>
<p><b>2.02.2A [Rule has been deleted.]</b></p> <p>Unless otherwise prescribed by the Clearing House, to be eligible for Clearing Membership as a General Clearing Member that clears only Customer OTCF Contracts, an applicant must, in addition to the eligibility criteria prescribed under Rule 2.02.1, satisfy the Clearing House that:</p> <p>2.02.2A.1 it has a base capital of not less than \$50,000,000 or such other capital and financial requirements as may be prescribed by the Clearing House from time to time;</p> <p>2.02.2A.2 it has in place the appropriate procedures and capabilities to participate in the default management activities contemplated under Rule 7A.02.1-5;</p> <p>2.02.2A.3 it or its holding company:</p> <p>a. is licensed and/or regulated by a financial authority; and</p> <p>b. has obtained a long term rating from any rating agency registered with an appropriate authority that indicates, at least, a strong overall creditworthiness supporting the fulfillment of its financial obligations; and</p> <p>2.02.2A.4 it has obtained a guarantee in a form acceptable to the Clearing House from a bank or its holding company, provided that such bank or holding company:</p> <p>a. is licensed and/or regulated by a financial authority; and</p> <p>b. has obtained:</p> <p>i. a long term rating from any registered rating agency that indicates, at least, a strong overall creditworthiness supporting the fulfillment of its financial obligations; and</p>

<p>ii. <del>in the case of a bank, a rating that indicates, at least, adequate intrinsic safety and soundness, excluding external credit support, and a limited ability to withstand adverse business or economic conditions.</del></p>
<p><b>2.02.3 [Rule has been deleted.]</b></p>
<p><del>if there is at any time any downgrade in the rating of a General Clearing Member approved by the Clearing House to clear OTC Contracts or, as the case may be, its holding company, such that it falls below the minimum prescribed rating, the Clearing House may, in its absolute discretion, impose additional conditions as it deems fit for permitting the General Clearing Member to continue to clear OTC Contracts.</del></p>
<p>...</p>
<p><b>2.02B Eligibility Criteria for Bank Clearing Members</b></p>
<p>...</p>
<p><b>2.02B.1</b></p>
<p>Unless otherwise prescribed by the Clearing House, to be eligible for Clearing Membership as a Bank Clearing Member, an applicant must satisfy the Clearing House that:—</p>
<p>...</p>
<p>2.02B.1.4A it has in place the appropriate procedures and capabilities to participate in the default management activities contemplated under <u>Chapter 7A Rule 7A-02.1-5</u>;</p>
<p>...</p>
<p><b>2.02B.3 [Rule has been deleted.]</b></p>
<p><del>Rules 2.02B.1.4 shall not apply to a Bank Clearing Member who clears only OTC Contracts (and not any other Contract Class).</del></p>
<p>...</p>
<p><b>2.02C Eligibility Criteria for Remote Clearing Members</b></p>
<p>...</p>
<p><b>2.02C.1</b></p>



<p>Unless otherwise prescribed by the Clearing House, to be eligible for Clearing Membership as a Remote Clearing Member that clears <del>(H) Non-Relevant Market Contracts, and/or (i) Customer OTC Contracts</del>, an applicant must satisfy the Clearing House that:</p> <p>...</p> <p>2.02C.1.4 it has in place the appropriate procedures and capabilities to participate in the default management activities contemplated under <a href="#">Chapter 7A Rule 7A-02.1-5</a>;</p> <p>...</p>
<p><b>2.02C.2</b></p> <p>Unless otherwise prescribed by the Clearing House, to be eligible for Clearing Membership as a Remote Clearing Member that clears <del>(H) Non-Relevant Market Contracts, and/or (i) Customer OTC Contracts</del>, an applicant must, in addition to the eligibility criteria prescribed under Rule 2.02C.1, satisfy the Clearing House that:</p> <p>...</p>
<p><b>2.02C.3 [Rule has been deleted.]</b></p> <p>Unless otherwise prescribed by the Clearing House, to be eligible for Clearing Membership as a Remote Clearing Member that clears <del>House OTC Contracts</del>, an applicant must, in addition to the eligibility criteria prescribed under Rule 2.02C.1, satisfy the Clearing House that:</p> <p>2.02C.3.1 it or its holding company:</p> <ul style="list-style-type: none"> <li>a. is licensed and/or regulated by a financial authority; and</li> <li>b. has obtained a long term rating from any registered rating agency that indicates, at least, a strong overall creditworthiness supporting the fulfillment of its financial obligations; and</li> </ul> <p>2.02C.3.2 it has obtained a guarantee in a form acceptable to the Clearing House from a bank that:</p> <ul style="list-style-type: none"> <li>a. is licensed and/or regulated as such by a financial authority; and</li> <li>b. has obtained:             <ul style="list-style-type: none"> <li>i. a long term rating from any registered rating agency that indicates, at least, a strong overall creditworthiness supporting the fulfillment of its financial obligations; and</li> </ul> </li> </ul>

<p><del>ii: a rating that indicates, at least, adequate intrinsic safety and soundness, excluding external credit support, and a limited ability to withstand adverse business or economic conditions.</del></p>
...
<p><b>2.07 Minimum Capital and Financial Requirements of Clearing Members Incorporated in Singapore</b></p>
...
<p><b>2.07.1</b></p>
<p>Each General Clearing Member incorporated in Singapore shall at all times :—</p>
<p><b>2.07.1.1 Base Capital Requirement</b></p>
...
<p>c. <del>[deleted] in the case of a General Clearing Member who wishes to clear OTCF Contracts, maintain a base capital of not less than S\$50,000,000;</del></p>
...
<p><b>2.07.1B</b></p>
<p>Each Bank Clearing Member incorporated in Singapore shall at all times:—</p>
<p><b>2.07.1B.1 Base Capital Requirement</b></p>
<p>a. maintain a base capital of not less than S\$5,000,000; or</p>
<p>b. in the case of a Bank Clearing Member who is also a clearing member of CDP, maintain a base capital of not less than S\$8,000,000; or</p>
<p>c. <del>[deleted] in the case of a Bank Clearing Member who clears only OTCF Contracts, maintain a base capital of not less than S\$50,000,000;</del></p>
<p>or such other amount as may be prescribed by the Clearing House from time to time;</p>
...
<p><b>2.08.1B</b></p>
<p>Each Bank Clearing Member incorporated outside Singapore shall at all times:—</p>

<p><b>2.08.1B.1 Base Capital Requirement</b></p> <p>(a) maintain a base capital of not less than \$5,000,000; or</p> <p>(b) in the case of a Bank Clearing Member who is also a clearing member of CDP, maintain a base capital of not less than \$8,000,000;</p> <p>(c) <del>[deleted] in the case of a Bank Clearing Member who clears OTCF Contracts, maintain a base capital of not less than \$550,000,000 or such other amount as may be prescribed by the Clearing House from time to time;</del></p> <p>...</p> <p>...</p>
<p><b>2.08C Qualifying Letter of Credit</b></p>
<p><b>2.08C.1</b></p> <p><del>Unless otherwise exempted under Rule 2.08.8, ff</del> or the purpose of Rules 2.08 and 2.08A, a Clearing Member may include one (1) or more qualifying letter(s) of credit deposited with the Clearing House in its calculation of aggregate resources subject to the total amount payable under the qualifying letter(s) of credit or 50% of its total risk requirement, whichever is lower. In the case of a Clearing Member admitted as a clearing member of the Clearing House and CDP, and which has deposited such qualifying letter(s) of credit with CDP, pursuant to the corresponding provisions in the CDP Clearing Rules, it need not deposit another qualifying letter(s) of credit with the Clearing House.</p> <p>...</p>
<p><b>2.12 Rights of Clearing Members</b></p> <p>...</p>
<p><b>2.12.5</b></p> <p>A Remote Clearing Member can, subject to the Rules and/or unless otherwise notified by the Clearing House:</p>



<p>2.12.5.1 clear its own trades, proprietary trades of its related corporations and trades of Third Parties; and</p> <p>2.12.5.2 by its Clearing Membership with the Clearing House participate in the clearing system established and maintained by the Clearing House to clear only Non-Relevant Market Contracts <del>and OTC Contracts</del>;</p>
...
<p><b>2.28 Voluntary Suspension and Resignation</b></p>
...
<p><b>2.28.2A</b></p> <p>In respect of all <del>events of default</del>s declared by the Clearing House, which occurrence takes place at or after such time that the Clearing House receives a Clearing Member's notice of resignation and before its effective date of resignation (such period being hereafter referred to as the "Notice Period"), the following shall apply:</p> <p>2.28.2A.1 the Clearing House shall apply the resigning Clearing Member's Clearing Fund Deposit and Further Assessment Amount in accordance with <del>Rules 7A.01A-2A.01A.2B and 7A.01A.2D</del>, except that the aggregate amount applied in respect of all such <del>events of default</del>s shall be subject always to a limit of no more than two (2) times of the resigning Clearing Member's Clearing Fund Deposit requirement and Further Assessment Amount as at the time the Clearing House receives its notice of resignation.</p> <p>2.28.2A.2 [This rule has been deleted]</p> <p>This Rule 2.28.2A shall apply provided always that the Clearing Member complies with Rule 2.28.2B.</p>
...
<p><b>2.28.2C</b></p> <p>If a resigning Clearing Member breaches Rule 2.28.2B at any time during the Notice Period, Rule 2.28.2A.1 shall not apply to such Clearing Member in their entirety and instead the following shall apply:</p> <p>2.28.2C.1 such Clearing Member shall have all the obligations under this Rules of a non-resigning Clearing Member in respect of all events of default under Rule 7A.01A.1 occurring during the Notice Period; and</p> <p>2.28.2C.2 if, due to the operation of Rule 2.28.2A.1, any amount of such Clearing Member's:</p>

<p>a. Clearing Fund Deposit requirement; or</p> <p>b. Further Assessment Amount; or</p> <p>c. both,</p>	<p>has not been used and applied by the Clearing House in accordance with Rules <a href="#">7A-01A-27A.01A.2B</a> and <a href="#">7A.01A.2D</a>, the Clearing House shall have the authority to call for and apply such amount as if the assessment had been utilised in the first instance in accordance with Rules <a href="#">7A-01A-27A.01A.2B</a> and <a href="#">7A.01A.2D</a>.</p>
<p><b>2.28.2D</b></p>	<p>Notwithstanding Rule 2.28.2A, a resigning Clearing Member shall have no obligations in relation to any event of default, other than its own, occurring at or after such time that the following conditions have been met:</p> <p>2.28.2D.1 the Minimum Notice Period has lapsed; and</p> <p>2.28.2D.2 the resigning Clearing Member has no open positions in any Contract other than positions acquired in relation to an event of default occurring during the Notice Period, by way of:</p> <p>a. an auction pursuant to Rule <a href="#">7A-02.1.5-b7A.02.1.3.c</a>.</p> <p>b. [This rule has been deleted]</p>
<p>....</p>	<p>....</p>
<p><b>Chapter 4    Enforcement of Rules</b></p>	
<p>...</p>	<p>...</p>
<p><b>4.17</b></p>	<p><b>Supply of Information</b></p>
<p>...</p>	<p>...</p>
<p><b>4.17.3</b></p>	<p></p>

Subject to the other provisions of this Rules, the Clearing House shall take all reasonable measures to protect from unauthorised use or disclosure of information provided to the Clearing House in confidence by or on behalf of a Clearing Member pursuant to this Rules. ~~For the purposes of this Rule the disclosure of information:— Disclosure of information by the Clearing House is authorised if it:~~

4.17.3.1 ~~is pursuant to a Reciprocal Arrangement;~~ ~~or;~~

4.17.3.2 ~~is required to be disclosed by the Clearing House under any law (in or out of Singapore); or~~ any order of any court or authority or regulatory body ~~(each in or out of Singapore);~~ ~~or~~

4.17.3.3 ~~is publicly available which at the time of disclosure to or by the Clearing House and/or any Relevant Market;~~ ~~was generally available to and known by the public; or~~

4.17.3.4 ~~is for the purposes of monitoring compliance with and/or the enforcement of this Rules or the adjudication of a matter such matters;~~ ~~or;~~

4.17.3.5 ~~is, without prejudice to the generality of Rule 4.17.3.2 above, approved by the Authority and is to any governmental agency or regulatory authority (in or out of Singapore) including, without limitation, a futures exchange or clearing house (in Singapore or elsewhere), that requests that the Clearing House provide the information for which the proper exercise of its powers relating to:—~~

a. ~~the governance, the order and good government of a Clearing Members;~~ or

b. ~~the efficient, honest, fair, competitive and informed trading of commodities or clearing of contracts in commodities (in or out of Singapore or elsewhere),~~

4.17.3.6 ~~is in connection with the discharge of its regulatory obligations under the Securities and Futures Act or when compelled under applicable laws to do so or pursuant to any cross-border regulatory sharing arrangement subject to its obligation to maintain confidentiality under the Securities and Futures Act;~~

4.17.3.7 ~~is to any of SGX-DC's related corporations;~~

4.17.3.8 ~~is authorised by the Authority to be disclosed or furnished under the Securities and Futures Act; or~~

4.17.3.9 ~~is specifically authorised under this Rules.~~

~~requests that the Clearing House provide the information to it, shall not constitute unauthorised use or disclosure.~~

...

<p><b>Chapter 7</b> Clearing and Margins</p>
<p><b>7.01</b> Clearing House</p>
<p><b>7.01.1</b></p>
<p>The Clearing House shall facilitate the prompt adjustment of contractual obligations arising out of:</p> <ul style="list-style-type: none"> <li>a. Contracts traded on the Exchange, a Relevant Market and the Participating Markets; <u>and</u></li> <li>b. Non-Relevant Market Contracts; <del>and</del></li> <li>c. <del>[Deleted] OTCF Contracts</del></li> </ul> <p>insofar as the same are duly accepted by the Clearing House or with respect to which the Clearing House is otherwise obliged to accept and to protect the integrity of such Contracts in accordance with these Rules.</p>
<p>...</p>
<p><b>7.02AA</b> <del>Registration of Eligible OTCF Transactions</del> <u>[Rule has been deleted.]</u></p>
<p><b>7.02AA.1</b> <del>Eligible OTCF Transactions</del> <u>[Rule has been deleted.]</u></p>
<p><del>7.02AA.1.1 Only OTCF Transactions which meet the following criteria will be eligible for registration with the Clearing House ("Eligible OTCF Transactions"):</del></p> <ul style="list-style-type: none"> <li><del>a. a transaction which falls under one of the classes of Eligible OTCF Contracts; and</del></li> <li><del>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.</del></li> </ul> <p><del>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.</del></p> <p><del>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.</del></p>



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 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 [Rule has been deleted.]**

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 A 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.

<p>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.</p> <p>7.02AA-2.7 A Clearing Member acting for an Original OTCF Contract Counterparty shall assume the 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.</p> <p>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.</p> <p>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.</p>
<p>...</p>
<p><b>7.02B Withdrawal of Classes of Non-Relevant Market Contracts and OTCF Contracts for Clearing by the Clearing House</b></p>
<p><b>7.02B.1</b></p> <p>The Clearing House shall be entitled to withdraw any class of Eligible Non-Relevant Market Contracts <del>or Eligible OTCF Contracts</del> for clearing at its discretion. The Clearing House will give the Clearing Members reasonable notice where possible, before such withdrawal.</p>
<p><b>7.02B.2</b></p> <p>The Clearing House shall have the sole discretion to disallow the registration or substitution, as the case may be, of:</p>



<p>a. a Non-Relevant Market Transaction, other than a closing-out contract after it has given notice to withdraw the clearing of any class of Eligible Non-Relevant Market Contract which the transaction falls under;<sup>j</sup><del>or</del></p> <p>b. <del>[deleted] an Eligible-OTCF Transaction, other than a closing-out contract after it has given notice to withdraw the clearing of any class of Eligible-OTCF Contract which the OTCF Transaction falls under.</del></p>
<p><b>7.02B.3</b></p>
<p>If a Clearing Member has not closed out all open Eligible Non-Relevant Market Contracts <del>of Eligible-OTCF Contracts, as the case may be,</del> novated with the Clearing House in its name pursuant to Rule 7.04 after the Clearing House has given such notice, the Clearing House shall, at its sole discretion, be entitled to:</p> <p>7.02B.3.1 liquidate any or all of such Eligible Non-Relevant Market Contracts <del>of Eligible-OTCF Contracts, as the case may be,</del> and require such contracts to be cash settled at a price determined by the Clearing House; or</p> <p>7.02B.3.2 postpone the withdrawal date until such time as the Clearing House determines.</p>
<p>...</p>
<p><b>7.04 Substitution</b></p>
<p>...</p>
<p><b>7.04.2 Off Market Trades (Excluding OTCF)</b></p>
<p>...</p>
<p><b>7.04.5A Eligible-OTCF Transactions [Rule has been deleted.]</b></p> <p><del>7.04.5A.1 Subject to Rule 7.04.5A.3, when a contract registered as an Eligible-OTCF Transaction pursuant to Rule 7.02AA.2 between a Clearing Member who is or who represents the First Original-OTCF Contract Counterparty ("First Clearing Member") and a Clearing Member who is or who represents the Second Original-OTCF Contract Counterparty ("Second Clearing Member") is cleared through the Clearing House, the original contract between the First Clearing Member and Second Clearing Member shall be discharged and replaced with two separate and distinct Contracts as described below, both of which are on the same terms as the original contract:</del></p>

a. the First Clearing Member shall enter into a Contract with the Clearing House, which assumes the rights and obligations of the Second Clearing Member as against the First Clearing Member in the original Contract, and

b. the Second Clearing Member shall enter into a Contract with the Clearing House, which assumes the rights and obligations of the First Clearing Member as against the Second Clearing Member in the original Contract.

7.04.5A.2 Subject to Rule 7.04.5A.3, when an open position in an OTCF Contract is transferred from a Clearing Member ("Original Party") to another Clearing Member ("New Party") pursuant to this Rules, the original OTCF Contract between the Original Party and the Clearing House in respect of the open position shall be discharged and replaced by a separate and distinct Contract between the New Party and Clearing House on the same terms as the original OTCF Contract between the Original Party and the Clearing House, wherein the New Party assumes the rights and obligations of the Original Party as against the Clearing House in the original Contract.

For the purposes of Rule 7.04.5A.2, "Original Party" and "New Party" shall be as defined herein:

7.04.5A.3 The events described under Rule 7.04.5A.1 and 7.04.5A.2 shall take place only upon the latest in time occurrence of the following:

- a. the successful registration of the Eligible OTCF Transaction or approval of transfer of OTCF Contract;
- b. the provision of sufficient Collateral by the Clearing Members to the Clearing House to meet margin requirements and any Settlement Variations;  
and
- c. the fulfillment of such other requirements prescribed by the Clearing House from time to time.

7.04.5A.4 Upon the occurrence of the events described under Rule 7.04.5A.1 or 7.04.5A.2, each OTCF Transaction to which such OTCF Contract relates shall be governed by the OTCF Contract Terms as set out in the OTCF Clearing Member Handbook and by Circulars issued by the Clearing House from time to time.

7.04.5A.5 A Clearing Member in whose name an Eligible OTCF Transaction is to be registered:

- a. shall not be subject to Rule 7.04.5A.2; and



<p><del>b. shall be required to provide the Clearing House 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 immediately upon becoming a counterparty to the Clearing House or within such time prescribed by the Clearing House;</del></p> <p><del>if such Eligible OTCF Transaction is entered into or transferred to such Clearing Member for the purpose of executing the default proceedings pursuant to <u>Rule 7A:02.1</u>.</del></p> <p><del>7.04.5A.6 Notwithstanding that an Eligible OTCF Transaction has been successfully registered pursuant to <u>Rule 7.02AA.2</u> and is pending novation, the Clearing House may, in its sole discretion, disallow the novation of the OTCF Contract relating to such Eligible OTCF Transaction if any of the events of default set out in <u>Rule 7A:01A.1</u> occurs or is, in the reasonable opinion of the Clearing House, about to occur in relation to the Clearing Member in whose name such Eligible OTCF Transaction has been registered.</del></p>
<p><b>7.04.5B</b> <del>[Rule has been deleted.] [Rule has been moved.]</del></p> <p><del>This rule has been amended to form <u>Rule 7.04.5A.2</u>.</del></p>
<p><b>7.04.5C</b> <del>[Rule has been deleted.] [Rule has been moved.]</del></p> <p><del>This rule has been amended to form <u>Rule 7.04.5A.3</u>.</del></p>
<p><b>7.04.5D</b> <del>[Rule has been deleted.] [Rule has been moved.]</del></p> <p><del>This rule has been amended to form <u>Rule 7.04.5A.4</u>.</del></p>
<p><b>7.04.5E</b> <del>[Rule has been deleted.] [Rule has been moved.]</del></p> <p><del>This rule has been amended to form <u>Rule 7.04.5A.5</u>.</del></p>
<p><b>7.04.5F</b> <del>[Rule has been deleted.] [Rule has been moved.]</del></p> <p><del>This rule has been amended to form <u>Rule 7.04.5A.6</u>.</del></p>
<p><b>7.05 Open Positions/Open Contracts for Contracts Traded on the Exchange/Any Relevant Market and Non-Relevant Market Contracts</b></p>

<p><b>7.05.1</b></p>	<p>All Contracts, <del>except for OTCF Contracts</del>, to which the Clearing House is a party shall remain open until liquidated by offset as provided in <u>Rule 7.06</u>, terminated in accordance with <u>Rule 7A.07</u>, or by delivery in accordance with <u>Chapter 6</u> of this Rules, and</p> <p>7.05.1.1 for Non-Relevant Market Contracts, such liquidation or delivery shall be in accordance with these Rules; and</p> <p>7.05.1.2 for other Contracts, <del>except for OTCF Contracts</del>, such liquidation or delivery shall be in accordance with the relevant provision(s) of the Relevant Market where the Contracts were traded and/or transferred or novated from pursuant to a Mutual Offset System and this Rules.</p>
<p><b>7.05A</b></p>	<p><del>Open Positions for OTCF Contracts [Rule has been deleted.]</del></p>
<p><b>7.05A.1</b></p>	<p><del>[Rule has been deleted.]</del></p> <p>All Contracts to which the Clearing House is a party shall remain open until:</p> <ul style="list-style-type: none"> <li>a. liquidated by offset as provided in <u>Rule 7.06</u> and such liquidation shall be in accordance with these Rules;</li> <li>b. terminated in accordance with <u>Rule 7A.07</u>;</li> <li>c. terminated as provided in <u>Rule 7.29</u>; or</li> <li>d. the date set out in the OTCF Contract as the date on which the OTCF Contract is due to settle or terminate.</li> </ul>
<p>...</p>	<p><b>7.09 Position Change Sheets</b></p>
<p><b>7.09.1</b></p>	

<p><del>Except for OTCF Transactions, p</del>Position change sheets must be submitted to the Clearing House each trading day by the time specified by the Clearing House. Position change sheets shall be in such form as prescribed by the Clearing House. When requested, the identification of accounts will be made available to the Clearing House.</p>
...
<b>7.11 Daily Settlement Price</b>
...
<b>7.11.1</b>
<p>The daily settlement price of a Contract shall be determined:</p>
<p>7.11.1.1 in Non-Relevant Market Contracts <del>and/or OTCF Contracts</del>, by using price data from market participants or derived from pricing models, as selected or established by the Clearing House from time to time; and</p>
<p>Refer to <u>Practice Note 7.11.1.1</u>.</p>
...
<b>7.11A Final Settlement Price of Contracts Traded on the Exchange/Any Relevant Market and Non-Relevant Market Contracts</b>
...
<b>7.11A.1</b>
<p>The Final Settlement Price of Non-Relevant Market Contracts shall be determined in the manner as set out in Appendix 1, and of all other Contracts <del>except for OTCF Contracts</del>, in the manner as set out in the Trading Rules or relevant Contract Specifications.</p>
<p>Refer to <u>Appendix 1 — Final Settlement Price</u>.</p>
...
<b>7.11B <del>Coupon Settlement Price and Final Settlement Price of OTCF Contracts</del> [Rule has been deleted.]</b>

<p><b>7.11B.1 [Rule has been deleted.]</b>          The relevant Coupon Settlement Price and Final Settlement Price of OTCF Contracts, as the case may be, shall be determined in the manner set out in the relevant OTCF Contract Terms.</p>
<p><b>7.11B.2 [Rule has been deleted.]</b>          The Coupon Settlement Price and Final Settlement Price, as the case may be, as set out in the relevant OTCF Contract shall be binding on all Clearing Members.</p>
<p><b>7.11B.3 [Rule has been deleted.]</b>          Notwithstanding the foregoing, where the means for determining the Coupon Settlement Price and Final Settlement Price are not available, the Clearing House may resolve the Coupon Settlement Price and Final Settlement Price by such means as it may in its discretion decide. The decision of the Clearing House and the price determined by such other means shall be binding upon all Clearing Members.</p>
<p>..</p>
<p><b>7.13A Settlement Variation for OTCF Contracts [Rule has been deleted.]</b></p>
<p><b>7.13A.1 [Rule has been deleted.]</b>          Clearing Members shall be entitled to receive and /or will be required to pay, as the case may be, interest based on cumulative Settlement Variation arising from OTCF Contracts. The calculation of such interest shall be set out in the OTCF Clearing Member Handbook.</p>
<p><b>7.13A.2 [Rule has been deleted.]</b>          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.</p>
<p><b>7.13A.3 [Rule has been deleted.]</b>          Notwithstanding Rule 7.13A.2, the Clearing House may, in the interest of a safe and efficient clearing facility, prescribe that Settlement Variation and any interest payable on Settlement Variation (where relevant) as calculated and/or determined at such time as the Clearing House shall determine, be paid in any other currency, and at such exchange rate as determined by the Clearing House. Without prejudice to the generality of the foregoing, the Clearing House may refer to exchange rates published by data vendors in determining the relevant exchange rates.</p>
<p>..</p>



<p><b>7.17 Speculative Long and Short Positions; Same Contract Month</b></p>	
<p><b>7.17.1</b></p> <p>Clearing Members shall not be permitted to carry a speculative long position and a speculative short position for any Third Party or for themselves in the case of futures contracts <del>or OTC Contracts</del>, in the same Commodity for the same Contract Month and in the case of options contracts, in the same Commodity, for the same class, for the same Contract Month and for the same strike price.</p>	<p>..</p>
<p><b>7.29 <del>Early Termination of OTC Contracts</del> [Rule has been deleted.]</b></p>	
<p><b>7.29.1 [Rule has been deleted.]</b></p>	<p>An OTCF Contract may be terminated at the request of a Clearing Member prior to its expiry in the manner prescribed by the OTCF Clearing Member Handbook.</p>
<p><b>7.29.2 [Rule has been deleted.]</b></p>	<p>An OTCF Contract to which a Clearing Member who:</p> <ul style="list-style-type: none"> <li>a. is the First Original OTCF Contract Counterparty; or</li> <li>b. assumes the duties and obligations of the First Original OTCF Contract Counterparty</li> </ul> <p>is a party shall only be terminated if the other OTCF Contract to which a Clearing Member who:</p> <ul style="list-style-type: none"> <li>a. is the Second Original OTCF Contract Counterparty; or</li> <li>b. assumes the duties and obligations of the Second Original OTCF Contract Counterparty</li> </ul> <p>is a party is also terminated.</p>
<p><b>7.29.3 [Rule has been deleted.]</b></p>	

<p>The termination of a substituted OTCF Contract shall remove all future obligations of a Clearing Member to the Clearing House in respect of such OTCF Contract such that the OTCF Contract shall cease to exist from the effective date of termination, provided that such termination shall have no effect upon the rights and obligations already accrued under such OTCF Contract, which rights and obligations shall survive such termination.</p>
<p><b>7.29.4 [Rule has been deleted.]</b></p>
<p>The termination of a substituted OTCF Contract shall remove all future obligations of the Clearing House under the terms of such OTCF Contract and all future liabilities in respect thereof, provided that such termination shall have no effect upon the rights and obligations already accrued under such OTCF Contract, which rights and obligations shall survive such termination.</p>
<p><b>7.29.5 [Rule has been deleted.]</b></p>
<p>A Clearing Member shall remain responsible for an OTCF Contract which is pending termination until the Clearing House confirms that such termination has been approved and effected by the Clearing House.</p>
<p><b>7.29.6 [Rule has been deleted.]</b></p>
<p>The termination of an OTCF Contract may be cancelled at any time prior to its termination or such earlier time as may be determined by the Clearing House, provided that such cancellation must be agreed to by both Clearing Members who:</p> <ul style="list-style-type: none"> <li>a. are the OTCF Contract Counterparties; or</li> <li>b. assumes the duties and obligations of the OTCF Contract Counterparties.</li> </ul>
<p><b>7.29.7 [Rule has been deleted.]</b></p>
<p>The Clearing House may decline to terminate an OTCF Contract prior to its expiry if, in its sole discretion, the early termination of such Contract shall be inconsistent with the policies of the Clearing House or if, as a result of such termination, a Clearing Member is unable to provide the Clearing House with cover for maintenance margin and Settlement Variation and/or meet any other margin requirement prescribed by the Clearing House.</p>
<p><b>7.30 Applicable Customer Accounts</b></p>
<p>...</p>
<p><b>7.30.2</b></p>



A Customer making a request pursuant to <u>Rule 7.30.1</u> may do so only in respect of the clearing of its Non-Relevant Market Contracts (or Non-Relevant Market Transactions) <del>and/or its OTCF Contracts (or OTCF Transactions).</del>	
...	
<b>Chapter 7A</b>	<b>Suspension and Default</b>
<b>7A.01A</b>	<b>Events of Default</b>
...	
<b>7A.01A.2</b>	<b><del>Clearing Fund Loss Allocation Mechanism</del> <u>Rule has been deleted.</u></b>
<p>Subject to <u>Rule 7A.06.6.4</u> (Use of the Clearing Fund in Respect of Events of Default Occurring Within a Multiple-Default Period) and <u>Rule 7A.01B</u> (Clearing Fund Loss Allocation Mechanism for Default in OTCF Contracts), and provided that the defaulted Clearing Member's Collateral deposited with or provided to SGX-DC has been fully applied in accordance with <u>Rule 7A.05.01</u>, any loss suffered by the Clearing House arising from or in connection with an event of default shall be met and made good promptly by the use and application of funds from the following sources (collectively known as the "Clearing Fund") in the order of priority hereafter listed, with each source of funds to be completely exhausted, subject to the limitations contained therein, before the next source is applied: —</p>	
<p>a. — <del>Clearing House First Loss Contribution. The losses in each Contract Class in which the default has occurred will be met with that part of the Clearing House First Loss Contribution that is apportioned to that Contract Class. If the Clearing House First Loss Contribution apportioned to a particular Contract Class is not exhausted, the unexhausted funds will be used and applied to meet any losses that may remain in the other Contract Class(es), after the Clearing House First Loss Contribution apportioned to those other Contract Class(es) have been applied and exhausted.</del></p>	
<p>b. — <del>Clearing Fund Deposits of those Clearing Members, excluding any Clearing Member who is insolvent or deemed to be insolvent, which have been active in any of the Contract Classes in which the default has occurred. A Clearing Member is active in a Contract Class if it has:</del></p>	
<p>i. — <del>cleared Contracts belonging to that Contract Class during the Relevant Period; or</del></p>	
<p>ii. — <del>had an open commitment in Contracts belonging to that Contract Class during the Relevant Period.</del></p>	
<p><del>A Clearing Member's Clearing Fund Deposit will be used under this Rule 7A.01A.2.b in respect of a Contract Class only if the Clearing Member has been active in that Contract Class. Further, only that part of each such Clearing Member's Clearing Fund Deposit that has been apportioned to the Contract Class will be used in respect of the Contract Class.</del></p>	
<p><del>Save as provided in <u>Rule 7A.01B</u> (Clearing Fund Loss Allocation Mechanism for Default in OTCF Contracts), a Clearing Member's liability for the loss remaining in a Contract Class will be on a pro-rata basis, calculated as the proportion of its Clearing Fund Deposit requirement for that Contract</del></p>	



Class, relative to the aggregate Clearing Fund Deposit requirement for that same Contract Class of all Clearing Members that are active in that Contract Class.

In the event that Clearing Fund Deposits apportioned to a Contract Class are not exhausted pursuant to this Rule 7A.01A.2.b, the unexhausted funds will be used under Rule 7A.01A.2.d to meet any losses that may remain in any other Contract Class(es) in which the event of default occurred.

e. Further Assessment Amounts of those Clearing Members, excluding any Clearing Member who is insolvent or deemed to be insolvent, which have been active (in the manner described in Rule 7A.01A.2.b) in any of the Contract Classes in which the default has occurred.

A Clearing Member's Further Assessment Amount will be used under this Rule 7A.01A.2.c in respect of a Contract Class only if the Clearing Member has been active in that Contract Class. Further, only that part of each such Clearing Member's Further Assessment Amount that has been apportioned to the Contract Class will be used in respect of the Contract Class.

Save as provided in Rule 7A.01B (Clearing Fund Loss Allocation Mechanism for Default in OICF Contracts), a Clearing Member's liability for the loss remaining in a Contract Class will be on a pro-rata basis, calculated as the proportion of its Further Assessment Amount requirement for that Contract Class, relative to the aggregate Further Assessment Amount requirement for that same Contract Class of all Clearing Members that are active in that Contract Class.

In the event that Further Assessment Amounts apportioned to a Contract Class are not exhausted pursuant to this Rule 7A.01A.2.c, the unexhausted funds will be used under Rule 7A.01A.2.e to meet any losses that may remain in any other Contract Class(es) in which the event of default occurred.

e1. Clearing House Intermediate Contribution. The losses in each Contract Class in which the default has occurred will be met with that part of the Clearing House Intermediate Contribution that is apportioned to that Contract Class. If the funds apportioned to a particular Contract Class are not exhausted, the unexhausted funds will be used and applied to meet any losses that may remain in the other Contract Class(es), after the funds apportioned to those other Contract Class(es) have been applied and exhausted.

d. Clearing Fund Deposits of those Clearing Members, excluding any Clearing Member who is insolvent or deemed to be insolvent, which are not available for use, or which have not been exhausted, pursuant to Rule 7A.01A.2.b.

A Clearing Member's liability for the loss remaining in a Contract Class will be on a pro-rata basis, calculated as the proportion of its Clearing Fund Deposit requirement relative to the aggregate Clearing Fund Deposit requirement of all Clearing Members that have Clearing Fund Deposits available for use under this Rule 7A.01A.2.d.



<p>e. Further Assessment Amounts, of Clearing Members, excluding any Clearing Member who is insolvent or deemed to be insolvent, which are not available for use, or which have not been exhausted, pursuant to Rule 7A.01A.2.e.</p> <p>A Clearing Member's liability for the loss remaining in a Contract Class will be on a pro-rata basis, calculated as the proportion of its Further Assessment Amount requirement relative to the aggregate Further Assessment Amount requirement of all Clearing Members that have Further Assessment Amounts available for use under this Rule 7A.01A.2.e.</p> <p>f. Any other contributions to the Clearing Fund.</p>	<p><b>7A.01A.2A</b> <del>Apportionment of Clearing Fund Contributions across Contract Classes and across OTCF Auctions [Rule has been deleted.]</del></p> <p>a. Where an event of default is deemed to have occurred in more than one Contract Class, the Clearing House First Loss Contribution and Clearing House Intermediate Contribution will be apportioned to each Contract Class in such proportion as the Clearing House will determine. The funds so apportioned will be used in the manner set out in <u>Rule 7A.01A.2 (Clearing Fund Loss Allocation Mechanism)</u> and <u>Rule 7A.01B (Clearing Fund Loss Allocation Mechanism for Default in OTCF Contracts)</u>.</p> <p>b. Where an event of default is deemed to have occurred, the Clearing Fund Deposit and Further Assessment Amount of each Clearing Member will be apportioned. The Clearing Fund Deposit and Further Assessment Amount deposited by a Clearing Member in respect of OTCF Contracts pursuant to <u>Rules 7A.06.2 and 7A.06.3</u> will be apportioned to OTCF Contracts. The rest of the Clearing Fund Deposit and Further Assessment Amount deposited by the Clearing Member will be apportioned to the other Contract Classes (not including the OTCF Contract Class) in such proportion as the Clearing House will determine. The funds so apportioned will be used in the manner set out in <u>Rule 7A.01A.2 (Clearing Fund Loss Allocation Mechanism)</u> and <u>Rule 7A.01B (Clearing Fund Loss Allocation Mechanism for Default in OTCF Contracts)</u>.</p> <p>c. Where an event of default is deemed to have occurred in OTCF Contracts and there is more than one auction under <u>Rule 7A.02.1.5.b</u>, the part of the Clearing House First Loss Contribution, Clearing House Intermediate Contribution and each Clearing Member's Clearing Fund Deposit and Further Assessment Amount that is apportioned to OTCF Contracts will be further apportioned to each auction. The apportionment will be in such proportion as the Clearing House will determine. The funds so apportioned will be used in the manner set out in <u>Rule 7A.01A.2 (Clearing Fund Loss Allocation Mechanism)</u> and <u>Rule 7A.01B (Clearing Fund Loss Allocation Mechanism for Default in OTCF Contracts)</u>.</p> <p><b>7A.01A.2B</b> <u>Application of the Clearing Fund</u></p>
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<p><u>7A.01A.2B.1</u> The Clearing Fund shall be applied in the manner set out in Rule 7A.01A.2B.2 to meet losses suffered by the Clearing House arising from or in connection with an event of default, provided always that the defaulted Clearing Member's Collateral has been fully applied in accordance with Rule 7A.05.1.</p>
<p><u>7A.01A.2B.2</u> Except as provided in Rule 7A.06.4 on the application of the Clearing Fund in a Multiple Default Period, the Clearing Fund shall be applied in the following order of priority, with each source of funds to be exhausted before the next source is applied:</p>
<p>a. <u>first, the Clearing House First Loss Contribution, in the manner set out in Rule 7A.01A.2C;</u></p>
<p>b. <u>second, the Clearing Fund Deposits of Active Clearing Members, in the manner set out in Rule 7A.01A.2D;</u></p>
<p>c. <u>third, the Clearing House Intermediate Contribution, in the manner set out in Rule 7A.01A.2E;</u></p>
<p>d. <u>fourth, the Clearing Fund Deposits of non-defaulting Clearing Members that are not available for use pursuant to Rule 7A.01A.2B.2.b, which will be applied on a pro-rata basis, calculated as the proportion of the Clearing Fund Deposit requirement of that Clearing Member relative to the aggregate Clearing Fund Deposit requirements of all such Clearing Members;</u></p>
<p>e. <u>fifth, the Further Assessment Amounts of all non-defaulting Clearing Members, which will be applied on a pro-rata basis, calculated as the proportion of the Further Assessment Amount requirement of that Clearing Member relative to the aggregate Further Assessment Amount requirements of all such Clearing Members; and</u></p>
<p>f. <u>sixth, any other contributions to the Clearing Fund.</u></p>
<p><b><u>7A.01A.2C</u> Application of the Clearing House First Loss Contribution</b></p>
<p><u>7A.01A.2C.1</u> Subject to Rule 7A.01A.2C.2, the Clearing House First Loss Contribution shall be apportioned, in such proportion as the Clearing House determines, to meet losses in each Contract Class in which an event of default has occurred.</p>



<p><u>7A.01A.2C.2</u> Where one or more auctions in respect of a Contract Class are held, the Clearing House First Loss Contribution apportioned to that Contract Class shall be further apportioned to each auction in such proportion as the Clearing House determines, and applied in the following manner:</p>
<p>a. <u>the Clearing House First Loss Contribution apportioned to each auction shall be applied to meet losses arising from or in connection with that auction; and</u></p>
<p>b. <u>any unused apportioned Clearing House First Loss Contribution for an auction shall be applied to meet any losses outstanding in the same Contract Class in such manner as the Clearing House determines.</u></p>
<p><u>7A.01A.2C.3</u> Where an event of default has occurred in more than one Contract Class, any unused apportioned Clearing House First Loss Contribution for one Contract Class shall be applied to meet any losses outstanding in the other Contract Class(es).</p>
<p><b><u>7A.01A.2D</u></b> <b><u>Application of Clearing Fund Deposits of Active Clearing Members</u></b></p>
<p><u>7A.01A.2D.1</u> Subject to Rule 7A.01A.2D.2 and Rule 7A.01A.2D.4, the Clearing Fund Deposits deposited by Active Clearing Members to clear the Contract Class in which an event of default has occurred shall be applied to meet the losses in that Contract Class.</p>
<p><u>7A.01A.2D.2</u> Where an auction is held in relation to the Contract Class specified in Rule 7A.01A.5.a, the Clearing Fund Deposit of each Required Participant shall be further apportioned to that auction in such proportion as the Clearing House determines, to be applied to meet the losses arising from or in connection with that auction, in the following order of priority and manner, with each level to be exhausted before the next level is applied:</p>
<p>a. <u>first, the apportioned Clearing Fund Deposits of Required Participants who did not submit a bid;</u></p>
<p>b. <u>second, the apportioned Clearing Fund Deposits of Required Participants who had submitted bids that were below the Winning Bid Price, which will be applied on a pro-rata basis based on the product of:</u></p>
<p>i. <u>the distance between such Required Participant's bid price and the Winning Bid Price; and</u></p>
<p>ii. <u>the amount of such Required Participant's Clearing Fund Deposit apportioned to the auction;</u></p>

<p>c. <u>third, the unused apportioned Clearing Fund Deposits of Required Participants who had submitted bids that were below the Winning Bid Price, which are not applied in Rule 7A.01A.2D.2.b; and</u></p>
<p>d. <u>fourth, the apportioned Clearing Fund Deposits of Required Participants who had submitted the Winning Bid Price.</u></p>
<p>7A.01A.2D.3 <u>Where an auction is held in relation to the Contract Class specified in Rule 7A.01A.5.a, any unused apportioned Clearing Fund Deposits for that auction shall be aggregated with the remaining Clearing Fund Deposits apportioned to the Contract Class, and applied to meet any outstanding losses in that Contract Class (including outstanding losses in any other such auction(s)) in such manner as the Clearing House determines.</u></p>
<p>7A.01A.2D.4 <u>Where an event of default has occurred in more than one Contract Class, any unused apportioned Clearing Fund Deposits for a Contract Class (regardless of whether this follows the application of Rule 7A.01A.2D.3) shall be applied to meet any losses outstanding in the other Contract Class(es).</u></p>
<p><b>7A.01A.2E</b> <u>Application of the Clearing House Intermediate Contribution</u></p>
<p>7A.01A.2E.1 <u>Subject to Rule 7A.01A.2E.2, the Clearing House Intermediate Contribution shall be apportioned, in such proportion as the Clearing House determines, to meet losses in each Contract Class in which an event of default has occurred.</u></p>
<p>7A.01A.2E.2 <u>Where one or more auctions in respect of a Contract Class are held, the Clearing House Intermediate Contribution apportioned to that Contract Class shall be further apportioned to each auction in such proportion as the Clearing House determines, and applied in the following manner:</u></p>
<p>a. <u>the Clearing House Intermediate Contribution apportioned to each auction shall be applied to meet losses arising from or in connection with that auction; and</u></p>
<p>b. <u>any unused apportioned Clearing House Intermediate Contribution for an auction shall be applied to meet any losses outstanding in the same Contract Class in such manner as the Clearing House determines.</u></p>

<p><u>7A.01A.2E.3</u> Where an event of default has occurred in more than one Contract Class, any unused apportioned Clearing House Intermediate Contribution for one Contract Class shall be applied to meet any losses outstanding in the other Contract Class(es).</p>
<p><b>7A.01A.3</b></p>
<p>Where Clearing Members' Clearing Fund Deposits or Further Assessment Amounts are used and applied in accordance with Rules <u>7A.01A.2B.2</u> and <u>7A.01A.2D7A.01A.2.b, c, d or e</u>, the limits to one or more Clearing Members' liabilities in respect of such funds as set out in Rule 2.28.2A or Rule 7A.06.6.6 may be reached. As a consequence of the foregoing, the contributions of Clearing Members which remain liable in respect of the relevant source of funds may remain unexhausted, while outstanding losses remain following such use and application of the source of funds. In such instances, the following shall apply:</p>
<p>a. the remaining contributions of Clearing Members in respect of the relevant source of funds shall be applied to meet the outstanding loss, subject to their limits set out in Rule 2.28.2A and Rule 7A.06.6.6; and</p>
<p>b. the liability of each Clearing Member for such loss shall be determined as described in Rules <u>7A.01A.2B.2</u> and <u>7A.01A.2D7A.01A.2.b, c, d or e</u>, whichever is applicable, subject always to the operation of Rule 7A.06.6.5.</p>
<p>...</p>
<p><b>7A.01A.5</b></p>
<p><del>For the purpose of Rules 7A.01A.2.b, c, d, and e, an</del> event of default <del>can occur in one or more Contract Classes. Each shall fall within either of the following limbs, comprises a Contract Class:</del></p>
<p>a. Contracts that are listed for trading on the Exchange or Relevant Market and Non-Relevant Market Contracts; or</p>
<p>b. [Deleted]</p>
<p>c. <del>OTCF Contracts [Deleted]</del></p>
<p><del>(each limb a "Contract Class", and collectively, "Contract Classes")</del></p>
<p><del>except as provided in Rules 7A.01A.7 and 7A.01A.9, when an event of default is deemed to fall within (i) any combination of the Contract Classes, or (ii) all of the Contract Classes, as the case may be.</del></p>
<p>...</p>



<p><b>7A.01A.7</b></p>	<p>An event of default that is due to the insufficiency of a Clearing Member's Collateral deposited with, provided to or otherwise made available to the Clearing House to fully discharge such Clearing Member's obligations to the Clearing House, or is due to the insolvency of a Clearing Member, shall be deemed for the purpose of <del>Rules 7A.01A.2.b, c, d and e</del><u>Chapter 7A</u> to have occurred in each Contract Class that Clearing Member was clearing or had open commitment in at the time of default.</p>
<p>...</p>	<p><del><b>7A.01B</b> Clearing Fund Loss Allocation Mechanism for Default in OTCF Contracts. [Rule has been deleted.]</del></p>
<p><del><b>7A.01B.1</b> [Rule has been deleted.]</del></p>	<p><del>Where an event of default is deemed to have occurred in OTCF Contracts, any losses that remain after an auction referred to in Rule 7A.02.1.5.b is held will be met by the sources of funds apportioned to OTCF Contracts, in the order of priority set out in Rule 7A.01A.2 (Clearing Fund Loss Allocation Mechanism), subject to Rule 7A.01B.3 (Clearing Fund Loss Allocation Mechanism for Contributions of Members Active in OTCF Contracts);</del></p>
<p><del><b>7A.01B.2</b> [Rule has been deleted.]</del></p>	<p><del>Where an event of default is deemed to have occurred in OTCF Contracts, and more than one auction referred to in Rule 7A.02.1.5.b is held:</del></p> <ul style="list-style-type: none"> <li><del>a. any losses that remain after each auction will be met by the sources of funds apportioned to OTCF Contracts and further apportioned to that auction, in the order of priority set out in Rule 7A.01A.2 (Clearing Fund Loss Allocation Mechanism), subject to Rule 7A.01B.3 (Clearing Fund Loss Allocation Mechanism for Contributions of Members Active in OTCF Contracts);</del></li> <li><del>b. in the event that the Clearing House First Loss Contribution or the Clearing House Intermediate Contribution apportioned to an auction is not exhausted after losses in that auction are met, the unexhausted funds will be used in the corresponding source in the other auction(s), but only after the funds in that source apportioned to the other auction(s) have been exhausted.</del></li> </ul>
<p><del><b>7A.01B.3</b> [Rule has been deleted.]</del></p>	<p><del>Clearing Fund Loss Allocation Mechanism for Contributions of Members Active in OTCF Contracts [Rule has been deleted.]</del></p>

Subject to Rule 7A.01B.4, Clearing Members' Clearing Fund Deposits and Further Assessment Amounts apportioned to an auction will be used, notwithstanding Rules 7A.01A.2.b and e, to meet the losses remaining after the auction in the following descending order of priority and manner, with each source of funds to be completely exhausted, subject to the limitations contained therein, before the next source is applied: —

- a. Clearing Fund Deposits of Participating Clearing Members which are apportioned to the auction, where such Participating Clearing Members did not participate in the auction;
  - Each such Participating Clearing Member's liability for the loss remaining will be on a pro-rata basis, calculated as the proportion of its Clearing Fund Deposit requirement for OTCF Contracts relative to the aggregate Clearing Fund Deposit requirement for OTCF Contracts of all Participating Clearing Members that did not participate in the auction;
- b. Further Assessment Amounts of Participating Clearing Members which are apportioned to the auction, where such Participating Clearing Members did not participate in the auction;
  - Each such Participating Clearing Member's liability for the loss remaining will be on a pro-rata basis, calculated as the proportion of its Further Assessment Amount requirement for OTCF Contracts relative to the aggregate Further Assessment Amount requirement for OTCF Contracts of all Participating Clearing Members that did not participate in the auction;
- c. Clearing Fund Deposits of Participating Clearing Members which are apportioned to the auction, where such Participating Clearing Members submitted bids in the auction and their bids were below the Reference Price;
  - Each such Participating Clearing Member's liability for the loss remaining will be on a pro-rata basis, calculated as the proportion of the product of:
    - i. the distance between such Clearing Member's bid price and the Reference Price; and
    - ii. its Clearing Fund Deposit requirement for OTCF Contracts,
 relative to the aggregate of the product of Rule 7A.01B.3.c.i and ii for all Participating Clearing Members that submitted bids in the auction below the Reference Price;
- d. Further Assessment Amounts of Participating Clearing Members which are apportioned to the auction, where such Participating Clearing Members submitted bids in the auction and their bids were below the Reference Price;
  - Each such Clearing Member's liability for the loss remaining will be on a pro-rata basis, calculated as the proportion of the product of:
    - i. the distance between such Clearing Member's bid price and the Reference Price; and
    - ii. its Further Assessment Amount requirement for OTCF Contracts,
 relative to the aggregate of the product of Rule 7A.01B.3.d.i and ii for all Participating Clearing Members that submitted bids in the auction below the Reference Price;



<p>e. Clearing Fund Deposits of Clearing Members which are apportioned to the auction and which are not available for use pursuant to Rule 7A.01B.3.a or c, or which have not been exhausted pursuant to Rule 7A.01B.3.c. Each Clearing Member's liability for the loss remaining will be on a pro-rata basis, calculated as the proportion of its Clearing Fund Deposit requirement for OTCF Contracts relative to the aggregate Clearing Fund Deposit requirement for OTCF Contracts of all Clearing Members that have Clearing Fund Deposits available for use under this Rule 7A.01B.3.e for the auction.</p> <p>f. Further Assessment Amounts of Clearing Members which are apportioned to the auction and which are not available for use pursuant to Rule 7A.01B.3.b or d, or which have not been exhausted pursuant to Rule 7A.01B.3.d. Each Clearing Member's liability for the loss remaining will be on a pro-rata basis, calculated as the proportion of its Further Assessment Amount requirement for OTCF Contracts relative to the aggregate Further Assessment Amount requirement for OTCF Contracts of all Clearing Members that have Further Assessment Amounts available for use under this Rule 7A.01B.3.f for the auction.</p>
<p><b>7A.01B.4 [Rule has been deleted.]</b></p> <p>Notwithstanding the order of priority set out in Rule 7A.01B.3, the following applies where there is more than one auction under Rule 7A.02.1.5.b for an event of default in OTCF Contracts.</p> <p>If funds that are apportioned to an auction ("first auction") are not exhausted after application pursuant to Rule 7A.01B.3, the unexhausted funds will be used to meet the losses that remain in the other auction(s) ("other auction(s)") in accordance with the following principles:</p> <p>a. If a Clearing Member is liable to meet losses in the same order of priority in the first auction and the other auction(s), its unexhausted funds from the first auction will be used in the corresponding source in the other auction(s), but only after the funds in that source apportioned to the other auction(s) have been exhausted.</p> <p>b. If a Clearing Member is liable to meet losses in different orders of priority in the first auction and the other auction(s), its unexhausted Clearing Fund Deposit from the first auction will be used in the source described in Rule 7A.01B.3.e in the other auction(s) and its unexhausted Further Assessment Amount from the first auction will be used in the source described in Rule 7A.01B.3.f in the other auction(s), but only after the funds in those sources apportioned to the other auction(s) have been exhausted.</p>
<p><b>7A.02</b>      <b>Open Positions of Defaulted /Suspended Clearing Members</b></p>



<p><b>7A.02.1</b></p>	<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>
<p>...</p>	<p>7A.02.1.3</p>
<p>a.</p>	<p>close out or liquidate <del>via auction or otherwise any 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 as well as positions resulting from</del> any hedging transaction executed pursuant to Rule 7A.02.1.2; or</p>
<p>b.</p>	<p>appoint one or more Inter Dealer Brokers, Clearing Members or members of the applicable Relevant Market to close out any 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 as well as positions resulting from 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;</p>
<p>c.</p>	<p><del>conduct an auction of such open positions, as well as positions resulting from any hedging transaction executed pursuant to Rule 7A.02.1.2, in such manner as prescribed by the Clearing House;</del></p>
<p>...</p>	<p>7A.02.1.5 [Rule has been deleted.] where the open positions relate to OTCF Contracts, take one or more of the following actions:</p> <p>a. <del>hedge or otherwise liquidate such open positions in OTCF Contracts;</del></p> <p>b. <del>conduct an auction of such open positions in OTCF Contracts, whether hedged or otherwise, and a Participating Clearing Member shall participate in such auction;</del></p> <p>c. <del>[This rule is deleted].</del></p> <p>e1. <del>where outstanding losses remain following the auction described in (b), attribute such outstanding losses in the manner described in Rules 7A.01A.2 (Clearing Fund Loss Allocation Mechanism), 7A.01A.2A (Apportionment of Clearing Fund Contributions across Contract Classes and across OTCF Auctions) and 7A.01B (Clearing Fund Loss Allocation Mechanism for Default in OTCF Contracts);</del></p> <p>provided that a Clearing Member participating in any activity set out in (b) and (c) above may authorise a qualified third party to act in its place.</p>



	the Clearing House may net such positions before undertaking any action pursuant to Rules 7A.02.1.3 to 7A.02.1.5.A. The net loss calculated may be attributable to either or both defaulted or suspended party's account in whatever proportion as the Clearing House deems fit; and/or
...	
<b>7A.02.2</b>	
<b>7A.02.2.1</b>	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.
<b>7A.02.2.2</b>	<u>Where an auction is held pursuant to Rule 7A.02.1.3.c in respect of the Contract Class specified in Rule 7A.01A.5.a, a Required Participant shall participate in such auction, and shall comply with all requirements and procedures as prescribed by the Clearing House in relation to such auctions.</u>
...	
<b>7A.06</b>	<b>Clearing Fund</b>
...	
<b>7A.06.2</b>	<b>Clearing Fund Deposit</b>
	7A.06.2.1 Upon being granted eligibility by the Clearing House to clear a relevant Contract Class, each Clearing Member wishing to clear that Contract Class shall deposit with the Clearing House as security for its obligations to the Clearing House ("Clearing Fund Deposit") the following amounts:
	A. for clearing Contracts which are listed for trading on the Exchange or any Relevant Market and/or Non-Relevant Market Contracts, the higher of: <ul style="list-style-type: none"> <li>a. S\$1,000,000 or such lower amount as prescribed by the Clearing House from time to time in its discretion; or</li> <li>b. the Clearing Member's proportionate share of the total Clearing Fund Deposits required from all Clearing Members in this Contract Class, which shall be an amount determined by the Clearing House. Each Clearing Member's proportionate share of the total Clearing Fund</li> </ul>



<p>Deposits shall be determined based on the exposure that the Clearing Member brings to the clearing system, taking into account factors including, but not limited to, the Clearing Member's average margin requirements over the preceding three month period<sup>2</sup>:</p> <p>B. <del>[deleted] for clearing OTCF Contracts, the higher of:</del></p> <p style="padding-left: 20px;">a. <del>US\$5 million; or</del></p> <p style="padding-left: 20px;">b. <del>the Clearing Member's proportionate share of the total Clearing Fund Deposits required from all Clearing Members in this Contract Class, which shall be an amount determined by the Clearing House. Each Clearing Member's proportionate share of the total Clearing Fund Deposits shall be determined based on the exposure that the Clearing Member brings to the clearing system, taking into account factors including, but not limited to, the Clearing Member's average margin requirements over the preceding three month period; or</del></p> <p>C. <del>[deleted] for clearing (i) Contracts which are listed for trading on the Exchange or any Relevant Market and/or Non-Relevant Market Contracts, and (ii) OTCF Contracts, the sum of the amounts set out in Rule 7A.06.2.1.A and 7A.06.2.1.B.</del></p>
<p>7A.06.2.2 The Clearing Fund Deposit shall be in cash, government securities or any other forms of Collateral acceptable to the Clearing House from time to time.</p>
<p>7A.06.2.3 Government securities or any other form of Collateral acceptable to the Clearing House shall not exceed a prescribed proportion of the Clearing Fund Deposit, as the Clearing House may specify from time to time in its discretion.</p>
<p>7A.06.2.4 This deposit may be withdrawn when such Clearing Member ceases to be a Clearing Member if, in the opinion of the Clearing House, all Contracts and obligations of such Clearing Member with the Clearing House have been settled and all sums owing to the Clearing House have been paid.</p>
<p><b>7A.06.3 Further Assessment Amount</b></p>



<p>7A.06.3.1 The <u>aggregate</u> Further Assessment Amount <u>that a Clearing Member is required to furnish pursuant to Rule 7A.06.3.3</u> shall be an amount up to one (1) time of a Clearing Member's Clearing Fund Deposit requirement, as prescribed by the Clearing House from time to time in its discretion.</p>
<p>7A.06.3.2 [Deleted]</p>
<p>7A.06.3.3 In the use and application of the Further Assessment Amounts pursuant to Rule <del>7A.01A.2</del><u>7A.01A.2B.2.e</u> in an event of default, the Clearing House shall be entitled to call for payment of the Further Assessment Amount <u>in such portions</u> and at such times as it deems appropriate. A Clearing Member shall immediately furnish such amounts to the Clearing House, prior to the close of business on the Business Day immediately following such call.</p>
<p><b>7A.06.4 Aggregate Clearing House Contributions</b></p>
<p>7A.06.4.1 Subject to Rule 7A.06.4.2, the total contribution by the Clearing House to the Clearing Fund ("Aggregate Clearing House Contribution") shall be at least an amount equivalent to 25% of the Clearing Fund size, and allocated as follows:</p>
<p>a. [This rule has been deleted]</p>
<p>a1. an amount of not less than 15% of the Clearing Fund size shall form the Clearing House First Loss Contribution as referred to in Rule <del>7A.01A.2-a</del><u>7A.01A.2B.2.a</u>;</p>
<p>b. [This rule has been deleted]</p>
<p>b1. an amount of not less than 10% of the Clearing Fund size shall form the Clearing House Intermediate Contribution as referred to in Rule <del>7A.01A.2-c</del><u>7A.01A.2B.2.c</u>; and</p>
<p>c. any remaining amount shall form any other contributions to the Clearing Fund as referred to in Rule <del>7A.01A.2-f</del><u>7A.01A.2B.2.f</u>.</p>
<p>7A.06.4.2 In the event that any part of the Aggregate Clearing House Contribution is applied in accordance with Rule <del>7A.01A.2B.2</del><u>7A.01A.2B.2</u>, such that it falls below the Minimum Aggregate Clearing House Contribution, the Clearing House shall restore the Aggregate Clearing House Contribution up to the Minimum Aggregate Clearing House Contribution. The Clearing House shall thereafter maintain Aggregate Clearing House Contribution equivalent to the Minimum Aggregate Clearing House Contribution.</p>

...	
<b>7A.06.6</b>	<b>Use of the Clearing Fund in Respect of Events of Default Occurring Within a Multiple Default Period</b>
...	
7A.06.6.4	The Clearing Fund in the order of priority listed in Rule <del>7A.01A.2-7A.01A.2B.2</del> shall be used and applied in the following manner in respect of events of default occurring within a Multiple Default Period:
a.	The Clearing Fund shall only be drawn upon after the monies of the defaulted Clearing Member with the Clearing House have been exhausted in accordance with this Rules;
b.	The Clearing Fund shall be utilised in respect of each event of default occurring within the Multiple Default Period in the order of priority listed in Rule <del>7A.01A.2-7A.01A.2B.2</del> irrespective of the number of draw downs on the Clearing Fund;
c.	In the event that a utilisation of the Clearing Fund draws on only part of the funds available at any source under Rule <del>7A.01A.2-7A.01A.2B.2</del> , the next utilisation of the Clearing Fund in connection with the next event of default occurring within the same Multiple Default Period, shall:
i.	subject to Rule 7A.06.6.4.c.ii, draw first from the remaining funds available at the unexhausted source before drawing from the next source, taking into account, at all times, the relevant Contract Class;
ii.	where the next event of default occurs in one or more Contract Classes in which all preceding events of defaults in that same Multiple Default Period were not involved, the draw down will revert to the start of the sequence of priority listed in Rule <del>7A.01A.2-7A.01A.2B.2 (Clearing Fund Loss Allocation Mechanism)</del> and:
(1)	the source of funds provided for in Rule <del>7A.01A.2-a-7A.01A.2B.2.a</del> will consist of any remaining resources in the Clearing House First Contribution or any remaining resources in the Clearing House Intermediate Contribution, whichever amount is the higher; and
(2)	the source of funds provided for in Rule <del>7A.01A.2-c-7A.01A.2B.2.c</del> will consist of any remaining contributions to the Clearing Fund as referred to in Rule <del>7A.01A.2-f-7A.01A.2B.2.f</del> after which, either any remaining resources in the Clearing House Intermediate Contribution or any remaining resources in the Clearing House First Contribution, whichever has not already been used as the source of fund provided for in Rule <del>7A.01A.2-a-7A.01A.2B.2.a</del> pursuant to (1) above.

<p>d. Once all the sources of the Clearing Fund have been exhausted, any current or subsequent utilisation of the Clearing Fund in connection with an event of default occurring within the same Multiple Default Period shall revert to the start of the sequence of the priority listed in Rule <del>7A.01A.2B.2 (Clearing Fund Loss Allocation Mechanism)</del> in respect of the replenished Clearing Fund; and</p>
<p>e. Upon the commencement of a new Multiple Default Period, the first draw down on the Clearing Fund in connection with an event of default occurring in the new Multiple Default Period shall commence from the first source of funds listed in Rule <del>7A.01A.2B.2</del>, subject to Rule 7A.06.8.2, and the subsequent sources of funds shall follow accordingly. This applies regardless of the source from which the last payment out of the Clearing Fund was made in connection with an event of default which occurred in any previous Multiple Default Period.</p>
<p>7A.06.6.5 <del>The Clearing House, in its application of the Clearing Fund in accordance with Rules 7A.01A.2B.2 and 7A.01A.2D, shall exclude a</del> resigning Clearing Member whose Clearing Fund Deposit and Further Assessment Amount have been applied fully as specified in Rule 2.28.2A <del>shall thereafter;</del></p>
<p><del>a. not be taken into account for the calculation of the aggregate Clearing Fund Deposit requirement referred to in Rules 7A.01A.2.b and d.; and</del></p>
<p><del>b. not be taken into account for the calculation of the aggregate Further Assessment Amount referred to in Rules 7A.01A.2.c and e.</del></p>
<p><b>7A.06.7 Rights of Clearing House for Recovery of Loss</b></p>
<p>...</p>
<p>7A.06.7.2 If any amount paid out of the Clearing Fund pursuant to Rule <del>7A.01A.2B.2</del> is subsequently recovered by the Clearing House in whole or in part, the Clearing House shall credit the amount so received to the Clearing Fund in the reverse of the order in which it was paid out.</p>
<p>7A.06.7.3 If a loss in respect of which a levy has been made against Clearing Members pursuant to Rules <del>7A.01A.2.b, c, d, and e</del> <del>7A.01A.2B.2 and 7A.01A.2D</del> is afterward recovered by the Clearing House in whole or in part, the net amount of such recovery shall be credited to such persons (whether or not they are Clearing Members at the time of recovery) in proportion to the amount of the assessment paid by such persons.</p>
<p>...</p>
<p><b>Chapter 9 Definitions and Interpretation</b></p>
<p>...</p>
<p><b>A</b></p>

...	...
"Active Clearing Member"	means a Clearing Member who, in respect of a Contract Class, has cleared Contracts or an open commitment in Contracts belonging to the Contract Class in which an event of default has occurred during the Relevant Period.
...	...
<b>C</b>	
...	...
"Cleared Swaps Customer"	means a customer of an FCM Clearing Member with positions in Cleared Swaps (as defined in CFTC Regulation 22.1, including Non-Relevant Market Contracts <del>and OTC Contracts, where applicable</del> ) that the FCM Clearing Member clears with the Clearing House, excluding any entity that controls, is controlled by or is under common control with such FCM Clearing Member, and the account of which would be considered a proprietary account of the FCM Clearing Member pursuant to the CFTC Regulations. Any such customer is deemed a Cleared Swaps Customer only with respect to its positions in Cleared Swaps.
...	...
"Clearing Fund"	shall have the meaning ascribed to it in Rule 7A.01A-2 means the clearing fund established in accordance with Rule 7A.06.1.
...	...
"Contract"	means the rights and obligations incurred through: <ul style="list-style-type: none"> <li>a. unless otherwise excluded by the context, a trade on the Exchange or any Relevant Market which may be satisfied by offset or by delivery or such other means as provided in the rules of the Exchange or the Relevant Market or the relevant Contract Specifications (as the case may be) as novated to the Clearing House pursuant to Rule 7.04; or</li> <li>b. unless otherwise excluded by the context, a trade pursuant to a Non-Relevant Market Transaction which may be satisfied by offset or by delivery or such other means as provided in this Rules or the relevant Contract Specifications as novated to the Clearing House pursuant to Rule 7.04. <del>or</del></li> </ul>



	<p>C. <del>unless otherwise excluded by the context, a trade pursuant to an OTCF Transaction which may be satisfied by any means provided for in this Rules or the relevant OTCF Contract Terms as novated to the Clearing House pursuant to Rule 7.04; and [deleted]</del></p>
...	...
"Contract Class" or "Contract Classes"	<p><del>shall have the meaning ascribed to it in [refers to any of the classes of Contracts set out in Rule 7A.01A.5.</del></p>
...	...
"Coupon Settlement Price"	<p><del>means the price at which each coupon payment for an OTCF Contract relating to an interest rate swap is settled pursuant to any procedure prescribed by the Clearing House or the relevant OTCF Contract Terms, as the case may be. [This definition has been deleted.]</del></p>
...	...
<b>E</b>	
...	...
"Eligible OTCF Contracts"	<p><del>means any OTCF Contract accepted by the Clearing House for clearing (subject to this Rules), as prescribed by the Clearing House from time to time. [This definition has been deleted.]</del></p>
...	...
"Eligible OTCF Transaction"	<p><del>shall have the meaning ascribed to it in Rule 7.02AA.1. [This definition has been deleted.]</del></p>
...	...
"Exchange of Futures for Swap" / "EFS"	<p>means a contract for the simultaneous exchange of a Futures Contract (as defined in the Trading Rules) for a corresponding Non-Relevant Market Contract <del>or OTCF Contract.</del></p>
...	...
<b>F</b>	

"First Original OTCF Contract Counterparty"	means the Original OTCF Contract Counterparty who was, before registration and substitution of the OTCF Contract, party to the corresponding OTCF Transaction as the party (a) paying the fixed rate or (b) being the reference currency buyer, as the case may be. [This definition has been deleted.]
...	...
<b>N</b>	
...	...
"Non-Relevant Market Contract or Transaction"	means a contract or transaction that is not listed or quoted for trading on the Exchange or any Relevant Market but shall not include any OTCF Contract or OTCF Transaction.
...	...
<b>O</b>	
...	...
"Original OTCF Contract Counterparties"	means the First Original OTCF Counterparty and the Second Original OTCF Counterparty and "Original OTCF Contract Counterparty" means any one of them. [This definition has been deleted.]
"OTCF Clearing Member Handbook"	means the Over the Counter Financial Derivatives Clearing Member Handbook issued by the Clearing House prescribing the operational requirements, as well as explanatory information, for the clearing of over the counter financial derivatives (as the same may be varied, amended or supplemented from time to time). [This definition has been deleted.]
"OTCF Contract or Transaction"	means a contract or transaction that is not listed or quoted for trading on the Exchange or any Relevant Market and relates to a financial derivative. [This definition has been deleted.]
"OTCF Contract Terms"	means such terms as are applicable to each OTCF Contract as set out from time to time in the Appendices of the OTCF Clearing Member Handbook. [This definition has been deleted.]
...	...
<b>P</b>	

"Participating Clearing Member"	<p><del>in relation to an auction referred to in Rule 7A.02.1.5.b means a Clearing Member who has cleared or had an open commitment in the product group of OTCF Contracts being auctioned during the three (3) month period preceding and ending on the day of the relevant event of default [This definition has been deleted.]</del></p>
...	...
<b>R</b>	
"Reference Price"	<p><del>in relation to an auction referred to in Rule 7A.02.1.5.b will be determined by the Clearing House based on the bids submitted by Participating Clearing Members in that auction. [This definition has been deleted.]</del></p>
...	...
<u>"Required Participant"</u>	<p><del>means an Active Clearing Member in the Contract Class specified in Rule 7A.01A.5.a who has cleared or had an open commitment in the Contracts being auctioned on the day of the relevant event of default.</del></p>
...	...
"Rules" or "this Rules"	<p>means the rules of the Clearing House as set out herein and as amended or supplemented from time to time by the Clearing House which includes the Directives <del>and the OTCF Clearing Member Handbook.</del></p>
<b>S</b>	
"Second Original OTCF Contract Counterparty"	<p><del>means the Original OTCF Contract Counterparty who was, before registration and substitution of the OTCF Contract, party to the corresponding OTCF Transaction as the party (a) paying floating rate or (b) being the reference currency seller, as the case may be. [This definition has been deleted.]</del></p>
...	...
<b>T</b>	
...	...
"Trade Registration System"	<p>means the software and systems provided by the Clearing House or any third party systems provider approved by the Clearing House to Clearing Members, Inter Dealer Brokers or such other parties authorised by the Clearing Members and, where required under this Rules, approved by the Clearing House, for the purpose of registering Non-Relevant Market Transactions, NLT transactions, EFP transactions, <del>and/or</del> <u>EFS transactions</u> <del>and/or</del> <u>Eligible OTCF Transactions</u> with the Clearing House.</p>

...	...
<b>W</b>	
<u>"Winning Bid Price"</u>	means the price stated in the winning bid for an auction held pursuant to Rule 7A.02.1.3.c.
...	...

**Practice Note 7.23 — Additional Margins**

...	
<b>3. Credit risk add-on</b>	
...	
3.2 For guidance, the quantum of the credit risk add-on for Clearing Members will be determined by considering the following:	
(a) for a Clearing Member with credit standing the Clearing House deems equivalent to B rating and below (based on the indicators described in paragraph 3.1 of this Practice Note), the quantum is equal to the difference between the member's potential tail risk exposure and a threshold. This threshold <sup>3</sup> will be determined by SGX, as a percentage of actual SGX-DC Clearing Fund resources and will be lower than the Threshold 1 described in paragraph 2.3 of this Practice Note; and	
(b) <del>[deleted] for a Clearing Member that clears Over the counter Financial Derivatives ("OTCF") Contracts, the quantum of the credit risk add-on will be based on the "Credit Rating Add-on" as provided in the OTCF Clearing Member Guide, provided it is not at the same time subject to the add-on described in paragraph 3.2(a) of this Practice Note; and</del>	
(c) the Clearing Member's available financial resources, prevailing market conditions and the size of Clearing Member's positions.	
<b>4. Liquidity risk add-on</b>	
...	
<b>4.3</b>	<del>[This paragraph has been deleted.] In the context of a Clearing Member that clears OTCF Contracts, a Liquidity Margin Multiplier applies in respect of its OTCF Contracts as provided in the OTCF Clearing Member Guide.</del>



...
<b>5. Position risk add-on</b>
5.1 The Clearing House may impose a position risk add-on if:
(a) <del>for a Contract other than OTCF, a significant proportion of the open interest in the Contract is highly concentrated in a customer or a Clearing Member, or</del>
(b) <del>[deleted] for an OTCF Contract, a customer or a Clearing Member has gathered significant exposure to one or more bucket tenors.</del>
5.2 The quantum of the position risk add-on should mitigate the potential slippage when liquidating a large portfolio. For guidance, before imposing position risk add-on for a Contract <del>other than OTCF</del> , the Clearing House may take into considerations the risk contribution from the Contract, and whether the concentration will be cured within a short period of time. <del>For OTCF Contracts, reference may be made to the "Large Exposure Add-on" provided in the OTCF Clearing Member Guide.</del>
<b>6. Discretionary risk add-on</b>
...
6.2 An example is the gap risk associated with FX-related Contracts that may arise from potential changes in currency regimes or political environment. <del>This is known as the "Gap Risk Add-on" in the OTCF Clearing Member Guide for Clearing Members that clear OTCF Contracts.</del> To determine the quantum of the FX gap add-on, the Clearing House may, but not limited to, make reference to similar events in the past for relevant currency pairs.
...
<b>Practice Note 7.30 — Enhanced Customer Collateral Protection</b>
<b>1. Introduction</b>
1.1 Rules 7.30.1 and 7.30.2 provide that a Customer may opt for "Enhanced Customer Collateral Protection" ("ECCP") in respect of Non-Relevant Market Transactions <del>and/or OTCF Transactions</del> by requesting that its Clearing Member designate any of the Customer's Customer Accounts as an "Applicable

<p><b>Customer Account"</b>. Each such Customer is referred to as an "<b>Applicable Customer</b>". The Clearing Member shall inform each of its Customers of the availability of the choice for ECCP and shall offer ECCP to any Customer that requests for it.</p>
<p><b>2. Requirement to inform Customers of the availability of the choice for ECCP</b></p>
<p>2.1 Clearing Members that offer client clearing for Non-Relevant Market <del>and/or OTCF Contracts</del> are required to inform each of their Customers that the choice for ECCP is available.</p>
<p>...</p>
<p><b>Practice Note 7A.01A.2A — Apportionment of Clearing Fund Contributions across Contract Classes and across OTCF auctions <del>[This Practice Note has been deleted.]</del></b></p>
<p><b>1. Introduction</b></p>
<p>1.1. This Practice Note describes:</p> <ul style="list-style-type: none"> <li>i. <del>the apportionment of the Clearing House First Loss Contribution and the Clearing House Intermediate Contribution pursuant to Rule 7A.01A.2A across Contract Classes where an event of default is deemed to have occurred in more than one Contract Class;</del></li> <li>ii. <del>the apportionment of the Clearing Fund Deposit and Further Assessment Amount of each Clearing Member pursuant to Rule 7A.01A.2A.b across Contract Classes where an event of default is deemed to have occurred; and</del></li> <li>iii. <del>the further apportionment of the part of the Clearing House First Loss Contribution, Clearing House Intermediate Contribution and Clearing Fund Deposit and Further Assessment Amount of each Clearing Member that is apportioned to OTCF Contracts across auctions, where an event of default is deemed to have occurred in OTCF Contracts and there is more than one auction.</del></li> </ul>
<p>1.2. <del>In this Practice Note, contracts that are listed for trading on the Exchange or Relevant Market will be referred to as "ETD Contracts" and Non-relevant Market Contracts will be referred to as "ETD and NMC Contracts".</del></p>
<p><b>2. Apportionment of Clearing House First Loss Contribution and the Clearing House Intermediate Contribution across Contract Classes</b></p>

<p><del>2.1. Where there is a default in more than one Contract Class, the Clearing House intends to apportion the Clearing House First Loss Contribution and the Clearing House Intermediate Contribution across Contract Classes in the following manner:</del></p> <ul style="list-style-type: none"> <li><del>i. first, the Clearing House First Loss Contribution or the Clearing House Intermediate Contribution will be apportioned between (a) OTCF Contracts and (b) ETD and NMC Contracts collectively in the proportion of Clearing Members' aggregate Clearing Fund Deposits and Further Assessment Amounts for (a) OTCF Contracts, relative to those for (b) ETD and NMC Contracts collectively;</del></li> <li><del>ii. second, the part of the Clearing House First Loss Contribution or the Clearing House Intermediate Contribution that is apportioned to ETD and NMC Contracts collectively will be further apportioned between (a) ETD Contracts and (b) NMC Contracts, based on the relative risk<sup>1</sup> of the defaulted Clearing Member in respect of ETD Contracts and NMC Contracts.</del></li> </ul>
<p><b>3. Apportionment of Clearing Fund Deposit and Further Assessment Amount of each Clearing Member across Contract Classes</b></p>
<p><del>3.1. Where there is a default, the Clearing House intends to apportion the Clearing Fund Deposit and Further Assessment Amount of each Clearing Member across Contract Classes in the following manner:</del></p> <ul style="list-style-type: none"> <li><del>i. first, the Clearing Fund Deposit and Further Assessment Amount deposited in respect of OTCF Contracts will be apportioned to OTCF Contracts, and the Clearing Fund Deposit and Further Assessment Amount deposited in respect of ETD and/or NMC Contracts collectively will be apportioned to ETD and/or NMC Contracts, collectively;</del></li> <li><del>ii. second, the Clearing Fund Deposit and Further Assessment Amount deposited for ETD and/or NMC Contracts collectively will be further apportioned between ETD Contracts and NMC Contracts based on the relative risk<sup>2</sup> of the defaulted Clearing Member in respect of ETD Contracts and NMC Contracts. If, however, a non-defaulting Clearing Member has not been active<sup>3</sup> in one of the ETD and NMC Contract Classes, all of that Clearing Member's Clearing Fund Deposit and Further Assessment Amount deposited for ETD Contracts and/or NMC Contracts collectively will be apportioned only to the Contract Class in which it has been active.</del></li> </ul>
<p><sup>1</sup>. SGX intends to use relative risk margins as a measurement of relative risk, but may use any other measurement as appropriate.  <sup>2</sup>. SGX intends to use relative risk margins as a measurement of relative risk, but may use any other measurement as appropriate.</p>



<p><sup>3</sup> A Clearing Member is active in a Contract Class if it has cleared Contracts belonging to that Contract Class or had an open commitment in Contracts belonging to that Contract Class during the Relevant Period.</p> <p><sup>4</sup> SGX intends to use relative risk margins as a measurement of relative risk, but may use any other measurement as appropriate.</p>	
<p><b>4. Further apportionment of Clearing House First Loss Contribution, Clearing House Intermediate Contribution, and Clearing Fund Deposit and Further Assessment Amount of each Clearing Member that is apportioned to OTCF Contracts across auctions</b></p>	
<p>4.1. Where there is a default in OTCF Contracts, a separate auction will be held for each product group of OTCF Contracts. In that event, the Clearing House intends to apportion, across auctions, the part of the Clearing House First Loss Contribution, Clearing House Intermediate Contribution and Clearing Fund Deposit and Further Assessment Amount of each Clearing Member that is apportioned to OTCF Contracts. Such apportionment will be based on the relative risk<sup>4</sup> of the defaulted Clearing Member in respect of each product group.</p>	
<p><b><u>Practice Note 7A.01A.2B.2 – Apportionment and application of Clearing Fund Contributions when one or more auctions are held in respect of a Contract Class</u></b></p>	
<p><b><u>Issue Date</u></b></p>	<p><b><u>Enquiries</u></b></p> <p>Please contact:  <u>Risk Management</u>  <u>E-Mail Address : rmd@sgx.com</u></p>
<p><b><u>Cross Reference</u></b></p> <p><u>Clearing Rules 7A.01A.2C, 7A.01A.2D and 7A.01A.2E</u></p>	
<p><b>1. <u>Introduction</u></b></p>	
<p>1.1 This Practice Note illustrates the apportionment and application of Clearing Fund Contributions when one or more auctions are held in respect of a Contract Class. For the purposes of this Practice Note, the Contract Class specified in Rule 7A.01A.5.a, which comprises of (i) contracts that are listed for trading on the Exchange or Relevant Market and (ii) Non-Relevant Market Contracts, will be referred to as the “<b><u>ETD and NMC Contract Class</u></b>”, the contracts collectively as “<b><u>ETD and NMC Contracts</u></b>”, the Contract Class and an auction held in respect of this Contract Class as an “<b><u>ETD and NMC Auction</u></b>”.</p>	



<p><u>1.2</u> This Practice Note describes:</p>	<p>i. <u>the apportionment of the Clearing House First Loss Contribution, Clearing House Intermediate Contribution, and the Clearing Fund Deposit of each Clearing Member, where one or more ETD and NMC Auctions are held pursuant to Rules 7A.01A.2C.2, 7A.01A.2D.2, and 7A.01A.2E.2; and</u></p> <p>ii. <u>the use of Required Participants' Clearing Fund Deposits based on their bidding behaviour in an ETD and NMC Auction, pursuant to Rule 7A.01.2D.2.</u></p>
<p><u>2.</u> <b>Apportionment of Clearing House First Loss Contribution and Clearing House Intermediate Contribution to auctions held in respect of the ETD and NMC Contract Class</b></p>	<p><u>2.1</u> For each ETD and NMC Auction, the Clearing House First Loss Contribution and Clearing House Intermediate Contribution shall be apportioned to that auction, based on the proportion of the notional value of the Auction Portfolio vis-à-vis the aggregate notional value of the defaulted Clearing Member's contracts in the ETD and NMC Contract Class.</p>
<p><u>Apportionment of Clearing House First Loss Contribution to an ETD and NMC Auction</u></p> <p>Notional value of ETD and NMC Contracts that constitute the Auction Portfolio</p> <p><u>Aggregate notional value of all ETD and NMC Contracts in the defaulted Clearing Member's portfolio</u> X <u>Clearing House First Loss Contribution</u></p>	
<p><u>Apportionment of Clearing House Intermediate Contribution to an ETD and NMC Auction</u></p> <p>Notional value of ETD and NMC Contracts that constitute the Auction Portfolio</p> <p><u>Aggregate notional value of all ETD and NMC Contracts in the defaulted Clearing Member's portfolio</u> X <u>Clearing House Intermediate Contribution</u></p>	

<p><b>3. <u>Apportionment of a Required Participant's Clearing Fund Deposit to an ETD and NMC Auction</u></b></p>	<p><b>3.1</b> For each ETD and NMC auction, the Clearing Fund Deposit of each Required Participant shall be further apportioned to that auction based on the proportion of the notional value of the Required Participant's contracts that are the same as those in the Auction Portfolio vis-à-vis the aggregate notional value of all of that Required Participant's contracts in the ETD and NMC Contract Class.</p>
<p><b>Apportionment of the Clearing Fund Deposit of a Required Participant to an ETD and NMC auction</b></p>	<p>Notional value of Required Participant's contracts that are the same as those constituting _____ the Auction Portfolio <input checked="" type="checkbox"/> Required Participant's Clearing Fund Deposit apportioned to the ETD and NMC Contract Class</p> <p>Notional value of all of the Required Participant's ETD and NMC Contracts _____</p>
<p><b>4. <u>Illustration of how the Clearing Fund Deposits of Required Participants who have submitted bids for an ETD and NMC auction are pro-rated pursuant to Rule 7A.01A.2D.2</u></b></p>	
<p><b>4.1</b> This section illustrates how Required Participants' Clearing Fund Deposits are pro-rated pursuant to Rule 7A.01A.2D.2.</p>	
<p><b>4.2</b> Pursuant to Rule 7A.01A.2D.2, where an ETD and NMC auction is held, the Clearing Fund Deposits of all Required Participants apportioned to that auction will be applied to meet losses arising from or in connection with that auction, in the following order of priority and manner, with each level to be exhausted before the next level is applied:</p>	<p>a. <u>first, the apportioned Clearing Fund Deposits of Required Participants who did not participate in the auction;</u></p> <p>b. <u>second, the apportioned Clearing Fund Deposits of Required Participants who had submitted bids that were below the Winning Bid Price, which will be applied on a pro-rata basis based on the product of:</u></p> <p>i. _____ the distance between such Required Participant's bid price and the Winning Bid Price; and</p> <p>ii. _____ the apportioned Clearing Fund Deposit of such Required Participant;</p>

- c. third, the unused apportioned Clearing Fund Deposits of Required Participants who had submitted bids that were below the Winning Bid Price, that was not applied in (b);
- d. fourth, the apportioned Clearing Fund Deposits of Required Participants who had submitted the Winning Bid Price.

**4.3** The following example illustrates Rule 7A.01A.2D.2.b.

A and B are Required Participants who had submitted bids that were below the Winning Bid Price. Their liabilities under Rule 7A.01A.2D.2.b will be in the following proportions:

	<u>Distance (price differential) between the Required Participant's bid price and the winning bid price (I)</u>	<u>Amount of Required Participant's Clearing Fund Deposit that is apportioned to the auction (II)</u>	<u>(I) X (II)</u>	<u>Proportion of remaining loss for which the Required Participant will be liable</u>
<u>Required Participant A</u>	<u>\$5 million</u>	<u>\$20 million</u>	$\frac{5 \times 20}{100} = 100$	$\frac{100}{(100+150)} = 40\%$
<u>Required Participant B</u>	<u>\$6 million</u>	<u>\$25 million</u>	$\frac{6 \times 25}{150} = 150$	$\frac{150}{(100+150)} = 60\%$

**Practice Note 7A.01B** — Illustrations of the Application of Clearing Member's Clearing Fund Deposit and Further Assessment Amounts in respect of OTF Contracts ~~[This Practice Note has been deleted.]~~

<b>Issue Date</b>	<b>Cross Reference</b>	<b>Enquiries</b>
<u>Added on 30 June 2014.</u>	<u>Clearing Rules 7A.01B.3-c, Rule 7A.01B.3-d and Rule 7A.01B.4-a</u>	<u>Please contact:</u>
		<u>Risk Management</u> <u>E-Mail Address: fmd@sgx.com</u>

**1-Introduction**



<p><del>1.1 This Practice Note illustrates the use of Clearing Members' Clearing Fund Deposit and Further Assessment Amounts for OTCF Contracts as set out in <u>Rule 7A.01B.3.c</u>, <u>Rule 7A.01B.3.d</u> and <u>Rule 7A.01B.4</u>.</del></p>
<p><del><b>2. Allocation of loss between Participating Clearing Members which are liable for loss remaining in an auction under <u>Rule 7A.01B.3.c</u> and <u>Rule 7A.01B.3.d</u></b></del></p>
<p><del>2.1 When an event of default has occurred in OTCF Contracts and losses remain after the auction(s) referred to in <u>Rule 7A.02.1.5.b</u>, the Clearing Fund Deposit and Further Assessment Amount that are apportioned to OTCF Contracts, of a Clearing Member that is active in OTCF Contracts (as described in <u>Rule 7A.01A.2.b</u>), will be used to meet those losses.<sup>3</sup></del></p>
<p><del>2.2 <u>Rule 7A.01B.3</u> sets out the order of priority in which such funds of such a Clearing Member will be used to meet the losses that remain after an auction. There are three general levels in that order of priority:</del></p> <ul style="list-style-type: none"> <li><del>i. The first level is described in <u>Rule 7A.01B.3.a</u> (Clearing Fund Deposits) and <u>Rule 7A.01B.3.b</u> (Further Assessment Amounts). All Clearing Members that are obliged to participate in the auction (i.e., Participating Clearing Members) but that did not submit a bid will fall within this first level.</del></li> <li><del>ii. The second level is described in <u>Rule 7A.01B.3.c</u> (Clearing Fund Deposits) and <u>Rule 7A.01B.3.d</u> (Further Assessment Amounts). All Participating Clearing Members that bid below the Reference Price<sup>3</sup> will fall within this second level.</del></li> <li><del>iii. The third level is described in <u>Rule 7A.01B.3.e</u> (Clearing Fund Deposits) and <u>Rule 7A.01B.3.f</u> (Further Assessment Amounts). All Clearing Members with Clearing Fund Deposits and Further Assessment Amounts which are apportioned to the auction and which are not available for use pursuant to <u>Rule 7A.01B.3.a</u>, <u>b</u>, <u>c</u> and <u>d</u>, or which have not been exhausted pursuant to <u>Rule 7A.01B.3.c</u> and <u>d</u>, will fall within this third level.</del></li> </ul>
<p><del>2.3 Each Clearing Member that is liable in the second level will be liable for the loss remaining on a pro-rata basis, calculated as the proportion of the product of:</del></p> <ul style="list-style-type: none"> <li><del>i. the distance between that Clearing Member's bid price and the Reference Price; and</del></li> <li><del>ii. that Clearing Member's Clearing Fund Deposit/Further Assessment Amount requirement apportioned to OTCF Contracts, relative to the aggregate of the product of i and ii for all Clearing Members that is liable in the same second level.</del></li> </ul>
<p><del>2.4 By way of illustration, the liability of Participating Clearing Members, A and B, for the loss remaining in an auction will be in the following proportions, assuming the following bidding behaviour:</del></p>



	Distance of bid from Reference Price (A)	Clearing Fund Deposits/Further Assessment Amount requirement apportioned to OICF Contacts (B)	A x B	Proportion
Participating Clearing Member A	\$548 million	\$510 million	48 x 10 = 480	$\frac{480}{480 + 240} = \frac{2}{3}$
Participating Clearing Member B	\$512 million	\$520 million	12 x 20 = 240	$\frac{240}{480 + 240} = \frac{1}{3}$

**3. Use of unexhausted Clearing Fund Deposit or Further Assessment Amount in another Auction**

3.1. Rule 7A.01B.4.a states that if a Clearing Member is liable to meet losses in the same order of priority in two or more auctions held in respect of an event of default, its unexhausted funds from the first auction will be used in the corresponding source in the other auction(s), but only after the funds in that source apportioned to the other auction(s) have been exhausted.

3.2. By way of illustration, Participating Clearing Member A ("PCM A") and Participating Clearing Member B ("PCM B") are required to bid in two auctions held in respect of a default in OICF contracts. The OICF contribution of PCM A and PCM B that is apportioned to each auction ("auction contribution") is \$3m respectively. The bidding behaviour of PCM A and PCM B and the consequent priority of usage of their auction contribution are summarised below:

	KRW NDF auction Losses after auction = \$2m	INR NDF auction Losses after auction = \$20m
<b>PCM A</b>		
- Bidding behaviour:	Did not bid	Did not bid
- Priority of usage of auction contribution:	First level	First level
<b>PCM B</b>		
- Bidding behaviour:	Bid below Ref. Price	Bid below Ref. Price
- Priority of usage of auction contribution:	Second level	Second level

In such a case:

- i. PCM A's KRW NDF auction contribution (\$3m) will be used to fully meet all the losses in the KRW NDF auction (\$2m), with \$1m remaining. That \$1m will be used to meet the losses in the INR NDF auction. As PCM A lies in the first level in both auctions, the \$1m will be used in the INR NDF auction, like in the KRW NDF auction, at the first level. However, the \$1m will be used only after the INR NDF auction contributions of all Clearing Members that fall within the first level in the INR NDF auction (which would include PCM A) have been exhausted.
- ii. PCM B's KRW NDF auction contribution will not be used because PCM A's auction contributions are more than sufficient to meet the losses in that auction. PCM B's KRW NDF auction contributions (\$3m) will be used to meet the losses in the INR NDF auction. As PCM B lies in the second level in both auctions, the \$3m will be used in the INR NDF auction, like in the KRW NDF auction, at the second level. However, the \$3m will be used only after the INR NDF auction contributions of all Clearing Members that fall within the second level in the INR NDF auction (which would include PCM B) have been exhausted.

In summary, funds will be used to meet the losses in each auction in the following descending order of priority:

KRW NDF auction losses after auction = \$2m		INR NDF auction losses after auction = \$20m
<b>First level</b>	Part of PCM A's auction contribution (\$2m)	All of PCM A's auction contribution (\$3m); then PCM A's unexhausted KRW NDF auction contribution (\$1m)
<b>Second level</b>	-	All of PCM B's auction contribution (\$3m); then PCM B's unexhausted KRW NDF auction contribution (\$3m)

<sup>1</sup> The Clearing Member's funds will be used only if losses still remaining after the defaulting Clearing Member's Clearing Fund contributions and the relevant portion of the Clearing House First Loss Contribution are used.

<sup>2</sup> Unless otherwise notified by the Clearing House, the Reference Price will be the median bid (if there are at least 5 bids submitted by Participating Clearing Members) or the winning bid (if there are fewer than 5 bids submitted by Participating Clearing Members).

Practice Note 9.01.1 — OTCF Product Groups [This Practice Note has been deleted.]



Issue Date	Cross-Reference	Enquiries
Added on 30 June 2014	Clearing Rules 9.01.1	<p>Please contact:</p> <p><u>Risk Management</u> E-Mail Address : <a href="mailto:rmd@sgx.com">rmd@sgx.com</a></p>
<p><b>1. Introduction</b></p>		
<p>1.1. Rule 7A.02.1.5.b7A.02.2.3 states that, when a Clearing Member having open positions has defaulted upon its obligation to the Clearing House, or has been suspended, the Clearing House may conduct an auction of such open positions in OTCF Contracts, whether hedged or otherwise, and where an auction is held pursuant to Rule 7A.02.1.3.c in respect of OTCF Contracts, a Participating Clearing Member shall participate in such auction.</p>		
<p>1.2 Rule 9.01.1 defines Participating Clearing Member as a Clearing Member who has cleared or had an open commitment in such product group of OTCF Contracts being auctioned during the three (3) month period preceding and ending on the day of the relevant event of default.</p>		
<p>1.3. This Practice Note explains what is meant by a product group and sets out the OTCF product groups which are cleared through the Clearing House.</p>		
<p><b>2. Product Group By Currency</b></p>		
<p>2.1. A product group means a distinct group of OTCF Contracts in a specified currency for which the Clearing House offers clearing services.</p>		
<p>2.2. The different product groups cleared by the Clearing House are as follows:</p> <ul style="list-style-type: none"> <li>• Singapore Dollar interest rate swap</li> <li>• US Dollar interest rate swap</li> <li>• Thai Baht non-deliverable interest rate swap</li> <li>• Malaysian Ringgit non-deliverable interest rate swap</li> <li>• Chinese Yuan non-deliverable foreign exchange forward</li> <li>• Indian Rupee non-deliverable foreign exchange forward</li> </ul>		

- ~~• Indonesian Rupiah non-deliverable foreign exchange forward~~
- ~~• Korean Won non-deliverable foreign exchange forward~~
- ~~• Malaysian Ringgit non-deliverable foreign exchange forward~~
- ~~• New Taiwan Dollar non-deliverable foreign exchange forward~~
- ~~• Philippine Peso non-deliverable foreign exchange forward~~

Schedule A

Chapter 2 — Clearing Membership

Rule Chapter/Number	Rule Violation	Brief Description of Rule	Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable	1st Violation	2nd Violation	3rd Violation	Mandatory minimum penalty imposed by the DC
2-06.1-r/w 2-02.1.2	General Clearing Member or its holding company to have group shareholders' funds of at least S\$100,000,000		Compoundable	\$2,000— \$4,000	\$4,000— \$7,000	\$7,000— \$10,000	N/A	
2-06.1-r/w 2-02A.1.1 & 2-02.1.2	Direct Clearing Member or its holding company to have group shareholders' funds of at least S\$100,000,000		Compoundable	\$2,000— \$4,000	\$4,000— \$7,000	\$7,000— \$10,000	N/A	



Schedule A		Chapter 7 — Clearing and Margins						
Rule Chapter/Number	Rule Violation	Brief Description of Rule	Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC	
				1st Violation	2nd Violation	3rd Violation		
Chapter 7 — Clearing and Margins								
7.02AA-2.2	Eligible OTCF transaction to be registered by certain parties		Compoundable	\$2,000— \$4,000	\$4,000— \$7,000	\$7,000— \$10,000	N.A.	
7.02AA-2.3	Parties submitting Eligible OTCF Transaction to comply with the terms and conditions governing the access to and operation of the Trade Registration System		Compoundable	\$2,000— \$4,000	\$4,000— \$7,000	\$7,000— \$10,000	N.A.	
7.02AA-2.4	Clearing Member to obtain consent of Original OTCF Contract Counterparty before allowing registration of OTCF Transactions.		Compoundable	\$500	\$1,000—	\$2,000	N.A.	
7.04-5E	Clearing Member in whose name an Eligible OTCF Transaction is to be registered for the purpose of executing default proceedings to provide		Compoundable	\$2,000— \$4,000	\$4,000— \$7,000	\$7,000— \$10,000	N.A.	

Appendix 1

	<del>collateral and to fulfill such other requirements prescribed by the Clearing House from time to time immediately upon becoming a counterparty to the Clearing House.</del>					
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Schedule A		Chapter 7A — Suspension and Default		Rule Violation		Whether composition may be offered		Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable		Mandatory minimum penalty imposed by the DC	
Rule Chapter/Number	Brief Description of Rule	1st Violation	2nd Violation	3rd Violation	DC						
Chapter 7A — Suspension and Default											
<u>7A.02.1.5(b)</u>	<del>Participating Clearing Member to participate in such auction stated in Rule 7A.02.1.5</del>	Not Compoundable			Not Compoundable	Not Compoundable					
<u>7A.02.2.1</u>	Clearing Member that has defaulted upon its obligation to the Clearing House, or has been suspended, to cooperate with the Clearing House and non-defaulting Clearing Members in respect of actions which the Clearing House may take under Rule 7A.02.1.	Not Compoundable			Not Compoundable	Not Compoundable					
<u>7A.02.2.2</u>	Required Participant to participate in such auction stated in Rule 7A.02.1.3.c. and comply with requirements and procedures as prescribed by the Clearing House in relation to such auctions.	Not Compoundable			Not Compoundable	Not Compoundable					

