



21 June 2018

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

VIA EMAIL

Dear Mr. Kirkpatrick,

**Self-certification of Amendments to SGX-DC Clearing Rules**

**1 Introduction**

1.1 Singapore Exchange Derivatives Clearing Limited ("**SGX-DC**"), a derivatives clearing organisation ("**DCO**") registered with the Commodity Futures Trading Commission (the "**Commission**"), hereby submits a self-certification for amendments to its Clearing Rules (the "**Amendments**") pursuant to Commission regulation 40.6(a).

**2 Intended Implementation Date**

2.1 The Amendments are proposed to be implemented on 23 July 2018, but will not be implemented prior to the Commission's 10 business day review period.

**3 Explanation and Analysis**

3.1 The Amendments are to remove references within the SGX-DC Clearing Rules for the following contracts which SGX-DC intends to stop clearing :

- (a) SGX API 4 FOB Richards Bay Coal Swap ("**API 4 Swap**");
- (b) SGX API 8 CFR China Coal Swap ("**API 8 Swap**"); and
- (c) SGX IHS McCloskey Indonesian Sub-Bit FOB Swap ("**Sub-Bit Coal Swap**"),

(collectively, the "**Thermal Coal Swaps**").

3.2 There is no open interest in the Thermal Coal Swaps.

**4 Description of Amendments**

**Singapore Exchange Derivatives Clearing Limited**  
Company Reg No. 200005878M  
(A wholly-owned subsidiary of Singapore Exchange Limited)

2 Shenton Way, #02-02 SGX Centre 1, Singapore 068804  
main: +65 6236 8888 fax: +65 6535 0775  
**sgx.com**

4.1 Appendix 1 of the SGX-DC Clearing Rules that sets out the final settlement prices will be amended to remove references to the Thermal Coal Contracts.

4.2 The text of the Amendments with the changes indicated is attached as Appendix A.

## 5 **Certification of Compliance with Core Principles**

5.1 The Amendments have been promulgated in respect of SGX-DC's compliance with Core Principle L on public information and seek to provide clarity on which Non-Relevant Market Contracts may be accepted by SGX-DC for clearing.

5.2 SGX-DC hereby certifies to the Commission that the Amendments comply with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

## 6 **Public Notice of Pending Certification**

6.1 SGX-DC has made publicly available a notice of the Amendments' pending certification with the Commission, together with a copy of this submission on its website at the following address: [http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult\\_pub/dco\\_submissions](http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult_pub/dco_submissions).

## 7 **Opposing Views**

7.1 There were no opposing views expressed to SGX-DC by its board or committee members, SGX-DC Clearing Members or market participants that were not incorporated into the Amendments. If any opposing views are received by SGX-DC during the Commission's review period, such views will be communicated to the Commission accordingly.

## 8 **Contact Details**

8.1 Please do not hesitate to contact the undersigned at [candace.li@sgx.com](mailto:candace.li@sgx.com) or +65 6713 6319 should you require any clarification.

Yours sincerely,



Candace Li  
Associate

Regulatory Development and Policy (Regulation)

**Appendix A**  
**Proposed Rule Amendments to SGX-DC Clearing Rules**

Note: Changes are made in blue.

**Appendix 1 – Final Settlement Price**

**Coal Swap Contracts**

<b>Coal Swap</b>	
<b>Product</b>	<b>Coal Swap</b>
<b>Contract</b>	<p>SGX IHS McCloskey Indonesian 4200kc GAR FOB Thermal Coal Swaps</p> <p>SGX TSI FOB Australia Premium Coking Coal Swap</p> <p>SGX TSI CFR China Premium JM25 Coking Coal Swap</p> <p>SGX API 5 FOB Newcastle Coal Swap</p>
<b>Final Settlement Price</b>	<p><del>Cash settlement using the arithmetic average of all publications of the IHS McCloskey Indonesian 4200kc GAR FOB Marker reference prices in the expiring contract month, rounded to 2 decimal places.</del></p> <p><del>Cash settlement using the arithmetic average of all publications of the API 4 index published in the Argus/McCloskey Coal Price Index Report in the expiring contract month, rounded to 2 decimal places.</del></p> <p>Cash settlement using the arithmetic average of all publications of the relevant index published by TSI in the expiring contract month, rounded to 2 decimal places.</p> <p>Cash settlement using the arithmetic average of all publications of the relevant index published by TSI in the expiring contract month, rounded to 2 decimal places.</p> <p>Cash settlement using the arithmetic average of all publications of the relevant index published by TSI in the expiring contract month, rounded to 2 decimal places.</p> <p>Cash settlement using the arithmetic average of all publications of the API 5 index published in the Argus/McCloskey Coal Price Index Report in the expiring contract month, rounded to 2 decimal places.</p>