

1 November 2018

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 amendment to its Clearing Rules (the "**Amendment**") pursuant to Commission regulation 40.6(a).

#### **2. Intended Implementation Date**

2.1 The Amendment is proposed to be implemented on or after 3 December 2018, and will not be implemented prior to the Commission's 10 business day review period.

#### **3. Explanation and Analysis**

3.1 The Amendment is to facilitate SGX-DC's acceptance for clearing of the SGX MB Iron Ore CFR China (65% Fe Fines)<sup>1</sup> Swap Contract (the "**Contract**") that is to be launched on or after 3 December 2018. In particular, the Amendment specifies the methodology for the calculation of the final settlement price ("**FSP**") of the Contract in the SGX-DC Clearing Rules and details the relevant Clearing Fees.

#### **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 Amendment.

4.2 The text of the Amendment with the changes indicated is attached as Appendix A. The Clearing Fees are set out in Appendix B.

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<sup>1</sup> Where "MB" refers to Metal Bulletin, "CFR" refers to Cost and Freight, which are costs associated with the carriage of goods, and "Fe" refers to iron ore.

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

- 5.1 The Amendment has 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 Contract, as well as compliance with Core Principle B on financial resources.
- 5.2 SGX-DC hereby certifies to the Commission that the Amendment complies 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 Amendment's 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 Amendment. 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**  
**Amendment to SGX-DC Clearing Rules**

Note: Amendment is made in blue.

**Rule Amendments**

**Appendix 1 – Final Settlement Price**

**Iron Ore Swap Contracts**

| Products                      | Iron Ore Swap  |  |  |  |   |
|-------------------------------|--|--|--|--|---|
| <b>Contract</b>               | SGX TSI Iron Ore CFR China (62% Fe Fines) Swap   | SGX MB Iron Ore CFR China (58% FE Fines) Swap  | SGX TSI Iron Ore CFR China (58% FE Fines) Swap   | <u>SGX MB Iron Ore CFR China (65% Fe Fines) Swap</u>   | SGX Platts Iron Ore CFR China (Lump Premium) Swap   |
| <b>Final Settlement Price</b> | Cash settlement using the arithmetic average of all The Steel Index (TSI) Iron Ore Fines 62% FE CFR China reference prices in the expiring month, rounded to 2 decimal places. | Cash settlement using the arithmetic average of all the aggregate daily values of MBIOI — 58% FE Fines, CFR Qingdao Index and MBIOI — 58% Premium FE Fines, CFR Qingdao Index reference prices, as published by Metal Bulletin, in the expiring contract month, rounded to 2 decimal places. | Cash settlement using the arithmetic average of all The Steel Index Iron Ore Fines 58% Fe (Low Alumina) — CFR Qingdao Port Index reference prices in the expiring contract month, rounded to 2 decimal places. | <u>Cash settlement using the arithmetic average of all the MBIOI 65% Fe Brazilian Fines, CFR Qingdao Index reference prices in the expiring contract month, rounded to 2 decimal places.</u> | Cash settlement using the arithmetic average of all Platts IO Spot Lump Premium 62.5% CFR China Index reference prices in the expiring contract month, rounded to 4 decimal places. |

**Appendix B**  
**Clearing Fees for the Contract**

| <b>Clearing Fee Type</b> | <b>Description</b>                                  | <b>Fee*</b> |
|--------------------------|---|-------------|
| Cf 1                     | Trading Member (Individual)                         | US \$6.00   |
| Cf 2                     | Clearing Member House Account                       | US \$6.00   |
| Cf 3                     | Trading Member (Broker) House Account               | US \$6.00   |
| Cf 5                     | Clearing Member Customer Account                    | US \$6.00   |
| Cf 6                     | Trading Member (Broker) Customer Account            | US \$6.00   |
| Cf 7                     | Trading Member (Proprietary) (Customer)             | US \$6.00   |
| Cf 8                     | Clearing Member Related Company House Account       | US \$6.00   |
| Cf E                     | Trading Member's Trading Representatives (House)    | US \$6.00   |
| Cf F                     | Trading Member's Trading Representatives (Customer) | US \$6.00   |
| Cf G                     | Clearing Member's Trading Representatives (House)   | US \$6.00   |
| Cf K                     | Trading Member (Proprietary) (House)                | US \$6.00   |

\*Fees shown are before GST.