

## Annex 7

# **Cleartrade Exchange Rule book**



Singapore

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[Rule 1 – General Rules](#)

[Rule 2 – Membership](#)

[Rule 2A – Base Capital and Other Ongoing Requirements](#)

[Rule 3 – Compliance](#)

[Rule 4 – Default](#)

[Rule 5 – Disciplinary](#)

[Rule 6 – Registration of Contracts](#)

[Rule 7 – Trading Rules](#)

[Rule 7A – Additional Requirements for Conduct of Business](#)

[Rule 8 – Dispute Resolution](#)

[Rule 9 – Contracts – General Provisions](#)

[Rule 10 – Contract Procedures](#)

[Rule 11 – Relevant Clearing House](#)

[Appendix – Contract Specifications](#)

## Rule 1 - General Rules

### Summary of this Rule 1:

Rule 1 deals with definitions of terms used in the Rule book, and outlines the powers and authority of the Directors of Cleartrade. Directors have the power to suspend or exclude Members from trading on the market if the Rules are breached or a Member is in proven default. Rule 1 also states that the Directors have a duty of confidentiality related to the Members of the Exchange, but that information may be shared with regulatory bodies if required by law. The Exchange and its Directors are excluded from liability in any dispute between Members, but can be brought in to assist in the settling of such disputes before going to arbitration or the courts. This Rule outlines the responsibility of Members when trading on the Exchange and stipulates that all Members must have adequate systems, oversight and knowledge to trade on the Exchange.

### DEFINITIONS

In these Rules the words standing in the first column of the following table shall bear the meanings set opposite them in the second column thereof, if not inconsistent with the subject or context:-

Words and their meanings:

“Administration Procedures”	with regard to a product, means the administration procedures adopted by the Directors under Rule 9 (Contracts) in respect of Contracts for that product as amended from time to time;
“API”	means the application program interface and transport software;
“Appeals Committee”	means a committee established under Rule 5.9 by the Directors of the Exchange on a case by case basis. The chairman of the Appeals Committee shall be a lawyer;
“Authorized Member”	means an entity admitted for membership and authorized for trading access to the Cleartrade Platform and approved by a Clearing Member to transact own business only;
“Baltic Exchange”	means the Baltic Exchange Limited in London;
“Baltic Index”	means one or more of the freight indices published by the Baltic Exchange;
“BCI”	means the Baltic Capesize Index;
“BDI”	means the Baltic Dry Index;
“BHSI”	means the Baltic Handysize Index;
“Block Trade”	means a transaction which is entered into the Cleartrade Platform as a pre-matched trade, according to Rule 7 (Trading Rules);
“Block Trade Broking Member”	means an entity admitted for membership to transact business on behalf of Authorized Members or Block Trading Members only to be registered using the Block Trading Facilities provided by the Exchange provided such Members have authorized the Block Trade Broking Member to do so pursuant to Rule 2 (Membership);
“Block Trading Member”	means an entity admitted for membership to allow the transaction of own business only to be registered via an authorized Broking Member or a Block Trade Broking Member using the Block Trading Facilities provided by the Exchange;
“BPI”	means the Baltic Panamax Index;
“Broking Member”	means an entity admitted for membership to transact business on behalf of Authorized Members or Block Trading Members only provided such Members have authorized the Broking Member to do so;
“BSI”	means the Baltic Supramax Index;
“Business Day”	means a day (excluding Saturdays and Sundays) on which banks in Singapore are open generally for the transaction of normal banking business;

"C3"	means the freight route defined by the Baltic Exchange;
"C4"	means the freight route defined by the Baltic Exchange;
"C5"	means the freight route defined by the Baltic Exchange;
"C7"	means the freight route defined by the Baltic Exchange;
"C12"	means the freight route defined by the Baltic Exchange;
"Capesize"	means a dry cargo vessel size of no less than 80,000 deadweight tons;
"Capesize contract"	means an FFA settled against one or more of the indices set by the Baltic Exchange;
"Clearing agreement"	means an agreement between an Authorized Member and a Clearing Member of the Relevant Clearing House for clearing and settlement of Contracts listed on the Exchange;
"Clearing House Rules" (also referred to as the Rules of the Relevant Clearing House)	means the regulations, default rules and procedures of the Relevant Clearing House as amended from time to time;
"Clearing Member"	means an entity admitted for membership which must be a Clearing Member of the Relevant Clearing House(s) and may transact own business and business for clients which are Authorized Members and receive trades from such clients whether executed directly by such clients or by authorized Broking Members or Block Trade Broking Members through the Cleartrade platform for credit approval prior to clearing at the Relevant Clearing House;
"Cleartrade Block Trading Facility"	means the facility for the entry of Block Trades by Members;
"Cleartrade Platform"	means the electronic trading system for the trading of such contracts as determined by the Directors from time to time and administered by the Exchange and, in the case of an Block Trading Broker, the term "the Cleartrade Platform" shall, where applicable, mean the Cleartrade Exchange Block Facility and any other implied or explicit terms relating to the Cleartrade Platform shall be construed accordingly;
"Cleartrade Platform central processing system"	means that part of the Cleartrade Platform operated by or on behalf of the Exchange which performs the functions set out in documents from time to time published by the Exchange including controlling, monitoring and recording trading by Members and concluding transactions between Members;
"Cleartrade Platform trading hours"	means the hours during which Members may conduct Exchange business on the Cleartrade Platform, such hours to be determined by the Directors in accordance with Rule 1 (General Rules);
"Cleartrade Platform workstation"	means a computer workstation connected to the Cleartrade Platform for the purposes of conducting Exchange business by means of the Cleartrade Platform;
"Companies Act"	means the Companies Act (Chapter 50) of Singapore;
"Complaints Resolution Procedure"	means the procedure issued by the Exchange for the making of a complaint against the Exchange or its personnel by a complainant, and the investigation of such complaint as amended from time to time;
"Compliance Committee"	means the committee appointed by the Directors to oversee the Compliance function of the Exchange under Rule 3 (Compliance);
"Compliance Officer"	means the person or (if more than one) any of the persons for the time being holding the office as compliance officer under Rule 3 (Compliance);
"Contract"	means a futures contract containing the terms set out in the Contract Rules and the Clearing House Rules and, for the avoidance of doubt, a contract shall not be regarded as falling outside this definition solely by virtue of the fact that it contains additional terms which apply on the default of a party to such contract provided that such terms do not conflict with the terms of the default rules, where such rules apply, or contains terms which modify the terms of the Contract Rules to take account of the fact that the Clearing House is not a party to such contract;
"Contract date"	has the meaning given in Rule 9 (Contracts);
"Contract month"	has the meaning given in Rule 9 (Contracts);
"Contract Rules"	with regard to a product, means the contract rules applicable under the Rules to Contracts for that product as amended from time to time;
"Credit Filter"	means the application interface of the Cleartrade Platform which is accessible by Clearing Members to verify, approve or decline transactions which has been entered in the Cleartrade Platform, prior to being sent to the Relevant Clearing House for clearing;

“C4TC”	means the Capesize time charter average basket of freight indices for the Capesize vessel segment set by the Baltic Exchange;
“Default rules”	means the rules set out in Rule 4 of the Rules as amended from time to time;
“Directors”, “Chairman” and “Chief Executive”	means the executive officers of the Cleartrade Exchange Pte. Limited and who are ultimately responsible for the compliance of the Exchange with rules and instructions given by the MAS and under the Securities and Futures Act;
“Dispute Resolution Rules”	means that part of the Rules which provides for the settlement of disputes by arbitration as amended from time to time;
“Electronic User Agreement”	means an agreement between a Member and the Exchange in a form prescribed by the Directors from time to time for the use of the Cleartrade Platform by the Member;
“Exchange”, “Cleartrade” or “Cleartrade Exchange”	means Cleartrade Exchange Pte. Limited;
“Fair market value”	means in relation to any Block Trade price quoted by a Member to another Member or to a client or in respect of a Block Trade entered into by a Member, a price which is considered by the Member, to be the best available for a trade of that kind;
“FFA”	means Forward Freight Agreement;
“Freight Contract”	means cash settled derivative contract settled against a Freight Index set by the Baltic Exchange, and can be an FFA or a Freight Option Contract;
“Freight Option”	means an Asian style option contract settled against a Freight Index set by the Baltic Exchange;
“Fertilizer Index”	means the settlement Index provided under license to the LCHC by the panel of participating index providers comprising the Fertilizer Index;
“Fertilizer Contract”	means a Fertilizer swap;
“Front end application”	means a graphical user interface developed by a Member, or provided by an ISV to a Member, or the graphical user interface provided to a Member by the Exchange as part of the Cleartrade Platform;
“Graphical user interface”	means the software which interfaces with the Cleartrade Exchange API and both determines the requirement for sending, and sends, order handling messages to the Trading Server without necessarily requiring the intervention of an individual;
“Handysize”	means a dry cargo vessel size of 28,000- 50,000 deadweight tons;
“H6TC”	means the Handysize time charter average basket of freight indices for the Handysize vessel segment set by the Baltic Exchange;
“In writing”	means written, printed or lithographed or partly one and partly another and any other mode of representing or reproducing words in a visible form;
“ISV (Independent Software Vendor)”	means the provider of graphical user interface software which interfaces with the Cleartrade Platform API and both determines the requirement for sending, and sends, order handling messages to the Trading Server without necessarily requiring the intervention of an individual;
“Iron Ore”	means an ore from which iron can be extracted and which is the primary raw material from which Steel can be manufactured;
“Iron Ore Contract”	means a cash settled derivative contract settled against an Iron Ore Index set by The Steel Index Limited;
“Iron Ore Swap”	means an Iron Ore Contract;
“ITM”	means a unique individual trader mnemonic assigned by the Exchange to a Member;
“LCHC”	means the clearing house LCH.Clearnet Limited;
“Market”	means the Cleartrade Platform or any other means of trading determined by the Exchange from time to time;
“Market Operator”	means the company operating the Exchange which is recognized by the MAS as a Recognized Market Operator, currently the Cleartrade Exchange Pte. Limited;
“MAS”	means the Monetary Authority of Singapore;
“Member”	means an entity or a person who has been admitted to a category of membership referred to under Rule 2 (Membership);
“Membership Requirements”	means any of the requirements applicable to the Members of the Exchange under Rule 2 (Membership);
“Memorandum”	means the Memorandum of Association of the Market Operator;

“Minimum volume thresholds”	means the thresholds as determined by the Exchange and published from time to time being the minimum number of lots in respect of each Block Trade Contract that can be traded as a Block Trade;
“Notice posted on the Market”	means a notice in writing sent by post to Members, or a notice sent electronically to Members by e-mail (and/or if the context requires a notice sent via the Cleartrade Platform) and having effect at the time;
“Panamax”	means a dry cargo vessel size of 65,000- 85,000 deadweight tons;
“Person subject to the Rules”	means each of the following:
	I. a Trader employed by a Member of the Exchange;
	II. a Member of the Exchange;
	III. the Traders and other staff of the Member registered with the Exchange, (or who should have been registered with the Exchange), who have access to the Trading Facilities;
	IV. a Responsible Individual registered with the Exchange, (or who should have been registered with the Exchange);
“P2A”	means the freight route defined by the Baltic Exchange;
“P3A”	means the freight route defined by the Baltic Exchange;
“PM4TC”	means the Panamax time charter average basket of freight indices for the Panamax vessel segment set by the Baltic Exchange;
“Product”	means the commodity in respect of which a Contract is made; but this definition does not detract from Rule 10 (Contract Procedures);
“Rules”	means the rules of this Rule book and the Contract Rules as are from time to time in force or any arrangements, directions and provisions made there under as the context may require;
“Relevant Clearing House	means the clearing house(s) which from time to time is appointed by the Directors to perform clearing and settlement services to the Exchange;
“Representative”	means a person authorized by the Responsible Individual of the Member to act and/or trade for the Member on the Exchange;
“Responsible Individual”	means an individual registered by a Member with the Exchange to conduct Exchange business on the Cleartrade Platform for that Member;
“SFA”	means the Securities and Futures Act (Chapter 289 of Singapore);
“S6TC”	means the Supramax time charter average basket of freight indices for the Supramax vessel segment set by the Baltic Exchange;
“Steel Index”	means the London based index publishing company The Steel Index Limited which publishes the settlement index for the Iron Ore and other steel related contracts;
“Supramax”	means a dry cargo vessel size of 50,000- 65,000 deadweight tons;
“Telephone Trading market”	means the bilateral negotiation and execution of transactions contracts pursuant to Rule 7 (Trading) undertaken directly between Members who are authorized to trade on the Cleartrade Platform or if required, have comparable authorization from their regulator, the results of which are submitted to the Exchange for price dissemination, trade reporting, trade matching/processing and clearing;
“Trader”	means a Responsible Individual employed by or acting for a Clearing Member or an Authorized Member registered with the Exchange;
“Trading Day”	means a day on which the Market is open to trade as determined by the Exchange from time to time and otherwise in the calendar published by the Exchange from time to time;
“Trading Facilities”	means the Cleartrade Platform or such other facilities for the trading of Contracts as the Directors may determine from time to time;
“Trading Procedures”	means the procedures governing trading on the Cleartrade Platform and the registration of Block Trades as prescribed by the Directors or Compliance Officer in accordance with Rule 7; and
“Trading Server”	means the Cleartrade Platform central processing system.

Any words importing the singular number only shall include the plural number and vice versa. Words importing persons (except the word 'individual') shall include corporations and firms. The masculine shall include the feminine and the neuter and the singular shall include the plural and vice-versa as the context shall admit or require.

References to a time of day are references to that time in Singapore.

References to a statutory provision include a reference to the statutory provision as modified or re-enacted from time to time and to any subordinate legislation made under such statutory provision and shall include references to any repeated statutory provisions which have been so re-enacted (whether with or without modification).

The invalidity, illegality or unenforceability of any Rule does not affect or impair the continuation in force of the remaining Rules.

## **1.1 INTRODUCTION TO THESE RULES**

1.1.1 These Rules shall be binding on all Members in respect of their participation in and use of the Exchange. All Members shall observe the Rules at all times which shall be interpreted and given effect in the manner most conducive to:-

- a. the recognition of the Exchange as a Recognized Market Operator under Section 8(2) of the SFA and the good reputation of the Exchange (and its Members); in particular with references to Cleartrade being an organized and regulated market place for OTC commodity derivatives which are currently and have been previously unregulated, and therefore the Exchange's requirements to enforce the provisions of this Rule book in priority over "common practices" in the unregulated OTC commodity derivatives markets.
- b. the promotion and maintenance of an orderly market, free of undesirable situations or practices; in particular with reference to Rule 2 (Membership) and the provisions applicable to Broking Members and Rule 7 (Trading Rules) and Rule 7A (Additional Requirements for Conduct of Business) and to part (a) of this Rule 1.1.1.
- c. high standards of integrity and fair dealing at all times by all Members when transacting on or via the Exchange with particular reference to Rule 7 and 7A of these Rules.
- d. the proper protection for all persons and/or entities interested in the performance of transactions entered into the Exchange, with particular reference to Rule 7 and Rule 7A.

Each of these Rules shall, unless the context otherwise requires, be construed as an independent provision and shall be in addition and without prejudice to any other provision of the Rules.

1.1.2 Where any provision permits the Directors (or a committee appointed for the purpose) to make further directions in relation to the operation of a Rule then the Directors or such committee may in accordance with such provision make such direction or authorize such arrangement in relation to the whole or any part of the Rule. The Directors or such committee also may make or authorize different directions, arrangements or procedures in relation to different categories of Members, between Members and traders and others and may make or authorize such directions, arrangements or procedures generally in all cases subject to such conditions as they may think fit. The Exchange will not waive a particular Rule and/or Rules for all Members. If there is any particular waiver for a Member or a situation, the Exchange will publish the details of such and notify all Members.

- 1.1.3 Where any provision provides that an action may be taken by the Directors any action taken shall be without prejudice to the right of the Directors themselves to exercise such powers and take such in accordance with such provision as they may think fit.
- 1.1.4 Where there is no express provision made in the Rules the Directors (or any committee with appropriate powers) may from time to time implement such procedures as they think fit in relation to any aspect of the management of the Exchange and the conduct of business on the Exchange.
- 1.1.5 The Directors, the Compliance Committee and/or the Compliance Officer may waive or vary particular minor technical requirements of these Rules in such circumstances as the Exchange thinks fit provided that the Directors, the Compliance Committee and/or the Compliance Officer are satisfied that compliance with the such requirements would be unduly burdensome to the Member or person concerned or that compliance with such requirements would not be in the interests of the Exchange, and that waiver or variation of such requirements does not disadvantage other Members or create unacceptable risks for the Exchange. Waivers or variations of minor technical requirements may be publicized at the discretion of the Exchange.
- 1.1.6 The Rules shall, unless the context otherwise requires, be construed in such a way as to impose responsibility on Members for all acts, omissions, conduct or behaviour of the Member's Representatives in accordance with Rule 1 (General Rules).

## **1.2 RELATIONS WITH OTHER REGULATORY AUTHORITIES**

- 1.2.1 The Exchange may:-
- a. make arrangements with any person for monitoring compliance with and investigating alleged breaches of the Rules and/or the SFA (where applicable) (and arrangements, procedures and directions made, authorized or given thereunder);
  - b. co-operate generally with any other person, agency or authority having responsibility for the regulation of investment or any other financial business or the enforcement of law, including but not limited to the MAS in relation to alleged breaches of the SFA (where applicable) in relation to the Member's act, omission or conduct on the Exchange;
  - c. enter into any other arrangement that may be necessary or relevant for purposes of operating and maintaining the Exchange in accordance with the Rules.
- 1.2.2 Without prejudice to the generality of Rule 1.2.1:-
- this may include making arrangements for the sharing of information in accordance with Rule 1 (General Rules); and
- a. the Exchange may at any time refer a complaint or any other matter coming to its attention to one or more investment exchanges, clearing houses or other regulatory bodies, agencies or persons for its or their comment or investigation and may, pending the result of such reference, either suspend or continue with (in whole or in part) its own investigations, proceedings or other actions.
  - b. The Directors may at any time make additional rules, or amend or revoke the rules or part of them, to the extent they consider necessary or desirable for the continued recognition of the Exchange as a Recognized Market Operator under the SFA. Any rule so made, and any such amendment or revocation, shall be subject to MAS confirming in writing that they have no objection to the proposed amendments and announced by circular to Members and shall take effect at such time and in such manner as the Directors may determine.



- c. In a case considered by the Chairman to be one of urgency, the Directors' powers and authority under this Rule may be exercised by a committee consisting of the Chairman and the Chief Executive provided that such committee shall report the circumstances, and particulars of the Rules so made, amended or revoked, as soon as possible to the Directors.

### **1.3 CONFIDENTIALITY**

- 1.3.1 Save as the Rules otherwise provide and/or as may be required by law, rules or directions from the authorities or government bodies or agencies, the Exchange shall keep confidential all information concerning a Member's affairs (including information concerning its clients and Responsible Individuals) acquired by it in the course of its operations or investigations unless the Member (or client or Responsible Individual, as the case may be) agrees otherwise, or the information is or becomes published or generally known otherwise than through a breach by the Exchange of the provision of this Rule.
- 1.3.2 The Exchange shall take reasonable steps to require its officers, employees and agents (including persons appointed to assist or advise the Exchange in investigations or other of its operations) to comply with the Rules. The Exchange may disclose such information to such persons, authorities, government bodies or agencies having responsibility for or in connection with the regulation of investment or any other financial business (and this shall include without limitation the MAS, clearing houses and self-regulating organizations or with the enforcement of law as the Exchange thinks fit but without prejudice to any other right to disclosure given to it in the Rules) or as required by applicable laws.

### **1.4 GENERAL POWERS OF DIRECTORS**

- 1.4.1 The Directors may declare any day a non-Trading Day provided reasonable notice thereof has been given to Members.
- 1.4.2 A dispute between Members as to whether a Contract has been made (other than a dispute falling within Rule 7 (Trading)) shall be attempted to be resolved in good faith under Rule 8 (Dispute Resolution). If such attempts to resolve a dispute fail, the dispute may be referred to arbitration under the Dispute Resolution Rules unless the parties consent to the dispute being referred to the Directors in accordance with this Rule. A dispute between Members arising from or in connection with market procedure or to matters of honour or etiquette, which do not come within the scope of the Dispute Resolution Rules or the rules of any other association for dealing with ordinary trade disputes, shall be referred to the Directors. The Directors' decision concerning any dispute referred to them for resolution under this Rule shall be final, conclusive and binding on the Members party to such dispute, and the Directors may direct that a fee not exceeding \$25,000 shall be paid to the Exchange by the Member against whom its decision is given. For avoidance of doubt, the Directors in so acting and deciding shall not be responsible or liable in any way whatsoever to any Members involved in the dispute.
- 1.4.3 If any Member defaults in the performance of any Contract it may be suspended from membership or expelled under Rule 2 (Membership), notwithstanding that it complied with any requirement as to the settlement of such default.
- 1.4.4 The Rules and all additions and amendments thereto may from time to time be printed and circulated amongst Members or others interested therein in such manner as the Directors shall think fit.
- 1.4.5 The Directors may from time to time alter the Rules by at least fourteen (14) days' prior notice circulated to the Members. Any such alteration shall have immediate effect unless otherwise notified by the Directors.

- 1.4.6 In respect of any electronic trading system administered by the Exchange, the Directors may from time to time determine the rights and obligations to be conferred on any Member entitled to use and access such electronic trading system, including without limitation, the Cleartrade Platform.

## **1.5 FINANCIAL POWERS**

- 1.5.1 The Directors may impose contract fees of such amounts, and payable to the Exchange in such manner and on such occasions, as they shall from time to time determine. Unless otherwise provided such fees shall be payable on all Contracts registered with the Relevant Clearing House. Different rates of fees may be imposed in respect of different Contracts and different categories of Members.

## **1.6 EXCLUSION OF LIABILITY**

- 1.6.1 The business on the Market or through any other facility provided by the Exchange may from time to time be suspended or restricted or such facilities (including, without limit, the Market) may from time to time be closed for any period. Without prejudice to the generality of the foregoing, this may occur as a result of the occurrence of one or more events which require action to be taken by the Exchange under the Rules or otherwise in the interests of maintaining a fair and orderly market. Any such action may result in the inability of one or more Members and through such Member one or more clients to enter into Contracts on the Market in accordance with the Rules.
- 1.6.2 Unless otherwise expressly provided in the Rules or in any other agreement to which the Exchange is a party, neither the Exchange nor its officers, employees, agents or representatives shall be liable to any Member or client for any loss, damage, injury or delay (including any indirect or consequential loss, including without limitation, any loss of profit) arising from or in connection with the Trading Facilities including but not limited to the Cleartrade Platform or the occurrence of a temporary or longer suspension, restriction or closure of business on the Market or the Trading Facilities or any act or omission of the Exchange, its officers, employees, agents or representatives under the Rules or pursuant to the Exchange's obligations under statute or from any breach of contract by or any negligence howsoever arising of the Exchange, its officers, employees, agents or representatives which may prevent or hinder a Member or, through a Member, a client from entering into or closing out a Contract or otherwise affect a Member or client.
- 1.6.3 Rule 1 (General Rules) shall be without prejudice to the provisions of the Electronic User Agreement regarding liability of the Exchange. Nothing in Rule 1 (General Rules) shall operate to exclude the Exchange's liability where such liability cannot be legally excluded under law.

## **1.7 TRADING HOURS AND DAYS**

- a. The Market shall, subject to (b) below, be open from Monday to Friday of each week between the hours each day and for such Contracts as decided by the Exchange from time to time. The trading times for each Contract, subject to the closures required below, shall be determined by the Exchange from time to time.
- b. The Market shall be open on such Saturdays, Sundays and public holidays in Singapore for the trading of such Contracts on those Saturdays, Sundays and public holidays as the Exchange determines from time to time. The Exchange shall issue from time to time a list of the public holidays on which the Market shall be open, the Contracts which shall be open to trade on such public holidays and the public holidays on which the Market shall not be open.

- c. The Market shall be closed on those days specified as "non business days" by the Exchange, subject to (b) above and on a temporary basis on any other day for such hours that the Exchange shall from time to time decide is necessary or appropriate in the circumstances.

## **1.8 MEMBER RESPONSIBILITY**

1.8.1 In this Rule 1 (General Rules), "conduct" means any act, omission, conduct or behavior in relation to the Rules.

1.8.2 For the purposes of determining a Member's liability to be sanctioned for any conduct (referred to in this Rule 1 as a "disciplinary matter") (which shall include act or omission), a Member shall be responsible for:

- a. all conduct of that Member's Representatives;
- b. all conduct by a Member's client when placing orders under the ITM of a Responsible Individual registered to that Member, as if that conduct were the conduct of the Member itself.

For the avoidance of doubt, all conduct referred to in (a) and (b) shall, for the purposes of this Rule be attributed to that Member and be treated as the conduct of that Member.

1.8.3 The provisions of this Rule 1 shall apply:

- a. without prejudice to the liability of any other person subject to the Rules for the same conduct;
- b. in the case of inconsistency with any other provision of the Rules, in priority to that other provision;
- c. whether or not the Member's Representative is a person subject to the Rules;
- d. whether or not the Member and/or Member's Representative is/are exercising rights to use the Exchange's facilities; and
- e. whether or not a Member's individual Representative can be conclusively identified (provided that it is established that the relevant conduct was in fact carried out by a Member's Representative, albeit an unidentified Member's Representative).

## **1.9 RESPONSIBLE INDIVIDUAL RESPONSIBILITY**

1.9.1 A Responsible Individual shall be responsible for trading activity conducted under his ITM(s).

1.9.2 Where trading is also conducted, pursuant to the Trading Rules (Rule 7) by other individuals within the Trading Member under the ITM(s) of a Responsible Individual registered to the Trading Member, such trading and conduct shall be under the supervision of the relevant Responsible Individual.

1.9.3 Where access is granted by the Trading Member to Broking Members and, pursuant to Trading Rules (Rule 7), the Trading Member's orders are submitted under an ITM assigned to a Responsible Individual, the submission shall be under the relevant Responsible Individual's supervision.

1.9.4 Notwithstanding this Rule 1, no sanction shall be imposed on a Responsible Individual in respect of:

- a. conduct of, or trading activity conducted under his ITM(s), by an individual of the Member with whom that Responsible Individual is registered;

- b. conduct by a Member's Representative placing orders under the ITM of that Responsible Individual; and
- c. conduct by a Member's authorized Broker placing orders under the ITM of that Responsible Individual;

where it is established to the satisfaction of the Compliance Committee or other person or body determining the disciplinary matter (as referred to in Rule 1) that the Responsible Individual had taken all reasonable steps to prevent any conduct of the kind in question.

## **1.10 SYSTEMS AND CONTROLS**

1.10.1 Without prejudice and in addition to any other specific requirement in these Rules regarding systems and controls, a Member shall have arrangements, systems and controls that can ensure:

- a. its internal affairs are organized and controlled in a responsible and effective manner with adequate risk management systems, including systems, controls and processes in respect of anti-money laundering and countering the financing of terrorism;
- b. its internal record-keeping is adequate;
- c. all of its Responsible Individuals and Member's Representatives involved in the conduct of business on the Market are fit and proper, suitable, adequately trained and properly supervised;
- d. all business conducted on the Market including individual transactions complies with the Member's and Responsible Individual's obligations under the Rules;
- e. any business conducted by it, or by or through any of its Member's Representatives shall not cause the Member, any Member's Representative or the Exchange to be in breach of any applicable laws and regulations.

1.10.2 The Exchange may from time to time publish guidance on what arrangements, systems and controls it considers appropriate in the context of this Rule 1.

## Rule 2 – Membership

Summary of this rule 2:

Rule 2 outlines the different categories of membership available as well as the membership criteria and requirements. The Rule also stipulates that all Members must abide by the Rules set out in this Rule book at all times and that it is the duty of the Member to ensure that all Rules are adhered to at all times. This Rule defines the ongoing notification requirements to the Exchange of all Members, in order to keep the Exchange abreast of material changes of each Member and those who represent the Member when trading on the Exchange. Rule 2 stipulates that any Member may be suspended or expelled from the Exchange under certain circumstances, and that any such suspension or expulsion may be appealed to the Directors and given a fair hearing. This Rule specifies the requirements of Members when executing transactions on the Exchange and which contracts each category of membership is allowed to trade. Rule 2 also deals with the duties of the Responsible Individuals appointed by each Member to supervise, transact and trade on the Exchange.

### 2.1 GENERAL PROVISIONS

- 2.1.1 A corporation or institution satisfying the membership criteria under Rule 2 may be admitted as a Member under a category referred to in this Rule 2. Rule 2 will govern a Member's permissions in relation to the Cleartrade Platform. A separate application will be required for a new category of membership.
- 2.1.2 Every Member shall pay such annual subscription or license fees as may be applicable and that the Directors may from time to time determine in respect of its category of membership. The subscription and/or license fee shall be due each year on such date as the Directors may from time to time determine. A failure to pay the subscription and/or license fee by the due date may be subject to sanctions imposed by the Directors or the Compliance Committee in accordance with Rule 5 (Disciplinary) subject to the rights of reconsideration and appeal set out in Rule 2.
- 2.1.3 The annual subscription and/or license fee if applicable, and every other fee, charge, levy or impost charged to Members under the Rules or otherwise, shall be exclusive of any goods and services tax, value added tax or other relevant tax and levy which may be or become payable thereon.
- 2.1.4 A Member shall at all times satisfy the criteria from time to time set out in or under the Rules. A Member and any person subject to the Rules (including any Responsible Individual or any trader or broker acting through the Member) shall be bound by the Rules and any arrangement, provision or direction made, authorized or given thereunder.
- 2.1.5 Any failure by a Member or any such other person (including any Responsible Individual or any trader acting through the Member) to observe or comply with the Rules or any such arrangement, provision or direction may lead to steps, including without limitation disciplinary proceedings or sanctions, being taken by the Exchange in respect of the Member or such other person under the Rules.
- 2.1.6 Any sanction or prohibition imposed on a Member shall, in the case of activities in respect of the Cleartrade Platform, infer a similar prohibition upon any person accessing the Cleartrade Platform by or on behalf of the Member (including any Responsible Individual or any trader or broker acting through the Member).

- 2.1.7 Every entity admitted to membership of the Exchange shall sign a member statement as part of its application to a category of membership under Rule 2 (Membership), from time to time prescribed by the Directors, agreeing to be bound by the Rules in so far as they relate to its category of membership and to accept any decision made by the Directors under the Rules or by the Exchange as final and binding, subject to such rights of review or appeal as may be contained in the Rules.
- 2.1.8 A dispute concerning the status, rights or obligations of a Member or any other person under the Rules, or any question in such connection which is not provided for therein, shall be referred to the Directors whose decision shall be final and binding, subject to such rights of review and appeal as may be contained in the Rules.
- 2.1.9 Provided that a Member satisfies all outstanding obligations to the Exchange, that Member may at any time resign from membership of the Exchange by giving at least one month's notice in writing to the Exchange. Provided that:
- the former Member shall for the purpose of investigation, enforcement and/or the application of this Rule 2.1 remain subject to the jurisdiction of the Exchange for three months after the expiry of the Member's notice of resignation, or such other period as is required for the determination of any proceedings including any appeal, as if continuing to be a Member, in respect of:
- a. things done or omitted by the Member before the expiry of its notice of resignation;
  - b. steps taken by the Exchange or other person or body under Rule 4 (Default), 5 (Disciplinary) and 8 (Arbitration) of the Rules in respect of things so done or omitted;
  - c. antecedent breaches committed on or before the day the Member ceasing its membership with the Exchange.
- 2.1.10 Should the Exchange discover, subsequent to a Member resigning its membership, circumstances under which the Exchange deems it necessary to carry out investigations or carry out disciplinary proceedings under these Rules during a period not exceeding four months after the Member's resignation, the Member shall remain under the Exchange's jurisdiction until such investigations and/or resulting disciplinary proceedings have been concluded.

## 2.2 CATEGORIES OF MEMBERSHIP

- 2.2.1 Subject to Rule 2 as set out below any entity seeking access to trading on the Cleartrade Platform as a Member must elect and apply for one of the following categories of membership:
- a. **Clearing Member** – must be a Clearing Member of the Relevant Clearing House(s) and may transact own business and business for clients which are Authorized Members and receive trades from such clients whether executed directly by such clients or by authorized Broking Members or Block Trade Broking Members through the Cleartrade platform for credit approval prior to clearing at the Relevant Clearing House.
  - b. **Authorized Member** – approved by a Clearing Member to transact own business only. Authorized Members may authorize Broking Members and Block Trade Broking Members to execute business on their behalf.
  - c. **Broking Member** - to transact business on behalf of Authorized Members or Block Trading Members only provided such Members have authorized the Broking Member to do so.

- d. **Block Trade Broking Member** - to transact business on behalf of Authorized Members or Block Trading Members only to be registered using the Block Trading Facilities provided by the Exchange provided such Members have authorized the Block Trade Broking Member to do so.
- e. **Block Trading Member** – to allow the transaction of own business only to be registered via an authorized Broking Member or a Block Trade Broking Member using the Block Trading Facilities provided by the Exchange.

"Own business" for the purposes of this Rule 2 means business for its own account or for the account of a subsidiary, wholly-owned subsidiary or holding company of the relevant Member. Own business will not include transactions concluded for the benefit of a client or a third party.

- 2.2.2 Any entity seeking access to Cleartrade Block Trading Facility as a Block Trading Member or a Block Trade Broking Member must apply for either Block Trading Member or Block Trading Broker membership.

## 2.3 MEMBERSHIP CRITERIA

- 2.3.1 An applicant for access to trading on the Cleartrade Platform as a Member must, at the time of its application and at all times thereafter:
  - a. be a corporation or institution duly established and validly existing under the laws and rules of its place of establishment;
  - b. be able to demonstrate, to the satisfaction of the Exchange, that the applicant is fit and proper to be a Member according to the criteria determined by the Exchange which reference shall be made to the Guidelines on Fit and Proper Criteria issued by the MAS, as amended from time to time;
  - c. be able to demonstrate, to the satisfaction of the Exchange, that the applicant has sufficient systems and controls in place to ensure that all the Member's Representatives who may act on its behalf or in its name in the conduct of business on the Cleartrade Platform are fit and proper, suitable, adequately trained and properly supervised to perform such functions;
  - d. maintain a properly established office (in a location which is acceptable to the Directors as they may determine in their absolute discretion) for the conduct of its business on the Cleartrade Platform;
  - e. satisfy the minimum financial standing requirements at any time being stipulated by the Directors in relation to the relevant category of membership;
  - f. have sufficient resources and manpower, with adequate knowledge, experience, training and competency, to deal in the relevant products available on the Exchange;
  - g. have more than one trader or broker, with adequate knowledge, experience, training and competency, to deal in the relevant products available on the Exchange;
  - h. have a designated responsible person for the supervision of all trades conducted on the Exchange and the use of the Exchange in general;
  - i. be a party to an Electronic User Agreement, which is in full force and effect, in the form prescribed by the Directors from time to time for use by the Member of the Cleartrade Platform at the address(es) notified to the Exchange;
  - j. be a Clearing Member of the Relevant Clearing House(s) (or be accepted for such membership), where permitted by the Rules, or be a party to a clearing agreement with a Clearing Member in

- respect of Contracts listed on the Exchange and covered by its trading and/or clearing permissions or privilege under Rule 2 from time to time;
- k. hold all necessary licenses, authorizations and consents, or benefit from available exemptions, so as to allow it to carry on business as a Member on the Cleartrade Platform in accordance with all applicable laws and regulations; for avoidance of doubt, in relation to a Member who is based in Singapore, it must be appropriately licensed or exempted under the SFA or relevant Singapore legislation or regulation;
  - l. for applicants who are not licensed under the SFA as Capital Markets Service licencees and apply for access to trading on the Cleartrade Platform as Broking Members or Block Trade Broking Members, they shall not have a business presence in Singapore and shall not transact business on behalf of Singapore-based clients; and
  - m. such other specific criteria or other requirements stipulated by the Directors from time to time in relation to the particular category of membership applicable to it, supplying such documents in support thereof as they may require.

## 2.4 APPLICATION FOR MEMBERSHIP

- 2.4.1 An applicant for membership under any of the above categories, shall complete such form of application as the Directors may prescribe, specifying which category of membership it is seeking, whether it wishes to: (i) trade and/or broker Freight Contracts; (ii) trade and/or broker Iron Ore and Steel Contracts; (iii) trade and/or broker Fertilizer Contracts or other Contracts available for trading on the Exchange. In the case of an entity applying to be a Block Trade Broking Member or Block Trading Member, the applicant shall complete such form of application as the Directors may prescribe, specifying the Contracts for which it wishes to have access to Cleartrade Block Trading Facility.
- 2.4.2 Any application must be submitted to the Exchange and shall then be referred to the Directors for consideration, approval or rejection. An applicant must satisfy the Directors that it meets the criteria for the time being for the category of membership being sought (further particulars of which may, at any time, be obtained from the Exchange, including particulars of any other criteria or requirements stipulated by the Directors under Rule 2 and any guidance or requirements as to how certain criteria may be satisfied). Admission to membership of the Exchange shall not confer any right or obligation of membership in or right to attend or vote at meetings of, or any right to any share in, or any liability in respect of, the Exchange or any affiliate of the Exchange.
- 2.4.3 The Directors shall have absolute discretion, subject to the applicant's rights in respect of reconsideration and appeal under the Rules, in regards to the membership application.
- 2.4.4 A successful applicant shall be notified in writing by the Exchange of the approval of its application. The applicant shall be admitted to the category of membership applied for and details of the contracts it may trade (or in the case of an Block Trade Broking Member or Block Trading Member, the Contracts for which it may have access to Cleartrade Block Trading Facility) will be confirmed, and where appropriate. The membership shall take effect from such date notified by the Exchange to the applicant. Memberships shall not be transferable.
- 2.4.5 A Member may, at any time, apply to vary its category of membership. Such an application shall be made in the manner prescribed by the Directors from time to time and shall be processed by reference to the criteria set out in this Rule 2.
- 2.4.6 Subject to Rule 2 above a Member may apply to vary the Contracts it wishes to trade, and in the case of a Block Trade Broking Member or Block Trading Member, the Contracts for which it may have access to



Cleartrade Block Trading Facility. Such application shall be made in writing pursuant to the terms and manner prescribed by the Exchange from time to time.

- 2.4.7 Each applicant shall be subject to relevant background checks conducted by the Directors or at the direction of the Directors. To this end, each applicant shall furnish such information and documents as may be required by the Directors.

## **2.5 ONGOING NOTIFICATION REQUIREMENTS**

- 2.5.1 Every Member shall notify the Exchange forthwith in writing of:

- a. any change or anticipated change in circumstances applicable to the Member, of which the Member is aware, which will, or is likely to, result in the Member being unable to continue to satisfy any one or more of the membership criteria applicable to it;
- b. any alteration in other business information which the Member may be required to furnish to the Exchange, including but not limited to change of business address, registered address, name, directorship or shareholding of the Member;
- c. such information as the Exchange may stipulate from time to time with respect to trading on, or access to the Cleartrade Platform, including without limitation, location of access points to the Cleartrade Platform, details and location of user interfaces employed and order-routing arrangements put, or to be put, in place by or on behalf of the Member; and
- d. any other information specified by the Directors from time to time.

- 2.5.2 Every Member shall immediately notify the Exchange of any matters in relation to:

- a. any change or proposed change in the nature of business or legal status or licence or exemption status of the Member, including any change in the Member's status as a Clearing Member of the Relevant Clearing House(s) and/or a clearing agreement with a Clearing Member;
- b. any proposed change in the identity of the Responsible Individuals registered on behalf of the access to the Cleartrade Platform (where the new location is in a different jurisdiction from that previously notified to the Exchange);
- c. any material change in the way in which the Member accesses and uses the Cleartrade Platform;
- d. any charge due to breaches of relevant laws and regulations where such breaches could reasonably affect its participant in the Exchange;
- e. any of its key personnel's insolvency, revocation of licensing or authorization by its home regulator;
- f. any breach of applicable laws or rules of other exchanges/clearing houses which may have an impact on the integrity of the Members and/or its personnel; and
- g. any other material change which affects the Member's likely ability to conform to these Rules.

- 2.5.3 In the case of a change in a partnership, the continuing and new partners shall sign and deliver to the Exchange a form of undertaking under which they jointly and severally agree to be bound as a Member of the relevant category by the Rules.

- 2.5.4 Any change notified to the Exchange under Rule 2 needs to be approved by the Directors and the Member shall be informed accordingly if the Directors decline to approve any such change.
- 2.5.5 In addition to the requirements of Rule 2, every Member shall promptly (and thereafter upon demand or with such regularity as may be prescribed) notify the Exchange's Compliance Officer in writing of such information and of any changes thereto in respect of such of the Member's directors, partners, Responsible Individuals, traders, brokers, representatives, staff and other persons as the Directors or the Compliance Committee may from time to time prescribe.
- 2.5.6 If the Directors consider that there has been a failure to notify the Exchange fully in accordance with this Rule 2 or if a Member has failed to obtain the Exchange's consent to the change in its circumstances or arrangements as required by the Rules, the Member's right to access to and/or deal in the Market and/or engaged in Block Trades on Cleartrade Block Trading Facility (or any one or more of such permissions) may be suspended for such time as the Directors see fit. Suspension under this paragraph shall not prejudice the power of the Directors or Compliance Committee to commence disciplinary proceedings in respect of the failure.

## 2.6 SCOPE OF PARTICIPANT ACTIVITIES

- 2.6.1 A **Clearing Member** shall, in accordance with the elections it has communicated to the Exchange in respect of the Contracts it wishes to trade or accept for clearing from Authorized Members as required under Rule 2, be permitted to:
- transact own business and business for clients which are Authorized Members and receive trades from such clients whether executed directly by such clients or by authorized Broking Members or Block Trade Broking Members through the Cleartrade platform for credit approval prior to and with the purpose of clearing such business at the Relevant Clearing House in conformity with the Rules:
    - those Freight Contracts available for trading on the Cleartrade Platform;  
*and/or*
    - Iron Ore and Steel Contracts available for trading on the Cleartrade Platform;  
*and/or*
    - Fertilizer Contracts available for trading on the Cleartrade Platform;  
*and/or*
    - Any other Contracts which may become available for trading on the Cleartrade Platform.
  - register any number of Responsible Individuals;
  - become counterparty to the Relevant Clearing House in accordance with the Relevant Clearing House Rules in respect of the trades made by the Clearing Member or any of its clients which are Authorized Members on the Cleartrade Platform; and
  - accept allocations of Contracts made on the Cleartrade Platform by other Members with which it has made adequate clearing arrangements.
- 2.6.2 An **Authorized Member** shall, in accordance with the elections it has communicated to the Exchange in respect of the Contracts it wishes to trade as required under Rule 2, be permitted to:
- trade for own business in conformity with the Rules:
    - those Freight Contracts available for trading on the Cleartrade Platform;  
*and/or*
    - Iron Ore and Steel Contracts available for trading on the Cleartrade Platform;  
*and/or*

- Fertilizer Contracts available for trading on the Cleartrade Platform;  
*and/or*
    - Any other Contracts which may become available for trading on the Cleartrade Platform.
  - register any number of Responsible Individuals;
  - authorize any number of Broking Members and Block Trade Broking Members to execute business on the Cleartrade Platform and the Cleartrade Block Trade Facility on its behalf.
- 2.6.3 A **Broking Member** shall, in accordance with the elections it has communicated to the Exchange in respect of the Contracts it wishes to trade as required under Rule 2, be permitted to:
- to execute business on behalf of Authorized Members and/or Block Trading Members only provided such Members have authorized the Broking Member to do so.
    - those Freight Contracts available for trading on the Cleartrade Platform;  
*and/or*
    - Iron Ore and Steel Contracts available for trading on the Cleartrade Platform;  
*and/or*
    - Fertilizer Contracts available for trading on the Cleartrade Platform;  
*and/or*
    - Any other Contracts which may become available for trading on the Cleartrade Platform.
  - register any number of Responsible Individuals.
- 2.6.4 A **Block Trade Broking Member** shall, in accordance with the elections it has communicated to the Exchange in respect of the Contracts it wishes to trade as required under Rule 2, be permitted to:
- to execute business on behalf of Authorized Members or Block Trading Members only to be registered using the Block Trading Facilities provided by the Exchange provided such Members have authorized the Block Trade Broking Member to do so.
    - those Freight Contracts available for trading on the Cleartrade Platform;  
*and/or*
    - Iron Ore and Steel Contracts available for trading on the Cleartrade Platform;  
*and/or*
    - Fertilizer Contracts available for trading on the Cleartrade Platform;  
*and/or*
    - Any other Contracts which may become available for trading on the Cleartrade Platform.
  - register any number of Responsible Individuals.
- 2.6.5 A Block Trade Broking Member shall, in accordance with the elections it has communicated to the Exchange in respect of the Contracts it wishes to enter into Cleartrade Block Trading Facility on behalf of Authorized Members (trading and/or clearing as required under Rule 2), only be permitted to access Cleartrade Block Trading Facility to enter Block Trades for such communicated Contracts.
- 2.6.6 A Block Trading Member in accordance with the elections it has communicated to the Exchange in respect of the Contracts it wishes to have entered into the Cleartrade Block Trading Facility allow the transaction of own business only to be registered via an authorized Broking Member or a Block Trade Broking Member using the Block Trading Facilities provided by the Exchange.
- 2.6.7 The Trading Procedures shall apply to all Members who trade on the Cleartrade Platform and using the Cleartrade Block Trading Facility (and to any Responsible Individual or any trader or broker acting in the name of a Member).

## 2.7 SUSPENSION AND EXPULSION

2.7.1 The Directors may, upon the recommendation of the Compliance Committee under Rule 5 (Disciplinary) or in the exercise of any other power conferred on the Directors by the Rules:

- a. expel a Member from membership of the Exchange (or any part of the Market) or, in the case of other persons subject to the Rules, permanently remove their right to access the Cleartrade Platform; or
- b. in the case of a Member, suspend any or all of the membership permissions of the Member including its permission to trade on the Cleartrade Platform (or any part of it).

The Directors may on request give the person subject to the Rules a brief account of reasons for his action.

2.7.2 If a Member fails to satisfy the requirements of Rule 2 or fails to comply with the terms of the Electronic User Agreement, the Directors may suspend any or all membership permissions of that Member including its permission to trade on the Market (or any part of it).

If a Member:

- a. suspends payment of its debts;
- b. is unable to pay its debts when due;
- c. calls a meeting of its creditors;
- d. (in relation to a partnership) has a bankruptcy, administration or winding-up petition presented against any and/or all of the partners;
- e. (in the case of a firm or company) has an administrative receiver or administrator or similar officer appointed of all or any of its assets or go into liquidation (except a voluntary liquidation for the purposes of amalgamation or reconstruction);
- f. fails to comply with relevant Applicable Requirements under Rule 2, in particular, if any change to the Member required under Rule 2 to be notified to the Exchange and approved by the Directors becomes effective before being approved by the Directors;
- g. be declared a defaulter under the default rules;
- h. ceases operations or business or has its license, approval or exemption suspended, revoked or terminated; and/or
- i. an analogous event occurs in respect of the Member under the laws of any other jurisdiction;

then its membership permissions (including trading permissions and its permission to accept allocation of any Contracts made on the Market by another Member and to clear Contracts (as applicable)) shall be suspended (without any prior decision of the Directors being required but subject to any contrary determination under the default rules) or at the discretion of the Directors shall be terminated from the date of such occurrence, save that where the Member is declared a defaulter under the default rules, its membership shall continue until the completion of default proceedings (within the meaning of such rules).

2.7.3 The Member whose membership is suspended may apply to the Directors to reinstate its membership provided that the Directors are satisfied that the reasons for suspension have been discharged or extinguished and all other membership criteria can be fulfilled by the said Member.

2.7.4 A Member whose permissions are suspended shall remain liable in respect of all its obligations of membership including, without limitation, its obligation to pay an annual subscription, license fee or any

other fees, levies or charges in respect of the relevant category of membership and its obligations in respect of any steps taken with regard to him under the default rules. A Member whose trading permissions have been suspended under this Rule 2 shall not, during the period of such suspension, be entitled to execute new Contracts, subject to any contrary determination under the default rules.

- 2.7.5 Upon the expulsion of a Member or cessation of membership taking effect it shall forfeit all rights and privileges of membership of the Exchange including its trading permissions.
- 2.7.6 Where, upon the suspension of a Member's rights of membership under Rule 2, the Member is not declared a defaulter under and within the meaning of the default rules, any other Member holding open positions on the Market on its behalf shall be entitled to close the same without prior notice. Where, upon the suspension of a Member's permissions under Rule 2, the Member is declared a defaulter under and within the meaning of the default rules, any other Member holding on its behalf an open position on the Market which is not discharged under the default rules may, upon the completion of default proceedings (within the meaning of the default rules) in respect of the suspended Member, close such open position without prior notice.
- 2.7.7 Upon the expulsion of a Member or the suspension of its trading or broking permissions and/or its permission to accept the allocation of any Contracts made on the Market by another Member, the Exchange may give notice of the expulsion or suspension to all Members and to the Relevant Clearing House(s).

## **2.8 APPEALS**

- 2.8.1 If the Directors reject an application for membership or refuse to approve a change in business particulars notified to the Exchange under Rule 2, impose sanctions on a Member under Rule 2, make a decision under Rule 2 in respect of status, rights or obligations of a Member or expel a Member, the applicant or Member may, within 14 days of receiving notice of such decision, request the Directors in writing to reconsider the matter.
- 2.8.2 The applicant or Member may make such representations and supply such information and supporting documents as it may consider relevant and may request to meet with the Directors for that purpose. No request or representation may be made under this Rule in respect of any determination made or step taken under the default rules.
- 2.8.3 The Directors shall within 28 days of receiving the applicant or Member's written request for reconsideration consider any representations, information and documents placed before them and shall confirm, amend or revoke the decision in respect of which the request has been received. The Exchange shall forthwith notify the applicant or Member of the outcome.
- 2.8.4 Within fourteen days of receiving such notice from the Exchange the applicant or Member may serve notice on the Exchange of its intention to appeal against the Directors' decision. With such notice it shall lodge with the Exchange the sum of \$5,000 towards the legal costs of the appeal, which sum shall be returned to the applicant or Member if its appeal is successful. The appeal will be to the Compliance Committee of the Exchange.
- 2.8.5 The Compliance Committee may adopt such procedure as it deems appropriate in hearing the appeal but shall give both the appellant and the Directors reasonable opportunity to make representations to it. The Compliance Committee may as it thinks fit either confine the appeal to a review of the Directors' decision or hear the matter afresh. It shall have power to order costs to be paid by either party.

- 2.8.6 The Compliance Committee shall notify its award, with reasons, to the Directors and to the appellant. The Directors shall within 28 days serve notice on the appellant confirming, amending or revoking their decision accordingly.

## **2.9 EXECUTING TRANSACTIONS ON THE CLEARTRADE PLATFORM**

Contracts shall arise only at the time of matching, subject to novation by the Relevant Clearing House as stipulated in the conditions set out in the Rules of the Relevant Clearing House.

## **2.10 RESPONSIBLE INDIVIDUALS**

- 2.10.1 A Member shall not enter orders into or make trades on the Cleartrade Platform except through a Responsible Individual registered with the Exchange pursuant to the Trading Procedures. At least one individual shall be registered by a Member as a Responsible Individual pursuant to Rule 7 (Trading).
- 2.10.2 A Member must ensure it has sufficient number of Responsible Individuals for the nature and scale of business being conducted.
- 2.10.3 A Responsible Individual whose registration is suspended by the Exchange under the Rules, shall remain subject to the Rules and to the jurisdiction of the Exchange under the Rules in respect of acts and omissions of the individual while he was registered as a Responsible Individual, and in respect of any investigation or disciplinary proceedings relating thereto, whether commenced before or after his suspension, (including the payment of any fine or application of any other sanction imposed) as if he were still registered, for the longer of:
- a. the period of 12 months from the date on which the registration was suspended; or
  - b. the period during which disciplinary proceedings continue against him, being proceedings started by the Exchange no later than 12 months after the date on which his registration was suspended, subject to any extension of the period under Rule 2 below.
- 2.10.4 Disciplinary proceedings commenced following suspension of a Responsible Individual's registration may be commenced by giving notice of an investigation to that individual no later than 12 months after the date on which his registration was suspended.
- 2.10.5 In the event that the Compliance Committee concludes that there are, or may be, additional matters which should be investigated and in respect of which disciplinary proceedings may be taken, the period referred to in Rule 2 shall be extended until such time as such additional disciplinary proceedings are completed (including the payment of any fine or application of any other sanction imposed).
- 2.10.6 A Member may terminate the registration of a Responsible Individual by giving to the Exchange notice in writing of intention to de-register the Responsible Individual with effect from the date specified in the notice.
- 2.10.7 A Responsible Individual who is de-registered shall remain subject to the Rules and to the jurisdiction of the Exchange in respect of acts and omissions of the individual while he was registered as a Responsible Individual, and in respect of any investigation or disciplinary proceedings relating thereto (including the payment of any fine or application of any other sanction imposed) as if were still registered, for the longer of:
- a. the period of 12 months from the date on which the de-registration became effective; or

- b. the period during which disciplinary proceedings continue against him, being proceedings started by the Exchange no later than 12 months after the date on which his de-registration became effective, subject to any extension of the period under Rule 2 below.
- 2.10.8 Disciplinary proceedings commenced following a Responsible Individual's de-registration may be commenced by giving notice of an investigation to that individual no later than 12 months after the date on which the de-registration became effective.
- 2.10.9 In the event that the Compliance Committee concludes that there are, or may be, additional matters which should be investigated and in respect of which disciplinary proceedings may be taken, the period referred to in Rule 2 shall be extended until such time as such additional disciplinary proceedings are completed (including the payment of any fine or application of any other sanction imposed).

## Rule 2A – Base Capital and Other Ongoing Requirements

### 2A.1 BASE CAPITAL REQUIREMENT

2A.1.1 The Exchange shall not grant membership to a corporation unless, at the time of such grant —

- a. where the corporation is incorporated in Singapore, its base capital; or
- b. where the corporation is a foreign company, its net head office funds,

is not less than S\$1 million or its foreign currency equivalent.

"Base capital" means the sum of —

(a) the following items in the latest account of the corporation:

- (i) paid-up ordinary share capital;
- (ii) irredeemable and non-cumulative preference share capital; and
- (iii) reserve fund maintained under Rule 2A.3; and

(b) any unappropriated profit or loss in the latest audited accounts of the corporation,

less any interim loss in the latest accounts of the corporation and any dividend that has been declared since the latest audited accounts of the corporation.

"Net head office funds", in relation to a foreign company, means the net liability of the Singapore branch of that foreign company to its head office and any other branches outside of Singapore.

2A.1.2 The Member shall not cause or permit —

- a. where it is incorporated in Singapore, its base capital; or
- b. where it is a foreign company, its net head office funds,

to fall below S\$1 million or its foreign currency equivalent.

2A.1.3 If the Member fails to comply with or becomes aware that it will fail to comply with Rule 2A.1.2, the Member shall immediately notify —

- a. the Exchange; and
- b. the Relevant Clearing House of which the Member is a member.

2A.1.4 If the Exchange is notified by the Member under Rule 2A.1.3 or becomes aware that the Member has failed to comply with Rule 2A.1.2, the Exchange may —

- a. direct the Member to immediately do one or more of the following:



- i. cease any increase in positions and assets accepted for custody for any account carried by the Member;
  - ii. transfer all or part of any client's positions, securities margins, collateral, assets and accounts to one or more other Members;
  - iii. operate its business in such manner and on such conditions as the Exchange may impose;
  - iv. cease carrying on business in any or all of the trading activities permitted under this Rule book until such time the Member complies with Rule 2A.1.2, except that the Member may continue trading for the purposes of liquidation only or unless otherwise directed by the Exchange; or
- b. revoke the membership of the Member.

## **2A.2 DEPOSIT WITH CLEARING HOUSES**

The Exchange may, require the applicant for membership of the Exchange who is also a member of the Relevant Clearing House to lodge with the Relevant Clearing House, at the time of its application and in such manner as the Relevant Clearing House may determine, a deposit of such amount in cash or in such other form as the Relevant Clearing House may prescribe.

## **2A.3 MAINTENANCE OF RESERVE FUND AND RISK BASE CAPITAL REQUIREMENTS**

- 2A.3.1 The Member to trade in futures contracts shall maintain a prudent amount of reserve fund as may be required by the Exchange.

“Reserve fund” means a certain amount of the audited net profits of each year of the Member transferred out of the net profits after due provision has been made for taxation which the Member needs to maintain, so long as the base capital less unappropriated profits in the latest audited accounts of the Member which is incorporated in Singapore or the net head office funds of the Member which is a foreign company, is less than \$5 million.

- 2A.3.2 In addition to Rule 2A.3.1, the Member to trade in futures contracts shall not cause or permit its adjusted net capital to fall below S\$2 million or its adjusted net capital requirement, whichever is the higher, failing which the Member shall immediately notify the Exchange.

(1) “adjusted net capital”, in relation to the Member means the net capital of the Member, less the following —

- (a) the amount by which any advance paid by the Member on cash commodity contracts and used in computing net capital exceeds 95% of the market value of the commodities covered by such contracts;
- (b) in the case of any inventory which is hedged by hedging positions in any market, the amount by which the value of the inventory used in computing the net capital exceeds 95% of the market value of such an inventory;

(c) in the case of any inventory which is not hedged by any hedging positions in any market, the amount by which the value of the inventory in computing the net capital exceeds 80% of the market value of an inventory;

(d) in the case of government securities used by the Member in computing the net capital, the amount by which the value of such security exceeds 100% of the market value of such security;

(e) in the case of shares and other securities used by the Member in computing the net capital, the amount by which the value of the shares or securities exceeds 90% of the market value of such shares or securities;

(f) for under-margined futures trading accounts —

(i) the amount of money required for each account to meet the relevant maintenance margin requirements, if that amount shall have been outstanding after the trade date for more than 3 business days; or

(ii) if there are no such relevant maintenance margin requirements, then when the original margin has been depleted by 50% or more, the amount of money required to restore the original margin if that amount shall have been outstanding after the trade date for more than 3 business days,

except that to the extent a deficit is excluded from current assets in accordance with sub-paragraph (2), such amount shall not also be deducted, and if a customer shall have deposited any asset other than cash into his account, the value attributable to the asset for purposes of this sub-paragraph shall be the value attributable to the asset pursuant to the relevant margin rules of the Exchange or the Relevant Clearing House, as the case may be;

(g) the maintenance margin requirement on open futures contracts transactions held in the proprietary accounts of the Member which are not hedged; and

(h) the total amount of money for which the Member is contingently liable under any security, guarantee or indemnity granted, other than a security, guarantee or indemnity granted by the Member for the purpose of securing, guaranteeing or indemnifying any obligation of the Member to —

(i) the Exchange or the Relevant Clearing House; or

(ii) any other member of a licensed broker or trader as margin for, or to guarantee or secure, futures contracts;

(2) For the purposes of sub-paragraph (1) —

(a) “current assets” means cash and other assets which are reasonably expected to be realised in cash or sold during the following 12 months and —

(i) shall not include any unsecured futures trading account containing a debit balance which has remained unpaid for more than one business day;

(ii) shall not include any unsecured advances, unsecured loans, and other receivables, except for dividends, interest and commissions due within 30 days and receivables from merchandising incurred in the normal course of business due within 90 days;

(iii) shall not include any assets doubtful of collection or realisation except for any reserves established therefor;

(iv) shall include receivables from the Exchange, the Relevant Clearing House, and other licensed broker or trader arising out of trading in futures contracts and securities which are listed on a securities exchange and have not been suspended; and

(v) shall include or exclude such other items as the Exchange may specify;

(b) "net capital", in relation to the Member, means the amount by which the current assets of the Member exceed its liabilities, and in determining "net capital" —

(i) unrealised profits shall be added and unrealised losses shall be deducted in the accounts of the Member, including unrealised profits and losses on fixed price commitments and forward contracts; and

(ii) all long and all short futures contracts trading positions shall be marked to their market value;

(c) a loan or advance or any other form of receivable shall not be considered "secured" unless the following conditions exist:

(i) the receivable, which is to be considered only to the extent of the market value of such collateral after application of such percentage deductions as prescribed in sub-paragraph (1), is secured by collateral which is otherwise unencumbered and which can be readily converted into cash; and

(ii) either —

(A) the collateral is in the possession or control of the Member; or

(B) the Member has a legally enforceable written security agreement executed by the debtor in its favour under which the Member shall have the power to readily sell or otherwise convert the collateral into cash;

(d) for the purposes of computing "net capital", the word "liabilities" does not include —

(i) liabilities of the Member which are subordinated to the claims of all general creditors of the Member pursuant to a satisfactory subordination agreement, as defined in sub-paragraph (e);

(ii) the amount of money, securities and property due to customers which are held in segregated accounts, where such money, securities and property held in segregated accounts have been excluded from current assets in computing net capital; and

(iii) liabilities which would be classified as long-term liabilities in accordance with generally accepted accounting principles to the extent of the net book value of the plant, property and

equipment which are used in the ordinary course of the Member's business and which are not included in current assets;

(e) for the purposes of sub-paragraph (d) (i), "satisfactory subordination agreement" means an agreement between the Member and its lender (referred to in this Rule 2A.3 as the subordinated creditor) which agreement shall be in such form and shall contain such terms as the Exchange may from time to time require but shall at least contain the following terms:

(i) the subordinated creditor will not claim or receive from the Member, by set-off or in any other manner, any subordinated debt until all senior debt has been paid or except with the prior written approval of the Exchange;

(ii) the subordination agreement shall provide that claims of the subordinated creditor are fully subordinated to the claims of all unsubordinated creditors;

(iii) the subordination agreement shall have not less than 2 years to maturity at the time of adjusted net capital computation;

(iv) the subordinated debt shall not be redeemed before the maturity of the subordination agreement without the prior written approval of the Exchange, and for this purpose, interest payments on the subordinated debt shall not be construed as early redemption of the subordinated debt;

(v) the subordination agreement shall not be subject to cross-default or negative pledges or contain any term which would enable the subordinated creditor to demand the early or accelerated repayment of the subordinated debt;

(vi) the subordination agreement shall have the option for the Member to defer interest payment on the subordinated debt;

(vii) the subordinated debt shall automatically be converted into capital as a provision for losses arising from bad and doubtful debts if an appropriate reconstruction of the capital of the Member, which is acceptable to the Exchange, has not been undertaken;

(viii) in the event of any payment or distribution of assets of the Member, whether in cash, in kind or in securities (referred to in this Rule 2A.3 as a distribution), upon any dissolution, winding-up, liquidation or reorganisation of the Member —

(A) the senior creditors shall first be entitled to receive payment in full of the senior debt before the subordinated creditor receives any payment in respect of the subordinated debt;

(B) any distribution to which the subordinated creditor would be entitled but for the provisions of the subordination agreement shall be paid or delivered by the liquidator, official assignee in bankruptcy or any other person making the distribution directly to the senior creditors rateably according to their senior debt until they have been paid in full (taking into account other distributions to the senior creditors); and

(ix) if, notwithstanding sub-paragraphs (i) to (viii), any distribution is received by the subordinated creditor in respect of the subordinated debt, the distribution shall be paid over to the senior creditors for application rateably according to their senior debt until the senior debt has been paid in full (taking into account other distributions to the senior creditors) and until such payment in full, the distribution shall be held in trust for the senior creditors; and

(f) in sub-paragraph (e) —

"senior creditor" means the creditors who for the time being hold or are entitled to the senior debt;

"senior debt" means the unpaid claims of all the creditors for the time being of the Member howsoever incurred.

(3) In this paragraph and paragraph 3 —

"maintenance margin" means the amount of margin required to be deposited with:-

(a) the Exchange or the Relevant Clearing House; or

(b) any licensed broker or trader or other person,

as a margin for, or to guarantee or secure, futures contracts.

(4) "adjusted net capital requirement" means the sum of —

(a) 2% of every amount of funds that a customer of the Member of a licence deposits with the Member that is in excess of the maintenance margins of that customer; and

(b) 4% of the maintenance margins of customers relating to all futures contracts.

## **2A.4 FALSE STATEMENTS**

Any applicant, in connection with an application for the grant or variation of membership shall not make a statement which is false or misleading in a material particular; or omit to state any matter or thing without which the application is misleading in a material respect.

## **2A.5 KEEPING AND SAFEGUARDING OF BOOKS**

2A.5.1 A Member shall keep, or cause to be kept, such books as will sufficiently explain the transactions and financial position of its business and enable true and fair profit and loss accounts and balance-sheets to be prepared from time to time; and shall keep, or cause to be kept, such books in such a manner as will enable them to be conveniently and properly audited.

2A.5.2 A Member shall retain such books as may be required to be kept under this Rule book for a period of not less than 5 years.

2A.5.3 A Member shall furnish such returns and records in such form and manner and shall provide such information relating to its business as the Exchange may require.

2A.5.4 A Member shall take reasonable precautions to prevent falsification of the books required to be kept by it and to facilitate the discovery of any falsification of any such book.

## **2A.6 AUDITORS AND ACCOUNTS**

2A.6.1 A Member shall appoint an auditor to audit its accounts and where, for any reason, the auditor ceases to act for such Member, the Member shall, as soon as practicable thereafter, appoint another auditor.

2A.6.2 A Member shall, in respect of each financial year —

(i) Annual Returns

- a. prepare a true and fair profit and loss account and a balance-sheet made up to the last day of the financial year; and
- b. lodge that account and balance-sheet with the Exchange within 5 months, or such extension thereof permitted by the Exchange, after the end of the financial year, together with an auditor's report on the account and balance-sheet; and

(ii) Quarterly Returns

- c. prepare a true and fair management report showing the profit and loss account and a balance-sheet made up to the last day of March, June, September and December; and
- d. lodge that management report with the Exchange within 1 month, or such extension thereof permitted by the Exchange, after the end of each calendar quarter mentioned above.

2A.6.3 Where an application under Rule 2A.6.2(i) for an extension of the period of 5 months has been made by a Member to the Exchange and the Exchange is satisfied that there is any special reason for requiring the extension, the Exchange may extend that period by not more than 4 months, subject to such conditions or restrictions as the Exchange may think fit to impose. Where an application under Rule 2A.6.2(ii) for an extension of the period of 1 month has been made by a Member to the Exchange and the Exchange is satisfied that there is any special reason for requiring the extension, the Exchange may extend that period by not more than 1 month, subject to such conditions or restrictions as the Exchange may think fit to impose.

2A.6.4 Notwithstanding any other provision of this Rule book, the Exchange may, if it is not satisfied with the performance of duties by an auditor appointed by a Member —

- a. at any time direct the Member to remove the auditor; and
  - b. direct the Member, as soon as practicable thereafter, to appoint another auditor,
- and the Member shall comply with such direction.

2A.6.5 Where, in the performance of his duties as an auditor for a Member of the Exchange, an auditor becomes aware of —

- a. any matter which, in his opinion, adversely affects or may adversely affect the financial position of the Member to a material extent;

- b. any matter which, in his opinion, constitutes or may constitute a contravention of any provision of this Rule book or an offence involving fraud or dishonesty; or
- c. any irregularity that has or may have a material effect upon the accounts, including any irregularity that may affect or jeopardise the moneys or other assets of any client of the Member,

the auditor shall immediately thereafter send a report in writing of the matter or irregularity to the Exchange.

**2A.6.6** Where —

- a. a Member fails to lodge an auditor's report and/or management report under Rule 2A.6.2; or
- b. the Exchange receives a report under Rule 2A.6.5,

the Exchange may appoint in writing an auditor to examine and audit, either generally or in relation to any particular matter, the books of the Member.

**2A.6.7** Where the Exchange is of the opinion that the whole or any part of the costs and expenses of an auditor appointed by the Exchange under Rule 2A.6.6 should be borne by the Member, the Exchange may, in writing, direct the Member to pay a specified amount, being the whole or part of such costs and expenses, within such time and in such manner as may be required by the Exchange.

**2A.6.8** An auditor appointed under Rule 2A.6.6 shall, on the conclusion of the examination and audit, submit a report to the Exchange.

**2A.7 NON-COMPLIANCE**

Any Member who fails to comply with the requirements of this Rule 2A herein shall be subject to disciplinary proceedings conducted by the Compliance Committee and sanctions imposed by the Compliance Committee pursuant to Rule 5.

## Rule 3 – Compliance

### Summary of this Rule 3:

Rule 3 deals with Members' requirements to comply with these Rules including the need for record keeping, the need to ensure all information kept and communicated is accurate, and that all complaints are documented and archived properly. This Rule also sets out the role of the Exchange Compliance Officer and the Compliance Committee, and what these two functions are required to do to ensure compliance with the Rules.

### **3.1 REPORTING REQUIREMENTS**

- a. Every Member shall furnish to the Exchange such information or documents concerning its relationship or dealings with its main (or any other) regulator which may affect the Member's permission to be a Member of the Exchange or to trade on the Exchange.
- b. The Directors or the Compliance Committee may modify the operation of this Rule and make different directions in relation to different categories of Member and may make such directions generally or in relation to particular Members or particular occasions and in all cases subject to such conditions as they may think fit.

### **3.2 ACCURACY OF INFORMATION**

All Members shall ensure that to the best of their ability after due and careful enquiry and investigation, all information and documents from time to time given to the Exchange are complete, fair and accurate.

### **3.3 ADVERTISEMENTS**

All advertising materials issued by or on behalf of Members concerning the membership of the Exchange, contracts available for trading on the Exchange or on the terms of the Rules or otherwise using the Exchange's name or in relation to matters of concern to the Exchange shall conform to such guidelines as may from time to time be published by the Directors or the Compliance Committee.

### **3.4 RECORDS OF COMPLAINTS**

- a. All Members shall retain for at least 5 years all written complaints in relation to any business conducted on the Exchange, whether or not subject to the Exchange's terms.
- b. The Member shall ensure that all such complaints are promptly, thoroughly and fairly investigated and that the complainant is informed in writing of the outcome. All serious complaints shall be investigated by a senior officer or employee of the Member who has no personal interest in the subject matter.
- c. The Member shall also compile and keep a register showing details of the date of receipt of all such complaints, the client, the account executive, the matter complained of and any action taken by the Member.



- d. The register shall be open to inspection by the Exchange upon demand.

### **3.5 INVESTIGATION OF COMPLAINTS**

- 3.5.1 The Exchange shall consider all genuine and non-frivolous complaints made to it in writing save that if it considers that it would be appropriate to do so, it may refer the matter to another regulatory body pursuant to Rule 1 (General Rules) and/or seek professional advice and consultation on the investigation process, response and/or decision and ruling.
- 3.5.2 In the case of a complaint which, if substantiated, might constitute a breach of the Exchange's Rules, the Exchange may (subject to its power to refer the matter complained of pursuant to Rule 1) authorize an immediate investigation or write to the Member or other person complained of (and any Member with whom such person was associated at the time of the matter complained of) requesting its or his comments or explanation or take such other or further steps (if any) as may be thought appropriate including the commencement of an investigation or disciplinary proceedings.
- 3.5.3 The Exchange may inform the complainant in writing of any steps taken as a result of his complaint and of the result thereof.

In the event of a complaint against the Exchange or any of its officers or employees (or agents in their capacity as such), such complaint shall be made and investigated in accordance with the Dispute Resolution Rule 8.

### **3.6 COMPLIANCE COMMITTEE**

- 3.6.1 There shall be a Compliance Committee appointed by the Directors and which terms of reference shall be agreed by the Directors and notified to the Members from time to time.
- 3.6.2 The Compliance Committee shall be responsible for promotion of good regulatory practices. Without derogating from this, the Compliance Committee shall have such powers as the Rules may from time to time provide including, without limitation, those powers mentioned in Rule 5 (Disciplinary).
- 3.6.3 The Compliance Committee shall be entitled to seek professional advice and consultation on the investigation process, response and/or decision and ruling.

### **3.7 COMPLIANCE OFFICER**

- 3.7.1 The Directors or the Compliance Committee shall appoint a Compliance Officer (and may appoint more than one). The Compliance Officer need not be a Director or member of a committee.
- 3.7.2 The Compliance Officer shall (without derogating from any other person's responsibility in this regard) be responsible for monitoring compliance with and investigating alleged breaches of the Rules (or arrangements, procedures and directions made, authorized or given thereunder) and shall report to the Compliance Committee. Without prejudice to the generality of the foregoing, the Compliance Officer may also report any matter coming to his attention to such other committees and officials of the Exchange as he thinks fit.
- 3.7.3 The Directors or the Compliance Committee may make such further directions as they think fit regarding the powers and duties of the Compliance Officer.

### **3.8 ENQUIRIES**

- 3.8.1 The Compliance Officer may carry out routine enquiries or authorize some other person or persons to do so with him or on his behalf. Members (and other persons subject to the Rules) shall co-operate fully with all routine enquiries.
- 3.8.2 During such routine enquiry, where the Compliance Officer forms the provisional conclusion that there has been a breach of the Rules (or any arrangement, procedure or direction made, authorized or given thereunder), he may deal with the matter himself. In such cases, the Compliance Officer shall (i) furnish to the Chairman of the Compliance Committee without delay a report in writing of any action taken or (ii) report his provisional conclusion to the Chairman of the Compliance Committee who shall issue to him such directions as may be appropriate. Unless otherwise directed, the Compliance Officer shall forthwith inform the Member concerned or other person the subject of the enquiry, of his provisional conclusion and of the grounds thereof, and shall invite his comments or observations either by word of mouth or in writing.
- 3.8.3 Subject to any direction as aforesaid the Compliance Officer shall continue his enquiry and on completion thereof he shall make a report in writing to the Compliance Committee setting out his final conclusion, and making such recommendation as he considers appropriate. The Compliance Committee shall consider such report, and shall then take one or more of the steps mentioned in Rule 5.
- 3.8.4 Any failure by the Compliance Officer to comply with the above procedures or any of them shall not invalidate his conclusions or any steps taken in consequence thereof.
- 3.8.5 The provisions of the Rule 3 shall be without prejudice to the provisions of the Electronic User Agreement.

### **3.9 INTERVIEWS**

- 3.9.1 If a person is formally summoned to an interview with the Compliance Officer (or persons appointed by him), that person must attend the interview. In the event of non-attendance the person may also face possible exclusion from the Market until he take reasonable steps to make himself available on an alternative date. Every letter from the Compliance Officer or his staff advising of the interview shall indicate the penalty in order for it to apply.

## Rule 4 – Default

### Summary of this Rule 4:

Rule 4 deals with situations in which a Member is in default. The Exchange has a duty to investigate any information which indicates a Member is in default, and may after reviewing relevant evidence declare a Member to be a defaulter. In such cases, the Exchange has the right to instantly suspend all trading access to the Exchange and to inform those counterparties, be the banks, Clearing Members, Relevant Clearing Houses or others of its actions and the reasons for them. This Rule also stipulates the duties of a defaulting Member in co-operating with the Exchange to resolve all and any outstanding obligations or issues.

#### 4.1 GENERAL

Subject to Rule 4 below, these default rules are without prejudice to any other provision of the Rules and the terms of any other agreement which apply to a Market Contract. In the event of a conflict between the provisions of these default rules and other provision of the Rules and the terms of any other agreement which apply to a Market Contract, these default rules shall apply except for the Relevant Clearing House Rules in situations where the Relevant Clearing House is central counterparty and the defaulter is party under the Relevant Clearing House Rules.

#### 4.2 DEFAULT COMMITTEE

- 4.2.1 The Directors shall appoint a committee for the purposes of exercising the powers or fulfilling the obligations of the Exchange under these default rules or the SFA in relation to such default rules. The committee shall be known as the Default Committee and the membership of such committee shall consist from time to time of such persons as the Directors think fit.
- 4.2.2 The meetings and proceedings of the Default Committee shall conform to any Rules imposed on it by the Directors and otherwise shall be governed by the provisions for regulating the meetings and proceedings of the Directors so far as may be applicable and so far as the same shall not be superseded by any Rules made by the Directors as aforesaid.

#### 4.3 EVENTS OF DEFAULT

- 4.3.1 An “event of default” shall occur in relation to a Member if the Exchange determines that the Member is or appears to be unable or likely to become unable to meet its obligations under one or more Market Contracts. Without prejudice to the generality of the foregoing, in making such determination, the Exchange may take any one or more of the following events or circumstances as sufficient grounds for determining that a Member is or appears to be unable or likely to become unable to meet his obligations under one or more Market Contracts:-
- a. failure by a Member duly to perform or comply with any obligation under the terms of a Market Contract;

- b. failure by a Member to comply with any other obligation under a Market Contract or to satisfy any liability to provide margin;
  - c. a Member generally not paying its debts as such debts become due, or admitting its inability to pay its debts generally or becoming or being deemed to have become unable to pay its debts within the meaning of Bankruptcy Act (Chapter 20) of Singapore or under the laws of any other jurisdiction, or making a general assignment for the benefit of creditors or any proceedings being instituted or steps taken by or against a Member seeking to adjudicate him bankrupt or insolvent, or seeking liquidation, winding-up, re-organization, dissolution, administration, arrangement, adjustment, protection, relief or composition of the Member or of its debts or seeking the entry of an order for relief or the appointment of a receiver, receiver and manager, liquidator, provisional liquidator, administrator, trustee or other similar official for a Member or for any substantial part of its revenues and assets (except, in each case, for the purpose of a reconstruction or amalgamation by a Member, the terms of which have previously been approved by the Directors) in each case whether under the laws relating to insolvency, bankruptcy or reorganization or relief of debtors of the country of incorporation or domicile of the Member or under the laws of any other jurisdiction or otherwise;
  - d. a Member taking any corporate action or other step to authorize, institute or commence any of the actions referred to in (c) above;
  - e. any execution, distress, sequestration (a writ that authorizes the seizure of property) attachment or other process being levied or enforced against a Member against any substantial part of its revenues and assets and not being discharged within seven days of being so levied or enforced;
  - f. a Member being refused an application for or being suspended or expelled from membership of a regulatory body or being in breach of the Rules as to the financial requirements of membership of a regulatory body or a regulatory body taking or threatening to take any action in relation to the Member under the SFA or taking or threatening to exercise its powers under the Rules to restrict or prohibit the Member from entering into transactions or carrying on its business or dealing with its assets;
  - g. any license, authorization, consent or registration at any time necessary to enable a Member to comply with its obligations to the Exchange or to any other Member or to carry on its business in the normal course being evoked, withheld or materially modified or failing to be granted or perfected or ceasing to remain in full force and effect;
  - h. a Member being or being declared in default under the default rules of any recognized or designated investment exchange or a recognized clearing house or being or being declared in breach of the terms of the Rules as to the financial requirements of membership of, or being refused membership of, or suspended or expelled from membership of, any recognized market operator or designated investment exchange or recognized clearing house;
  - i. a Member, being a partnership, being dissolved; or
  - j. any event that would be an event of default under the Relevant Clearing House Rules (regardless of whether the Member is a Clearing Member).
- 4.3.2 An event or circumstance referred to in Rule 4 above shall, without limitation, be deemed to have occurred in relation to a Member being an unincorporated association or partnership if it occurs in relation to a person comprised in such unincorporated association or partnership.

#### **4.4 DECLARATION OF DEFAULT**

- 4.4.1 Subject to Rule 4 below, upon the occurrence of an event of default in relation to a Member or at any time thereafter, if the Exchange, in its absolute discretion, considers that action should be taken under the default rules with respect to such Member the Exchange shall declare such Member to be a defaulter.
- 4.4.2 The Exchange may take such action or step as may be directed by the MAS under the default rules. If the Exchange is directed to take one or more of the steps referred to in Rule 4 in relation to a Member, the Exchange shall declare the Member to be a defaulter.
- 4.4.3 The Exchange may consult with the Clearing House, professional advisers, relevant authorities or any third party before or at any time after taking action under these default rules.
- 4.4.4 A Member who is declared a defaulter shall not enter into any Contract with a Clearing Member of the Relevant Clearing House (including, for the avoidance of doubt, a closing-out Contract), and a Member shall not enter into any such Contract with a defaulter, after the time that it is declared a defaulter, (notwithstanding any order or instruction to do so given by a person other than the Default Committee) save in accordance with any directions given by the Default Committee under these default rules. The Default Committee may, at its discretion, direct that a Contract entered into by a defaulter after such time shall be deemed to have been entered into pursuant to directions given by the Default Committee under these default rules.

#### **4.5 NOTIFICATION**

- 4.5.1 As soon as reasonably practicable after a Member has been declared a defaulter, the Exchange shall take such steps as it may in its absolute discretion consider appropriate in order that:-
- a. Counterparties to unsettled Market Contracts with the defaulter, persons party to a Market Contract as agent for the Counterparty and such other persons as it thinks fit including the Relevant Clearing Houses, are notified that a Member has been declared a defaulter;
  - b. if the defaulter is party to a Market Contract as agent, (notwithstanding any prohibition on this in the Rules) its principal is notified that a default has occurred and the identity of the counterparty to such Market Contract.
- 4.5.2 A Member shall forthwith give notice to the Exchange of the occurrence of any event or circumstances referred to in Rule 4 inclusive in relation to the Member.

#### **4.6 PROCEDURES**

- 4.6.1 The Exchange may from time to time prescribe procedures for the purposes of these default rules and to provide for the manner in which its rights or obligations under Companies Act or the SFA, or as directed by the MAS in relation to such Rules or default proceedings may be exercised by or on behalf of the Exchange.
- 4.6.2 The defaulter and each Member shall co-operate, and shall procure that its Member's Representatives shall co-operate, fully at all times with the Exchange and shall promptly provide such information as the Exchange or its employees or agents may request in connection with the implementation by the Exchange of these default rules or the exercise by it of its powers or the fulfillment by it of its obligations under the Companies Act or SFA in respect of such Rules including, without prejudice to the generality of the foregoing, information regarding Market Contracts entered into by the defaulter.

#### **4.7 DELEGATION OF FUNCTIONS**

The Exchange may from time to time appoint one or more persons to perform any of the functions on its behalf, save those referred to in Rules 4 and 5, which it may or may be required to exercise under these default rules and may appoint any professional adviser to advise or assist the Exchange with respect to carrying out its functions hereunder.

#### **4.8 COSTS**

The defaulter shall indemnify the Exchange for costs, charges and expenses which the Exchange may incur or suffer in taking any action under these default rules, including the costs or fees of any person appointed to perform any function on behalf of the Exchange, or to advise or assist with respect thereto, under Rule 4.

#### **4.9 CO-OPERATION WITH OTHER BODIES**

The Exchange may pass on any details of or other information in its possession relating to a defaulter or his Market Contracts to the MAS or to any other of the persons referred to in Rule 4 or to any other body or authority having responsibility for any matter arising out of or in connection with the default and otherwise co-operate with any such persons in connection with such default.

#### **4.10 AMENDMENTS**

The Directors may at any time amend, revoke or add to these default rules, subject to the Companies Act. Any such amendment, revocation or addition shall be notified in writing to Members and shall take effect at such time and in such manner (including so as to affect default proceedings in progress at such time) as the Directors may determine.

## Rule 5 – Disciplinary

### Summary of this Rule 5:

Rule 5 deals with circumstances in which acts of misconduct or breaches of the Rules have occurred, and the steps which the Exchange can take to sanction or punish a Member for such breaches. The Rule also outlines the right of the Exchange to investigate such breaches, and stipulates how such breaches should be dealt with in set procedures. Members have the right of appeal, and the appeals procedure is outlined in this Rule.

#### **5.1 NOTIFICATION OF BREACH**

All Members shall immediately notify the Exchange of any infringement of the Rules and of the SFA (including those prescribed under Rule 1) or of any financial or commercial difficulty on the part of themselves or any Member or person subject to the Rules and, as soon as practicable thereafter, give the Exchange full particulars of the infringement or difficulty.

#### **5.2 ACTS OF MISCONDUCT AND BREACHES OF THESE RULES**

- a. No Member and no person subject to the Rules shall (or shall permit any Member's Representatives to) take any action or be guilty of any omission which in the opinion of the Directors is liable to bring the Exchange or its Members into disrepute or otherwise be substantially detrimental to the interests, reputation or welfare of the Exchange.
- b. No Member and no person subject to the Rules shall knowingly or recklessly permit the use of his or its services, facilities or membership or trading privileges by any person in a manner which is in the opinion of the Directors liable to bring the Exchange or its Members into disrepute, impair the dignity or degrade the good name of the Exchange, create or maintain or exacerbate manipulations (or attempted manipulations) or violations of the Rules (or arrangements, provisions or directions made or given thereunder) or otherwise be substantially detrimental to the interests, reputation or welfare of the Exchange.

#### **5.3 CONDUCT IN RELATION TO TRADING**

5.3.1 No Member (or other person subject to the Rules) shall in relation to Contracts entered into, or orders placed, on the Market or otherwise in accordance with the Rules:-

- a. commit any act of fraud or bad faith;
- b. act dishonestly;
- c. engage or attempt to engage in extortion;
- d. continue (otherwise than to liquidate existing positions) to trade or enter into such Contracts knowingly disseminate false, misleading or inaccurate reports concerning any product or market information or conditions that affect or tend to affect prices on the Market;
- e. manipulate or attempt to manipulate the Market, nor create or attempt to create a disorderly Market, nor assist its clients, or any other person to do so;
- f. make or report a false or fictitious trade;

- g. enter into any Contract or fail to close out the same either intending to default in performance of the same or having no reasonable grounds for thinking that it would be able to avoid such default (provided that it shall not be sufficient to have intended to comply with any contractual or other provision governing the consequences of default);
- h. use or reveal any information confidential to the Exchange or another person obtained by reason of participating in any investigation or disciplinary proceedings; or
- i. otherwise commit or cause to commit a breach of the SFA.

5.3.2 For the purposes of these Rules, an act of misconduct is:

- a. any conduct contrary to Rule 1;
- b. participation in conduct by a third party which would be a violation or attempted violation of these Rules if that third party were subject to these Rules;
- c. a failure to pay a fine or order for costs imposed by the Compliance Committee that had not been overturned by an Appeal;
- d. any other event or practice which has developed or is developing on the Exchange and is thought to be capable of impairing the orderly conduct of business on the Exchange or affecting the due performance of contracts;
- e. provision to the Exchange of information (including information for the purpose of obtaining membership) which is false, misleading or inaccurate in a material respect;
- f. ceasing to meet eligibility criteria for membership as set out in the Rules without notifying the Exchange;
- g. any other matter of which the Exchange may, from time to time, notify Members through administrative notices issued to Members; or
- h. breaches of the SFA in relation to misconduct.

## 5.4 INVESTIGATIONS

- 5.4.1 The Exchange shall have full powers and discretion of investigation into alleged infringements of the Rules, act of misconduct and/or breaches of the SFA (where applicable) in relation to the Member's act, omission or conduct on the Exchange. The Compliance Officer or any person authorized by him may authorize or delegate its powers on investigations into such allegations.
- 5.4.2 The Exchange's Compliance Committee shall issue a Notice of Investigation (NoI) notifying the Member concerned that an investigation has been commenced. The NoI shall be sent to the Member or the person concerned and copied to the Member's compliance officer. The NoI shall contain a brief description of the matter under investigation.
- 5.4.3 In the course of conducting an investigation, the Exchange may call for the assistance of such professional, legal or accounting advisers, clearing houses, exchanges, regulatory organizations and other advisers or persons as it thinks fit. The Exchange may also call on other departments and officials of the Exchange for such documents, information and assistance as it thinks fit.

Members and other persons subject to the Rules shall offer full co-operation and assistance with all such investigations (whether or not such Member or person is the direct subject of such investigation). Without limitation, each Member (and, so far as applicable, each person subject to the Rules) shall promptly furnish to the Exchange such information and documentary and other material as may reasonably be requested (including without limitation in the case of Members details of the Member's own and clients' accounts);

- a. Permit those persons appointed to carry out or assist in carrying out the investigation to enter any premises where the Member carries on its business or maintains its records for the purpose of carrying out such investigation.



- b. make available for interview such of its Member's Representatives as may reasonably be requested; and itself answer, and procure that its Member's Representatives answer, truthfully and fully any question put by or on behalf of the Exchange. If a Member or Member's Representative fails to attend an interview with the Compliance Officer or a scheduled summary hearing of the Compliance Committee, the Member and/or Member's Representative may be excluded from the Market until they take reasonable steps to make themselves available on an alternative date;
  - c. make available for inspection such documents, records or other material in its possession, power or control as may reasonably be required and, upon request, provide copies of the same;
  - d. use its best endeavours to ensure that so far as possible its agents give similar co-operation.
- 5.4.4 Each Member and other person subject to the Rules authorizes and shall agree to authorize the Exchange to request any clearing house, investment exchange or regulatory body or person to furnish to the Exchange such information and documents as the Exchange may require in connection with an investigation.
- 5.4.5 When, in the opinion of the persons conducting the investigation, they have sufficient information, they shall make a written report to the Compliance Officer who may, or may not, recommend to the Compliance Committee that disciplinary proceedings should be commenced.
- 5.4.6 The Compliance Officer or the Compliance Committee may, without prejudice to any other of their powers:-
- a. decide that no further action should be taken and notify any Member or other person concerned in writing accordingly;
  - b. in the event of a minor infringement or misconduct, issue a written warning (which shall be private save as provided for in paragraph (f) below) to the Member concerned (or, in the case of such an infringement or misconduct by some other person, that person with a copy to any Member with whom he was associated at the time of such infringement or misconduct);
  - c. commence disciplinary proceedings (including, in an appropriate case, summary proceedings under Rule 5);
  - d. refer the matter back to the Compliance Department for further enquiry;
  - e. in the case of the Compliance Committee, make such amendments to the Rules as they think fit;
  - f. report such of the findings of the investigation to such investment exchanges, clearing houses or other regulatory bodies as they think fit; or
  - g. publish such findings and in such detail as the Compliance Committee deems appropriate where the matter under investigation is considered of relevance to the market in general or in the public interest;

Provided that the Compliance Officer or the Compliance Committee may, in an appropriate case, take more than one of the above actions or different actions in relation to different Members or other persons concerned in the same investigation.

## 5.5 DISCIPLINARY PROCEEDINGS

- 5.5.1 The Compliance Committee upon satisfaction (whether or not a formal investigation has taken place under the Rules) that there is clear evidence of an infringement of the Rules or misconduct by a Member or other person subject to the Rules may commence disciplinary proceedings and take such relevant actions.
- 5.5.2 When the Compliance Committee decides to commence disciplinary proceedings, they shall direct that a written notice ("Notice") be sent to the Member (or, in the case of proceedings against some other person, that person and any Member with whom he was associated at the time of the matter in question). The Notice shall set out the alleged act of misconduct or infringement, including a summary of facts relied upon.
- 5.5.3 The Member or other person the subject of a Notice shall, if it wishes, have twenty working days (or such further time as the Compliance Committee may in its absolute discretion allow) from the service of the Notice in which to provide a statement of defense ("Defense") responding to all or any of the allegations, stating its intended pleas and what admissions of fact, if any, it makes. Where no defense has been served and no settlement has been reached, the Exchange will deem the Member or other person the subject of Notice to have accepted the facts and matters alleged in the Notice.
- 5.5.4 The Compliance Committee may, if it deems appropriate after considering the Defense, continue to proceed with the disciplinary proceedings or may choose to discontinue disciplinary proceedings or deal with the matter as set out in Rule 5.
- 5.5.5 Without adjournment the Compliance Committee, or a quorum of the Compliance Committee hearing a case summarily, may amend a Notice by deletion, alteration or addition, or may vary the Rule breach alleged or add another Rule breach provided that they are of the opinion that:
- a. the amendment or variation is material to the course of conduct under investigation;
  - b. the essential character of the allegation or Rule breach has not been changed; and
  - c. the Member would not be prejudiced in any defense it might wish to put before the Compliance Committee.

In any other circumstances, and in particular should the Compliance Committee, or a quorum of the Compliance Committee hearing a case summarily, determine that a separate or unrelated course of misconduct or an infringement of the Rules may have been revealed, it may order an adjournment to enable the matter to be investigated further.

## 5.6 SETTLEMENT

The Member and/or the person alleged to have committed the infringement may attempt to settle in good faith the disciplinary proceedings at any stage (including any appeal) with the Exchange. The terms of any settlement shall be agreed between the Compliance Officer and the individual or Member as the case may be and submitted in writing to the Chairman of the Compliance Committee, or in his absence a quorum of this Committee for ratification. Upon ratification the terms of the settlement shall take effect. In the event the settlement is not ratified, the disciplinary proceedings shall continue.

If the Exchange or Member (or person concerned and any associated Member or either of them) should fail to meet a time limit imposed by the Compliance Committee or fail to attend a hearing, the Committee may in its absolute discretion allow an extension of time, adjourn its proceedings or proceed, if necessary in the absence of the Member (or the person and Member, or either of them).

The findings of the Compliance Committee, and particulars of any sanction, shall be notified in writing to the Member concerned (or the person concerned and any associated Member). Such findings and sanction shall be deemed conclusive and binding subject to appeal process.

## 5.7 SANCTIONS

The sanctions which may be imposed on a person subject to the Rules by the Compliance Committee shall not exceed the following:-

- a. the issue of a warning or reprimand;
- b. in the case of an individual, disqualification (either indefinitely or for a fixed term) from being a Director or member of a committee or any Committee of the Exchange;
- c. in the case of a Member, disqualification (either indefinitely or for a fixed term) of any of its Member's representatives from being a Director or member of any Committee of the Exchange;
- d. a fine of any amount not exceeding the equivalent of 3-year's of subscription and/or license fees due from the Member, to be paid on such terms as may be prescribed;
- e. a recommendation to the Directors that they expel a Member from membership of the Exchange, or in the case of other persons subject to the Rules, permanently remove their right to access the Trading Facilities under Rule 2;
- f. in relation to any infringement of Rule 2A, the Exchange may direct the Member to (i) submit statements on periodic basis for such duration and in such form and substance as the Exchange may specify, (ii) cease any increase in positions, (iii) operate its business in such manner and on such conditions as the Exchange may impose, or the Exchange may suspend or terminate the membership of the Member;
- g. any combination of the foregoing.

5.7.1 Where a person subject to the Rules is expelled pursuant to Rule 2 or has any or all of his rights of membership suspended, the Directors or the Compliance Committee may make such directions;

- a. to the effect that where a person subject to the Rules is expelled, they may reapply for registration with the Exchange at any time after the date specified in the Notice of Sanction. Such reapplication will only be considered if all costs and fines associated with the Notice of Sanction are paid in a timely fashion.

5.7.2 The contravention of any sanction imposed or direction made under or pursuant to Rule 5 may be treated for all purposes as an infringement of the Rules.

5.7.3 The Compliance Committee may order any party to the proceedings to pay costs as it thinks appropriate, including but not limited to, administration costs, costs incurred in the investigation, preparation, and presentation of the case.

## 5.8 PUBLICATION OF FINDINGS

The Compliance Committee shall give such publicity as they consider appropriate to any finding of, or any sanction imposed or other order made by the Compliance Committee, or any satisfied settlement, provided that if the Compliance Committee shall determine that no publicity shall be given as aforesaid,

they shall record in the minutes of their meeting the reasons for the said determination. The provisions of this Rule are without prejudice to the right of the Exchange under Rule 1 or otherwise to disclose confidential information to other regulatory or law enforcement bodies.

## 5.9 APPEAL

The Exchange shall appoint persons who shall not be Directors or serving members of the Compliance Committee, to serve on an Appeals Committee and upon such appointment such appointed persons shall be fully authorized to carry out the functions and powers of the Appeals Committee. Appeals Committee shall consist of a Chairman sitting alone or together with one or two other persons who are not prevented from serving on the Appeals Committee by reason of the matters contained in this Rule 5.

The chairman of the Appeals Committee shall be a lawyer.

- 5.9.1 Within 14 days of receiving notice in writing of a finding or order of the Compliance Committee, or such longer period as the Exchange may in its absolute discretion direct, a defendant or the Exchange, or both may appeal to the Appeals Committee by lodging with the Exchange a notice of appeal in writing and by delivering a copy thereof to any other party.

A notice of appeal shall set out the grounds of the appeal and shall contain a brief statement of all matters relied on by the appellant. The grounds of the appeal may be any one or more of the following:

- a. the Compliance Committee misdirected itself; or
  - b. the Compliance Committee's decision was:
    - i. one which no reasonable Compliance Committee could have reached;
    - ii. unsupported by the evidence or was against the weight of the evidence; or
    - iii. based on an error of law, or a misinterpretation of the Rules; or
    - iv. the sanction imposed by the Compliance Committee was excessive or, in the case of an appeal by the Exchange, was insufficient or inappropriate; or
    - v. new evidence is available and that, had it been made available, the Compliance Committee could reasonably have come to a different decision. This will not apply if the evidence could have been adduced before the Compliance Committee by the exercise of reasonable diligence; but no party may otherwise appeal against the Compliance Committee's finding of infringement, or order.
- 5.9.2 In the case of appeal against a sanction, the Appeals Committee may affirm, vary or revoke the sanction. In the case of appeal pursuant to Rule 5, the Appeals Committee may make such order or give such direction as it considers just including, if thought fit, in relation to an appeal pursuant to Rule 5 a direction for a rehearing of the case by another Disciplinary Panel.
- 5.9.3 On receipt of a notice of appeal, the Exchange will constitute an Appeals Committee from among those persons authorized under Rule 5 above.

An Appeals Committee may adopt such procedure as it thinks fit and just, including without limitation the procedures described in Rule 5. The appellant and the respondent may appear, make representations.

- a. The decision of an Appeals Committee shall be final and binding and there shall be no further appeal. The decision shall be notified to the appellant in writing as soon as possible.
- b. Rule 5 above shall apply to the Appeals Committee as though the reference therein to the Compliance Committee were to the Appeals Committee.

## 5.10 EMERGENCY SUSPENSION

Notwithstanding and without prejudice to any other provision of the Rules (including without limitation this Rule 5) any three Directors may, upon reasonable belief that immediate suspension is necessary to protect the interests, reputation or welfare of the Exchange and its Members or to ensure an orderly market, suspend for up to ten (10) working days the right of any individual(s) associated with a particular Member to enter the Market to trade. Such decisions shall be reviewed by the Directors within that period, and may be extended subject to such arrangements as the Directors or such committee think fit.

## 5.11 SUMMARY ENFORCEMENT

5.11.1 Subject to paragraph (b) below, where in all the circumstances of a case the Compliance Committee considers summary enforcement of the Rules to be apt it may, summarily hear and determine the case itself. Any matter which financial penalty or impact to Cleartrade would be less than US\$50,000 can be summarily dealt with. The sanctions which may be imposed by the Compliance Committee are those set forth in Rule 5 above save that:

- i. the sanction of expulsion shall not be available to the Committee;
- ii. the maximum sanction of suspension which may be imposed by the Committee on an individual is limited to 3 calendar months; and
- iii. the maximum fine which may be imposed by the Committee is limited to \$100,000 for a Member in respect of each offence.
  - a. In the conduct of a summary hearing under this Rule the Compliance Committee shall conform to such procedures as may from time to time be prescribed for the purpose by the Directors. In connection with a summary hearing under this Rule the Compliance Committee may order any party to the proceedings to pay costs as it thinks appropriate, including but not limited to, administration costs, costs incurred in the investigation, preparation and presentation of the case.
  - b. Where an alleged infringement or misconduct falls outside those mentioned in Rule 5, before commencing a summary hearing under paragraph (a) above the Compliance Committee shall inform the Member or other person concerned that such person may object to summary enforcement. If the person concerned so objects, the case shall not proceed under this Rule but shall be referred to the Chairman.
  - c. A Member, or other person proceeded against, may appeal to the Chairman against a summary determination of the Compliance Committee under paragraph (a) above. Notice of appeal shall be lodged with the Exchange within 7 days of notification of the Committee's determination. Rule 5 above shall apply to the proceedings of the Chairman, modified as the Committee may consider appropriate to the case. The determination of the Chairman on appeal from the Compliance Committee shall be final and binding. There shall be no further appeal.

5.11.2 Without prejudice to the powers of investigation and discipline contained in Rule 5, or to the summary jurisdiction of the Compliance Committee under Rule 5 above, an infringement or contravention of or a failure to observe or comply with any provision of the rules appearing in Rule 7 (Trading), or a failure to identify a customer on the part of a Member or a Member's Representative, may be summarily dealt with under Rule 5 below.

5.11.3 The Directors and the Compliance Officer acting together or independently or such other persons as may be duly authorized by the Compliance Committee may take summary disciplinary measures, including

without limitation the imposition fixed terms of exclusion from the Market (or any part thereof), in respect of any infringement, contravention or failure mentioned in Rule 5. The Directors, or the Compliance Officer acting together under the authority of the Compliance Committee, may from time to time by circular or other written notice to Members prescribe the procedure governing the taking of summary disciplinary measures under this Rule, any procedure for appeal and any other matter incidental thereto, including the limitation of summary measures either generally or in particular classes of case.

- 5.11.4 A failure to observe any sanction imposed under Rule 5 shall be treated as an infringement of the Rules.
- 5.11.5 Any summary decision of the Compliance Committee or the Compliance Officer may be posted on the Market and circulated to the compliance officer of Member firms.

## **5.12 MARKET OFFENCES**

A person subject to the Rules is prohibited from doing any act which may bring the Exchange into disrepute. Such acts as may include, but are not limited to:-

- a. any form of physical violence;
- b. any act which in the opinion of a Director or a member of the Compliance Committee may be prejudicial to the good reputation of the Exchange; and
- c. any other act prescribed under this Rule by the Compliance Committee and/or the Compliance Officer acting together or independently.

## Rule 6 – Registration of Contracts

### Summary of this Rule 6:

Rule 6 outlines the listing rules of the Exchange and under which circumstances a contract can be made available for trading on the Exchange. The Rule stipulates that all Members have a duty to record all transactions and keep a register of such trades for a minimum of 5 years. Rule 6 also deals with the rules related to the Cleartrade Block Trading Facility and how this facility may be used by Broking Members.

### **6.1 CONTRACTS WITH CLEARING HOUSE**

- a. Contracts entered into on the Cleartrade Platform by clearing Members pursuant to Rule 2 will, pursuant to Rules of the Relevant Clearing House, become Contracts to which the relevant clearing Member is party at the times and subject to the conditions set out in the Rules of the relevant Clearing House.
- b. Subject to a Member complying with Rule 6, the Exchange shall (and is hereby authorized to) present and confirm particulars of all Contracts to the Clearing House on behalf of Members by means of the Exchange's trade registration system.
- c. Subject to Rule 6, in entering into Contracts, Clearing Members and Authorized Members will act as principal and not as agent.
- d. Members that are not Clearing Members of the Relevant Clearing House shall have no claim of any nature against the relevant Clearing House, whether in tort, contract, restitution, in respect of any Contract, pursuant to the relevant Clearing House Rules, pursuant to the Rules or otherwise, save for any liability which by law cannot be excluded.

### **6.2 TRANSACTION RECORDS**

- a. All Members shall keep proper and complete accounting and other records relating to all made on the Market or otherwise in accordance with the Rules and containing such details as the Directors or the Compliance Committee may from time to time prescribe. Separate accounts shall be kept in relation to each client and all orders and accounts shall be given a unique and clearly identifiable reference.
- b. All orders executed on the Market or otherwise in accordance with the Rules shall be promptly recorded in writing (or such other permanent form as may from time to time be permitted) by the Member in its own records and reported to the Exchange (or, if the Exchange permits, to the relevant Clearing House on behalf of the Exchange) in such manner and together with such particulars as the Exchange may from time to time require.
- c. Members shall keep daily records of such open positions and shall comply with such reporting requirements as the Directors or the Compliance Committee may from time to time prescribe. The Exchange may request the Relevant Clearing House to disclose to the Exchange details of Contracts and open positions of Members.
- d. Such records shall be maintained for a reasonable period of time (which shall be not less than five years) and shall be open to inspection by the Exchange.

- e. The provisions of Rule 6 shall be without prejudice to the provisions of the Electronic User Agreement regarding record keeping which shall supplement Rule 6.

### **6.3 BLOCK TRADE FACILITY**

#### **6.3.1 Availability of facility**

- a. Block Trades may take place in respect of contracts designated by the Exchange from time to time as Contracts that may be traded as Block Trades pursuant to the Rules.
- b. Block Trades may be organized and registered via the Cleartrade Block Trade Facility during the trading hours of Exchange and on such Trading Days as the Exchange may from time to time prescribe.
- c. Any Broking Member and Block Trade Broking Member is permitted to arrange Block Trades subject only, to the individual arranging the Block Trade on behalf of clients which are Clearing Members or Authorized Members, having clear and irrefutable evidence of a mandate to do so, given by an authorized person representing the client.
- d. Where a Broking Member or Block Trade Broking Member enters a Block Trade on behalf of a client who is not a Clearing Member or Authorized Member of the Exchange, it must comply with all applicable laws, including in relation to suitability and appropriateness.
- e. Broking Members and Block Trade Broking Members must, prior to entering into a Block Trade with a client(s) who is not a Member of the Exchange for the first time, notify such client(s) in writing with details of the facility and its written terms of business.

#### **6.3.2 Minimum Volume Thresholds**

- a. The minimum number of lots in respect of each Block Trade Contract that can be traded as a Block Trade (minimum volume thresholds) shall be determined from time to time by the Exchange and notified to the Members.
- b. Members are, subject to Rule 6 above, permitted to enter into Block Trades which involve the trading of two or more different Contracts or Block Trades that involve the trading of two or more different contract months and/or strike prices of the same Contract.
- c. Where a Block Trade involves the trading of two or more Contracts, the minimum volume threshold of each Contract comprising the Block Trade will apply to the lot size of the relevant leg of the Block Trade.
- d. Where a Block Trade involves the trading of two or more contract months and/or strike prices of the same Contract, the minimum volume threshold will apply to each side of the Block Trade.
- e. An order for a Block Trade for two or more contract months and/or strike prices of the same Contract may be matched with Block Trade orders for individual contract months provided that each such order meets or exceeds the minimum volume threshold for that Contract.
- f. The Exchange may determine from time to time a lower minimum volume threshold for Block Trades involving complex strategies. For the purposes of this Rule, two or more contract months and/or strike prices comprising a non-standard strategy which cannot be entered into the Cleartrade Platform as a single contingent order shall be termed a complex strategy. The Exchange shall notify



Members from time to time of those strategies which are recognized by the Exchange as complex strategies.

- g. The Compliance Officer may at his absolute discretion permit other non-standard strategies to be registered as complex strategies. The decision of the Compliance Officer as to whether a nonstandard strategy qualifies as a complex strategy shall be final and binding.

#### 6.3.3 Aggregation of lots

- a. Members may aggregate separate orders provided each such separate order meets or exceeds the minimum volume threshold for the relevant Contract.
- b. Likewise Members may not combine separate orders in respect of different Contracts to generate an inter contract spread trade unless each such separate order meets or exceeds the minimum volume threshold for the relevant Contract.
- c. When arranging a Block Trade and, in particular, when aggregating orders on the matching side to facilitate arrangement of a Block Trade in accordance with the Rules, Broking Members and Block Trade Broking Members must ensure that they act with due skill, care and diligence; and the interests of the client(s) are not prejudiced.

#### 6.3.4 Price

Members shall ensure, when arranging or organizing Block Trades, that the price of any Block Trade being quoted represents the fair market value for that trade. On each occasion of quoting a Block Trade price, the Member must, at the time, make it clear to the potential counterparty(ies), whether a Member or a client who is not a Member of the Exchange, that the price being quoted is a Block Trade price and not the prevailing market price displayed on the Cleartrade Platform.

When determining a Block Trade price, a Member should, in particular, take into account the prevailing price and volume currently available in the Market, the liquidity of the Market and general market conditions, but shall not be obliged to obtain prices from other Members, unless this would be appropriate in the circumstances.

Prices of Block Trades will be included in the determination or calculation of any Exchange index or settlement price and will be displayed on the consolidated trade register, or consolidated tape, unless specifically entered as a private and confidential (PnC) transaction.

#### 6.3.5 Submission of details of Block Trades

Once a Block Trade has been organized the Members must submit the Block Trade details to the Exchange in accordance with the Trading Procedures.

Once a Block Trade has been organised the members must submit the Block Trade details to the Exchange as close to real-time as possible and must submit the Block Trade details to the Exchange at least within 15 minutes from the time the Block Trade has been organized. In order to enforce this rule, a Member's failure to comply with any provision may result in the imposition of a summary penalty regardless if Block Trades are performed either electronically or via voice brokerage. Typically a letter of warning may be issued for the first infraction. Subsequent infractions shall result in automatic fines starting at \$500.00. Fines issued pursuant to this section are final and not be appealed. Additionally, Block Trades should not be performed on behalf of customers who have the same beneficial interest in both sides of a transaction. All reported Block Trades will be published on the Cleartrade Platform on a real-time basis post registration.

The Exchange has the absolute discretion not to record or accept a Block Trade or not to present details of the Block Trade to the Relevant Clearing House, which decision shall be final.

## Rule 7 – Trading Rules

### Summary of this Rule 7:

Rule 7 outlines the Trading rules of the Cleartrade Exchange. Specifically this Rule sets out the procedures for trading by members using the Cleartrade Platform and the Cleartrade Block Trading Facility, showing what is and what is not allowed. The Rule also deals with the validity of Contracts and specifies at which time a Contract becomes binding on the parties involved. Rule 7 outlines the rules on priority, withholding and disclosure of orders as well as the rules related to Indications of Interest Orders (IoI). In the event of a disaster, the Exchange may close access to the market for all Members, and implement a Telephone Trading market in which Members can communicate orders and trades to the Exchange by telephone, email or fax.

#### **7.1      GENERALLY**

Contracts shall be executed on the Market in accordance with this Rule 7 and such procedures as prescribed under Rule 7 from time to time. The Directors shall from time to time determine those contracts that shall be traded.

#### **7.2      TRADING PROCEDURES**

- a. The Directors, or the Compliance Officer, may from time to time by circular or other written notice to Members prescribe procedures governing trading on the Cleartrade Platform and the registration of Block Trades on the Market.
- b. A breach of any procedures prescribed under this Rule 7 by a person subject to the Rules will constitute a breach of the Rules by such person.

#### **7.3      CONTRACTS TRADED BY MEMBERS ON THE CLEARTRADE PLATFORM**

An order executed on the Cleartrade Platform by a Member shall give rise to Contract(s) in accordance with these Rules and the Rules of the Relevant Clearing House.

#### **7.4      VALIDITY OF CONTRACTS**

- a. To be a valid Contract made on the Market, the Contract must give rise to a Contract under Clearing House Rules that is not void or voided and must be:
  - i. executed on the Cleartrade Platform only by a registered Responsible Individual using his appropriate ITM;
  - ii. executed on the Cleartrade Platform by a Registered Responsible Individual of a Broking Member on behalf of a Trading Member using his appropriate ITM, provided that a verifiable mandate has been given to that Broker to execute such a trade;
  - iii. executed in accordance with this Rule 7; or

expressly authorized by the Exchange in its absolute discretion pursuant to the Trading Procedures.

- b. Subject to Rule 7 any power exercisable by the Board, the default rules, the Relevant Clearing House treating a Contract as void or voided and the Clearing House's default rules: once a bid or offer made on the Market has been accepted in whole or in part there is no right of withdrawal.
- c. Subject to Rule 7 any power exercisable by the Board and the Relevant Clearing House treating a Contract as void: acceptance of a bid or offer gives rise to a Contract between the two parties.

## **7.5 TRADING PRACTICES**

### **7.5.1 Indication of Interest Orders (IoI)**

A Broking Member given an order to work on a not held basis has discretion to work the order in the best interests of the client by entering an "Indication of Interest" Order (IoI) on the market. The exact terms of this discretion are not prescribed by the Exchange but will be agreed between each Broking Member and its clients. Arrangements to work all or some of a particular client's orders on an IoI basis should be supported by prior agreements. However, irrespective of whether an order is being worked on an IoI basis, Broking Members are required to immediately execute the order on the Cleartrade Platform should the order become capable of execution. It shall be an offence to withhold an order which is capable of immediate and full execution for the purpose of soliciting matching business outside of the Exchange.

### **7.5.2 MATCHING ORDERS**

Where a Member holds matching orders which have not previously been entered into the Cleartrade Platform from one or more clients or wishes to match a client order with an order where a Member is acting in a proprietary capacity, it may enter both orders as a pre-matched block trade using the Cleartrade Block Trading Facility.

## **7.6 DISCLOSURE, WITHDRAWAL AND WITHHOLDING OF ORDERS**

- 7.6.1 A person subject to the Rules shall not withdraw or withhold a client's order in whole or in part for his own benefit, the benefit of another person subject to the Rules, the benefit of another client or the benefit of a Member's Representative. A person subject to the Rules shall not procure another person subject to the Rules to act in contravention of this Rule.
- 7.6.2 All orders must be shown in whole or in part to the Market immediately upon receipt subject to the provisions below.
- 7.6.3 In the case of orders to be shown on the Cleartrade Platform:
  - a. All orders intended for execution on the Exchange must be entered into the Cleartrade Platform upon receipt by the Member and designated as active unless:
  - b. the order gives the Member discretion as to the time when the order is to be displayed on the Cleartrade Platform, in which case such order must be entered immediately into the Cleartrade Platform but can be designated as inactive until the Member exercises its discretion when the order must immediately be shown on the Cleartrade Platform by being designated active;

- i. the Member has discretion to vary the price of the order, in which case such order must be entered immediately and designated active. When the Member exercises its discretion in relation to the change, the order must be amended immediately;
  - ii. the order is subject to a condition which requires the Member to withhold the order in line with the client's requirements, in which case the order must be entered immediately but can be designated inactive until the condition is met when it must immediately be shown on the Cleartrade Platform by being made active;
  - iii. the client has given the Broking Member instructions to work an order on an lol basis.
- c. Any order designated active in the Cleartrade Platform must be entered to show at least the minimum quantity as determined by the Directors from time to time.

## **7.7 ABUSE OF ORDERS**

- a. A Member must not in any way take advantage of a client's firm order for its own benefit, the benefit of another Member or the benefit of any Member's Representative, whether by trading ahead of the client's order or otherwise.
- b. A Member shall not be taken as having taken advantage of a client's order merely because it executes a Block Trade or a cross trade in accordance with the provisions of this Rule 7.
- c. Broking Members working lols may at their discretion display and distribute such orders to any number of specific Members or non-members of the Exchange with the purpose of generating a firm order to be entered into the Cleartrade Platform or to generate a pre-matched trade to be entered into the Cleartrade Platform as a Block trade as specified in Rule 6.

## **7.8 TRADERS**

### **7.8.1 QUALIFICATION TO TRADE ON THE MARKET**

- a. A person wishing to register as a Responsible Individual with the Exchange for the purpose of conducting Exchange business on the Cleartrade Platform must be:
  - i. a person employed by or representing a Member who has permission to access the Cleartrade Platform pursuant to this Rule.

### **7.8.2 LIMITATION ON MEMBERS' TRADING STAFF**

- a. A Clearing Member or an Authorized Member or a Broking Member may register any number of Responsible Individuals for the purpose of executing business on the Cleartrade Platform without limitation on the number of Responsible Individuals who may have access to the Cleartrade Platform at any one time, subject to the requirements of Rule 2 and the Rules generally.

## **7.9 PRICE LIMITS**

For a Contract trading on the Cleartrade Platform:-

- a. The Exchange may at its sole discretion, implement procedures to establish the maximum price fluctuations on the Market in respect of each product, and to provide for any consequential restriction or suspension of business.
- b. The absence of such procedures shall not prevent the exercise of any other power under the Rules to curtail or suspend trading on the Market.

#### **7.10 EMERGENCY CLOSURES**

- a. Trading on the Market may be temporarily suspended by an Exchange official in the event of a fire alert, bomb scare, earthquake or other alarm or in such other event which in the opinion of the Exchange official suspension of trading is necessary in the interests of the Exchange, its staff, or its Members, or to maintain a fair and orderly market. Trading will be resumed as soon as reasonably practicable following any such interruption.
- b. The Compliance Officer or his designated deputies may declare that trading on the Cleartrade Platform has been suspended and will remain so until all the consequences of such an event have been remedied to their satisfaction. If, as a result of action under (a) above trading in respect of any contract may not be resumed before the end of the trading session, or at a time which, in the opinion of the Compliance Officer or his designated deputies, would leave sufficient time before the end of the trading session as would allow the operation of a fair and orderly market, the Compliance Officer or his designated deputies will either:
  - i. declare the trading session suspended; or
  - ii. refer the matter to a Director who may declare that trading continues on the Telephone Trading market pursuant to Rule 7.

#### **7.11 TRADING DISPUTES**

- a. If a Contract made or alleged to be made on the Cleartrade Platform is the subject of a dispute on the day of trade, then the Member (who need not be party to such Contract) who disputes the validity of such Contract shall:
  - i. notify the Compliance Officer of its dispute within such period of time as the Exchange may specify.
  - ii. once notified the Compliance Officer shall, in his absolute discretion determine whether such a disputed trade shall be cancelled and the Market advised accordingly. The party who disputes the validity (and where that party is not party to the Contract, the parties to the disputed Contract) shall be notified of the determination.
- b. The Exchange may, depending on the circumstances of each disputed trade and at its absolute discretion, apply or vary procedures pursuant to the Trading Procedures in its determination to cancel a trade on the basis of the price being an unrepresentative price.
- c. The Exchange may investigate any disputed trade which is subsequently cancelled due to the determination of the Compliance Officer that it was executed at an unrepresentative price.

#### **7.12 TELEPHONE MARKET**

Rule 7 shall apply in respect of those Contracts as determined, and shall be effective for such period of time as specified, by the Exchange (“Telephone Contracts”).

The Exchange may implement the Telephone Market for any or all Contracts which are, for whatever reason, not otherwise available for trading on the Cleartrade Platform. Members may organize/negotiate and execute in accordance with the Rules, subject to Rule 7, transactions involving designated Telephone Contracts.

- a. The Exchange will notify Members of those Contracts available for trading in the Telephone Market, the opening times for the Telephone Market, and, if practicable, the expected duration of the Telephone Market by whatever means of communication it deems fit.
- b. Any Member is permitted to participate (i.e. place orders) in the Telephone Market, providing that it holds the relevant trading right for the Contract concerned.
- c. Only Broking Members, Clearing Members, Authorized Members and Block Trade Broking Members may submit Telephone Trading Contracts directly to the Exchange in accordance with Rule 7.

Negotiation of business in the Telephone Market may be undertaken by any of the Members’ staff registered with the Exchange or otherwise authorized by the Member to do so.

#### 7.12.1 Client Notification

Members shall ensure that any clients wishing to undertake business are made aware that a Telephone Market is in operation. Members shall make clear to the potential counter party(ies), whether a Member or a client, that the price being quoted is in respect of contracts made available in the Telephone Market.

#### 7.12.2 Trade Execution

In executing business in the Telephone Market, Members shall be required to act with due skill, care and diligence, in the best interests of their clients and in accordance (where applicable) with the Trading procedures, and Rules 5 and 7.

When a trade is agreed, the counterparties to the trade must immediately record (and retain) the following details on an order slip, and indicate that the trade is a trade executed on the Telephone Trading market:

- a. buy/sell;
- b. contract;
- c. contract month/strike;
- d. quantity;
- e. price;
- f. client identification (if applicable);
- g. counterparty ( Member mnemonic);
- h. Member mnemonic;
- i. time (including date);

and his information must be retained by the Member for a period of no less than three years after the date of the transaction. Members must ensure that any telephone line used in connection with the execution of a trade on the Telephone Trading market, including the giving and receipt of orders, is tape recorded and retained for a minimum of three months. The tapes are to be available to the compliance department upon request.

#### 7.12.3 Trade Matching and Clearing

In the event of a Telephone Market being implemented, the Block Trade Broking Member of a transaction in respect of the designated Telephone Contracts will be required to enter all transactions traded on the Telephone Market promptly into Cleartrade Block Trading Facility as Block Trading transactions, for trade matching and clearing processing.

Members shall adhere to the published trading hours for the Telephone Market, enter trade details promptly following execution and ensure that all trade details are submitted to Cleartrade Block Trading Facility within 30 minutes of the close of trading for the Telephone Market.

If for any reason, the Cleartrade Block Trading Facility is not available to Members, each Member may register Telephone Contracts with the Exchange using email, fax, or telephone.

#### 7.12.4 Price Limits and Trade Invalidation

The Exchange may in its absolute discretion and in conjunction with the Relevant Clearing House, implement price limits in respect of each designated Telephone Contract, taking into consideration factors as it feels fit.

The Exchange may, in its absolute discretion, invalidate any trade which it considers to fall outside any price limits or is considered an unrepresentative reflection of fair market value for the Contract and contract month concerned.

#### 7.12.5 Price and Volume Transparency

The Exchange will regularly throughout the duration of the Telephone Market disseminate to Members volume and price information relating to trades submitted by Members to Cleartrade Block Trading Facility or directly to the Exchange using email, fax, voice broadcasting or telephone.

### 7.13 CLOSING PRICES

The Exchange may publish the relevant closing prices for each Market Contract listed on the Exchange subject to any relevant restrictions contained in any licensing agreements with the providers of such Closing Prices or the Relevant Clearing Houses.

### 7.14 DISPUTE RESOLUTION

Any trading disputes must be resolved between the counterparties to the trade and within a time specified by the Exchange. Rule 7 shall apply with the necessary modifications to trades executed on the Telephone Market.

### 7.15 DISORDERLY TRADING

It shall be an offence for a trader or Member to engage in disorderly trading in any mode or manner whatsoever.



## **Rule 7A – Additional Requirements for Conduct of Business**

### **7A.1 GENERAL PROVISIONS ON CLIENT’S MONEYS AND ASSETS RECEIVED BY A MEMBER**

7A.1.1 A Member shall, to the extent that it receives money or other assets from or on account of a client —

- a. do so on the basis that the money or other assets shall be applied solely for such purpose as may be agreed to by the client, when or before it receives the money or other assets;
- b. pending such application, pay or deposit the money or other assets in such manner as may be prescribed; and
- c. record and maintain a separate book entry for each client in relation to that client’s money or other assets.

7A.1.2 All money or other assets received from or on account of clients or deposited in the manner required under Rule 7A.1.1 shall not be available for payment of the debts of the Member.

### **7A.2 MONEY RECEIVED ON ACCOUNT OF CLIENT**

7A.2.1 The Member —

- a. shall treat and deal with all moneys received on account of its client as belonging to that client;
- b. shall deposit all moneys received on account of its client in a trust account or in any other account directed by the client; and
- c. shall not commingle moneys received on account of its client with its own funds, or use the moneys as margin or guarantee for, or to secure any transaction of, or to extend the credit of, any person other than the client.

7A.2.2 The Member shall deposit the money received on account of its client in the trust account no later than the business day immediately following the day on which the Member receives such money or is notified of the receipt of such money, whichever is the later, unless the money has in the meantime been paid to the client or deposited in an account directed by the client or unless it is deposited in accordance with Rule 7A.4.

7A.2.3 In Rule 7A.2.2, “business day” means the business day of the Member or, if the custodian with whom the trust account is maintained is closed for business on that day and the Member is unable to deposit the money in the account, the next business day of the custodian.

7A.2.4 Moneys received by the Member on account of its clients may be commingled and deposited in the same trust account.

### **7A.3 MAINTENANCE OF TRUST ACCOUNT WITH SPECIFIED FINANCIAL INSTITUTIONS**

The Member shall maintain a trust account in which it deposits moneys received on account of its client with a licensed bank approved to take deposits of clients.

#### **7A.4 CLIENT'S MONEY HELD WITH THE RELEVANT CLEARING HOUSE**

Notwithstanding Rules 7A.2 and 7A.3, the Member to trade in futures contracts may deposit moneys received on account of its client with the Relevant Clearing House —

- a. for the purpose of facilitating the continued holding of a futures position or facilitating a transaction in a futures contract to be entered into for the client;
- b. for the settlement of a transaction in a futures contract for the client; or
- c. for any other purpose specified under the business rules and practices of the Relevant Clearing House.

#### **7A.5 WITHDRAWAL OF MONEY FROM TRUST ACCOUNT**

The Member shall not withdraw any money from a client's trust account except for the purpose of —

- a. making a payment to any person entitled thereto;
- b. making a payment to meet an obligation of a client whose money is deposited in that account, being an obligation that arises from trading in futures contracts by the Member for the client;
- c. defraying its brokerage and other proper charges;
- d. making a payment to any other person or account in accordance with the written direction of the client;
- e. reimbursing the Member any moneys that it has advanced to the account and any interest and returns that it is entitled to by virtue of Rule 7A.6, so long as such withdrawal does not result in the account becoming under-margined or under-funded;
- f. making a deposit in accordance with Rule 7A.4; or
- g. making a payment or withdrawal that is authorized by law.

#### **7A.6 PLACEMENT OF MEMBER'S OWN MONEY IN TRUST ACCOUNT**

7A.6.1 Notwithstanding Rule 7A.2, the Member may from time to time advance sufficient money to a client's trust account from its own funds —

- a. to prevent the client's trust account from being under-margined or under-funded; or
- b. to ensure the continued maintenance of that account in a case where it is maintained with a financial institution specified in Rule 7A.3.

7A.6.2 The Member may retain any interest earned and return arising on the moneys which it has so advanced to the account.

7A.6.3 Subject to Rule 7A.5.e, any money belonging to the Member that is deposited into a client's trust account may be used for the purpose of payment to the client.

#### **7A.7 NO EFFECT ON LAWFUL CLAIMS OR LIENS**

Nothing in this Rule 7A shall be construed as avoiding or affecting any lawful claim or lien which any person has in respect of any money held in a trust account in accordance with this Rule 7A or any money belonging to a client before the money is paid into a trust account.

#### **7A.8 DUTIES OF MEMBER ON RECEIPT OF CLIENT'S ASSETS**

7A.8.1 The Member shall —

- a. deposit a client's assets in a custody account held on trust for the client;
- b. ensure that the client's assets are not commingled with any asset belonging to the Member; and
- c. make arrangements for a custodian to maintain the custody account.

7A.8.2 The Member shall deposit the client's assets in the custody account no later than the business day immediately following the day on which the Member receives such assets or is notified of the receipt of such assets, whichever is the later, unless the assets have in the meantime been returned to the client or deposited in an account directed by the client or unless it is deposited in accordance with Rule 7A.11.

7A.8.3 In Rule 7A.8.2, "business day" means the business day of the Member or, if the custodian with whom the custody account is maintained is closed for business on that day and the Member is unable to deposit the assets in the account, the next business day of the custodian.

7A.8.4 A client's assets may be commingled with the assets of another client and deposited in the same custody account.

#### **7A.9 MAINTENANCE OF CUSTODY ACCOUNT**

Subject to Rule 7A.11, the Member shall maintain a custody account in which it deposits a client's assets with a licensed bank or a licensed custodian.

#### **7A.10 SUITABILITY OF CUSTODIAN**

The Member which maintains its client's assets in a custody account under Rule 7A.9 shall —

- a. before opening the custody account, conduct due diligence as to the custodian's suitability for the Member's client or class of clients; and
- b. maintain records of the grounds on which it has satisfied itself of the suitability of the custodian.

#### **7A.11 CLIENT'S ASSETS HELD WITH RELEVANT CLEARING HOUSE**

Notwithstanding Rules 7A.8 and 7A.9, the Member to trade in futures contracts may deposit its client's assets with the Relevant Clearing House,

- a. for the purpose of facilitating the continued holding of a futures position or facilitating a transaction in a futures contract to be entered into for the client;
- b. for the settlement of a transaction in a futures contract for the client; or
- c. for any other purpose specified under the business rules and practices of the Relevant Clearing House.

#### **7A.12 WITHDRAWAL OF CLIENT'S ASSETS**

The Member shall not withdraw any of its client's assets from a custody account except for the purpose of —

- a. transferring the asset to any person entitled thereto;
- b. meeting the client's obligation arising from any trading in futures contracts by the Member for the client;
- c. transferring the asset to any person or account in accordance with the client's written directions;
- d. making a deposit in accordance with Rule 7A.11; or
- e. making a transfer that is authorized by law.

#### **7A.13 NO EFFECT ON LAWFUL CLAIMS OR LIENS**

Nothing in Rule 7A shall be construed as avoiding or affecting any lawful claim or lien which any person has in respect of any asset held in a custody account in accordance with Rule 7A or any asset belonging to a client before the asset is paid into a custody account.

#### **7A.14 DAILY COMPUTATION**

The Member who trades in futures contract shall, at such intervals as it determines to be appropriate but no less frequently than at the close of every business day, compute —

- a. the total amount of moneys and assets deposited in its clients' trust accounts and custody accounts respectively;
- b. the total amount of its clients' moneys and its clients' assets required under the Rule book to be deposited in trust accounts and custody accounts respectively; and
- c. the respective amounts of the Member's residual interest in the trust accounts and custody accounts,

as at the end of such interval.

**7A.15 CLIENT'S MONEYS AND ASSETS HELD BY THE RELEVANT CLEARING HOUSE**

The Member which is a member of the Relevant Clearing House shall, in respect of such market contracts as may be specified by the Relevant Clearing House, inform the Relevant Clearing House in the manner determined by the Relevant Clearing House —

- a. whether a market contract that is being cleared by the Relevant Clearing House is a client's contract; and
- b. whether any money or asset being deposited with or paid to the Relevant Clearing House is deposited or paid in respect of or in relation to the client's contract.

**7A.16 PRIORITY TO CLIENTS' ORDERS**

7A.16.1 Except as permitted by Rule 7A.16.2 —

- a. the Member to trade in futures contracts when acting as principal or on behalf of a person associated with or connected to the Member; or
- b. a representative of such a Member when acting for his own account or on behalf of a person associated with or connected to the representative,

shall not enter into a transaction for the purchase or sale of futures contracts that are permitted to be traded on the Exchange, if a client of that Member or representative, who is not associated with or connected to the Member or representative, has instructed the Member or representative to purchase or sell, respectively, futures contracts of the same class and he has not complied with the instruction.

7A.16.2 Rule 7A.16.1 shall not apply to the Member or a representative of such a Member if his client required the purchase or sale of futures contracts on behalf of the client to be effected only on specified conditions and he has been unable to purchase or sell the futures contracts by reason of those conditions.

7A.16.3 Rule 7A.16.1 shall not apply to a transaction entered into by —

- a. the Member to trade in futures contracts as principal or on behalf of a person associated with or connected to the Member; or
- b. a representative of such a Member for his own account or on behalf of a person associated with or connected to the representative,

if the transaction is entered into in accordance to the business rules or practices of the Exchange, as the case may be, through which the transaction is entered into.

**7A.17 TRADING AGAINST CLIENT**

The Member to trade in futures contracts shall not knowingly enter into a transaction to buy from or sell to its client any futures contract for —

- a. the Member's own account;
- b. an account of a person associated with or connected to it; or

- c. an account in which the Member has an interest,
- except with the client's prior consent and in accordance with the provisions of this Rule book.

#### **7A.18 RISK DISCLOSURE**

The Member to trade in futures contracts shall not open a futures trading account for a client unless he —

- a. furnishes the client with a separate written risk disclosure document which shall be in such form and contain such information as the Exchange may prescribe; and
- b. receives from the client an acknowledgment signed and dated by the client that he has received and understood the nature and contents of the risk disclosure document.

#### **7A.19 PROVISION OF STATEMENT OF ACCOUNT**

7A.19.1 The Member shall on a monthly basis furnish to each client a statement of account containing the particulars referred to in Rule 7A.19.2.

7A.19.2 The statement of account referred to in Rule 7A.19.1 shall contain, where applicable, the following particulars:

- a. futures positions of the client and the prices at which the positions are acquired, and the net unrealised profits or losses in all futures positions of the client marked to the market;
- b. the movement of every asset of the client, the date of and reasons for such movement, and the amount of the asset involved;
- c. the movement and balance of money received on account of the client within the meaning of this Rule 7A; and
- d. a detailed account of all financial charges and credits to the client's account during the monthly statement period, unless the detailed account of financial charges and credits has been included in any contract note or tax invoice issued by the Member to the client.

7A.19.3 The Member shall furnish to each client, at the end of every quarter of a calendar year, a statement of account containing, where applicable, the assets, futures positions and cash balances (if any) of the client as at the end of that quarter.

7A.19.4 Rule 7A.19.1 and Rule 7A.19.3 shall not apply to the Member if the statements of account referred to in those Rules are furnished to the client by the Relevant Clearing House.

#### **7A.20 DOCUMENTATION REQUIRED BY THE EXCHANGE OR THE RELEVANT CLEARING HOUSE**

Where the Exchange or the Relevant Clearing House of which the Member is a member, requests the Member to furnish it with the documentation of any cash transaction underlying the exchange of futures contract for any cash commodity, the Member shall request for such documentation from its client and, upon receipt thereof, provide such documentation to the Exchange or the Relevant Clearing House, as the case may be.

**7A.21 ADVERTISEMENT**

The Member shall not, directly or indirectly, publish, circulate or distribute any advertisement —

- a. which refers, directly or indirectly, to any past specific recommendations of the Member in relation to futures contracts which were or would have been profitable to any person, except that the Member may refer in an advertisement to a list of all recommendations made by the Member within the period of not less than one year immediately before the date the advertisement is published, circulated or distributed, which list, if furnished separately from the advertisement, shall —
  - i. state the name of each futures contract recommended, the date and nature of the recommendation, the market price at that time, the price at which the recommendation was to be acted upon, and the market price of the futures contract as of the most recent practicable date; and
  - ii. contain a statement, in as large a font as the largest font used in the body of the advertisement, to the effect that the past performance of the futures contracts in the list is not indicative of the future performance of the securities or futures contracts;
- b. which contains any inaccurate or misleading statement or presentation, or any exaggerated statement or presentation that is calculated to exploit an individual's lack of experience and knowledge.

**7A.22 TRADING STANDARDS**

7A.22.1 The Member to trade in futures contract or a representative of such a Member, shall not withhold or withdraw from a market any order or any part of a client's order for the benefit of itself or himself, or of any other person.

7A.22.2 The Member to trade in futures contract or the representative of such a Member, shall not divulge information relating to a client's order held by it, unless the disclosure —

- a. is necessary for the effective execution of the order;

is permitted under Rules herein and the rules of the Relevant Clearing House.

## Rule 8 – Dispute Resolution

### Summary of this Rule 8:

Rule 8 outlines the procedures for handling disputes between Members and the Exchange. It specifies that disputes shall be attempted to be resolved in good faith, and if this fails, shall be referred to arbitration in Singapore. For disputes between Members, Clearing Members of the Relevant Clearing Houses and the Clearing Houses themselves, all dispute resolution shall occur away from the Exchange and without the involvement of the Exchange other than in an advisory role. The Rule stipulates each party's duty to participate in dispute resolution and which procedures are set as guidelines in case of disputes. This Rule also deals with the role of the Relevant Clearing House in relation to Contracts and the Exchange.

### **8.1 DISPUTE RESOLUTION**

Duty to resolve disputes in good faith.

In the event of any dispute arising between Cleartrade (and/or its owners) and any Member out of or in connection with these Rules, including any dispute as to the existence, validity or termination of Contracts, the parties to the dispute will use their best efforts to resolve such dispute in good faith and in a spirit of mutual understanding and co-operation so as to avoid adverse consequences for the Members and for the operation of the Markets. The parties may agree to handle the dispute in accordance with the complaint procedures established by Cleartrade as amended from time to time.

### **8.2 Arbitration**

8.2.1 If the parties to a dispute under Rule 8 have not settled the dispute within 14 days after the first written complaint, or such further period as the parties shall agree in writing, the dispute shall then be referred to and finally resolved by arbitration under the rules of the Singapore International Arbitration Centre which rules are deemed to be incorporated by reference into this Rule.

8.2.2 Any arbitration commenced pursuant to this Rule shall be administered by the Singapore International Arbitration Centre.

8.2.3 The language to be used in the arbitration proceedings shall be English.

### **8.3 ROLE OF THE RELEVANT CLEARING HOUSE**

a. In any such dispute to which the Relevant Clearing House is a party, the Relevant Clearing House shall be entitled to call upon a Clearing Member of the Relevant Clearing House who is a buyer, and a Clearing Member of the Relevant Clearing House who is a seller, under the terms of Contracts which have been matched by the Relevant Clearing House and in respect of which reference to arbitration has under these Arbitration Rules been made, to conduct the arbitration between them under these Rules in accordance with the following procedures.



- b. In the event that the Relevant Clearing House elects to call upon a seller and a buyer to arbitrate between them pursuant to these Rules, the following procedures shall apply:-
- i. the Relevant Clearing House shall give notice in writing of such election to the buyer, the seller and the Compliance Officer of the Exchange;
  - ii. the seller and the buyer shall, at their own expense, each have the conduct of the Relevant Clearing House's case against the other subject to the provisions of this Rule;
  - iii. copies of all pleadings, correspondence and documents shall be given to the Relevant Clearing House and the Relevant Clearing House shall be entitled to submit any additional arguments to a board of arbitration in support of its own case, in which case it shall supply copies of such submissions to the seller and the buyer;
- c. If the Relevant Clearing House is found liable to one party in respect of a breach of a Contract and the other party is also found liable to the Relevant Clearing House in respect of the same breach of a Contract which has been matched by the Relevant Clearing House as mentioned in paragraph (a) above, then the liability of the Relevant Clearing House shall be deemed to be a foreseeable consequence of that breach and the Relevant Clearing House shall be entitled to be indemnified by the other party in respect of such liability.
- d. The Relevant Clearing House shall be bound by an arbitration award made against it in pursuance of arbitration, whether it participates in the arbitration or not.

#### **8.4 OTHER LEGAL PROCEEDINGS**

No party to a Contract or alleged Contract nor any other person claiming under any such party, shall bring any action at law against any other such party in respect of any dispute arising out of the Contract or alleged Contract, until such dispute shall have been adjudicated upon in arbitration under these Dispute Resolution Rules or otherwise adjudicated upon as permitted by the Rules; and the obtaining of an award under these Dispute Resolution Rules shall be a condition precedent to a right of either contracting party to bring any such action against the other in respect of any dispute arising out of any Contract.

#### **8.5 FAILURE TO PARTICIPATE**

If any Member shall refuse or fail to refer or participate in the reference of any dispute to arbitration in accordance with these Dispute Resolution Rules (whether or not any other party to the dispute is a Member) or shall refuse or fail to comply with any decision or award of the board of arbitration he shall be deemed to have infringed this Rule and be subject to disciplinary proceedings accordingly.

#### **8.6 SUSPENSION**

The fact of a Member being suspended or expelled shall not affect the rights of any person to arbitration under these Dispute Resolution Rules in respect of any Contract entered or allegedly entered into by the Member.

#### **8.7 COST OF ARBITRATION**

The amount of the arbitration fees shall be fixed by the Singapore International Arbitration Centre, which may include, but are not limited to, any expenses incurred in connection with the arbitration and such additional fees as the board of arbitration may fix in cases where an award is remitted to the board on determination of an appeal to the High Court or an order is made by the High Court concerning the reasons for an award. Arbitration fees (including any such additional fees) and expenses shall be borne by the losing party unless otherwise specially awarded.

## **8.8 JURISDICTION**

For the purpose of all proceedings by arbitration or otherwise any Contract shall be deemed to have been made in Singapore any correspondence in reference to the offer, the acceptance, the place of payment or otherwise notwithstanding, and Singapore shall be regarded as the place of performance. Such disputes shall be settled according to the law of Singapore whatever the domicile, residence, or place of business of the parties to the Contract may be or become.

## **8.9 SERVICE OF NOTICES**

Any notice or other document which is to be served on or delivered to any party in connection with an arbitration under these Dispute Resolution Rules may be sent by prepaid post to the usual or last known address or place of business of that party and shall be deemed to have been served or delivered at the time when it would have arrived in the ordinary course of post. Notices may also be served by email, facsimile transmission or any other means of reproducing words in visible form.

## **8.10 APPLICABILITY OF RULES**

The Dispute Resolution Rules governing any dispute referred to arbitration pursuant to Rule 8 shall be those operative at the time of the reference.

## Rule 9 – Contracts – General Provisions

### 9.1 ADMINISTRATION PROCEDURES

All Contracts shall be subject to such Administration Procedures as may from time to time be adopted by the Directors, provided always that, if any conflict between Administration Procedures and the Contract Rules shall arise, the provisions of the Contract Rules shall prevail and provided further that no Administration Procedure shall be adopted other than for the regulation of administrative matters affecting Contracts (which shall include, without limitation, all such matters as are regulated by the Administration Procedures first adopted with this Contract Rule). The Directors may at their discretion at any time revoke, alter or add to the Administration Procedures and any such amendment shall be circulated to the Members and shall have such effect on existing as well as new Contracts as the Directors may direct.

### 9.2 ADMISSION OF A CONTRACT TO TRADING

The Exchange will only admit a Contract to trading if the Exchange believes the Contract satisfies the requirements of the Exchange.

### 9.3 OTHER CONTRACTS

In respect of any Contract (other than one made on the Market or made with the Clearing House, “a main Contract”) the Contract Rules and Administration Procedures shall be modified (without prejudice to any other terms of any such Contract) so as to facilitate the performance of such Contract in accordance with the Contract Rules and Administration Procedures.

### 9.4 CONTRACT MONTHS OR CONTRACT DATES

Trading shall be permitted in respect of such spot and forward months (“contract months”) or spot and forward dates (“contract dates”) in a particular Contract as the Exchange shall determine from time to time, including such groups of contract months and groups of contract dates as determined by the Exchange from time to time.

### 9.5 HEADINGS

The construction of the Contract Rules and Administration Procedures shall not be affected by the headings thereto which are for convenience only.

### 9.6 WAR OR GOVERNMENT INTERVENTION

- a. If the Directors, upon consultation with the Relevant Clearing House, determine in their absolute discretion that one of the following conditions is satisfied, that is to say:

- i. a state of war exists, or is imminent or threatened and is likely to affect the normal course of business; or
  - ii. a government of any nation, state or territory, or any alliance of government, or any institution of such government or alliance, has proclaimed or given notice of its intention to exercise controls which appear likely to affect the normal course of business.
- b. The Directors' formal announcement under this Rule shall be made by notice posted on the Market.

## 9.7 NEW LEGISLATION

- a. If the Directors shall, after consultation with the Relevant Clearing House, in their absolute discretion determine that a change of legislative or administrative provisions of Singapore, any other country, the European Union or any international organization, or of institutions or market organizations in any country or group of countries, (including, without prejudice to the generality of the foregoing, a change in respect of duties or taxes) has affected, is affecting or is likely to affect the normal course of business of the Exchange or the Market, the Directors shall have the power (without prejudice to their powers under any other provision of the Rules) to vary the Contract Rules and Administration Procedures in any way they deem necessary or desirable for the preservation of the orderly course of business.
- b. Such variation may be made notwithstanding that it may affect the performance or value of existing Contracts (or such existing Contracts as may be specified by the Directors). Without limiting their powers hereunder, the Directors will use their best endeavours to keep any such variation to the minimum that they consider reasonably necessary to deal with the situation.
- c. The Directors' powers under this Rule shall be exercisable by notice posted on the Market. Any variation made under this provision shall take effect at such time and for such period as the Directors shall prescribe, but (without prejudice to the preceding paragraph) shall not take effect earlier than the posting up of the notice on the Market.
- d. Every Contract affected by a variation under this Rule shall remain in full force and effect subject to such variation and shall not be treated as frustrated or repudiated except so far as may be allowed in the Directors' notice.
- e. Any notice published by the Directors under this Rule may be varied or revoked by a subsequent notice.

## 9.8 ARBITRATION

Any dispute arising out of a Contract shall (subject to any contrary provision in the Contract Rules or Administration Procedures) be referred to arbitration under the Dispute Resolution Rules.

## 9.9 LAW AND JURISDICTION

Every Contract shall be governed by and construed in accordance with Singapore law and, subject to Rule 8 any matter arising therefrom shall be subject to the jurisdiction of the Singapore courts.

## 9.10 CONTRACT SECURITY

The Relevant Clearing House may call for such additional margin at any time and from time to time as may be deemed necessary to secure the performance of the obligations under a Contract.

### **9.11 EXCHANGE MONITORING**

The Exchange shall have the right and power, but not the obligation, to monitor the performance of Contracts. Without prejudice to any other powers of the Exchange hereunder, the Exchange may from time to time, require Members and the Relevant Clearing House to supply to it such information as it thinks fit. The Exchange may require such information to be supplied to it through the Relevant Clearing House.

### **9.12 DIRECTORS' POWERS**

The provisions of these Contract Rules shall be without prejudice to any powers given to the Directors by other provisions of the Rules.

### **9.13 SETTLEMENT TO MARKET**

At the request of the Exchange or of the Relevant Clearing House's own accord, the Relevant Clearing House may apply a system of settlement or marking to market or revaluation to Contracts in accordance with the Rules of the Relevant Clearing House. Accordingly, references in the Contract Rules and Administration Procedures to:

- a. a Contract, shall be construed as including settlement obligations arising in accordance with the Relevant Clearing House's system; and
- b. the price at which the buyer or seller contracted to buy or sell, shall be construed as the price for the time being registered on behalf of the buyer or seller by the Relevant Clearing House under such system; and all terms of a Contract shall be construed to allow the application of such a system.

A Trading Member acknowledges and agrees that the daily settlement price for a Contract shall be in accordance with the terms and conditions of the Relevant Clearing House, which may differ between various Relevant Clearing Houses.

### **9.14 APPLICATION OF GENERAL RULES AND RULES**

- a. Each Contract shall be subject to the Rules. Each Contract shall also be subject to the Relevant Clearing House Rules. The Relevant Clearing House Rules shall prevail in the event of any inconsistency between the Relevant Clearing House Rules and the Contract Rules. The Relevant Clearing House Rules provide that the Relevant Clearing House is a party as principal to each Contract, whether as Buyer or Seller and that its counterparty is the relevant Clearing Member of the Relevant Clearing House as principal. The Contract Rules and Administration Procedures made under them shall be construed accordingly and, in particular, references to "buyer" and "seller" shall include the Relevant Clearing House unless the context otherwise requires.
- b. The provisions of neither the Convention relating to a Uniform Law on the International Sale of Goods, of 1964, nor the United Nations Convention on Contracts for the International Sale of Goods, of 1980, shall apply to Contracts.

### 9.15 FURTHER AMENDMENT OF CONTRACT RULES

- a. In respect of any Contract the Contract Rules may from time to time be amended in accordance with the Rules without prejudice to any right of the Directors contained elsewhere in the Rules to amend the Contracts Rules. Such an amendment may according to its terms have effect on existing as well as new Contracts, and in such case all Contracts declared to be affected shall forthwith (or at such time as the terms of the amendment shall indicate) automatically be modified in conformity to the amendment.
- b. The Directors shall not propose an amendment under this Rule on terms affecting existing Contracts if the amendment is in their opinion likely to affect the market price of the product. The restraint imposed by this paragraph (b) shall not apply in respect of:
  - i. contract months which, in the case of the Freight Contracts and Iron Ore Contracts and Fertilizer Contracts and other contracts are for the time being more distant than the twelfth forward contract month;

### 9.16 REGULATORY FUNCTIONS

- a. Where the Directors consider that circumstances have arisen, or are reasonably likely to arise, in which it would be desirable for any of the Contract Rules and Administration Procedures to be varied in the interests of ensuring the orderly operation and evolution of the Market or pursuant to any of the Exchange's other regulatory functions, the Directors shall have the power (without prejudice to their powers under any other provision of the Rules) to vary any of the Contract Rules and/or Administration Procedures in any way they deem appropriate to respond to such circumstances in accordance with the Exchange's regulatory functions. Such circumstances may include, without limitation:
  - i. where the provisions for the specification, pricing, settlement or other aspects of a Contract are no longer representative of practices in the underlying market to which a Contract relates;
  - ii. where, without changes to the provisions for the specification, pricing, settlement or other aspects of a Contract, there is a risk of material detriment being caused to the market for that Contract, whether in terms of liquidity, reputation or otherwise;
  - iii. where a Contract may, without variation, cease to be a viable hedging tool; or
  - iv. where any aspect of the current business on the Market in respect of any Contract is, in light of any other current or anticipated circumstances, at risk of being conducted otherwise than in an orderly manner and/or so as to afford proper protection to participants in the Market and such risk may be addressed by changes to the Contract Rules and/or Administration Procedures.
- b. Such variation may be made notwithstanding that it may affect the performance or value of existing Contracts (or such existing Contracts as may be specified by the Directors). Without limiting their powers hereunder, the Directors will use their reasonable endeavours to keep any such variation to the minimum that they consider reasonably necessary to respond to the circumstances in question.
- c. The Directors' powers under this Rule shall be exercisable by notice posted on the Market. Any variation made under this provision shall take effect at such time and for such period as the Directors shall prescribe, but (without prejudice to the preceding paragraph) shall not take effect earlier than the posting of the notice on the Market. The Directors shall seek to give Members prior notice but,

where necessary, changes may take effect immediately upon the posting of such notice or at such other time as the Directors prescribe.

- d. Every Contract affected by a variation under this Rule shall remain in full force and effect subject to such variation and shall not be treated as terminated or frustrated or repudiated except so far as may be allowed in the Directors' notice.
- e. Any notice published by the Directors under this Rule may be varied or revoked by a subsequent notice.

#### **9.17 TRADE EMERGENCY COMMITTEE**

- a. In the event of the Exchange, whether by its Compliance Officer or otherwise, identifying or suspecting the development or possible development of a situation or practice referred to below, it shall forthwith refer the matter to a committee (the Trade Emergency Committee) being a minimum of three people comprising: the Compliance Officer; the Chief Executive; a Relevant Clearing House senior executive nominated for this purpose by the Relevant Clearing House; or lay directors of the Exchange. The Trade Emergency Committee may take such professional advice as it sees fit in coming to any decision.
- b. If in the opinion of the Trade Emergency Committee an excessive position or unwarranted speculation or any other undesirable situation or practice affecting or capable of affecting the Market is developing, or has developed, it may take any steps whatsoever to provide for, correct or check the further development of such situation or practice and may give directions to Members accordingly. Such steps may (without prejudice to the generality of this Rule), if the Trade Emergency Committee thinks fit, extend to trading which occurred before or on the date that such step is instigated.
- c. A Member contravening a direction of the Trade Emergency Committee under this Rule shall be liable to the same sanctions (including expulsion or suspension from membership) as if a breach of the Rules were committed.

## Rule 10 – Contract procedures

### 10 CONTRACT RULES

#### Contract definitions

All Contracts shall be by cash delivery on the last day of the contract month subject to the rules of the Relevant Clearing House.

#### OTHER DEFINITIONS

In the Contract Rules and Administration Procedures the following terms shall bear the meanings set opposite them below, if not inconsistent with the subject or context:–

“Month Contract”	means a calendar month, of which there are 12 in a Calendar Year;
“Quarter Contract”	means three consecutive contract months grouped as follows: January, February and March (first quarter); April, May and June (second quarter); July, August and September (third quarter); and October, November and December (fourth quarter);
“Half Year Contract”	means a strip of 6 consecutive contract months commencing January and ending with June for the first Half and commencing July and ending with December for the second Half;
“Calendar Year Contract”	means a strip of 12 consecutive contract months commencing January and ending with December.

#### PRICE

The contract price shall be in United States dollars and cents per lot with minimum fluctuations as the contract specifications.

#### SECURITY

Members may be required to put up full security to the Relevant Clearing House or the Clearing Member of the Relevant Clearing House in accordance with the policies and requirements of such Clearing House or Clearing Member.

#### FORCE MAJEURE

An event of force majeure shall mean any occurrence reasonably beyond the control of either party to the Contract which hinders or prevents the performance in whole or in part by the party affected of its obligations under the Contract (other than an obligation to make payments), including but not limited to fire, storm, flood, earthquake, natural disaster, explosion, accidents howsoever caused, strike, lockout, work to rule or other industrial dispute, acts of God, acts of government or other national or local authority or agency thereof, and delays in transportation or communications.

Neither party shall be deemed to be in default of its obligations nor shall any penalty or damages be payable if and to the extent that performance of such obligations is hindered or prevented by an event of force majeure.



If an event of force majeure hinders or prevents the affected party from performing any of its obligations under a Contract it shall immediately notify the Exchange and the Relevant Clearing House in writing of such event and the obligations under the Contract which are affected.

## Rule 11 – Relevant Clearing House

The following Clearing Houses have been appointed as a Relevant Clearing House providing global central counterparty services for the clearing of transactions. A further summary of the contractual relationships that arise during the clearing process is provided in the rule book of each Clearing House.

LCH.Clearnet Limited  
Aldgate House  
33 Aldgate High Street  
London EC3N 1EA  
United Kingdom

NOS Clearing ASA  
Hieronymus Heyedahls gate 1  
P.O. Box 246 Sentrum  
N-0103 Oslo Norway

Singapore Exchange Derivatives Clearing Limited  
2 Shenton Way  
#19-00 SGX Centre 1  
Singapore 068804

## Appendix

### Contract Specifications

PRODUCT SPECIFICATION	Product Code	Index futures products traded on Cleartrade
<b>Underlying</b>	<b>F1</b>	Baltic Dry Index - BDI
<b>Index Provider</b>		Baltic Exchange
<b>Closing Price / Provider</b>		BFA / Baltic Exchange
<b>Price quotation</b>		USD
<b>Minimum price fluctuation</b>		USD 1
<b>Contract value</b>		# Lots x Lot size x Price
<b>Delivery Period</b>		Month: First Index Day of the Month to last Index Day of the Month.
		Quarter: First Index Day of the Quarter to last Index Day of the Quarter. A Quarter Contract will be split equally into 3 Month Contracts on the Trading Day and settled as Month Contracts.
		Year: First Index Day of the Year to last Index Day of the Year. A Year Contract will be split equally into 12 Month Contracts on the Trading day and settled as Month Contracts.
<b>Final Settlement Day</b>		Last settlement day in the Delivery Period.
<b>Final Settlement Price</b>		The average of Spot Prices for the relevant Underlying Product in the Delivery Period
<b>Lot size</b>		1 lot = 1 BDI Tick
<b>Minimum lots per contract</b>		1 lot in all Month Products
		Multiple of 3 lots in Quarter Products
		Multiple of 12 lots in Year Products
<b>Product structure</b>		Month: 4 consecutive Month Contracts. A new month Product is introduced once the current month is no longer available for trading. Please refer to "Last Trading Day" for details of Last Trading Day.
		Quarter: 4 consecutive quarterly Contracts. When 1/3 of the quarter Contract is settled/delivered (after 1 month), the Contract will be taken off screen and a new quarter Contract will be introduced.
		Year: 2 yearly Contracts commencing January each year. When 1/12 of the yearly Contract is settled/delivered (after 1 month), the yearly Contract will be taken off screen and a new yearly Contract will be introduced.
<b>Price Limit or Cooling Off Period</b>		There shall be no Price Limit or Cooling Off Period imposed for trading in the Contract.

<b>PRODUCT SPECIFICATION</b>		Dry Bulk FFAs traded on Cleartrade
<b>SUMMARY Product</b>		Dry Bulk Route Futures
<b>Index Provider</b>		Baltic Exchange
<b>Closing Price / Provider</b>		BFA / Baltic Exchange
	<b>F2</b>	C3, Capesize, Tubarao - Qingdao, 172,000 mt
	<b>F3</b>	C4, Capesize, Richards Bay – Rotterdam, 150,000 mt
	<b>F4</b>	C5, Capesize, Port Hedland - Qingdao, 172,000 mt
	<b>F5</b>	C7, Capesize, Bolivar – Rotterdam, 150,000 mt
	<b>F6</b>	P2A, Panamax, T/C Skaw Gibraltar – Far East
	<b>F7</b>	P3A, Panamax, T/C S.Korea – Japan Pacific R/V
<b>Lot size</b>		F2, F3, F4, F5: 1 lot = 1,000 mt
		F6, F7: 1 lot = 1 day
<b>Price quotation</b>		F2, F3, F4, F5: USD/mt
		F6, F7: USD/day
<b>Minimum fluctuation price</b>		F2, F3, F4, F5: USD 0.25
		F6, F7: USD 25.00
<b>Contract value</b>		# Lots x Lot size x Price
<b>Delivery Period</b>		For Products F2, F3, F4, F5, F6, F7:
		Month: First Index Days of month to last Index Day of month
		Quarter: First Index Day of the Quarter to last Index Day of the Quarter. A Quarter Contract will be split equally into 3 Month Contracts on the Trading Day and settled as Month Contract.
		Year: First Index Day of the Year to last Index Day of the Year. A Year Contract will be split equally into 12 Month Contracts on the Trading Day and settled as Month Contracts.
		If the splitting of a Quarter or Year Contract according to the method above would result in positions with more than two decimals, the rest position is dispersed in 0.01 lots on the Month Contracts, starting with the last Month Contract according to Delivery Period and working backwards.
<b>Final Settlement Day</b>		Last day of the Delivery Period
<b>Final Settlement Price</b>		For Products F2, F3, F4, F5:
		The arithmetic average of the Spot Prices for the relevant Underlying Product over the number of Index Days in the Delivery Period.
		For Products F6, F7:
		The arithmetic average of the Spot Prices for the relevant Underlying Product over the last 7 Index Days in the Delivery Period.
<b>Minimum lots per contract</b>		1 lot in all Products
<b>Product structure</b>		For Products F2, F3, F4, F5, F6, F7:
		Months: 4 consecutive months starting with the current month. A new month Product is introduced once the current month is no longer available for trading. Please refer to " : Last Trading Day" for details on last trading day.
		Quarters: 6 consecutive quarters starting with the present quarter. A new quarter Product is introduced once the present quarter is no longer available for trading. Please refer to": Last Trading Day" for details on last trading day.
		Year: 3 consecutive yearly Contracts. When the first month of the yearly Contract enters its Delivery Period, the Contract will be taken off screen and a new yearly Contract will be introduced.
<b>Last trading day</b>		For Products F2, F3, F4, F5, F6, F7:
		Month: Last Trading Day is the last day of the Delivery Period for the month in question. If this date is a non-trading day, the Last Trading Day is defined as the nearest Trading Day prior to this.
		Quarter: Last Trading Day is the Last Trading Day of the first month of the quarter.
		Year: Last Trading Day is the Last Trading Day of the first month of the year.

<b>Price Limit or Cooling Off Period</b>		There shall be no Price Limit or Cooling Off Period imposed for trading in the Contract.
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<b>PRODUCT SPECIFICATION -</b>	Dry Bulk FFAs traded on Cleartrade	
<b>SUMMARY Product</b>		Dry Bulk Timecharter Index Futures
<b>Index Provider</b>		Baltic Exchange
<b>Closing Price / Provider</b>		BFA / Baltic Exchange
	<b>F8</b>	C4TC, Capesize, T/C Average
	<b>F9</b>	P4TC, Panamax, T/C Average
	<b>F10</b>	H6TC, Handysize, T/C Average
	<b>F11</b>	S6TC, Supramax, T/C Average
<b>Price quotation</b>		USD/day
<b>Minimum price fluctuation</b>		USD 25.00
<b>Contract value</b>		# Lots x Lot size x Price
<b>Delivery Period</b>		Month: First Index Day of the Month to last Index Day of the Month.
		Quarter: First Index Day of the Quarter to last Index Day of the Quarter. A Quarter Contract will be split equally into 3 Month Contracts on the Trading Day and settled as Month Contracts. If the traded volume in the Quarter Contract equals the total or half the number of days or in the actual quarter, the Contract will be split into Month Contracts with a weighted number of calendar days in the month divided by the total number of calendar days in the Quarter.
		Half Year: First Index Day of the Half Year to last Index Day of the Half Year. A Half Year Contract will be split equally into 6 Month Contracts on the Trading Day and settled as Month Contracts. If the traded volume in the Half Year Contract equals the total or half number of days in the actual Half Year, the Contract will be split into Month Contracts with a weighted number of calendar days in the month divided by the total number of calendar days in the Half Year.
		Year: First Index Day of the Year to last Index Day of the Year. A Year Contract will be split equally into 12 Month Contracts on the Trading day and settled as Month Contracts. If the traded volume in the Year Contract equals the total or half number of days in the actual Year, the Contract will be split into Month Contracts with a weighted number of calendar days in the month divided by the total number of calendar days in the Year.
		If the splitting of a Quarter, Half Year or Year Contract according to the method above would result in positions with more than two decimals, the rest position is dispersed in 0.01 lots on the Month Contracts, starting with the last Month Contract according to Delivery Period and working backwards.
<b>Final Settlement Day</b>		Last settlement day in the Delivery Period.
<b>Final Settlement Price</b>		The average of Spot Prices for the relevant Underlying Product in the Delivery Period
<b>Lot size</b>		1 lot = 1 day
<b>Minimum lots per contract</b>		1 lot in all Products
<b>Product structure</b>		Month: 4 consecutive Month Contracts. A new month Product is introduced once the current month is no longer available for trading. Please refer to "Last Trading Day" for details of Last Trading Day.
		Quarter: 4 consecutive quarterly Contracts. When 1/3 of the quarter Contract is settled/delivered (after 1 month), the Contract will be taken off screen and a new quarter Contract will be introduced.
		Half Year: 2 consecutive half-yearly Contracts. When 1/6 of the half year Contract is settled/delivered (after 1 month), the half year Contract will be taken off screen and a new half year Contract will be introduced.
		Year: 5 yearly Contracts commencing January each year When 1/12 of the yearly Contract is settled/delivered (after 1 month), the yearly Contract will be taken off screen and a new yearly Contract will be introduced.
<b>Price Limit or Cooling Off Period</b>		There shall be no Price Limit or Cooling Off Period imposed for trading in the Contract.

PRODUCT SPECIFICATION	Product Code	Iron Ore Contracts traded on Cleartrade
<b>SUMMARY Product</b>		Iron Ore Futures
<b>Index Provider</b>		The Steel Index
<b>Closing Price / Provider</b>		LCH / LCH
<b>Product names</b>	<b>M1</b>	IO 62% Fines CFR China
<b>Price quotation</b>		USD/metric ton
<b>Minimum price fluctuation</b>		USD 0.01
<b>Contract value</b>		# Lots x Lot size x Price
<b>Delivery Period</b>		Month: First Index Day of the Month to last Index Day of the Month.
		Quarter: First Index Day of the Quarter to last Index Day of the Quarter. A Quarter Contract will be split equally into 3 Month Contracts on the Trading Day and settled as Month Contracts. If the traded volume in the Quarter Contract equals the total or half the number of days or in the actual quarter, the Contract will be split into Month Contracts with a weighted number of calendar days in the month divided by the total number of calendar days in the Quarter.
		Half Year: First Index Day of the Half Year to last Index Day of the Half Year. A Half Year Contract will be split equally into 6 Month Contracts on the Trading Day and settled as Month Contracts. If the traded volume in the Half Year Contract equals the total or half number of days in the actual Half Year, the Contract will be split into Month Contracts with a weighted number of calendar days in the month divided by the total number of calendar days in the Half Year.
		Year: First Index Day of the Year to last Index Day of the Year. A Year Contract will be split equally into 12 Month Contracts on the Trading day and settled as Month Contracts. If the traded volume in the Year Contract equals the total or half number of days in the actual Year, the Contract will be split into Month Contracts with a weighted number of calendar days in the month divided by the total number of calendar days in the Year.
		If the splitting of a Quarter, Half Year or Year Contract according to the method above would result in positions with more than two decimals, the rest position is dispersed in 0.01 lots on the Month Contracts, starting with the last Month Contract according to Delivery Period and working backwards.
<b>Final Settlement Day</b>		Last settlement day in the Delivery Period.
<b>Final Settlement Price</b>		The average of Spot Prices for the relevant Underlying Product in the Delivery Period
<b>Lot size</b>		LCH, NOS: 1 lot = 1000 mt
		SGX: 1 lot = 500 mt
<b>Minimum lots per contract</b>		1 lot in all Products
<b>Product structure</b>		Month: 4 consecutive Month Contracts. A new month Product is introduced once the current month is no longer available for trading. Please refer to "Last Trading Day" for details of Last Trading Day. .
		Quarter: 4 consecutive quarterly Contracts. When 1/3 of the quarter Contract is settled/delivered (after 1 month), the Contract will be taken off screen and a new quarter Contract will be introduced.
		Year: 5 yearly Contracts commencing January each year When 1/12 of the yearly Contract is settled/delivered (after 1 month), the yearly Contract will be taken off screen and a new yearly Contract will be introduced.

<b>Price Limit or Cooling Off Period</b>	Trades of the iron ore swaps contract in any of the future contract months, shall not be made, during one Business Day, at prices varying more than 12% above or below the closing prices of the preceding Business Day (“the 12% Limit”) except as provided below. When a single contract month is trading at the 12% Limit, Cleartrade Exchange will announce a 30-minute cooling off period for the specific contract month during which trading shall only take place within the 12% Limit. When at least 3 separate contract months are trading at the 12% Limit, Cleartrade Exchange will announce a 30-minute cooling off period for all contract months during which trading shall only take place within the 12% Limit. Following the cooling off period, all traded prices of either the specific contract month or all contract months (depending on the situation above) shall not vary more than 20% above or below the closing prices of the preceding Business Day (“the 20% Limit”) for the rest of the business day.
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PRODUCT SPECIFICATION	Product Code	Fertilizer Contracts traded on Cleartrade
<b>SUMMARY Product</b>		Fertilizer Futures
<b>Index Provider</b>		Fertilizer Index
<b>Closing Price / Provider</b>		<del>FIS</del> <b>TO BE REMOVED</b>
<b>Product names</b>	<b>A1</b>	DAP fob Tampa (metric ton)
	<b>A2</b>	UAN (32% N) fob NOLA (short ton)
	<b>A3</b>	Urea (Prill) fob Yuzhnyy (metric ton)
	<b>A4</b>	Urea (gran) fob barge Nola (short ton)
	<b>A5</b>	DAP fob New Orleans (short ton)
	<b>A6</b>	Urea (gran) fob Bulk Egypt (metric ton)
	<b>A9</b>	UAN (32% N) fob NOLA Mini (short ton) <b>TO BE ADDED</b>
	<b>A11</b>	Urea (gran) fob barge Nola Mini (short ton) <b>TO BE ADDED</b>
	<b>A12</b>	DAP fob New Orleans Mini (short ton) <b>TO BE ADDED</b>
<b>Price quotation</b>		A1, A3, A6: USD/metric ton
<b>Price quotation</b>		A2, A4, A5, <b>A9, A11, A12</b> : USD/short ton <b>A9, A11 &amp; A12 TO BE ADDED</b>
<b>Minimum price fluctuation</b>		USD 0.01
<b>Contract value</b>		# Lots x Lot size x Price
<b>Delivery Period</b>		Month: First Index Day of the Month to last Index Day of the Month.
		Quarter: First Index Day of the Quarter to last Index Day of the Quarter. A Quarter Contract will be split equally into 3 Month Contracts on the Trading Day and settled as Month Contracts. If the traded volume in the Quarter Contract equals the total or half the number of days or in the actual quarter, the Contract will be split into Month Contracts with a weighted number of calendar days in the month divided by the total number of calendar days in the Quarter.
		Half Year: First Index Day of the Half Year to last Index Day of the Half Year. A Half Year Contract will be split equally into 6 Month Contracts on the Trading Day and settled as Month Contracts. If the traded volume in the Half Year Contract equals the total or half number of days in the actual Half Year, the Contract will be split into Month Contracts with a weighted number of calendar days in the month divided by the total number of calendar days in the Half Year.
		If the splitting of a Quarter, Half Year or Year Contract according to the method above would result in positions with more than two decimals, the rest position is dispersed in 0.01 lots on the Month Contracts, starting with the last Month Contract according to Delivery Period and working backwards.
<b>Daily Settlement Price</b>		Please refer to the Cleartrade Closing Price Methodology. <b>TO BE ADDED</b>
<b>Final Settlement Day</b>		Last Friday of each month in the Delivery Period.
<b>Final Settlement Price</b>		The average of Spot Prices for the relevant Underlying Product in the Delivery Period
<b>Lot size</b>		A1, A3, A6: 1 lot = 500 mt
		A2, A4, A5: 1 lot = 500 st
		<b>A9, A11, A12: 1 lot = 25 st TO BE ADDED</b>
<b>Minimum lots per contract</b>		1 lot in all Products
<b>Product structure</b>		Month: 6 consecutive Month Contracts. A new month Product is introduced once the current month is no longer available for trading. Please refer to "Last Trading Day" for details of Last Trading Day.
		Quarter: 4 consecutive quarterly Contracts. When 1/3 of the quarter Contract is settled/delivered (after 1 month), the Contract will be taken off screen and a new quarter Contract will be introduced.
<b>Price Limit and Cooling Off Period</b>		Trades of the fertilizer swaps contract in any of the future contract months, shall not be made, during one Business Day, at prices varying more than <del>11%</del> 8% above or below the closing prices of the preceding Business Day ("the <del>11%</del> 8% Limit") except as provided below. When a single contract month is trading at the <del>11%</del> 8% Limit, Cleartrade Exchange will announce a 30-minute cooling off period for the specific contract month during which trading shall only take

		<p>place within the <del>11%</del> 8% Limit. When at least 3 separate contract months are trading at the <del>11%</del> 8% Limit, Cleartrade Exchange will announce a 30-minute cooling off period for all contract months during which trading shall only take place within the <del>11%</del> 8% Limit. Following the cooling off period, all traded prices of either the specific contract month or all contract months (depending on the situation above) shall not vary more than <del>18%</del> 13% above or below the closing prices of the preceding Business Day (“the <del>18%</del> 13% Limit”) for the rest of the business day. <b>TO BE AMENDED</b></p>
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<b>PRODUCT SPECIFICATION</b>	<b>Product Code</b>	Container Freight Swap Agreements traded on Cleartrade
<b>SUMMARY Product</b>		Container Freight Route Futures
<b>Index Provider</b>		Shanghai Shipping Exchange
<b>Closing Price / Provider</b>		Approved OTC Brokers, or any other such source as participating clearing houses may determine
<b>Product names</b>	<b>F27</b>	CNW (Shanghai - North West Europe)
	<b>F28</b>	CMD (Shanghai - Mediterranean)
	<b>F29</b>	CSW (Shanghai - US West Coast)
	<b>F30</b>	CSE (Shanghai - US East Coast)
<b>Price quotation</b>		F27, F28 : USD/TEU
<b>Price quotation</b>		F29, F30 : USD/FEU
<b>Minimum price fluctuation</b>		USD 1.00
<b>Contract value</b>		# Lots x Lot size x Price
<b>Delivery Period</b>		Month: First Index Day of the Month to last Index Day of the Month.
		Quarter: First Index Day of the Quarter to last Index Day of the Quarter. A Quarter Contract will be split equally into 3 Month Contracts on the Trading Day and settled as Month Contracts.
		Year: First Index Day of the Year to last Index Day of the Year. A Year Contract will be split equally into 12 Month Contracts on the Trading Day and settled as Month Contracts.
<b>Final Settlement Day</b>		Last Settlement Day in the Delivery Period
<b>Final Settlement Price</b>		The average of Spot Prices for the relevant Underlying Product in the Delivery Period
<b>Lot size</b>		F27, F28: 1 lot = 1 TEU 20ft container
<b>Lot size</b>		F29, F30: 1 lot = 1 FEU 40ft container
<b>Minimum lots per contract</b>		1 lot in all Products
<b>Product structure</b>		Out to a maximum of 23 months
		Month: 3 consecutive Month Contracts. A new month Product is introduced once the current month is no longer available for trading or if requested by users as long as it is within the 23 month period. Please refer to "Last Trading Day" for details of Last Trading Day.
		Quarter: 4 consecutive quarterly Contracts. A new quarter Product is introduced once the current quarter is no longer available for trading or if requested by users as long as it is within the 23 month period.
		Year: 1 yearly Contract commencing January each year. A new yearly Product is introduced once the current yearly is no longer available for trading or if requested by users as long as it is within the 23 month period.
<b>Last trading day</b>		Month: Last Trading Day is the last day of the Delivery Period for the month in question. If this data is a non-trading day, the Last Trading Day is defined as the nearest Trading Day prior to this.
		Quarter: Last Trading Day is the Last Trading Day of the first month of the quarter.
		Year: Last Trading Day is the Last Trading Day of the first month of the year.
<b>Price Limit and Cooling Off Period</b>		Trades of the container swaps contract in any of the future contract months, shall not be made, during one Business Day, at prices varying more than 10% above or below the closing prices of the preceding Business Day ("the 10% Limit") except as provided below. When a single contract month is trading at the 10% Limit, Cleartrade Exchange will announce a 30-minute cooling off period for the specific contract month during which trading shall only take place within the 10% Limit. When at least 3 separate contract months are trading at the 10% Limit, Cleartrade Exchange will announce a 30-minute cooling off period for all contract months during which trading shall only take place within the 10% Limit.

		Following the cooling off period, all traded prices of either the specific contract month or all contract months (depending on the situation above) shall not vary more than 17% above or below the closing prices of the preceding Business Day (“the 17% Limit”) for the rest of the business day.
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<b>PRODUCT SPECIFICATION</b>	<b>Product Code</b>	Container Swap Agreements traded on Cleartrade
<b>SUMMARY Product</b>		Container Freight Route Swaps
<b>Index Provider</b>		The World Container Index
<b>Closing Price / Provider</b>		Approved OTC Brokers, or any other such source as participating clearing houses may determine
<b>Product names</b>	<b>F31</b>	CSL (Shanghai – Los Angeles)
	<b>F32</b>	CSN (Shanghai – New York)
	<b>F33</b>	CSR (Shanghai - Rotterdam)
	<b>F34</b>	CSG (Shanghai - Genoa)
	<b>F35</b>	CLS (Los Angeles-Shanghai)
	<b>F36</b>	CRS (Rotterdam-Shanghai)
	<b>F37</b>	CGS (Genoa-Shanghai)
	<b>F38</b>	CNR (New York-Rotterdam)
	<b>F39</b>	CRN (Rotterdam-New York)
	<b>F40</b>	CLR (Los Angeles-Rotterdam)
	<b>F41</b>	CRL (Rotterdam-Los Angeles)
<b>Price quotation</b>		USD/FEU
<b>Minimum price fluctuation</b>		USD 1.00
<b>Contract value</b>		# Lots x Price
<b>Delivery Period</b>		Month: First Index Day of the Month to last Index Day of the Month.
		Quarter: First Index Day of the Quarter to last Index Day of the Quarter. A Quarter Contract will be split equally into 3 Month Contracts on the Trading Day and settled as Month Contracts.
		Year: First Index Day of the Year to last Index Day of the Year. A Year Contract will be split equally into 12 Month Contracts on the Trading Day and settled as Month Contracts.
<b>Final Settlement Day</b>		Last Settlement Day in the Delivery Period
<b>Final Settlement Price</b>		The average of Spot Prices for the relevant Underlying Product in the Delivery Period
<b>Lot size</b>		1 lot = 1 FEU 40ft container
<b>Minimum lots per contract</b>		1 lot in all Products
<b>Product structure</b>		Out to a maximum of 23 months
		Month: 3 consecutive Month Contracts. A new month Product is introduced once the current month is no longer available for trading or if requested by users as long as it is within the 23 month period. Please refer to “Last Trading Day” for details of Last Trading Day.
		Quarter: 4 consecutive quarterly Contracts. A new quarter Product is introduced once the current quarter is no longer available for trading or if requested by users as long as it is within the 23 month period.
		Year: 1 yearly Contract commencing January each year. A new yearly Product is introduced once the current yearly is no longer available for trading or if requested by users as long as it is within the 23 month period.
<b>Last trading day</b>		Month: Last Trading Day is the last day of the Delivery Period for the month in question. If this data is a non-trading day, the Last Trading Day is defined as the nearest Trading Day prior to this.
		Quarter: Last Trading Day is the Last Trading Day of the first month of the quarter.
		Year: Last Trading Day is the Last Trading Day of the first month of the year.
<b>Price Limit and Cooling Off Period</b>		Trades of the container swaps contract in any of the future contract months, shall not be made, during one Business Day, at prices varying more than 10% above or below the closing prices of the preceding Business Day (“the 10% Limit”) except as provided below. When a single contract month is trading at the 10% Limit, Cleartrade Exchange will announce a 30-minute cooling off period for the specific contract month

		<p>during which trading shall only take place within the 10% Limit. When at least 3 separate contract months are trading at the 10% Limit, Cleartrade Exchange will announce a 30-minute cooling off period for all contract months during which trading shall only take place within the 10% Limit. Following the cooling off period, all traded prices of either the specific contract month or all contract months (depending on the situation above) shall not vary more than 17% above or below the closing prices of the preceding Business Day (“the 17% Limit”) for the rest of the business day.</p>
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<b>PRODUCT SPECIFICATION</b>	<b>Product Code</b>	Steel Swap Contracts traded on Cleartrade
<b>SUMMARY Product</b>		Steel Futures
<b>Index Provider</b>		M10, M11, M12: The Steel Index M13, M14: Cleartrade Exchange
<b>Closing Price / Provider</b>		Approved OTC Brokers, or any other such source as participating clearing houses may determine
<b>Product names</b>	<b>M10</b>	SCN (Hot Rolled Coil – Northern Europe, domestic)
	<b>M11</b>	SCS (Hot Rolled Coil – Southern Europe, domestic)
	<b>M12</b>	SST (Scrap – Turkey, imported)
	<b>M13</b>	SBC (Hot Rolled Ribbed Bar – China, domestic)
	<b>M14</b>	SSC (Hot Rolled Coil – China, domestic)
<b>Price quotation</b>		M10, M11 : EUR/mt M12, M13, M14 : USD/mt
<b>Minimum price fluctuation</b>		M10, M11: EUR 0.01 M12, M13, M14: USD 0.01
<b>Contract value</b>		# Lots x Lot size x Price
<b>Delivery Period</b>		Month: First Index Day of the Month to last Index Day of the Month.  Quarter: First Index Day of the Quarter to last Index Day of the Quarter. A Quarter Contract will be split equally into 3 Month Contracts on the Trading Day and settled as Month Contracts.  Year: First Index Day of the Year to last Index Day of the Year. A Year Contract will be split equally into 12 Month Contracts on the Trading Day and settled as Month Contracts.
<b>Final Settlement Day</b>		Last Settlement Day in the Delivery Period
<b>Final Settlement Price</b>		The average of Spot Prices for the relevant Underlying Product in the Delivery Period
<b>Lot size</b>		1 lot = 20mt
<b>Minimum lots per contract</b>		1 lot in all Products
<b>Product structure</b>		Out to a maximum of 35 months  Month: 3 consecutive Month Contracts. A new month Product is introduced once the current month is no longer available for trading or if requested by users as long as it is within the 35 month period. Please refer to “Last Trading Day” for details of Last Trading Day.  Quarter: 5 consecutive quarterly Contracts. A new quarter Product is introduced once the current quarter is no longer available for trading or if requested by users as long as it is within the 35 month period.  Year: 2 yearly Contract commencing January each year. A new yearly Product is introduced once the current yearly is no longer available for trading or if requested by users as long as it is within the 35 month period.
<b>Last trading day</b>		Month: Last Trading Day is the last day of the Delivery Period for the month in question. If this data is a non-trading day, the Last Trading Day is defined as the nearest Trading Day prior to this.  Quarter: Last Trading Day is the Last Trading Day of the first month of the quarter.  Year: Last Trading Day is the Last Trading Day of the first month of the year.
<b>Price Limit and Cooling Off Period</b>		Trades of the steel swaps contract in any of the future contract months, shall not be made, during one Business Day, at prices varying more than 11% above or below the closing prices of the preceding Business Day (“the 11% Limit”) except as provided below. When a single contract month is trading at the 11% Limit, Cleartrade Exchange will announce a 30-minute cooling off period for the specific contract month during which trading shall only take place within the 11% Limit. When at least 3 separate contract months are trading at the 11% Limit, Cleartrade

		<p>Exchange will announce a 30-minute cooling off period for all contract months during which trading shall only take place within the 11% Limit. Following the cooling off period, all traded prices of either the specific contract month or all contract months (depending on the situation above) shall not vary more than 18% above or below the closing prices of the preceding Business Day ("the 18% Limit") for the rest of the business day.</p>
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<b>PRODUCT SPECIFICATION</b>	<b>Product Code</b>	Bunker Swap Agreements traded on Cleartrade
<b>SUMMARY Product</b>		Bunker Futures
<b>Index Provider</b>		Platts
<b>Closing Price / Provider</b>		Approved OTC Brokers, or any other such source as participating clearing houses may determine
<b>Product names</b>	<b>B1</b>	FOSS180 (Singapore Fuel Oil 180cst, 3.5% Sulfur)
	<b>B2</b>	FOSS380 (Singapore Fuel Oil 380cst, 4% Sulfur)
	<b>B3</b>	RDM35FOSS (Fuel Oil 3.5% FOB Barges Rotterdam)
<b>Price quotation</b>		USD/mt
<b>Minimum price fluctuation</b>		USD 0.01
<b>Contract value</b>		# Lots x Lot size x Price
<b>Delivery Period</b>		Month: First Index Day of the Month to last Index Day of the Month
		Quarter: First Index Day of the Quarter to last Index Day of the Quarter. A Quarter Contract will be split equally into 3 Month Contracts on the Trading Day and settled as Month Contracts.
		Year: First Index Day of the Year to last Index Day of the Year. A Year Contract will be split equally into 12 Month Contracts on the Trading Day and settled as Month Contracts.
<b>Final Settlement Day</b>		Last Settlement Day in the Delivery Period
<b>Final Settlement Price</b>		Arithmetic average of the mid-point of the high and low quotations of the relative contracts for each business day that it is determined during the contract month.
<b>Lot size</b>		NOS: 1lot =1 MT, SGX: 1 lot = 100 MT
<b>Minimum lots per contract</b>		1 lot in all Products
<b>Product structure</b>		Out to a maximum of 23 months
		Month: 5 consecutive Month Contracts. A new month Product is introduced once the current month is no longer available for trading or if requested by users as long as it is within the 36 month period. Please refer to "Last Trading Day" for details of Last Trading Day.
		Quarter: 4 consecutive quarterly Contracts. A new quarter Product is introduced once the current quarter is no longer available for trading or if requested by users as long as it is within the 36 month period.
		Year: 2 yearly Contracts commencing January each year. A new yearly Product is introduced once the current yearly is no longer available for trading or if requested by users as long as it is within the 36 month period.
<b>Last trading day</b>		Month: Last Trading Day is the last day of the Delivery Period for the month in question. If this data is a non-trading day, the Last Trading Day is defined as the nearest Trading Day prior to this.
		Quarter: Last Trading Day is the Last Trading Day of the first month of the quarter.
		Year: Last Trading Day is the Last Trading Day of the first month of the year.
<b>Price Limit and Cooling Off Period</b>		Trades of the bunker swaps contract in any of the future contract months, shall not be made, during one Business Day, at prices varying more than 9% above or below the closing prices of the preceding Business Day ("the 9% Limit") except as provided below. When a single contract month is trading at the 9% Limit, Cleartrade Exchange will announce a 30-minute cooling off period for the specific contract month during which trading shall only take place within the 9% Limit. When at least 3 separate contract months are trading at the 9% Limit, Cleartrade Exchange will announce a 30-minute cooling off period for all contract months during which trading shall only take place within the 9% Limit. Following the cooling off period, all traded prices of either the specific contract month

		or all contract months (depending on the situation above) shall not vary more than 15% above or below the closing prices of the preceding Business Day ("the 15% Limit") for the rest of the business day.
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<b>PRODUCT SPECIFICATION</b>	<b>Product Code</b>	<b>Bunker Swap Agreements traded on Cleartrade (Balance of Month)</b>
<b>SUMMARY Product</b>		Bunker Futures
<b>Index Provider</b>		Platts
<b>Closing Price / Provider</b>		Approved OTC Brokers, or any other such source as participating clearing houses may determine
<b>Product names</b>	<b>B1_02 to B1_31</b>	FOSS180 (Balance- of-Month Singapore Fuel Oil 180cst, 3.5% Sulfur)
	<b>B2_02 to B2_31</b>	FOSS380 (Balance-of-Month Singapore Fuel Oil 380cst, 4% Sulfur)
<b>Price quotation</b>		USD/mt
<b>Minimum price fluctuation</b>		USD 0.01
<b>Contract value</b>		# Lots x Lot size x Price
<b>Final Settlement Day</b>		Last settlement day in the Delivery Period
<b>Final Settlement Price</b>		The Final Settlement Price of the balance of month contract, as expressed as USD/MT, is equal to the arithmetic average of the mid-point of the high and low quotations of the assessments of Platt's daily spot assessments in the remaining days of the contract month. (Inclusive of the current Business Day).
<b>Lot size</b>		1 lot = 100 MT
<b>Minimum lots per contract</b>		1 lot in all Products
<b>Product structure</b>		The Contract shall have a Product Structure out to a maximum of 2 days. At any time, the current and next business days of the current Contract Month, excluding the first Business Day, are tradable. A new balance-of-month Product is introduced once the current balance-of-month is no longer available for trading or if requested by users as long as it is within the 2 days period.
<b>Last trading day</b>		The last trading day is the last day of the month in question. If this day is a non-trading day, the last trading Day is defined as the nearest trading day prior to this.
<b>Price Limit and Cooling Off Period</b>		<p>Trades of the bunker swaps contract in any of the future contract months, shall not be made, during one Business Day, at prices varying more than 10% above or below the closing prices of the preceding Business Day ("the 10% Limit") except as provided below. When a single contract month is trading at the 10% Limit, Cleartrade Exchange will announce a 30-minute cooling off period for the specific contract month during which trading shall only take place within the 9% Limit. When at least 3 separate contract months are trading at the 10% Limit, Cleartrade Exchange will announce a 30-minute cooling off period for all contract months during which trading shall only take place within the 9% Limit. Following the cooling off period, all traded prices of either the specific contract month or all contract months (depending on the situation above) shall not vary more than 16% above or below the closing prices of the preceding Business Day ("the 16% Limit") for the rest of the business day.</p> <p>If there are no closing prices available for the preceding Business Day, Cleartrade Exchange will use the closing price from 2 Business Days before. If there are no closing prices for 3 consecutive Business Days, Cleartrade Exchange will obtain closing prices from the relevant clearing house, SGX AsiaClear.</p>

PRODUCT SPECIFICATION	Product Code	Coal Swap Agreements traded on Cleartrade
<b>SUMMARY Product</b>		Coal Futures
<b>Index Provider</b>		C1, C3, C4: IHS McCloskey and Argus C2: IHS McCloskey
<b>Closing Price / Provider</b>		Approved OTC Brokers, or any other such source as participating clearing houses may determine
<b>Product names</b>	<b>C1</b>	CF (API 8 CFR South China Coal)
	<b>C2</b>	CI (Indonesian Sub-Bituminous FOB Coal)
	<b>C3</b>	AA2 (API 2 cif Amsterdam-Rotterdam-Antwerp)
	<b>C4</b>	AA4 (API 4 fob Richards Bay)
<b>Price quotation</b>		USD/mt
<b>Minimum price fluctuation</b>		C1, C2: USD 0.01 C3, C4: USD 0.05
<b>Contract value</b>		# Lots x Lot size x Price
<b>Delivery Period</b>		Month: First Index Day of the Month to last Index Day of the Month Quarter: First Index Day of the Quarter to last Index Day of the Quarter. A Quarter Contract will be split equally into 3 Month Contracts on the Trading Day and settled as Month Contracts. Year: First Index Day of the Year to last Index Day of the Year. A Year Contract will be split equally into 12 Month Contracts on the Trading Day and settled as Month Contracts.
<b>Final Settlement Day</b>		Last Settlement Day in the Delivery Period
<b>Final Settlement Price</b>		For product C1: The final settlement price will be the arithmetic average of all publications of the index published in the Argus/McCloskey Coal Price Index Report price in the expiring contract month, rounded to 2 decimal places. For product C2: The final settlement price will be the arithmetic average of all publications of the IHS McCloskey Coal Price Index Report price in the expiring contract month, rounded to 2 decimal places. For products C3 and C4: The final settlement price will be the average of weekly Argus/McCloskey index prices for the contract month as published in Argus/McCloskey's Coal Price Index Report.
<b>Lot size</b>		1 lot = 1000 MT
<b>Minimum lots per contract</b>		1 lot in all Products
<b>Product structure</b>		For products C1 and C2: Out to a maximum of 24 months Month: 5 consecutive Month Contracts. A new month Product is introduced once the current month is no longer available for trading or if requested by users as long as it is within the 24 month period. Please refer to "Last Trading Day" for details of Last Trading Day. Quarter: 4 consecutive quarterly Contracts. A new quarter Product is introduced once the current quarter is no longer available for trading or if requested by users as long as it is within the 24 month period. Year: 2 yearly Contracts commencing January each year. A new yearly Product is introduced once the current yearly is no longer available for trading or if requested by users as long as it is within the 24 month period. For products C3 and C4: Out to a maximum of 48 months Month: 5 consecutive Month Contracts. A new month Product is introduced once the current month is no longer available for trading or if requested by users as long as it is within the 48 month period. Please refer to "Last Trading Day" for details of Last Trading Day. Quarter: 4 consecutive quarterly Contracts. A new quarter Product is introduced once the current quarter is no longer available for trading or if

		requested by users as long as it is within the 48 month period.
		Year: 2 yearly Contracts commencing January each year. A new yearly Product is introduced once the current yearly is no longer available for trading or if requested by users as long as it is within the 48 month period.
<b>Last trading day</b>		Month: Last Trading Day is the last day of the Delivery Period for the month in question. If this data is a non-trading day, the Last Trading Day is defined as the nearest Trading Day prior to this.
		Quarter: Last Trading Day is the Last Trading Day of the first month of the quarter.
		Year: Last Trading Day is the Last Trading Day of the first month of the year.
<b>Price Limit and Cooling Off Period</b>		Trades of the coal swaps contract in any of the future contract months, shall not be made, during one Business Day, at prices varying more than 12% above or below the closing prices of the preceding Business Day (“the 12% Limit”) except as provided below. When a single contract month is trading at the 12% Limit, Cleartrade Exchange will announce a 30-minute cooling off period for the specific contract month during which trading shall only take place within the 12% Limit. When at least 3 separate contract months are trading at the 12% Limit, Cleartrade Exchange will announce a 30-minute cooling off period for all contract months during which trading shall only take place within the 12% Limit. Following the cooling off period, all traded prices of either the specific contract month or all contract months (depending on the situation above) shall not vary more than 20% above or below the closing prices of the preceding Business Day (“the 20% Limit”) for the rest of the business day.