



30 June 2017

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

Dear Mr. Kirkpatrick,

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

**1. Introduction**

- 1.1 Singapore Exchange Derivatives Clearing Limited ("**SGX-DC**"), a derivatives clearing organisation ("**DCO**") registered with the Commodity Futures Trading Commission (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 in July 2017, and will not be implemented prior to the Commission's 10 business day review period.

**3. Explanation and Analysis**

- 3.1 The Amendments are to facilitate SGX-DC's acceptance for clearing of the SGX Baltic Supramax Time Charter Basket (10 Routes) Freight Forward Agreement ("**FFA**") ("**Supramax 10TC**") and SGX Baltic Supramax Time Charter Basket (10 Routes) FFA Option contracts (collectively, the "**Contracts**") that are to be launched in July 2017. In particular, the Amendments detail the relevant Clearing Fees and specify the methodology for the calculation of the final settlement price ("**FSP**") of the Contracts in the SGX-DC Clearing Rules.
- 3.2 In addition, the Amendments include an editorial change to the FSP provision in the SGX-DC Clearing Rules to reflect the renaming of existing SGX Baltic Supramax Time Charter Basket FFA and SGX Baltic Supramax Time Charter Basket FFA Options as SGX Baltic Supramax Time Charter Basket (6 routes) FFA and SGX Baltic Supramax Time Charter Basket (6 routes) FFA Options respectively (collectively, the "**Supramax 6TC Contracts**").

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

- 4.1 Appendix 1 of the SGX-DC Clearing Rules and the Clearing Fees schedule will be amended as a result of the Amendments.
- 4.2 The text of the Amendments with the changes indicated is attached as Appendix A. The Clearing Fees are set out in Appendix B.

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

- 5.1 The Amendments have been promulgated in respect of SGX-DC's compliance with Core Principle E on settlement procedures and seek to provide clarity on the final settlement prices for the Contracts and the Supramax 6TC Contracts, as well as compliance with Core Principle B on financial resources.
- 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 kahmun.huay@sgx.com or +65 6713 6504 should you require any clarification.

Yours sincerely



Huay Kah Mun  
Senior Associate  
Regulatory Development and Policy (Regulation)

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

Note: Amendments are made in **red**.

**Rule Amendments**

**Appendix 1 – Final Settlement Price**

**Freight Forward Contracts: Dry Timecharter Basket Routes**

Product	4CTC	5CTC	PTC	<b>6STC</b>	<b>10STC</b>	HTC
<b>Contract</b>	Capesize Time Charter Basket (4 routes)	Capesize Time Charter Basket (5 routes)	Panamax Time Charter Basket	Supramax Time Charter Basket (6 routes)	<b>Supramax Time Charter Basket (10 routes)</b>	Handysize Time Charter Basket Average 6 Routes
<b>Final Settlement Price</b>	Arithmetic average of all Baltic's daily spot assessments in the Contract Month for the relevant underlying product, rounded to 1 decimal place					

Product	Capesize Option (4 routes)	Capesize Option (5 routes)	Panamax Option	Supramax Option (6 routes)	<b>Supramax Option (10 routes)</b>	Handysize Option
<b>Underlying Contract</b>	Capesize Time Charter Basket (4 routes)	Capesize Time Charter Basket (5 routes)	Panamax Time Charter Basket	Supramax Time Charter Basket (6 routes)	<b>Supramax Time Charter Basket (10 routes)</b>	Handysize Time Charter Basket Average 6 Routes
<b>Option Exercise and Settlement</b>	<p><u>European Style</u>: An option will be exercised automatically at expiry only if it is in-the-money.</p> <p><u>Cash Settled</u>: Upon exercise, a <b>call</b> option will have a value equal to final settlement price of the underlying FFA minus the strike price, multiplied by the contract size. Upon exercise, a <b>put</b> option will have a value equal to the strike price minus the final settlement price of the underlying FFA, multiplied by the contract size.</p>					

## Appendix B

### Clearing Fees

<b>Clearing Fee Type</b>	<b>Description</b>	<b>SGX Baltic Supramax Time Charter Basket (10 routes) FFA</b>	<b>SGX Baltic Supramax Time Charter Basket (10 routes) FFA Options</b>
Cf 1	Trading Member (Individual)	US\$ 4.50	US\$ 4.50
Cf 2	Clearing Member House Account	US\$ 4.50	US\$ 4.50
Cf 3	Trading Member (Broker) House Account	US\$ 4.50	US\$ 4.50
Cf 5	Clearing Member Customer Account	US\$ 4.50	US\$ 4.50
Cf 6	Trading Member (Broker) Customer Account	US\$ 4.50	US\$ 4.50
Cf 7	Trading Member (Proprietary) (Customer)	US\$ 4.50	US\$ 4.50
Cf 8	Clearing Member Related Company House Account	US\$ 4.50	US\$ 4.50
Cf E	Trading Member's Trading Representatives (House)	US\$ 4.50	US\$ 4.50
Cf F	Trading Member's Trading Representatives (Customer)	US\$ 4.50	US\$ 4.50
Cf G	Clearing Member's Trading Representatives (House)	US\$ 4.50	US\$ 4.50
Cf K	Trading Member (Proprietary) (House)	US\$ 4.50	US\$ 4.50

Note: Prices shown are before GST.