

14 December 2017

Mr. Christopher J. Kirkpatrick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> 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 on 2 January 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 in respect of SGX-DC's revision of membership fees for i) Clearing Members and ii) Registered Representatives & Approved Traders. SGX-DC is proposing to increase the membership fees from 2 January 2018.

3.2 SGX-DC has not reviewed its membership fees for the past 15 years and the proposed changes are intended to ensure that SGX-DC's membership fees are commensurate with the value that the SGX-DC membership offers. This includes:

- (i) Growth: SGX's volume has increased substantially in the last 15 years with up to 60 new contracts added, resulting in greater business value as SGX members; and

**Singapore Exchange Derivatives Clearing Limited**

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

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**sgx.com**

(ii) Investment: SGX has also invested substantial resources in revamping its regulatory, technology and client servicing infrastructure. This includes obtaining regulatory authorisation in Europe, U.S. and Hong Kong and conformance with the Principles for Financial Market Infrastructures (PFMI) issued by the Committee on Payment and Settlement Systems (CPSS) and the International Organisation of Securities Commissions (IOSCO) who are global standard-setters for the securities and futures market and for payment, clearing and settlement. On the technology front, the launch of the Titan DT/DC and Titan OTC systems last year provided a world class system to handle unprecedented trading and clearing capabilities as a marketplace.

3.3 SGX-DC is registered as an approved clearing house under the Securities and Futures Act of Singapore and regulated by the Monetary Authority of Singapore (“MAS”). The Amendments have been acknowledged by the MAS on 21 November 2017.

#### 4 Description of Amendments

4.1 The table below summarizes the fee structure changes:

Membership Type	Admission Fee (SGD)	Annual Fee (SGD)
Clearing Members	<del>\$15,000</del>	<del>\$3,000</del>
	\$30,000	\$25,000
Registered Representatives (“RRs”) & Approved Traders (“ATs”)	<del>\$100</del> \$400	<del>\$100</del> \$400

4.2 For new SGX-DC Clearing Members, they will only be charged the admission fees at the point of admission. Their annual fees for the remainder of the admission year and the subsequent full year, will be waived. For example, SGX-DC Clearing Members admitted in 2018 will be charged admission fees at the time of admission. They will enjoy a waiver of annual membership fees for the remainder of 2018 (if any) and 2019. They will only commence paying annual membership fees in 2020. The RRs and ATs under their firm will also enjoy similar waivers.

4.3 At implementation of this new fee schedule in January 2018, this will apply to SGX-DC Clearing Members who were admitted in 2017 as well. This means that they will enjoy a waiver of annual membership fees in 2018.

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**5 Certification of Compliance with Core Principles**

- 5.1 The Amendments have been promulgated in respect of SGX-DC's 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 SGX-DC has received feedback from SGX-DC Clearing Members that the proposed increase was significant and have assured these Clearing Members that the increase is commensurate with the value the membership offers for the reasons set out in paragraph 3.2 above. In addition, concessions such as annual fee waivers of up to the first two years for new SGX-DC Clearing Members were provided to allow them to ease into the new fee schedule. If any substantive 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 [christina.tham@sgx.com](mailto:christina.tham@sgx.com) or +65 6713 6118 should you require any clarification.

Yours sincerely,



Christina Tham  
Head of Compliance