UNITED STATES OF AMERICA

Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Exemption of Approved Exchanges and Locally-Incorporated Recognised Market Operators Authorized within Singapore from the Requirement to Register with the Commodity Futures Trading Commission as Swap Execution Facilities

ORDER OF EXEMPTION

Commodity Exchange Act (“CEA”) section 5h(g) authorizes the Commodity Futures Trading Commission (“Commission”) to exempt, conditionally or unconditionally, a swap execution facility (“SEF”) from registration under CEA section 5h if the Commission finds that the facility is “subject to comparable, comprehensive supervision and regulation on a consolidated basis by … the appropriate governmental authorities in the home country of the facility.”

Whereas, organised markets are derivatives trading venues under Singapore law;

Whereas, Singapore law requires any locally-incorporated person operating an organised market to be authorized by the Monetary Authority of Singapore (“MAS”) as an approved exchange (“AE”) or a recognised market operator (“RMO”);
Whereas, “an organised market” is defined in the First Schedule of Singapore’s Securities and Futures Act (“SFA”) as “a place at which, or a facility (whether electronic or otherwise) by means of which, offers or invitations to exchange, sell or purchase derivatives contracts, securities or units in collective investment schemes, are regularly made on a centralised basis, being offers or invitations that are intended or may reasonably be expected to result, whether directly or indirectly, in the acceptance or making, respectively, of offers to exchange, sell or purchase derivatives contracts, securities or units in collective investment schemes (whether through that place or facility or otherwise);”

Whereas, MAS is authorized to approve designation of an approved exchange in accordance with Section 9(1) of the SFA;

Whereas, MAS is authorized to approve designation of a recognised market operator in accordance with Section 9(1) of the SFA;

Whereas, legal acts of Singapore, including in particular the SFA; the Competition Act; the Securities and Futures (Markets) Regulations; the Securities and Futures (Trading of Derivatives Contracts) Regulations; the Securities and Futures (Clearing of Derivatives Contracts) Regulations; the Securities and Futures (Corporate Governance of Approved Exchanges, Approved Clearing Houses and Approved Holding Companies) Regulations; Notice on Listing, De-Listing or Trading of Relevant Products on an Organised Market of an Approved Exchange or Recognised Market Operator Incorporated in Singapore; Monograph on Capital Markets Enforcement; Monograph on the Objectives and Principles of Financial Sector Oversight in Singapore; Notice on Technology Risk Management; Guidelines on Outsourcing;
Guidelines on Fit and Proper Criteria; and certain additional guidance issued by MAS establish Singapore requirements with respect to AEs and RMOs;

Whereas, MAS administers the SFA and supervises trading facilities including AEs and RMOs;

Whereas, Commission staff has engaged in extensive and ongoing communications with MAS staff to understand more fully both Singapore requirements that apply with respect to AEs and RMOs, as well as the mechanisms whereby implementation and compliance of such requirements will be supervised and enforced by MAS;

Whereas, based on the information and representations provided by MAS staff, regarding the Singapore requirements that apply with respect to AEs and RMOs, the Commission has determined that, when evaluated against the regulatory and supervisory regime that applies with respect to SEFs under the CEA and the Commission’s regulations, AEs and RMOs that are authorized within Singapore are subject to comparable, comprehensive supervision and regulation on a consolidated basis;

Therefore, the Commission has determined that the respective regulatory frameworks for AEs and RMOs satisfy the statutory standard set forth in CEA section 5h(g) for granting an exemption from the SEF registration requirement.

Whereas, MAS staff has requested an exemption from the SEF registration requirement, pursuant to CEA section 5h(g), on behalf of the AEs and RMOs listed in Appendix A to this Order, and has represented that each such AE and RMO will, as of March 8, 2019, be authorized and in good standing in Singapore;
Whereas, pursuant to the determination made in this Order that the respective regulatory frameworks for AEs and RMOs satisfy the standard, set forth in CEA section 5h(g), for granting an exemption from the SEF registration requirement, MAS staff may request to amend the list in Appendix A to include additional AEs or RMOs that are authorized and in good standing in Singapore; and

Whereas, MAS has represented to the Commission that:

(1) MAS will notify the Commission, within ten business days, when an AE or RMO is no longer authorized by MAS;

(2) MAS will provide the Commission with notice, and copies in the English language of the text, of any material change to the SFA; the Competition Act; the Securities and Futures (Markets) Regulations; the Securities and Futures (Trading of Derivatives Contracts) Regulations; the Securities and Futures (Clearing of Derivatives Contracts) Regulations; the Securities and Futures (Corporate Governance of Approved Exchanges, Approved Clearing Houses and Approved Holding Companies) Regulations; Notice on Listing, De-Listing or Trading of Relevant Products on an Organised Market of an Approved Exchange or Recognised Market Operator Incorporated in Singapore; Monograph on Capital Markets Enforcement; Monograph on the Objectives and Principles of Financial Sector Oversight in Singapore; Notice on Technology Risk Management; Guidelines on Outsourcing; Guidelines on Fit and Proper Criteria; or any other Singapore regulatory requirement that is applicable to AEs or RMOs.
Accordingly, the Commission hereby exercises its discretion pursuant to CEA section 5h(g) and ORDERS that each of the AEs and RMOs listed in Appendix A to this Order, as such Appendix may be amended by the Commission from time to time, is exempt from the requirement to register as a SEF pursuant to CEA section 5h;

Therefore, transactions involving swaps that are subject to CEA section 2(h)(8) may be executed on an AE or RMO listed in Appendix A to this Order, as such Appendix may be amended by the Commission from time to time; and

Therefore, transactions involving swaps that are not subject to CEA section 2(h)(8) also may be executed on an AE or RMO listed in Appendix A to this order, as such Appendix may be amended by the Commission from time to time.

In the event of any changes in the material facts or circumstances pursuant to which this Order is issued, or for any reason in the Commission’s discretion, and after appropriate notice to MAS and the relevant AE(s) and/or RMO(s) listed in Appendix A to this Order (as such Appendix may be amended by the Commission from time to time), and opportunity for MAS and such AE(s) and/or RMO(s) to respond, the Commission may modify, condition, suspend, terminate or otherwise restrict the terms of this Order, as appropriate and permitted by law, on the Commission’s own motion.

This Order does not affect any other requirements under the CEA or the Commission’s regulations. The Commission particularly emphasizes that the following requirements continue to apply:

(1) The reporting requirements set forth in Parts 43 and 45 of the Commission’s regulations continue to apply to counterparties that are subject to such reporting
requirements, in connection with swap transactions executed on an AE or RMO that is exempt from SEF registration pursuant to this Order;

(2) This Order will not affect the application of CEA section 2(e), under which it is unlawful for any U.S. person, other than an eligible contract participant as defined in CEA section 1a(18), to enter into a swap unless the swap is entered into on, or subject to the rules of, a designated contract market.

(3) The following clearing-related requirements will continue to apply to swap transactions executed on an AE or RMO that is exempt from SEF registration pursuant to this Order:

i. When a swap transaction executed by a U.S. person on such an AE or RMO is a “customer” position subject to CEA section 4d, the transaction, if intended to be cleared, must be cleared through a Commission-registered futures commission merchant (“FCM”) at a Commission-registered derivatives clearing organization (“DCO”), unless otherwise permitted by Commission rule or order;

ii. When a swap transaction executed by a U.S. person on such an AE or RMO is a “proprietary” position under Commission Regulation 1.3, the transaction, if intended to be cleared, must be cleared either through a Commission-registered DCO or a clearing organization that has been exempted from DCO registration by the Commission pursuant to CEA section 5b(h) (an “Exempt DCO”); and

iii. When a swap transaction is subject to the Commission’s clearing requirement under Part 50 of the Commission’s regulations, and is entered into by a person that, pursuant to CEA section 2(h)(1), is subject to such clearing requirement, the transaction must be cleared either through a Commission-registered DCO or an Exempt DCO; provided that, consistent with (i) above, if the transaction is a “customer” position subject to CEA section 4d, it must be cleared through a Commission-registered FCM at a Commission-registered DCO, and cannot be cleared through an Exempt DCO, unless otherwise permitted by Commission rule or order.
If, as a result of the clearing arrangements that such an AE or RMO has in place, some swap transactions executed on the AE or RMO are cleared by a clearing organization that is not a Commission-registered DCO, the AE or RMO must, as a condition of exemption from SEF registration pursuant to this Order, have a rule in its rulebook that requires the types of swap transactions described in clauses (i), (ii) and (iii) above, if intended to be cleared, to be cleared in a manner consistent with the requirements described in clauses (i), (ii) and (iii), respectively.

This Order shall become effective as of March 13, 2019.

Issued in Washington, DC, on this 13th day of March, 2019.

By the Commission,

Christopher J. Kirkpatrick
Secretary of the Commission
Appendix A

List of AEs and RMOs that are authorized and in good standing within Singapore that are subject to this Exemption Order

<table>
<thead>
<tr>
<th>Trading Venue Name and Category (AEs, RMOs)</th>
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<tbody>
<tr>
<td>Asia Pacific Exchange Pte Ltd. (AE)</td>
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<tr>
<td>Cleartrade Exchange Pte Ltd. (RMO)</td>
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<tr>
<td>ICE Futures Singapore Pte Ltd. (AE)</td>
</tr>
<tr>
<td>Singapore Exchange Derivatives Trading Limited (AE)</td>
</tr>
<tr>
<td>Tradition Singapore (Pte) Ltd (RMO)</td>
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