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## SGX-DC Clearing Rules

### Chapter 1 Application of Rules

#### 1.01 Application of Rules

##### 1.01.1

This Rules apply to all Clearing Members and operate as a binding contract between the Clearing House and each Clearing Member and between a Clearing Member and any other Clearing Member and for the exclusive benefit only of the parties to such contract(s). Save as otherwise provided in this Rules, a person who is not a party to this Rules has no rights under the Contracts (Rights of Third Parties) Act (Chapter 53B) to enforce any terms of this Rules.

*Amended on [27 March 2006](#) and [22 September 2006](#).*

##### 1.01.2

Except where the Clearing House otherwise expressly agrees with or expressly commits itself to any party, the benefit of any performance by the Clearing House of its obligations under:

1.01.2.1 this Rules, or

1.01.2.2 Directives, Practice Notes or Circulars issued by the Clearing House,

is restricted to only Clearing Members. The Clearing House shall have no liability to any other party. In particular, the Clearing House shall have no liability to any party affected or aggrieved by any alleged action or omission of the Clearing House or any of the directors, officers or employees of the Clearing House.

*Amended on [27 March 2006](#).*

##### 1.01.3

Without prejudice to [Rule 1.01.2](#) or the benefit of any exclusion of liability in any contract or undertaking in favour of the Clearing House, the Clearing House accepts no duty to and therefore shall have no liability whatsoever to any Clearing Member or any Third Party in contract, tort, trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Clearing Member or any Third Party, as the case may be, arising out of or in connection with:

1.01.3.1 any suspension, restriction or closure of any market whose contracts are cleared by or novated to the Clearing House (each a "Relevant Market"), whether for a temporary period or otherwise or as a result of a decision taken on the occurrence of a market emergency;

1.01.3.2 any failure by the Clearing House or any Relevant Market to supply each other with data or information in accordance with arrangements from time to time established between and/or amongst any or all such persons;

1.01.3.3 the failure of any systems, communications facilities or technology supplied, operated or used by the Clearing House;

1.01.3.4 the failure of any systems, communications facilities or technology supplied, operated or used by any Relevant Market;

1.01.3.5 the inaccuracy of any information supplied to and relied on by the Clearing House (including but not limited to any error in the establishment of a settlement price made by a Relevant Market) or a Relevant Market;

1.01.3.6 any event which is outside the reasonable control of the Clearing House;

1.01.3.7 the Clearing House's clearing and settlement of Contracts, and all other matters as contemplated in this Rules; and

1.01.3.8 the exercise or non-exercise by the Clearing House of any discretion or decision making power under this Rules.

*Amended on [27 March 2006](#) and [26 April 2013](#).*

#### **1.01.4**

Without prejudice to [Rule 1.01.2](#), and in addition to [Rule 1.01.3](#), each Clearing Member should and must note that in connection with any index used or to be used by the Clearing House for clearing and settlement or in connection or by reference therewith, none of the Clearing House, its directors or officers or any relevant party that the Clearing House may contract with for the supply of the index or information in relation thereto (each of the foregoing, a "Relevant Party") assume any obligation or liability in connection with the clearing or settlement of any contract based on such index. Accordingly, none of the foregoing parties shall be in any way responsible for any losses, expenses or damages (in all cases direct or indirect) arising in connection with or referable to the clearing or settlement of any contract linked or referable to the said index, provided that nothing herein shall affect either obligations of the Clearing House or its Clearing Members as parties clearing or settling in any contract so linked or referable. None of the Relevant Parties guarantee or warrant or undertake in any manner the accuracy or completeness of any such index or any information or data included in or referable to it.

NONE OF THE RELEVANT PARTIES MAKES ANY WARRANTY OR GIVES ANY GUARANTEE OR UNDERTAKING, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF, OR THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM THE USE OF ANY SUCH INDEX, OR ANY INFORMATION OR DATA INCLUDED IN OR REFERABLE TO IT IN CONNECTION WITH ANY CLEARING OR SETTLEMENT OF ANY CONTRACTS OR FOR ANY OTHER USE. NONE OF THE RELEVANT PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO ANY SUCH INDEX, OR ANY INFORMATION OR DATA INCLUDED IN OR REFERABLE TO ANY SUCH INDEX.

*Added on [27 March 2006](#).*

#### **1.01.5**

All Clearing Members are to note the foregoing and ensure that they are taking on Clearing Membership in and/or will carry on as Clearing Members of the Clearing House, transact and will transact by reference to the Clearing House or any Contract or information or action referable to the Clearing House or any of its directors or officers, only on the foregoing basis and will also ensure that they will not open or allow the continued operation of any account for any person with respect to any Contract unless such person has been notified of the foregoing provisions and has satisfied him/herself or itself that the same is acceptable and is accepted.

*Amended on [27 March 2006](#).*

#### **1.01.6**

The Clearing House may waive the application of a Rule (or part of a Rule) to suit the circumstances of a particular case, unless the Rule specifies that the Clearing House shall not waive it. The Clearing House may grant a waiver subject to such conditions as it considers appropriate. Such waiver is only granted if such conditions are satisfied. The Clearing House shall notify any Clearing Member of such waivers as soon as practicable.

*Added on [27 March 2006](#).*

#### **1.01.7**

No waiver by the Clearing House of any event of default or breach of any obligation under this Rules shall constitute a waiver of any other event or breach, and no exercise or partial exercise by the Clearing House of any remedy shall constitute a waiver of the right subsequently to exercise that or any other remedy.

*Added on [27 March 2006](#).*

### **1.02 Regard to be had to Purpose or Object of Rules**

#### **1.02.1**

The Clearing House may from time to time issue, without limitation, Directives, Practice Notes and Circulars to provide guidance on the interpretation or application of this Rules.

*Added on [27 March 2006](#).*

### **1.02.2**

Directives, Practice Notes and Circulars may only be used in the manner and for such purposes as expressly contemplated under this Rules. "Directives" are binding notices directing Clearing Members to take corrective or other actions in the interests of a safe and efficient clearing facility or in light of investor protection concerns; "Practice Notes" are non-binding guidelines that seek to explain the application and interpretation of a Rule; "Circulars" are binding notices issued by the Clearing House regarding regulatory and non-regulatory matters pertaining to Clearing Members.

*Added on [27 March 2006](#) and amended on [26 April 2013](#) .*

### **1.02.3**

In the interpretation of any provision of this Rules, a construction that would promote the purpose or object underlying this Rules (whether the purpose is expressly stated in this Rules or not) is to be preferred to a construction that would not promote that purpose or object.

*Added on [27 March 2006](#).*

## **1.03 Examples**

### **1.03.1**

If this Rules include an example of the operation of a rule:

1.03.1.1 the example is not taken to be exhaustive; and

1.03.1.2 if the example is inconsistent with the Rule, the Rule prevails.

*Amended on [27 March 2006](#).*

## **1.04 Precedence of Instruments**

### **1.04.1**

Save as provided in [Rule 1.04.2](#) below, the relationship between the Clearing House and a Clearing Member shall be governed by this Rules, and the prevailing Directives, Practice Notes or Circulars (which may contain prescribed procedures) and terms and conditions governing the operations, facilities and services provided by the Clearing House (together, the "Clearing Member Terms").

*Added on [27 March 2006](#).*

### **1.04.2**

The Clearing House is only responsible for the performance of those duties which are expressly set out in the SFA, the Act, any applicable legislation and any regulations issued thereunder and the Clearing Member Terms. The Clearing House shall have no implied duties or obligations of any kind whatsoever.

*Added on [27 March 2006](#).*

### **1.04.3**

The order of precedence of the following instruments applicable to the Clearing House and Clearing Members shall be (in descending order of precedence):

1.04.3.1 legislation;

1.04.3.2 this Rules;

1.04.3.3 Directives;

1.04.3.4 Circulars;

1.04.3.5 terms and conditions governing the operations, facilities and services provided by the Clearing House;

1.04.3.6 Practice Notes.

*Added on [27 March 2006](#) and amended on [26 April 2013](#).*

#### **1.04.4**

In the event of any conflict between the provisions of the aforesaid instruments, the provisions in an instrument with a higher level of precedence shall prevail over the provisions in an instrument with a lower level of precedence.

*Added on [27 March 2006](#).*

### **1.05 Amendment of Rules**

#### **1.05.1**

The Clearing House is prohibited from making any amendments to this Rules unless it complies with such requirements as prescribed by the Authority or under the SFA. In addition to these requirements Board approval is required to effect any Rule amendments. These safeguards are designed to promote regulatory transparency and accountability on the part of the Clearing House with respect to its rulemaking process and thereby promote investor confidence.

*Added on [27 March 2006](#).*

#### **1.05.2**

Any amendment to this Rules shall not come into force unless the prescribed time periods for effecting rule amendments as contemplated under or pursuant to the SFA and any regulations issued thereunder are met.

*Added on [27 March 2006](#).*

#### **1.05.3**

Notwithstanding anything to the contrary as set forth above the Clearing House may effect Rule amendments in such manner as directed by the Authority or pursuant to the SFA or other applicable laws.

### **1.06 Applicable Law, Conflict and Jurisdiction**

#### **1.06.1**

This Rules shall be governed by and construed in accordance with the laws of Singapore.

*Added on [27 March 2006](#).*

#### **1.06.2**

In the event of any inconsistency between any provision of this Rules and the rules of any Relevant Market, the provisions of this Rules shall prevail as between any Clearing Member and the Clearing House.

*Added on [27 March 2006](#).*

#### **1.06.3**

Save as provided in [Chapter 5](#) of this Rules, the courts of Singapore shall have exclusive jurisdiction to determine any dispute arising from or in connection with this Rules.

*Added on [26 January 2007](#).*

## **Chapter 2 Clearing Membership**

### **2.01 General**

**2.01.1**

No Clearing Member shall have any right to receive notices of any General Meetings required to be given under the Articles of Association of the Clearing House, to attend thereat or to vote thereat or to participate in the assets or profits of the Clearing House.

**2.01.2 [Rule has been deleted.]**

*Deleted on [27 March 2006](#).*

**2.01.3**

Clearing Membership to the Clearing House shall comprise such classes of Clearing Membership as may from time to time be provided in this Rules. All Clearing Memberships to the Clearing House are granted pursuant, and subject, to this Rules and such other terms and conditions as may be imposed at the Clearing House's discretion.

*Amended on [27 March 2006](#).*

**2.01.4**

The Clearing Membership of each Clearing Member is conditional upon such Clearing Member being subject to and bound by this Rules and such other terms and conditions as may be specified in the Clearing Membership certificate issued to such Clearing Member or such other terms as may be prescribed by the Clearing House.

*Amended on [27 March 2006](#).*

**2.01.5**

Any member of the Exchange, whose name validly remains on the Register of Members of the Exchange as a "Clearing Member" under the Trading Rules at the close of business on the Qualifying Date shall, subject to this Rules, be deemed to be a Clearing Member on and from the Transfer Date.

**2.01.6**

All relevant membership certificates issued to such Clearing Members of the Exchange and in effect on the Qualifying Date shall be deemed to continue in full force and effect on and after the Transfer Date as if issued by the Clearing House subject to this Rules.

**2.01.7**

In consideration of such recognition and continued registration, such Clearing Members shall be deemed thereby to have agreed that they shall observe, comply with and be bound by this Rules and such other terms and conditions as may be specified by the Clearing House. Such Clearing Members shall have the same rights and obligations applicable to them on the Qualifying Date, subject only to such amendments provided under this Rules.

*Amended on [27 March 2006](#).*

**2.02 Eligibility Criteria for General Clearing Members****2.02.1**

Unless otherwise prescribed by the Clearing House, to be eligible for Clearing Membership as a General Clearing Member, an applicant must satisfy the Clearing House that:—

2.02.1.1 it is a corporation with the requisite financial and business standing and repute and is or will upon admission be carrying on the business whether in Singapore or elsewhere;

a. it has a base capital of not less than S\$5,000,000; or

b. in the case of an applicant admitted as a clearing member of the Clearing House and CDP, it has a base capital of not less than S\$8,000,000;

or such other amount as may be prescribed by the Clearing House hereafter and from time to time;

2.02.1.2 it or its holding company has group shareholders' funds of at least S\$100,000,000;

2.02.1.2A it holds a capital markets services licence unless exempted under the SFA or SFR (Licensing and Conduct of Business);

2.02.1.3 it has, and upon admission will maintain, minimum capital and financial requirements pursuant to [Rule 2.07](#) or [Rule 2.08](#);

2.02.1.4 it has, and upon admission will maintain, a special reserve fund pursuant to [Rule 2.09](#) or [Rule 2.10](#), as the case may be;

2.02.1.5 its managerial or executive staff have a high standard of integrity and a level of knowledge (as may be deemed acceptable by the Clearing House) on the nature, risks and obligations in respect of the market or contracts that it wishes to clear;

2.02.1.6 it must have in place sufficient resources and establish and maintain adequate systems for preserving a sound liquidity and financial position at all times including the maintaining of adequate staff and facilities for monitoring its cashflow and funding requirements and maintaining sufficient liquidity for its day to day operations;

2.02.1.7 it must maintain segregated and adequate back-office functions; and

2.02.1.8 it satisfies any and all other requirements and criteria for such Clearing Membership, which the Clearing House may from time to time hereafter prescribe.

*Amended on [27 March 2006](#), [22 September 2006](#), [10 August 2007](#).*

## **2.02.2**

Unless otherwise prescribed by the Clearing House, to be eligible for Clearing Membership as a General Clearing Member clearing OTCF Contracts, an applicant must, in addition to the eligibility criteria prescribed under [Rule 2.02.1](#), satisfy the Clearing House that:

2.02.2.1 it has a base capital of not less than S\$50,000,000 or such other amount as may be prescribed by the Clearing House from time to time; and

2.02.2.2 its holding company:

- a. is a bank that is regulated as such by a financial authority;
- b. has at least S\$1,000,000,000 of paid-up ordinary share capital and unappropriated profit or loss; and
- c. has obtained:
  - i. a long term credit rating that indicates, at least, a strong overall creditworthiness supporting the fulfilment of its financial obligations; and
  - ii. a credit rating that indicates, at least, adequate intrinsic safety and soundness, excluding external credit support, and a limited ability to withstand adverse business or economic conditions, from any rating agency registered with an appropriate authority.

*Added on [3 November 2010](#) and amended on [26 April 2013](#).*

## **2.02.3**

If there is at any time any downgrade in the rating of the holding company of a General Clearing Member approved by the Clearing House to clear OTCF Contracts such that it falls below the minimum prescribed rating, the Clearing House may, in its absolute discretion, impose additional conditions as it deems fit for permitting the General Clearing Member to continue to clear OTCF Contracts.

*Added on [3 November 2010](#).*

## **2.02A Eligibility Criteria for Direct Clearing Members**

### **2.02A.1**

Unless otherwise prescribed by the Clearing House, to be eligible for Clearing Membership as a Direct Clearing Member, an applicant must satisfy the Clearing House that:—

2.02A.1.1 it fulfills the criteria and requirements set out in [Rule 2.02](#) (except for Rules 2.02.1.1.b and 2.02.1.4); and

2.02A.1.2 it or its holding company has obtained a long term credit rating from any rating agency registered with an appropriate authority, that indicates, at least, a very strong overall creditworthiness supporting the fulfilment of its financial obligations.

*Added on [27 March 2006](#) and amended on [10 August 2007](#) and [26 April 2013](#).*

## **2.02A.2**

Upon admission as a Direct Clearing Member, if there is any downgrade in the rating of the Direct Clearing Member or its holding company such that it falls below the minimum prescribed rating, the Clearing House may, at its absolute discretion, impose additional conditions as it deems fit, for permitting the Direct Clearing Member to continue to clear Contracts through the Clearing House.

*Added on [27 March 2006](#) and amended on [10 August 2007](#).*

## **2.02B Eligibility Criteria for Bank Clearing Members**

### **2.02B.1**

Unless otherwise prescribed by the Clearing House, to be eligible for Clearing Membership as a Bank Clearing Member, an applicant must satisfy the Clearing House that:—

2.02B.1.1 it is authorised to conduct banking business in Singapore pursuant to section 4 of the Banking Act (Chapter 19);

2.02B.1.2 it or its parent bank has obtained:

- a. a long term credit rating that indicates, at least, a strong overall creditworthiness supporting the fulfilment of its financial obligations; and
- b. a credit rating that indicates, at least, adequate intrinsic safety and soundness, excluding external credit support, and a limited ability to withstand adverse business or economic conditions, from any rating agency registered with an appropriate authority.
- c. [Rule has been deleted.]
- d. [Rule has been deleted.]

2.02B.1.3 *[Rule has been deleted.]*

2.02B.1.4 it or its parent bank has at least S\$1,000,000,000 of paid-up ordinary share capital and unappropriated profit or loss;

2.02B.1.5 it has, and upon admission will maintain, minimum capital and financial requirements pursuant to [Rule 2.07.1B](#) or [Rule 2.08.1B](#);

2.02B.1.6 its managerial or executive staff have a high standard of integrity and a level of knowledge (as may be deemed acceptable by the Clearing House) on the nature, risks and obligations in respect of the market or contracts that it wishes to clear;

2.02B.1.7 it must have in place sufficient resources and establish and maintain adequate systems for preserving a sound liquidity and financial position at all times including the maintaining of adequate staff and facilities for monitoring its cashflow and funding requirements and maintaining sufficient liquidity for its day to day operations governed by this Rules;

2.02B.1.8 it must maintain segregated and adequate back-office functions in respect of its operations governed by this Rules;

2.02B.1.9 it satisfies any and all other requirements and criteria for such Clearing Membership, which the Clearing House may from time to time hereafter prescribe; and

2.02B.1.10 unless otherwise exempted under [Rule 2.02B.3](#), where it is incorporated in Singapore,

- a. it has a base capital of not less than S\$5,000,000; or

- b. in the case of an applicant admitted as a clearing member of the Clearing House and CDP, it has a base capital of not less than S\$8,000,000;

or such other amount as may be prescribed by the Clearing House hereafter and from time to time; or

2.02B.1.11 unless otherwise exempted under [Rule 2.02B.3](#), where it is incorporated outside Singapore,

- a. it has deposited, as security for its obligations to the Clearing House, cash and/or acceptable government securities of not less than S\$5,000,000 with the Clearing House; or
- b. in the case of an applicant admitted as a clearing member of the Clearing House and CDP, it has deposited, as security for its obligations to the Clearing House, cash and/or acceptable government securities of not less than S\$8,000,000 with the Clearing House;

or such other amount as may be prescribed by the Clearing House hereafter and from time to time, PROVIDED ALWAYS THAT:—

- i. if the Bank Clearing Member has deposited S\$8,000,000 with CDP or such other amount as prescribed, pursuant to the corresponding provision in the CDP Clearing Rules, it need not deposit a further S\$8,000,000 with the Clearing House or such other amount as may be prescribed by the Clearing House; and
- ii. the Clearing House shall have the discretion to utilize or apportion in any manner, the S\$8,000,000 or such other amount as may be prescribed by the Clearing House and/or CDP, to satisfy the Bank Clearing Member's obligations to the Clearing House and/or CDP under this Rules and the CDP Clearing Rules respectively. In deciding on the apportionment, the Clearing House may, in consultation with CDP, take into account factors, including but not limited to, the amount owed by the Bank Clearing Member to the Clearing House and CDP respectively;

or

- c. it has net head office funds of not less than S\$5,000,000 or in the case of an applicant admitted as a clearing member of the Clearing House and CDP, it has net head office funds of not less than S\$8,000,000, or such other amount as may be prescribed by the Clearing House hereafter and from time to time, PROVIDED ALWAYS THAT the Clearing House has the discretion to decide if an applicant may seek to rely on its net head office funds pursuant to this Rule 2.02B.1.11.c instead of depositing cash and/or acceptable government securities pursuant to Rule 2.02B.1.11.a or b.

*Added on [10 August 2007](#) and amended on [10 May 2010](#) and [3 November 2010](#) and [26 April 2013](#).*

## **2.02B.2**

Upon admission as a Bank Clearing Member, if there is any downgrade in the rating of the Bank Clearing Member or its parent bank such that it falls below the minimum prescribed rating, the Clearing House may, at its absolute discretion, impose additional conditions as it deems fit, for permitting the Bank Clearing Member to continue to clear Contracts through the Clearing House.

*Added on [10 August 2007](#).*

## **2.02B.3**

Rules 2.02B.1.10 and 2.02B.1.11 shall not apply to a Bank Clearing Member who clears only OTCF Contracts (and not any other Contract Class).

*Added on [3 November 2010](#).*

## **2.03 Honorary Clearing Membership**

### **2.03.1**

The Clearing House may invite any person of distinction to be an Honorary Clearing Member for such period and on such terms as it deems fit.

## **2.04 Application**

### **2.04.1**



An application for Clearing Membership shall be made to the Clearing House and shall be in such form or forms as the Clearing House may from time to time hereafter prescribe. An applicant for Clearing Membership shall provide to the Clearing House such evidence as the Clearing House may require and shall pay such fees as the Clearing House may from time to time hereafter prescribe. The Clearing House may refuse an application for Clearing Membership.

## 2.05 Admission

### 2.05.1

The Clearing House will endeavour to process, consider and decide upon an application to be a Clearing Member in a timely fashion, but owes no obligation to do so.

### 2.05.2

The Clearing House may require the applicant to provide such evidence as it may require and may require the applicant to be present at such time and place as the Clearing House requires. The Clearing House, if it deems necessary, may conduct such investigation and make enquiries upon the applicant and any information and particulars given by the applicant.

### 2.05.3

Upon approval of application being granted by the Clearing House, the Clearing House shall promptly notify the applicant in writing.

### 2.05.4

If the Clearing House refuses an application, it shall notify the applicant in writing of its decision and it shall not be required to give any reason to the applicant for its decision.

## 2.06 Compliance

### 2.06.1 Rules

An applicant who has been admitted as a Clearing Member or deemed to have been admitted as a Clearing Member shall comply with this Rules. Without prejudice to the generality of the foregoing the criteria and requirements for Clearing Membership prescribed in this Rules and/or in the Clearing Membership certificate, and/or prescribed by the Clearing House from time to time shall continue to apply even after an applicant has been admitted as a Clearing Member or deemed to have been admitted as a Clearing Member and shall continue to apply during its Clearing Membership. A Clearing Member who fails to comply with such criteria and requirements shall be dealt with in such manner as the Clearing House deems appropriate, including but not limited to suspension of or expulsion from Clearing Membership.

*Amended on [27 March 2006](#).*

### 2.06.2 SFA

Every Clearing Member which is licensed or is exempted from licensing but whose activities are still subject to regulation by the SFA and thus by the Authority shall comply with all applicable provisions of the SFA, and any applicable order, circular, direction or other requirement made by the Authority pursuant to the SFA, and shall procure that each of its directors, officers, agents, employees and representatives complies with the same.

Violation of this [Rule 2.06](#) may be a major offence.

*Amended on [27 March 2006](#).*

## 2.06A Reporting

### 2.06A.1

Except for a Bank Clearing Member, a Clearing Member must inform the Clearing House in writing immediately if it or any of its directors, officers, Registered Persons, employees, or agents:—

2.06A.1.1 breaches the SFA or SFR;

2.06A.1.2 breaches this Rules;

- 2.06A.1.3 breaches any relevant law or regulation which governs that person's other business activities;
- 2.06A.1.4 breaches the rules of any other exchange or clearing house;
- 2.06A.1.5 breaches any provision involving fraud or dishonesty, whether in or out of Singapore;
- 2.06A.1.6 breaches director's duties;
- 2.06A.1.7 is the subject of a written complaint involving an allegation of fraud or dishonesty, whether in or out of Singapore;
- 2.06A.1.8 is the subject of an investigation involving an allegation of fraud or dishonesty, whether in or out of Singapore;
- 2.06A.1.9 is the subject of any disciplinary action taken by the Clearing Member involving suspension, termination, withholding of commissions, fines or any other significant limitation of activities;
- 2.06A.1.10 engages in conduct that has the effect of circumventing the SFA, SFR or this Rules;
- 2.06A.1.11 engages in conduct which is inconsistent with the principles of good business practice;
- 2.06A.1.12 engages in conduct which is detrimental to the financial integrity, reputation or interests of the Clearing House, or clearing facilities established or operated by the Clearing House; or
- 2.06A.1.13 is insolvent, or has been issued a bankruptcy or winding up proceeding.

*Amended on [27 March 2006](#) and [3 November 2010](#).*

## **2.06A.2**

A Bank Clearing Member must inform the Clearing House immediately in writing if it or any of its director(s) who is(are) resident in Singapore and/or responsible for its business governed by this Rules, officers, Registered Persons, employees, or agents, in respect of its business governed by this Rules, :—

- 2.06A.2.1 breaches the SFA or SFR;
- 2.06A.2.2 breaches this Rules;
- 2.06A.2.3 breaches the rules of any other exchange or clearing house;
- 2.06A.2.4 breaches any provision involving fraud or dishonesty, whether in or out of Singapore;
- 2.06A.2.5 breaches director's duties;
- 2.06A.2.6 is the subject of a written complaint involving an allegation of fraud or dishonesty, whether in or out of Singapore;
- 2.06A.2.7 is the subject of an investigation involving an allegation of fraud or dishonesty, whether in or out of Singapore;
- 2.06A.2.8 is the subject of any disciplinary action taken by the Clearing Member involving suspension, termination, withholding of commissions, fines or any other significant limitation of activities;
- 2.06A.2.9 engages in conduct that has the effect of circumventing the SFA, SFR or this Rules;
- 2.06A.2.10 engages in conduct which is inconsistent with the principles of good business practice;
- 2.06A.2.11 engages in conduct which is detrimental to the financial integrity, reputation or interests of the Clearing House, or clearing facilities established or operated by the Clearing House; or
- 2.06A.2.12 is insolvent, or has been issued a bankruptcy or winding up proceeding.

*Added on [3 November 2010](#).*

## **2.07 Minimum Capital and Financial Requirements of Clearing Members Incorporated in Singapore**

**2.07.1**

Each General Clearing Member incorporated in Singapore shall at all times :—

**2.07.1.1 Base Capital Requirement**

- a. maintain a base capital of not less than S\$5,000,000;
- b. in the case of a General Clearing Member who is also a clearing member of CDP, maintain a base capital of not less than S\$8,000,000; or
- c. in the case of a General Clearing Member who wishes to clear OTCF Contracts, maintain a base capital of not less than S\$50,000,000;

or such other amount as may be prescribed by the Clearing House from time to time.

**2.07.1.2 Financial Resources Requirement**

not cause or permit its financial resources to fall below its total risk requirement;

**2.07.1.3 Aggregate Indebtedness Requirement**

not cause or permit its aggregate indebtedness to exceed 1,200% of its aggregate resources; and

**2.07.1.4 Other Requirements**

comply with the accounting, reporting, book-keeping and any other financial and operational requirements prescribed by the Clearing House.

*Amended on [27 March 2006](#), [10 August 2007](#) and [3 November 2010](#).*

**2.07.1A**

Each Direct Clearing Member incorporated in Singapore shall at all times:—

**2.07.1A.1 Base Capital Requirement**

maintain a base capital of not less than S\$5,000,000;

**2.07.1A.2 Financial Resources Requirement**

not cause or permit its financial resources to fall below its total risk requirement;

**2.07.1A.3 Aggregate Indebtedness Requirement**

not cause or permit its aggregate indebtedness to exceed 1,200% of its aggregate resources; and

**2.07.1A.4 Other Requirements**

comply with the accounting, reporting, book-keeping and any other financial and operational requirements prescribed by the Clearing House.

*Added on [27 March 2006](#) and amended on [10 August 2007](#).*

**2.07.1B**

Unless otherwise exempted under [Rule 2.07.8](#), each Bank Clearing Member incorporated in Singapore shall at all times:—

**2.07.1B.1 Base Capital Requirement**

- a. maintain a base capital of not less than S\$5,000,000; or
- b. in the case of a Bank Clearing Member who is also a clearing member of CDP, maintain a base capital of not less than S\$8,000,000;

**2.07.1B.2 Financial Resources Requirement**

not cause or permit its financial resources to fall below its total risk requirement; and

**2.07.1B.3 Other Requirements**

comply with the accounting, reporting, book-keeping and any other financial and operational requirements

prescribed by the Clearing House in relation to the Bank Clearing Member's business governed by this Rules.

*Added on [10 August 2007](#) and amended on [3 November 2010](#).*

### **2.07.2 [Rule has been deleted.]**

*Amended on [27 March 2006](#), [10 August 2007](#) and deleted on [10 May 2010](#).*

### **2.07.3**

The Clearing House may from time to time prescribe other minimum capital and financial requirements and conditions for exemptions or exceptions therefrom.

### **2.07.4**

The Clearing House reserves the right to call on any of the letters of credit and all other forms of security furnished pursuant to this Rules and apply the proceeds thereof in respect of the Clearing Member's default to the Clearing House and/or its common bond liability under [Rule 7A.05](#) and [7A.06](#).

*Amended on [10 August 2007](#) and [7 August 2012](#).*

### **2.07.5**

A Clearing Member shall immediately notify the Clearing House if it fails to meet the minimum capital and financial requirements prescribed in the preceding paragraphs or becomes aware that it will fail to comply with such requirements.

### **2.07.6**

If the Clearing House is notified by a Clearing Member under [Rule 2.07.5](#) or becomes aware (whether or not there has been any notification by the Clearing Member under [Rule 2.07.5](#)) that the Clearing Member has failed to comply with the minimum capital and financial requirements prescribed in the preceding paragraphs, the Clearing House may direct the Clearing Member to do one (1) or more of the following actions:—

2.07.6.1 liquidate or cease any increase in positions for any account carried by the Clearing Member;

2.07.6.2 liquidate or transfer all or part of any customer's positions, margins, collateral, assets and accounts to one (1) or more other Clearing Members. For the avoidance of doubt, reference to "customer's positions, margins, collateral, assets and accounts" in relation to a Bank Clearing Member, shall refer to customer's positions, margins, collateral, assets and accounts falling within the Bank Clearing Member's business governed by this Rules;

2.07.6.3 operate its business or in the case of a Bank Clearing Member, its business governed by this Rules, in such manner and on such conditions as the Clearing House may impose.

*Amended on [27 March 2006](#) and [10 August 2007](#).*

### **2.07.7**

The Clearing House may prescribe for one (1) or more Clearing Members, capital, financial and other requirements in excess of the minimum prescribed under this Rules on the basis of volume, types of positions carried, margin policies, nature of business conducted or to be conducted or its membership in any exchange or market and such other criteria as deemed necessary by the Clearing House.

*Amended on [27 March 2006](#).*

### **2.07.8**

Rules [2.07.1B](#), [2.07A.1](#), [2.07A.2](#), [2.07B.1](#) and [2.07B.3](#) shall not apply to a Bank Clearing Member incorporated in Singapore who clears only OTCF Contracts (and not any other Contract Class).

*Added on [3 November 2010](#).*

## **2.07A Early Warning Financial Requirements of Clearing Members Incorporated in Singapore**

**2.07A.1**

Unless otherwise exempted under [Rule 2.07.8](#), each Clearing Member incorporated in Singapore shall immediately notify the Clearing House:—

2.07A.1.1 if its financial resources fall below 120% of its total risk requirement; or

2.07A.1.2 in the case of a General Clearing Member or Direct Clearing Member, if its aggregate indebtedness exceeds 600% of its aggregate resources.

*Amended on [10 August 2007](#) and [3 November 2010](#).*

**2.07A.2**

Unless otherwise exempted under [Rule 2.07.8](#), if the Clearing House is notified by a Clearing Member under [Rule 2.07A.1.1](#) or becomes aware (whether or not there has been any notification by the Clearing Member under [Rule 2.07A.1.1](#)) that such Clearing Member's financial resources have fallen below 120% of its total risk requirement, the Clearing House may direct:—

2.07A.2.1 where such Clearing Member is a General Clearing Member, to comply with one (1) or more of the directions prescribed under Regulation 7(3) of the SFR (Financial and Margin Requirements);

2.07A.2.2 where such Clearing Member is a Direct Clearing Member, to comply with one (1) or more of the directions described under Regulation 7(3) of the SFR (Financial and Margin Requirements);

2.07A.2.3 where such Clearing Member is a Bank Clearing Member, to comply with one (1) or more of the directions described under Regulation 7(3) of the SFR (Financial and Margin Requirements). For the avoidance of doubt, reference in Regulation 7(3) of the SFR (Financial and Margin Requirements) to:—

(a) "customer's positions, margins, collateral, assets and accounts", shall be read to mean customer's positions, margins, collateral, assets and accounts falling within the Bank Clearing Member's business governed by this Rules; and

(b) "business" shall be read to mean the Bank Clearing Member's business governed by this Rules.

*Amended on [27 March 2006](#), [10 August 2007](#) and [3 November 2010](#).*

**2.07A.3**

If the Clearing House is notified by a General Clearing Member or a Direct Clearing Member under [Rule 2.07A.1.2](#) or becomes aware (whether or not there has been any notification by such Clearing Member under [Rule 2.07A.1.2](#)) that such Clearing Member's aggregate indebtedness has exceeded 600% of its aggregate resources, the Clearing House may direct:—

2.07A.3.1 where such Clearing Member is a General Clearing Member, to comply with one (1) or more of the directions prescribed under Regulation 17(2) of the SFR (Financial and Margin Requirements);

2.07A.3.2 where such Clearing Member is a Direct Clearing Member, to comply with one (1) or more of the directions described under Regulation 17(2) of the SFR (Financial and Margin Requirements).

*Amended on [27 March 2006](#) and [10 August 2007](#).*

**2.07A.4**

The Clearing House may from time to time prescribe other early warning financial requirements and conditions for exemptions or exceptions therefrom on all or any of the Clearing Members.

**2.07B Notification Requirements of Clearing Members Incorporated in Singapore****2.07B.1**

Unless otherwise exempted under [Rule 2.07.8](#), each Clearing Member incorporated in Singapore shall immediately notify the Clearing House if its financial resources fall below 150% of its total risk requirement.

*Amended on [3 November 2010](#).*

**2.07B.2**

The Clearing House may from time to time prescribe other notification requirements and conditions for exemptions or exceptions therefrom on all or any of the Clearing Members.

**2.07B.3**

Unless otherwise exempted under [Rule 2.07.8](#), if the Clearing House is notified by a Clearing Member under [Rule 2.07B.1](#) or becomes aware (whether or not there has been any notification by the Clearing Member under [Rule 2.07B.1](#)) that such Clearing Member's financial resources have fallen below 150% of its total risk requirement, the Clearing House may direct such Clearing Member to do one (1) or more of the following actions:

2.07B.3.1 submit (where applicable), the statements of assets and liabilities, financial resources, total risk requirement, aggregate indebtedness, and such other statements as required by the Clearing House at such interval and for such time frame as determined by the Clearing House;

2.07B.3.2 operate its business, or in the case of a Bank Clearing Member, its business governed by this Rules, in such manner and on such conditions as the Clearing House may impose.

*Added on [10 August 2007](#) and amended on [3 November 2010](#).*

**2.07C Qualifying Letter of Credit****2.07C.1**

For the purpose of Rules [2.07](#), [2.07A](#) and [2.07B](#), a Clearing Member may include one (1) or more qualifying letter (s) of credit deposited with the Clearing House in its calculation of financial resources, subject to the total amount payable under the qualifying letter(s) of credit or 50% of its total risk requirement, whichever is lower. In the case of a Clearing Member admitted as a clearing member of the Clearing House and CDP, and which has deposited such qualifying letter(s) of credit with CDP, pursuant to the corresponding provisions in the CDP Clearing Rules, it need not deposit another qualifying letter(s) of credit with the Clearing House.

*Amended on [10 August 2007](#).*

**2.07C.2**

For the purpose of [Rule 2.07C.1](#), a qualifying letter of credit is a legally enforceable and irrevocable letter of credit that:—

2.07C.2.1 is made in favour of the Clearing House;

2.07C.2.2 is issued by a bank approved by, and in a form acceptable to the Clearing House; and

2.07C.2.3 does not include any letters of credit provided by the Clearing Member to satisfy [Chapter 7](#) or [Chapter 7A](#) or any other requirement imposed by the Clearing House.

*Amended on [10 August 2007](#) and [7 August 2012](#).*

**2.07C.3**

The Clearing House reserves the right to call on any of the qualifying letters of credit furnished pursuant to this Rules and apply the proceeds thereof in respect of the Clearing Member's default to the Clearing House and/or its common bond liability under [Rule 7A.05](#) and [7A.06](#). In the case of a Clearing Member admitted as a clearing member of the Clearing House and CDP, the Clearing House shall have the discretion to apportion in any manner, the use of the proceeds between the Clearing House and CDP. In deciding on the apportionment, the Clearing House may, in consultation with CDP, take into account factors, including but not limited to, the amount owed by the Clearing Member to the Clearing House and CDP respectively.

*Amended on [10 August 2007](#) and [7 August 2012](#).*

**2.08 Minimum Capital and Financial Requirements of Clearing Members Incorporated Outside Singapore**

**2.08.1**

Each General Clearing Member incorporated outside Singapore shall at all times:—

**2.08.1.1 Base Capital Requirement**

- a. maintain net head office funds of not less than S\$5,000,000;
- b. in the case of a General Clearing Member who is also a clearing member of CDP, maintain net head office funds of not less than S\$8,000,000; or
- c. in the case of a General Clearing Member who wishes to clear OTCF Contracts, maintain net head office funds of not less than S\$50,000,000;

or such other amount as may be prescribed by the Clearing House from time to time.

**2.08.1.2 Financial Resources Requirement**

not cause or permit its adjusted net head office funds to fall below its total risk requirement;

**2.08.1.3 Aggregate Indebtedness Requirement**

not cause or permit its aggregate indebtedness to exceed 1,200% of its aggregate resources; and

**2.08.1.4 Other Requirements**

comply with the accounting, reporting, book-keeping and any other financial and operational requirements prescribed by the Clearing House.

*Amended on [27 March 2006](#), [10 August 2007](#) and [3 November 2010](#).*

**2.08.1A**

Each Direct Clearing Member incorporated outside Singapore shall at all times:—

**2.08.1A.1 Base Capital Requirement**

maintain net head office funds of not less than S\$5,000,000;

**2.08.1A.2 Financial Resources Requirement**

not cause or permit its financial resources to fall below its total risk requirement;

**2.08.1A.3 Aggregate Indebtedness Requirement**

not cause or permit its aggregate indebtedness to exceed 1,200% of its aggregate resources; and

**2.08.1A.4 Other Requirements**

comply with the accounting, reporting, book-keeping and any other financial and operational requirements prescribed by the Clearing House.

*Amended on [10 August 2007](#).*

**2.08.1B**

Unless otherwise exempted under [Rule 2.08.8](#), each Bank Clearing Member incorporated outside Singapore shall at all times:—

**2.08.1B.1 where it has satisfied [Rule 2.02B.1.11](#). a or b,  
Cash and/or Acceptable Government Securities Requirement**

- a. deposit, as security for its obligations to the Clearing House, cash and/or acceptable government securities of not less than S\$5,000,000 with the Clearing House; or
- b. in the case of a Bank Clearing Member who is also a clearing member of CDP, deposit, as security for its obligations to the Clearing House, cash and/or acceptable government securities of not less than S\$8,000,000 with the Clearing House;  
PROVIDED ALWAYS THAT:—
  - i. if the Bank Clearing Member has deposited S\$8,000,000 with CDP or such other amount as prescribed, pursuant to the corresponding provision in the CDP Clearing Rules, it need not deposit a further S\$8,000,000 with the Clearing House or such other amount as may be prescribed by the Clearing House; and

- ii. the Clearing House shall have the discretion to utilize or apportion in any manner, the S\$8,000,000 or such other amount as may be prescribed by the Clearing House and/or CDP, to satisfy the Bank Clearing Member's obligations to the Clearing House and/or CDP under this Rules and the CDP Clearing Rules respectively. In deciding on the apportionment, the Clearing House may, in consultation with CDP, take into account factors, including but not limited to, the amount owed by the Bank Clearing Member to the Clearing House and CDP respectively;

and

- c. not cause or permit its cash and/or acceptable government securities deposited with the Clearing House or CDP to fall below its total risk requirement;

or

2.08.1B.2 where it has satisfied [Rule 2.02B.1.11. c, Net Head Office Funds Requirement](#)

- a. maintain net head office funds of not less than S\$5,000,000 or in the case of a Bank Clearing Member who is also a clearing member of CDP, maintain net head office funds of not less than S\$8,000,000; and

[Adjusted Net Head Office Funds Requirement](#)

- b. not cause or permit its adjusted net head office funds to fall below its total risk requirement;

and

2.08.1B.3 [Other Requirements](#)

comply with the accounting, reporting, book-keeping and any other financial and operational requirements prescribed by the Clearing House in relation to the Bank Clearing Member's business governed by this Rules.

*Added on [10 August 2007](#) and amended on [25 August 2009](#) and [3 November 2010](#).*

## **2.08.2 [Rule has been deleted.]**

*Amended on [27 March 2006](#) and [10 August 2007](#) and deleted on [10 May 2010](#).*

## **2.08.3**

The Clearing House may from time to time prescribe other minimum capital and financial requirements and conditions for exemptions or exceptions therefrom.

## **2.08.4**

The Clearing House reserves the right to use or call on any cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to [Rule 2.08.1B.1](#), letters of credit and all other forms of security furnished pursuant to this Rules and apply the proceeds thereof in respect of the Clearing Member's default to the Clearing House and/or its common bond liability under [Rule 7A.05](#) and [7A.06](#).

*Amended on [27 March 2006](#), [10 August 2007](#) and [7 August 2012](#).*

## **2.08.5**

A Clearing Member shall immediately notify the Clearing House if it fails to meet the minimum capital and financial requirements prescribed in the preceding paragraphs or becomes aware that it will fail to comply with such requirements.

*Amended on [10 August 2007](#).*

## **2.08.6**

If the Clearing House is notified by a Clearing Member under [Rule 2.08.5](#) or becomes aware (whether or not there has been any notification by the Clearing Member under [Rule 2.08.5](#)) that such Clearing Member has failed to comply with the minimum capital and financial requirements prescribed in the preceding paragraphs, the Clearing House may direct such Clearing Member to do one (1) or more of the following actions:—



2.08.6.1 liquidate or cease any increase in positions for any account carried by the Clearing Member;

2.08.6.2 liquidate or transfer all or part of any customer's positions, margins, collateral, assets and accounts to one (1) or more other Clearing Members. For the avoidance of doubt, reference to "customer's positions, margins, collateral, assets and accounts" in relation to a Bank Clearing Member shall refer to customer's positions, margins, collateral, assets and accounts falling within the Bank Clearing Member's business governed by this Rules;

2.08.6.3 operate its business or in the case of a Bank Clearing Member, its business governed by this Rules, in such manner and on such conditions as the Clearing House may impose.

*Amended on [27 March 2006](#) and [10 August 2007](#).*

## **2.08.7**

The Clearing House may prescribe for one (1) or more Clearing Members, capital, financial and other requirements in excess of the minimum prescribed under this Rules on the basis of volume, types or positions carried, margin policies, nature of business conducted or to be conducted or its membership in any other exchange or market and such other criteria as deemed necessary by the Clearing House.

*Amended on [27 March 2006](#).*

## **2.08.8**

Rules [2.08.1B](#), [2.08A.1](#), [2.08A.2](#), [2.08B.1](#), [2.08B.3](#) and [2.08C.1](#) shall not apply to a Bank Clearing Member incorporated outside Singapore who clears only OTCF Contracts (and not any other Contract Class).

*Added on [3 November 2010](#).*

## **2.08A Early Warning Financial Requirements of Clearing Members Incorporated Outside Singapore**

### **2.08A.1**

Unless otherwise exempted under [Rule 2.08.8](#), each Clearing Member incorporated outside Singapore shall immediately notify the Clearing House:—

2.08A.1.1 if its adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to [Rule 2.08.1B.1](#) (whichever is applicable), fall below 120% of its total risk requirement; or

2.08A.1.2 in the case of a General Clearing Member or Direct Clearing Member, if its aggregate indebtedness exceeds 600% of its aggregate resources.

*Amended on [10 August 2007](#), [25 August 2009](#) and [3 November 2010](#).*

### **2.08A.2**

Unless otherwise exempted under [Rule 2.08.8](#), if the Clearing House is notified by a Clearing Member under [Rule 2.08A.1.1](#) or becomes aware (whether or not there has been any notification by the Clearing Member under [Rule 2.08A.1.1](#)) that such Clearing Member's adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to [Rule 2.08.1B.1](#) (whichever is applicable), have fallen below 120% of its total risk requirement, the Clearing House may direct:—

2.08A.2.1 where such Clearing Member is a General Clearing Member, to comply with one (1) or more of the directions prescribed under Regulation 7(3) of the SFR (Financial and Margin Requirements);

2.08A.2.2 where such Clearing Member is a Direct Clearing Member, to comply with one (1) or more of the directions described under Regulation 7(3) of the SFR (Financial and Margin Requirements);

2.08A.2.3 where such Clearing Member is a Bank Clearing Member, to comply with one (1) or more of the directions described under Regulation 7(3) of the SFR (Financial and Margin Requirements). For the avoidance of doubt, reference in Regulation 7(3) of the SFR (Financial and Margin Requirements) to:—

(a) "customer's positions, margins, collateral, assets and accounts", shall be read to mean customer's positions, margins, collateral, assets and accounts falling within the Bank Clearing Member's business governed by this Rules; and

(b) "business" shall be read to mean the Bank Clearing Member's business governed by this Rules.

*Amended on [27 March 2006](#), [10 August 2007](#), [25 August 2009](#) and [3 November 2010](#).*

### **2.08A.3**

If the Clearing House is notified by a General Clearing Member or a Direct Clearing Member under [Rule 2.08A.1.2](#) or becomes aware (whether or not there has been any notification by such Clearing Member under [Rule 2.08A.1.2](#)) that such General Clearing Member's or Direct Clearing Member's aggregate indebtedness has exceeded 600% of its aggregate resources, the Clearing House may direct:—

2.08A.3.1 where such Clearing Member is a General Clearing Member, to comply with one (1) or more of the directions prescribed under Regulation 17(2) of the SFR (Financial and Margin Requirements);

2.08A.3.2 where such Clearing Member is a Direct Clearing Member, to comply with one (1) or more of the directions described under Regulation 17(2) of the SFR (Financial and Margin Requirements).

*Amended on [27 March 2006](#) and [10 August 2007](#).*

### **2.08A.4**

The Clearing House may from time to time prescribe other early warning financial requirements and conditions for exemptions or exceptions therefrom on all or any of the Clearing Members.

## **2.08B Notification Requirements of Clearing Members Incorporated Outside Singapore**

### **2.08B.1**

Unless otherwise exempted under [Rule 2.08.8](#), each Clearing Member incorporated outside Singapore shall immediately notify the Clearing House if its adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to [Rule 2.08.1B.1](#) (whichever is applicable), fall below 150% of its total risk requirement.

*Amended on [10 August 2007](#), [25 August 2009](#) and [3 November 2010](#).*

### **2.08B.2**

The Clearing House may from time to time prescribe other notification requirements and conditions for exemptions or exceptions therefrom on all or any of the Clearing Members.

*Amended on [10 August 2007](#).*

### **2.08B.3**

Unless otherwise exempted under [Rule 2.08.8](#), if the Clearing House is notified by a Clearing Member under [Rule 2.08B.1](#) or becomes aware (whether or not there has been any notification by the Clearing Member under [Rule 2.08B.1](#)) that such Clearing Member's adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to [Rule 2.08.1B.1](#) (whichever is applicable), have fallen below 150% of its total risk requirement, the Clearing House may direct such Clearing Member to do one (1) or more of the following actions:—

2.08B.3.1 submit (where applicable), the statements of assets and liabilities, adjusted net head office funds, cash and/or acceptable government securities deposited with the Clearing House or CDP, aggregate indebtedness, total risk requirement and such other statements as required by the Clearing House at such interval and for such time frame as may be determined by the Clearing House;

2.08B.3.2 operate its business, or in the case of a Bank Clearing Member, its business governed by this Rules, in such manner and on such conditions as the Clearing House may impose.

*Added on [10 August 2007](#) and amended on [25 August 2009](#) and [3 November 2010](#).*

## **2.08C Qualifying Letter of Credit**

**2.08C.1**

Unless otherwise exempted under [Rule 2.08.8](#), for the purpose of Rules [2.08](#), [2.08A](#) and [2.08B](#), a Clearing Member may include one (1) or more qualifying letter(s) of credit deposited with the Clearing House in its calculation of adjusted net head office funds subject to the total amount payable under the qualifying letter(s) of credit or 50% of its total risk requirement, whichever is lower. In the case of a Clearing Member admitted as a clearing member of the Clearing House and CDP, and which has deposited such qualifying letter(s) of credit with CDP, pursuant to the corresponding provisions in the CDP Clearing Rules, it need not deposit another qualifying letter(s) of credit with the Clearing House.

*Amended on [10 August 2007](#) and [3 November 2010](#).*

**2.08C.2**

For the purpose of [Rule 2.08C.1](#), a qualifying letter of credit is a legally enforceable and irrevocable letter of credit that:—

2.08C.2.1 is made in favour of the Clearing House;

2.08C.2.2 is issued by a bank approved by, and in a form acceptable to the Clearing House; and

2.08C.2.3 does not include any letters of credit provided by the Clearing Member to satisfy [Chapter 7](#) or [Chapter 7A](#) or any other requirement imposed by the Clearing House.

*Amended on [10 August 2007](#) and [7 August 2012](#).*

**2.08C.3**

The Clearing House reserves the right to call on any of the qualifying letters of credit furnished pursuant to this Rules and apply the proceeds thereof in respect of the Clearing Member's default to the Clearing House and/or its common bond liability under [Rule 7A.05](#) and [7A.06](#). In the case of a Clearing Member admitted as a clearing member of the Clearing House and CDP, the Clearing House shall have the discretion to apportion in any manner, the use of the proceeds between the Clearing House and CDP. In deciding on the apportionment, the Clearing House may, in consultation with CDP, take into account factors, including but not limited to, the amount owed by the Clearing Member to the Clearing House and CDP respectively.

*Amended on [10 August 2007](#) and [7 August 2012](#).*

**2.09 Special Reserve Fund for General Clearing Members Incorporated in Singapore****2.09.1**

In addition to the minimum capital and financial requirements in [Rule 2.07](#), every General Clearing Member incorporated in Singapore shall maintain a special reserve fund to which a sum of not less than 30% of the audited net profits of each year shall be transferred out of the net profits after due provision has been made for taxation, so long as the base capital less unappropriated profits in the latest audited accounts is less than S\$15,000,000.

*Amended on [27 March 2006](#).*

**2.09.2**

The special reserve fund for the time being set aside pursuant to this [Rule 2.09](#) shall not be available for the declaration of dividends without the prior written approval of the Clearing House.

*Amended on [27 March 2006](#).*

**2.10 Special Reserve Fund for General Clearing Members Incorporated Outside Singapore****2.10.1**

In addition to the minimum capital and financial requirements in [Rule 2.08](#), every General Clearing Member incorporated outside Singapore shall maintain a special reserve fund to which a sum of not less than 30% of the audited net profits of each year shall be transferred out of the net profits after due provision has been made for taxation, so long as the net head office funds is less than S\$15,000,000.

Amended on [27 March 2006](#).

## 2.10.2

The special reserve fund for the time being set aside pursuant to this [Rule 2.10](#) shall not be available for the declaration of dividends without the prior written approval of the Clearing House.

Amended on [27 March 2006](#).

## 2.11 Other Financial Requirements

### 2.11.1 Reduction in Paid-Up Ordinary Share Capital

2.11.1.1 Each Clearing Member incorporated in Singapore, except in the case of a Bank Clearing Member, shall not reduce its paid-up ordinary share capital without the prior approval of the Clearing House.

Amended on [27 March 2006](#) and [10 August 2007](#).

### 2.11.2 Preference Share

2.11.2.1 Each Clearing Member incorporated in Singapore, except in the case of a Bank Clearing Member, shall immediately notify the Clearing House prior to the date of issue of any preference share.

2.11.2.2 A Clearing Member incorporated in Singapore, except in the case of a Bank Clearing Member, shall not redeem any redeemable preference share that is computed as part of its financial resources:—

- a. unless the Clearing Member notifies the Clearing House within such time before the proposed date of redemption as prescribed by the SFR (Financial and Margin Requirements);
- b. if at the date of redemption:—
  - i. the financial resources (including qualifying letters of credit referred to in Rule 2.07C) of the Clearing Member are less than 150% of its total risk requirement; or
  - ii. the aggregate indebtedness of the Clearing Member exceeds 600% of its aggregate resources;
- c. if such a redemption will cause an event in Rule 2.11.2.2.b above to occur; or
- d. if the Clearing House has prohibited in writing such a redemption.

Amended on [27 March 2006](#) and [10 August 2007](#).

### 2.11.3 Qualifying Subordinated Loans

2.11.3.1 Each Clearing Member incorporated in Singapore, shall immediately notify the Clearing House when it draws down a qualifying subordinated loan no later than the date of draw down.

2.11.3.2 A Clearing Member incorporated in Singapore:—

- a. shall not repay, whether in part or in full, any subordinated loan principal before the maturity date without the prior approval of the Clearing House;
- b. shall not repay, whether in part or in full, any subordinated loan principal that has matured:—
  - i. unless the Clearing Member notifies the Clearing House at least one (1) Business Day before the date of repayment;
  - ii. if the financial resources (including qualifying letters of credit referred to in [Rule 2.07C](#)) of the Clearing Member, are less than 150% of its total risk requirement;
  - iii. in the case of a General Clearing Member or Direct Clearing Member, if the aggregate indebtedness of the General Clearing Member or Direct Clearing Member exceeds 600% of its aggregate resources;
  - iv. if such a repayment will cause an event in Rules 2.11.3.2.b.ii or iii to occur; or
  - v. if the Clearing House has prohibited in writing such a repayment.

Amended on [27 March 2006](#) and [10 August 2007](#).

#### **2.11.4 Making of Unsecured Loan or Advance, Payment of Dividend or Director's Fees or Increase in Director's Remuneration**

2.11.4.1 Each Clearing Member, except for a Bank Clearing Member, shall not, without the prior written approval of the Clearing House, make any unsecured loan or advance, pay any dividend or director's fees or increase any director's remuneration if:—

a. in the case where the Clearing Member is incorporated in Singapore:—

- i. the base capital of the Clearing Member is less than the base capital requirement applicable to the Clearing Member under [Rule 2.07](#);
- ii. the financial resources (including qualifying letters of credit referred to in [Rule 2.07C](#)) of the Clearing Member are less than 150% of its total risk requirement;
- iii. the aggregate indebtedness of the Clearing Member exceeds 600% of its aggregate resources;  
or
- iv. such a loan, advance, payment or increase will cause an event in Rules 2.11.4.1.a.i, ii or iii to occur;

or

b. in the case where the Clearing Member is incorporated outside Singapore:—

- i. the net head office funds of the Clearing Member are below the net head office funds requirement applicable to the Clearing Member under [Rule 2.08](#);
- ii. the adjusted net head office funds (including qualifying letters of credit referred to in [Rule 2.08C](#)) of the Clearing Member are less than 150% of its total risk requirement;
- iii. the aggregate indebtedness of the Clearing Member exceeds 600% of its aggregate resources;  
or
- iv. such a loan, advance, payment or increase will cause an event in Rules 2.11.4.1.b.i, ii or iii to occur.

Amended on [27 March 2006](#) and [10 August 2007](#).

#### **2.11.5 Capital to Meet Loss Exposure**

2.11.5.1 Before a Clearing Member can clear an Eligible Non-Relevant Market Transaction which trade price falls outside the price band prescribed by the Clearing House (referred to at [Rule 7.02A.1.1](#)), it shall maintain at least the minimum capital required by the Clearing House, to meet the loss exposure in excess of the prescribed price band. The Clearing Member shall notify the Clearing House prior to the close of business of the next Business Day that it has fulfilled such capital requirements.

Added on [27 March 2006](#) and amended on [3 November 2010](#) and [8 November 2012](#).

### **Rights and Obligations of Clearing Members**

#### **2.12 Rights of Clearing Members**

##### **2.12.1**

Every Clearing Member shall have only such rights and obligations as are set out in the terms and conditions governing its Clearing Membership. Such terms and conditions shall also set out the Contract Class or Contract Classes, as the case may be, that each class of Clearing Membership is eligible to clear. The rights and obligations attaching to such Clearing Member's Clearing Membership may be varied or abrogated by the Clearing House from time to time.

Amended on [27 March 2006](#), [10 August 2007](#) and [3 November 2010](#).

**2.12.2**

A General Clearing Member can, subject to the Rules and/or unless otherwise notified by the Clearing House:

- 2.12.2.1 clear its own trades and trades of Third Parties;
- 2.12.2.2 by its Clearing Membership with the Clearing House participate in the clearing system established and maintained by the Clearing House to clear Contracts; and
- 2.12.2.3 have access to each Mutual Offset System.

*Amended on [27 March 2006](#) and [10 August 2007](#).*

**2.12.3**

A Direct Clearing Member can, subject to the Rules and/or unless otherwise notified by the Clearing House:—

- 2.12.3.1 clear only its own trades and the proprietary trades of its related corporations; and
- 2.12.3.2 by its Clearing Membership with the Clearing House participate in the clearing system established and maintained by the Clearing House to clear Contracts.

*Added on [10 August 2007](#).*

**2.12.4**

A Bank Clearing Member can, subject to the Rules and/or unless otherwise notified by the Clearing House:—

- 2.12.4.1 clear its own trades and trades of Third Parties;
- 2.12.4.2 by its Clearing Membership with the Clearing House participate in the clearing system established and maintained by the Clearing House to clear Contracts; and
- 2.12.4.3 have access to each Mutual Offset System.

*Added on [10 August 2007](#).*

**2.12A [Rule has been deleted.]**

*Added on [27 March 2006](#) and deleted on [10 August 2007](#).*

**2.13 Duties and Responsibilities of Clearing Members****2.13.1**

A Clearing Member shall, subject to the Rules, also have the following responsibilities and duties:—

- 2.13.1.1 To maintain bank accounts in the currencies that may incur settlement and with banks acceptable to the Clearing House;
- 2.13.1.2 Subject to the same being accepted by the Clearing House, to clear Non-Relevant Market Contracts and/or Contracts made on any Relevant Market by such members of the Relevant Market with whom it has agreed to clear;
- 2.13.1.3 Not to directly carry any account and/or clear any Contract for the direct or indirect benefit of an employee or officer of another Clearing Member if such employee or officer shall be trading for his own account, unless the prior written approval of that other Clearing Member has been obtained;
- 2.13.1.4 Not to provide funds, credit or finance to any other Clearing Member or a member of any Relevant Market for any purpose except with the prior written approval of the Clearing House, and except that this Rule 2.13.1.4 shall not apply to Bank Clearing Members;
- 2.13.1.5 To provide and maintain such Security Deposit as specified in [Rule 7A.06.2](#) in addition to any security deposit requirement that may be required of it as a Clearing Member of the Clearing House;
- 2.13.1.6 To maintain minimum capital and financial requirements as specified in [Rule 2.07](#) or [2.08](#);

2.13.1.7 To clear such Contracts made on any Relevant Market by any person through any approved electronic trading terminal or facilities provided to it or to such members of the Relevant Market to whom it shall have agreed to provide clearing services;

2.13.1.8 To have in place sufficient resources and establish and maintain adequate internal control and risk management system for its business, and in the case of a Bank Clearing Member, its business governed by this Rules; and

2.13.1.9 To comply with such other requirements as may be prescribed by the Clearing House from time to time.

*Amended on [27 March 2006](#), [10 August 2007](#), [7 August 2012](#) and [8 November 2012](#).*

## **2.13A Business Continuity Requirements**

Refer to [Practice Note 2.13A](#).

### **2.13A.1**

A Clearing Member must assess its business and operational risks and maintain adequate business continuity arrangements.

### **2.13A.2**

A Clearing Member must document its business continuity arrangements in a business continuity plan.

### **2.13A.3**

A Clearing Member's senior management shall be responsible for the Clearing Member's business continuity plan. Sufficient awareness of the risks, mitigating measures and state of readiness must be demonstrated by way of an attestation to the Clearing Member's Board of Directors.

### **2.13A.4**

A Clearing Member must review and test its business continuity plan regularly.

### **2.13A.5**

A Clearing Member must appoint emergency contact persons, and furnish the contact information of such persons to the Clearing House. The Clearing Member's emergency contact persons must be contactable at all times, and must immediately notify the Clearing House in the event of emergencies.

*Added on [22 January 2009](#).*

## **2.14 Required Records and Reports**

### **2.14.1**

Each Clearing Member shall prepare, maintain and keep current those books and records required by this Rules and SFA. Such books and records shall be open to inspection and promptly provided to the Clearing House upon request.

*Amended on [27 March 2006](#).*

### **2.14.2**

Each Clearing Member must file any information requested by the Clearing House within the time period specified in the request.

### **2.14.3**

Each Clearing Member shall maintain at all times the ability to provide to the Clearing House in an acceptable form a complete set of equity system reports (including, at a minimum, the equity run, open position listing, day trade listing, cash adjustments listing and margin call and debit equity listing). Such reports shall forthwith be available to the Clearing House upon the Clearing House's request. Where such request is made at or before 12

p.m. on a Business Day (the "Request Date"), the Clearing Member shall report the required information up to and as at the two (2) Business Days immediately before the Request Date, and where such request is made after 12 p.m. on a Business Day, the Clearing Member shall report the required information up to and as at the Business Day immediately before the Request Date.

### **2.14.3A**

Each Clearing Member shall submit to the Clearing House, in the manner as prescribed from time to time:—

- 2.14.3A.1 a report on all its credit facilities with its financial institutions, on a monthly basis.
- 2.14.3A.2 any change to its credit facilities, including variation of credit limits and addition or termination of credit facilities, immediately upon such change.
- 2.14.3A.3 the identities of the owners or controlling parties for any House Account or Customer Account which:
  - a. is used for trading of Contracts or carrying of Contracts; or
  - b. contains positions required to be reported pursuant to Rules [7.09.1](#) and [7.16.1](#);
 within such time as prescribed by the Clearing House.

*Added on [22 September 2006](#).*

### **2.14.3B**

A Clearing Member must maintain separate accounts for each person whose account is carried on the books of the Clearing Member.

*Added on [26 April 2013](#).*

### **2.14.4**

Where a Clearing Member at any time fails to make or keep current the books and records required by the Clearing House it shall notify the Clearing House of such failure on the same day, specifying the relevant books and records, and shall thereafter comply with all orders of the Clearing House.

Violation of this Rule may be a major offence.

*Amended on [27 March 2006](#).*

## **2.15 Audit Requirements**

### **2.15.1 Statutory Audit Report for General Clearing Members**

Without prejudice to such audit and/or reporting requirements as may be imposed by the Clearing House from time to time, a General Clearing Member shall furnish to the Clearing House within five (5) months of the end of its financial year or within such longer period as may be permitted in writing by the Clearing House, the relevant forms which a General Clearing Member is required to lodge in the prescribed format under Regulation 27(9) of the SFR (Financial and Margin Requirements), the annual accounts duly audited by, and the certificate of, its auditor or auditors who shall be a public accountant or a firm of public accountants acceptable to the Clearing House. The certificate shall pertain to the audit conducted by such auditor or auditors in respect of the financial year aforesaid and shall state, at a minimum:—

- 2.15.1.1 whether, in the opinion of the auditor or auditors, the General Clearing Member has complied with the capital and financial requirements set out in this Rules and the SFR (Financial and Margin Requirements);
- 2.15.1.2 whether, in the opinion of the auditor or auditors, the General Clearing Member's books of accounts and records are those usual in a business of that nature and appear to have been kept in a proper manner in accordance with the provisions of this Rules and the SFA;
- 2.15.1.3 whether, in the opinion of the auditor or auditors, the financial position of the General Clearing Member is such as to enable it to conduct its business on sound grounds, having regard to the nature and volume of the business transacted during its past financial year as shown by its books of accounts and records; and



2.15.1.4 whether the auditor or auditors has or have obtained all the necessary information and explanations for the proper conduct of the audit and to enable him or them to furnish his or their certificate.

2.15.1.5 Where, in the performance of his or their duties, the General Clearing Member's auditor or auditors becomes or become aware:—

- a. of any matter which in his or their opinion adversely affects or may adversely affect the financial position of the General Clearing Member to a material extent,
- b. of any matter which in his or their opinion constitutes or may constitute a contravention of any provision of the SFA or this Rules, or an offence involving fraud or dishonesty,
- c. of any irregularity that has or may have a material effect upon the accounts, including irregularities that jeopardise the moneys or other assets of any customer of the General Clearing Member, or
- d. that the accounting system, internal accounting control and procedures for safeguarding moneys or other assets are inadequate and the inadequacies have a material effect on the accounts,

the auditor or auditors shall immediately report the matter to the Clearing House.

*Amended on [27 March 2006](#) and [10 August 2007](#).*

### **2.15.1A Audit Report for Direct Clearing Members**

Without prejudice to such audit and/or reporting requirements as may be imposed by the Clearing House from time to time, a Direct Clearing Member shall furnish to the Clearing House within five (5) months of the end of its financial year or within such longer period as may be permitted in writing by the Clearing House, the relevant forms which a Direct Clearing Member is required to lodge in the prescribed format under [Rule 2.26](#), the annual accounts duly audited by, and the certificate of, its auditor or auditors who shall be a public accountant or a firm of public accountants acceptable to the Clearing House. The certificate shall pertain to the audit conducted by such auditor or auditors in respect of the financial year aforesaid and shall state, at a minimum:—

- 2.15.1A.1 whether, in the opinion of the auditor or auditors, the Direct Clearing Member has complied with the capital and financial requirements set out in this Rules;
- 2.15.1A.2 whether, in the opinion of the auditor or auditors, the Direct Clearing Member's books of accounts and records are those usual in a business of that nature and appear to have been kept in a proper manner in accordance with the provisions of this Rules;
- 2.15.1A.3 whether, in the opinion of the auditor or auditors, the financial position of the Direct Clearing Member is such as to enable it to conduct its business on sound grounds, having regard to the nature and volume of the business transacted during its past financial year as shown by its books of accounts and records; and
- 2.15.1A.4 whether the auditor or auditors has or have obtained all the necessary information and explanations for the proper conduct of the audit and to enable him or them to furnish his or their certificate.
- 2.15.1A.5 Where, in the performance of his or their duties, the Direct Clearing Member's auditor or auditors becomes or become aware:—
  - a. of any matter which in his or their opinion adversely affects or may adversely affect the financial position of the Direct Clearing Member to a material extent,
  - b. of any matter which in his or their opinion constitutes or may constitute a contravention of any provision of this Rules or an offence involving fraud or dishonesty, or
  - c. of any irregularity that has or may have a material effect upon the accounts,

the auditor or auditors shall immediately report the matter to the Clearing House.

*Added on [27 March 2006](#) and amended on [10 August 2007](#).*

### **2.15.1B Audit Report for Bank Clearing Members**

Without prejudice to such audit and/or reporting requirements as may be imposed by the Clearing House from time to time, a Bank Clearing Member shall furnish to the Clearing House within five (5) months of the end of its financial year or within such longer period as may be permitted in writing by the Clearing House, the relevant forms which a Bank Clearing Member is required to lodge in the prescribed format under [Rule 2.26](#), the annual

accounts duly audited by, and the certificate of its auditor or auditors. The certificate shall pertain to the audit conducted by such auditor or auditors in respect of the financial year aforesaid and shall state, at a minimum:—

- 2.15.1B.1 whether, in the opinion of the auditor or auditors, the Bank Clearing Member has complied with the capital and financial requirements set out in this Rules;
- 2.15.1B.2 whether, in the opinion of the auditor or auditors, the Bank Clearing Member's books of accounts and records are those usual in a business of that nature and appear to have been kept in a proper manner in accordance with the provisions of this Rules;
- 2.15.1B.3 whether, in the opinion of the auditor or auditors, the financial position of the Bank Clearing Member is such as to enable it to conduct its business governed by this Rules, on sound grounds, having regard to the nature and volume of the business transacted during its past financial year as shown by its books of accounts and records; and
- 2.15.1B.4 whether the auditor or auditors has or have obtained all the necessary information and explanations for the proper conduct of the audit and to enable him or them to furnish his or their certificate.
- 2.15.1B.5 Where, in the performance of his or their duties, the Bank Clearing Member's auditor or auditors becomes or become aware:—
  - a. of any matter which in his or their opinion adversely affects or may adversely affect the financial position of the Bank Clearing Member to a material extent,
  - b. of any matter which in his or their opinion constitutes or may constitute a contravention of any applicable provision of the SFA or this Rules or an offence involving fraud or dishonesty,
  - c. of any irregularity in the Bank Clearing Member's business governed by this Rules, that has or may have a material effect upon the accounts, including irregularities that jeopardise the moneys or other assets of any customer of the Bank Clearing Member, or
  - d. that the accounting system, internal accounting control and procedures for safeguarding moneys or other assets are inadequate and the inadequacies have a material effect on the accounts,

the auditor or auditors shall immediately report the matter to the Clearing House.

*Added on [10 August 2007](#).*

### **2.15.2 Internal Audit Report**

A General Clearing Member or Bank Clearing Member shall cause its internal auditors to conduct an internal audit of its operations annually or at such times and within such scope as prescribed by the Clearing House and to submit a report of each internal audit conducted and the follow-up actions taken to the Clearing House by such time as may be prescribed by the Clearing House. Without prejudice to the foregoing, where the internal audit is conducted for a Bank Clearing Member, it shall be limited to the Bank Clearing Member's operations governed by this Rules.

*Amended on [27 March 2006](#) and [10 August 2007](#).*

### **2.16 [Rule has been deleted.]**

*Deleted on [27 March 2006](#).*

### **2.17 Limit on Lending to Directors, Officers or Employees of General Clearing Members**

- 2.17.1.1 A General Clearing Member must not grant, whether directly or indirectly, any unsecured advance, unsecured loan or unsecured credit facility as defined in the SFR (Licensing and Conduct of Business) to any of its directors (other than a director who is also its employee) or to a person who to its knowledge, is a connected person as defined in the SFA of such director.
- 2.17.1.2 Subject to Rule 2.17.1.1 and section 162 of the Act, a General Clearing Member must not grant, whether directly or indirectly, any unsecured advance, unsecured loan or unsecured credit facility to its officers (other than a director who is not its employee) or its employees (a "relevant person") which in the aggregate and outstanding at any one time exceeds one year's emoluments of such relevant person.

2.17.1.3 For the purpose of Rule 2.17.1.2, any unsecured advance, unsecured loan or unsecured credit facility granted by a General Clearing Member to any person to purchase, subscribe for or trade in any capital markets product for:—

- a. the account of a relevant person of the General Clearing Member;
- b. an account in which a relevant person of the General Clearing Member has an interest;
- c. an account of any person who acts jointly with, under the control of, or in accordance with, the direction of a relevant person of the General Clearing Member; or
- d. an account of any connected person (as defined in the SFA) of a relevant person of the General Clearing Member, where the connected person is not himself a relevant person of the General Clearing Member,

shall be deemed to be an unsecured advance, unsecured loan or unsecured credit facility granted by the General Clearing Member to that relevant person.

*Amended on [27 March 2006](#) and [10 August 2007](#).*

### **2.17.2 [Rule has been deleted.]**

*Deleted on [27 March 2006](#).*

## **2.18 Segregation of Customer's Money, Securities and Property**

### **2.18.1 General**

2.18.1.1 A General Clearing Member or Bank Clearing Member shall ensure that it shall at all times inform and keep the Clearing House informed of such information as would be required for the Clearing House to enable it to discharge its segregation obligations under the SFA and/or to enable the Clearing House to issue to the Authority the verification of margin funds statement placed with the Clearing House as required under the SFA.

*Amended on [27 March 2006](#) and [10 August 2007](#).*

### **2.18.2 [Rule has been deleted.]**

*Deleted on [26 April 2013](#).*

### **2.18.3 Miscellaneous**

Nothing in this Rules shall be regarded, treated, or otherwise interpreted as obliging or requiring the Clearing House to recognise any right or entitlement of any Third Party including a Customer unless required to do so by the provisions of the SFA. Any attempt on the part of a Clearing Member to fix the Clearing House with notice of any fact or claim otherwise would be a violation of this Rule.

Violation of this Rule shall be a major offence.

## **2.19 Omnibus Account**

### **2.19.1 Clearing Requirements**

A Clearing Member carrying Omnibus Accounts must maintain with the Clearing House a complete list of all such accounts, and shall notify the Clearing House in writing within three (3) Business Days from the time such an account is either opened or closed. Information for each Omnibus Account must include the account holder's name, account number and the account holder's address, and such other information as the Clearing House may require, and classification of the account as either "Customer" or "House".

### **2.19.2 Restrictions**

The Clearing House is empowered to place restrictions or limitations on each Clearing Member which carries Omnibus Accounts. In making these determinations, the Clearing House may consider:—

- 2.19.2.1 the number of Omnibus Accounts carried and volume of business of the Clearing Member;

2.19.2.2 the financial condition of the Clearing Member and the Omnibus Account Holder in light of requirements or standards determined by the Clearing House; and

2.19.2.3 the Clearing Member's clearing facilities and capacity.

*Amended on [27 March 2006](#).*

### **2.19.3 Responsibility**

A Clearing Member that maintains an Omnibus Account shall be responsible to the Clearing House to ensure that the Omnibus Account is operated at all times in accordance with all relevant provisions of this Rules including the relevant rules on position limits and shall, without prejudice to any other liability it may have, indemnify the Clearing House for any loss or damage or prejudice that the Clearing House may suffer referable to a violation of this Rule (including such loss, damage or costs the Clearing House incurs in taking such measures as it deems in good faith necessary to preserve the integrity of the Clearing House and/or the Exchange in relation to any claim referable to such violation).

*Amended on [27 March 2006](#).*

### **2.19.4 Disclosure**

An Omnibus Account Holder shall at all times disclose to the Clearing Member carrying that account the gross long and short positions held by that Omnibus Account in each Commodity. Such Clearing Member shall immediately notify the Clearing House and shall promptly comply with all orders of the Clearing House if the Omnibus Account Holder fails to make such disclosure.

An Omnibus Account Holder shall, prior to the first delivery day in a Delivery Month or as otherwise required by the Clearing House, provide the Clearing Member carrying that account with a complete list of the purchase and sale dates of all open positions for that Delivery Month. Such list shall be kept up to date throughout the Delivery Month in order that the delivery procedure of the Clearing House not be impaired.

A Clearing Member that maintains an Omnibus Account shall ensure that its Omnibus Account Holders are aware of this [Rule 2.19](#).

*Amended on [22 September 2006](#).*

## **2.20 Limits of Positions**

### **2.20.1**

The Clearing House may from time to time establish limits on the positions owned or controlled by any person or persons acting in concert with respect to any Contracts including the Designated Futures Contracts.

### **2.20.2**

Any person may request for an increase in initial position limit or previously approved position limit by making an application to the Clearing House on forms provided by Clearing House through its Clearing Member carrying the relevant positions for its account on the books of the Clearing Member.

### **2.20.3**

In conjunction with the foregoing, a Clearing Member shall ensure at all times that:—

2.20.3.1 each of its Customers and their respective related corporations for whom such Clearing Member also maintains accounts as Customers of the Clearing Member (each such Customer and its related corporations to be hereafter referred to as the "Collective Customer"); and

2.20.3.2 each House Account carried on its books (collectively the "Collective House Accounts"),

shall comply with the respective position limits as may be applicable to them individually or collectively as may be prescribed by the Clearing House from time to time.

### **2.20.4**

In the event that the aggregate maintenance margins required to be deposited by a Collective Customer and/or the Collective House Accounts with a Clearing Member exceeds such relevant amount(s) (whether the amount(s) are stated as a sum or sums of money and/or calculated in accordance with a formula or formulae) as may be

prescribed by the Clearing House from time to time, the Clearing Member shall, unless the Clearing House otherwise decides, forthwith procure:—

2.20.4.1 from the chief executive officer of the Clearing Member, a letter of awareness;

2.20.4.2 from such related corporation of the Clearing Member as the Clearing House may require a letter of awareness; or

2.20.4.3 from such related corporation of the Clearing Member as the Clearing House may require a letter of guarantee;

and in addition, where relevant, to forthwith procure

2.20.4.4 from such related corporation of the Collective Customer as the Clearing House may require a letter of awareness;

as may be required by the Clearing House, in each case, in such form and content as may be prescribed or otherwise acceptable to the Clearing House.

*Amended on [10 August 2007](#).*

## **2.20A Accumulation of Positions**

### **2.20A.1**

The positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an express or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated and deemed to be positions of each such persons as if each owned or controlled all cumulated positions individually.

*Added on [27 March 2006](#).*

## **2.20B Withholding of Profits from Overtrading**

### **2.20B.1**

The Clearing Member shall upon being notified by the Clearing House, withhold any profits due or owing to its Collective Customer or its Collective House Account from any transaction traded on any Relevant Market and cleared through the Clearing House, that resulted in the Collective Customer trading beyond the limits set by the Clearing Member, Relevant Market, the Clearing House or MAS (such conduct referred to hereafter as "overtrading"), or such monies due or owing to its Collective Customer or its Collective House Account as directed by the Clearing House, and shall not release any such profits or monies until such time as determined by the Clearing House.

*Added on [1 October 2009](#).*

### **2.20B.2**

Without prejudice to the foregoing, the Clearing House may withhold any profits due or owing to any Clearing Member from the transaction that resulted in overtrading, or such monies due or owing to such Clearing Member, until such time as determined by the Clearing House.

*Added on [1 October 2009](#).*

## **2.21 Covenant**

### **2.21.1**

Each Clearing Member shall ensure that its Memorandum and Articles of Association or its constitution shall at all times conform to this Rules so as to enable it to observe and perform fully the covenants, terms, stipulations, conditions and other provisions of this Rules and, in so far as may be necessary, each Clearing Member shall amend its Memorandum and Articles of Association or constitution accordingly.

*Amended on [27 March 2006](#).*

## 2.22 Change or Intended Change

### 2.22.1

Without prejudice to any other provisions of this Rules, every Clearing Member shall forthwith notify the Clearing House upon, or where practicable, pre-notify the Clearing House of, the happening of all or any of the following events:—

2.22.1.1 except for a Bank Clearing Member, any change in the legal or beneficial ownership of 20% or more of such Clearing Member's share capital and any subsequent increase of 5% or more of such Clearing Member's share capital;

2.22.1.1A in the case of a Bank Clearing Member:

- (a) any change in the legal or beneficial ownership of that Bank Clearing Member's share capital ; and
- (b) any subsequent increase of that Bank Clearing Member's share capital

above any thresholds imposed by any law or regulation to which that Bank Clearing Member is subject.

2.22.1.2 any change in any circumstances which will have or may have the effect of altering the control of itself;

2.22.1.3 any change in the composition of its board of directors or of any director, or in the case of a Bank Clearing Member, any change in the composition of its board of directors or of any director, who are/is resident in Singapore and/or responsible for its business governed by this Rules, due to the appointment, removal or resignation of any of its directors. For the purpose of this Rule 2.22.1.3, a change of director includes a change in the director's appointment from a non-executive director to an executive director;

2.22.1.4 any change in its name;

2.22.1.5 any change or amendment to its Memorandum or Articles of Association or constitutive documents, notice of which should be given at least seven (7) days prior to the change or amendment being effected, except in the case of a Bank Clearing Member, notification will be furnished to the Clearing House by such times that a Bank Clearing Member has to notify MAS under the Banking Act, or any regulation or directive issued thereunder;

2.22.1.6 any death or bankruptcy of any of its directors or in the case of a Bank Clearing Member, its directors who are resident in Singapore and/or responsible for its business governed by this Rules;

2.22.1.7 the engagement or involvement or proposed engagement or involvement in any new business or any change in any of its business(es) or in the case of a Bank Clearing Member, its business governed by this Rules. For the purpose of this Rule 2.22.1.7, examples of such new business or change in business include, without limitation, market making and securities financing activities; and

2.22.1.8 any change in its senior management, or in the case of a Bank Clearing Member, its senior management responsible for the Bank Clearing Member's business governed by this Rules.

*Amended on [27 March 2006](#), [25 August 2009](#) and [3 November 2010](#).*

### 2.22.2

Such notice or pre-notification shall be in writing and shall be supplied with full particulars of the relevant event together with such further information as the Clearing House may require.

### 2.22.3

The Clearing House may upon the happening of any of the events described in the preceding Rules [2.22.1.1](#) to [2.22.1.3](#) require such Clearing Member to submit itself within five (5) days of the date of its notice (or within such longer period as may be permitted in writing by the Exchange) for re-election as though applying for Clearing Membership for the first time.

*Amended on [27 March 2006](#).*

## 2.23 Notification of Reduction in Capital and Under-Segregation

**2.23.1**

Every Clearing Member shall:—

2.23.1.1 except in the case of a Bank Clearing Member incorporated outside Singapore who has satisfied [Rule 2.02B.1.11.a](#) or b, report to the Clearing House within 48 hours of occurrence of any reduction in excess of 20% in its financial resources or adjusted net head office funds, as the case may be, from the previously submitted financial statement; or

2.23.1.2 except in the case of a Direct Clearing Member, immediately report to the Clearing House of any under-segregation of money, assets or properties margins as required under this Rules and/or the SFA.

*Amended on [27 March 2006](#) and [10 August 2007](#).*

**2.24 Appointment of Chief Executive Officer, Deputy Chief Executive Officer****2.24.1**

No General Clearing Member or Direct Clearing Member may appoint a chief executive officer or deputy chief executive officer unless prior written approval of the Clearing House is obtained.

*Amended on [10 August 2007](#).*

**2.24.2 [Rule has been deleted.]**

*Deleted on [10 August 2007](#).*

**2.24.2A**

A Bank Clearing Member must notify the Clearing House in writing at least seven (7) days prior to the appointment of any chief executive officer or deputy chief executive officer.

*Added on [10 August 2007](#) and amended on [25 August 2009](#).*

**2.24.3 [Rule has been deleted.]**

*Deleted on [10 August 2007](#).*

**2.25 Appointment of Auditors****2.25.1**

A Clearing Member, except for a Bank Clearing Member, shall, unless exempted in writing by the Clearing House, at least thirty (30) days prior to any general meeting whereat new auditors are to be appointed notify the Clearing House in writing of such meeting and shall consult the Clearing House on such appointment.

*Amended on [10 August 2007](#).*

**2.25.2**

A Bank Clearing Member shall inform the Clearing House of the appointment of any new auditors within seven (7) days of such appointment.

*Added on [10 August 2007](#).*

**2.26 Special Call for Financial Statements****2.26.1**

The Clearing House may at any time require any Clearing Member to submit to the Clearing House, as the case may be, financial statements in such form and pertaining to such matters and within such time as may be stipulated by the Clearing House promptly. The Clearing Member shall thereafter comply with such directions as the Clearing House may in its sole discretion issue. Failure to comply with such requirement shall be a major offence.

*Amended on [27 March 2006](#).*

**2.26.2**

Each Clearing Member must make and keep as a record formal computations of its capital and financial requirements pursuant to:—

- a. in the case of a General Clearing Member, Rules [2.07](#), [2.07A](#), [2.07B](#), [2.07C](#), [2.08](#), [2.08A](#), [2.08B](#), [2.08C](#), [2.09](#) and [2.10](#);
- b. in the case of a Direct Clearing Member, Rules [2.07](#), [2.07A](#), [2.07B](#), [2.07C](#), [2.08](#), [2.08A](#), [2.08B](#) and [2.08C](#); or
- c. in the case of a Bank Clearing Member, Rules [2.07](#), [2.07A](#), [2.07B](#), [2.07C](#), [2.08](#), [2.08A](#), [2.08B](#) and [2.08C](#);

as of the close of business each month. The computations must be in such form as the Clearing House may prescribe and submitted to the Clearing House within fourteen (14) calendar days after the end of each month.

*Amended on [27 March 2006](#) and [10 August 2007](#).*

**2.26.3 [Rule has been deleted.]**

*Added on [27 March 2006](#) and deleted on [10 August 2007](#).*

**2.27 Request for Information****2.27.1**

Each Clearing Member except in the case of a Bank Clearing Member, shall immediately notify the Clearing House when any Customer Account and any House Account is under-margined by an amount which exceeds its aggregate resources, except that no notification is required for the Clearing Member's own proprietary House Accounts.

*Amended on [27 March 2006](#) and [10 August 2007](#).*

**2.27.1A**

Each Bank Clearing Member shall immediately notify the Clearing House when required to do so by the Clearing House when any Customer Account and any House Account is under-margined by such amount as may be determined by the Clearing House.

*Added on [27 March 2006](#) and [10 August 2007](#).*

**2.27.2**

For the purpose of this [Rule 2.27](#), the full amount of qualifying letters of credit deposited pursuant to [Rule 2.07](#) or [2.08C](#) above shall be taken into account for the calculation of aggregate resources.

*Amended on [10 August 2007](#).*

**2.27.3**

Failure to comply with such requirement shall be a major offence.

**2.28 Voluntary Suspension and Resignation****2.28.1**

A Clearing Member may at any time request the Clearing House to suspend its Clearing Membership. The Clearing House may give effect thereto upon such terms and conditions as the Clearing House may decide.

**2.28.2**

Any Clearing Member may resign upon giving notice in writing thereof to the Clearing House. Such resignation shall be effective upon the Clearing Member closing out its positions in all Contracts, subject to a minimum period of 30 days from the Clearing House's receipt of its notice of resignation (such period of 30 days being hereafter referred to as the "Minimum Notice Period"). Notwithstanding the foregoing, the Clearing House shall have the discretion to vary the effective date of resignation in the case of a defaulted or suspended Clearing Member.



Amended on [7 August 2012](#).

## 2.28.2A

In respect of all defaults declared by the Clearing House, which occurrence takes place at or after such time that the Clearing House receives a Clearing Member's notice of resignation and before its effective date of resignation (such period being hereafter referred to as the "Notice Period"), the following shall apply:

2.28.2A.1 the Clearing House shall apply the resigning Clearing Member's Security Deposit and Further Assessment Amount in accordance with [Rule 7A.06.5.2](#), except that the aggregate amount applied in respect of all such defaults shall be subject always to a limit of no more than two (2) times of the resigning Clearing Member's Security Deposit requirement and Further Assessment Amount as at the time the Clearing House receives its notice of resignation; and

2.28.2A.2 subject always to [Rule 7A.02.1.5.c](#), the resigning Clearing Member shall not be assigned and transferred residual OTCF Contracts in respect of more than two (2) defaults occurring within the Notice Period.

This Rule 2.28.2A shall apply provided always that the Clearing Member complies with [Rule 2.28.2B](#).

Added on [7 August 2012](#).

## 2.28.2B

Unless otherwise permitted by the Clearing House or required under this Rules, a resigning Clearing Member shall not undertake any transactions which have the effect of increasing its positions in any Contract during its Notice Period.

Added on [7 August 2012](#).

## 2.28.2C

If a resigning Clearing Member breaches [Rule 2.28.2B](#) at any time during the Notice Period, [Rule 2.28.2A.1](#) and [Rule 2.28.2A.2](#) shall not apply to such Clearing Member in their entirety and instead the following shall apply:

2.28.2C.1 such Clearing Member shall have all the obligations under this Rules of a non-resigning Clearing Member in respect of all events of default under [Rule 7A.06.5.1](#) occurring during the Notice Period; and

2.28.2C.2 if, due to the operation of [Rule 2.28.2A.1](#), any amount of such Clearing Member's:

- a. Security Deposit requirement; or
- b. Further Assessment Amount; or
- c. both,

has not been used and applied by the Clearing House in accordance with [Rule 7A.06.5.2](#), the Clearing House shall have the authority to call for and apply such amount as if the assessment had been utilised in the first instance in accordance with [Rule 7A.06.5.2](#).

Added on [7 August 2012](#).

## 2.28.2D

Notwithstanding [Rule 2.28.2A](#), a resigning Clearing Member shall have no obligations in relation to any event of default, other than its own, occurring at or after such time that the following conditions have been met:

2.28.2D.1 the Minimum Notice Period has lapsed; and

2.28.2D.2 the resigning Clearing Member has no open positions in any Contract other than positions acquired in relation to an event of default occurring during the Notice Period, by way of:

- a. an auction pursuant to [Rule 7A.02.1.5.b](#); or
- b. an assignment and transfer of residual OTCF Contracts pursuant to [Rule 7A.02.1.5.c](#).

Added on [7 August 2012](#).

**2.28.3**

Subject to [Rule 2.28.2A](#) and [Rule 2.28.2D](#), a resignation shall not in any way affect the rights and liabilities of the Clearing Member to the Clearing House and other Clearing Members and all such rights and liabilities shall subsist until satisfied or discharged.

*Amended on [7 August 2012](#).*

**2.28.4**

Where proceedings have been commenced against any Clearing Member which resigns, such proceedings may with the consent of the Clearing House be stayed or terminated.

*Amended on [7 August 2012](#).*

**2.28A Clearing Arrangements with Trading Members**

*Added on [11 January 2011](#).*

**2.28A.1**

In order to clear the trades of a Trading Member, a Clearing Member shall:—

- 2.28A.1.1 inform the Clearing House of such clearing arrangement with the Trading Member, and if the Clearing House requests, such details of the Trading Member as the Clearing House may from time to time specify;
- 2.28A.1.2 pay such administrative fee as the Clearing House may from time to time levy for the processing of such applications;
- 2.28A.1.3 satisfy the Clearing House that it has in place adequate internal control measures and risk management systems, including automated pre-execution credit control checks, to monitor the Trading Member's trades and manage its risk exposure to such trades;
- 2.28A.1.4 enter into a written agreement with the Trading Member setting out the terms and conditions governing their relationship, which shall include without limitation, risk management provisions such as the right to impose trading limits on the Trading Member;
- 2.28A.1.5 undertake to inform the Clearing House if it has knowledge or has reasons to believe that a Trading Member whom it has a clearing arrangement with has defaulted or may default in any of its obligations under the trades transacted by the Trading Member; and
- 2.28A.1.6 have processes in place to minimise and manage any conflicts of interest, including but not limited to separating its front office and back office functions.

*Added on [11 January 2011](#) and amended on [15 March 2013](#).*

**2.28A.2**

If a Clearing Member wishes to cease clearing the trades of its Trading Member, it shall:—

- 2.28A.2.1 give not less than 30 days' written notice (or such shorter period as the Clearing House may from time to time deem acceptable) to the Clearing House of its intention to cease clearing the trades of that Trading Member and the proposed date of cessation, provided always that the Clearing House may waive such notice requirement at any time with respect to any Clearing Member;
- 2.28A.2.2 satisfy the Clearing House that it has taken before the proposed date of cessation proper steps to disable the Trading Member from entering into trades to be cleared by the Clearing Member;
- 2.28A.2.3 satisfy the Clearing House that it has taken, or will take, proper steps for the orderly clearing and settlement of the Trading Member's trades;
- 2.28A.2.4 comply with any reasonable direction of the Clearing House in relation to the orderly cessation of the clearing of the Trading Member's trades; and
- 2.28A.2.5 take such steps including without limitation, procedural steps (whether of a technical or non-technical nature or otherwise) as the Clearing House may deem appropriate to ensure that none of the

Trading Member's trades will be cleared and settled through the Clearing Member by the proposed date of cessation.

*Added on [11 January 2011](#).*

### **2.28A.3**

If a Clearing Member wishes to suspend its clearing arrangement with a Trading Member, it shall:—

2.28A.3.1 notify the Clearing House of its decision to suspend its clearing arrangement with that Trading Member; and

2.28A.3.2 comply with any reasonable direction of the Clearing House in relation to the suspension of the clearing of the Trading Member's trades.

*Added on [11 January 2011](#).*

### **2.28A.4**

A Clearing Member may suspend its clearing arrangement with a Trading Member for not more than 30 days. Before the end of the 30-day period, the Clearing Member must notify the Clearing House in writing of its intention to either resume with the clearing arrangement or cease clearing for the Trading Member. Where the Clearing Member intends to cease clearing for the Trading Member, [Rule 2.28A.2](#) shall apply.

*Added on [11 January 2011](#).*

### **2.28A.5**

Notwithstanding the cessation or suspension of the clearing arrangement, the Clearing Member shall clear and settle all the trades of the Trading Member which are done right up to the point when the Trading Member has been disabled from entering trades to be cleared by the Clearing Member.

*Added on [11 January 2011](#).*

### **2.29 [Rule has been deleted.]**

*Deleted on [22 September 2006](#).*

### **2.30 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

#### **2.30.1 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

#### **2.30.1A [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

#### **2.30.2 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

### **2.31 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

#### **2.31.1 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

#### **2.31.2 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**2.32 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**2.32.1 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**2.33 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**2.33.1 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**2.33.2 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**2.34 Market Disorders, Impossibility of Performance, Emergency Situations and Powers of Clearing House****2.34.1**

Without prejudice to [Rule 1.01.2](#), if the Clearing House determines that one (1) of the following conditions is satisfied, namely:—

- (a) a state of war or emergency exists or is imminent or threatened and is likely to affect or has affected the normal course of business, including, but not limited to, performance under any open contract;
- (b) the government of any nation, state or territory or any institution or agency thereof has proclaimed or given notice of its intention to exercise, vary or revoke controls which appear likely to affect the normal course of business, including, but not limited to, performance under any open contract;
- (c) any international organisation, or any institution or agency thereof, has introduced, varied, terminated or allowed to lapse any provision so as to be likely to affect the normal course of business, including, but not limited to, performance under the open contract; or has given notice of its intention to do so or appears to be about to do so;
- (d) it is necessary or desirable for ensuring a fair and orderly market or for ensuring a safe and efficient clearing facility, or for ensuring the integrity of the market or for proper management of systemic risk in the market,

then:—

2.34.1.1 the Clearing House shall be entitled to close out a contract at a price determined by the Clearing House or to require such Clearing Members to comply with any directions issued by the Clearing House regarding the performance of, or any other direction in respect of, the open contract;

2.34.1.2 accounts shall be made up by the Clearing House for each Clearing Member who is a party to the open contract to be closed out as aforesaid. Settlement of such accounts shall be due immediately and settlement thereof shall be made forthwith in discharge of the open contract closed out notwithstanding any further change of circumstances; and

2.34.1.3 the Clearing House shall be entitled to take such other action or require one or more Clearing Members to take such action as it deems necessary or desirable.

*Amended on [27 March 2006](#) and [26 April 2013](#).*

**2.34.1A**

If a Clearing Member has been found guilty of a rule violation or is found to have a record of frequent rule violations and inadequate management, which in the opinion of the Clearing House, places or may place the Clearing House at risk or the financial condition of such Clearing Member is such that it jeopardizes or may

jeopardize the integrity of the Clearing House, the Clearing House may carry out one (1) or more of the following against the Clearing Member:—

- 2.34.1A.1 order it to cease and desist from conduct found to be in violation of this Rules;
- 2.34.1A.2 prescribe such additional capital requirements as the Clearing House deems necessary;
- 2.34.1A.3 prescribe such position limits as the Clearing House deems necessary;
- 2.34.1A.4 impose a fine against it, not exceeding S\$250,000;
- 2.34.1A.5 order the Clearing Member to liquidate all or any portion of the open contracts cleared by it which are open contracts under its House Accounts and/or open contracts of its Customers as the Clearing House deems necessary for ensuring a fair and orderly market or for ensuring the integrity of, and proper management of systemic risk in the futures market and/or transfer all or any portion of the open contracts clearing by such Clearing Member to one (1) or more Clearing Members; and
- 2.34.1A.6 reprimand, suspend, expel or impose such other sanction or penalty or take such other actions it deems fit against such Clearing Member.

*Added on [27 March 2006](#).*

### **2.34.1B**

If the Clearing House determines that an emergency exists which threatens the financial integrity of the Clearing House or any of the Clearing Members, it may take any of the actions referred to at Rules [2.34.1A.1](#) to [2.34.1A.6](#) and/or order special or advance margins or funds to be deposited with the Clearing House from all or any Clearing Member(s) or from Clearing Members having cleared particular long, and/or short contracts which remain open.

As soon as practicable, the Authority shall be notified of such actions. Nothing in this [Rule 2.34](#) shall in any way limit the authority of the Board or any other committee to act in an emergency situation in accordance with this Rules.

### **2.34.2**

If the Clearing House determines in accordance with this Rules that an excessive position or unwarranted speculation or any other undesirable situation or practice is developing or has developed which is affecting or capable of affecting a market in a Commodity or any Contract, the Clearing House:

- (a) may take such action in respect of one (1) or more open contracts for such Commodity or such Contract in a Clearing Member's name as may be provided by this Rules, or as may be agreed between the Relevant Market in respect of such Commodity or such Contract and the Clearing House; and
- (b) shall be entitled to take such other action or require one or more Clearing Members to take such action as it deems necessary or desirable.

*Amended on [26 April 2013](#).*

### **2.34.3**

Without prejudice to the generality of [Chapter 1](#), the Clearing House shall not be liable to any Clearing Member or any Third Party in respect of any damage, loss, cost or expense of whatsoever nature (whether direct, indirect, special or consequential, including without limitation any loss of business, revenue, goodwill, bargain or profit), suffered or incurred by such Clearing Member or Third Party, arising out of or in connection with the exercise or non-exercise by the Clearing House of its powers under [Rule 2.34](#) or the determination by the Clearing House of the satisfaction or non-satisfaction of any condition for the exercise of such powers.

*Added on [26 April 2013](#).*

## **2.35 Force Majeure**

### **2.35.1**

Without prejudice to [Rule 1.01.2](#), the Clearing House shall not be liable for any failure, hindrance or delay in performance in whole or in part of its obligations under the terms of this Rules or of any Contract if such failure, hindrance or delay arises out of events or circumstances beyond its control. Such events or circumstances may

include, but are not limited to, acts of God or the public enemy, acts of a civil or military authority other than the acts referred in [Rule 2.34](#) above, embargoes, fire, flood, labour dispute, unavailability or restriction of computer or data processing facilities, energy supplies, or of bank transfer systems or wires, and any other causes beyond the Clearing House's reasonable control.

*Amended on [27 March 2006](#).*

### **2.35.2**

On the happening of any one (1) or more of the events or circumstances referred to in [Rule 2.35.1](#) above, the Clearing House and any party affected shall immediately notify the same to the relevant party or parties.

*Amended on [27 March 2006](#).*

### **2.35.3**

In respect of affected Contracts, the Clearing House shall be entitled at any time after the receipt of such notice by the Clearing House or any relevant Clearing Member or Third Party, to close out some or all Contracts in the relevant Clearing Member's name at a price determined by the Clearing House, or to take such other action as it deems necessary or desirable in respect of some or all of the affected Contracts in the relevant Clearing Member's name or require the relevant Clearing Member to take such action as the Clearing House may direct in respect of the same.

### **2.35.4**

Without prejudice to the generality of the foregoing, the Clearing House shall not be liable for any failure, hindrance or delay in the performance (in whole or in part) of any of its obligations to Clearing Members with regard to any securities or instruments accepted as margin where such failure, hindrance or delay arises from causes beyond the Clearing House's control, such as but not limited to the failure whether partial or total, interruption or suspension of any depository or custodian or other service ("depository", which expression shall include banks or financial institutions with which cash, securities or instruments are placed with) the Clearing House is using, the termination or suspension of the Clearing House's membership or use of the depository or any variation of the depository's operational timetable, whether or not occasioned by action of the depository operator or other party, or any embargo, unavailability or restriction of bank transfer systems or wires, malfunction or overload of the depository or other emergency.

### **2.35A [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

#### **2.35A.1 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

#### **2.35A.2 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

#### **2.35A.3 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

#### **2.35A.4 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

#### **2.35A.5 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

#### **2.35A.6 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

#### **2.35A.7 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

## **2.35A.8 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

## **2.36 Fees, Levies and Charges**

### **2.36.1**

The Clearing House may from time to time for the purposes of meeting the expenses of the Clearing House or otherwise, impose fees, levies and charges to be paid by Clearing Members in such respects and on such terms as the Clearing House may prescribe. The Clearing House shall give notice of such fees, levies and charges by means of Directives or other means as the Clearing House in its sole discretion shall deem fit.

A Clearing Member who fails to pay any fee, levy or charge within thirty (30) days of it becoming payable shall be notified in writing by the Clearing House of such arrears. If the arrears are not paid in by the Clearing Member within ten (10) days of the date of despatch of such notice, the Clearing Member shall be subject to disciplinary proceedings in accordance with this Rules.

## **2.37 Contract Clause**

### **2.37.1**

All Contracts including Designated Futures Contracts shall be made subject to this Rules, the SFA and SFR and all Clearing Members shall ensure that in their agreements with any Third Party to provide its clearing services that it be so provided and agreed.

*Amended on [27 March 2006](#) and [12 October 2005](#).*

## **2.38 The Authority**

### **2.38.1**

The responsibility for the conduct and supervision of the Clearing House shall rest with the Board but the Clearing House shall be subject to the supervision of the Authority. The Clearing House may enter into arrangements with the Authority as in the opinion of the Board may be conducive to the objectives of the Clearing House and for the supervision of the Clearing House, and the Clearing House may give to the Authority any information or document relating to transactions in the Clearing House or relating to any Clearing Member or any other person who shall be subject to this Rules.

## **2.39 Information and Reports**

### **2.39.1**

The Clearing House may from time to time make available to a Relevant Market (or its clearing house) all information and documents:

- (a) relating to the transactions in respect of any Contract traded on such Relevant Market; or
- (b) relating to any Clearing Member in respect of such Contract traded on such Relevant Market.

Without prejudice to the generality of the foregoing the Clearing House may from time to time provide a Relevant Market (or its clearing house) with reports on the large positions as determined by the Clearing House from time to time) in any Contract traded on the Relevant Market on the books of any of its Clearing Members. For the avoidance of doubt, this Rule shall apply to the provision of information or documents to a Participating Market, in relation to transactions in respect of Designated Futures Contracts.

The Clearing House may from time to time provide any information in relation to any Clearing Member or its account(s) to the Exchange.

*Amended on [1 October 2009](#).*

## **2.40 [Rule has been deleted.]**

*Deleted on [27 March 2006](#).*

**2.41 [Rule has been deleted.]**

*Deleted on [27 March 2006](#).*

**2.42 [Rule has been deleted.]**

*Deleted on [27 March 2006](#).*

**2.43 Notice to Clearing Members****2.43.1**

Except as otherwise specifically provided by this Rules, any notice to any Clearing Member shall be effected by way of letter or facsimile or any electronic means (as the Clearing House shall in its sole discretion deem fit) and, in the case of delivery by letter or facsimile, respectively posted or delivered personally to the last known address or sent to the facsimile number of the Clearing Member as notified to the Clearing House.

**2.43.2**

Such notice to the Clearing Member shall be deemed to have been duly served, if delivered personally, immediately upon delivery, or if transmitted by facsimile, upon the generation of a successful transmission report from the facsimile machine, or if sent by prepaid post, two (2) days (for local mail) and seven (7) days (for overseas airmail) after posting and in proving the same it shall be sufficient to show that such notice, demand or communication was (in the case of delivery) duly addressed, or (in the case of sending by prepaid post) contained in an envelope which was duly addressed, stamped and posted, or (in the case of facsimile transmission) was duly transmitted from the despatching facsimile machine, as evidenced by a successful transmission report generated by such machine.

**Chapter 3 Committees****3.01 Disciplinary Committee****3.01.1**

The Disciplinary Committee may conduct hearings and investigations on those matters over which it is assigned jurisdiction by [Chapter 4](#).

**3.01.2**

The Disciplinary Committee comprises persons appointed by the Board. No director, officer or employee of the Clearing House may be appointed.

*Added on [27 March 2006](#).*

**3.01.3**

The Board determines the chairman and deputy chairman of the Disciplinary Committee. In the absence of the chairman, the deputy chairman will have all the powers of the chairman.

*Added on [27 March 2006](#).*

**3.01.4**

The Disciplinary Committee has a quorum of three (3) (including the chairman) when the meeting proceeds to business but may complete any business of a meeting with two (2) Disciplinary Committee Members. In the case of an equality of votes, the chairman of the meeting will be entitled to a casting vote.

*Added on [27 March 2006](#).*

**3.01.5**

The chairman will appoint a date, time and place for the hearing. The Clearing House and the Clearing Member charged must be given reasonable notice of the hearing.

*Added on [27 March 2006](#).*



**3.01.6**

Members of the Disciplinary Committee must notify the chairman before, or during, the hearing of any possible conflict of interest in relation to a charge. The chairman will decide whether the Disciplinary Committee Member concerned should attend the hearing of that charge. The chairman must abstain from hearing a charge in which he may have a conflict of interest.

*Added on [27 March 2006](#).*

**3.01.7**

The Disciplinary Committee may adjourn and reconvene its proceedings as it thinks fit.

*Added on [27 March 2006](#).*

**3.01.8**

Except where it is expressly provided in this Rules, the Disciplinary Committee may establish its own procedures.

*Added on [27 March 2006](#).*

**3.02 Appeals Committee****3.02.1**

The Appeals Committee may conduct appellate hearings and investigations over which it is assigned jurisdiction by [Chapter 4](#).

**3.02.2**

The Appeals Committee comprises persons appointed by the SGX Board and approved by the Authority provided that:—

- 3.02.1 no director, officer or employee of SGX or any of its related companies may be appointed;
- 3.02.2 a majority are not directors, officers or employees of the members of SGX or its subsidiaries; and
- 3.02.3 a majority are not substantial shareholders of SGX or directors, officers or employees of any substantial shareholder of SGX.

*Added on [27 March 2006](#).*

**3.02.3**

The powers of the Appeals Committee include:—

- 3.02.3.1 all the powers of the Disciplinary Committee;
- 3.02.3.2 increasing or reducing penalties, and overturning, varying or upholding any decision of the Disciplinary Committee;
- 3.02.3.3 hearing appeals in accordance with this Rules; and
- 3.02.3.4 dealing with such other matters as the SGX Board gives it (either generally or in a particular case).

*Added on [27 March 2006](#).*

**3.02.4**

The Appeals Committee elects a chairman from among the Appeals Committee Members.

*Added on [27 March 2006](#).*

**3.02.5**

The Appeals Committee has a quorum of three (3) (including the chairman) when the meeting proceeds to business but may complete any business of a meeting with two (2) Appeals Committee Members. In the case of an equality of votes, the chairman will be entitled to a casting vote.

*Added on [27 March 2006](#).*

### **3.02.6**

The chairman will appoint a date, time and place for the hearing. The appellant and the respondent must be given reasonable notice of the hearing.

*Added on [27 March 2006](#).*

### **3.02.7**

Members of the Appeals Committee must notify the chairman before, or during, the hearing of any possible conflict of interest in relation to an appeal. The chairman will decide whether the Appeal Committee Members concerned should attend the hearing of that appeal. The chairman must abstain from hearing an appeal in which he may have a conflict of interest.

*Added on [27 March 2006](#).*

### **3.02.8**

The Appeals Committee may adjourn and reconvene its proceedings as it thinks fit. If the parties to an appeal are not attending the hearing, the Appeals Committee may hear the appeal by way of a resolution in writing.

*Added on [27 March 2006](#).*

### **3.02.9**

Except where it is expressly provided in this Rules, the Appeals Committee may establish its own procedures.

## **Chapter 4 Enforcement of Rules**

### **4.01 General Provision**

#### **4.01.1**

This Rules are intended to ensure the financial integrity of the Clearing House and to try to ensure its ability to discharge its clearing or other obligations to the Relevant Markets and to provide protection to its Clearing Members against unwarranted liability arising otherwise than as a consequence upon its own clearing of Contracts. To that end, the Board has appointed officers and established committees to which it has delegated responsibility for the investigation, hearing and imposition of fines or other disciplinary actions for violations of any provision of this Rules.

*Amended on [27 March 2006](#).*

### **4.01A Clearing House Investigations**

#### **4.01A.1**

The Clearing House may conduct an investigation if:—

- 4.01A.1.1 the investigation involves a possible breach of the SFA, SFR or this Rules;
- 4.01A.1.2 the Clearing House receives a written complaint involving a Clearing Member, director, officer, employee or agent;
- 4.01A.1.3 there is a dispute between Clearing Members on a clearing or settlement matter; or
- 4.01A.1.4 in the Clearing House's opinion, the circumstances warrant.

*Added on [27 March 2006](#).*

#### **4.01A.2**

The Clearing House will conduct an investigation if the Authority directs.

*Added on [27 March 2006](#).*

#### **4.01A.3**

The Clearing House may require a Clearing Member, any of its directors, officers, employees or agents to:—

4.01A.3.1 render all assistance as the Clearing House requires, at the Clearing House's premises or elsewhere; and

4.01A.3.2 provide the Clearing House with information, books and records which, in the Clearing House's opinion, may be relevant to the investigation.

*Added on [27 March 2006](#).*

#### **4.01A.4**

A Clearing Member, director, officer, employee or agent must not wilfully make, furnish or permit the making or furnishing of any false or misleading information, statement or report to the Clearing House.

*Added on [27 March 2006](#).*

#### **4.01A.5**

The Clearing House may appoint any person or persons to assist in its investigation (the "Clearing House Examiners").

*Added on [27 March 2006](#).*

#### **4.01A.6**

The Clearing House may delegate all or any of its powers under this Rule to the Clearing House Examiner. The Clearing House Examiner must report the results of the investigation to the Clearing House.

*Added on [27 March 2006](#).*

### **4.01B Clearing House Inspections**

#### **4.01B.1**

The Clearing House may conduct an inspection on a Clearing Member at any time, and may appoint any person or persons to conduct the inspection (the "**Clearing House Inspectors**").

*Added on [27 March 2006](#).*

#### **4.01B.2**

A Clearing Member, director, officer, employee or agent must give the Clearing House Inspector access to all information, books and records as requested. For the avoidance of doubt, reference to "information, books and records" in relation to a Bank Clearing Member shall refer to information, books and records falling within the Bank Clearing Member's business governed by this Rules.

*Added on [27 March 2006](#).*

#### **4.01B.3**

The Clearing House will give a copy of the inspection report to the Clearing Member concerned.

*Added on [27 March 2006](#).*

#### **4.01B.4**

The Clearing House may charge a fee for the inspection. The fee is payable immediately by Clearing Members.

*Added on [27 March 2006](#).*

## 4.02 [Rule has been deleted.]

Deleted on [27 March 2006](#).

### 4.02A Disciplinary Action

#### 4.02A.1

If an investigation or inspection reveals that a Clearing Member has breached any Rules, the Clearing House may take any of the following forms of disciplinary action, namely:

4.02A.1.1 to charge the Clearing Member before the Disciplinary Committee;

4.02A.1.2 to make an offer of composition to the Clearing Member, if an investigation or inspection reveals that the Clearing Member may have breached any Rule which is indicated in the third column of [Schedule A](#) as being compoundable; or

4.02A.1.3 to issue a letter of warning to the Clearing Member.

Amended on [27 March 2006](#) and [16 May 2011](#).

#### 4.02A.1A

If the Clearing Member does not accept the offer of composition or comply with the terms of the composition within the stipulated time as prescribed by the Clearing House, the Clearing House may refer the said Clearing Member to the Disciplinary Committee.

Added on [16 May 2011](#).

#### 4.02A.2

No proceeding or determination in respect of a Rule violation shall be annulled, avoided, called into question or set aside by reason of the fact that the matter under consideration may or should have been dealt with by another committee under this Rules, or that the person concerned was absent from the hearing or any adjournments thereof despite having been given notice thereof.

Amended on [27 March 2006](#).

### 4.02B Composition by the Clearing House.

#### 4.02B.1

The Clearing House may make an offer of composition to a Clearing Member if an investigation or inspection shows that the Clearing Member may have breached any Rules. The terms of the offer of composition include payment of a specified sum to the Clearing House and may include the fulfillment of any accompanying terms that the Clearing House may prescribe.

Added on [16 May 2011](#).

#### 4.02B.2

Upon payment of the specified sum and fulfillment of the accompanying terms by the Clearing Member within the stipulated time, no further proceedings shall be taken against that Clearing Member for that Rule violation.

Added on [16 May 2011](#).

#### 4.02B.3

Acceptance of the offer of composition by the Clearing Member amounts to an admission of liability and the Member will be deemed to have committed the conduct described in the charge.

Added on [16 May 2011](#).

#### 4.02B.4

In respect of Rule violations which the Clearing House may offer composition, guidelines on the range of composition which the Clearing House may offer to a Clearing Member who has committed a Rule violation are indicated in [Schedule A](#).

*Added on [16 May 2011](#).*

#### **4.02B.5**

The Clearing House retains the discretion to offer composition to a Clearing Member of an amount which does not fall within these guidelines, except that the amount of composition that the Clearing House may offer to a Clearing Member shall not exceed S\$10,000 for each Rule violation.

*Added on [16 May 2011](#).*

#### **4.02B.6**

Notwithstanding that a Rule violation is indicated as being compoundable or may be compoundable under [Schedule A](#), the Clearing House retains the discretion not to make an offer of composition to the Clearing Member but instead, to charge the Clearing Member before the Disciplinary Committee.

*Added on [16 May 2011](#).*

#### **4.02B.7**

If the Clearing House has made an offer of composition, it will not commence disciplinary proceedings against a Clearing Member until after the stipulated period for the offer lapses.

*Added on [16 May 2011](#).*

#### **4.02B.8**

For the purposes of determining whether a Rule violation is classified as a first, second, third or subsequent offence under [Schedule A](#), only previous violations under the same Rule will be taken into consideration.

*Added on [16 May 2011](#).*

### **4.03 [Rule has been deleted.]**

*Deleted on [27 March 2006](#).*

### **4.03A Disciplinary Committee Powers**

#### **4.03A.1**

The Disciplinary Committee may exercise its powers against a Clearing Member who:—

4.03A.1.1 breaches the SFA or SFR;

4.03A.1.2 breaches this Rules;

4.03A.1.3 breaches any relevant law or regulation which governs that Clearing Member's other business activities;

4.03A.1.4 breaches the rules of any other exchange;

4.03A.1.5 breaches any provisions involving fraud or dishonesty, whether in or out of Singapore;

4.03A.1.6 breaches director's duties;

4.03A.1.7 engages in conduct that has the effect of circumventing the SFA, SFR or this Rules; or

4.03A.1.8 engages in conduct detrimental to the financial integrity, reputation, interests or operation of the Clearing House.

*Added on [27 March 2006](#).*

**4.03A.2**

The Disciplinary Committee may exercise its powers against a Clearing Member if a director, officer, employee or agent breaches, or causes the Clearing Member to breach this Rules.

*Added on [27 March 2006](#).*

**4.03A.3**

A former Clearing Member, is bound by this Rules in respect of acts or omissions occurring before expulsion. The Clearing House and the Disciplinary Committee retain their respective jurisdiction notwithstanding expulsion.

*Added on [27 March 2006](#).*

**4.03A.4**

The powers of the Disciplinary Committee include:—

- 4.03A.4.1 expelling a Clearing Member;
- 4.03A.4.2 suspending a Clearing Member;
- 4.03A.4.3 imposing a fine not exceeding S\$250,000 or, in the case of a delivery contract, any other amount as specified in the relevant contract specifications on a Clearing Member;
- 4.03A.4.4 reprimanding (publicly or privately) a Clearing Member;
- 4.03A.4.5 requiring an education program to be undertaken;
- 4.03A.4.6 requiring a compliance program to be undertaken;
- 4.03A.4.7 imposing any restrictions or conditions on activities that a Clearing Member undertakes or in the case of a Bank Clearing Member, its business governed by this Rules;
- 4.03A.4.8 requiring reimbursement or compensation to be paid;
- 4.03A.4.9 ordering payment of fine by instalments;
- 4.03A.4.10 ordering a stay of the penalty imposed, pending an appeal to the Appeals Committee;
- 4.03A.4.11 requiring any director or in the case of a Bank Clearing Member, any director or person in a senior management position who is responsible for its business governed by this Rules, to step down from day-to-day conduct of the business affairs of the Clearing Member; and
- 4.03A.4.12 appointing a manager to manage the business of the Clearing Member or in the case of a Bank Clearing Member, its business governed by this Rules. The Disciplinary Committee will fix the remuneration of the manager, which must be paid by the Clearing Member. The Clearing Member is solely responsible for the manager's acts and defaults. The manager must carry out directions given by the Disciplinary Committee in relation to the business of the Clearing Member, including carrying on the business of the Clearing Member in accordance with instructions.

*Added on [27 March 2006](#) and amended on [10 August 2007](#) and [22 February 2010](#).*

**4.03A.5**

- 4.03A.5 Mandatory Minimum Penalties to be Imposed by Disciplinary Committee for certain Rule Violations.
- 4.03A.5.1 Minimum penalties imposable by the Disciplinary Committee have been stipulated in respect of certain Rule violations, as set out in the seventh column of [Schedule A](#).
- 4.03A.5.2 Where a minimum penalty has been stipulated in respect of a particular Rule violation, if the Disciplinary Committee is satisfied that the Clearing House has proved on a balance of probabilities that the Clearing Member has committed the conduct described in the charge, the Disciplinary Committee:
  - a. shall impose a penalty, pursuant to its power under Rule 4.03A.4.3, not lower than the minimum amount as stated in the seventh column of [Schedule A](#), for that particular Rule violation; and

- b. may choose to impose, in addition to the penalty in subsection (i), any one or more of the sanction(s) as set out in [Rule 4.03A.4](#).

*Added on [16 May 2011](#).*

## **4.04A Disciplinary Committee Proceedings**

### **4.04A.1**

The Clearing House will give a Clearing Member charged a written notice setting out particulars of the charge.

*Added on [27 March 2006](#).*

### **4.04A.2 Response to Charge**

4.04A.2.1 The following procedures apply:—

- a. The Clearing Member charged may submit a Defence. It must be given to the Secretary of the Disciplinary Committee within fourteen (14) days from the date of the Notice of Charge.
- b. The Clearing House may respond to the Defence. It must be given to the Clearing Member charged and the Secretary within fourteen (14) days of receipt of the Defence.
- c. The Clearing Member charged may reply to the Response. It must be given to the Secretary within fourteen (14) days of receipt of the Response.

4.04A.2.2 Time to comply with the deadlines may be extended by the chairman of the Disciplinary Committee or his nominee. A written request for extension must be submitted within the deadline and must set out the grounds. The decision of the chairman or his nominee is final and binding.

4.04A.2.3 The Disciplinary Committee may hear a charge and exercise all its powers even if the Clearing Member charged does not file a Defence or a Reply to the Response, or its corporate representative is not present at the hearing or any adjourned hearing.

*Added on [27 March 2006](#).*

### **4.04A.3 Legal Representation Before Disciplinary Committee**

4.04A.3.1 The Clearing House and the Clearing Member charged may be represented by an advocate and solicitor.

4.04A.3.2 The Clearing Member charged must tell the Secretary of the Disciplinary Committee in writing of the name of his legal representative at least fourteen (14) days before the hearing of the charge.

4.04A.3.3 The Disciplinary Committee may seek the advice of an advocate and solicitor.

*Added on [27 March 2006](#).*

### **4.04A.4 Evidence**

4.04A.4.1 The Clearing House and the Clearing Member charged may examine, and take copies of, the evidence which each of them intends to rely on at the hearing.

4.04A.4.2 The Clearing Member charged must give the Clearing House a written undertaking not to disclose information received in relation to the charge to any person, except the legal representative of the Clearing Member charged for the purpose of the hearing or any appeal.

4.04A.4.3 A breach of the undertaking constitutes a breach of this Rules.

*Added on [27 March 2006](#).*

### **4.04A.5 Witnesses, Examination and Cross Examination**

4.04A.5.1 The Clearing House and the Clearing Member charged may:—

- a. examine and cross-examine witnesses; and
- b. request the attendance of a witness.

4.04A.5.2 The Disciplinary Committee may, in its absolute discretion:—

- a. call for the attendance of any witness; and
- b. allow or disallow a request for the attendance of a witness.

4.04A.5.3 The Disciplinary Committee cannot compel the attendance of a witness.

*Added on [27 March 2006](#).*

#### **4.04A.6 Disciplinary Committee's Deliberation**

4.04A.6.1 Unless expressly permitted by the chairman of the Disciplinary Committee, the Clearing House and the corporate representative of the Clearing Member charged must not be present during the deliberation of a charge by the Disciplinary Committee. Failure to observe this Rule does not vitiate any decision.

*Added on [27 March 2006](#).*

#### **4.04A.7 Decision of Disciplinary Committee**

4.04A.7.1 The Clearing House and the corporate representative of the Clearing Member charged may be present when the Disciplinary Committee announces its decision.

4.04A.7.2 The Disciplinary Committee will record short written grounds of decision.

4.04A.7.3 The Disciplinary Committee will give its written decision to the Clearing House and the Clearing Member charged.

### **4.05A Appeals**

#### **4.05A.1**

The Clearing House or the Clearing Member charged may appeal to the Appeals Committee against the decision of the Disciplinary Committee.

*Added on [27 March 2006](#).*

#### **4.05A.2**

The decision of the Appeals Committee is final and binding.

*Amended on [27 March 2006](#).*

### **4.06A Appeals Proceedings**

#### **4.06A.1 Notice of Appeal And Reply**

4.06A.1.1 The following procedures apply:—

- a. The appellant must give a Notice of Appeal (setting out the full grounds of appeal) to the respondent and the Secretary of the Appeals Committee within fourteen (14) days of receipt of the Disciplinary Committee's written decision.
- b. The respondent may respond. It must be given to the appellant and the Secretary within fourteen (14) days of receipt of the Notice of Appeal.
- c. The appellant may reply to the response. It must be given to the respondent and the Secretary within fourteen (14) days of receipt of the response.

4.06A.1.2 Time to comply with the deadlines may be extended by the chairman of the Appeals Committee or his nominee. A written request for extension must be submitted within the deadline and must set out the grounds. The decision of the chairman or his nominee is final and binding.

4.06A.1.3 The Appeals Committee may hear an appeal and exercise all its powers even if the respondent does not file a response or either party is not present at the hearing or any adjourned hearing.

*Added on [27 March 2006](#).*



#### 4.06A.2 Administrative Fee For Appeal

4.06A.2.1 An appellant (other than the Clearing House) must pay an administrative fee of \$1,500 when submitting a Notice of Appeal.

4.06A.2.2 The administrative fee is not refundable unless:—

- a. the appellant tells the Secretary of the Appeals Committee in writing of withdrawal of the appeal at least seven (7) days before the hearing of the appeal;
- b. the appeal is successful; or
- c. the chairman of the Appeals Committee agrees to a refund, whether in full or in part.

*Added on [27 March 2006](#).*

#### 4.06A.3 Appeals By Rehearing

4.06A.3.1 The Appeals Committee will determine the appeal by way of rehearing. It will only rehear that part of the decision of the Disciplinary Committee appealed against.

4.06A.3.2 The Appeals Committee may receive evidence that was not presented to the Disciplinary Committee. In exercising its discretion, the Appeals Committee will consider whether the evidence was available at the time of the hearing by the Disciplinary Committee and why it was not introduced at that time.

*Added on [27 March 2006](#).*

#### 4.06A.4 Legal Representation Before Appeals Committee

4.06A.4.1 An appellant and a respondent may be represented by an advocate and solicitor.

4.06A.4.2 The Secretary of the Appeals Committee must be informed in writing of the name of the legal representative at least fourteen (14) days before the hearing of the appeal.

4.06A.4.3 The Appeals Committee may seek the advice of an advocate and solicitor.

*Added on [27 March 2006](#).*

#### 4.06A.5 Evidence

4.06A.5.1 The parties to an appeal may examine, and take copies of, the evidence which each of them intends to rely on at the hearing.

4.06A.5.2 The undertaking under [Rule 4.04A.4.2](#) applies.

*Added on [27 March 2006](#).*

#### 4.06A.6 Witnesses, Examination and Cross Examination

4.06A.6.1 The parties to an appeal may:—

- a. examine and cross-examine witnesses; and
- b. request the attendance of a witness.

4.06A.6.2 The Appeals Committee may, in its absolute discretion:—

- a. call for the attendance of any witness; and
- b. allow or disallow a request for the attendance of a witness.

4.06A.6.3 The Appeals Committee cannot compel the attendance of a witness.

*Added on [27 March 2006](#).*

#### **4.06A.7 Appeals Committee's Deliberation**

4.06A.7.1 Unless expressly permitted by the chairman of the Appeals Committee, the parties to an appeal must not be present during the deliberation of an appeal by the Appeals Committee. Failure to observe this Rule does not vitiate the decision.

*Added on [27 March 2006](#).*

#### **4.06A.8 Decision of Appeals Committee**

4.06A.8.1 The parties to an appeal may be present when the Appeals Committee announces its decision.

4.06A.8.2 The Appeals Committee will record short written grounds of decision.

4.06A.8.3 The Appeals Committee will give its written decision to all parties to an appeal.

#### **4.07 [Rule has been deleted.]**

*Deleted on [27 March 2006](#).*

#### **4.07A Payment of Costs**

##### **4.07A.1**

The Disciplinary Committee or Appeals Committee may require the Clearing Member charged to pay all or part of the costs of the investigation, inspection or hearing.

*Added on [27 March 2006](#).*

##### **4.07A.2**

The Disciplinary Committee or Appeals Committee may order the costs awarded to be paid within fourteen (14) days.

*Added on [27 March 2006](#).*

#### **4.08 [Rule has been deleted.]**

*Deleted on [27 March 2006](#).*

#### **4.08A Fine**

##### **4.08A.1**

A fine must be paid within fourteen (14) days from the date of notice, or such longer time as the chairman of the Disciplinary Committee or the Appeals Committee (as applicable), or his nominee, permits.

*Added on [27 March 2006](#).*

##### **4.08A.2**

If the fine remains unpaid after the deadline, the Clearing Member's access to the clearing system established and maintained by the Clearing House may be suspended. The suspension ends upon full payment of the fine.

*Added on [27 March 2006](#).*

#### **4.09 [Rule has been deleted.]**

*Amended on [12 October 2005](#) and deleted on [27 March 2006](#).*

#### **4.09A Notification of Decision**

##### **4.09A.1**

The Clearing House will notify all Clearing Members and Authorised Clearing Members of all charges established by the Disciplinary Committee (together with such details as the Clearing House thinks appropriate).

*Added on [8 June 2005](#).*

#### **4.09A.2**

The Clearing House may make the decision public (together with such details as the Clearing House thinks appropriate). For avoidance of doubt, this includes publication of the following information:—

- 4.09A.2.1 the particulars of the Clearing Member charged;
- 4.09A.2.2 the particulars of the charge;
- 4.09A.2.3 the underlying facts in respect of the charge;
- 4.09A.2.4 the findings and decision of the Disciplinary Committee or the Appeals Committee (as applicable);
- 4.09A.2.5 the basis of the findings and decision of the Disciplinary Committee or the Appeals Committee (as applicable); and
- 4.09A.2.6 the powers exercised by the Disciplinary Committee or the Appeals Committee (as applicable).

*Added on [8 June 2005](#) and amended on [27 March 2006](#).*

#### **4.09A.3**

This Rule operates as irrevocable consent by a Clearing Member and an Authorised Clearing Member for the Clearing House to publish or notify a decision. The consent remains valid and effective notwithstanding that the person ceases to be a Clearing Member or Authorised Clearing Member. A Clearing Member or Authorised Clearing Member cannot initiate any action or proceeding against the Clearing House or members of the Disciplinary Committee or Appeals Committee for publishing or notifying a decision under this Rule.

*Added on [8 June 2005](#).*

### **4.10 Classification of Offences**

#### **4.10.1**

Offences under this Rules shall be classified into major offences and minor offences.

#### **4.10.2**

Major offences may be dealt with by expulsion, suspension, fine not exceeding S\$250,000 or, in the case of a delivery contract, as provided in the relevant Contract Specifications or by both suspension and fine.

*Amended on [27 March 2006](#) and [22 February 2010](#).*

#### **4.10.3**

Minor offences may be dealt with by a fine not exceeding S\$10,000 or suspension for not more than one (1) year, or both.

### **4.11 Continuous Offences**

#### **4.11.1**

Each occasion on which a rule violation occurs or is repeated shall be regarded as a distinct offence. Where the rule violation concerned results in a condition or state of affairs that unless rectified by the Clearing Member charged is liable to continue, the Clearing Member charged shall be liable to pay, on being called upon to do so by the Board or the relevant body hearing the matter, a fine not exceeding S\$250,000 in the case of a major offence, or a fine not exceeding S\$10,000 in the case of a minor offence, as the Board or the relevant body hearing the matter may determine, for every day during which the said rule violation, condition or state of affairs continues.

*Amended on [27 March 2006](#).*

## 4.12 Major Offences

### 4.12.1

It shall be a major offence for a Clearing Member charged to:—

- 4.12.1.1 be guilty of fraud or any act of bad faith or of any dishonest conduct;
- 4.12.1.2 make a material mis-statement to the Board, the Clearing House or to a committee, or in relation to any information supplied to the Clearing House or its officials;
- 4.12.1.3 not to take steps to prevent further Contracts having to be cleared by it after its insolvency;
- 4.12.1.4 refuse to appear before the Board, or any committee at a duly convened hearing, or in connection with any investigation, refuse to fully answer all questions or produce all books and records at any audit hearing or investigation, or give false testimony, or fail to produce any books or records requested by the Clearing House staff in connection with an investigation within thirty (30) days after such request is made or fail to appear at a scheduled staff interview unless good cause is shown for such failure to appear;
- 4.12.1.5 make use of or reveal any confidential information obtained by reason of participating in any investigative proceeding or hearing;
- 4.12.1.6 fail to maintain minimum financial requirements or fail to maintain the required Security Deposit;
- 4.12.1.7 commit an act which is substantially detrimental to the interests of the Clearing House;
- 4.12.1.8 refuse to comply with a final arbitration award;
- 4.12.1.9 refuse, after hearing, to comply with an order of any hearing committee;
- 4.12.1.10 violate any provision under this Rules which cites such violation as a major offence;
- 4.12.1.11 fail to comply with any written directive from the Clearing House or any other officer or committee of the Clearing House (including but not limited to any Circular, notice, letter or memorandum signed by the Clearing House or such officer or committee); and
- 4.12.1.12 fail or neglect to maintain or keep complete and accurate records in accordance with the SFA and/or SFR or this Rules.

*Amended on [27 March 2006](#).*

### 4.12.2

For the avoidance of doubt, it shall be a major offence for a Clearing Member to:—

- 4.12.2.1 make, or cause to be made, a false or misleading entry, in hardcopy or electronic form, in any books, records, reports, slips, documents, or statements relating to the business, affairs, transactions, conditions, assets or accounts ("the Documents") of a Clearing Member;
- 4.12.2.2 omit from making, for whatever reason, a material entry in any of the Documents; or
- 4.12.2.3 alter or destroy any of the Documents without a valid reason.

Without prejudice to the foregoing, it may, at the determination of the Clearing House, be a major offence if a Clearing Member commits an offence or violation as a member of any Relevant Market.

*Amended on [27 March 2006](#).*

## 4.13 Minor Offences

### 4.13.1

Without prejudice to this Rules, it shall be an minor offence for a Clearing Member to:—

- 4.13.1 be guilty of dishonourable or uncommercial conduct;
- 4.13.2 make a false entry on a clearing sheet;

- 4.13.3 fail to answer Customers' complaints promptly;
- 4.13.4 violate any rule, the violation of which is not a major offence; and
- 4.13.5 make a mis-statement to the Board, the Clearing House or to a committee, or in relation to any information supplied to the Clearing House or its officials.

*Amended on [27 March 2006](#).*

#### **4.14 [Rule has been deleted.]**

*Deleted on [27 March 2006](#).*

### **4.15 Clearing Member's Indemnity to the Clearing House**

#### **4.15.1**

Each Clearing Member indemnifies the the Clearing House and its directors, officers, employees, representatives and agents ("Indemnified Persons") against any loss or liability reasonably incurred or suffered by the Indemnified Persons where such loss or liability arose out of or in connection with:—

- 4.15.1.1 any breach by the Clearing Member of its obligations under this Rules; or
- 4.15.1.2 any wilful, unlawful, reckless or negligent act or omission by the Clearing Member.

*Amended on [27 March 2006](#) and [26 April 2013](#).*

#### **4.15.2**

Without prejudice to the generality of [Rule 4.15.1](#), in the event that any legal, arbitration or other proceedings are brought to impose any liability on the Indemnified Persons for an alleged failure on the part of any Indemnified Person to prevent or to require action by a Clearing Member or any of its directors, officers, employees, representatives or agents, the Clearing Member shall reimburse the Clearing House for:—

- 4.15.2.1 all expenses and legal fees incurred by the Clearing House in connection with such proceedings;
- 4.15.2.2 any payment made by the Clearing House with the approval of the Clearing Member in connection with any settlement of such proceedings; and
- 4.15.2.3 any payment made by the Clearing House as a result of any order, award or judgment made in such proceedings.

The Clearing Member shall render such co-operation as the Clearing House reasonably requires in respect of such proceedings including without limitation the production of any document or records.

*Added on [26 April 2013](#).*

#### **4.15.3**

Without prejudice to [Rule 4.15.2](#), the cost to the Clearing House of producing, pursuant to a court order or other legal process, records relating to the business or affairs of a Clearing Member may, at the absolute discretion of the Clearing House, be required to be paid to the Clearing House by such Clearing Member, whether such production is required at the instance of such Clearing Member or at the instance of any other party.

*Added on [26 April 2013](#).*

### **4.16 Complaints by Clearing Members**

#### **4.16.1**

It is the policy of the Clearing House to maintain a forum for the resolution of any dispute between Clearing Members arising out of transactions on the Clearing House or of other matters pertaining to the Clearing House.

Any Clearing Member who has a dispute, grievance or complaint against another Clearing Member may refer the matter to arbitration in accordance with [Chapter 5](#) or may file a written complaint with the Clearing House as appropriate.

Amended on [27 March 2006](#).

#### 4.16.2

A Clearing Member who fails to exhaust the procedures set out above and in [Chapter 5](#) may be found to have engaged in conduct which is substantially detrimental to the interest of the Clearing House.

#### 4.16.3

A Clearing Member found guilty of having engaged in conduct which is substantially detrimental to the interest of the Clearing House may, in addition to the disciplinary actions prescribed for a major offence, be required to pay the Clearing House an amount computed to include the costs and expenses, including legal fees on an indemnity basis, incurred by the Clearing House in defending or responding to any proceeding by such Clearing Member.

#### 4.16.4

A Clearing Member who believes that another Clearing Member or the Clearing House or its officials, officers, employees or representatives has acted in contravention of the law or this Rules may, without violating this Rule, complain directly to the Authority.

### 4.17 Supply of Information

#### 4.17.1

For the purposes of this Rule:—

"Reciprocal Arrangement" means any agreement or arrangement between the Clearing House, any Relevant Market and/or any governmental agency or regulatory authority (including, without limitation, a futures exchange or clearing house) in Singapore or elsewhere whose functions include the regulation of trading in commodities (in Singapore or elsewhere) which provides for the disclosure of information between the Clearing House, the Relevant Market and/or the other agency or authority relation to dealings in commodities (in Singapore or elsewhere).

#### 4.17.2

Without derogating from the powers of the Clearing House or any Relevant Market (where the Clearing Member is also a member) to obtain information and to conduct inspections and investigations relative to the affairs of a Clearing Member, the Clearing House may request in particular that a Clearing Member provide specified information relating to the terms and circumstances of, and parties to, any dealings in commodities by Customers and/or former Customers of that Clearing Member.

Such request shall be in writing and the Clearing Member shall provide the information to the Clearing House within such period as is specified by the Clearing House being a period of not less than two (2) Business Days of receipt of the request.

Amended on [27 March 2006](#).

#### 4.17.3

Subject to the other provisions of this Rules, the Clearing House shall take all reasonable measures to protect from unauthorised use or disclosure of information provided to the Clearing House in confidence by or on behalf of a Clearing Member pursuant to this Rules. For the purposes of this Rule the disclosure of information:—

- 4.17.3.1 pursuant to a Reciprocal Arrangement, or
- 4.17.3.2 required to be disclosed by the Clearing House under any law or any order of any court or authority or regulatory body, or
- 4.17.3.3 which at the time of disclosure to or by the Clearing House and/or any Relevant Market, was generally available to and known by the public, or
- 4.17.3.4 for the purposes of monitoring compliance with and/or the enforcement of this Rules or the adjudication of such matters, or
- 4.17.3.5 without prejudice to the generality of Rule 4.17.3.2 above to any governmental agency or regulatory authority including, without limitation, a futures exchange or clearing house (in Singapore or elsewhere) which in the proper exercise of its powers relating to:—

- a. the order and good government of Clearing Members; or
  - b. the efficient, honest, fair, competitive and informed trading of commodities or clearing of contracts in commodities (in Singapore or elsewhere),
- requests that the Clearing House provide the information to it, shall not constitute unauthorised use or disclosure.

*Amended on [27 March 2006](#).*

#### **4.17.4**

Nothing in this [Rule 4.17](#) limits what may at common law otherwise constitute, for the purposes of this Rule, authorised use or disclosure of information.

## **Chapter 5 Arbitration**

### **5.01 Disputes Arbitrated**

#### **5.01.1 Dispute Resolution Involving Contracts (Excluding Deliverable Commodity Futures Contracts)**

5.01.1.1 Where any dispute arises from or in connection with a Contract (excluding deliverable commodity futures contracts), other than a complaint of a disciplinary nature, the disputing Clearing Members shall attempt to settle the dispute through good faith negotiations, failing which the disputing Clearing Members may choose to settle the dispute, by such other means they elect, including arbitration before the SIAC in accordance with the rules of the SIAC.

*Added on [27 March 2006](#) and amended on [22 September 2006](#), [26 January 2007](#) and [26 November 2007](#).*

#### **5.01.2 Dispute Resolution Involving Deliverable Commodity Futures Contracts**

5.01.2.1 Where any dispute arises from or in connection with a commodity futures contract, other than a complaint of a disciplinary nature, the parties shall attempt to settle the dispute, through the claim procedure set forth or referred to in the relevant Contract Specifications. In the absence of an applicable claim procedure, the parties shall attempt to settle the dispute through good faith negotiations, failing which, at the election of any disputing Clearing Member, the dispute shall be settled by arbitration before the SIAC in accordance with the rules of the SIAC.

5.01.2.2 Unless otherwise specified under the claim procedure set forth or referred to in the relevant Contract Specifications, if any, the award of the arbitrator or panel of arbitrators shall be binding on Sellers and Buyers.

5.01.2.3 The failure or refusal of a Clearing Member to settle the dispute under the claim procedure set forth or referred to in the relevant Contract Specifications, or arbitrate under this Rule where the other counterparty elects to do so shall constitute a breach of this Rules.

5.01.2.4 Subject to the claim procedure set forth or referred to in the relevant Contract Specifications, Clearing Members shall cause their Sellers and Buyers and their respective assigns to agree that where there is a dispute as a result of or arising in connection with a deliverable commodity futures contract:

- a. the Sellers and Buyers shall agree to submit to arbitration before the SIAC at the election of their respective Clearing Members; and
- b. the award of the arbitrator or panel of arbitrators shall be final and binding on the Sellers and Buyers.

*Added on [22 September 2006](#) and amended on [26 January 2007](#), [26 November 2007](#) and [1 October 2009](#).*

### **5.02 Waiver of Clearing House Objects and Purposes**

#### **5.02.1**

The submission of any dispute to arbitration under this Rules shall in no way limit or preclude the taking of any other step or exercise of any power by the Clearing House in relation to the dispute.

**5.03 to 5.36 [Rules have been deleted.]**

*Deleted on [27 March 2006](#).*

**Chapter 6 Delivery and Related Matters****6.01 General****6.01.1**

Any delivery of Commodities under any Contract cleared by the Clearing House shall be made in accordance with the relevant Contract Specifications and, if not so dealt with, with the provisions of this Chapter and by such other requirements as the Clearing House may prescribe from time to time (collectively "Delivery Rules").

*Amended on [22 September 2006](#) and [1 October 2009](#).*

**6.01.1A**

In the case of a Contract traded on the Exchange, the Delivery Rules shall include the Trading Rules.

*Added on [1 October 2009](#).*

**6.01.1B**

For the avoidance of doubt, this Chapter shall apply in respect of all matters relating to the rights, obligations and liabilities of the Clearing House as against any Clearing Member, regardless of the Relevant Market on which the Contract is traded, unless otherwise provided under this Chapter.

*Added on [1 October 2009](#).*

**6.01.1C**

Eligible Non-Relevant Market Contracts shall be settled or delivered in accordance with the relevant Delivery Rules.

*Added [27 March 2006](#) and amended on [22 September 2006](#), [1 October 2009](#) and [8 November 2012](#).*

**6.01.2**

Cash-settled Contracts which remain open at maturity may be satisfied by payment of cash.

Any Contracts other than cash-settled Contracts which remain open at maturity may be liable to delivery in accordance with the Delivery Rules.

*Amended on [22 September 2006](#).*

**6.01.3.1 to 6.01.4 [Rules have been deleted.]**

*Deleted on [22 September 2006](#).*

**6.02 [Rule has been deleted.]**

*Deleted on [22 September 2006](#).*

**6.02A Clearing House Merely Facilitates Delivery****6.02A.1 Clearing Member Causes Compliance with and Guarantees Delivery Obligations**

A Clearing Member sponsoring a Trading Member, or a member of any other Relevant Market, carrying an account for a Seller or Buyer or a Clearing Member carrying an account for a Seller or Buyer shall cause its Seller or Buyer (as the case may be) to comply with all relevant Delivery Obligations for the underlying Commodity under a Contract or delivery contract including those relating to the delivery of information, documents or the underlying Commodity to the Clearing House or to clearing members of the opposite Buyer or Seller (hereafter referred to as the "counterparty clearing member" for the purposes of this Chapter), and shall comply with all time limits in accordance with the Delivery Rules.



For the avoidance of doubt, a counterparty clearing member referred to in this Chapter and Rule 7.04.1B shall include a Clearing Member and the clearing member of any other Relevant Market (or its clearing house) of the opposite Buyer or Seller notwithstanding that such counterparty clearing member is not a Clearing Member.

*Added on [22 September 2006](#) and amended on [1 October 2009](#).*

#### **6.02A.2**

A Clearing Member sponsoring a Trading Member, or a member of any other Relevant Market, carrying an account for a Seller or Buyer or a Clearing Member carrying an account for a Seller or Buyer shall guarantee and assume complete responsibility to the counterparty clearing member, for the performance of all Delivery Obligations in accordance with the relevant Delivery Rules.

*Added on [22 September 2006](#) and amended on [1 October 2009](#).*

#### **6.02A.3**

Violation of [Rule 6.02A.1](#) or [Rule 6.02A.2](#) may constitute a major offence.

*Added on [22 September 2006](#).*

#### **6.02A.4 Insolvent Clearing Member**

In the event of the Clearing House becoming aware of a Clearing Member becoming insolvent or being deemed insolvent after having given any relevant delivery notices or acceptance notices with respect to its Delivery Obligations to the Clearing House, then, notwithstanding the preceding, the Clearing House shall be entitled but not obliged to permit the relevant Sellers or Buyers (as the case may be) of the Clearing Member (if their identities can be readily ascertained and verified) to be directly substituted for such Clearing Member to the extent necessary to effect and/or complete delivery. None of the requirements for delivery, including notices, instructions, payment, etc., shall be waived by the Clearing House in exercising such option. Moreover, substitution shall in no way relieve the insolvent Clearing Member of its obligations to the Clearing House and/or the counterparty clearing member with regard to any claims arising out of that delivery.

*Added on [22 September 2006](#) and amended on [1 October 2009](#).*

#### **6.02A.5**

For the purposes of [Rule 6.02A](#), a Clearing Member becomes or shall be deemed insolvent on the occurrence of any of the events stated in [Rule 7A.01.3](#).

*Added on [22 September 2006](#) and amended on [7 August 2012](#).*

#### **6.02A.6 No Physical Delivery Obligations on Clearing House**

Except as otherwise provided in this Rules, the Clearing House accepts no and is to have no liability either to effect or ensure or guarantee the discharge or satisfactory discharge of any obligation under a delivery contract. The obligations of the Clearing House with respect to the delivery contract shall be limited only to the discharge of its escrow obligations (where applicable) in accordance with this Rules and/or the relevant Contract Specifications. For the avoidance of doubt, [Rule 7.04](#) does not apply to any delivery contract.

*Added on [22 September 2006](#) and amended on [26 January 2007](#).*

#### **6.02A.7 Matching and Re-Novation**

- a. The contract between a Selling Member or Buying Member and the Clearing House shall be novated and a new contract shall arise between such persons as are matched in accordance with the relevant Contract Specifications (such process being described as "re-novation") at such time, and upon such conditions being met, in accordance with the relevant Contract Specifications for:
  - (i) such re-novation to be effective; or
  - (ii) the cessation of the Clearing House as a central counterparty.
- b. The new contract arising from the re-novation shall simultaneously discharge and replace pro tanto the Contract between the Selling Member or Buying Member and the Clearing House, and the Clearing House shall be released from its obligations as a central counterparty. For the avoidance of doubt, re-novation only

applies to matched positions relating to lot sizes equal to or more than the minimum size prescribed under the relevant Contract Specifications for physical delivery.

*Added on [22 September 2006](#) and amended on [26 January 2007](#), [1 October 2009](#), [22 February 2010](#) and [22 April 2010](#).*

### **6.02A.7A Cash Settlement**

Without prejudice to [Rule 6.09](#), unless otherwise provided in the relevant Contract Specifications, matched positions of lot sizes less than the minimum size prescribed under the relevant Contract Specifications for physical delivery existing after the matching process in [Rule 6.02A.7](#) has been effected, shall be cash-settled in accordance with the relevant Contract Specifications.

*Added on [26 January 2007](#).*

### **6.02A.7B Posting of Performance Deposits and Payment of Contract Value**

Unless otherwise provided in the relevant Contract Specifications, Performance Deposits and contract value shall, for the purposes of [Rule 6.02A.7](#) and [Rule 7.04.3.3](#), be deemed to have been posted or paid as follows:

- 6.02A.7B.1 where posting or payment is in cash, upon Confirmation of the relevant Payment Instruction by the Settlement Bank of such Clearing Member that is undertaking Delivery Obligations in a delivery contract; and
- 6.02A.7B.2 where posting or payment is in the form of an irrevocable letter of credit or any other security, upon receipt of the irrevocable letter of credit or other security by the Clearing House, provided that the said irrevocable letter of credit or other security is in a form and issued by a bank acceptable to the Clearing House.

*Added on [22 February 2010](#) and amended on [26 April 2013](#).*

### **6.02A.8 Method of Matching**

- 6.02A.8.1 Contracts subject to physical delivery shall be matched by the Clearing House in accordance with the relevant Contract Specifications.
- 6.02A.8.2 Notwithstanding [Rule 6.02A.8.1](#), Contracts traded on the Exchange and subject to physical delivery shall be matched by the Clearing House based on the quantity, lot size and the mutual preference(s) (if any) stated by the Seller and Buyer (through their respective Clearing Members). Failing mutuality of preferences, matching shall be in accordance with the preference(s) of the Seller or Buyer, as the case may be, as stated in the relevant Contract Specifications.

*Added on [22 September 2006](#) and amended on [1 October 2009](#).*

### **6.02A.9 Forms for Matching**

The Clearing House may prescribe such forms and/or other requirements for the giving of relevant notice, initiating and/or completing delivery under a Contract and/or necessary to enable the Clearing House to effect the required matching of the relevant parties to effect delivery as between them as are consistent with the relevant Delivery Rules. If a Clearing Member fails to give the relevant delivery notice or acceptance notice within the prescribed time, the Clearing House shall be entitled to match such Clearing Member with the relevant counterparty. Matching may be in accordance with the preference(s) of such opposite counterparty.

*Added on [22 September 2006](#) and amended on [1 October 2009](#).*

### **6.02A.9A Notification of Matching**

The Clearing House shall notify the relevant matched parties in such manner and at such time as specified in the relevant Contract Specifications.

*Added on [1 October 2009](#).*

### **6.02A.10 Force Majeure**

- 6.02A.10.1 Unless the delivery provisions in the relevant Contract Specifications otherwise provide, the Delivery Obligations of Contracts shall be absolute and unconditional and shall not be subject to the defence of Force Majeure, impossibility, commercial impracticability or other similar defences.

Notwithstanding the preceding, if delivery or acceptance or any precondition or requirement of the Buying Member or Selling Member as the case may be is prevented or threatened to be prevented as a consequence of or arising out of an occurrence of Force Majeure relevant to performance of Delivery Obligations such that performance of such Delivery Obligations cannot be guaranteed by reason of such occurrence of Force Majeure, such Selling Member or Buying Member as the case may be shall immediately notify the Clearing House.

6.02A.10.1A If the Clearing House determines that emergency action may be necessary, it shall take such action as it deems fit in accordance with the relevant Contract Specifications.

6.02A.10.1B Notwithstanding Rule 6.02A.10.1A, in the case of a Contract traded on the Exchange, the Clearing House shall call a special meeting with the Exchange and arrange for the presentation of evidence with respect to the occurrence of Force Majeure. If the Clearing House and the Exchange determine that a Force Majeure exists, the Clearing House and the Exchange shall take such action as they see fit, including but not limited to the deferment of delivery dates and the designation of alternate delivery points.

6.02A.10.1C For the purposes of this Rule 6.02A.10, Force Majeure shall have the meaning as set forth in the relevant Contract Specifications or the rules of the Relevant Market on which the Contract was traded.

6.02A.10.1D Notwithstanding Rule 6.02A.10.1C, in the case of a Contract traded on the Exchange, Force Majeure means any event beyond the control of a Seller or Buyer or its respective Clearing Member including acts of a civil or military authority, labour disputes, strikes, fires, floods, epidemic diseases, accidents, wars (whether declared or undeclared), acts of the public enemy, riots, perils of the sea, embargoes, restrictions imposed by any governmental authority (including allocations, priorities, requisitions, quotas and price controls) or any other acts of God.

6.02A.10.2 Without prejudice to Rule 6.02A.10.1 to Rule 6.02A.10.1D, in the event that the Clearing House and/or the Exchange determine that for any reason whatsoever there exists or is likely to come into existence a shortage of the underlying Commodity or circumstances prejudicial to a Seller or Buyer or its respective Clearing Member's Delivery Obligations the Clearing House and/or the Exchange may take such action as may appear necessary to prevent, correct, or alleviate such shortage, subject to the provisions in the relevant Contract Specifications for such shortage, if any.

*Added on [22 September 2006](#) and amended on [1 October 2009](#).*

### **6.02A.11 Cessation of Collection of Margins**

The Clearing House shall cease to collect margins for a Contract after such time as it ceases to act as a central counterparty pursuant to [Rule 6.02A.7](#) or [Rule 6.09.3](#).

*Added on [22 September 2006](#) and amended on [26 January 2007](#).*

### **6.02A.12 Electronic Documentation**

The Clearing House retains the discretion to accept delivery of Title Documents in either physical or electronic format and subject to such safeguards as it deems fit.

*Added on [22 September 2006](#).*

### **6.02A.13 Clearing House does not Verify Authenticity of Documents or Check Commodity**

The Clearing House shall have no responsibility or liability to any person:

6.02A.13.1 to investigate, verify or guarantee the authenticity, validity, accuracy, or completeness of:—

(a) any form or document required by it for the required matching of:

(i) the relevant parties in accordance with the Contract Specifications; or

(ii) a Seller or Buyer for whom an insolvent clearing member acts and the counterparty clearing member; or

(b) any Title Documents received by the Clearing House under the relevant Contract Specifications,

to effect delivery as between such matched parties as are consistent with the relevant Delivery Rules. Nonetheless, the Clearing House reserves the right at its discretion and in good faith to reject any form or

accompanying documents submitted by a Clearing Member for such matching, delivery or any other purposes if in its good faith view, the form or accompanying documents (or, where relevant, payment) as submitted are not in compliance with its stated requirements or otherwise indicate that the delivery to be effected or accepted are not in compliance with the relevant Delivery Rules;

6.02A.13.2 to check any Commodity received from or delivered to the clearing member of a Buyer or Seller in relation to the quality or suitability of fitness of the Commodity and the obligation of the Seller or Buyer, or its clearing member, to make or take delivery under a delivery contract; and

6.02A.13.3 with respect to any forged or irregular documents, including Title Documents, relating to any open contract and delivery contract, received from or delivered to the clearing member of a Buyer or Seller. The sole recourse of the Clearing Member receiving such forged or irregular documents shall be to the clearing member which delivered or caused to be delivered such forged or irregular documents.

*Added on [22 September 2006](#) and amended on [26 January 2007](#) and [1 October 2009](#).*

### **6.02A.14 Clearing House does not Check and is not Liable for Designated Delivery Facility**

The Clearing House shall have no responsibility or liability to any person:

6.02A.14.1 to check the availability, suitability or quality of any designated delivery facility, producer, factory, port, grader, surveyor, sampler, analyst or any other organization that may be involved with delivery of any Commodity as identified in the relevant Contract Specifications; and

6.02A.14.2 for the acts, omissions, default or insolvency of any designated delivery facility, producer, factory, port, grader, surveyor, sampler, analyst or any other organization that may be involved with delivery of any Commodity as identified in the relevant Contract Specifications.

*Added on [22 September 2006](#) and amended on [26 January 2007](#).*

### **6.02A.15 Disclaimers**

#### **6.02A.15.1 Title Documents and Transfer of Title or Possession**

The Clearing House disclaims any liability arising from or in connection with the delivery or non-delivery of Title Documents by the clearing member of any Seller and any irregularities in the transfer of title and/or possession in the underlying Commodity from the Seller to the Buyer.

#### **6.02A.15.2 Release of Payment**

In no event shall the Clearing House be liable for releasing any payment in exchange for documents that appear bona fide on their faces.

*Added on [22 September 2006](#) and amended on [26 January 2007](#) and [1 October 2009](#).*

## **6.03 Delivery Default May be Major Offence**

### **6.03.1**

Any delivery default under the relevant Contract Specifications may constitute a major offence.

*Added on [22 September 2006](#).*

### **6.03.2**

Without prejudice to [Rule 6.03.1](#), the Clearing House may take such disciplinary action including imposing penalties in connection with the performance of Delivery Obligations as provided for under the relevant Contract Specifications. For the avoidance of doubt, penalties which the Clearing House may impose shall include penalties for any delivery default or late performance of any Delivery Obligation.

*Added on [1 October 2009](#).*

## **6.04 Duty of Clearing Members to Mitigate Risk of Non-Delivery**

### **6.04.1**

Prior to the Last Trading Day of the relevant Contract, each Clearing Member shall require evidence from its respective Seller or Buyer having accounts on its books, that all open positions which will not be offset on the

Last Trading Day will be completed by delivery of the relevant underlying Commodity. If the Seller or Buyer fails to provide such evidence, the Clearing Member shall liquidate the remaining open positions on or before the Last Trading Day. Unless otherwise permitted under the relevant Contract Specifications, each Clearing Member shall liquidate any and all open positions relating to lot sizes less than the minimum size prescribed under the relevant Contract Specifications for physical delivery.

*Added on [22 September 2006](#).*

#### **6.04.2**

Failure by a Clearing Member to liquidate the open positions pursuant to [Rule 6.04.1](#) may constitute a major offence.

*Added on [22 September 2006](#).*

### **6.05 Consolidation of Positions and Other Powers of the Clearing House**

#### **6.05.1**

If at any time the Clearing House becomes aware of opposite open positions held by different Clearing Members, or by any Clearing Member and clearing member of any other Relevant Market (or its clearing house), for the account of the same Seller or Buyer, the Clearing House may (but is not obliged to) direct such Clearing Members to take steps to liquidate the offsetting positions.

*Added on [26 January 2007](#) and amended on [1 October 2009](#).*

#### **6.05.2**

Where a Seller or Buyer has open positions with more than one Clearing Member, or with any Clearing Member and any clearing member of any other Relevant Market (or its clearing house) on the first Business Day following the Last Trading Day, the Clearing House may (but is not obliged to) consolidate all such open positions held by all the Clearing Members and clearing members of such other Relevant Market (or its clearing house) for the same Seller or Buyer in such manner as it deems fit including, without limitation, effecting the following:

- 6.05.2.1 appointing one (1) or more of these Clearing Members to whom all such positions shall be transferred to be handled for such Seller or Buyer, where such appointment shall be binding;
- 6.05.2.2 requiring any Clearing Member to transfer positions to one (1) or more such clearing members of the other Relevant Market to be handled for such Seller or Buyer;
- 6.05.2.3 setting-off any opposite open positions held by the appointed Clearing Member(s) for the account of the same Seller or Buyer; and/or
- 6.05.2.4 taking such other actions or giving such other directions to the appointed Clearing Member(s) as it deems fit.

*Added on [22 September 2006](#) and amended on [26 January 2007](#) and [1 October 2009](#).*

#### **6.05.3**

Notwithstanding that the Clearing House is entitled to consolidate the open positions of the Clearing Members and the clearing members of any other Relevant Market (or its clearing house) with reference to the account of the Seller or Buyer, nothing in [Rule 6.05.2](#) shall imply or be construed to mean that a Seller or Buyer (who is not a Clearing Member) shall have any right against the Clearing House with regard to its open positions which have been so consolidated.

*Amended on [26 January 2007](#) and [1 October 2009](#).*

### **6.06 Passing of Property and Risk**

#### **6.06.1**

Property and risk in relation to an underlying Commodity in any delivery contract shall pass in accordance with the relevant Delivery Rules and if not so dealt with, with the provisions of the Sale of Goods Act (Chapter 393). For the avoidance of doubt, at no time will property and risk in any underlying Commodity in any delivery contract pass to the Clearing House.

Added on [22 September 2006](#).

## **6.07 Deliveries Involving Clearing House as Escrow Agent and Treatment of Performance Deposits, Other Payments and Other Escrow Assets**

Amended on [26 April 2013](#).

### **6.07.1**

If so required under the relevant Contract Specifications, a Selling Member and/or Buying Member in a delivery contract shall post or cause its respective Seller or Buyer to post with the Clearing House as escrow agent a Performance Deposit and/or other payment (including but not limited to contract value) as may be prescribed under the relevant Contract Specifications (such person responsible for posting the Performance Deposit or other payment being referred to as the "depositing party"), at such time as provided under the relevant Contract Specifications, as security for the benefit of the counterparty under the delivery contract for the performance of the depositing party's obligations under the delivery contract. For the avoidance of doubt, posting of Performance Deposits or other payments by the depositing party is to be made without any set-off or withholding.

Added on [22 September 2006](#) and amended on [26 January 2007](#), [1 October 2009](#) and [26 April 2013](#).

### **6.07.2**

A Selling Member or Buying Member shall collect Performance Deposits, other payments and other Escrow Assets (where applicable) from its respective Seller or Buyer within such time as prescribed in the relevant Contract Specifications, or by the Clearing House. Nothing herein prohibits a Member from collecting additional monies or deposits from its Seller or Buyer to secure performance as it sees fit.

Added on [22 September 2006](#) and amended on [26 January 2007](#), [22 February 2010](#), [26 January 2007](#), [1 October 2009](#) and [26 April 2013](#).

### **6.07.3**

No Clearing Member shall grant, whether directly or indirectly, any advance, loan or credit facility to any Seller or Buyer for the purpose of posting Performance Deposits, other payments or other Escrow Assets (where applicable) with the Clearing House. For avoidance of doubt, Members shall only post the full sum of Performance Deposits, other payments and/or other Escrow Assets (where applicable) with the Clearing House.

Added on [22 September 2006](#) amended on [26 January 2007](#), [22 February 2010](#) and [26 April 2013](#).

### **6.07.4**

When under this Rules, the Clearing House becomes the escrow agent of any Escrow Asset in connection with the delivery of the underlying Commodity, the following shall apply:

- (a) The Clearing House holds such Escrow Asset solely as escrow agent on behalf of the depositing party subject to this Rules or the relevant Contract Specifications. As escrow agent, the Clearing House shall act solely as a stakeholder for the convenience of the depositing party and in accordance with the terms for such escrow holding as may be set out in this Rules or the relevant Contract Specifications.
- (b) None of the Clearing House, any of its directors, officers, agents or employees (collectively "Officers") shall be liable to any party for any loss or damage arising out of or in connection with any act or omission with respect to the delivery and/or payment obligations of the depositing party during the period that the Clearing House is the escrow agent for such Escrow Asset or with respect to the non-release or delay in release of the Escrow Asset in accordance with the terms of the escrow unless the loss or damage is caused directly as a result of wilful breach or breach in bad faith by the Officers of the terms of the escrow.

Added on [22 September 2006](#) and amended on [22 February 2010](#) and [26 April 2013](#).

### **6.07.5**

The Clearing House shall be entitled to physically commingle Performance Deposits, other payments and other Escrow Assets (where applicable) with all Collateral subject always to its obligations under the SFA to segregate monies received for House Contracts and Customer Contracts.

Added on [22 September 2006](#) and amended on [26 January 2007](#) and [26 April 2013](#).

**6.07.6**

The Clearing House shall be entitled to charge an administrative fee for acting as the escrow agent.

*Added on [22 September 2006](#).*

**6.07.7**

The Clearing House shall credit all Performance Deposits, other payments and other Escrow Assets (where applicable) which a Clearing Member has posted with the Clearing House pursuant to this Rules with interest, dividends, and any other returns or entitlements on the full amount at such rate as prescribed by the Clearing House except for:

6.07.7.1 money continued to be held consequent or subsequent to a delivery default; and

6.07.7.2 any administrative fees payable to the Clearing House pursuant to [Rule 6.07.6](#).

The depositing party shall be entitled to the benefit of any such interest, dividends, returns or entitlements that is credited.

*Amended on [26 January 2007](#) and [26 April 2013](#).*

**6.07.8 Release of Performance Deposits and Other Payments**

6.07.8.1 Subject to Rule 6.07.8.2, the Clearing House shall release the Performance Deposit and/or other payment posted with it (less any administrative fees payable) to the respective Selling Member and/or Buying Member, as the case may be only as provided in the relevant Contract Specifications.

6.07.8.2 The lodging of a claim which is not bona fide by a Seller or Buyer, or Clearing Member as the case may be, may subject such Clearing Member or the Clearing Member of such Seller or Buyer to such penalties as the Clearing House may impose.

6.07.8.3 For the avoidance of doubt, upon the release of the Performance Deposit and/or other payment, the Clearing House shall be released from its obligations as an escrow agent in relation to such Performance Deposit and/or other payment (as the case may be), and from any liabilities in relation thereto.

*Added on [22 September 2006](#) and amended on [1 October 2009](#) and [26 April 2013](#).*

**6.07.9 Release of Escrow Assets Other than Performance Deposits and Other Payments**

The Clearing House shall release the Escrow Assets other than the Performance Deposits and other payments (less any administrative fees payable) to the respective clearing members of the Seller and/or Buyer, as the case may be, only as provided in the relevant Contract Specifications. For the avoidance of doubt, upon the release of such Escrow Assets, the Clearing House shall be released from its obligations as an escrow agent in relation to such Escrow Assets, and from any liabilities in relation thereto.

*Added on [26 January 2007](#) and amended on [1 October 2009](#) and [26 April 2013](#).*

**6.07A Clearing House May Appoint A Facilitator Agent**

*Refer to [Practice Note 6.07A](#).*

**6.07A.1**

The Clearing House may appoint any person as a Facilitator Agent to perform, on its behalf, such function as may be required for the purpose of facilitating delivery of the underlying Commodity of any Contract by Clearing Members.

*Added on [1 October 2009](#).*

**6.07A.2**

Clearing Members shall perform such Delivery Obligations through the Facilitator Agent as prescribed by the Clearing House.

*Added on [1 October 2009](#).*

## 6.08 Time is of the Essence for Periods in the Relevant Contract Specifications

### 6.08.1

Time is of the essence with respect to the periods stipulated in this Chapter and the relevant Contract Specifications including those pertaining to the posting of Performance Deposits with the Clearing House, delivery of documents, making and taking of delivery and effecting payment.

*Added on [22 September 2006](#).*

## 6.09 Alternative Delivery Procedure

### 6.09.1

Unless otherwise provided by the relevant Contract Specifications, nothing in this Rules shall prevent the parties otherwise obliged to make and take delivery from effecting delivery via Alternative Delivery Procedure.

*Added on [22 September 2006](#).*

### 6.09.2

Upon the delivery of a notice of Alternative Delivery Procedure to the Clearing House (the "ADP Notice"), the Seller and Buyer or such persons designated to make or take delivery as may be prescribed in the ADP Notice shall be solely responsible for completing delivery.

*Added on [22 September 2006](#).*

### 6.09.3

Notwithstanding [Rule 6.02A.2](#), the Selling Member and/or Buying Member shall be released from their respective Delivery Obligations, and the Clearing House from its obligations as a central counterparty and/or an escrow agent, and from any liabilities in relation thereto, upon the election of an Alternative Delivery Procedure.

*Added on [22 September 2006](#) and amended on [26 January 2007](#) and [1 October 2009](#).*

### 6.09.4

In executing such Alternative Delivery Procedure, the Seller and/or Buyer, for whom a Clearing Member acts, or such persons designated to respectively make and/or take delivery in place of such Clearing Member as may be prescribed in the ADP Notice shall indemnify the Clearing House and the Exchange against any liability, costs or expense it may incur for any reason as a result of the execution, delivery or performance of any agreement reached between the Seller and Buyer or such persons designated to respectively make and take delivery as may be prescribed in the ADP Notice, or any breach thereof or default thereunder.

For the avoidance of doubt, where the clearing members of the Relevant Market making or taking delivery prior to the execution of an Alternative Delivery Procedure are both Clearing Members, the Buyer and Seller or such persons designated to make and take delivery in place of the Clearing Members as may be prescribed in the ADP Notice shall jointly and severally indemnify the Clearing House and/or the Exchange.

*Added on [22 September 2006](#) and amended on [26 January 2007](#) and [1 October 2009](#).*

## 6.10 Post Arbitral Award Procedures

### 6.10.1

Where any dispute in connection with a deliverable commodity futures contract is settled by such claim procedure set forth or referred to in the relevant Contract Specifications, the Clearing Member shall follow such post arbitral award procedures as set forth in the relevant Contract Specifications.

*Added on [1 October 2009](#).*

### 6.10.2

Without prejudice to [Rule 6.10.1](#), where any dispute in connection with a deliverable commodity futures contract is settled by arbitration before the SIAC, the procedures set out in this [Rule 6.10](#) shall apply.



Added on [22 September 2006](#) and amended on [26 November 2007](#) and [1 October 2009](#).

#### 6.10.2A

Upon the conclusion of arbitration and the grant of an arbitral award, SIAC shall serve a notice of the award on the Clearing House and each of the Clearing Members to the arbitration.

Added on [22 September 2006](#) and amended on [1 October 2009](#).

#### 6.10.3

If an arbitral award is made in favour of the Buying Member, the Buying Member shall be entitled to:

6.10.3.1 claim the Performance Deposit posted in relation to the delivery contract by the Selling Member with the Clearing House to the extent that it satisfies the arbitral award; and

6.10.3.2 the return of the Performance Deposit posted by it in relation to the delivery contract with the Clearing House, without any deduction or set-off.

Added on [22 September 2006](#) and amended on [1 October 2009](#).

#### 6.10.4

If the Performance Deposit posted by the Selling Member in relation to the delivery contract is insufficient to satisfy the arbitral award made in favour of the Buying Member, the Buying Member shall be entitled to pursue the balance of such arbitral award against the Selling Member. If such Performance Deposit is greater than the arbitral award made in favour of the Buying Member, the balance of the Performance Deposit shall be returned to the Selling Member.

Added on [22 September 2006](#) and amended on [1 October 2009](#).

#### 6.10.5

Where the arbitral award is made in favour of the Selling Member, Rules [6.10.4](#) and 6.10.5 shall apply with the references to "Buying Member" and "Selling Member" being changed to "Selling Member" and "Buying Member" respectively.

Amended on [1 October 2009](#).

#### 6.10.6

For the avoidance of doubt, the above procedures do not apply if the Clearing Members have agreed to effect delivery via an Alternative Delivery Procedure.

Amended on [1 October 2009](#).

### 6.11 Precedence of Rules

#### 6.11.1

In the event of a conflict between [Chapter 6](#) of this Rules and the relevant Contract Specifications, this Rules shall prevail.

Added on [22 September 2006](#).

## Chapter 7 Clearing and Margins

### 7.01 Clearing House

#### 7.01.1

The Clearing House shall facilitate the prompt adjustment of contractual obligations arising out of:

- a. Contracts traded on the Exchange, a Relevant Market and the Participating Markets;
- b. Non-Relevant Market Contracts; and

### c. OTCF Contracts

insofar as the same are duly accepted by the Clearing House or with respect to which the Clearing House is otherwise obliged to accept and to protect the integrity of such Contracts in accordance with these Rules.

*Amended on [27 March 2006](#), [3 November 2010](#) and [8 November 2012](#).*

#### 7.01.1A

Further to [Rule 7.01.1](#), the Clearing House shall accept such Contracts traded on a Relevant Market other than the Exchange, as prescribed in Appendix 2.

*Refer to [Appendix 2](#) — Contracts of Other Relevant Markets Accepted by the Clearing House.*

*Added on [1 October 2009](#).*

#### 7.01.2

Wherever these Rules and/or the Trading Rules create a right in favour of the Clearing House or impose a liability on the Clearing House, such right or liability shall prior to the Transfer Date be construed as the right or liability of the Exchange, and shall be enforced by or against the Exchange and on or after the Transfer Date, shall be construed as the right or liability of the Clearing House, and shall be enforced by or against the Clearing House.

#### 7.01.3 [Rule has been deleted.]

*Deleted on [27 March 2006](#).*

#### 7.01.4

The Clearing House shall from time to time prescribe in these Rules the rights and obligations of Clearing Members and all requisite matters in relation to the operation and management of the Clearing House (including but not limited to systems of clearing, deposits, margins, delivery, charges, settlement prices, payments and settlement).

*Amended on [27 March 2006](#).*

## 7.02 Limitation of Liability

### 7.02.1

Without prejudice to any other limitation or exclusion of liability (including liability with respect to Contracts liable to delivery as opposed to cash settlement) the liability of the Clearing House shall be limited to net losses to the Clearing Members resulting from the substitution of the Clearing House by way of novation or as otherwise described in [Rule 7.04](#), in respect of Contracts to which Clearing Members are party and/or, where the opposite side of the Contract is cleared through any other Relevant Market (or its clearing house), to net losses in connection with the substitution of such other Relevant Market (or its clearing house) for members of the same or its clearing house. This shall include the substitution of a Participating Market (or where relevant its clearing house) for members of the same or its clearing house pursuant to the Mutual Offset System. Without prejudice to the generality of the foregoing or to the provisions in [Chapter 1](#), the Clearing House shall not be liable for obligations of a Clearing Member to any Third Party including a non-member of the Clearing House, obligations of a Clearing Member to another Clearing Member who is acting for him as broker or obligations to a Customer by a Clearing Member, nor shall the Clearing House become liable to make deliveries whether from any Third Party or any Clearing Member.

*Amended on [1 October 2009](#).*

## 7.02A Registration of Eligible Non-Relevant Market Transactions

*Amended on [8 November 2012](#).*

### 7.02A.1 Eligible Non-Relevant Market Transactions

7.02A.1.1 Only Non-Relevant Market Transactions which meet the following criteria will be eligible for registration with the Clearing House ("**Eligible Non-Relevant Market Transactions**"):

- a. a transaction which falls under one of the classes of Eligible Non-Relevant Market Contracts; and

- b. a transaction where the Seller and the Buyer have satisfied the risk limits prescribed by their respective Clearing Members; and
- c. a transaction where:
  - i. the trade price falls within the price band prescribed by the Clearing House; or
  - ii. notwithstanding that the trade price does not fall within the price band prescribed by the Clearing House, the Clearing Member acting for the Seller and the Clearing Member acting for the Buyer have both signified their respective agreement to clear the transaction and have both met the capital and notification requirements prescribed by [Rule 2.11.5](#).

Once the criteria in Rule 7.02A.1.1 are satisfied, the Clearing Members acting for the Seller and the Buyer respectively shall be responsible for the Eligible Non-Relevant Market Transaction as principals to the Clearing House.

7.02A.1.2 If an Non-Relevant Market Transaction does not fulfill the criteria in Rule 7.02A.1.1, the Non-Relevant Market Transaction shall be deemed not to have been submitted to the Clearing House and the transaction shall remain in effect or be terminated, as the case may be, in accordance with any terms agreed between the Seller and the Buyer.

7.02A.1.3 The specifications of Eligible Non-Relevant Market Contracts including Contract size, Contract Month, trading hours, underlying asset, exercise price, minimum price fluctuation, last trading day, settlement basis and method of exercise shall be set out in Circulars issued by the Clearing House from time to time.

*Added on [27 March 2006](#) and amended on [28 November 2008](#), [3 November 2010](#) and [8 November 2012](#).*

## **7.02A.2 Registration of Non-Relevant Market Transactions**

7.02A.2.1 Non-Relevant Market Transactions will be registered with the Clearing House for clearing through the Trade Registration System or other facility as prescribed by the Clearing House.

7.02A.2.2 An Eligible Non-Relevant Market Transaction may only be registered by any of the following parties:

- a. an Inter Dealer Broker;
- b. a Clearing Member acting for a Seller; or
- c. such other party authorized by the Clearing Member acting for a Seller and approved by the Clearing House.

7.02A.2.3 Where registration of an Eligible Non-Relevant Market Transaction is submitted by a Clearing Member acting for a Seller or a party authorised by such Clearing Member and approved by the Clearing House, confirmation of the Eligible Non-Relevant Market Transaction may only be submitted by:

- a. a Clearing Member acting for a Buyer; or
- b. such other party authorized by the Clearing Member acting for a Buyer and approved by the Clearing House.

7.02A.2.4 Any of the parties submitting registration or confirmation of an Eligible Non-Relevant Market Transaction through the Trade Registration System, or other facility prescribed by the Clearing House, shall comply with the terms and conditions governing the access to and operation of that system, as varied, amended, or supplemented from time to time.

7.02A.2.5 A Clearing Member acting for a Seller or Buyer, as the case may be, must submit to the Clearing House the name of each Inter Dealer Broker or such other party referred to at Rule 7.02A.2.2 who is authorized to register Non-Relevant Market Transactions on the behalf of such Clearing Member.

7.02A.2.6 A Clearing Member acting for a Seller or Buyer, as the case may be, shall obtain the consent of such Seller or Buyer, before allowing an Inter Dealer Broker or such other party referred to at [Rule 7.02A.2.2](#) to register Non-Relevant Market Transactions on the behalf of such Clearing Member.

7.02A.2.7 Each registration of an Eligible Non-Relevant Market Transaction must specify:

- a. the type(s) of Eligible Non-Relevant Market Contract(s) which the Non-Relevant Market Transaction falls under;
- b. the expiry month;
- c. the quantity;
- d. the price;
- e. the name of the Clearing Member acting for the Buyer;
- f. the Seller's account number; and
- g. such other particulars as may be prescribed by the Clearing House from time to time.

7.02A.2.8 Each confirmation of an Eligible Non-Relevant Market Transaction shall include:—

- a. the details of the trade set out in Rules 7.02A.2.7.a to 7.02A.2.7.e;
- b. the Buyer's account number; and
- c. such other particulars as may be prescribed by the Clearing House from time to time.

7.02A.2.9 Unless:

- a. the registration of an Eligible Non-Relevant Market Transaction or the complete specification of trade details pursuant to Rule 7.02A.2.7; and
- b. the confirmation of the details set out in Rule 7.02A.2.8; and
- c. the signifying of agreement to the clearing of a trade, if the trade price does not fall within the prescribed price band as set out in [Rule 7.02A.1.1.c.ii](#),

are submitted to the Clearing House on the same day, prior to the trade submission deadline(s) prescribed by the Clearing House, such Eligible Non-Relevant Market Transaction will not be registered.

7.02A.2.10 A Clearing Member acting for a Seller shall assume the duties and obligations of the Seller, as principal to the Clearing House, for an Eligible Non-Relevant Market Transaction that has been registered and confirmed by any of the parties in Rules 7.02A.2.2 and 7.02A.2.3 respectively.

7.02A.2.11 A Clearing Member acting for a Buyer shall assume the duties and obligations of the Buyer, as principal to the Clearing House, for an Eligible Non-Relevant Market Transaction that has been registered and confirmed by any of the parties in Rules 7.02A.2.2 and 7.02A.2.3 respectively.

7.02A.2.12 In allowing the submission of an Eligible Non-Relevant Market Transaction for registration through the Trade Registration System or other facility as prescribed by the Clearing House, the Seller and Buyer of such Eligible Non-Relevant Market Transaction shall be deemed to have mutually agreed (i) to substitute their contract for a contract based on the specifications referred to in [Rule 7.02A.1.3](#), and (ii) for the Clearing House to become the central counterparty to the Clearing Members in whose names such Eligible Non-Relevant Market Transaction has been registered pursuant to [Rule 7.04](#).

7.02A.2.13 Once an Eligible Non-Relevant Market Transaction has been submitted for registration, the terms of the Eligible Non-Relevant Market Transaction shall be final and a Clearing Member shall be bound by the terms of the Eligible Non-Relevant Market Transaction registered in its name.

The Clearing House shall not be responsible for confirming the terms of such Eligible Non-Relevant Market Transactions.

*Added on [27 March 2006](#) and amended on [28 November 2008](#), [3 November 2010](#) and [8 November 2012](#).*

## **7.02AA Registration of Eligible OTCF Transactions**

### **7.02AA.1 Eligible OTCF Transactions**

7.02AA.1.1 Only OTCF Transactions which meet the following criteria will be eligible for registration with the Clearing House ("**Eligible OTCF Transactions**"):

- a. a transaction which falls under one of the classes of Eligible OTCF Contracts; and

- b. a transaction where each Original OTCF Contract Counterparty has satisfied the requirements prescribed by the Clearing House in the OTCF Clearing Member Handbook from time to time.

Once the criteria in Rule 7.02AA.1.1 are satisfied, the Clearing Members acting for the respective Original OTCF Contract Counterparties shall be responsible for the Eligible OTCF Transaction as principals to the Clearing House.

- 7.02AA.1.2 If an OTCF Transaction does not fulfil the eligibility criteria in Rule 7.02AA.1.1, such OTCF Transaction shall be deemed not to have been submitted to the Clearing House and shall remain in effect or be terminated, as the case may be, in accordance with any terms agreed to between the Original OTCF Contract Counterparties.
- 7.02AA.1.3 Notwithstanding that an OTCF Transaction fulfils all eligible criteria prescribed under Rule 7.02AA.1.1, the Clearing House shall have the sole discretion to disallow the registration of such OTCF Transaction if any of the events of default set out in [Rule 7A.06.5.1](#) occurs or is, in the reasonable opinion of the Clearing House, about to occur in relation to the Clearing Member in whose name such OTCF Transaction is to be registered.

*Added on [3 November 2010](#) and amended on [7 August 2012](#).*

## **7.02AA.2 Registration of OTCF Transactions**

- 7.02AA.2.1 OTCF Transactions will be registered with the Clearing House for clearing through the Trade Registration System or other facility as prescribed by the Clearing House.
- 7.02AA.2.2 An Eligible OTCF Transaction may only be submitted to a Trade Registration System for registration by the Clearing House by any of the following parties:
  - a. a Clearing Member; or
  - b. such other party authorised by the Clearing Member; or
  - c. the Clearing House itself for the purpose of executing any default proceeding contemplated under [Rule 7A.02.1](#) or as it considers necessary from time to time.
- 7.02AA.2.3 Any of the parties submitting an Eligible OTCF Transaction through the Trade Registration System, or other facility approved by the Clearing House, for registration shall comply with the terms and conditions governing the access to and operation of that system, as varied, amended, or supplemented from time to time.
- 7.02AA.2.4 A Clearing Member acting for an Original OTCF Contract Counterparty, shall obtain the consent of such Original OTCF Contract Counterparty, before allowing such other party referred to at Rule 7.02AA.2.2 to register OTCF Transactions on behalf of such Clearing Member.
- 7.02AA.2.5 Unless the relevant information with regard to an Eligible OTCF Transaction as required by [Rule 7.02AA.1.1](#) and set out in the OTCF Clearing Member Handbook are submitted to the Clearing House on the same day, prior to the trade submission deadline(s) prescribed by the Clearing House, such Eligible OTCF Transaction will not be registered.
- 7.02AA.2.6 For the avoidance of doubt, an Eligible OTCF Transaction which has been registered with the Clearing House shall remain a bilateral OTCF Contract between the Original OTCF Contract Counterparties until the Clearing House becomes the central counterparty pursuant to [Rule 7.04.5A.1](#).
- 7.02AA.2.7 A Clearing Member acting for an Original OTCF Contract Counterparty shall assume the duties and obligations of that Original OTCF Contract Counterparty, as principal to the Clearing House, for an Eligible OTCF Transaction that has been submitted for registration by any of the parties in Rules 7.02AA.2.2.
- 7.02AA.2.8 In submitting or allowing the submission of an Eligible OTCF Transaction for registration through the Trade Registration System or other facility as prescribed by the Clearing House, the Original OTCF Contract Counterparties to the Eligible OTCF Transaction shall be deemed to have mutually agreed (i) to substitute their contract for a contract based on the OTCF Contract Terms set out in the OTCF Clearing Member Handbook, and (ii) for the Clearing House to become the counterparty to each Clearing Member in whose name such Eligible OTCF Transaction has been registered pursuant to [Rule 7.04](#).
- 7.02AA.2.9 Once an Eligible OTCF Transaction has been submitted for registration, the terms of the Eligible OTCF Transaction shall be final and a Clearing Member shall be bound by the terms of the Eligible OTCF

Transaction registered in its name.

The Clearing House shall not be responsible for confirming the terms of such Eligible OTCF Transactions.

*Added on [3 November 2010](#) and amended on [7 August 2012](#) and [26 April 2013](#).*

## **7.02B Withdrawal of Classes of Non-Relevant Market Contracts and OTCF Contracts for Clearing by the Clearing House**

*Amended on [8 November 2012](#).*

### **7.02B.1**

The Clearing House shall be entitled to withdraw any class of Eligible Non-Relevant Market Contracts or Eligible OTCF Contracts for clearing at its discretion. The Clearing House will give the Clearing Members reasonable notice where possible, before such withdrawal.

*Added on [27 March 2006](#) and amended on [3 November 2010](#) and [8 November 2012](#).*

### **7.02B.2**

The Clearing House shall have the sole discretion to disallow the registration or substitution, as the case may be, of:

- a. an Eligible Non-Relevant Market Transaction, other than a closing-out contract after it has given notice to withdraw the clearing of any class of Eligible Non-Relevant Market Contract which the OTC Transaction falls under; or
- b. an Eligible OTCF Transaction, other than a closing-out contract after it has given notice to withdraw the clearing of any class of Eligible OTCF Contract which the OTCF Transaction falls under.

*Added on [27 March 2006](#) and amended on [3 November 2010](#) and [8 November 2012](#).*

### **7.02B.3**

If a Clearing Member has not closed out all open Eligible Non-Relevant Market Contracts or Eligible OTCF Contracts, as the case may be, novated with the Clearing House in its name pursuant to [Rule 7.04](#) after the Clearing House has given such notice, the Clearing House shall, at its sole discretion, be entitled to:

7.02B.3.1 liquidate any or all of such Eligible Non-Relevant Market Contracts or Eligible OTCF Contracts, as the case may be, and require such contracts to be cash settled at a price determined by the Clearing House; or

7.02B.3.2 postpone the withdrawal date until such time as the Clearing House determines.

*Added on [27 March 2006](#) and amended on [3 November 2010](#) and [8 November 2012](#).*

## **7.03 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

### **7.03.1 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

### **7.03.2 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

### **7.03.3 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

### **7.03.4 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.03.5 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.03.6 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.03.7 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.03.8 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.03.9**

*[This Rule has been intentionally left blank.]*

**7.03.10 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.03.11 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.03.12 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.03A Collateral**

**7.03A.1 Trust Arrangements**

7.03A.1.1 Subject to all rights and remedies of the Clearing House against or in respect of Collateral under this Rules, the Security Deed and the SFA, Collateral held by or otherwise deposited with or provided to the Clearing House shall be held on trust by the Clearing House for the benefit of:

- a. Clearing Members, except where such Collateral is held by or otherwise deposited with or provided to the Clearing House solely in respect of Customer Contracts; and
- b. the relevant customers of the Clearing Member pursuant to the SFA, where such Collateral is held by or otherwise deposited with or provided to the Clearing House solely in respect of Customer Contracts.

7.03A.1.2 The Clearing House shall have the right to commingle any or all Collateral held by or otherwise deposited with or provided to it by Clearing Members, except where such Collateral is held by or otherwise deposited with or provided to the Clearing House solely in respect of Customer Contracts, in the same account.

7.03A.1.3 The Clearing House shall have the right to commingle any or all Collateral held by or otherwise deposited with or provided to it by Clearing Members solely in respect of Customer Contracts in the same account.

*Added on [26 April 2013](#).*

**7.03A.2 Security Deed**

Prior to the Clearing House commencing any clearing activities in respect of any Clearing Member, the Clearing Member shall execute and deliver a Security Deed in the form and on terms prescribed by the Clearing House, setting out the terms under which its Collateral are provided to, and held by, the Clearing House.

*Added on [26 April 2013](#).*

### 7.03A.3 General Lien

Without prejudice and in addition to any Security Interest or other right or remedy which the Clearing House may have under this Rules, contract, law or equity, and subject to any applicable restrictions pursuant to the provisions of the SFA and/or imposed by the Authority, the Clearing House shall have a lien on all Collateral deposited with or provided to the Clearing House and on any other monies and/or assets of the Clearing Member which may be or become available to the Clearing House.

*Added on [26 April 2013](#).*

### 7.03A.4 Collateral Deposit

A Clearing Member shall deposit or otherwise provide to the Clearing House such Collateral, in such acceptable form and denomination as may be prescribed by the Clearing House from time to time, subject to such terms and conditions prescribed by the Clearing House from time to time.

*Added on [26 April 2013](#).*

### 7.03A.5 Collateral Withdrawal

7.03A.5.1 Where any obligation under this Rules, the Security Deed or as may otherwise be owing to the Clearing House remains outstanding on the part of a Clearing Member, such Clearing Member shall have no right to withdraw any Collateral or request for the repayment of any credit balance held with or subject to the control of the Clearing House without the Clearing House's prior consent.

7.03A.5.2 Any withdrawal of Collateral consented to by the Clearing House under this Rule shall not be deemed to be a release of the existing or future Security Interest over any remaining Collateral held with or subject to the control of the Clearing House, other than the withdrawn Collateral.

7.03A.5.3 A request for withdrawal of Collateral may only be made by a Clearing Member subject to Rule 7.03A.5.1. Without prejudice to [Rule 2.18.3](#), a Third Party may not withdraw or request for the withdrawal of any Collateral held with or subject to the control of the Clearing House, other than through the Third Party's Clearing Member. All Collateral permitted by the Clearing House to be withdrawn shall be returned only to the Clearing Member.

*Added on [26 April 2013](#).*

### 7.03A.6 Valuation of Collateral

7.03A.6.1 The Clearing House shall value such Collateral as it deems appropriate. The Clearing House shall, at its sole discretion, determine (i) what monies and/or assets will be acceptable as Collateral and (ii) when will such monies and/or assets cease to be acceptable as Collateral, and determine the valuation to be attributed thereto.

7.03A.6.2 If any Collateral deposited or provided by any Clearing Member is found in any way to be unacceptable by the Clearing House, the Clearing House shall have the right to immediately give a zero value to such Collateral for the purposes of satisfying such Clearing Members' obligations under this Rules or as may otherwise be owing to the Clearing House, pursuant to which such Collateral was deposited or provided.

7.03A.6.3 Following revaluation of any Collateral deposited with or provided to the Clearing House, where such Collateral is found by the Clearing House to be insufficient to meet any obligation of the Clearing Member under this Rules or as may otherwise be owing to the Clearing House, pursuant to which such Collateral was deposited or provided, the Clearing Member shall deposit with or provide to the Clearing House such additional Collateral as may be required to meet such obligation, within such time as the Clearing House may require.

7.03A.6.4 In the event of any dispute as to any matters covered in this Rule, the Clearing House's decision shall be final and binding.

*Added on [26 April 2013](#).*

### 7.03A.7 Investment and Use of Collateral

7.03A.7.1 The Clearing House may invest, manage and use Collateral in such manner as it shall deem fit, provided that:



- a. Collateral in respect of Customer Contracts shall be invested in accordance with this Rules, the Security Deed and the SFA; and
- b. the Clearing House shall not use any Collateral received and notified to it as Collateral in respect of a Customer Contract to settle any obligations that are incurred in relation to a House Contract, except in accordance with this Rules, the Security Deed and the SFA.

7.03A.7.2 Each Clearing Member shall secure contractual waivers in favour of the Clearing Member from its Customers waiving their respective rights to all interest and investment earnings from the Collateral held with or otherwise provided to the Clearing House in respect of Customer Contracts, in the form and manner as may be prescribed by the Clearing House, as may be necessary to give effect to the Clearing House's rights in relation to interest and fees under [Rule 7.03A.8](#).

7.03A.7.3 All Collateral deposited or provided by each Clearing Member to the Clearing House shall be subject to this Rules, the Security Deed and the SFA (each as amended or supplemented from time to time). Each Clearing Member shall ensure that all Collateral deposited or provided to the Clearing House are deposited or provided only on the foregoing basis and shall also ensure that, prior to depositing or providing any Collateral to the Clearing House for the account or for the Contracts of any person, such person has been notified of and has accepted the foregoing.

*Added on [26 April 2013](#).*

### **7.03A.8 Fees and Interest**

7.03A.8.1 The Clearing Member shall pay the Clearing House such administrative fees as may be prescribed by the Clearing House and notified to the Clearing Member from time to time for the investment and management of the Collateral. Administrative fees may be deducted from the investment earnings arising from or in connection with the Collateral or paid directly to the Clearing House as determined by the Clearing House.

7.03A.8.2 Unless otherwise provided for in this Rules, the Clearing House shall pay the Clearing Member interest on the Collateral at such rate and in such manner as prescribed by the Clearing House and notified to a Clearing Member.

7.03A.8.3 Except as set forth in this Rule, the Clearing House shall have no obligation to make payment of any other fees, interest and investment earnings arising from or in connection with the Collateral to any person.

*Added on [26 April 2013](#).*

### **7.03A.9 Safekeeping Indemnity**

7.03A.9.1 Any Collateral accepted by Clearing House shall be deposited with the appropriate custodian(s) designated by the Clearing House for safekeeping in a Clearing House account for House Contracts or in a Clearing House account for Customer Contracts, as the case may be, and the Clearing House shall retain control over such Collateral.

7.03A.9.2 The Clearing House shall not have any obligation or responsibility to preserve, protect, collect or realise, and under no circumstances shall the Clearing House be liable for any loss or diminution in value or depreciation in or in connection with, the Collateral maintained pursuant to this Rule.

7.03A.9.3 A Clearing Member who maintains Collateral with the Clearing House pursuant to this Rule shall indemnify and hold the Clearing House harmless from any loss, damage, costs, charges and/or expenses of whatsoever nature and howsoever arising ("Loss") suffered or incurred by the Clearing House to any designated custodian which may result from or arise with respect to:

- a. any act, delay or omission in connection with Collateral (whether by such Clearing Member or the Clearing House) deposited with such designated custodian; or
- b. any contract or agreement between the Clearing House and any designated custodian, or any representation, warranty or undertaking given by the Clearing House to any designated custodian, in relation to or otherwise in connection with Collateral deposited with such designated custodian, provided that this indemnity shall not cover any Loss and/or liability of the Clearing House attributable or referable to the gross negligence or wilful misconduct of the Clearing House or any of the Clearing House's officers, agents and/or employees.

7.03A.9.4 If any loss of Collateral occurs, or any Collateral becomes unavailable to the Clearing House, such that any obligation of the Clearing Member under this Rules or as may otherwise be owing to the Clearing

House, pursuant to which such Collateral was deposited or provided, cannot be sufficiently met as determined by the Clearing House, the Clearing Member shall deposit with or provide to the Clearing House such additional Collateral as may be required to meet such obligation, within such time as the Clearing House may require.

*Added on [26 April 2013](#).*

### **7.03A.10 Regulatory Information**

Clearing Members shall provide the Clearing House with any information necessary in relation to such Collateral deposited with or provided to the Clearing House to enable the Clearing House to meet its reporting obligations to the Authority and/or other relevant governmental or regulatory authorities or for any other regulatory purposes, including but not limited to for withholding tax purposes.

*Added on [26 April 2013](#).*

## **7.04 Substitution**

### **7.04.1 Relevant Market Trades**

#### **7.04.1.1 Relevant Market trades cleared by two Clearing Members**

When a contract matched on a Relevant Market is cleared through the Clearing House by two Clearing Members, upon matching of the contract on the Relevant Market, the original contract between the Clearing Members shall be discharged and replaced with two separate and distinct Contracts as described below, both of which are on the same terms as the original contract:

- a. the Clearing Member who assumes the position of the buyer shall enter into a Contract with the Clearing House, which assumes the position of the seller, and
- b. the Clearing Member who assumes the position of the seller shall enter into a Contract with the Clearing House, which assumes the position of the buyer.

7.04.1.2 The events described under Rule 7.04.1.1 shall be deemed not to have taken place if the Clearing House has received corrupt or unreadable data in respect of the original contract, or if the original contract is based on a series that is not eligible for clearing. Clearing Members will be notified in such instances.

#### **7.04.1.3 Relevant Market trades cleared by a Clearing Member and a clearing member of another Relevant Market or its clearing house**

Subject to Rule 7.04.1.4, when a contract matched on a Relevant Market is cleared by a Clearing Member and a clearing member of a Relevant Market or its clearing house (other than the Clearing House), the original contract shall be discharged and replaced with two separate and distinct Contracts as described below, both of which are on the same terms as the original contract:

- a. a Contract between the Clearing Member and Clearing House, wherein:
  - i. the Clearing House assumes the position of the buyer if the Clearing Member assumes the position of the seller, and conversely,
  - ii. the Clearing House assumes the position of the seller if the Clearing Member assumes the position of the buyer; and
- b. a Contract between the Relevant Market (or its clearing house) and the Clearing House, wherein:
  - i. the Relevant Market (or its clearing house) assumes the position of the buyer if the Clearing House assumes the position of the seller, and conversely,
  - ii. the Relevant Market (or its clearing house) assumes the position of the seller if the Clearing House assumes the position of the buyer.

7.04.1.4 The events described under Rule 7.04.1.3 shall take place only upon the occurrence of the following:

- a. matching of the original contract on the Relevant Market; and
- b. confirmation by the Relevant Market (or its clearing house) that it will enter into the Contract described in Rule 7.04.1.3.b.

7.04.1.5 Notwithstanding Rule 7.04.1.4, the events described under Rule 7.04.1.3 shall be deemed not to have taken place if the Clearing House has received corrupt or unreadable data in respect of the original contract, or if the original contract is based on a series that is not eligible for clearing. Clearing Members will be notified in such instances.

*Amended on [27 March 2006](#), [22 September 2006](#), [26 January 2007](#), [3 November 2010](#), [8 November 2012](#) and [26 April 2013](#).*

#### **7.04.1A**

Notwithstanding [Rule 7.04.1](#), where a Contract is matched and executed on any Relevant Market to which the parties are:

- a. a Clearing Member; and
- b. a clearing member of a Relevant Market (or its clearing house) other than the Clearing House,

the Clearing House shall be substituted only as at the time that the Clearing House accepts the clearing memorandum in respect of the Contract and the requirements for the substitution of such other Relevant Market (or its clearing house) in respect of the opposite side of the Contract have been met. Upon the substitution of the Clearing House, it shall become the central counterparty between the Clearing Member and the clearing house of the opposite clearing member. Thereupon the Clearing House shall have all the rights and be subject to all the liabilities with respect to such transaction of the Clearing Member who was the parties to such transaction. Such substitution shall be effective in law for all purposes.

*Added on [1 October 2009](#).*

#### **7.04.2 Off Market Trades (Excluding OTCF)**

##### **7.04.2.1 Eligible Non-Relevant Market Transactions cleared by two Clearing Members**

When a contract registered and confirmed as an Eligible Non-Relevant Market Transaction pursuant to Rule 7.02A.2 between two Clearing Members is cleared through the Clearing House, upon confirmation of the contract, the original contract between the Clearing Members shall be discharged and replaced with two separate and distinct Contracts as described below, both of which are on the same terms as the original contract:

- a. the Clearing Member who assumes the position of the buyer shall enter into a Contract with the Clearing House, which assumes the position of the seller, and
- b. the Clearing Member who assumes the position of the seller shall enter into a Contract with the Clearing House, which assumes the position of the buyer.

##### **7.04.2.2 EFP, EFS, NLT cleared by two Clearing Members**

Subject to Rule 7.04.2.3, when a contract registered as an EFP, EFS or NLT between two Clearing Members is cleared through the Clearing House, the original contract between the Clearing Members shall be discharged and replaced with two separate and distinct Contracts as described below, both of which are on the same terms as the original contract:

- a. the Clearing Member who assumes the position of the buyer shall enter into a Contract with the Clearing House, which assumes the position of the seller, and
- b. the Clearing Member who assumes the position of the seller shall enter into a Contract with the Clearing House, which assumes the position of the buyer.

7.04.2.3 The events described under Rule 7.04.2.2 shall take place only upon:

- a. where both Clearing Members receive margin call pursuant to the first margin cycle run following the registration of the trade: the later in time Confirmation by the Clearing Members' Settlement Bank(s) of the Payment Instructions in respect of the margin calls; or
- b. where only one Clearing Member receives margin call pursuant to the first margin cycle run following the registration of the trade: Confirmation by that Clearing Member's Settlement Bank of the Payment Instruction in respect of that margin call; or

- c. where neither Clearing Member receives margin call pursuant to the first margin cycle run for the trade: the end of that margin cycle.

#### **7.04.2.4 EFP, EFS, NLT cleared by a Clearing Member and a clearing Member of another Relevant Market (or its clearing house)**

Subject to Rule 7.04.2.5, when a contract registered as an EFP, EFS or NLT between a Clearing Member and a clearing member of a Relevant Market or its clearing house (other than the Clearing House) is cleared through the Clearing House, the original contract shall be discharged and replaced with two separate and distinct Contracts as described below, both of which are on the same terms as the original contract:

- a. a Contract between the Clearing Member and Clearing House, wherein:
  - i. the Clearing House assumes the position of the buyer if the Clearing Member assumes the position of the seller, and conversely,
  - ii. the Clearing House assumes the position of the seller if the Clearing Member assumes the position of the buyer; and
- b. a Contract between the Relevant Market (or its clearing house) and the Clearing House, wherein:
  - i. the Relevant Market (or its clearing house) assumes the position of the buyer if the Clearing House assumes the position of the seller, and conversely,
  - ii. the Relevant Market (or its clearing house) assumes the position of the seller if the Clearing House assumes the position of the buyer.

7.04.2.5 The events described under Rule 7.04.2.4 shall take place only upon the occurrence of the following:

- a. Confirmation by the Clearing Member's Settlement Bank of the Payment Instruction in respect of the margin call received by the Clearing Member pursuant to the first margin cycle run following the registration of the trade, or, if no such margin call is received, the end of that margin cycle; and
- b. confirmation by the Relevant Market (or its clearing house) that it will enter into the Contract described in Rule 7.04.2.4.b.

*Amended on [1 October 2009](#) and [26 April 2013](#).*

### **7.04.3 Transfers**

#### **7.04.3.1 Mutual Offset System transfers**

When an open position in a Designated Futures Contract is transferred from a clearing member of any other Participating Market (or its clearing house) to a Clearing Member pursuant to [Rule 8.03.1.3](#), upon such transfer being effective, two separate and distinct Contracts shall be created on the same terms as the open position:

- a. a Contract between the Clearing Member and Clearing House, wherein:
  - i. the Clearing House assumes the position of the buyer if the Clearing Member assumes the position of the seller, and conversely,
  - ii. the Clearing House assumes the position of the seller if the Clearing Member assumes the position of the buyer; and
- b. a Contract between the Participating Market (or its clearing house) and the Clearing House, wherein:
  - i. the Participating Market (or its clearing house) assumes the position of the buyer if the Clearing House assumes the position of the seller, and conversely,
  - ii. the Participating Market (or its clearing house) assumes the position of the seller if the Clearing House assumes the position of the buyer.

#### **7.04.3.2 Transfers for consolidation between two Clearing Members**

Subject to Rule 7.04.3.3, when an open position is transferred from a Clearing Member to an appointed Clearing Member pursuant to [Rule 6.05.2](#) for the purpose of consolidation, the original Contract in respect

of the open position shall be discharged and replaced by a separate and distinct Contract between the appointed Clearing Member and the Clearing House on the same terms as the original Contract, as described below:

- a. the Clearing House assumes the position of the buyer if the appointed Clearing Member assumes the position of the seller, and conversely,
- b. the Clearing House assumes the position of the seller if the appointed Clearing Member assumes the position of the buyer.

7.04.3.3 The events described under Rule 7.04.3.2 shall take place only upon the occurrence of the following:

- a. Confirmation by the appointed Clearing Member's Settlement Bank of the Payment Instruction in respect of the margin call received by the Clearing Member pursuant to the first margin cycle run following the transfer, or, if no such margin call is received, the end of that margin cycle; or
- b. the posting of Performance Deposits as prescribed in [Rule 6.02A.7B](#), due pursuant to [Rule 6.07.1](#) or the relevant Contract Specifications, by the appointed Clearing Member,

whichever is applicable, or if both Rule 7.04.3.3.a and Rule 7.04.3.3.b are applicable, only upon the later in time occurrence of the matters described in Rule 7.04.3.3.a and Rule 7.04.3.3.b.

**7.04.3.4 Transfers for consolidation from a clearing member of another Relevant Market (or its clearing house) to a Clearing Member**

Subject to Rule 7.04.3.5, when an open position is transferred from a clearing member of any other Relevant Market (or its clearing house) to a Clearing Member pursuant to [Rule 6.05.2](#) for the purpose of consolidation, two separate and distinct Contracts shall be created on the same terms as the open position:

- a. a Contract between the Clearing Member and Clearing House, wherein:
  - i. the Clearing House assumes the position of the buyer if the Clearing Member assumes the position of the seller, and conversely,
  - ii. the Clearing House assumes the position of the seller if the Clearing Member assumes the position of the buyer; and
- b. a Contract between the Relevant Market (or its clearing house) and the Clearing House, wherein:
  - i. the Relevant Market (or its clearing house) assumes the position of the buyer if the Clearing House assumes the position of the seller, and conversely,
  - ii. the Relevant Market (or its clearing house) assumes the position of the seller if the Clearing House assumes the position of the buyer.

7.04.3.5 The events described under Rule 7.04.3.4 shall take place only upon the later in time occurrence of the following:

- a. Confirmation by the Clearing Member's Settlement Bank of the Payment Instruction in respect of the margin call received by the Clearing Member pursuant to the first margin cycle run following the transfer, or if no such margin call is received, the end of that margin cycle; and
- b. confirmation by the Relevant Market (or its clearing house) that it will enter into the Contract described in Rule 7.04.3.4.b.

**7.04.3.6 Transfers for consolidation from a Clearing Member to a clearing member of another Relevant Market (or its clearing house)**

Subject to Rule 7.04.3.7, when an open position is transferred from a Clearing Member to a clearing member of any other Relevant Market (or its clearing house) pursuant to [Rule 6.05.2](#) for the purpose of consolidation, the Contract between the Clearing Member and the Clearing House in respect of the open position shall be terminated.

7.04.3.7 The event described under Rule 7.04.3.6 shall take place only upon the confirmation by the other Relevant Market (or its clearing house) that it will enter into a contract with its clearing member in respect of such open position.

**7.04.3.8 Transfers pursuant to Rule 7.28 from a clearing member of another Relevant Market (or its clearing house) to a Clearing Member**

Subject to Rule 7.04.3.9, when an open position is transferred from a clearing member of any other Relevant Market (or its clearing house) to a Clearing Member pursuant to [Rule 7.28](#) at the request of a Customer, two separate and distinct Contracts shall be created on the same terms as the open position:

- a. a Contract between the Clearing Member and Clearing House, wherein:
  - i. the Clearing House assumes the position of the buyer if the Clearing Member assumes the position of the seller, and conversely,
  - ii. the Clearing House assumes the position of the seller if the Clearing Member assumes the position of the buyer; and
- b. a Contract between the Relevant Market (or its clearing house) and the Clearing House, wherein:
  - i. the Relevant Market (or its clearing house) assumes the position of the buyer if the Clearing House assumes the position of the seller, and conversely,
  - ii. the Relevant Market (or its clearing house) assumes the position of the seller if the Clearing House assumes the position of the buyer.

7.04.3.9 The events described under Rule 7.04.3.8 shall take place only upon the later in time occurrence of the following:

- a. Confirmation by the Clearing Member's Settlement Bank of the Payment Instruction in respect of the margin call received by the Clearing Member pursuant to the first margin cycle run following the transfer, or, if no such margin call is received, the end of that margin cycle; and
- b. confirmation by the Relevant Market (or its clearing house) that it will enter into the Contract described in Rule 7.04.3.8.b.

**7.04.3.10 Transfers pursuant to Rule 7.28 from a Clearing Member to a clearing member of another Relevant Market (or its clearing house)**

Subject to Rule 7.04.3.11, when an open position is transferred from a Clearing Member to a clearing member of any other Relevant Market (or its clearing house) pursuant to [Rule 7.28](#) at the request of a Customer, the Contract between the Clearing Member and the Clearing House in respect of the open position shall be terminated.

7.04.3.11 The event described under Rule 7.04.3.10 shall take place only upon the later in time occurrence of the following:

- a. Confirmation by the Clearing Member's Settlement Bank of the Payment Instruction in respect of the margin call received by the Clearing Member pursuant to the first margin cycle run following the transfer, or, if no such margin call is received, the end of that margin cycle; and
- b. confirmation by the other Relevant Market (or its clearing house) that it will enter into a contract with its clearing member in respect of such open position.

**7.04.3.12 Transfers from a defaulted/suspended Clearing Member to a designated Clearing Member**

Subject to Rule 7.04.3.13, when an open position is transferred from a defaulted or suspended Clearing Member to a designated Clearing Member pursuant to [Rule 7A.02.1.1](#), the original Contract in respect of the open position shall be discharged and replaced by a separate and distinct Contract between the designated Clearing Member and the Clearing House on the same terms as the original Contract, as described below:

- a. the Clearing House assumes the position of the buyer if the appointed Clearing Member assumes the position of the seller, and conversely,
- b. the Clearing House assumes the position of the seller if the appointed Clearing Member assumes the position of the buyer.

7.04.3.13 The events described under Rule 7.04.3.12 shall take place only upon Confirmation by the designated Clearing Member's Settlement Bank of the Payment Instruction in respect of the margin call

received by the designated Clearing Member pursuant to the first margin cycle run following the transfer, or, if no such margin call is received, the end of that margin cycle.

#### 7.04.3.14 Transfers pursuant to Rule 7.27 between two Clearing Members

Subject to Rule 7.04.3.15, when an open position is transferred from a Clearing Member ("Original Party") to another Clearing Member ("New Party") pursuant to [Rule 7.27](#), excluding [Rule 7.27.1.5](#), the original Contract between the Original Party and the Clearing House in respect of the open position shall be discharged and replaced by a separate and distinct Contract between the New Party and the Clearing House on the same terms as the original Contract, as described below:

- a. the Clearing House assumes the position of the buyer if the New Party assumes the position of the seller, and conversely,
- b. the Clearing House assumes the position of the seller if the New Party assumes the position of the buyer.

For the purposes of Rule 7.04.3.14, "Original Party" and "New Party" shall be as defined herein.

7.04.3.15 The events described under Rule 7.04.3.14 shall take place only upon:

- a. where both Clearing Members receive margin call pursuant to the first margin cycle run following the transfer: the later in time Confirmation by the Clearing Members' Settlement Bank(s) of the Payment Instructions in respect of the margin calls; or
- b. where only one Clearing Member receives margin call pursuant to the first margin cycle run following the transfer: Confirmation by that Clearing Member's Settlement Bank of the Payment Instruction in respect of that margin call; or
- c. where neither Clearing Member receives margin call pursuant to the first margin cycle run following the transfer: the end of that margin cycle.

#### 7.04.3.16 Transfers pursuant to Rule 7.27.1.5 for order fill/give-up from a Clearing Member or a clearing member of another Relevant Market (or its clearing house) to another Clearing Member

Subject to Rule 7.04.3.17, when an open position is transferred for the purpose of filling an order or as a give-up by a Clearing Member or a clearing member of another Relevant Market (or its clearing house) ("Original Party") to another Clearing Member ("New Party") pursuant to [Rule 7.27.1.5](#), the original Contract between the Original Party and the Clearing House in respect of the open position shall be discharged and replaced by a separate and distinct Contract between the New Party and the Clearing House on the same terms as the original Contract, as described below:

- a. the Clearing House assumes the position of the buyer if the New Party assumes the position of the seller, and conversely,
- b. the Clearing House assumes the position of the seller if the New Party assumes the position of the buyer.

For the purposes of Rule 7.04.3.16, "Original Party" and "New Party" shall be as defined herein.

7.04.3.17 The events described under Rule 7.04.3.16 shall take place only if they occur on the same trading day as the creation of the open position and only upon the approval of the transfer by the Clearing House.

*Amended on [27 March 2006](#), [22 September 2006](#), [1 October 2009](#), [7 August 2012](#) and [26 April 2013](#).*

#### **7.04.3A [Rule has been deleted.]**

*Deleted on [26 April 2013](#).*

#### **7.04.3B [Rule has been deleted.]**

*Deleted on [26 April 2013](#).*

#### **7.04.3C [Rule has been deleted.]**

*Deleted on [26 April 2013](#).*

**7.04.3D [Rule has been deleted.]**

*Deleted on [26 April 2013](#).*

**7.04.3E [Rule has been deleted.]**

*Deleted on [26 April 2013](#).*

**7.04.4 [Rule has been deleted.]**

*Deleted on [26 April 2013](#).*

**7.04.5 Options exercise**

7.04.5.1 Upon the exercise of an option Contract by or on behalf of a Clearing Member or, as the case may be, by the Clearing House or upon the deemed exercise of such option Contract pursuant to this Rules or the rules of the Relevant Market at which the option Contract was traded, the option Contract shall be replaced by an open Contract in the underlying under the terms specified in the option Contract at the strike price or at some other price in accordance with the terms of such option Contract.

7.04.5.2 Upon the assignment of an option Contract by the Clearing House, the option Contract shall be replaced by an open Contract in the underlying under the terms specified in the option Contract at the strike price or at some other price in accordance with the terms of such option Contract.

*Amended on [16 July 2012](#) and [26 April 2013](#).*

**7.04.5A Eligible OTCF Transactions**

7.04.5A.1 Subject to Rule 7.04.5A.3, when a contract registered as an Eligible OTCF Transaction pursuant to Rule 7.02AA.2 between a Clearing Member who is or who represents the First Original OTCF Contract Counterparty ("First Clearing Member") and a Clearing Member who is or who represents the Second Original OTCF Contract Counterparty ("Second Clearing Member") is cleared through the Clearing House, the original contract between the First Clearing Member and Second Clearing Member shall be discharged and replaced with two separate and distinct Contracts as described below, both of which are on the same terms as the original contract:

- a. the First Clearing Member shall enter into a Contract with the Clearing House, which assumes the rights and obligations of the Second Clearing Member as against the First Clearing Member in the original Contract, and
- b. the Second Clearing Member shall enter into a Contract with the Clearing House, which assumes the rights and obligations of the First Clearing Member as against the Second Clearing Member in the original Contract.

7.04.5A.2 Subject to Rule 7.04.5A.3, when an open position in an OTCF Contract is transferred from a Clearing Member ("Original Party") to another Clearing Member ("New Party") pursuant to this Rules, the original OTCF Contract between the Original Party and the Clearing House in respect of the open position shall be discharged and replaced by a separate and distinct Contract between the New Party and Clearing House on the same terms as the original OTCF Contract between the Original Party and the Clearing House, wherein the New Party assumes the rights and obligations of the Original Party as against the Clearing House in the original Contract.

For the purposes of Rule 7.04.5A.2, "Original Party" and "New Party" shall be as defined herein.

7.04.5A.3 The events described under Rule 7.04.5A.1 and 7.04.5A.2 shall take place only upon the latest in time occurrence of the following:

- a. the successful registration of the Eligible OTCF Transaction or approval of transfer of OTCF Contract;
- b. the provision of sufficient Collateral by the Clearing Members to the Clearing House to meet margin requirements and any Settlement Variation; and
- c. the fulfilment of such other requirements prescribed by the Clearing House from time to time.

7.04.5A.4 Upon the occurrence of the events described under Rule 7.04.5A.1 or 7.04.5A.2, each OTCF Transaction to which such OTCF Contract relates shall be governed by the OTCF Contract Terms as set



out in the OTCF Clearing Member Handbook and by Circulars issued by the Clearing House from time to time.

7.04.5A.5 A Clearing Member in whose name an Eligible OTCF Transaction is to be registered:

- a. shall not be subject to [Rule 7.04.5A.3](#); and
- b. shall be required to provide the Clearing House with sufficient Collateral to meet margin requirements and any Settlement Variation, and to fulfil such other requirements prescribed by the Clearing House from time to time immediately upon becoming a counterparty to the Clearing House or within such time prescribed by the Clearing House,

if such Eligible OTCF Transaction is entered into or transferred to such Clearing Member for the purpose of executing the default proceedings pursuant to [Rule 7A.02.1](#).

7.04.5A.6 Notwithstanding that an Eligible OTCF Transaction has been successfully registered pursuant to Rule 7.02AA.2 and is pending novation, the Clearing House may, in its sole discretion, disallow the novation of the OTCF Contract relating to such Eligible OTCF Transaction if any of the events of default set out in Rule 7A.06.5.1 occurs or is, in the reasonable opinion of the Clearing House, about to occur in relation to the Clearing Member in whose name such Eligible OTCF Transaction has been registered.

*Added on [3 November 2010](#) and [26 April 2013](#).*

#### **7.04.5B [Rule has been moved.]**

This rule has been amended to form [Rule 7.04.5A.2](#).

*Added on [3 November 2010](#) and amended on [26 April 2013](#).*

#### **7.04.5C [Rule has been moved.]**

This rule has been amended to form [Rule 7.04.5A.3](#).

*Added on [3 November 2010](#) and amended on [7 August 2012](#) and [26 April 2013](#).*

#### **7.04.5D [Rule has been moved.]**

This rule has been amended to form [Rule 7.04.5A.4](#).

*Added on [3 November 2010](#) and amended on [26 April 2013](#).*

#### **7.04.5E [Rule has been moved.]**

This rule has been amended to form [Rule 7.04.5A.5](#).

*Added on [7 August 2012](#) and amended on [26 April 2013](#).*

#### **7.04.5F [Rule has been moved.]**

This rule has been amended to form [Rule 7.04.5A.6](#).

*Added on [7 August 2012](#) and amended on [26 April 2013](#).*

#### **7.04.6**

Nothing in these Rules shall be regarded, treated or otherwise interpreted as limiting, diminishing, modifying or otherwise affecting the relationship between the Clearing House and a Clearing Member, which, when Contracts have been accepted by the Clearing House, and as between the Clearing House and the Clearing Member, is and is deemed to be, as principals to one another.

#### **7.04.7**

Nothing in these Rules shall be regarded, treated or otherwise interpreted as obliging or requiring the Clearing House to recognise any right or entitlement of any Third Party (in so far as such right or entitlement is contrary to the provisions in [Chapter 1](#) of this Rules or [Rule 7.04](#)).

## 7.04A Registration of an NLT, EFP or EFS in Respect of Contracts Listed on a Relevant Market

### 7.04A.1

With regard to an NLT, EFP or EFS in respect of any Contract listed for trading on a Relevant Market to be cleared through the Clearing House, Clearing Members shall comply with requirements for the registration of such NLT, EFP or EFS, as set forth in the rules of the Relevant Market.

*Added on [1 October 2009](#).*

## 7.05 Open Positions/Open Contracts for Contracts Traded on the Exchange/Any Relevant Market and Non-Relevant Market Contracts

*Amended on [8 November 2012](#).*

### 7.05.1

All Contracts, except for OTCF Contracts, to which the Clearing House is a party shall remain open until liquidated by offset as provided in [Rule 7.06](#), terminated in accordance with [Rule 7A.07](#), or by delivery in accordance with [Chapter 6](#) of this Rules, and

7.05.1.1 for Non-Relevant Market Contracts, such liquidation or delivery shall be in accordance with these Rules; and

7.05.1.2 for other Contracts, except for OTCF Contracts, such liquidation or delivery shall be in accordance with the relevant provision(s) of the Relevant Market where the Contracts were traded and/or transferred or novated from pursuant to a Mutual Offset System and this Rules.

*Amended on [27 March 2006](#), [3 November 2010](#), [7 August 2012](#) and [8 November 2012](#).*

## 7.05A Open Positions for OTCF Contracts

### 7.05A.1

All Contracts to which the Clearing House is a party shall remain open until:

- a. liquidated by offset as provided in [Rule 7.06](#) and such liquidation shall be in accordance with these Rules;
- b. terminated in accordance with [Rule 7A.07](#);
- c. terminated as provided in [Rule 7.29](#); or
- d. the date set out in the OTCF Contract as the date on which the OTCF Contract is due to settle or terminate.

*Added on [3 November 2010](#) and amended on [7 August 2012](#).*

## 7.06 Offset by Liquidation

### 7.06.1

A Clearing Member long or short any Contract to the Clearing House as a result of substitution may liquidate the position by acquiring an appropriate opposite position.

## 7.07 Offset not Automatic

### 7.07.1

When a Clearing Member buys and sells or (vis-à-vis the Clearing House) is deemed to buy and sell Contracts for the same series and such Contracts are cleared through the Clearing House, the purchases and sales are not automatically offset one against the other where the relevant account is a gross position account. Transactions can only be offset against one another by complying the rules of the Relevant Market(s) at which they were effected and by submission of a close out request to the Clearing House by the relevant Clearing Member.

*Amended on [7 December 2009](#).*

### 7.07.1A

When a Clearing Member buys and sells or (vis-à-vis the Clearing House) is deemed to buy and sell Contracts for two different fungible series and such Contracts are cleared through the Clearing House, such transactions can only be offset against one another by complying with the rules of the Relevant Market(s) at which they were effected and by submission of a close out request to the Clearing House by the relevant Clearing Member.

*Added on [7 December 2009](#).*

## 7.07A Invoicing Back of Open Positions to the Clearing House

### 7.07A.1

Where open positions are invoiced back to the Clearing House by any other Relevant Market (or clearing house) relating to a Contract subject to physical delivery prior to the matching process in [Rule 6.02A.7](#), the Clearing House may invoice the positions back to Clearing Members holding appropriate positions (whether reported back to the Clearing House as being House or Customer positions) as at the date of such invoicing back, on a pro-rata basis, calculated as the proportion of such positions of each Clearing Member at the date of such invoicing back relative to the aggregate value of such open positions held by all non-defaulting Clearing Members (to be rounded down or up if the number of lots is not a whole number at the Clearing House's absolute discretion). Invoicing back shall be carried out by the Clearing House effecting and registering opposite positions between itself and each of the affected Clearing Members and thereupon settling such open positions against such opposite positions, at a price determined by the Clearing House. The Clearing House's actions, including the timing of the invoicing back and the price determined by the Clearing House shall be binding on all affected Clearing Members.

*Added on [1 October 2009](#).*

## 7.08 False Information

### 7.08.1

Without prejudice to the right and power of the Clearing House at the cost and expense of the Clearing Member concerned to effect such rectification or correction measures otherwise, no Clearing Member shall place any false or inaccurate entries on any other submission or otherwise provide false or inaccurate information in any document submitted to the Clearing House for clearing purposes.

Violation of this Rule may constitute a major offence.

## 7.09 Position Change Sheets

### 7.09.1

Except for OTCF Transactions, position change sheets must be submitted to the Clearing House each trading day by the time specified by the Clearing House. Position change sheets shall be in such form as prescribed by the Clearing House. When requested, the identification of accounts will be made available to the Clearing House.

*Amended on [3 November 2010](#).*

## 7.10 Recap Ledger

### 7.10.1

The Clearing House will produce a recap ledger for each Clearing Member which will itemise, among other things, the incoming positions in respect of any Contract; the position changes the closing positions in respect of any Contract; the net settlements, pay or collect, margins required, the current margin balance, and the net debit balance(s) payable by the Clearing Member and/or credit balance(s) payable by the Clearing House.

The net debit balance(s) reflected on the recap ledger, excluding those arising from margin withdrawals ("**Net Debit Balance(s)**") and the net credit balance(s) reflected on the recap ledger, excluding those arising from margin deposits and calls ("**Net Credit Balance(s)**") shall be payable in accordance with [Rule 7.14](#).

*Amended on [3 November 2010](#) and [26 April 2013](#).*

### 7.10.2

If a Clearing Member believes that there is any error in the recap ledger, the Clearing Member must immediately notify the Clearing House in writing and in any event, no later than 5 p.m. on the following Business Day.

Violation of this Rule may constitute a major offence.

## 7.11 Daily Settlement Price

### 7.11.1

The daily settlement price of a Contract shall be determined:

7.11.1.1 in Non-Relevant Market Contracts and/or OTCF Contracts, by using price data from market participants or derived from pricing models, as selected or established by the Clearing House from time to time; and

*Refer to [Practice Note 7.11.1.1](#).*

7.11.1.2 in all other Contracts, in accordance with the relevant formula and procedures applicable to each Contract, as determined by the Clearing House. In arriving at such formula, the Clearing House may, in consultation with the Exchange, take into account factors, including but not limited to:

- a. the last traded price;
- b. bid and offer spread at the close of market; and
- c. price data derived from pricing models, as selected or established by the Clearing House from time to time.

*Refer to [Practice Note 7.11.1.2](#).*

*Amended on [27 March 2006](#), [22 September 2006](#), [3 November 2010](#) and [8 November 2012](#).*

### 7.11.2

Notwithstanding the foregoing, the Clearing House shall reserve the right to amend the settlement prices of any Contract for the purposes of settlement under this Rules if it so deems necessary.

*Amended on [22 September 2006](#).*

### 7.11.3

The daily settlement price of a Contract shall be binding on all Clearing Members.

*Added on [22 September 2006](#).*

## 7.11A Final Settlement Price of Contracts Traded on the Exchange/Any Relevant Market and Non-Relevant Market Contracts

*Amended on [8 November 2012](#).*

### 7.11A.1

The Final Settlement Price of Non-Relevant Market Contracts shall be determined in the manner as set out in Appendix 1, and of all other Contracts except for OTCF Contracts, in the manner as set out in the Trading Rules or relevant Contract Specifications.

*Refer to [Appendix 1 — Final Settlement Price](#).*

*Added on [27 March 2006](#) and amended on [22 September 2006](#), [3 November 2010](#) and [8 November 2012](#).*

### 7.11A.2

The Final Settlement Price shall be binding on all Clearing Members.

*Added on [27 March 2006](#) and amended on [22 September 2006](#).*

**7.11A.3**

Notwithstanding the foregoing, where the means for determining the Final Settlement Price for Contracts are not available, the Clearing House or the Exchange, as the case may be, may resolve the Final Settlement Price by such means as it may in its discretion decide. The decision of the Clearing House or the Exchange and the price determined by such other means shall be binding upon all Clearing Members.

*Added on [27 March 2006](#) and amended on [22 September 2006](#).*

**7.11B Coupon Settlement Price and Final Settlement Price of OTCF Contracts****7.11B.1**

The relevant Coupon Settlement Price and Final Settlement Price of OTCF Contracts, as the case may be, shall be determined in the manner set out in the relevant OTCF Contract Terms.

*Added on [3 November 2010](#).*

**7.11B.2**

The Coupon Settlement Price and Final Settlement Price, as the case may be, as set out in the relevant OTCF Contract shall be binding on all Clearing Members.

*Added on [3 November 2010](#).*

**7.11B.3**

Notwithstanding the foregoing, where the means for determining the Coupon Settlement Price and Final Settlement Price are not available, the Clearing House may resolve the Coupon Settlement Price and Final Settlement Price by such means as it may in its discretion decide. The decision of the Clearing House and the price determined by such other means shall be binding upon all Clearing Members.

*Added on [3 November 2010](#).*

**7.12 Settlement to Settlement Price Daily****7.12.1**

When a Clearing Member is long or short any amount of any Contract at the end of the day, as indicated by the recap ledger prepared by the Clearing House, settlement shall be made with the Clearing House to the settlement price for that day, and such Clearing Member shall be liable to pay to, or entitled to collect from, the Clearing House any loss or profit, as the case may be, represented by the difference between the price at which the Contract was bought or sold and the settlement price of the Contract at the end of the day.

**7.12.2**

Such settlement must be paid in cash in the respective currencies of the Contracts, or such other currency as the Clearing House may prescribe in the interest of a safe and efficient clearing facility, and at such exchange rate as determined by the Clearing House. Without prejudice to the generality of the foregoing, the Clearing House may refer to exchange rates published by data vendors in determining the relevant exchange rates.

*Amended on [26 April 2013](#).*

**7.12.3**

After making such settlement with the Clearing House, such Clearing Member shall be deemed long or short (or long and short) such Contract, as the case may be, at the settlement price of the day.

**7.12.4**

Notwithstanding the foregoing, the Clearing House shall not be required to pay any profit to a Clearing Member in the event that such Clearing Member fails to meet any required settlement or margin call for that day with the Clearing House.

**7.12.5**

This [Rule 7.12](#) shall not apply to trading in options contracts in respect of which the following shall apply.

**7.12.6**

Except for payment of relevant premiums on establishment of an option contract, no variation payments are thereafter required to be made from or to the Clearing House.

**7.12.7**

In respect of the payment of relevant premiums on establishment of an option contract as referred to in [Rule 7.12.6](#), such payment must be paid in cash in the respective currencies of the options contract, or such other currency as the Clearing House may prescribe in the interest of a safe and efficient clearing facility, and at such exchange rate as determined by the Clearing House. Without prejudice to the generality of the foregoing, the Clearing House may refer to exchange rates published by data vendors in determining the relevant exchange rates.

*Added on [26 April 2013](#).*

## **7.13 Settlement Variation for Contracts Traded on the Exchange/Any Relevant Market or Non-Relevant Market Contracts**

*Amended on [8 November 2012](#).*

**7.13.1**

Where an Non-Relevant Market Contract is a freight forward contract for a tanker voyage route, the Clearing House shall adjust the Settlement Variation retrospectively whenever there is any adjustment to the Flat Rate.

*Added on [27 March 2006](#) and amended on [8 November 2012](#).*

**7.13.2**

No interest shall be payable by the Clearing House on any amount that has to be refunded to a Clearing Member as a result of any such adjustment to the Settlement Variation.

*Added on [27 March 2006](#).*

**7.13.3**

Settlement Variation and adjustments to Settlement Variation (where relevant) as calculated and/or determined at such times as the Clearing House shall determine, must be paid in cash.

*Amended on [27 March 2006](#).*

## **7.13A Settlement Variation for OTCF Contracts**

**7.13A.1**

Clearing Members shall be entitled to receive and / or will be required to pay, as the case may be, interest based on cumulative Settlement Variation arising from OTCF Contracts. The calculation of such interest shall be set out in the OTCF Clearing Member Handbook.

*Added on [3 November 2010](#).*

**7.13A.2**

Settlement Variation and any interest payable on Settlement Variation (where relevant) as calculated and/or determined at such times as the Clearing House shall determine, must be paid in cash in the currency of each of the OTCF Contracts or, in the case of OTCF Contracts relating to non-deliverable foreign exchange forwards, the currency specified as the settlement currency in the OTCF Contract Terms.

*Added on [3 November 2010](#).*

### 7.13A.3

Notwithstanding [Rule 7.13A.2](#), the Clearing House may, in the interest of a safe and efficient clearing facility, prescribe that Settlement Variation and any interest payable on Settlement Variation (where relevant) as calculated and/or determined at such time as the Clearing House shall determine, be paid in any other currency, and at such exchange rate as determined by the Clearing House. Without prejudice to the generality of the foregoing, the Clearing House may refer to exchange rates published by data vendors in determining the relevant exchange rates.

*Added on [26 April 2013](#).*

## 7.14 Net Debit Balances and Credit Balances

*Amended on [26 April 2013](#).*

### 7.14.1

If the recap ledger of any Clearing Member shows a Net Debit Balance against such Clearing Member:

- (a) and if it appears to the Clearing House that the Clearing Member will have insufficient cash margin held by the Clearing House to apply towards payment of the Clearing Member's Net Debit Balance, the Clearing Member shall receive margin call and be required to deposit additional cash collateral to cover the shortage in such cash margin;
- (b) payment of such New Debit Balance shall be effected at the Confirmation Cut Off Time, by the Clearing House applying the Clearing Member's cash margin held with the Clearing House towards payment of such Net Debit Balance. If, at the Confirmation Cut Off Time, the Clearing Member has insufficient cash margin held with the Clearing House to apply towards payment of the full Net Debit Balance, all of such cash margin will, at the Confirmation Cut Off Time, be applied towards payment of such portion of the Net Debit Balance as it covers; and
- (c) such application shall constitute final and irrevocable settlement of the Clearing Member's obligation to pay such Net Debit Balance or such portion of the Net Debit Balance (as the case may be) to the Clearing House.

Violation of this Rule may constitute a major offence.

*Added on [3 November 2010](#) and amended on [26 April 2013](#).*

### 7.14.2

If the recap ledger of any Clearing Member shows a Net Credit Balance in favour of such Clearing Member payment of such Net Credit Balance shall be effected at the Confirmation Cut Off Time, by the Clearing House crediting the Net Credit Balance directly to the Clearing Member's cash margin held with the Clearing House. Such crediting shall constitute final and irrevocable settlement of the Clearing House's obligation to pay such Net Credit Balance to the Clearing Member.

*Added on [3 November 2010](#) amended on [26 April 2013](#).*

### 7.14.3

**"Confirmation Cut Off Time"**, in relation to the Net Debit Balance or the Net Credit Balance shown in the recap ledger of any Clearing Member shall, for the purposes of this Rule 7.14, mean the cut-off time for Confirmation in respect of any margin call that may be made in that recap ledger, as notified by the Clearing House to Clearing Members.

*Added on [26 April 2013](#).*

## 7.15 [Rule has been deleted.]

*Deleted on [7 August 2012](#).*

### 7.15.1 [Rule has been deleted.]

*Deleted on [7 August 2012](#).*

**7.15.2 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.15.3 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.15.4 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.15A [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.15A.1 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.15A.2 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.15B [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.15B.1 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.15B.2 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.15B.3 [Rule has been deleted.]**

*Deleted on [7 August 2012](#).*

**7.16 Reports of Large Positions****7.16.1**

Clearing Members shall submit to the Clearing House a daily report of Customers' Accounts and House Accounts, with details of such large positions in relation to such contracts as the Clearing House may prescribe (whether assumed or entered into on any Relevant Market or elsewhere). Such daily reports shall be submitted to the Clearing House by such time and/or in such manner as may be prescribed by the Clearing House.

Such report shall be in such form as the Clearing House may prescribe from time to time and shall include but not be limited to the account numbers and the number of open contracts in each month for a Commodity and, in the case of options, in each expiration month for a put or call option, in which any person owns or controls open positions in a single Contract Month or contract month or Delivery Month of any Commodity that equals or exceeds the reporting level for such Commodity or option prescribed from time to time by the Clearing House.

*Amended on [22 September 2006](#) and [7 December 2010](#).*

**7.16.2**

The Clearing House shall be entitled to require reports from one or more Clearing Members in relation to any contract even if the number of positions (whether assumed or entered into on any Relevant Market or elsewhere) owned or controlled is below the reporting level presently prescribed by the Clearing House.

*Amended on [7 December 2010](#).*



**7.16.3**

Subject to [Rule 7.16.4](#) below, Clearing Members shall identify the owner and any controlling parties for any account or ensure that such information is made available directly to the Clearing House within such time as the Clearing House may prescribe.

*Amended on [27 March 2006](#).*

**7.16.4**

Upon request of the Clearing House, Clearing Members shall obtain the information required by this Rule regarding the ownership and control of positions (whether assumed or entered into on any Relevant Market or elsewhere) within any Omnibus Account and any Sub-Account of any Omnibus Account. Provided that if the Omnibus Account Holder does not want the identity of any Sub-Account holder to be disclosed to its carrying Clearing Member, the Omnibus Account Holder may apply to the Clearing House for a special identification for the Sub-Account thereof for reporting positions (whether assumed or entered into on any Relevant Market or elsewhere) covered within this Rule through its carrying Clearing Member.

**7.16.5**

Violation of this Rule may constitute a major offence.

**7.16.6**

The Clearing House shall be entitled to disclose the contents of any reports made under this Rule to the Exchange or to any other Relevant Market or its clearing house in so far as such information relates to Contracts traded on the Relevant Market.

*Amended on [1 October 2009](#).*

**7.17 Speculative Long and Short Positions; Same Contract Month****7.17.1**

Clearing Members shall not be permitted to carry a speculative long position and a speculative short position for any Third Party or for themselves in the case of futures contracts or OTC Contracts, in the same Commodity for the same Contract Month and in the case of options contracts, in the same Commodity, for the same class, for the same Contract Month and for the same strike price.

*Amended on [27 March 2006](#) and [22 September 2006](#).*

**7.17.2**

The Clearing House may require any Clearing Member to liquidate any or all positions in any Contract belonging to any person concurrently holding a speculative long position and a speculative short position in such Contract.

*Added on [1 October 2009](#).*

**7.17.3**

[Rule 7.17.1](#) shall not apply if the concurrent long and short speculative positions result from a transfer under [Rule 7.27](#) and such concurrent long and short speculative positions do not extend beyond the Trading Day on which the transfer is reported to the Clearing House.

*Added on [1 October 2009](#).*

**7.18 Right to Set-Off**

*Amended on [26 April 2013](#).*

**7.18.1 [Rule has been deleted.]**

*Deleted on [26 April 2013](#).*

**7.18.1**

Without prejudice to the generality of the foregoing, in addition to any Security Interest or other right or remedy which the Clearing House may have under this Rules, contract, law or equity, and subject to any applicable restrictions pursuant to the provisions of the SFA and/or imposed by the Authority, the Clearing House may at any time consolidate any or all accounts (notwithstanding that relevant positions in such accounts have not been closed out) of the Clearing Member and set-off and/or transfer and/or apply any Collateral in such account towards satisfaction of any liabilities of the Clearing Member to the Clearing House, whether or not:

7.18.1.1 such Collateral and liabilities are denominated in the same currency; and

7.18.1.2 such liabilities are due, owing or incurred, or joint or several.

*Amended on [26 April 2013](#).*

## 7.19 Clearing House Margins

### 7.19.1

All margins deposited with or provided to the Clearing House by Clearing Members shall be retained by the Clearing House in whole or in part, as the Clearing House may deem necessary but, subject to this Rules (in particular, [Rule 7.03A.3](#), [7.03A.5](#), [Rule 7.18](#) and [Rule 7A.05.1](#)) and the Security Deed, may be returned to the Clearing Member when the positions for which such margins have been deposited or provided have been liquidated. Notwithstanding the foregoing, the Clearing House may retain margins for freight forward contracts for tanker voyage routes in relation to any potential Flat Rate adjustment, even after the positions of the Clearing Member have been liquidated.

*Amended on [27 March 2006](#), [7 August 2012](#) and [26 April 2013](#).*

## 7.20 Margin Amounts

### 7.20.1 Acceptable Margin

Margin requirements shall be prescribed by the Clearing House from time to time. The Clearing House will accept as margin, cash, government securities or common stocks, units of listed business trusts or units of listed real estate investment trusts in accordance with such procedures as may be prescribed by the Clearing House all of which must be and remain unencumbered, unless otherwise permitted or contemplated under this Rules, the Security Deed or the SFA.

The Clearing Member shall notify the Clearing House as to whether such Collateral are to be maintained for its Customer Contracts or its House Contracts. Such Collateral will be held by the Clearing House for that relevant account.

*Amended on [27 March 2006](#) and [26 April 2013](#).*

### 7.20.2 Margin Composition

Without prejudice to the generality of the foregoing, the aggregate amount of Collateral deposited with or provided to the Clearing House in respect of the aggregate required margin in relation to Customers' and House Contracts must each separately comply with the following:

7.20.2.1 where the relevant total margin requirements are US\$1,000,000 (or its equivalent) or less, the entire margin requirements must be in the form of cash and/or government securities; and

7.20.2.2 where the relevant total margin requirements are more than US\$1,000,000 (or its equivalent), cash and/or government securities must constitute at least US\$1,000,000 or 60 percent of the total margin requirements whichever is the greater.

7.20.2.3 [Rule has been deleted]

*Added on [27 March 2006](#) and amended on [3 November 2010](#), [8 November 2012](#) and [26 April 2013](#).*

### 7.20.3 Calculation of Margin

The amount of margins required to be deposited by any Clearing Member with the Clearing House shall be calculated and determined:

7.20.3.1 on a cumulative gross basis with reference to all open positions (both long and short) for which such Clearing Member is responsible and in accordance with procedures prescribed by the Clearing House; and/or

7.20.3.2 on a cumulative gross basis with respect to cumulative Settlement Variation for freight forward contracts for tanker voyage routes, with reference to any potential adjustments to the Flat Rate.

*Amended on [27 March 2006](#).*

### **7.20.3A**

The Clearing House may make margin calls in respect of the margin requirements prescribed pursuant to this Rule 7.20. Such margin calls shall be paid by such time and means as the Clearing House shall prescribe.

*Added on [26 April 2013](#).*

### **7.20.4 [Rule has been deleted.]**

*Deleted on [26 April 2013](#).*

### **7.20.5 [Rule has been deleted.]**

*Deleted on [26 April 2013](#).*

## **7.21 [Rule has been deleted.]**

*Deleted on [26 April 2013](#).*

### **7.21.1 [Rule has been deleted.]**

*Deleted on [26 April 2013](#).*

## **7.22 Margins of Third Parties**

### **7.22.1**

A Clearing Member shall procure initial margins from its Third Parties (including Customers), and ensure that its Third Parties comply with maintenance margins for such amounts as required by the Clearing House.

*Amended on [27 March 2006](#) and [22 September 2006](#).*

#### **7.22.1A**

A Clearing Member, except in the case of a Bank Clearing Member, shall collect margins for over-the-counter spot trades in Loco-London and foreign currency contracts from Third Parties (including Customers) for whom the Clearing Members procure the over-the-counter spot trades and from the direct buying or selling counterparties. No margins need to be collected from a Third Party (including a Customer) or a counterparty if it is a Clearing Member or a corporate Trading Member, a bank in Singapore or any of its overseas branches or a merchant bank in Singapore. The margins required to be collected shall not be less than:

7.22.1A.1 the minimum margins prescribed by the Clearing House for a Contract equivalent to the over-the-counter spot trade concerned;

7.22.1A.2 the minimum margins prescribed by those exchanges or clearing houses where the equivalent futures contracts are being traded, if the over-the-counter spot trade has no equivalent Contract; or

7.22.1A.3 4% for initial margins and 3% for maintenance margins of the underlying contract value, if the over-the-counter spot trade has no equivalent contracts being traded on the Exchange and any other exchange.

*Added on [22 September 2006](#) and [3 November 2010](#).*

### **7.22.2**

A Clearing Member may accept cash, government securities, common stocks, bank certificates of deposit, bank guarantees, bank letters of credit, gold bars, gold certificates and such other instruments as the Clearing House permits from its Third Parties (including Customers) for meeting their initial margins and maintenance margins

requirements. Valuation of such instruments shall be in accordance with procedures specified by the Clearing House. The following are not acceptable forms of margins under this Rule:

- 7.22.2.1 bank guarantees or letters of credit issued by a Third Party, or a Third Party's related corporation which is a bank, for trades incurred in that Third Party's account;
- 7.22.2.2 bank guarantees and letters of credit other than those issued by a bank that holds a valid licence and operates in Singapore under the Banking Act (Chapter 19); and
- 7.22.2.3 currency and financial instruments denominated in currencies which are subject to exchange controls such that they are illegal tender outside the currency's home country or are restricted by any form of capital controls.

*Amended on [27 March 2006](#) and [22 September 2006](#).*

### **7.22.3**

Except for trades which reduce a Third Party's maintenance margins requirements, a Clearing Member shall not accept orders or new trades for clearing from any Third Party (including any Customer) unless:

- 7.22.3.1 the minimum initial margins for the new trades are deposited or are forthcoming within a reasonable period from the trade date; and
- 7.22.3.2 the Third Party's total net equity complies with the maintenance margins for its existing open positions, unsettled over-the-counter spot trades and in relation to potential Flat Rate adjustment applicable to freight forward contracts for tanker voyage routes or additional margins to be posted pursuant to [Rule 7.22.4](#) are forthcoming within a reasonable period from the trade date.

For settlement currency denominated in Japanese Yen, "reasonable period" in Rule 7.22.3.1 or 7.22.3.2 means a period which shall not exceed three (3) Trading Days from the trade date (T+3). For all other settlement currencies it means a period which shall not exceed two (2) Trading Days from the trade date (T+2).

- 7.22.3.3 Credits in excess of required initial margins on all open positions, unsettled over-the-counter spot trades, and in relation to any potential Flat Rate adjustment applicable to freight forward contracts for tanker voyage routes of a Third Party (including a Customer), may be utilised by a Clearing Member as initial margins on a new position of the same Third Party (including a Customer).

*Amended on [27 March 2006](#) and [22 September 2006](#).*

### **7.22.4**

A Clearing Member shall call for additional margins from a Third Party (including a Customer) for whom the Clearing Member provides carrying and/or clearing services if at any time the Third Party's total net equity falls below the maintenance margins. Such additional margins posted should be sufficient to bring the relevant account up to the initial margins level, within a reasonable period. Nothing herein prohibits a Clearing Member from making a call for additional margins or imposing a stricter settlement period as it sees fit.

For settlement currency denominated in Japanese Yen, "reasonable period" in this Rule 7.22.4 means a period which shall not exceed three (3) Trading Days from the date that the Third Party's total net equity falls below the maintenance margins. For all other settlement currencies it means a period which shall not exceed two (2) Trading Days from the date that the Third Party's total net equity falls below the maintenance margins.

*Amended on [22 September 2006](#).*

### **7.22.5**

If the Clearing Member is unable to effect personal contact with a Third Party (including a Customer) for whom the Clearing Member provides carrying and/or clearing services, a written notice sent to the Third Party at the most recent address furnished by it to the Clearing Member shall be deemed sufficient.

### **7.22.6**

In the event of a Clearing Member's failure to obtain margins from the relevant Third Parties (including Customers) as required under [Rule 7.22](#), the Clearing House may order such Clearing Member to immediately close out all or such part of the positions of such Third Parties on its books so as to correct the deficiency notwithstanding that the Clearing Member itself has sufficient margins placed with the Clearing House for the

support of such positions in Contracts. Nothing herein prohibits a Clearing Member from taking such necessary actions to rectify the deficiency as it sees fit.

*Amended on [27 March 2006](#) and [22 September 2006](#).*

### **7.22.7**

Clearing Members shall be responsible to the Clearing House for all margin requirements.

### **7.22.7A**

A Clearing Member shall comply with such requirements on the computation and monitoring of a Third Party's (including a Customer's) margins as the Clearing House, or where relevant, the Exchange may prescribe.

*Added on [22 September 2006](#).*

### **7.22.8**

Violation of this [Rule 7.22](#) shall be a major offence.

## **7.22A Inter-Exchange Cross Margining**

### **7.22A.1**

Notwithstanding [Rule 7.22](#), a Clearing Member may grant margin credit, at a rate not exceeding that which is prescribed by the Clearing House, to a Third Party (including a Customer) which holds long and short positions on contracts (on the same Underlying) with the Clearing House and another clearing house to the extent that the risk on the position in one clearing house is set-off against another ("inter-exchange cross margining"), if the following conditions are satisfied:

- 7.22A.1.1 The risk-offsetting positions relate to contracts prescribed by the Clearing House as eligible for inter-exchange cross margining.
- 7.22A.1.2 The Clearing Member ensures that the risk-offsetting positions are carried in the accounts belonging to the same Third Party (including a Customer) in which the same Third Party is the legal and beneficial owner. For the avoidance of doubt, inter-exchange cross margining is not allowed for positions carried in accounts opened by the same Third Party with different Clearing Members.
- 7.22A.1.3 The Clearing Member provides for the right of set-off in respect of the Third Party's (including a Customer's) positions with the Clearing House and any other clearing house in its contractual agreements with that Third Party.
- 7.22A.1.4 The Clearing Member continues to calculate the counterparty risk requirement for each counterparty exposure to the Third Party (including a Customer) as if margin credit had not been granted.
- 7.22A.1.5 The Clearing Member, except in the case of a Bank Clearing Member, continues to maintain adequate liquidity facilities (bank lines and cash balances) to fund the gross margins payable to the Clearing House and any other relevant clearing houses.
- 7.22A.1.6 The Clearing Member, except in the case of a Bank Clearing Member, imposes a limit on the amount of margin credit granted to the Third Party (including a Customer) which should not exceed 20% of such Clearing Member's free financial resources.
- 7.22A.1.7 The Clearing Member, except in the case of a Bank Clearing Member, has proper internal controls and risk management procedures, as prescribed below, to monitor the credit risk and liquidity risk arising from inter-exchange cross margining:
  - a. the limit on the amount of margin credit granted to a Third Party (including a Customer) must be set, approved and regularly reviewed by an authorised staff independent of trading, dealing or marketing functions;
  - b. in setting the limit on the amount of margin credit granted to a Third Party (including a Customer), the Clearing Member must take into account possible maintenance margin calls and Settlement Variation losses to be paid to the Clearing House and any other relevant clearing house;
  - c. the Clearing Member must strictly observe the limit on the amount of margin credit granted to each Third Party (including a Customer); and

- d. the Clearing Member must ensure that it has proper systems and control procedures to monitor, on a daily basis, the usage of the margin credits and the adequacy of its liquidity facilities (bank lines and cash balances) to meet obligations arising from positions held with the Clearing House and any other relevant clearing house, including:
- i. daily monitoring of each Third Party's (including a Customer's) intra-day and end-of-day use of margin credits to ensure that the limit on the amount of margin credit granted is not breached;
  - ii. daily monitoring of all Third Parties' (including Customers') aggregated intra-day and end-of-day use of margin credits to ensure that the Clearing Member's liquidity facilities (bank lines and cash balances), after setting-off the Third Parties' aggregate use of margin credits, are adequate to meet the potential mark-to-market loss for positions carried at any relevant clearing house (excluding the Clearing House), as well as potential mark-to-market loss equivalent to at least two (2) times the maintenance margin for positions carried with the Clearing House;
  - iii. reports used for intra-day and end-of-day monitoring are generated in a timely manner and have the following information:
    - limit on amount of margin credit granted to each Third Party (including a Customer);
    - amount of margin credit used by each Third Party;
    - aggregate limit on amount of margin credit granted for all Third Parties;
    - aggregate amount of margin credit used by all Third Parties;
    - available liquidity facilities (bank lines and cash balances);
    - excess liquidity facilities (bank lines and cash balances) after setting off the Third Parties' aggregate use of margin credits;
- and
- iv. remedial procedures are in place should there be any breach of controls, limits and thresholds.

7.22A.1.8 The Clearing Member must notify the Clearing House if it decides to offer the inter-exchange cross margining arrangement to Third Parties (including Customers), that it has complied with, and shall continue to comply with the conditions stated in [Rule 7.22A](#).

7.22A.1.9 The Clearing House reserves the right to impose additional conditions or disallow a Clearing Member from offering the inter-exchange cross margining arrangement if it is not satisfied with the internal controls and risk management procedures of the Clearing Member requesting inter-exchange cross margining.

*Added on [22 September 2006](#) and amended on [10 August 2007](#).*

## 7.23 Emergency Margins and Advance Call for Settlement

### 7.23.1

The Clearing House may take any of the following actions:

7.23.1.1 When in its opinion unstable conditions exist or market conditions and price fluctuations relating to one or more Commodities or Contracts or contracts at any time require that additional margins to maintain an orderly market or to preserve fiscal integrity or for any other reason, the Clearing House may call for additional margins from one or more Clearing Members.

Such additional margins may be as much as or more than the original margin and must be deposited with the Clearing House during the next banking hour after demand therefore or at such time as may be specified. Such additional margins may be called for one or more Contracts, from one or more Clearing Members and on long positions, short positions or both, or in relation to any potential Flat Rate adjustment applicable to freight forward contracts for tanker voyage routes.

7.23.1.2 When the Clearing House believes that any Clearing Member is carrying positions in its House and/or Customer Accounts, that are larger than is justified by the financial condition of that Clearing Member, or the Clearing Member is found to have a record of frequent rule violations or inadequate or unsound management or serious operational defects which, in the Clearing House's opinion, places or may place the

Clearing House at risk, then the Clearing House may require such Clearing Member to deposit additional margins with the Clearing House during the next banking hour after demand therefore or at such time as may be specified or they may require that a portion of the open positions on the books of such Clearing Member be transferred to the books of another Clearing Member.

*Amended on [27 March 2006](#).*

### **7.23.2**

If market conditions or price fluctuations are such that the Clearing House deems it necessary, it may call upon the Clearing Members whom it believes are affected by such conditions or fluctuations to deposit additional funds with the Clearing House by such time as it shall specify and in the amount it deems necessary to meet settlements.

*Amended on [27 March 2006](#).*

## **7.24 Failure to Comply with Emergency Orders**

### **7.24.1**

In the event of the failure of a Clearing Member to deposit additional margins or to comply with the order of transfer of positions or to deposit additional funds as required under [Rule 7.23](#), the Clearing House may direct and the Clearing Member shall in such event forthwith comply with any such direction that the Clearing Member forthwith liquidate all or part of the positions on its books.

*Amended on [27 March 2006](#).*

### **7.24.2**

If there is a failure to so effect the required reduction in positions by the next Business Day, the Clearing House shall thereupon order the liquidation of all or the required part of the Clearing Member's position with due consideration to the positions of Customers. Any Clearing Member whose trades are thus liquidated shall provide for the payment of any loss to the Clearing House on the next settlement cycle by the Clearing House pursuant to [Rule 7.12](#) or [7.13](#).

*Amended on [27 March 2006](#).*

## **Miscellaneous**

### **7.25 Fees**

#### **7.25.1 Clearing Fees**

Clearing fees shall be charged by the Clearing House against a Clearing Member for each Contract cleared by the Clearing House in such amounts as the Clearing House may from time to time prescribe.

#### **7.25.2 Administrative Fees**

Without prejudice to [Rule 2.36](#), administrative fees or similar fees shall be charged by the Clearing House against a Clearing Member in respect of such matters and in such amounts as the Clearing House may from time to time prescribe.

*Amended on [27 March 2006](#).*

#### **7.25.3 Payment**

Such fees as may be imposed by the Clearing House pursuant to this Rule shall be payable by the Clearing Members by such times and in such manner as may be prescribed by the Clearing House from time to time.

## **7.26 Fines for Errors, Delays and Omissions**

### **7.26.1**

The Clearing House may impose fines against Clearing Members for errors, delays and omissions with respect to the required position change sheet or any other submission to the Clearing House.

Amended on [27 March 2006](#).

## 7.27 Transfers of Trades

### 7.27.1

Subject to the approval of the Clearing House:

- 7.27.1.1 Existing trades may be transferred on the books of a Clearing Member to the books of another Clearing Member when an error has been made in the assignment of a trade or trades, or when the change merely constitutes a transfer from one account title to another account title where both account titles have a common owner;
- 7.27.1.2 Existing trades may be transferred from the books of one Clearing Member to the books of another Clearing Member when:—
- a. they merge or the first-mentioned Clearing Member is transferring the whole or part of its business to another entity; or
  - b. a Clearing Member resigns from the Clearing House; or
  - c. a new Clearing Member has an interest in existing trades on another Clearing Member's books. The original Clearing Member shall not suffer any loss in commission to which it is entitled on the trades that were transferred; or
  - d. a mutual clerical error was made by two Clearing Members or the clearing members of the Relevant Market they are clearing for with respect to the trades to be cleared by them respectively on opposite sides thereof. Clear and sufficient information must be included with respect to the transfer trades and both the trade to reverse the error and the replacement trade must clear as transfers. In this event, and only in this event, the transfer may liquidate an open position on the books of the relevant Clearing Member(s);
- 7.27.1.3 Existing trades on the books of one Clearing Member being a Customer Contract may be transferred to the books of another Clearing Member at the request of the relevant Customer;
- 7.27.1.4 Existing trades on the books of one Clearing Member may be transferred to the books of another Clearing Member when such transfer is EFP or an EFS transaction. The provisions of this [Rule 7.27.1.4](#) shall not however apply to options contracts; and
- 7.27.1.5 A trade made on a Relevant Market by a Clearing Member or a member of the Relevant Market (the "Executing Member") intended to be an order fill or to be given up to (i.e. placed on the books of) a Clearing Member (the "Recipient Member") other than the Executing Member or (where relevant) its qualifying member, may be placed or transferred into the books of the Recipient Member subject to compliance with [Rule 7.27.3](#).

Amended on [27 March 2006](#) and [10 August 2007](#).

### 7.27.2

Except with the approval of the Clearing House, existing trades on the books of one Clearing Member may not be transferred to the books of another Clearing Member in order to liquidate a position by offset or where such transfer would result in concurrent long and short positions for the same speculative account.

Amended on [27 March 2006](#).

### 7.27.3

Where an Executing Member makes a trade on a Relevant Market intended to be an order fill or to be given up to a Recipient Member, as contemplated in [Rule 7.27.1.5](#) (a "Relevant Trade"), each Relevant Trade may be transferred or placed to the books of the Recipient Member provided that the transfer or placement shall occur:

- 7.27.3.1 within such time and in accordance with such procedures as the Relevant Market and/or the Clearing House may from time to time prescribe; and
- 7.27.3.2 subject to the approval of the Clearing House.
- 7.27.3.3 [Rule has been deleted.]



Amended on [27 March 2006](#) and [7 December 2010](#).

#### 7.27.4

If a Recipient Member purports to reject the transfer or placement of an alleged Relevant Trade(s) onto its books and the rejection (if permitted) would result in the Executing Member (if a Clearing Member itself) or its qualifying member having to accept onto its own books the rejected trade(s), and such rejected trade(s) would (whether of itself or together with other similarly rejected trade(s) for the same trading day) give rise to an aggregate maintenance margin obligation equal to S\$3,000,000 (or such other amount as the Clearing House may from time to time prescribe):

7.27.4.1 The Clearing House may:

- a. require the Recipient Member, as the party purporting to so reject the said trades, to satisfy the Clearing House of the validity of its rejection; and/or
- b. require the Clearing Member who would, if the rejection were effective, have to accept onto its own books the rejected trades, to provide such information and evidence in its possession or control relevant to the issue of the validity of the purported rejection;

and

7.27.4.2 unless the Clearing House is, consequent to any or both of its foregoing requirement(s) satisfied that the purported rejection was fully justified and valid, the Clearing House is thereafter empowered to require the Recipient Member to accept the transfer or placement out of all such part of the trades purported to have been rejected as the Clearing House deems appropriate onto its own books, and the Recipient Member shall abide by such requirement.

7.27.4.3 In so far as the Clearing House deems it appropriate that only some of the trades purported to be rejected shall be accepted by the Recipient Member, the balance shall be treated as permitted rejection and the Executing Member (if itself a Clearing Member) or its qualifying member shall accept the same onto its own books accordingly.

7.27.4.4 Failure by any Clearing Member to act accordingly pursuant to the Clearing House's requirement as aforesaid shall be a major offence.

7.27.4.5 The Recipient Member shall, in anticipation of the prospect of the Clearing House exercising its discretion pursuant to Rule 7.27.4.1 above pursuant to a relevant purported rejection of an alleged Relevant Trade, be ready and willing consequent upon it so purporting to reject a said trade forthwith to produce on request by the Clearing House satisfactory evidence validating its purported rejection.

7.27.4.6 Any decision by the Clearing House as aforesaid shall be without prejudice to the rights of any Clearing Member to pursue its contractual rights inter se either by arbitration pursuant to these Rules or the rules of the Relevant Market where the relevant Contract was executed (or where permitted) by litigation.

Amended on [27 March 2006](#).

#### 7.27.5

The Clearing House may, with the consent of both Clearing Members, transfer existing trades on the books of one Clearing Member to the books of another Clearing Member, if in its opinion, the situation so requires and such transfer is to the best interests of the Clearing House. In such case, the Customer may be charged only one commission.

Amended on [27 March 2006](#).

#### 7.27.6

All transfers or placements made pursuant to this Rule shall be reported to the Clearing House in a form acceptable to the Clearing House for the type of transaction involved. The Clearing Members involved shall maintain a full and complete record of all transactions together.

#### 7.27.7

Notwithstanding any provision in this [Rule 7.27](#), the Clearing House shall require (i) any Clearing Member from whose name one or more trades are to be transferred and, (ii) any Clearing Members in whose name one or

more trades are to be transferred to provide the Clearing House with sufficient collateral to meet margin requirements and Settlement Variation and/or comply with any other margin requirement prescribed by the Clearing House as a condition of transfer of such trades .

*Amended on [3 November 2010](#).*

## **7.28 Inter-Clearing House Transfers of Positions**

### **7.28.1**

Subject to the approval of the Clearing House, existing positions may be transferred between the books of a Clearing Member and the clearing member of any other Relevant Market at the request of the Customer, if:

- 7.28.1.1 such positions relate to Contracts accepted for clearing by the Clearing House and such other Relevant Market (or its clearing house);
- 7.28.1.2 the transfer has been approved by the other Relevant Market; and
- 7.28.1.3 the other Relevant Market is not a Participating Market which is party to the Mutual Offset System.

*Added on [1 October 2009](#).*

### **7.28.2**

All transfers made pursuant to this Rule shall be reported to the Clearing House in a form acceptable to the Clearing House. The Clearing Member involved shall maintain a full and complete record of all such transfers together with all pertinent memoranda.

*Added on [1 October 2009](#).*

## **7.29 Early Termination of OTCF Contracts**

### **7.29.1**

An OTCF Contract may be terminated at the request of a Clearing Member prior to its expiry in the manner prescribed by the OTCF Clearing Member Handbook.

*Added on [3 November 2010](#).*

### **7.29.2**

An OTCF Contract to which a Clearing Member who:

- a. is the First Original OTCF Contract Counterparty; or
- b. assumes the duties and obligations of the First Original OTCF Contract Counterparty

is a party shall only be terminated if the other OTCF Contract to which a Clearing Member who:

- a. is the Second Original OTCF Contract Counterparty; or
- b. assumes the duties and obligations of the Second Original OTCF Contract Counterparty

is a party is also terminated.

*Added on [3 November 2010](#).*

### **7.29.3**

The termination of a substituted OTCF Contract shall remove all future obligations of a Clearing Member to the Clearing House in respect of such OTCF Contract such that the OTCF Contract shall cease to exist from the effective date of termination, provided that such termination shall have no effect upon the rights and obligations already accrued under such OTCF Contract, which rights and obligations shall survive such termination.

*Added on [3 November 2010](#).*

**7.29.4**

The termination of a substituted OTCF Contract shall remove all future obligations of the Clearing House under the terms of such OTCF Contract and all future liabilities in respect thereof, provided that such termination shall have no effect upon the rights and obligations already accrued under such OTCF Contract, which rights and obligations shall survive such termination.

*Added on [3 November 2010](#).*

**7.29.5**

A Clearing Member shall remain responsible for an OTCF Contract which is pending termination until the Clearing House confirms that such termination has been approved and effected by the Clearing House.

*Added on [3 November 2010](#).*

**7.29.6**

The termination of an OTCF Contract may be cancelled at any time prior to its termination or such earlier time as may be determined by the Clearing House, provided that such cancellation must be agreed to by both Clearing Members who:

- a. are the OTCF Contract Counterparties; or
- b. assumes the duties and obligations of the OTCF Contract Counterparties.

*Added on [3 November 2010](#).*

**7.29.7**

The Clearing House may decline to terminate an OTCF Contract prior to its expiry if, in its sole discretion, the early termination of such Contract shall be inconsistent with the policies of the Clearing House or if, as a result of such termination, a Clearing Member is unable to provide the Clearing House with cover for maintenance margin and Settlement Variation and/or meet any other margin requirement prescribed by the Clearing House.

*Added on [3 November 2010](#).*

**Chapter 7A Suspension and Default****7A.01 Suspension of Clearing Members****7A.01.1**

The Clearing House shall be entitled to restrict the activities of the Clearing Member on the Clearing House or suspend the Clearing Member without prior notice if:

- 7A.01.1.1 the Clearing Member becomes insolvent or is deemed insolvent;
- 7A.01.1.2 unless exempted, ceases to hold a valid capital markets services licence as prescribed under the SFA, or ceases to be authorised to conduct banking business in Singapore pursuant to section 4 of the Banking Act, where applicable;
- 7A.01.1.3 the Clearing House is of the opinion that the integrity of the Clearing Member, in relation to its financial integrity or conduct, or the Clearing House's ability to operate a safe and efficient clearing facility is, or may be, materially compromised in any of the following events:
  - a. the parent company or related corporation of the Clearing Member becomes insolvent or is deemed insolvent;
  - b. the Clearing Member is suspended or expelled from membership of any Relevant Market or its clearing house;
  - c. the Clearing Member fails to comply with or settle any of its financial obligations under the rules and regulations of any exchange or clearing house of which it is a member;
  - d. the Clearing Member fails duly to perform or is, in the opinion of the Clearing House, in breach of:

- i. any provision of this Rules;
- ii. any Directive which is in force from time to time; or
- iii. any agreement, understanding or arrangement which the Clearing Member has with the Clearing House from time to time; or

7A.01.1.4 the Clearing House, in its absolute discretion, considers it necessary or desirable to protect its own interests, the interests of other Clearing Members and/or the interests of the customers of the Clearing Member.

*Added on [7 August 2012](#) and amended on [26 April 2013](#).*

## **7A.01.2**

In restricting the activities of a Clearing Member pursuant to [Rule 7A.01.1](#), the Clearing House may impose such conditions or requirements for the carrying on of its business on the Clearing House as it deems appropriate, including, without limitation, the following:

- 7A.01.2.1 prohibiting the Clearing Member from increasing its positions in one or more Contracts;
- 7A.01.2.2 prohibiting the Clearing Member from taking on positions in one or more Contracts which may increase its margin requirements;
- 7A.01.2.3 require the Clearing Member to close out positions in one or more Contracts; and
- 7A.01.2.4 prohibiting the repatriation of funds to any other person, unless the prior approval of the Clearing House has been obtained.

*Added on [7 August 2012](#).*

## **7A.01.3**

A Clearing Member or its parent company or its related corporation becomes insolvent or shall be deemed to be insolvent on the occurrence of any of the following events:—

- 7A.01.3.1 in the case of a Clearing Member only, it fails to fulfil or meet margins or settlement requirements for all or any of its Contracts;
- 7A.01.3.2 in the case of a Clearing Member only, it fails to post Performance Deposits with the Clearing House within the time specified in the relevant Contract Specifications;
- 7A.01.3.3 in the case of a Clearing Member only, it defaults upon any levy owing to the Clearing House arising out of [Rule 7A.06.5](#);
- 7A.01.3.4 it is or is at risk of being in material default under the term of any loan or other agreement relating to its indebtedness;
- 7A.01.3.5 it fails, is unable, admits its inability, or is deemed for the purposes of any law to be unable, to pay its debts as they fall due;
- 7A.01.3.6 a composition, assignment or arrangement is proposed or made for the benefit of its creditor;
- 7A.01.3.7 the value of its assets is less than its liabilities, taking into account contingent and prospective liabilities;
- 7A.01.3.8 by reason of its financial integrity having been or anticipated to be compromised, it proposes, or commences negotiations with one or more of its creditors, to suspend, stop, defer or reschedule payments on any of its indebtedness, or announces an intention to do so;
- 7A.01.3.9 it, its directors or other officers seek or give notice of their intention to seek, or if it or any of its assets becomes subject to, the appointment of an administrator, provisional liquidator, receiver, administrative receiver, judicial manager, judicial custodian, compulsory manager, trustee, trustee in bankruptcy, conservator, custodian or other similar officer, whether out of court or otherwise;
- 7A.01.3.10 a moratorium is declared in respect of any of its indebtedness;

7A.01.3.11 the enforcement of any security over any of its assets, or any distress, execution, attachment, sequestration or other legal process levied, enforced or served upon any of its assets;

7A.01.3.12 any corporate action, legal proceedings or other procedure or step is taken, including without limitation the presentation of a petition, the making of an application, the filing of documents with a court, the convening of a meeting of the Clearing Member or its parent company, its directors or its members, the giving of a notice of a proposal or the passing of a resolution, in relation to or with a view to:

- a. the winding up, liquidation, dissolution, or seeking of a judgment of insolvency or other relief under any insolvency law or other similar law affecting creditors' rights in respect of the Clearing Member, whether voluntary or involuntary; or
- b. the administration, whether out of court, with a registrar or otherwise, judicial management or reorganisation, whether by way of voluntary arrangement, scheme of arrangement or otherwise, of the Clearing Member or its parent company, whether voluntary or involuntary.

7A.01.3.13 it causes or is subject to any event which, under the applicable laws of any jurisdiction, has an effect analogous to any of the events specified above;

7A.01.3.14 it takes any action or step in furtherance of, or indicating its consent to, approval of or acquiescence in, any of the foregoing acts; or

7A.01.3.15 if the Clearing House considers in its absolute discretion that the occurrence of any such events or their equivalent is imminent or likely in any jurisdiction.

*Added on [7 August 2012](#).*

#### **7A.01.4**

A Clearing Member shall immediately notify the Clearing House upon the occurrence of any of the events stated in [Rule 7A.01.1](#).

*Added on [7 August 2012](#).*

#### **7A.01.5**

Where the Clearing House becomes aware of the occurrence of any of the events stated in [Rule 7A.01.1](#), the Clearing House may take any of the following actions:

- 7A.01.5.1 request a Relevant Market to suspend the Clearing Member or otherwise restrict its activities on the Relevant Market if the Clearing Member's activities on the Clearing House are restricted or the Clearing Member has been suspended; or
- 7A.01.5.2 notify any other exchanges, operators of trade registration systems or clearing houses of any action or proceedings taken against the Clearing Member.

*Added on [7 August 2012](#).*

### **7A.01A Events of Default**

#### **7A.01A.1**

On the occurrence of any of the following events, or if the Clearing House in its discretion determines that any of the following events has occurred, the Clearing House may declare an event of default:—

- a. the insufficiency of a Clearing Member's Collateral to discharge such Clearing Member's obligations to the Clearing House; or
- b. the insufficiency of the Collateral of any other Relevant Market, including a Participating Market, available to the Clearing House to fully meet such other Relevant Market's and/or its clearing house's obligations to the Clearing House; or
- c. the insolvency of a Clearing Member (as determined by [Rule 7A.01.3](#)), any other Relevant Market which clears the opposite side of any Contract, including a Participating Market, and/or its clearing house or any depository (as defined in [Rule 2.35.4](#)); or

- d. conversion, theft, breach of trust, embezzlement, or any other similar cause, caused or suffered by or in connection with a Clearing Member.

Added on [26 April 2013](#).

## 7A.01A.2

Subject to [Rule 7A.06.6.4](#) and provided that the defaulted Clearing Member's Collateral deposited with or provided to SGX-DC has been fully applied in accordance with [Rule 7A.05.01](#), any loss suffered by the Clearing House arising from or in connection with an event of default shall be met and made good promptly by the use and application of funds from the following sources (collectively known as the "Clearing Fund") in the order of priority hereafter listed, with each source of funds to be completely exhausted, subject to the limitations contained therein, before the next source is applied:—

- a. Clearing House Contribution.
- b. Security Deposits of Clearing Members (excluding any Clearing Member who is insolvent or deemed to be insolvent) where each Clearing Member had:
  - i. cleared Contracts belonging to the Contract Class in which the event of default occurred, during the six (6) month period preceding the day the event of default was declared by the Clearing House; or
  - ii. an open commitment in Contracts belonging to the same Contract Class in which the event of default occurred, during the six (6) month period preceding the day the event of default was declared by the Clearing House (with the periods at Rules 7A.01A.2.b.i and 7A.01A.2.b.ii collectively referred to as the "Relevant Periods").

Such Clearing Member shall be liable for the loss remaining on a pro-rata basis, calculated as the proportion of its Security Deposit requirement relative to the aggregate Security Deposit requirement for the category of Clearing Members referred to in this [Rule 7A.01A.5.2.b](#).

- c. Further Assessment Amounts (as prescribed under [Rule 7A.06.3](#), and excluding any Clearing Member who is insolvent or deemed to be insolvent) of the same category of Clearing Members referred to in [Rule 7A.01A.2.b](#). Such Clearing Member shall be liable for the loss remaining on a pro-rata basis, calculated as the proportion of its Further Assessment Amount requirement relative to the aggregate Further Assessment Amount requirement for the category of Clearing Members referred to in Rule 7A.01A.2.b.
  - c1. Any contributions to the Clearing Fund by the Clearing House or any of its related entities to that Contract Class in which the event of default occurred, the amount of such contributions (if any) to be determined by the Clearing House in its sole discretion.
- d. Security Deposits of Clearing Members (excluding any Clearing Member who is insolvent or deemed to be insolvent) where that Clearing Member had:—
  - i. cleared Contracts, not belonging to the same Contract Class in which the event of default occurred, during the six (6) month period preceding the day the event of default was declared by the Clearing House; or
  - ii. an open commitment in Contracts, not belonging to the same Contract Class in which the event of default occurred, during the six (6) month period preceding the day the event of default was declared by the Clearing House; or
  - iii. not cleared or had no open commitment in Contracts belonging to the same Contract Class in which the event of default occurred, during the Relevant Periods.

Such Clearing Member shall be liable for the loss remaining on a pro-rata basis, calculated as the proportion of its Security Deposit requirement relative to the aggregate Security Deposit requirement for the category of Clearing Members referred to in this Rule 7A.01A.2.d, provided always that if such Clearing Member's Security Deposit had been applied pursuant to Rule 7A.01A.2.b, its Security Deposits shall not be applied again pursuant to this [Rule 7A.06.5.2.d](#).

- e. Further Assessment Amounts (as prescribed under [Rule 7A.06.3](#) of the same category of Clearing Members referred to in Rule 7A.01A.2.d (excluding any Clearing Member which has been levied the maximum amount that may be levied against it pursuant to 7A.01A.2.c). Such Clearing Member shall be liable for the loss remaining on a pro-rata basis, calculated as the proportion of its Further Assessment Amount requirement relative to the aggregate Further Assessment Amounts requirement for the category of Clearing Members referred to in Rule 7A.01A.2.d; and

f. any other contributions to the Clearing Fund.

Added on [26 April 2013](#).

### 7A.01A.3

Where Clearing Members' Security Deposit or Further Assessment Amounts are used and applied in accordance with [Rules 7A.01A.2.b, c, d or e](#), the limits to one or more Clearing Members' liabilities in respect of such funds as set out in [Rule 2.28.2A](#) or [Rule 7A.06.6.6](#) may be reached. As a consequence of the foregoing, the contributions of Clearing Members which remain liable in respect of the relevant source of funds may remain unexhausted, while outstanding losses remain following such use and application of the source of funds. In such instances, the following shall apply:

- a. the remaining contributions of Clearing Members in respect of the relevant source of funds shall be applied to meet the outstanding loss, subject to their limits set out in [Rule 2.28.2A](#) and [Rule 7A.06.6.6](#); and
- b. the liability of each Clearing Member for such loss shall be determined as described in [Rules 7A.01A.2.b, c, d or e](#), whichever is applicable, subject always to the operation of [Rule 7A.06.6.5](#).

Added on [26 April 2013](#).

### 7A.01A.4

If the Clearing House is unable to ascertain any of its losses in relation to a potential Flat Rate adjustment promptly after an event of default, the Clearing House may estimate its loss as if such estimated loss has already been ascertained, and apply the Clearing Fund accordingly. Upon ascertaining its actual loss suffered in relation to a Flat Rate adjustment, the Clearing House will debit or credit the monies to the Clearing Fund accordingly.

Added on [26 April 2013](#).

### 7A.01A.5

For the purpose of [Rules 7A.01A.2.b, c, d, and e](#), an event of default shall fall within either of the following:

- a. Contracts that are listed for trading on the Exchange or Relevant Market;
- b. OTC Contracts; or
- c. OTCF Contracts

(each a "Contract Class", and collectively, "Contract Classes")

except as provided in [Rules 7A.01A.7](#) and [7A.01A.9](#), when an event of default is deemed to fall within (i) any combination of Contract Class, or (ii) all of the Contract Classes, as the case may be.

Added on [26 April 2013](#).

### 7A.01A.6

An event of default shall be deemed to have fallen within a particular Contract Class if the defaulting Clearing Member had open commitment or outstanding obligations to the Clearing House in that Contract Class at the time of such default.

Added on [26 April 2013](#).

### 7A.01A.7

An event of default that is due to the insufficiency of a Clearing Member's Collateral deposited with, provided to or otherwise made available to the Clearing House to fully discharge such Clearing Member's obligations to the Clearing House, or is due to the insolvency of a Clearing Member, shall be deemed for the purpose of [Rules 7A.01A.2.b, c, d and e](#) to have occurred in each Contract Class that Clearing Member was clearing or had open commitment in at the time of default.

Added on [26 April 2013](#).

### 7A.01A.8

Where an event of default is due to the insufficiency of the Collateral of any other Relevant Market including a Participating Market, available to the Clearing House to fully meet the obligations of such Relevant Market and/or its clearing house to the Clearing House or the insolvency of the other Relevant Market, a default shall be deemed to have occurred in the class of Contracts that are listed for trading on the Exchange or the Relevant Market.

*Added on [26 April 2013](#).*

#### **7A.01A.9**

An event of default that is due to conversion, theft, breach of trust or embezzlement of a Clearing Member, or any other cause shall be deemed to have occurred in each Contract Class that Clearing Member was clearing or had open commitment in at the time of default.

*Added on [26 April 2013](#).*

#### **7A.01A.10**

While application of the Clearing Fund shall be mandatory, the detailed implementation of [Rule 7A.05](#) and [7A.06](#) shall be the responsibility of the Clearing House.

*Added on [26 April 2013](#).*

#### **7A.01A.11**

Without prejudice to the generality of [Chapter 1](#), the Clearing House shall not be liable to any Clearing Member or any Third Party in respect of any damage, loss, cost or expense of whatsoever nature (whether direct, indirect, special or consequential, including without limitation any loss of business, revenue, goodwill, bargain or profit), suffered or incurred by such Clearing Member or Third Party, arising out of or in connection with the declaration or non-declaration of an event of default by the Clearing House.

*Added on [26 April 2013](#).*

### **7A.02 Open Positions of Defaulted /Suspended Clearing Members**

#### **7A.02.1**

When a Clearing Member having open positions has defaulted upon its obligation to the Clearing House, or has been suspended, the Clearing House may:—

7A.02.1.1 transfer all or any part of positions in Customer Contracts held by the defaulted or suspended Clearing Member to one (1) or more Clearing Members designated by the Clearing House. When such positions are so transferred, the following shall apply:

- a. subject to Rule 7A.02.1.1.c., margins deposited with the Clearing House in respect of the positions shall be entrusted to the designated Clearing Member or Clearing Members;
- b. the margins entrusted to a designated Clearing Member pursuant to this Rule 7A.02.1.1 may not be in such form as was originally deposited with the Clearing House;
- c. the Clearing House shall have the discretion not to transfer all or any part of the margins and settlement monies to a designated Clearing Member as described in Rule 7A.02.1.1.b., if:
  - i. the positions are held in an omnibus account; or
  - ii. monies and other assets deposited with the Clearing House in relation to Customers' Contracts may be applied pursuant to [Rule 7A.05.1.2](#),

provided that where margins and settlement monies are not transferred to the designated Clearing Member, the designated Clearing Member shall be required to collect the required margins and settlement monies from its Customer; and

- d. The margins not entrusted to designated Clearing Members shall be retained by the Clearing House and may be applied in accordance with [Rule 7A.05.1.2](#). Any unused margins shall be returned to the defaulted or suspended Clearing Member, or entrusted to the designated Clearing Members, as the Clearing House deems appropriate:



- i. following the settlement of losses arising from the event of default; or
- ii. at such time that the Clearing House determines that the margins may not be used.

7A.02.1.2 execute hedging transactions, on behalf of and at the risk of the defaulted or suspended Clearing Member, to eliminate or reduce market risk resulting from such open positions;

7A.02.1.3 appoint one or more Inter Dealer Brokers, Clearing Members or members of the applicable Relevant Market to close out positions in House Contracts, as well as Customer Contracts that have not been transferred pursuant to [Rule 7A.02.1.1](#) within such time as the Clearing House may prescribe, on the behalf of and at the risk of the defaulted or suspended Clearing Member;

7A.02.1.4 where the open positions relate to an Eligible Non-Relevant Market Transaction or a Contract subject to physical delivery prior to re-novation in [Rule 6.02A.7](#), and it is in the Clearing House's good faith opinion impossible or impracticable for the open positions to be transferred or closed out pursuant to Rules [7A.02.1.1](#) and [7A.02.1.3](#) respectively, the Clearing House may, in addition to any other power or right it may have, invoice back such positions to the defaulting or suspended Clearing Member. The Clearing House shall then simultaneously invoice back the equivalent number of positions or as nearly equivalent number of such positions as the Clearing House may deem practical to the following:—

- a. in the case of an Eligible Non-Relevant Market Transaction or a Contract subject to physical delivery prior to the matching process in [Rule 6.02A.7](#), to other non-defaulting and non-suspended Clearing Members, and/or any other non-defaulting Relevant Market (or its clearing house) holding appropriate opposite positions (whether reported to the Clearing House as being House or Customer positions) as at the date of such invoicing back, on a pro-rata basis, calculated as the proportion of such gross opposite positions of each non-defaulting and non-suspended Clearing Member and/or Relevant Market (or its clearing house) at the date of such transfer relative to the aggregate value of such open positions held by all non-defaulting and non-suspended Clearing Members (to be rounded down or up if the number of lots is not a whole number at the Clearing House's absolute discretion).
- b. in the case of a Contract subject to physical delivery after the matching process in [Rule 6.02A.7](#) and before re-novation in [Rule 6.02A.7](#), to the non-defaulting and non-suspended Clearing Members and/or clearing member of another Relevant Market (or its clearing house), with which the defaulting or suspended Clearing Member has been matched in accordance with [Rule 6.02A.7](#) (whether reported to the Clearing House as being House or Customer positions).

The invoicing back shall be carried out by the Clearing House effecting and registering opposite positions between itself and each of the relevant affected persons. The Clearing House shall then settle the open positions against such opposite positions, at a price determined by it. The Clearing House's actions, including the timing of the transfer and the price determined by the Clearing House shall be binding on all affected Clearing Members; and/or

7A.02.1.5 where the open positions relate to OTCF Contracts, take one or more of the following actions:

- a. hedge or otherwise liquidate such open positions in OTCF Contracts;
- b. conduct an auction of such open positions in OTCF Contracts, whether hedged or otherwise;
- c. where it is in the Clearing House's good faith opinion that (b) is impossible or impracticable, assign and transfer any residual OTCF Contracts, whether hedged or otherwise, to a non-defaulting Clearing Member provided that:
  - i. the residual OTCF Contracts, whether hedged or otherwise, assigned and transferred to the non-defaulting Clearing Member shall not be of such amount as to increase its risk margin requirement by more than 100% of its average end-of-day risk margin requirement for OTCF Contracts in the 30 days preceding, and excluding, the day on which the event of default occurs, as declared by the Clearing House; and
  - ii. the non-defaulting Clearing Member has cleared such product group in such currency in the last three months,

or

- d. undertake any action which is ancillary or incidental to activities set out under (a) – (c) above.

*Added on [7 August 2012](#) and amended on [8 November 2012](#) and [26 April 2013](#).*

**7A.02.2**

The Clearing Member that has defaulted upon its obligation to the Clearing House, or has been suspended, shall cooperate with the Clearing House and non-defaulting Clearing Members in respect of any of the actions that the Clearing House may take pursuant to [Rule 7A.02.1](#).

*Added on [7 August 2012](#).*

**7A.02.3**

All costs and expenses sustained by the Clearing House in connection with any steps which are or may be taken by the Clearing House pursuant to [Rule 7A.02.1](#), including losses incurred from authorized hedging transactions and the unwinding of such hedging transactions, shall be charged to the account of the defaulted Clearing Member.

*Added on [7 August 2012](#).*

**7A.03 Open Contracts of Other Suspended or Expelled Clearing Members****7A.03.1**

When a Clearing Member is suspended (including on a voluntary basis) or expelled for a violation of this Rules, other than for insolvency or default on its obligations to the Clearing House, the Clearing House may designate one (1) or more Clearing Members to deal with the open contracts cleared by the suspended or expelled Clearing Member in accordance with the Clearing House's direction.

*Added on [7 August 2012](#).*

**7A.04 Effect of Suspension or Expulsion****7A.04.1**

A Clearing Member suspended for whatsoever reasons including on a voluntary basis shall not have any of the rights of a Clearing Member during the time of his suspension. A suspended Clearing Member may be reinstated upon such conditions as the Clearing House may impose.

*Added on [7 August 2012](#).*

**7A.04.2**

Any Clearing Member suspended or expelled pursuant to any other provision of this Rules shall not take on or clear any new Contracts or trades and shall have any or all of the open contracts cleared by it transferred out or closed out pursuant to this Rules as may be appropriate.

*Added on [7 August 2012](#).*

**7A.05 Protection of Clearing House****7A.05.1 Failure by Clearing Member and any other Relevant Market (or its Clearing House) to discharge its obligations to the Clearing House in respect of Contracts**

Without prejudice and subject to the other provisions of this Rules:

7A.05.1.1 Where a Clearing Member has failed promptly to discharge any of its obligations to the Clearing House in respect of a House Contract, the Clearing House may apply any or all of the following to discharge such obligations:

- a. the Clearing Member's Collateral deposited with or provided to the Clearing House (except such Collateral deposited or provided in relation to Customer Contracts which shall be governed by Rule 7A.05.1.2.b); and
- b. in the case of a Bank Clearing Member incorporated outside Singapore which has satisfied [Rule 2.02B.1.11.a](#) or b, the Collateral deposited or provided by the Bank Clearing Member pursuant to [Rule 2.08.1B.1](#).

7A.05.1.2 Where a Clearing Member has failed promptly to discharge any of its obligations to the Clearing House in respect of a Customer Contract, the Clearing House may apply any or all of the following to discharge such obligations:

- a. the Clearing Member's Collateral deposited with or provided to the Clearing House (except such Collateral deposited or provided in relation to Customer Contracts which shall be governed by Rule 7A.05.1.2.b);
- b. Collateral deposited or provided by the Clearing Member in relation to Customer Contracts provided that the conditions in the SFA in relation to the permissible use of customers' money and assets are satisfied;
- c. in the case of a Bank Clearing Member incorporated outside Singapore which has satisfied [Rule 2.02B.1.11.a](#) or b, the Collateral deposited or provided by the Bank Clearing Member pursuant to [Rule 2.08.1B.1](#); and
- d. the qualifying letters of credit deposited with the Exchange by a Trading Member sponsored by the Clearing Member, pursuant to [Rule 7.3.6](#) of the Trading Rules, provided that the Clearing Member's default is attributable to such Trading Member's act or omission.

7A.05.1.3 The Clearing House may liquidate any non-cash Collateral deposited with it by a Clearing Member:

- a. in respect of Collateral in relation to House Contracts, where the Clearing Member has failed to promptly discharge its obligations to the Clearing House in respect of any Contract; and
- b. in respect of Collateral in relation to Customer Contracts, where the Clearing Member has failed to promptly discharge its obligations in respect of a Customer Contract and the conditions in the SFA in relation to the permissible use of customers' money and assets are satisfied.

The Clearing House shall not be liable for any losses arising from such liquidation.

7A.05.1.4 Without prejudice to the rights of the Clearing House in respect of failure by the Clearing Member to promptly discharge any of its obligations to the Clearing House, the Clearing Member shall immediately make up any deficiencies in its Security Deposit resulting from such applications.

7A.05.1.5 The Clearing Member shall not take any action or do anything that will directly or indirectly interfere with, prohibit, restrict or inhibit the ability of the Clearing House to so apply the Collateral and the Clearing House shall, except where it has acted in bad faith, be under no liability to the Clearing Member or any other person whatsoever in so applying Collateral and the Clearing Member shall fully indemnify and keep indemnified the Clearing House and hold the Clearing House harmless against any such liability.

7A.05.1.6 If a Relevant Market, including a Participating Market, and/or its clearing house as the case may be fails to promptly discharge any of its obligations to the Clearing House arising out of any arrangement relating to the clearing of Contracts, including the Mutual Offset System, the Collateral of such Relevant Market shall be applied by the Clearing House to discharge the obligation.

7A.05.1.7 Where the Clearing Member which is also a clearing member of CDP has failed to settle its financial obligations to CDP, the Clearing House shall be entitled to retain any Collateral deposited or provided by the Clearing Member in relation to House Contracts which have not been utilised pursuant to this Rule 7A.05.

*Added on [7 August 2012](#) and amended on [26 April 2013](#).*

## 7A.06 Clearing Fund

### 7A.06.1 Sources of Funds to Support Losses Borne by Clearing House

7A.06.1.1 The clearing fund size shall be determined by the Clearing House

7A.06.1.2 The Clearing Fund shall comprise:

- a. Security Deposits;
- b. Further Assessment Amounts; and
- c. Aggregate Clearing House Contribution.

*Added on [7 August 2012](#).*

## 7A.06.2 Security Deposit

7A.06.2.1 Upon being granted eligibility by the Clearing House to clear a relevant Contract Class, each Clearing Member wishing to clear that Contract Class shall deposit with the Clearing House as security for its obligations to the Clearing House ("Security Deposit") the following amounts:

- A. for clearing Contracts which are listed for trading on the Exchange or any Relevant Market and/or Non- Relevant Market Contracts, the higher of:
  - a. S\$1,000,000 or such lower amount as prescribed by the Clearing House time to time in its discretion; or
  - b. 3.0%, or such lower amount as prescribed by the Clearing House from time to time in its discretion, of the daily average of the risk margin of such Clearing Member during the preceding three month period;
- B. for clearing OTCF Contracts, the higher of:
  - a. US\$5 million; or
  - b. 3.0%, or such lower amount as prescribed by the Clearing House from time to time in its discretion, the daily average of the risk margin of such Clearing Member for such OTCF Contracts during the preceding three month period; or
- C. for clearing (i) Contracts which are listed for trading on the Exchange or any Relevant Market and/or Non- Relevant Market Contracts, and (ii) OTCF Contracts, the sum of the amounts set out in Rule 7A.06.2.1.A AND 7A.06.2.1.B.

7A.06.2.2 The Security Deposit shall be in cash, government securities or any other forms of Collateral acceptable to the Clearing House from time to time.

7A.06.2.3 Government securities or any other form of Collateral acceptable to the Clearing House shall not exceed a prescribed proportion of the Security Deposit, as the Clearing House may specify from time to time in its discretion.

7A.06.2.4 This deposit may be withdrawn when such Clearing Member ceases to be a Clearing Member if, in the opinion of the Clearing House, all Contracts and obligations of such Clearing Member with the Clearing House have been settled and all sums owing to the Clearing House have been paid.

*Added on [7 August 2012](#) and amended on [8 November 2012](#) and [26 April 2013](#).*

## 7A.06.3 Further Assessment Amount

7A.06.3.1 The Further Assessment Amount shall be an amount up to three (3) times of a Clearing Member's Security Deposit requirement, as prescribed by the Clearing House from time to time in its discretion.

7A.06.3.2 Each Clearing Member shall be required to deposit with the Clearing House a percentage of its Further Assessment Amount as set out below:

- a. in respect of Further Assessment Amount attributable to Contracts traded on the Exchange or any Relevant Market or Non- Relevant Market Contracts, an amount up to 50% in the form of cash or government securities; or
- b. in respect of Further Assessment Amount attributable to OTCF Contracts, an amount up to 100% in the form of cash or government securities,

or any other forms of Collateral acceptable to the Clearing House from time to time.

7A.06.3.3 In the use and application of the Further Assessment Amounts pursuant to [Rule 7A.06.5.2](#) in an event of default, the Clearing House shall be entitled to call for payment of any balance of the Further Assessment Amount, which has not been deposited with the Clearing House pursuant to Rule 7A.06.3.2, at such time as it deems appropriate. A Clearing Member shall immediately furnish such amount to the Clearing House, prior to the close of business on the Business Day immediately following such call.

*Added on [7 August 2012](#) and amended on [8 November 2012](#) and [26 April 2013](#).*

#### 7A.06.4 Aggregate Clearing House Contributions

7A.06.4.1 Subject to Rule 7A.06.4.2, the total contribution by the Clearing House to the Clearing Fund ("Aggregate Clearing House Contribution") shall be the higher of:

- a. S\$136,000,000, which shall be applied to the Clearing House Contribution as referred to in [Rule 7A.06.5.2.a](#); or
- b. the Minimum Aggregate Clearing House Contribution

7A.06.4.2 In the event that any part of the Aggregate Clearing House Contribution is applied in accordance with [Rule 7A.06.5](#), such that it falls below the Minimum Aggregate Clearing House Contribution, the Clearing House shall restore the Aggregate Clearing House Contribution up to the Minimum Aggregate Clearing House Contribution. The Clearing House shall thereafter maintain Aggregate Clearing House Contribution equivalent to the Minimum Aggregate Clearing House Contribution.

7A.06.4.3 Aggregate Clearing House Contribution shall comprise the following, where such funds are available:

- a. the capital of the Clearing House;
- b. the net proceeds of such financial guarantee and/or default insurance; and
- c. any other financial instrument.

*Added on [7 August 2012](#).*

#### 7A.06.5 [Rule has been deleted.]

*Deleted on [26 April 2013](#).*

#### 7A.06.6 Use of the Clearing Fund in Respect of Events of Default Occurring Within a Multiple Default Period

7A.06.6.1 A Multiple Default Period shall be a fixed period of 90 days commencing on the day an event of default occurs as declared by the Clearing House, where such event of default results in the use and application of the Clearing Fund.

7A.06.6.2 An event of default occurring within a Multiple Default Period shall not trigger the commencement of a new Multiple Default Period.

7A.06.6.3 The Clearing House shall notify Clearing Members of the commencement date of any Multiple Default Period.

7A.06.6.4 The Clearing Fund in the order of priority listed in [Rule 7A.06.5.2](#) shall be used and applied in the following manner in respect of events of default occurring within a Multiple Default Period:

- a. The Clearing Fund shall only be drawn upon after the monies of the defaulted Clearing Member with the Clearing House have been exhausted in accordance with this Rules;
- b. The Clearing Fund shall be utilised in the order of priority listed in [Rule 7A.06.5.2](#) irrespective of the number of draw downs on the Clearing Fund;
- c. In the event that a utilisation of the Clearing Fund draws on only part of the funds available at any source under [Rule 7A.06.5.2](#), the next utilisation of the Clearing Fund in connection with an event of default occurring within the same Multiple Default Period, shall draw first from the remaining funds available at the unexhausted source before drawing from the next source, taking into account, at all times, the relevant Contract Class;
- d. Once all the sources of the Clearing Fund have been exhausted, any current or subsequent utilisation of the Clearing Fund in connection with an event of default occurring within the same Multiple Default Period shall revert to the sequence of the priority listed in [Rule 7A.06.5.2](#); and
- e. Upon the commencement of a new Multiple Default Period, the first draw down on the Clearing Fund in connection with an event of default occurring in the new Multiple Default Period shall commence from the first source of funds listed in [Rule 7A.06.5.2](#), subject to [Rule 7A.06.8.2](#), and the subsequent

sources of funds shall follow accordingly. This applies regardless of the source from which the last payment out of the Clearing Fund was made in connection with an event of default which occurred in any previous Multiple Default Period.

7A.06.6.5 A resigning Clearing Member whose Security Deposit and Further Assessment Amount have been applied fully as specified in [Rule 2.28.2A](#) shall thereafter:

- a. not be taken into account for the calculation of the aggregate Security Deposit requirement referred to in Rules [7A.06.5.2.b](#) and d.; and
- b. not be taken into account for the calculation of the aggregate Further Assessment Amount referred to in Rules [7A.06.5.2.c](#) and e.

7A.06.6.6 Nothing in this Rule 7A.06.6 shall be construed as permitting the Clearing House to apply more than the Clearing Member's Security Deposit and Further Assessment Amount as at the time of the event of default, to meet losses arising from or in connection with any individual event of default.

*Added on [7 August 2012](#).*

### **7A.06.7 Rights of Clearing House for Recovery of Loss**

7A.06.7.1 If a Clearing Member's Collateral available to the Clearing House are insufficient to fully discharge all of such Clearing Member's obligations to the Clearing House, including all claims against or expenses incurred by the Clearing House by reason of its substitution for that Clearing Member pursuant to [Rule 7.04](#), the Clearing House shall nonetheless pay all such claims and expenses related to any of the action which the Clearing House may take pursuant to [Rule 7A.02.1](#) (including drawings from the Clearing Fund and expenses), which shall be deemed a loss to it and which shall be a debt from the defaulting Clearing Member to the Clearing House, which the Clearing House may collect from the assets or securities of such Clearing Member available to it or by process of law.

7A.06.7.2 If any amount paid out of the Clearing Fund pursuant to [Rule 7A.06.5](#) is subsequently recovered by the Clearing House in whole or in part, the Clearing House shall credit the amount so received to the Clearing Fund in the reverse of the order in which it was paid out.

7A.06.7.3 If a loss in respect of which a levy has been made against Clearing Members pursuant to Rules [7A.06.5.2.b](#), c, d, and e is afterward recovered by the Clearing House in whole or in part, the net amount of such recovery shall be credited to such persons (whether or not they are Clearing Members at the time of recovery) in proportion to the amount of the assessment paid by such persons.

*Added on [7 August 2012](#) and amended on [26 April 2013](#).*

### **7A.06.8 Security Deposits to be Restored**

7A.06.8.1 In the event that it shall become necessary as provided in [Rule 7A.06](#) to apply all or part of the Security Deposits to meet obligations to the Clearing House (other than a Clearing Member's own obligation resulting from the substitution of the Clearing House on its trades), the Clearing Member shall immediately make good any such deficiency in Security Deposits prior to the close of business on the Business Day immediately following such application.

7A.06.8.2 In the event that the limits to the application of the Clearing Member's Security Deposit under [Rule 2.28.2A.1](#) have been reached, the Security Deposits restored in accordance with Rule 7A.06.8.1 shall be applied only to meet the Clearing Member's own obligations to the Clearing House, resulting from the substitution of the Clearing House on its trades.

*Added on [7 August 2012](#).*

## **7A.07 Default of the Clearing House**

### **7A.07.1**

A non-defaulting Clearing Member may exercise its rights under [Rule 7A.07](#) if the Clearing House:

- a. fails to make a payment to a non-defaulting Clearing Member for a period of 30 days from the date the obligation to pay under a Contract fell due; or
- b. commences a procedure seeking or proposing liquidation on the ground of its inability to pay its debts, receivership, judicial management, or a scheme of arrangement involving a compromise with its creditors or

any class thereof, or other similar relief with respect to itself or to its debts under any bankruptcy, insolvency, regulatory, supervisory or similar law, or if any of the foregoing cases or procedures is commenced in relation to the Clearing House by any other person which results in liquidation or winding up of the Clearing House on the ground of its inability to pay its debts, or if the Clearing House takes corporate action to authorise any of the foregoing, in any such case other than for the purposes of corporate restructuring (including any consolidation, amalgamation or merger).

*Added on [7 August 2012](#).*

### **7A.07.2**

While any of the circumstances set out in [Rule 7A.07.1](#) continue, the nondefaulting Clearing Member may, at any time by notice in writing to the Clearing House, specify a date (the "Termination Date") for the termination and liquidation of all Contracts to which it is a party in accordance with [Rule 7A.07.4](#) below.

*Added on [7 August 2012](#).*

### **7A.07.3**

In the event a Clearing Member exercises its rights under [Rule 7A.07.2](#), the Clearing House may, in its absolute discretion and by notice in writing, take any steps necessary to terminate any related Contract or close out any related positions held with any other Clearing Member, notwithstanding that such Clearing Member is not in default of any of its obligations.

*Added on [7 August 2012](#).*

### **7A.07.4**

Upon the specification of a Termination Date:

- a. all obligations of the Clearing House and the Clearing Member in respect of any Contract between them shall cease to exist from the Termination Date, provided that such termination shall have no effect upon the rights and obligations under such Contract, which rights and obligations shall survive such termination, and any obligations to make further payments or deliveries which would otherwise have fallen due shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Termination Amount;
- b. the Clearing House shall (on, or as soon as reasonably practicable after, the Termination Date) determine the Clearing Member's total loss or total gain (as the case may be) in respect of each Contract, in each case expressed in Singapore Dollars (the "Base Currency");
- c. the Clearing House shall treat each gain to the Clearing Member as a positive amount and each loss by that Clearing Member as a negative amount and shall, in accordance with [Rule 7A.07.4](#), aggregate all of such amounts to produce a single, net positive or negative amount, denominated in the Base Currency (the "Termination Amount"); and
- d. where a Clearing Member has a house and one or more client accounts:
  - (i) the Clearing House shall determine two net amounts under [Rule 7A.07.4](#) (c); one net amount in respect of gains and losses arising on Contracts registered in the Clearing Member's client account (or client accounts as combined) and a second net amount in respect of gains and losses arising on all other Contracts; and
  - (ii) the two net amounts determined under [Rule 7A.07.4](#)(d)(i) each shall constitute Termination Amounts.

*Added on [7 August 2012](#).*

### **7A.07.5**

If a Termination Amount determined pursuant to [Rule 7A.07.4](#) above is a positive amount, the Clearing House shall pay it to the Clearing Member and if any such Termination Amount is a negative amount, the Clearing Member shall pay it to the Clearing House, in either case in accordance with [Rule 7A.07.6](#). The Clearing House shall notify the Clearing Member of each such Termination Amount, and by which party it is payable, as soon as practicable after the calculation thereof.

*Added on [7 August 2012](#).*

**7A.07.6**

A Termination Amount shall be paid in the Base Currency by the close of business on the business day following notification pursuant to [Rule 7A.07.5](#) above.

*Added on [7 August 2012](#).*

**7A.07.7**

For the purposes of any calculation required to be made under this [Rule 7A.07](#), the Clearing House may convert amounts denominated in any other currency into the Base Currency at such rate prevailing at the time of the calculation as it shall reasonably select.

*Added on [7 August 2012](#).*

**7A.07.8**

The rights of the Clearing House and the Clearing Members under this [Rule 7A.07](#), shall be in addition to, and not in limitation or exclusion of, any other rights which the Clearing House or the Clearing Member may have.

*Added on [7 August 2012](#).*

**Chapter 7B Payments****7B.1 Nomination of Accounts****7B.1.1**

The nomination of an account for the purpose of receiving any funds or other assets to be paid or deposited under this Rules shall, in the case of nomination by a Clearing Member, be in writing to the Clearing House, and in the case of nomination by the Clearing House, be by way of circular or otherwise.

*Added on [26 April 2013](#).*

**7B.2 Cash Payments : Settlement Bank Payment****7B.2.1**

The payment method that is set out in this Rule 7B.2 shall be referred to in this Rules as "Settlement Bank Payment".

*Added on [26 April 2013](#).*

**7B.2.2**

A "Payment Instruction" means an instruction given by the Clearing House to a Settlement Bank to:

- (a) place at the disposal of a Clearing Member by crediting a nominated account held by that Clearing Member at that Settlement Bank an amount of money to be debited from a nominated account held by the Clearing House at that Settlement Bank; or
- (b) place at the disposal of the Clearing House by crediting a nominated account held by the Clearing House at that Settlement Bank an amount of money to be debited from a nominated account held by a Clearing Member at that Settlement Bank.

The means by which a Payment Instruction may be communicated by the Clearing House to a Settlement Bank shall be as agreed between the Clearing House and the Settlement Bank.

*Added on [26 April 2013](#).*

**7B.2.3**

A "Confirmation" in relation to a Payment Instruction means a confirmation by a Settlement Bank to the Clearing House that it will carry out that Payment Instruction.



The means by which a Confirmation shall be made or deemed to have been made and communicated by a Settlement Bank to the Clearing House shall be as agreed between the Clearing House and the Settlement Bank.

*Added on [26 April 2013](#).*

#### **7B.2.4**

A Payment Instruction may be given by the Clearing House in respect of any obligation to pay a sum of money pursuant to or in connection with this Rules. A Payment Instruction shall be irrevocable upon Confirmation of that Payment Instruction by the relevant Settlement Bank.

*Added on [26 April 2013](#).*

#### **7B.2.5**

Where any sum of money is paid pursuant to or in connection with this Rules through Settlement Bank Payment:

- (a) such payment shall not be considered to have been made to the intended recipient until a Confirmation of the relevant Payment Instruction is given by the relevant Settlement Bank; and
- (b) such Confirmation shall discharge the payment obligation in respect of which the relevant Payment Instruction was given.

*Added on [26 April 2013](#).*

### **7B.3 Cash Payments : Other Payment Methods**

#### **7B.3.1**

Where any sum of money is to be paid pursuant to or in connection with this Rules, the Clearing House may stipulate the payment method through which such payment is to be made and Clearing Members shall comply with such stipulation.

*Added on [26 April 2013](#).*

#### **7B.3.2**

Where any sum of money is paid pursuant to or in connection with this Rules through an Other Payment Method, such payment shall not be considered to have been made to the intended recipient until the payment sum is irrevocably and unconditionally received, in immediately available funds, in such account of the intended recipient as is nominated by the intended recipient.

*Added on [26 April 2013](#).*

### **7B.4 Deposit and Return of Government Securities**

#### **7B.4.1**

Any deposit or return of government securities pursuant to or in connection with this Rules shall not be considered to have been made until such government securities are received in such account of the intended recipient as is nominated by the intended recipient.

*Added on [26 April 2013](#).*

### **7B.5 Deposit and Return of Book-Entry Securities**

#### **7B.5.1**

Any deposit of book-entry securities (as defined in section 130A of the Companies Act) by a Clearing Member with the Clearing House pursuant to or in connection with this Rules shall not be considered to have been made until the charge over such securities becomes effective in accordance with section 130N of the Companies Act.

*Added on [26 April 2013](#).*

#### **7B.5.2**

Any return of book-entry securities (as defined in section 130A of the Companies Act) by the Clearing House to a Clearing Member pursuant to or in connection with this Rules shall not be considered to have been made until the charge over such securities is discharged in accordance with section 130N of the Companies Act.

*Added on [26 April 2013](#).*

## Chapter 8 Mutual Offset System

### 8.01 General

#### 8.01.1

This Chapter sets out the rights and responsibilities of Clearing Members with respect to a Mutual Offset System.

*Amended on [10 August 2007](#).*

#### 8.01.2

The procedures of the Clearing House, including the duties of a Clearing Member to members of the Participating Markets for whom the Clearing Member provides clearing services or with whom the Clearing Member has an agreement for Inter-Exchange Transfer (as defined in [Rule 8.03.1.3](#)), that are not specifically covered herein, shall be governed by the other provisions of this Rules that are consistent with this Chapter.

*Amended on [27 March 2006](#) and [10 August 2007](#).*

#### 8.01.3

If the Clearing House has reason to believe that the access to or usage by a Clearing Member of the Mutual Offset System adversely affects the Clearing House or the Mutual Offset System, the Clearing House may suspend the Clearing Member's access to and/or usage of the Mutual Offset System.

*Amended on [10 August 2007](#).*

### 8.02 Designated Futures Contracts

#### 8.02.1

The Mutual Offset System may be utilised for only those of the Designated Futures Contracts which may be prescribed by the Clearing House from time to time. The Clearing House may at any time and from time to time delist any contract as a Designated Futures Contract.

### 8.03 Governing Rules

#### 8.03.1

For the purposes of a Mutual Offset System and this Rules, the following additional definitions shall apply:

##### 8.03.1.1 Originating Clearing Member

An Authorised Clearing Member of a Participating Market and/or its clearing house which:

- a. initiates an order for execution by an Executing Clearing Member of the other Participating Market; or
- b. is deemed with respect to such Executing Clearing Member to be responsible for orders to be executed,

on the other Participating Market pursuant to the Mutual Offset System.

##### 8.03.1.2 Executing Clearing Member

An Authorised Clearing Member of a Participating Market and/or its clearing house that accepts and is responsible for executing and/or clearing of a trade on such Participating Market requested and/or initiated by an Originating Clearing Member of the other Participating Market pursuant to the Mutual Offset System.

##### 8.03.1.2A Authorised Clearing Member

A clearing member of a Participating Market and/or its clearing house that is authorised to gain access to and use, the Mutual Offset System.

#### 8.03.1.3 Inter-Exchange Transfer

- a. The transfer pursuant to the Mutual Offset System to a Participating Market and/or its clearing house of a position as a result of a trade executed on another Participating Market. For the avoidance of doubt, Inter-Exchange Transfer does not apply to a trade executed as a result of private negotiation.
- b. All orders received by members of a Participating Market ("Originating Participating Market") for execution on another Participating Market shall (if a Mutual Offset System Agreement subsists between the two (2) Participating Markets and the orders relate to a Designated Futures Contract for the purposes of such agreement) be deemed to be for the purposes of such Mutual Offset System, and the resulting positions shall (if satisfying the prerequisites for Inter-Exchange Transfer set out below) automatically be transferred to the other Participating Market unless upon receipt of an order the member of the Originating Participating Market receives instructions to the contrary.
- c. All trades of an Originating as well as those of an Executing Clearing Member who is a Clearing Member for the purposes of the Mutual Offset System shall be promptly reported to the Clearing House in the form of a memorandum provided by the Clearing House (the "Inter-Exchange Transfer Memorandum"). In this connection, it shall be the responsibility of such a Clearing Member to ensure that it receives such information as may be necessary and in due time from such members of a Relevant Market (for whose trades such Clearing Member is deemed to be the Originating Clearing Member or for whose executed trades such Clearing Member is to be the Executing Clearing Member under the Mutual Offset System) for it to promptly effect its reporting obligation as aforesaid.

*Amended on [10 August 2007](#).*

### 8.04 Conditions for Inter-Exchange Transfer

#### 8.04.1

So long as a Mutual Offset System is in effect as between the relevant Participating Markets, a trade will be transferred between Participating Markets and/or their respective clearing houses if all of the following conditions are satisfied:

- 8.04.1.1 The trade has cleared in the ordinary course on the Participating Market where it is executed.
- 8.04.1.2 An Inter-Exchange Transfer Memorandum has been duly delivered to the Clearing House in respect of the trade.
- 8.04.1.3 In relation to a transfer of a trade under the Mutual Offset System to the Clearing House, the Clearing House has received confirmation of the Inter-Exchange trade data (being trade information supplied in an Inter-Exchange Transfer Memorandum) from the other Participating Market.
- 8.04.1.4 The Originating Clearing Member and the Executing Clearing Member has, prior to the execution of the trade entered into a written agreement with the Authorised Clearing Member which may have such terms and conditions as the contracting Authorised Clearing Members shall determine, but in any event shall provide in substance as follows:
  - a. Until such time as Inter-Exchange Transfer occurs with respect to a trade executed pursuant to the Mutual Offset System, each Authorised Clearing Member shall remain liable to the other Authorised Clearing Member for such trade in the same manner and to the same extent as if the Executing Clearing Member had executed such trade for a customer outside of the Mutual Offset System; and
  - b. Upon the occurrence of Inter-Exchange Transfer with respect to any trade executed pursuant to the Mutual Offset System, each Authorised Clearing Member shall have no further liability (other than with respect to the payment of commissions or fees agreed to by such Authorised Clearing Members) to, or relationship with, the other Authorised Clearing Member with respect to the position created by such trade, and thereafter the Originating Clearing Member shall look only to the clearing house which the trade is transferred to, with respect to the position created by such trade; notwithstanding the foregoing, the Executing Clearing Member shall continue to be fully liable to the Originating Clearing Member with respect to the execution of such trade including fraud or the breach of any obligation or duty ordinarily borne by the party executing a commodity futures contract trade on the Participating Markets, and for any unmatched trades.

*Amended on [27 March 2006](#) and [10 August 2007](#).*

## 8.05 Exchange Transfer

### 8.05.1 Clearing Members

The Clearing Member who is the Executing Clearing Member with respect to a trade executed on the Exchange pursuant to a Mutual Offset System shall have the same responsibilities to the Clearing House for such trade as for any other trade made on the Exchange until the trade is transferred to another Participating Market.

After a trade executed on the Exchange is transferred to another Participating Market, the Executing Clearing Member shall have no further responsibility to the Clearing House for such trade and shall have no further responsibility to or relationship with the Originating Clearing Member with respect to the position created by such trade.

After a trade executed on a Participating Market other than the Exchange, is transferred to the Exchange, the Originating Clearing Member who is a Clearing Member shall have no further responsibility to or relationship with the Executing Clearing Member of the other Participating Market with respect to the position created by the trade, and the Originating Clearing Member who is a Clearing Member shall have a position on the Exchange and the same responsibilities to the Clearing House for such a position as it would have had if the trade creating the position had been executed on the Exchange and cleared by the Clearing Member.

### 8.05.2 Other Participating Markets Other Than Exchange

At such time as a trade executed on the Exchange is transferred to another Participating Market, the other Participating Market and/or its clearing house shall be substituted for the Executing Clearing Member who is a Clearing Member with respect to the position created by such trade.

At such time as a trade executed on a Participating Market, other than the Exchange, is transferred to the Exchange, the other Participating Market and/or its clearing house will have a position equal and opposite to the position created by such trade subject to the Inter-Exchange Transfer.

### 8.05.3 Trade Not Transferred Between Participating Exchanges

Until and unless a trade executed on the Exchange is transferred under the Mutual Offset System to the other Participating Market, the Executing Clearing Member (who is a Clearing Member) shall be and shall remain responsible to the Clearing House to the full extent as with any trade cleared and/or carried by the same.

## 8.06 Miscellaneous

Notwithstanding the foregoing, the Clearing House shall be entitled, as between the Clearing House and the Clearing Members, to make such rules as the Clearing House deems necessary in relation to any matter concerning the Mutual Offset System and the rights and obligations of the Clearing Members thereto whether by way of Directives or in such other manner as the Clearing House considers appropriate.

## Chapter 9 Definitions and Interpretation

### 9.01 Definitions

#### 9.01.1

Unless the context otherwise requires, the following words and expressions shall be defined as follows:—

[A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#) [X](#) [Y](#) [Z](#)

Term	Meaning
<a href="#">A</a>	
"Act"	means the Companies Act, Chapter 50, or any statutory modification, amendment or re-enactment thereof for the time being in force or any and every other act which may replace the Companies Act and any reference to any provision of the Act is to that provision as so modified, amended or re-enacted or contained in any such subsequent successor act.
"acceptable government securities"	— means securities issued by a government with a Moody's Investors Service sovereign rating of at least Aaa, Standard & Poor's Corporation sovereign rating of at least AAA, Fitch, Inc sovereign rating of at least AAA or such other rating or such

	other government security, as may otherwise be prescribed by and acceptable to the Clearing House from time to time.
"adjusted net head office funds"	— when used in reference to:— <ul style="list-style-type: none"> <li>a. a General Clearing Member or Direct Clearing Member incorporated outside Singapore, shall bear the meaning ascribed thereto in paragraph 2 of the Second Schedule of the SFR (Financial and Margin Requirements); and</li> <li>b. a Bank Clearing Member incorporated outside Singapore which has satisfied <a href="#">Rule 2.02B.1.11.c</a>, shall bear the meaning ascribed thereto in paragraph 2 of the Second Schedule of the SFR (Financial and Margin Requirements), less the capital requirements for its banking business.</li> </ul>
"ADP Notice"	shall have the meaning ascribed to it under <a href="#">Rule 6.09.2</a> .
"Aggregate Clearing House Contribution"	shall have the meaning ascribed to it in <a href="#">Rule 7A.06.4.1</a> .
"aggregate indebtedness"	shall have the meaning ascribed thereto under Regulation 2 of the SFR (Financial and Margin Requirements).
"aggregate resources"	— when used in reference to:— <ul style="list-style-type: none"> <li>a. a Clearing Member incorporated in Singapore, means its financial resources (including qualifying letters of credit referred to in <a href="#">Rule 2.07C</a>) less its total risk requirement;</li> <li>b. a General Clearing Member or Direct Clearing Member incorporated outside Singapore or a Bank Clearing Member incorporated outside Singapore which has satisfied <a href="#">Rule 2.02B.1.11.c</a>, means its adjusted net head office funds (including qualifying letters of credit referred to in <a href="#">Rule 2.08C</a>) less its total risk requirement; and</li> <li>c. a Bank Clearing Member incorporated outside Singapore which has satisfied <a href="#">Rule 2.02B.1.11.a</a> or b, means its cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to <a href="#">Rule 2.08.1B.1</a> less its total risk requirement.</li> </ul>
"Alternative Delivery Procedure"	means delivery of the underlying Commodity under different terms and conditions from the Delivery Rules relating to the relevant Contract.
"Asset(s)"	[Rule has been deleted.]
"Authorised Clearing Member"	shall have the meaning ascribed to it in <a href="#">Rule 8.03.1.2A</a> .
"Authority"	means the Monetary Authority of Singapore, a body corporate established under the Monetary Authority of Singapore Act, Chapter 186.
<b>B</b>	
"Baltic Exchange"	means the Baltic Exchange Limited or its successor.
"Bank Clearing Member"	means a Clearing Member who has such rights and obligations as set out in <a href="#">Chapter 2</a> . For the avoidance of doubt, a reference to a Bank Clearing Member incorporated outside Singapore shall refer to the branch located in Singapore, of a parent bank incorporated outside Singapore.
"base capital"	shall have the meaning ascribed thereto under Regulation 2 of the SFR (Financial and Margin Requirements).
"Board"	means the Board of Directors for the time being of the Clearing House or such number of them as have authority to act for the Board.
"Business Day"	— Except as otherwise specified in the terms of any relevant Contract with respect to such Contract and the rights and obligations flowing therefrom, any day on which the Clearing House is open for business.  when used in reference to:—

"business governed by this Rules" or "operations governed by this Rules"	<ul style="list-style-type: none"> <li>a. a Bank Clearing Member incorporated in Singapore or a Bank Clearing Member incorporated outside Singapore which has satisfied <a href="#">Rule 2.02B.1.11.c</a>, shall mean its business or operations (whichever is applicable) involving all derivatives and securities contracts traded on any exchange and all contracts novated to any clearing facility; and</li> <li>b. a Bank Clearing Member incorporated outside Singapore which has satisfied <a href="#">Rule 2.02B.1.11.a</a> or b, shall mean its business or operations (whichever is applicable) involving derivatives and securities contracts traded on the Exchange and SGX-ST and all contracts novated to the Clearing House and CDP.</li> </ul>
"Buyer"	<p>shall:</p> <ul style="list-style-type: none"> <li>a. for the purpose of <a href="#">Rule 5.01.2</a> and <a href="#">Chapter 6</a>, refer to the buying party who is responsible for taking delivery of the underlying Commodity under a Contract or delivery contract through the Buying Member, unless such Buyer is itself the Buying Member.</li> <li>b. for the purpose of <a href="#">Rule 7.02A</a>, where it is not the Clearing Member itself, refer to a party for whom the Clearing Member maintains an account and who is a buyer in an Non-Relevant Market Transaction and otherwise shall refer to the Clearing Member itself. Where the Buyer is the Clearing Member itself, references in <a href="#">Rule 7.02A</a> to the Clearing Member "acting for a Buyer" shall be correspondingly read as if the words "acting for a Buyer" were superfluous.</li> </ul>
"Buying Member"	for the purposes of <a href="#">Chapter 6</a> , shall refer, if it is not itself the Buyer with respect to any Contract or delivery contract, to the Clearing Member who clears for the Buyer or, with respect to any specific obligation to be performed by such Clearing Member, such other person as this Rules may provide in lieu of the Buying Member.
<b><u>C</u></b>	
"CDP"	means The Central Depository (Pte) Limited.
"chief executive officer"	shall mean any person, by whatever name described, who is in the direct employment of, or acting for or by arrangement with, the Clearing Member and is principally responsible for the management and conduct of the business of the Clearing Member.
"Circular"	shall have the meaning ascribed to it in <a href="#">Rule 1.02.2</a> .
"clearing"	— The process administered by the Clearing House by which all trades executed on or subject to the rules of the Exchange or any Relevant Market or executed pursuant to any Non-Relevant Market Transaction are confirmed and settled daily until each is liquidated by offset or until delivery takes place, or settled by such other means as provided in this Rules.
"Clearing Fund"	shall have the meaning ascribed to it in <a href="#">Rule 7A.06.5.2</a> .
"Clearing House"	means the Singapore Exchange Derivatives Clearing Limited by whatever name called or its successor and assigns and where the context so requires such authorised personnel acting in its name.
"Clearing House Contribution"	shall have the meaning ascribed to it in <a href="#">Rule 7A.06.4.1</a>
"Clearing House Examiner"	shall have the meaning ascribed to it in <a href="#">Rule 4.01A.5</a> .
"Clearing Member"	means a corporation granted or admitted to be a member of the Clearing House pursuant to this Rules and shall include a General Clearing Member, a Direct Clearing Member and a Bank Clearing Member.
"Clearing Membership"	means membership of the Clearing House pursuant to this Rules.
"Collateral"	

	means all or any of the monies and assets deposited with, or otherwise provided to, the Clearing House by or for a Clearing Member as margin, Security Deposit, Further Assessment Amount or any other form of credit support and/or security as may be required under this Rules or as otherwise directed by the Clearing House, but shall not include Performance Deposits or other Escrow Assets.
"Collective Customer"	shall have the meaning ascribed to it in <a href="#">Rule 2.20.3.1</a> .
"Collective House Accounts"	shall have the meaning ascribed to it in <a href="#">Rule 2.20.3.2</a> .
"Commodity"	includes:— <ul style="list-style-type: none"> <li>a. any "commodity" as defined in the SFA from time to time;</li> <li>b. any financial instrument;</li> <li>c. gold, freight, any class of oil or any other physical commodity; and</li> <li>d. any commodity as may be specified by the Clearing House from time to time.</li> </ul>
"Confirmation"	has the meaning ascribed to it in <a href="#">Rule 7B.2.3</a> .
"Contract"	means the rights and obligations incurred through: <ul style="list-style-type: none"> <li>a. unless otherwise excluded by the context, a trade on the Exchange or any Relevant Market which may be satisfied by offset or by delivery or such other means as provided in the rules of the Exchange or the Relevant Market or the relevant Contract Specifications (as the case may be) as novated to the Clearing House pursuant to <a href="#">Rule 7.04</a>; or</li> <li>b. unless otherwise excluded by the context, a trade pursuant to a Non-Relevant Market Transaction which may be satisfied by offset or by delivery or such other means as provided in this Rules or the relevant Contract Specifications as novated to the Clearing House pursuant to <a href="#">Rule 7.04</a>; or</li> <li>c. unless otherwise excluded by the context, a trade pursuant to an OTCF Transaction which may be satisfied by any means provided for in this Rules or the relevant OTCF Contract Terms as novated to the Clearing House pursuant to <a href="#">Rule 7.04</a>; and</li> </ul>
"contract"	means the rights and obligations incurred through any trade or transaction whether or not through a market, and if through a market, whether or not the same is a Relevant Market and whether or not it relates to a Commodity, security or a futures contract as defined in the SFA.
"Contract Class" or "Contract Classes"	shall have the meaning ascribed to it in <a href="#">Rule 7A.06.5.5</a> .
"Contract Month"	unless the relevant Contract Specifications otherwise provides, means the specified month within which a Contract matures and can be settled by delivery.
"Contract Specifications"	means the commercial and technical terms of a Contract which is listed for trading on the Exchange or any Relevant Market or an Non-Relevant Market Contract, including the Contract size, Contract Month, trading hours, Underlying, exercise price, minimum price fluctuation, Last Trading Day, settlement basis and method of exercise.
"counterparty risk requirement"	shall have the meaning ascribed to it in paragraph 3 of the Third Schedule of the SFR (Financial and Margin Requirements).
"Coupon Settlement Price"	means the price at which each coupon payment for an OTCF Contract relating to an interest rate swap is settled pursuant to any procedure prescribed by the Clearing House or the relevant OTCF Contract Terms, as the case may be.
"Corporation"	means a corporation within the meaning of the Act.
"Customer"	means a person whose account is carried on the books of a Clearing Member except where such person is:—

- a. the Clearing Member itself with respect to the proprietary account of the Clearing Member;
- b. a director, officer, employee or representative of the Clearing Member; and
- c. related corporation of the Clearing Member with respect to accepted instructions to deal for an account belonging to, and maintained wholly for the benefit of, that related corporation.

A "Customer Account" is an account carried on the books of a Clearing Member for a Customer.

A "Customer Contract" is a Contract of a Customer.

#### D

"delivery contract" means the contract which arises directly between such parties as specified in the relevant Contract Specifications, upon the re-novation process referred to in [Rule 6.02A.7](#).

"delivery default" shall have the meaning ascribed to it in the relevant Contract Specifications or otherwise refer to the failure to perform any material act in relation to the delivery of a Commodity in accordance with the Contract Specifications.

"Delivery Month" unless the relevant Contract Specifications otherwise provides, means the specified month in which the delivery period of a Contract subject to physical delivery, begins.

"Delivery Obligations" means all delivery obligations of a Seller or Buyer or clearing member of any Relevant Market, under a Contract or delivery contract.

"Delivery Rules" shall have the meaning ascribed to it in [Rule 6.01.1](#).

"depositing party" shall have the meaning ascribed to it in [Rule 6.07.1](#).

"Designated Futures Contract" means a futures contract including a futures contract or an option contract, which is traded on Participating Markets and which has been designated pursuant to the terms of the agreement between the Clearing House and the Participating Markets in respect of the Mutual Offset System as a futures contract or option contract eligible for trading under the Mutual Offset System.

"Direct Clearing Member" means a Clearing Member who has such rights and obligations as set out in [Chapter 2](#).

"Directive" shall have the meaning ascribed to it in [Rule 1.02.2](#).

"Director" means any person acting as a Director of the Clearing House and any person duly appointed and acting for the time being as an alternate.

"disputes" shall have the meaning ascribed to it in [Rule 5.01.1](#).

#### E

"Eligible Non-Relevant Market Contract" means any Non-Relevant Market Contract accepted by the Clearing House for clearing (subject to this Rules), as prescribed by the Clearing House from time to time.

"Eligible OTCF Contracts" means any OTCF Contract accepted by the Clearing House for clearing (subject to this Rules), as prescribed by the Clearing House from time to time.

"Eligible Non-Relevant Market Transaction" shall have the meaning ascribed to it in [Rule 7.02A.1.1](#).

"Eligible OTCF Transaction" shall have the meaning ascribed to it in [Rule 7.02AA.1](#).

"Escrow Asset" means any Title Document, letter of credit, financial instrument, property or money (including Performance Deposits and other payments) which the Clearing House holds or is to hold as escrow agent pursuant to this Rules and/or the relevant Contract Specifications.

"Exchange"



means the Singapore Exchange Derivatives Trading Limited by whatever name from time to time called and shall include its successors and assigns.

## F

"Facilitator Agent"	shall have the meaning ascribed to it in <a href="#">Rule 6.07A</a> .
"Final Settlement Price"	means the price at which a Contract is settled at maturity, pursuant to any procedure prescribed by the Clearing House or the relevant Contract Specifications, as the case may be.
"financial resources"	— when used in reference to:— <ul style="list-style-type: none"> <li>a. a General Clearing Member or a Direct Clearing Member incorporated in Singapore, shall bear the meaning ascribed thereto in paragraph 1 of the Second Schedule of the SFR (Financial and Margin Requirements); and</li> <li>b. a Bank Clearing Member incorporated in Singapore, shall bear the meaning ascribed thereto in paragraph 1 of the Second Schedule of the SFR (Financial and Margin Requirements), less the capital requirements for its banking business.</li> </ul>
"First Original OTCF Contract Counterparty"	means the Original OTCF Contract Counterparty who was, before registration and substitution of the OTCF Contract, party to the corresponding OTCF Transaction as the party (a) paying the fixed rate or (b) being the reference currency buyer, as the case may be.
"Flat Rate"	— as published by Worldscale Association (London) Limited and Worldscale Association (NY) Inc.
"Force Majeure"	shall have the meaning ascribed to it in <a href="#">Rule 6.02A.10.4</a> or <a href="#">Rule 6.02A.10.5</a> , whichever is applicable.
"free financial resources"	shall have the meaning ascribed to it in Regulation 24 of the SFR (Financial and Margin Requirements).
"Further Assessment Amount"	shall have the meaning ascribed to it in <a href="#">Rule 7A.06.3</a> .

## G

"General Clearing Member"	means a Clearing Member who has such rights and obligations as set out in <a href="#">Chapter 2</a> .
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## H

"Holiday"	means any day as may be declared to be a holiday by the Clearing House from time to time.
"House Account"	— A "House" account is an account which is not a Customer Account.
A "House Contract"	is a Contract for: <ul style="list-style-type: none"> <li>a. the Clearing Member itself with respect to the proprietary account of the Clearing Member; or</li> <li>b. a director, officer, employee or representative of the Clearing Member; or</li> <li>c. a related corporation of the Clearing Member with respect to accepted instructions to deal for an account belonging to, and maintained wholly for the benefit of, that related corporation.</li> </ul>

## I

"Inter Dealer Broker"	means a party who: <ul style="list-style-type: none"> <li>a. has signed an agreement with the Clearing House for the access to and use of the Trade Registration System; and</li> </ul>
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	b. is designated by the Clearing House as eligible to submit Non-Relevant Market Transactions to the Clearing House on behalf of a Clearing Member pursuant to this Rules.
"initial margin"	means the minimum amount required to be deposited by Third Parties (including Customers) with a Clearing Member: <ul style="list-style-type: none"> <li>a. for each open Contract as prescribed by the Clearing House;</li> <li>b. for each open contract traded on an exchange other than the Exchange, as prescribed by the relevant exchange or clearing house;</li> <li>c. for each new over-the-counter spot trade as prescribed under <a href="#">Rule 7.22.1A</a>; or</li> <li>d. in relation to any potential Flat Rate adjustment applicable to freight forward contracts for tanker voyage routes, as prescribed by the Clearing House.</li> </ul>
"inter-exchange cross-margining"	shall have the meaning ascribed to it in <a href="#">Rule 7.22A.1</a> .
<b><u>L</u></b>	
"Last Trading Day"	means the last day during which trading may be conducted in a Contract prior to expiration pursuant to the relevant Contract Specifications.
"Leveraged Foreign Exchange Trading"	shall have the meaning ascribed thereto under the SFA.
<b><u>M</u></b>	
"maintenance margin"	shall: <ul style="list-style-type: none"> <li>a. for the purpose of <a href="#">Rule 7.22</a>, refer to the minimum balance which shall be maintained in a Third Party's (including a Customer's) account subsequent to the deposit of the initial margins: <ul style="list-style-type: none"> <li>i. for that Third Party's open positions in Contracts as prescribed by the Clearing House;</li> <li>ii. for that Third Party's open positions in contracts traded on exchanges other than the Exchange, as prescribed by the relevant exchanges or clearing houses;</li> <li>iii. for that Third Party's unsettled over-the-counter spot trades, as prescribed under <a href="#">Rule 7.22.1A</a>; and</li> <li>iv. in relation to any potential Flat Rate adjustment applicable to freight forward contracts for tanker voyage routes, as prescribed by the Clearing House for that Third Party.</li> </ul> </li> <li>b. for the purpose of the rest of this Rules, mean the minimum balance prescribed by the Clearing House which shall be maintained in a Clearing Member's account for that Clearing Member's open position in respect of each Contract.</li> </ul>
"Market"	shall have the meaning ascribed to "futures market" under the SFA while "market" shall include but not be limited to "Market".
"Minimum Aggregate Clearing House Contribution"	shall be an amount equivalent to 25% of the clearing fund size, which shall be applied to the Clearing Fund as follows: <ul style="list-style-type: none"> <li>(i) an amount of not less than 15% of the clearing fund size shall be applied to the Clearing House Contribution as referred to in <a href="#">Rule 7A.06.5.2.a.</a>; and</li> <li>(ii) the balance of the Minimum Aggregate Clearing House Contributions shall be applied to any or both of the sources referred to in Rules <a href="#">7A.06.5.2.c1</a> and <a href="#">7A.06.5.2.f</a>.</li> </ul>

"Multiple Default Period"	shall have the meaning ascribed to it in <a href="#">Rule 7A.06.6.1</a> .
"Mutual Offset System"	means the system established pursuant to an agreement or agreements between Participating Markets and/or their respective clearing houses, whereby Authorised Clearing Members may establish or liquidate a position in respect of Designated Futures Contracts on either Participating Market through the execution of trades on the appropriate Participating Market in accordance with the terms thereof.

**N**

"net head office funds"	means with respect to a corporation incorporated or established outside Singapore, the net liability of the Singapore branch to its head office and any other branches outside of Singapore. In the case of a Bank Clearing Member, its net liability shall include, without limitation, the liability of its Asian Currency Unit.
"Non-Relevant Market Contract or Transaction"	means a contract or transaction that is not listed or quoted for trading on the Exchange or any Relevant Market but shall not include any OTCF Contract or OTCF Transaction.

**O**

"Officers"	shall have the meaning ascribed to it in <a href="#">Rule 6.07.4</a> .
"Omnibus Account"	— An account that as between the Clearing Member carrying it and the person who requested its opening and maintenance by the Clearing Member (the "Omnibus Account Holder") is to be regarded as an account carried for customers of the Omnibus Account Holder in the name of the Omnibus Account Holder. In this connection, the expression "customer of the Omnibus Account Holder" shall mean the person whom the Account Holder regards as being the person beneficially entitled to positions established under such account. A "Sub-Account" is an account maintained in or under an Omnibus Account.
"Original OTCF Contract Counterparties"	means the First Original OTCF Counterparty and the Second Original OTCF Counterparty, and "Original OTCF Contract Counterparty"< means any one of them.
"OTCF Clearing Member Handbook"	means the Over the Counter Financial Derivatives Clearing Member Handbook issued by the Clearing House prescribing the operational requirements, as well as explanatory information, for the clearing of over the counter financial derivatives (as the same may be varied, amended or supplemented from time to time).
"OTCF Contract or Transaction"	means a contract or transaction that is not listed or quoted for trading on the Exchange or any Relevant Market and relates to a financial derivative.
"OTCF Contract Terms"	means such terms as are applicable to each OTCF Contract as set out from time to time in the Appendices of the OTCF Clearing Member Handbook.
"Other Payment Method"	means any payment method other than Settlement Bank Payment or payment as described in <a href="#">Rule 7.14</a> .

**P**

"Participating Market"	means a Market and (where relevant) its clearing house which is/are parties to the Mutual Offset System and has assumed rights and obligations thereunder.
"Payment Instruction"	has the meaning ascribed to it in <a href="#">Rule 7B.2.2</a> .
"Performance Deposit"	means the amount, as prescribed in the relevant Contract Specifications, which a depositing party posts with the Clearing House, to secure the performance of a delivery contract. Such deposit shall be in cash or in the form of an irrevocable Letter of Credit or any other security in a form and issued by a bank acceptable to the Clearing House.
"person"	means any individual or any corporation or association or body of persons, corporate or unincorporate.
"Platts"	— a division of The McGraw-Hill Companies, Inc. or its successor.
a "position" or "open contract" or "open position"	means any Contract which shall not have been liquidated by offset or delivery pursuant to this Rules or relevant Contract Specifications.

"Practice Note"	shall have the meaning ascribed to it in <a href="#">Rule 1.02.2</a> .
"Property/Properties"	[Rule has been deleted.]
<b><u>Q</u></b>	
"Qualifying Date"	means the close of business on the date immediately preceding the Transfer Date (as defined below).
"qualifying subordinated loan"	shall have the meaning ascribed thereto in paragraph 4 of the Second Schedule of the SFR (Financial and Margin Requirements).
<b><u>R</u></b>	
"related corporation"	means a corporation within the meaning of the Act.
"Relevant Market"	means any Market or any organisation (whether an exchange, association, corporation or otherwise) responsible for administering a futures, options, stock or other market as the Clearing House may prescribe, and includes the Exchange and each Participating Market.
"Relevant Party"	shall have the meaning ascribed to it in <a href="#">Rule 1.01.4</a> .
"Relevant Periods"	shall have the meaning ascribed to it in <a href="#">Rule 7A.06.5.2.b.ii</a> .
"relevant person"	shall have the meaning ascribed to it in <a href="#">Rule 2.17.1.2</a> .
"re-novation"	shall have the meaning ascribed to it in <a href="#">Rule 6.02A.7</a> .
"Rules" or "this Rules"	means the rules of the Clearing House as set out herein and as amended or supplemented from time to time by the Clearing House which includes the Directives and the OTCF Clearing Member Handbook.
<b><u>S</u></b>	
"Second Original OTCF Contract Counterparty"	means the Original OTCF Contract Counterparty who was, before registration and substitution of the OTCF Contract, party to the corresponding OTCF Transaction as the party (a) paying floating rate or (b) being the reference currency seller, as the case may be.
"Security Deed"	means the deed, in such form as prescribed by the Clearing House, setting out the terms under which a Clearing Member's Collateral is provided to, and held by, the Clearing House.
"Security Deposit"	means an amount required to be deposited with the Clearing House by each Clearing Member as security for its obligations to the Clearing House in accordance with <a href="#">Rule 7A.06.2</a> .
"Security Interest"	means any mortgage, charge, assignment by way of security, pledge, encumbrance, lien, right of set-off, right of consolidation of accounts, retention of title, trust or flawed asset arrangement for the purpose of, or which has the effect of, granting security or credit support or other interests of any kind whatsoever over or in respect of Collateral.
"Seller"	shall, <ul style="list-style-type: none"> <li>a. for the purpose of <a href="#">Rule 5.01.2</a> and <a href="#">Chapter 6</a>, refer to the selling party who is responsible for making delivery of the underlying Commodity under a Contract or delivery contract through the Selling Member, unless such Seller is itself the Selling Member.</li> <li>b. for the purpose of <a href="#">Rule 7.02A</a>, where it is not the Clearing Member itself, refer to a party for whom the Clearing Member maintains an account and who is a seller in a Non-Relevant Market Transaction and otherwise shall refer to the Clearing Member itself. Where the Seller is the Clearing Member itself, references in <a href="#">Rule 7.02A</a> to the Clearing Member "acting for a Seller" shall be correspondingly read as if the words "acting for a Seller" were superfluous.</li> </ul>
"Selling Member"	for the purposes of <a href="#">Chapter 6</a> , shall refer, if it is not itself the Seller with respect to any Contract or delivery contract, to the Clearing Member who clears for the Seller or, with respect to any specific obligation to be performed by such Clearing

	Member, such other person as this Rules may provide in lieu of the Selling Member.
"Settlement Bank"	means a bank approved by the Clearing House to carry out Settlement Bank Payment.
"Settlement Bank Payment"	has the meaning ascribed to it in <a href="#">Rule 7B.2.1</a> .
"settlement price"	means the official daily closing price of Contracts determined in accordance with <a href="#">Rule 7.11</a> .
"Settlement Variation"	means the dollar amount(s) due one (1) or more times in the course of each Business Day to or from the Clearing House to or from a Clearing Member calculated by the Clearing House with respect the relevant positions of a Clearing Member as determined by the Clearing House.
"SFA" or the "Securities and Futures Act"	means the Securities and Futures Act 2005 or any subsidiary legislation promulgated under it or any statutory modification, amendment or re-enactment thereof for the time being in force, or any act or subsidiary legislation which may replace the SFA, and any reference to any provision of the SFA is to that provision as so modified, amended or re-enacted (or as contained in any subsequent act or legislation which may replace the SFA).
"SFR"	means any regulation promulgated under the SFA or any statutory modification, amendment or re-enactment of such regulation for the time being in force, and any reference to any provision of the SFR is to that provision as so modified, amended or re-enacted (or as contained in any subsequent regulation which may replace the SFR).
"SFR (Financial and Margin Requirements)"	means the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations or any statutory modification, amendment or re-enactment thereof for the time being in force, or any regulations which may replace the SFR (Financial and Margin Requirements), and any reference to any provision of the SFR (Financial and Margin Requirements) is to that provision as so modified, amended or re-enacted or as contained in any subsequent regulations which may replace the SFR (Financial and Margin Requirements).
"SFR (Licensing and Conduct of Business)"	means the Securities and Futures (Licensing and Conduct of Business) Regulations or any statutory modification, amendment or re-enactment thereof for the time being in force, or any regulations which may replace the SFR (Licensing and Conduct of Business), and any reference to any provision of the SFR (Licensing and Conduct of Business) is to that provision as so modified, amended or re-enacted or as contained in any subsequent regulations which may replace the SFR (Licensing and Conduct of Business).
"SGX Board"	means the board of directors for the time being of Singapore Exchange Limited or such number of them as have authority to act for the SGX Board.
"SGX-ST"	shall mean Singapore Exchange Securities Trading Limited.
"SIAC"	means the Singapore International Arbitration Centre.
"S\$"	means the Singapore Dollar or the lawful currency of Singapore.
<b>I</b>	
"Third Party"	means any third party maintaining an account with a Clearing Member and who is not privy to the substitution process between the Clearing House and a Clearing Member, pursuant to <a href="#">Rule 7.04</a> , including without limitation the Customer and parties falling within exception (b) and (c) of the definition of "Customer" above defined and "Third Parties" shall refer to 2 or more of such third parties.
"time"	— Except as otherwise specifically provided, any reference to time shall mean local Singapore time.
"Title Documents"	shall have the meaning ascribed to it in the Trading Rules.
"total net equity"	means the ledger balance of a Third Party's account, including adjustments to the account arising from unrealised gains or losses on open positions, and margins deposited by the Third Party.

"total risk requirement"	—when used in reference to:— <ol style="list-style-type: none"> <li>a. a General Clearing Member or a Direct Clearing Member, shall bear the meaning ascribed thereto in paragraph 1 of the Third Schedule of the SFR (Financial and Margin Requirements);</li> <li>b. a Bank Clearing Member incorporated in Singapore or a Bank Clearing Member incorporated outside Singapore which has satisfied <a href="#">Rule 2.02B.1.11.c</a>, shall bear the meaning ascribed thereto in paragraph 1 of the Third Schedule of the SFR (Financial and Margin Requirements) except that such Bank Clearing Member shall only compute the total risk requirement for all Third Parties' and proprietary positions in derivatives and securities contracts traded on any exchange and all contracts (but shall not include any positions in OTCF Contracts in such computations) novated to any clearing facility; and</li> <li>c. a Bank Clearing Member incorporated outside Singapore which has satisfied <a href="#">Rule 2.02B.1.11.a</a> or b, shall bear the meaning ascribed thereto in paragraph 1 of the Third Schedule of the SFR (Financial and Margin Requirements) except that such Bank Clearing Member shall only compute the total risk requirement for all Third Parties' and proprietary positions in derivatives and securities contracts traded on the Exchange and SGX-ST and all contracts (but shall not include any positions in OTCF Contracts in such computations) novated to the Clearing House and CDP.</li> </ol>
"Trade Registration System"	means the software and systems provided by the Clearing House or any third party systems provider approved by the Clearing House to Clearing Members, Inter Dealer Brokers or such other party authorised by the Clearing Member and, where required under this Rules, approved by the Clearing House, for the purpose of registering and confirming Eligible Non-Relevant Market Transactions and/or Eligible OTCF Transactions with the Clearing House.
"Trading Day"	means any day on which the Exchange is open for trading or deliveries.
"Trading Member"	means an individual or corporation granted trading privileges by the Exchange as contemplated in the Trading Rules.
"Trading Rules"	means the Trading Rules of the Exchange, as applied, interpreted or implemented by directives, regulatory notices and practice notes issued by the Exchange.
	"Transfer Date" — <b>1 October 2000</b> .
<b><u>U</u></b>	
"Underlying"	means any asset, Commodity, instrument, index, reference rate or any other thing whose price movement determines the value of the Contract.
"US\$"	— The United States Dollar or the lawful currency of the United States of America.
<b><u>W</u></b>	
"writing" or "written"	— Includes printing, lithography, typewriting and any other mode of representing or reproducing words in a visible form.

*Amended on [27 March 2006](#), [22 September 2006](#), [26 January 2007](#), [10 August 2007](#), [25 August 2009](#), [1 October 2009](#), [22 February 2010](#), [10 May 2010](#), [16 July 2012](#), [7 August 2012](#), [8 November 2012](#) and [26 April 2013](#).*

## 9.02 General Principles of Interpretation

### 9.02.1

Any word importing the singular number only shall, where the context permits, include the plural number and vice versa.

*Amended on [27 March 2006](#).*

### 9.02.2

Any word importing the masculine gender shall include the feminine gender and shall, where the context permits or requires, include a partnership or an incorporated company.

*Amended on [27 March 2006](#).*

### 9.02.3

Save as aforesaid, any word or expression used in the Act and the Interpretation Act, Chapter 1, shall, if not inconsistent with the subject or context, have the same meaning in this Rules.

*Amended on [27 March 2006](#).*

### 9.02.4

Any reference to a particular rule in this Rules shall include the sub-sections of that rule.

*Added on [27 March 2006](#).*

### 9.02.5

References in this Rules to statutory provisions shall be construed as references to those provisions as modified or re-enacted from time to time and to any subordinate legislation made under such provisions and shall include references to any repealed statutory provisions which have been so re-enacted (whether with or without modification).

*Added on [27 March 2006](#).*

### 9.02.6

The headings in this Rules are for convenience only and do not affect the construction of this Rules.

*Amended on [27 March 2006](#).*

### 9.02.7 Severability

The invalidity, illegality or unenforceability in whole or in part of any of the provisions of this Rules or the Directives or Circulars, shall not affect the validity, legality and enforceability of the remaining part or provisions of the rest of this Rules and the Directives or Circulars.

*Added on [26 April 2013](#).*

## Directives

### Directive No. 1 Requirement for Clearing Members Clearing OTC Commodity Contracts for U.S. Persons to Issue Disclosure Statement

Dates	Cross Reference	Enquiries
Issue Date <a href="#">31 December 2012</a>		Please contact Member Supervision: —
Effective Date 31 December 2012		Facsimile No : 6538 8273 E-Mail Address: <a href="mailto:membersup@sgx.com">membersup@sgx.com</a>

#### 1 Background

- 1.1 Singapore Exchange Derivatives Clearing Limited ("**SGX-DC**") refers to SGX-DC's communications to Clearing Members dated 5 October 2012 and 19 October 2012.
- 1.2 Certain provisions of the U.S. Commodity Exchange Act ("**CEA**"), introduced in accordance with the Dodd-Frank Act, came into effect on 12 October 2012 ("**New U.S. Laws**"). This included the definition of the term "swap".
- 1.3 Section 5b(a) of the CEA makes it unlawful for any clearing organisation to clear swaps for a U.S. person if it is not registered (or otherwise exempt) as a derivatives clearing organisation ("**DCO**"). As a result of this, SGX-DC is required to comply with the DCO registration requirements under CEA Section 5b(a).

- 1.4 Further, Clearing Members clearing through SGX-DC on behalf of U.S. persons would be required to comply with futures commission merchant ("**FCM**") registration requirements under CEA Section 4d(f)(1). CEA Section 4d(f)(1) provides that it is unlawful for any person to accept margins on behalf of a U.S. swaps customer to secure a swap cleared through a DCO unless that person is registered with the Commodity Futures Trading Commission (the "**Commission**") as an FCM.
- 1.5 SGX-DC is in the process of applying to be registered as a DCO. SGX-DC currently clears OTC commodity contracts through its Clearing Members and for U.S. persons, some of which fall within the swap definition under the New U.S. Laws ("**OTC Commodity Contracts**").

## 2 No-Action Relief

- 2.1 On 21 December 2012, SGX-DC submitted a letter of request ("**Request Letter**") to the Commission for no-action relief ("**Relief**") from CEA Section 5b(a), in respect of SGX-DC, and CEA Section 4d(f)(1), in respect of its Clearing Members clearing the OTC Commodity Contracts identified in Appendix A of SGX-DC's Request Letter. A copy of SGX-DC's Request Letter is attached as [Appendix 1](#).
- 2.2 The Relief was granted by the Commission on 21 December 2012. A copy of the Commission's letter is attached as [Appendix 2](#).
- 2.3 The Relief applies to SGX-DC and its Clearing Members whose customers include U.S. persons as at 21 December 2012 ("**Affected U.S. Persons**"). The Relief permits such Clearing Members to accept, clear, and carry new positions in OTC Commodity Contracts for Affected U.S. Persons on the condition that Clearing Members issue to such customers a disclosure statement (the "**Disclosure Statement**") to, *inter alia*, inform all Affected U.S. Persons that these positions and related margin are not protected by U.S. Laws.
- 2.4 Details of the Disclosure Statement are set out in Section 3 below.
- 2.5 The Relief granted will expire at the earlier of: (a) 31 December 2013; or (b) the date upon which SGX-DC registers as a DCO. At such date, the positions and related margin of Affected U.S. Persons shall be held only by Clearing Members that are registered FCMs.

## 3 Disclosure Statement Requirement

- 3.1 SGX-DC hereby directs Clearing Members who clear OTC Commodity Contracts for Affected U.S. Persons to issue a Disclosure Statement to such customers that prominently states the following statements:
- (a) accounts holding customer positions in OTC Commodity Contracts and related customer property are not subject to Section 4d(f) of the CEA;
  - (b) such positions and related property will not be subject to, and therefore will not receive the protections of, Subchapter IV of Chapter 7 of the U.S. Bankruptcy Code and Part 190 of the Commission's regulations; and
  - (c) the treatment of the customer positions and related property in the event of an insolvency proceeding of SGX-DC or any of its Clearing Members will be subject to Singapore's laws.
- 3.2 SGX-DC directs all Clearing Members clearing OTC Commodity Contracts for Affected U.S. Persons to issue the Disclosure Statement to the Affected U.S. Persons as soon as practicable, but in any event, no later than 25 January 2013.

### Appendix 1 Request for No-Action Relief from Commodity Exchange Act Sections 5b (a) and 4d(f)(1)

Click [here](#) to view Appendix 1.

Added on [31 December 2012](#).

### Appendix 2 CFTC Grant of No Action Relief

Click [here](#) to view Appendix 2.

Added on [31 December 2012](#).

## Practice Notes



## Practice Note 2.13A — Business Continuity Requirements

Issue Date	Cross Reference	Enquiries
Added on <a href="#">22 January 2009</a>	<a href="#">Rule 2.13A</a>	Please contact Member Supervision:  Facsimile No : 6538 8273 E-Mail Address: <a href="mailto:membersup@sgx.com">membersup@sgx.com</a>

### 1. Introduction

1.1 [Rule 2.13A](#) requires Clearing Members to:

- (i) maintain adequate business continuity arrangements;
- (ii) document business continuity arrangements in a business continuity plan;
- (iii) test and review business continuity plans regularly; and
- (iv) appoint emergency contact persons.

1.2 The objective is to ensure that Clearing Members have the ability to:

- (i) React swiftly to emergency situations; and
- (ii) Maintain critical functions and fulfill obligations to customers and counterparties in the event of major operational disruptions.

### 2. Business Continuity Plan

#### 2.1 Critical Elements of a Business Continuity Plan

[Rule 2.13A.1](#) requires Clearing Members to maintain adequate business continuity arrangements, and document such arrangements in a business continuity plan. As a guide, a Clearing Member's business continuity plan should document the following elements:

- (i) Risk assessment: This includes a comprehensive assessment of business continuity risks (including financial and operational risks) and threat scenarios which may severely disrupt a Clearing Member's operations. Such scenarios may include prolonged power outages, IT system software or hardware failures, loss of voice or data communication links, acts of terrorism, and outbreak of infectious diseases;
- (ii) Business impact analysis: This is an evaluation of the impact of the risks and threat scenarios identified in (i) above. The business impact analysis should identify critical business functions (including support operations and related information technology systems) and potential losses (monetary and non-monetary) to enable the Clearing Member to determine recovery strategies/priorities and recovery time objectives;
- (iii) Work area recovery: This refers to continuity arrangements for a Clearing Member's critical functional capabilities in the event that the Clearing Member's primary office becomes inaccessible, for example, availability of a disaster recovery site ready for activation within a reasonable period of time;
- (iv) Crisis communications: This refers to a communications plan for the Clearing Member to liaise with its internal and external stakeholders such as employees, customers and regulatory authorities during a crisis;
- (v) Roles and responsibilities: This refers to the identification of a Clearing Member's key personnel and management staff, their roles and responsibilities, and reporting lines. Alternates should be identified to cover the responsibilities of absent key personnel.
- (vi) Backup for critical functions\*, information technology systems and data;

*\* Critical functions refer to business functions whose failure or disruption may incapacitate the firm.*

- (vii) Key service providers: This refers to assessing a Clearing Member's dependencies on key service providers in recovery strategies and recovery time objectives, and taking steps to ensure that key service providers are capable of supporting the Clearing Member's business, even in disruptions;

<sup>^</sup> Key service providers refer to third-parties who are performing functions that are not normally carried out by Clearing Members internally, but are critical to the Clearing Member's ability to carry on business operations. For example, IT system hardware/software vendors.

(viii) Outsourcing service providers<sup>#</sup>: This refers to assessing whether the service provider has established satisfactory Business Continuity Plans commensurate with the nature, scope and complexity of the outsourced services; and

<sup>#</sup> Outsourcing service providers refer to third parties who are performing functions that would normally be performed by Clearing Members internally. For example, Operations and Technology.

(ix) Any other elements that the Clearing Member deems necessary to be included in its business continuity plan or which the Clearing House may prescribe from time to time.

## 2.2 Emergency Response During Crisis

2.2.1 A Clearing Member should establish and maintain a crisis management plan as part of its business continuity plan. The crisis management plan should include (but not be limited to):

- (i) Emergency response procedures;
- (ii) Roles and responsibilities of the crisis management team;
- (iii) Command and control structures; and
- (iv) Salvage and restoration procedures.

2.2.2 The Clearing House may declare a wide-area crisis in the event of a major and widespread incident. When such declaration is made, the Clearing House may require a Clearing Member to submit status reports to the Clearing House. A wide-area crisis may include any incident where the operations of a large number of market participants are disrupted simultaneously.

## 2.3 Regular Review, Testing and Training

2.3.1 [Rule 2.13A.4](#) requires a Clearing Member to review and test its business continuity plan regularly. Clearing Members should do so at least once a year to ensure that their business continuity plans remain relevant.

2.3.2 Where there are material changes to a Clearing Member's business activities and operations, the Clearing Member should update its business continuity plan accordingly. Regular training should be conducted for staff to be updated and aware of any relevant changes to the Clearing Member's business continuity arrangements. As a principle, training should be conducted when:

- (i) changes have been made to the Clearing Member's BCP; and
- (ii) new staff are recruited.

Clearing Members should also conduct refresher courses for existing staff where appropriate.

## 3. Emergency Contact Persons

3.1 [Rule 2.13A.5](#) requires a Clearing Member to appoint emergency contact persons and furnish the contact information of such persons to the Clearing House. Clearing Members may appoint an emergency contact person and up to two (2) alternates. A template is attached as Appendix A to this Practice Note for the notification of contact information (postal address, email, telephone, mobile telephone and facsimile numbers) to the Clearing House.

Refer to [Appendix A of Practice Note 2.13A](#).

3.2 Clearing Members are to ensure that the contact information provided to the Clearing House is updated on a semi-annual basis. Nonetheless, where there are changes to a Clearing Member's emergency contact persons and contact information, the Clearing Member should notify the Clearing House immediately in writing.

3.3 A Clearing Member's authorized emergency contact person should immediately notify the Clearing House in the event where:

- (i) a Clearing Member's business operations are or will be significantly disrupted; and/or
- (ii) a Clearing Member's business continuity plan is activated.

## Appendix A to Practice Note 2.13A Business Continuity Management Emergency Contact Person(s)

Please click [here](#) to view Appendix A to Practice Note 2.13A Business Continuity Management Emergency Contact Person(s).

## Practice Note 2.28A Procedures to Suspend Qualification of a Trading Member

Issue Date	Cross Reference	Enquiries
<a href="#">11 January 2011</a>	Clearing Rules <a href="#">Rule 2.28A.3</a> and <a href="#">2.28A.5</a>	<p>Please contact:</p> <p><b>Member Supervision</b>            Facsimile No : 6538 8273            E-Mail Address : <a href="mailto:membersup@sgx.com">membersup@sgx.com</a></p> <p><b>Market Control</b>            Hotline : 6236 8433</p>

### 1 Introduction

- 1.1 [Rule 2.28A.3](#) states that a Clearing Member who wishes to suspend its clearing arrangement with a Trading Member, shall notify the Clearing House of its decision to suspend its clearing arrangement with that Trading Member, and comply with any reasonable direction of the Clearing House in relation to the suspension of the clearing of the Trading Member's trades.
- 1.2 [Rule 2.28A.5](#) states that the Clearing Member shall clear and settle all the trades of the Trading Member which are done right up to the point when the Trading Member has been disabled from entering trades to be cleared by the Clearing Member.
- 1.3 This Practice Note sets out the operational procedures that a Clearing Member should follow to notify the Clearing House of its decision to suspend its clearing arrangement with a Trading Member.

### 2 Procedures for Suspending a Trading Member

#### Designated Officers

- 2.1 Clearing Members shall at all times have at least two Designated Officers whose role is to notify the Clearing House of the Clearing Member's decision to suspend a Trading Member.
- 2.2 For each Designated Officer, the Clearing Member shall submit to SGX's Market Control the Designated Officer's name, identification number, contact details, and a sealed envelop containing authentication information stipulated by Market Control. (For security reasons, the required authentication information will not be published in this Practice Note. Clearing Members are to contact Market Control regarding the required information.)
- 2.3 Clearing Members must promptly update Market Control of changes in Designated Officers, and any changes to a Designated Officer's information.

#### Notification of Suspension of Trading Member

- 2.4 Once a Clearing Member has decided to suspend a Trading Member, the Clearing Member's Designated Officer shall contact Market Control by telephone during trading hours at the Market Control Hotline, 6236 8433, and notify Market Control of the suspension.
- 2.5 Market Control will verify the identity of the caller by requiring the caller to respond correctly to two authentication questions.
- 2.6 If the caller is authenticated as the Clearing Member's Designated Officer, Market Control will effect the suspension of the Trading Member. The suspension will be effected within one hour of the authentication of the Designated Officer.

2.7 SGX will suspend the Trading Member's trading access and cancel all open orders for the suspended Trading Member. Market Control will notify the Designated Officer when this is done.

#### Final Traded Position

2.8 For the purposes of [Rule 2.28A.5](#), the Clearing Member shall accept the Trading Member's final traded position as stated in the trade report produced by SGX.

2.9 For clarifications, the Clearing Member may call the Market Control Hotline, 6236 8433.

Added on [11 January 2011](#).

### **Practice Note 2.28A.1.3 — Pre-Execution Checks**

Issue Date	Cross Reference	Enquiries
Added on <a href="#">15 March 2013</a>	<a href="#">Rule 2.28A.1.3</a>	Please contact Member Supervision:  Facsimile No : 6538 8273 E-Mail Address : <a href="mailto:membersup@sgx.com">membersup@sgx.com</a>

#### **1. Introduction**

1.1 This Practice Note explains the parameters and functions which pre-execution checks may contain as contemplated in [Rule 2.28A.1.3](#).

#### **2. Pre-Execution Checks**

2.1 [Rule 2.28A.1.3](#) requires a Clearing Member, in order to clear the trades of a Trading Member, to satisfy the Clearing House that it has in place automated pre-execution credit control checks to monitor the Trading Member's trades and manage its risk exposure to such trades. The purpose of this is to prevent overtrading and for credit risk management purposes. The parameters of such pre-execution checks and filters may include but are not limited to:

- (a) total quantity limit (taking into account the total long and short positions, including all resting orders and executed orders);
- (b) maximum long per contract (taking into account the total long positions, including resting long orders and net executed orders);
- (c) maximum short per contract (taking into account the total short positions, including resting short orders and net executed orders);
- (d) total maintenance margin requirements for the absolute worst positions (i.e. the higher of absolute maximum long and absolute maximum short), computed by using the margin rate prescribed by the Exchange; and
- (e) net exposure limit (taking into account net long and short positions).

2.2 By way of illustration, pre-execution risk management control functions may include the following:

- (a) the ability to adjust credit or quantity limits in real time during a trading session;
- (b) the ability to set permission levels (e.g. access to selected products/ instruments) and suspend the Trading Member during the trading session on a real time basis; and
- (c) the ability to intercept orders that exceed credit limits and trigger error-prevention alerts on a real-time basis.

2.3 Clearing Members will be able to meet the requirement in [Rule 2.28A.1.3](#) by using Exchange-hosted pre-execution checks, or by being able to directly set and control pre-determined automated limits in the Trading Member's system, having automated alerts whenever such limits are altered, and by conducting regular post-execution reviews of trades. Clearing Members should assess and continue to ensure that the pre-execution risk management control checks are robust on an ongoing basis.

Added on [15 March 2013](#).

## Practice Note 2.28A.1.6 — Conflicts of Interest

Issue Date	Cross Reference	Enquiries
Added on <a href="#">15 March 2013</a>	<a href="#">Rule 2.28A.1.6</a>	Please contact Member Supervision:  Facsimile No : 6538 8273 E-Mail Address : <a href="mailto:membersup@sgx.com">membersup@sgx.com</a>

### 1. Introduction

1.1 This Practice Note provides guidance on how front office and back office functions of Clearing Members should be separated, in accordance with [Rule 2.28A.1.6](#).

### 2. Separation of Key Functions

2.1 The purpose of separating a Clearing Member's various key functions is to minimise and manage conflicts of interests among these functions.

2.2 Examples of proper separation include:—

- (a) the setting and authorising of credit limits on customers by senior management staff who are independent of sales and marketing functions, and are not related to the customer in question; and
- (b) having adequate separation of management responsibilities e.g the heads of sales, dealing or marketing functions should not have responsibilities over the middle and back office functions of Clearing Members.

2.3 The basis for determining and amending credit limits should be properly documented. Adequate audit trail reports should be maintained to show all changes to credit limits, the date and time of the modifications and the authorised person who approved the changes. In addition, sufficient checks and procedures should be in place to ensure that all limits and parameters set and modified by the credit control administrator are accurate and have been approved.

Added on [15 March 2013](#).

## Practice Note 6.07A — Facilitator Agent

Issue Date	Cross Reference	Enquires
Added on <a href="#">1 October 2009</a> .	<a href="#">Rule 6.07A</a>	Please contact:  <b><u>Operations, Clearing and Depository</u></b> Email: <a href="mailto:otclear@sgx.com">otclear@sgx.com</a> Clearing Hotline Tel: (65) 6236 5319

### 1. Introduction

1.1 [Rule 6.07A](#) states that the Clearing House may appoint any person as a Facilitator Agent to perform any function for the purpose of facilitating delivery by Clearing Members.

1.2 This Practice Note elaborates on the role of a Facilitator Agent, and sets out the Facilitator Agents appointed by the Clearing House, and the functions for which such Facilitator Agents are appointed.

### 2. Role of a Facilitator Agent

2.1 Where, upon maturity of a Contract settled by way of physical delivery of an underlying Commodity, a Clearing Member continues to hold open positions which have been cleared through the Clearing House, the Clearing House may facilitate delivery by such Clearing Member in accordance with the Contract Specifications.

2.2 The Clearing House may appoint a Facilitator Agent to carry out, on its behalf, any function to facilitate such delivery by a Clearing Member.

2.3 For the avoidance of doubt, where a Facilitator Agent is appointed, the rights and liabilities (including any exclusion or limitation of liability) as between the Clearing House and Clearing Members in relation to physical delivery provided under [Chapter 6](#) of this Rules, shall continue to apply.

### 3. Facilitator Agent for Contracts Traded on the Singapore Commodity Exchange Limited ("SICOM") and Settled by Way of Physical Delivery

3.1 In respect of Contracts matched and executed on SICOM and cleared through the Clearing House, SICOM shall be appointed as the Clearing House's Facilitator Agent.

3.2 SICOM shall, on behalf of the Clearing House, perform all functions required to facilitate delivery by Clearing Members in accordance with the relevant Delivery Rules except all matters in relation to Clearing Members' monies.

3.3 The functions performed by SICOM shall include:

- a) matching of Clearing Members with open positions after the Last Trading Day, in accordance with the Contract Specifications;
- b) acceptance of any documents, or instruments (other than monies) from any Clearing Member required pursuant to the relevant Delivery Rules for the purpose of effecting delivery;
- c) release of any documents or instruments (other than monies of a Clearing Member) to any party in accordance with the Contract Specifications; and
- d) receipt of notification of any claims in relation to the performance of Delivery Obligations from any Clearing Member.

3.4 Except for matters in relation to Clearing Members' monies, Clearing Members effecting delivery through the Clearing House shall deal directly with SICOM in the performance of their Delivery Obligations, regardless of whether its counterparty is a Clearing Member, or a clearing member of SICOM.

3.5 Clearing Members shall deal directly with the Clearing House in respect of all matters relating to monies under the Contract Specifications.

### Practice Note 7.11.1.1 — Daily Settlement Procedures for Eligible Non-Relevant Market Contracts

Issue Date	Cross Reference	Enquires
Added on <a href="#">22 September 2006</a> and amended on <a href="#">23 November 2009</a> and <a href="#">8 November 2012</a> .	<a href="#">Rule 7.11.1.1</a>	Please contact:  <b><u>Operations, Clearing and Depository</u></b> Clearing Hotline Tel: (65) 6236 5319 Email: <a href="mailto:otclear@sgx.com">otclear@sgx.com</a>  <b><u>SGX OTC Clearing Business</u></b> Email: <a href="mailto:sgxotc@sgx.com">sgxotc@sgx.com</a>

#### 1. Introduction

1.1 This Practice Note describes the procedures for determining Daily Settlement Prices for Eligible Non-Relevant Market Contracts.

1.2 Daily Settlement Price is the official daily closing price of a Contract determined in accordance with SGX-DC Clearing [Rule 7.11.1.1](#). An Eligible Non-Relevant Market Contract is any Non-Relevant Market Contract accepted by the Clearing House for clearing, subject to SGX-DC Clearing Rules, as prescribed by the Clearing House from time to time.

1.3 The procedures in this Practice Note shall only be applicable for determining the Daily Settlement Price of an Eligible Non-Relevant Market Contract from the first trading day to one day before last trading day.

The formulas for the computation of Daily Settlement Prices on the last trading day, otherwise also known as Final Settlement Prices, are provided in Appendix 1 of SGX-DC Clearing Rules.

Refer to [Appendix 1](#).

## 2. Procedures

- 2.1 Clearing House shall prescribe a list of Price Contributors for each Eligible Non-Relevant Market Contract.
- 2.2 Clearing House shall obtain daily price assessments for each Eligible Non-Relevant Market Contract from each Price Contributor.
- 2.3 The Daily Settlement Price for a contract month shall be the weighted average price assessments provided by each Price Contributor, whose weight shall be decided by Clearing House. Clearing House may discard the lowest or highest assessments before averaging.
- 2.4 In the event that no price assessment is obtained for a contract month, the Daily Settlement Price for that contract month shall be interpolated using the following but not limited to:
- a) available price assessments for preceding months and following months;
  - b) current month's spot assessments;
  - c) prices of registered transactions.

## 3. Price Contributors

- 3.1 The Price Contributors for each Eligible Non-Relevant Market Contracts group are:

### Oil Swaps

- a) Platts
- b) Forward Market Curve Limited
- c) Market Participants

### Freight Forward Contracts

- a) The Baltic Exchange Limited

### Iron Ore Swaps

- a) Market Participants

## Practice Note 7.11.1.2 — Daily Settlement Price Methodology

Issue date	Cross Reference	Enquiries
Added on <a href="#">22 September 2006</a> and amended on <a href="#">1 October 2009</a> and <a href="#">24 January 2011</a> and <a href="#">8 November 2012</a> .	<a href="#">Rule 7.11.1.2</a>	Please contact Derivatives:  Telephone No: 6236 8888

### 1. Introduction

[Rule 7.11.1.2](#) of the Clearing Rules states that the Daily Settlement Price for Contracts other than Non-Relevant Market Contracts shall be determined by the Clearing House in accordance with the relevant formula and procedures applicable to each Contract. In arriving at such formula, the Clearing House may, in consultation with the Exchange, take into account factors, including but not limited to:

- a) the last traded price;
- b) bid and offer spread at the close of market;
- c) price data derived from pricing models, as selected or established by the Clearing House from time to time.

This Practice Note sets out the formulas and methodologies used by the Clearing House to compute the Daily Settlement Price as contemplated in the above Rule.

## 2. Methodology for Computation of Daily Settlement Price

### 2.1 Most Commonly Adopted Methodology.

Save for exceptional situations, the Clearing House can use any one of the following methodologies to compute the Daily Settlement Price:

- a) a price determined by a pre-closing routine; or
- b) a price derived from the prices in the closing range;
- c) a price determined by taking into account typical spread relationships with other Contract Months in the relevant Contract;
- d) a price determined by theoretical pricing models selected by the Clearing House; or
- (e) a price determined through polling, conducted by the Clearing House, of market participants and/or any other price source deemed as reliable by the Clearing House.

Higher bid or lower offer prices at the close may be used by the Exchange in the computation of the Daily Settlement Price under methodologies b, c and d.

### 2.2 Exceptional Situations.

In exceptional cases when none of the methodologies set forth in paragraph 2.1 above yields a Daily Settlement Price that is reflective of market conditions, the Clearing House may use any of the following alternative methodologies for the computation of the Daily Settlement Price:

- a) in regards to Futures Contracts, the Daily Settlement Price may be set at a price which when compared to the Daily Settlement Price of the next Contract Month reflects the same differential that existed between the two Contract Months on the previous day, unless there is a higher bid or lower offer in existence at the close. In such case, the higher bid or lower offer may be the Daily Settlement Price; or
- b) in regards to Futures Contracts or Options Contracts, such other price that the Clearing House determines to be reflective of prevailing market conditions.

"Option Contracts" and "Futures Contracts" shall have the meaning ascribed to them in the Trading Rules.

### 2.3 Contracts Traded On the Singapore Commodities Exchange.

In respect of Contracts traded on the Singapore Commodity Exchange ("SICOM"), the Clearing House shall use the Daily Settlement Price as derived by SICOM (or its clearing house).

## Practice Note 7A.02.1.5.c.ii OTCF Product Group By Currency

Issue Date	Cross Reference	Enquiries
<a href="#">7 August 2012</a>	Clearing Rules <a href="#">7A.02.1.5.c.ii</a>	Please contact:  <b>Risk Management</b> E-Mail Address : <a href="mailto:rmd@sgx.com">rmd@sgx.com</a>

### 1. Introduction

1.1. [Rule 7A.02.1.5.c.ii](#) states that the Clearing House may assign residual OTCF positions of a suspended or defaulted Clearing Member to a non-defaulting Clearing Member which has cleared such product group in such currency in the last three months. The residual OTCF positions may be assigned if it is in the Clearing House's good faith opinion that an auction of such positions is impossible or impracticable.

1.2. This Practice Note explains what is meant by a product group and sets out the OTCF product group by currency referred to in [Rule 7A.02.1.5.c.ii](#), which are cleared through the Clearing House.

### 2. Product Group By Currency



2.1. A product group means a distinct group of OTCF Contracts in a specified currency for which the Clearing House offers clearing services.

2.2. The Product Groups by currency cleared through the Clearing House are as follows:

<u>Product Group</u>	<u>Currency</u>
Interest rate swaps	(a) Singapore dollars (b) US dollars
Non-deliverable foreign exchange forwards	(a) Chinese Yuan (b) Indian Rupee (c) Indonesian Rupiah (d) Korean Won (e) Malaysian Ringgit (f) New Taiwan Dollar (g) Philippine Peso

2.3. As an example, a suspended or defaulted Clearing Member's residual OTCF positions in Singapore dollar interest rate swaps may only be assigned to a non-defaulting Clearing Member which has cleared Singapore dollar interest rate swaps in the last three months. The residual OTCF positions may not be assigned to a non-defaulting Clearing Member which has cleared US dollar interest rate swaps, but not Singapore dollar interest rate swaps in the last three months.

## Appendices

### Appendix 1 — Final Settlement Price

#### Oil Swaps Contracts

Products	Dubai	Brent / Dubai Crude Oil Spread Swap	Gasoil	Kerosene	Naphtha		
<b>Contract</b>	Dubai Crude Oil Swap	Brent / Dubai Crude Oil Spread Swap	Gasoil Swap FOB Singapore	Kerosene Swap FOB Singapore	Naphtha Swap FOB Singapore	Naphtha CFR Japan	Balance-of-Month Naphtha CFR Japan
<b>Final Settlement Price</b>	Arithmetic average of Platts' daily spot assessments in the Contract Month for the relevant underlying product, rounded to 3 decimal places.					Cash settlement using arithmetic average of Platts daily spot assessments in the contract month, rounded to three decimal places.	Cash settlement using the arithmetic average of the remaining assessments of Platts's daily spot assessments in the contract month (inclusive of the current Business Day), rounded to three decimal places.
<b>Products</b>	<b>Fuel Oil 180</b>			<b>Fuel Oil 380</b>			
<b>Contract</b>	Singapore Fuel Oil 180cst Swap, 3.5% sulfur			Singapore Fuel Oil 380cst Swap, 4% sulfur			
<b>Final Settlement Price</b>	Arithmetic average of Platts' daily spot assessments in the Contract Month for the relevant underlying product, rounded to 3 decimal places.						

Products	Mini Fuel Oil 180 CST	Mini Fuel Oil 380 CST	BOM Mini Fuel Oil 180 CST	BOM Mini Fuel Oil 380 CST
<b>Contract</b>	Mini Singapore Fuel Oil 180 CST Swap, 3.5% Sulfur	Mini Singapore Fuel Oil 380 CST Swap, 4% Sulfur	Balance-of-Month Mini Singapore Fuel Oil 180cst Swap, 3.5% Sulphur	Balance-of-Month Mini Singapore Fuel Oil 380cst Swap, 4% Sulphur
<b>Final Settlement Price</b>	Arithmetic average of Platts' daily spot assessments in the Contract Month for the relevant underlying product, rounded to 3 decimal places.		Cash settlement using the arithmetic average of the remaining assessments of Platts's daily spot assessments in the contract month (inclusive of the current Business Day), rounded to three decimal places.	

Products	Visco	Regrade
<b>Contract</b>	Fuel Oil 180cst vs 380cst Swaps Differential	Kerosene vs Gasoil Swaps Differential
<b>Final Settlement Price</b>	FSP of Fuel Oil 180cst Swap minus FSP of Fuel Oil 380cst Swap	FSP of Kerosene Swap FOB Singapore minus FSP of Gasoil Swap FOB Singapore

Products	Benzene Swaps	
<b>Contract</b>	Benzene FOB Korea Swaps	Balance-of-Month Benzene
<b>Final Settlement Price</b>	Cash settlement using the arithmetic average of Platts daily spot 'marker' physical cargo assessments in the contract month, rounded to 3 decimal places.	Cash settlement using the arithmetic average of the remaining assessments of Platts's daily spot marker physical cargo assessments in the contract month (inclusive of the current Business Day), rounded to three decimal places.

Products	BOM Dubai	BOM Gasoil	BOM Kerosene	BOM Fuel Oil 180	BOM Fuel Oil 380
<b>Contract</b>	Balance-of-month Dubai Crude Oil Swap	Balance-of-month Gasoil Swap FOB Singapore	Balance-of-month Kerosene Swap FOB Singapore	Balance-of-month Singapore Fuel Oil 180 cst Swap, 3.5% sulfur	Balance-of-month Singapore Fuel Oil 380 cst Swap, 4% sulfur
<b>Final Settlement Price</b>	Arithmetic average of the remaining assessments of Platts' daily spot assessments in the Contract Month for the relevant underlying product, rounded to 3 decimal places.				

Product	Gasoline 92	Gasoline 95	BOM Gasoline 92	BOM Gasoline 95
<b>Contract</b>	Gasoline 92 RON FOB Singapore Swap	Gasoline 95 RON FOB Singapore Swap	Balance-of-Month Gasoline 92 RON FOB Singapore Swap	Balance-of-Month Gasoline 95 RON FOB Singapore Swap
<b>Final Settlement Price</b>	Cash settlement using arithmetic average of Platts' daily spot assessments in the contract month, rounded to three decimal places.		Cash settlement using the arithmetic average of the remaining assessments of Platts' daily spot assessments in the Contract Month (inclusive of the current Business Day), rounded to three decimal places.	

#### Iron Ore Swap Contracts

Products	Iron Ore Swap
<b>Contract</b>	Iron Ore CFR China (62% Fe Fines) Swap

**Final Settlement Price** Cash settlement using the arithmetic average of all The Steel Index (TSI) iron ore reference prices in the expiring month, rounded to 2 decimal places.

**Product** Iron Ore Option

**UnderlyingContract** Iron Ore Swap

**Option Exercise and Settlement**

European Style: An option will be exercised automatically at expiry only if it is in-the-money.

Cash Settled: Upon exercise, a **call** option will have a value equal to final settlement price of the underlying Iron Ore Swap minus the strike price, multiplied by the contract size.

Upon exercise, a **put** option will have a value equal to the strike price minus the final settlement price of the underlying Iron Ore Swap, multiplied by the contract size.

#### Freight Forward Contracts: Tanker Voyage Routes

Product	TD3	TC4	TC 5
<b>Contract</b>	TD3 Forward Freight Agreement- ME Gulf-Japan (Ras Tanura - Chiba), 260,000 mt	TC4 Forward Freight Agreement- Singapore-Japan (Singapore - Chiba), 30,000 mt	TC5 Forward Freight Agreement- Middle East-Japan (Ras Tanura - Yokohama), 50,000 mt
<b>Final Settlement Price</b>	Arithmetic average of Baltic's daily spot assessments in the Contract Month for the relevant underlying product, rounded to 4 decimal places	Arithmetic average of Platts' daily spot assessments in the Contract Month for the relevant underlying product, rounded to 4 decimal places	Arithmetic average of Platts' daily spot assessments in the Contract Month for the relevant underlying product, rounded to 4 decimal places.

#### Freight Forward Contracts: Dry Trip Timecharter Routes

Product	P2A	P3A
<b>Contract</b>	Panamax Route P2A Forward Freight Agreement Skaw/Gibraltar — Far East, re-delivery Taiwan/Japan range. 60/65 days	Panamax Route P3A Forward Freight Agreement Trans Pacific round either via Australia or Pacific, delivery and re-delivery Japan/South Korea range. 35/50 days
<b>Final Settlement Price</b>	Arithmetic average of last 7 Baltic's daily spot assessments in the Contract Month for the relevant underlying product, rounded to 1 decimal place	

#### Freight Forward Contracts: Dry Voyage Routes

Product	C3	C4	C7
<b>Contract</b>	Capesize Route C3 Forward Freight Agreement Tubarao/Beilun and Baoshan. 150,000mt	Capesize Route C4 Forward Freight Agreement Richards Bay-Rotterdam. 150,000mt	Capesize Route C7 Forward Freight Agreement Bolivar-Rotterdam. 150,000mt
<b>Final Settlement Price</b>	Arithmetic average of last 7 Baltic's daily spot assessments in the Contract Month for the relevant underlying product, rounded to 4 decimal places		

**Product** C5

**Contract** Capesize Route C5 Forward Freight Agreement W Australia — Qingdao. 160,000mt

**Final Settlement Price** Arithmetic average of all Baltic's daily spot assessments in the Contract Month for the relevant underlying product, rounded to 4 decimal places

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

Product	CTC	Half-Day CTC	PTC	Half-Day PTC	STC	Half-Day STC
<b>Contract</b>	Capesize Time Charter Basket	Half-day Capesize Time Charter Basket	Panamax Time Charter Basket	Half-day Panamax Time Charter Basket	Supramax Time Charter Basket	Half-day Supramax Time Charter Basket

**Final Settlement Price** Arithmetic average of all Baltic's daily spot assessments in the Contract Month for the relevant underlying product, rounded to 1 decimal place

Product	Capesize Option	Panamax Option	Supramax Option	Handysize Option
<b>UnderlyingContract</b>	Capesize Time Charter Basket	Panamax Time Charter Basket	Supramax Time Charter Basket	Handysize Time Charter Basket Average 6 Routes

European Style: An option will be exercised automatically at expiry only if it is in-the-money.

**Option Exercise and Settlement** Cash Settled: Upon exercise, a **call** option will have a value equal to final settlement price of the underlying FFA minus the strike price, multiplied by the contract size. Upon exercise, a **put** option will have a value equal to the strike price minus the final settlement price of the underlying FFA, multiplied by the contract size.

Product	HTC	Half-Day HTC
<b>Contract</b>	Handysize Time Charter Basket Average 6 Routes	Half-day Handysize Time Charter Basket

**Final Settlement Price** Arithmetic average of all Baltic's daily spot assessments in the Contract Month for the relevant underlying product, rounded to 1 decimal place

#### Container Swap Contracts

Product	Container Swap			
<b>Contract</b>	Shanghai-Europe Route Container Swap	Shanghai-Mediterranean Container Swap	Shanghai-US West Coast Container Swap	Shanghai-US East Coast Container Swap
<b>Final Settlement Price</b>	Cash settlement using the arithmetic average of all Shanghai Shipping Exchange's Shanghai Containerized Freight Index (SCFI) weekly spot assessments for the contract month, rounded to 2 decimal places			

#### Coal Swap Contracts

Product	Coal Swap	
<b>Contract</b>	Sub-Bituminous Coal FOB Indonesia Swap	CFR South China Coal Swap
<b>Final Settlement Price</b>	Cash settlement using the arithmetic average of all publications of the IHS McCloskey Indonesian Sub-Bituminous FOB marker in the expiring contract month, rounded to 2 decimal places.	<p>Cash settlement using the arithmetic average of all publications (expiring month) of the:</p> <ul style="list-style-type: none"> <li>(1) IHS McCloskey/Xinhua Infolink South China Marker as published by IHS McCloskey and</li> <li>(2) Argus 5,500 kcal/kg CFR South China Price Assessment as published by Argus</li> </ul> <p>The arithmetic average in the expiring month will be rounded to 2 decimal places.</p>

*Added on [27 March 2006](#) and amended on [1 September 2006](#), [1 March 2007](#), [1 August 2007](#), [28 November 2007](#), [5 May 2008](#), [17 April 2009](#), [31 May 2010](#), [3 November 2010](#), [28 February 2011](#), [5 December 2011](#), [1 February 2012](#), [1 March 2012](#), [10 September 2012](#) and [26 November 2012](#).*

## Appendix 2 — Contracts of Other Relevant Markets Accepted by the Clearing House

Subject to any conditions or limitations set forth in this Rules, the Clearing House shall clear the following Contracts:

1. Designated Futures Contracts pursuant to the Mutual Offset System with the Chicago Mercantile Exchange:
  - a. SGX Three (3) Month Eurodollar Futures Contract
  - b. SGX Three (3) Month Euroyen Futures Contract
  - c. SGX Nikkei Average Stock Index Futures Contract
  - d. USD SGX Nikkei Average Stock Index Futures Contract
  - e. SGX CNX Nifty Index Futures Contract

*Added on [1 October 2009](#) and amended on [22 April 2010](#), [19 July 2010](#) and [5 August 2011](#).*

## Schedules

### Schedule A

#### Chapter 1 — Application of Rules

Rule Chapter/Number	Rule Violation Brief Description of Rule	Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by the DC
			1st Violation	2nd Violation	3rd Violation	
<b>Chapter 1 — Application of Rules</b>						
<a href="#">1.01.5</a>	Clearing Member not to operate an account for a person unless such person has been notified of the provisions under this Rules	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

*Added on [16 May 2011](#).*

#### Chapter 2 — Clearing Membership

Rule Violation	Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable	Mandatory minimum penalty imposable by the DC
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Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
						<b>[Unless otherwise specified in this Schedule]</b>
<a href="#">2.06.1</a>	Clearing Member to comply with the Rules and the criteria and requirements for Clearing Membership General Clearing Member or its holding company to have group shareholders' funds of at least S\$100,000,000	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.06.1</a> r/w <a href="#">2.02.1.2</a>	General Clearing Member's managerial or executive staff to have a high standard of integrity and level of knowledge	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.06.1</a> r/w <a href="#">2.02.1.5</a>	General Clearing Member to have sufficient resources and adequate systems for preserving sound liquidity and financial position.	Not Compoundable		Not Compoundable		\$10,000
<a href="#">2.06.1</a> r/w <a href="#">2.02.1.6</a>	General Clearing Member to maintain segregated and adequate back office functions	Not Compoundable		Not Compoundable		\$10,000
<a href="#">2.06.1</a> r/w <a href="#">2.02.1.7</a>	General Clearing Member to satisfy requirements and criteria for Clearing Membership which the Clearing House may	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.06.1</a> r/w <a href="#">2.02.1.8</a>						

	prescribe from time to time					
<a href="#">2.06.1</a> r/w <a href="#">2.02A.1.1</a> & <a href="#">2.02.1.2</a>	Direct Clearing Member or its holding company to have group shareholders' funds of at least S\$100,000,000	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.06.1</a> r/w <a href="#">2.02A.1.1</a> & <a href="#">2.02.1.5</a>	Direct Clearing Member's managerial or executive staff to have a high standard of integrity and level of knowledge	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.06.1</a> r/w <a href="#">2.02A.1.1</a> & <a href="#">2.02.1.6</a>	Direct Clearing Member to have sufficient resources and adequate systems for preserving sound liquidity and financial position.	Not Compoundable		Not Compoundable		\$10,000
<a href="#">2.06.1</a> r/w <a href="#">2.02A.1.1</a> & <a href="#">2.02.1.7</a>	Direct Clearing Member to maintain segregated and adequate back office functions	Not Compoundable		Not Compoundable		\$10,000
<a href="#">2.06.1</a> r/w <a href="#">2.02B.1.4</a>	Bank Clearing Member or its parent bank to have group shareholders' funds of at least S\$100,000,000	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.06.1</a> r/w <a href="#">2.02B.1.6</a>	Bank Clearing Member's managerial or executive staff to have a high standard of integrity and level of knowledge	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.06.1</a> r/w <a href="#">2.02B.1.7</a>	Bank Clearing Member to have sufficient resources and adequate systems for preserving	Not Compoundable		Not Compoundable		\$10,000

	sound liquidity and financial position.					
<a href="#">2.06.1 r/w 2.02B.1.8</a>	Bank Clearing Member to maintain segregated and adequate back office functions	Not Compoundable		Not Compoundable		\$10,000
<a href="#">2.06.1 r/w 2.02B.1.9</a>	Bank Clearing Member to satisfy requirements and criteria for such Clearing Membership as the Clearing House may prescribe from time to time	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.06.2</a>	Compliance with SFA	Not Compoundable		Not Compoundable		\$10,000
<a href="#">2.06A</a>	Clearing Member to inform Clearing House immediately of the stipulated events	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.07.1</a>	General Clearing Member incorporated in Singapore to comply with the minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.07.1A</a>	Direct Clearing Member incorporated in Singapore to comply with the minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.07.1B</a>	Bank Clearing Member incorporated in Singapore to comply with the minimum base capital, Financial,	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.



	Aggregate Indebtedness Requirement					
<a href="#">2.07.5</a>	Clearing Member incorporated in Singapore to immediately notify the Clearing House if it fails or becomes aware that it will fail to comply with the minimum capital and financial requirements as prescribed	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.07.6</a>	Clearing Member incorporated in Singapore to comply with the directions of the Clearing House where it has failed to comply with the minimum capital and financial requirements	Not Compoundable		Not Compoundable		\$10,000
<a href="#">2.07A.1</a>	Clearing Member incorporated in Singapore to immediately notify the Clearing House of the stipulated failures to meet its financial requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.07A.2</a>	Clearing Member incorporated in Singapore to comply with the directions of the Clearing House where its financial resources have fallen below the specified threshold	Not Compoundable		Not Compoundable		\$10,000
<a href="#">2.07A.3</a>				Not Compoundable		\$10,000

	General Clearing Member and Direct Clearing Member incorporated in Singapore to comply with the direction of the Clearing House where its aggregate indebtedness have exceeded the specified threshold	Not Compoundable				
<a href="#">2.07B.1</a>	Clearing Member incorporated in Singapore to notify the Clearing House if financial resources fall below the specified threshold	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.07B.3</a>	Clearing Member incorporated in Singapore to comply with the directions of the Clearing House where its financial resources have fallen below the specified threshold	Not Compoundable		Not Compoundable		\$10,000
<a href="#">2.08.1</a>	General Clearing Member incorporated outside Singapore to comply with minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.08.1A</a>	Direct Clearing Member incorporated outside Singapore to comply with minimum base capital,	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

<a href="#">2.08.1B</a>	Financial, Aggregate Indebtedness Requirement  Bank Clearing Member incorporated outside Singapore to comply with the minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.08.5</a>	Clearing Member incorporated outside Singapore to immediately notify the Clearing House if it fails or becomes aware that it will fail to meet the minimum capital and financial requirements as prescribed	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.08.6</a>	Clearing Member incorporated outside Singapore to comply with the directions of the Clearing House where a Clearing Member has failed to comply with the minimum capital and financial requirements	Not Compoundable		Not Compoundable		\$10,000
<a href="#">2.08A.1</a>	Clearing Member incorporated outside Singapore to immediately notify the Clearing House of the stipulated failures to meet its	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

<a href="#">2.08A.2</a>	financial requirements  Clearing Member incorporated outside Singapore to comply with the directions of the Clearing House where its adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House have fallen below the specified threshold	Not Compoundable	Not Compoundable	\$10,000
<a href="#">2.08A.3</a>	Clearing Member incorporated outside Singapore to comply with the directions of the Clearing House where its aggregate indebtedness has exceeded the specified threshold	Not Compoundable	Not Compoundable	\$10,000
<a href="#">2.08B.1</a>	Clearing Member incorporated outside Singapore to immediately notify the Clearing House if its adjusted net head office funds or cash and/or acceptable government securities have fallen below the specified threshold	Compoundable	\$2,000 – \$4,000 – \$4,000 – \$7,000 – \$7,000 – \$10,000	N.A.
<a href="#">2.08B.3</a>	Clearing Member incorporated outside Singapore to comply with	Not Compoundable	Not Compoundable	\$10,000

	the directions of the Clearing House where its adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House or CDP have fallen below the specified threshold					
<a href="#">2.09.1</a>	General Clearing Member incorporated in Singapore to maintain the stipulated special reserve fund	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.09.2</a>	Special reserve fund not to be available for the declaration of dividends without the approval of the Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.10.1</a>	General Clearing Member incorporated outside Singapore to maintain the stipulated special reserve fund	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.10.2</a>	Special reserve fund not to be available for the declaration of dividends without the approval of the Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.11.1.1</a>	Clearing Member incorporated in Singapore, except in the case of Bank	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

	Clearing Member, not to reduce paid-up capital without prior approval of the Clearing House					
<a href="#">2.11.2.1</a>	Clearing Member incorporated in Singapore, except in the case of a Bank Clearing Member, to immediately notify the Clearing House prior to the date of issue of any preference share	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.11.2.2</a>	Clearing Member incorporated in Singapore, except in the case of Bank Clearing Member, not to redeem any redeemable preference share unless the Clearing Member complies with conditions set out	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.11.3.1</a>	Clearing Member incorporated in Singapore to immediately notify the Clearing House when it draws down a qualifying subordinated loan no later than the date of draw down	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.11.3.2</a>	Clearing Member incorporated in Singapore not to repay, whether in part or in full any subordinated loan principal	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

	before the maturity date without the prior approval of the Clearing House or any subordinated loan principal that has matured subject to conditions set out					
<a href="#">2.11.4.1</a>	Clearing Member, except for a Bank Clearing Member not to make any unsecured loan or advance, pay any dividend or director's fees or increase any director's remuneration without the prior approval of the Clearing House, unless the stipulated conditions are met	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.11.5.1</a>	Clearing Member to maintain minimum capital to meet loss exposure in excess of prescribed price band and to notify the Clearing House that it has fulfilled the requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13.1.1</a>	Clearing Member to maintain bank accounts in the currencies that may incur settlement and with banks acceptable to the Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13.1.2</a>	Clearing Member to clear Non-Relevant	Not Compoundable		Not Compoundable		\$10,000

<a href="#">2.13.1.3</a>	<p>Market Contracts and/or Contracts made on any Relevant Market by such members of the Relevant Market with whom it has agreed to clear</p> <p>Clearing Member not to carry any account or clear any Contract for the benefit of an employee or officer of another Clearing Member without prior approval of the other Clearing Member</p>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13.1.4</a>	<p>Clearing Member not to provide funds, credit or finance any other Clearing Member or member of a Relevant Market without the prior approval of the Clearing House</p>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13.1.5</a>	<p>Clearing Member to provide and maintain Security Deposit in addition to any security deposit requirement that may be required</p>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13.1.7</a>	<p>Clearing Member to clear Contracts made on any Relevant Market by any person through any approved electronic</p>	Not Compoundable	Not Compoundable		\$10,000	



<a href="#">2.13.1.8</a>	trading terminal or facilities provided to it or to such members of the Relevant Market to whom it shall have agreed to provide clearing services  Clearing Member to have in place sufficient resources and establish and maintain adequate internal control and risk management system for its businesses	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13.1.9</a>	Clearing Member to comply with such other requirements as may be prescribed by the Clearing House from time to time	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13A.1</a>	Clearing Member to assess business and operational risk and maintain adequate business continuity arrangements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13A.2</a>	Clearing Member to document its business continuity arrangements in a business continuity plan	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13A.3</a>	Clearing Member to demonstrate awareness of risks, mitigating measures and state of	Compoundable	\$500	\$1,000	\$2,000	N.A.

	readiness by way of attestation to the Board of Directors					
<a href="#">2.13A.4</a>	Clearing Member to review and test its business continuity plan regularly	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
	Clearing Member to appoint emergency contact persons and furnish the contact information to the Clearing House	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">2.13A.5</a>	Clearing Member's emergency contact persons to be contactable at all times	Compoundable	\$500	\$1,000	\$2,000	N.A.
	Clearing Member to notify Clearing House in the event of emergencies	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.14.1</a>	Clearing Member to prepare, maintain and keep current books and records required by this Rules and SFA, where they shall be open to inspection and promptly provided to the Clearing House upon request	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.14.2</a>	Clearing Member to file any information requested by the Clearing House within the time period	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

	specified in the request					
<a href="#">2.14.3</a>	Clearing Member to maintain the ability to provide, in an acceptable form, a complete set of equity system reports to the Clearing House upon the Clearing House's request	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.14.3A</a>	Clearing Member to submit to the Clearing House a report on all its credit facilities with its financial institutions, any change to its credit facilities immediately upon such change, and the identities of the owners or controlling parties for any House Account or Customer Account	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.14.4</a>	Clearing Member to notify Clearing House when it fails to make or keep current the books and records required by the Clearing House and shall thereafter comply with all orders of the Clearing House	Not Compoundable		Not Compoundable		\$10,000
<a href="#">2.15.1</a>	General Clearing Member to furnish the required statutory audit report in accordance	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

	with the specified timelines					
<a href="#">2.15.1A</a>	Direct Clearing Member to furnish the required audit report in accordance with the specified timelines	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.15.1B</a>	Bank Clearing Member to furnish the required audit report in accordance with the specified timelines	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.15.2</a>	General Clearing Member or Bank Clearing Member to cause its internal auditors to conduct the required internal audit and submit a report	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.17.1.1</a>	General Clearing Member not to grant any unsecured advance, loan or credit facility to any of its directors or their connected persons	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.17.1.2</a>	General Clearing Member not to grant any unsecured advance, loan or credit facility to its officers or its employees which exceeds one year's emoluments of the person	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.18.1.1</a>	General Clearing Member or	Not Compoundable		Not Compoundable		\$10,000

	Bank Clearing Member to inform the Clearing House of such information as the Clearing House requires to discharge its segregation obligations under the SFA or enable it to issue the verification of margin funds statement to the Authority					
<a href="#">2.18.3</a>	Clearing Member not to fix the Clearing House with a notice of fact or claim in respect of any Third Party	Not Compoundable		Not Compoundable		\$10,000
<a href="#">2.19.1</a>	Clearing Member to provide Clearing House with the required information in relation to Omnibus Securities Accounts	Compoundable	\$500	\$1,000	\$2,000	N.A.
	Member to ensure that the Omnibus Account is operated at all times in accordance with the Rules	<b>[Unless otherwise specified in this Schedule]</b>				
<a href="#">2.19.3</a>	Member to notify Clearing House of any failure by the Omnibus Account Holder to disclose its gross long and short positions	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.19.4</a>	Clearing Member to comply with the orders of the Clearing House if the Omnibus Account Holder fails to make the	Not Compoundable		Not Compoundable		\$10,000

	required disclosure					
	Clearing Member to ensure that Omnibus Account Holder is aware of this Rule.	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">2.20.3</a>	Clearing Member to ensure compliance with respective position limits prescribed by Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.20.4</a>	Clearing Member to furnish such documents as the Clearing House may require where the aggregate maintenance margins exceed such relevant amount as may be prescribed by the Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.20B</a>	Clearing Member to withhold profits from overtrading upon notification by the Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.21.1</a>	Clearing Member to ensure that its Memorandum and Articles of Association conform to this Rules	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.22.1.1</a>	Clearing Member to notify the Clearing House of any change in ownership	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.22.1.2</a>		Compoundable				N.A.

	Clearing Member to notify the Clearing House of any change in circumstances which may alter the control of itself		\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	
<a href="#">2.22.1.3</a>	Clearing Member to notify the Clearing House of any change in director	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.22.1.4</a>	Clearing Member to notify the Clearing House of any change in name	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.22.1.5</a>	Clearing Member to notify the Clearing House of change to constitutive documents	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.22.1.6</a>	Clearing Member to notify the Clearing House of the death or bankruptcy of a director	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.22.1.7</a>	Clearing Member to notify the Clearing House of the engagement or involvement in any new business or change in business	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.22.1.8</a>	Clearing Member to notify Clearing House of any change in senior management	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.23.1.1</a>	Clearing Member to notify the	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

	Clearing House of the stipulated reduction in capital within the timelines					
<a href="#">2.23.1.2</a>	Clearing Member to immediately notify the Clearing House of any under-segregation	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.24</a>	General Clearing Member or Direct Clearing Member not to appoint CEO, Deputy CEO unless the prior written approval of the Clearing House is obtained	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.25</a>	Clearing Member to inform and consult the Clearing House at least 30 days prior to any general meeting where new auditors are to be appointed	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">2.26.1</a>	Clearing Member to submit to the Clearing House such financial statements and in accordance with such timelines as required by the Clearing House	Not Compoundable		Not Compoundable		\$10,000
<a href="#">2.26.2</a>	Clearing Member to keep records of formal computations of capital and financial requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.27</a>				Not Compoundable		\$10,000



	Clearing Member to notify the Clearing House of undermargined Customer Accounts and House Accounts	Not Compoundable					
<a href="#">2.28.2</a>	[deleted]	[deleted]	[deleted]	[deleted]	[deleted]	[deleted]	[deleted]
<a href="#">2.28.2B</a>	Clearing Member not to increase its positions in any Contract during its Notice Period unless permitted by the Clearing House or under this Rules	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000		N.A.
<a href="#">2.28A.1.1</a>	Clearing Member to inform the Clearing House of the clearing arrangement with a Trading Member	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000		N.A.
	Clearing Member to provide such details as requested by the Clearing House	Not Compoundable		Not Compoundable			\$10,000
<a href="#">2.28A.1.2</a>	Clearing Member to pay such administrative fees as the Clearing House may levy	Compoundable	\$500	\$1,000	\$2,000		N.A.
<a href="#">2.28A.1.3</a>	Clearing Member to have in place adequate internal control measures and risk management systems to monitor the Trading Member's trades	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000		N.A.

<a href="#">2.28A.1.4</a>	Clearing Member to enter into a written agreement with the Trading Member setting out the terms and conditions governing their relationship	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.28A.1.5</a>	Clearing Member to inform the Clearing House if it believes that a Trading Member whom it has a clearing arrangement with has defaulted or may default	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.28A.1.6</a>	Clearing Member to have proper separation of front and back office functions	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.30.1A</a>	[deleted]	[deleted]	[deleted]	[deleted]	[deleted]	[deleted]
<a href="#">2.31.1.1</a>	[deleted]	[deleted]		[deleted]		[deleted]
<a href="#">2.33.2</a>	[deleted]	[deleted]		[deleted]		[deleted]
<a href="#">2.35.2</a>	Clearing Member to notify relevant parties in an event of Force Majeure	Not Compoundable		Not Compoundable		\$10,000
<a href="#">2.35A.5</a>	[deleted]	[deleted]		[deleted]		[deleted]
<a href="#">2.37.1</a>	Clearing Member to ensure that agreements with Third Parties provide that all Contracts are subject to the Rules, SFA and SFR and that this is agreed upon.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Added on [16 May 2011](#), amended on [7 August 2012](#), [8 November 2012](#) and [15 March 2013](#).

## Chapter 4 — Enforcement of Rules

Rule Chapter/Number	Rule Violation Brief Description of Rule	Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
			1st Violation	2nd Violation	3rd Violation	
Chapter 4 — Enforcement of Rules						
<a href="#">4.01A.3</a>	Clearing Member to cooperate with Clearing House investigations	Not Compoundable	Not Compoundable			\$10,000
<a href="#">4.01A.4</a>	Clearing Member, director, officer, employee not to wilfully make or furnish false information to Clearing House	Not Compoundable	Not Compoundable			\$10,000
<a href="#">4.01B.2</a>	Clearing Member, director, officer, employee to give Clearing House access to information, books and records	Not Compoundable	Not Compoundable			\$10,000
<a href="#">4.01B.4</a>	Clearing Member to pay fees for inspection by Exchange	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">4.04A.4.2</a>	Clearing Member to give the Clearing House a written undertaking not to disclose information received in relation to the charge	Not Compoundable	Not Compoundable			\$10,000
<a href="#">4.04A.4.3</a>			Not Compoundable			\$10,000

	Clearing Member not to breach written undertaking not to disclose information received in relation to the charge	Not Compoundable		
<a href="#">4.04A.5.2</a>	Clearing Member not to disclose information received in relation to the appeal	Not Compoundable	Not Compoundable	\$10,000
<a href="#">4.12.1.1</a>	Clearing Member not to be guilty of fraud or act of bad faith or dishonest conduct	Not Compoundable	Not Compoundable	\$10,000
<a href="#">4.12.1.2</a>	Clearing Member not to make a material misstatement to the Board, the Clearing House or to a committee, or in relation to any information supplied to the Clearing House or its officials	Not Compoundable	Not Compoundable	\$20,000
<a href="#">4.12.1.3</a>	Clearing Member to take steps to prevent further Contracts having to be cleared by it after its insolvency	Not Compoundable	Not Compoundable	\$10,000
<a href="#">4.12.1.4</a>	Clearing Member not to refuse to appear before the Board, or any committee at a duly convened hearing, or in connection	Not Compoundable	Not Compoundable	\$10,000

<a href="#">4.12.1.5</a>	with any investigation, refuse to fully answer all questions or produce all books and records at any audit, hearing or investigation, or give false testimony, or fail to produce any books or records requested by the Clearing House staff in connection with an investigation etc	Not Compoundable	Not Compoundable	\$10,000
<a href="#">4.12.1.6</a>	Clearing Member not to make use of or reveal any confidential information obtained by reason of participating in any investigative proceeding or hearing	Not Compoundable	Not Compoundable	\$10,000
<a href="#">4.12.1.7</a>	Clearing Member to maintain minimum financial requirements and the required Security Deposit	Not Compoundable	Not Compoundable	\$10,000
<a href="#">4.12.1.8</a>	Clearing Member not to commit an act which is substantially detrimental to the interests of the Clearing House	Not Compoundable	Not Compoundable	\$10,000
<a href="#">4.12.1.8</a>	Clearing Member not to refuse to comply with a final	Not Compoundable	Not Compoundable	\$10,000

	arbitration award				
<a href="#">4.12.1.9</a>	Clearing Member not to refuse, after hearing, to comply with an order of any hearing committee	Not Compoundable	Not Compoundable		\$10,000
		<b>[Unless otherwise specified in this Schedule]</b>			
<a href="#">4.12.1.10</a>	Clearing Member not to violate any provision under this Rules which	Not Compoundable	Not Compoundable		\$10,000
<a href="#">4.12.1.11</a>	Clearing Member to comply with any written directive from the Clearing House or any other officer or committee of the Clearing House	Not Compoundable	Not Compoundable		\$10,000
<a href="#">4.12.1.12</a>	Clearing Member to maintain and keep complete and accurate records in accordance with the SFA and/or SFR	Not Compoundable	Not Compoundable		\$10,000
	Clearing Member to maintain and keep complete and accurate records in accordance with this Rules	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000
<a href="#">4.12.2.1</a>	Clearing Member not to make false or misleading entry in the Documents	Not Compoundable	Not Compoundable		\$10,000
<a href="#">4.12.2.2</a>	Clearing Member not to omit from making a material entry in any of the Documents	Not Compoundable	Not Compoundable		\$10,000

<a href="#">4.12.2.3</a>	Clearing Member not to alter or destroy any of the Documents without a valid reason	Not Compoundable	Not Compoundable			\$10,000
<a href="#">4.13.1</a>	Clearing Member not to be guilty of dishonourable conduct	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">4.13.2</a>	Clearing Member not to make a false entry on clearing sheet	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">4.13.3</a>	Clearing Member not to fail to answer Customer's complaints promptly	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">4.13.5</a>	Clearing Member not to make mis-statement to Board, Clearing House or to a committee	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Added on [16 May 2011](#).

## Chapter 5 — Arbitration

Rule Chapter/Number	Rule Violation Brief Description of Rule	Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
			1st Violation	2nd Violation	3rd Violation	
<b>Chapter 5 — Arbitration</b>						
<a href="#">5.01.2.3</a>	Clearing Member not to fail or refuse to arbitrate or settle dispute	Not Compoundable	Not Compoundable			\$10,000
<a href="#">5.01.2.4</a>	Clearing Members to cause their Sellers or Buyers to	Not Compoundable	Not Compoundable			\$10,000

agree to  
arbitrate if  
there is  
dispute as a  
result of or  
arising in  
connection  
with a  
deliverable  
commodity  
futures  
contract

Added on [16 May 2011](#).

## Chapter 6 — Delivery and Related

Rule Chapter/Number	Rule Violation Brief Description of Rule	Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by the DC
			1st Violation	2nd Violation	3rd Violation	
<b>Chapter 6 — Delivery and Related</b>						
<a href="#">6.02A.1</a>	Clearing Member to cause compliance with relevant delivery obligations	Not Compoundable	Not Compoundable			\$10,000
<a href="#">6.02A.2</a>	Clearing Member to guarantee and assume complete responsibility for performance of all Delivery Obligations	Not Compoundable	Not Compoundable			\$10,000
<a href="#">6.02A.10</a>	Clearing Member to notify the Clearing House of an occurrence of Force Majeure relevant to the performance of Delivery Obligations	Not Compoundable	Not Compoundable			\$10,000
<a href="#">6.03.1</a>	Clearing Member not to default on delivery	Not Compoundable	Not Compoundable			\$10,000
<a href="#">6.04.1</a>	Clearing Member to require evidence	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.



	from its Seller or Buyer that all open positions which are not offset on the Last Trading Day will be completed by delivery				
<a href="#">6.04.2</a>	Clearing Member to liquidate open positions on or before LTD if the Seller or Buyer fails to provide evidence that all open positions will be completed by delivery	Not Compoundable	Not Compoundable		\$10,000
<a href="#">6.07.1</a>	Clearing Member to post with Clearing House as escrow agent a Performance Deposit or other payment which may be prescribed under Contract Specifications as security for benefit of Buyer or Seller who is counterparty to delivery contract	Not Compoundable	Not Compoundable		\$10,000
<a href="#">6.07.2</a>	Clearing Member to collect Performance Deposits or escrow assets within such time as prescribed in the Contract Specifications or by the Clearing House	Not Compoundable	Not Compoundable		\$10,000
<a href="#">6.07.3</a>	Clearing Member not to grant any advance, loan, credit facility to Seller/Buyer for purpose of posting Performance Deposits/Escrow Assets	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000 N.A.

<a href="#">6.07A</a>	Clearing Member to perform Delivery Obligations through the Facilitator Agent as prescribed by the Clearing House.	Not Compoundable	Not Compoundable	\$10,000
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Added on [16 May 2011](#).

## Chapter 7 — Clearing and Margins

Rule Chapter/Number	Rule Violation Brief Description of Rule	Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
			1st Violation	2nd Violation	3rd Violation	
<b>Chapter 7 — Clearing and Margins</b>						
<a href="#">7.02A.2.2</a>	Eligible Non-Relevant Market transaction to be registered by certain parties	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.02A.2.3</a>	Confirmation of Eligible Non-Relevant Market transaction may only be submitted by certain parties	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.02A.2.4</a>	Parties submitting registration or confirmation of an Eligible Non-Relevant Market transaction to comply with the terms and conditions governing access to and operation of the Trade Registration System	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.02A.2.5</a>	Clearing Member to submit name of Inter Dealer Broker	Compoundable	\$500	\$1,000	\$2,000	N.A.

<a href="#">7.02A.2.6</a>	authorised to register Non-Relevant Market transactions  Clearing Member to obtain consent of Seller/Buyer before allowing Inter Dealer Broker to register Non-Relevant Market transactions.	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">7.02A.2.7</a>	Registration of Eligible Non-Relevant Market transactions to specify the stipulated details	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">7.02A.2.8</a>	Confirmation of Eligible Non-Relevant Market transactions to specify the stipulated details	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">7.02AA.2.2</a>	Eligible OTCF transaction to be registered by certain parties	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.02AA.2.3</a>	Parties submitting Eligible OTCF Transaction to comply with the terms and conditions governing the access to and operation of the Trade Registration System	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.02AA.2.4</a>	Clearing Member to obtain consent of Original OTCF Contract Counterparty before allowing registration of	Compoundable	\$500	\$1,000	\$2,000	N.A.

	OTCF Transactions.					
<a href="#">7.03.1.3</a>	[deleted]	[deleted]	[deleted]	[deleted]	[deleted]	[deleted]
<a href="#">7.03.1.4</a>	[deleted]	[deleted]	[deleted]	[deleted]	[deleted]	[deleted]
<a href="#">7.03.12.1</a>	[deleted]	[deleted]	[deleted]	[deleted]	[deleted]	[deleted]
<a href="#">7.04A</a>	Clearing Member to comply with registration requirements of such NLT, EFP or EFS as set forth in the rules.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.04.5E</a>	Clearing Member in whose name an Eligible OTCF Transaction is to be registered for the purpose of executing default proceedings to provide collateral and to fulfill such other requirements prescribed by the Clearing House from time to time immediately upon becoming a counterparty to the Clearing House.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.08.1</a>	Clearing Member not to place any false or inaccurate entries on any other submission or otherwise provide false or inaccurate information in any document submitted to the Clearing House for clearing purposes	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.09</a>		Compoundable	\$500	\$1,000	\$2,000	N.A.

	Clearing Member to submit position change sheets to the Clearing House each trading day by the time specified by the Clearing House					
<a href="#">7.10.2</a>	Clearing Member to notify the Clearing House in writing and no later than 5 pm on the following Business Day if it believes that there is any error in the recap ledger (produced by Clearing House)	Not Compoundable	Not Compoundable		\$10,000	
<a href="#">7.14.1</a>	Clearing Member to deposit additional collateral to cover any shortage in its cash margin held with the Clearing House	Not Compoundable	Not Compoundable		\$30,000	
<a href="#">7.15.1</a>	[deleted]	[deleted]	[deleted]	[deleted]	[deleted]	
<a href="#">7.15A.2</a>	[deleted]	[deleted]	[deleted]	[deleted]	[deleted]	
<a href="#">7.16</a>	Clearing Member to comply with requirements in relation to reports of large positions	Not Compoundable	Not Compoundable		\$10,000	
<a href="#">7.17.1</a>	Clearing Member not to carry speculative long and short positions in the same Commodity for the same	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

<a href="#">7.20.1</a>	Contract Month Clearing Member to meet margin requirements prescribed by the Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.20.4</a>	Clearing Member to provide the Clearing House with the required regulatory information	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.20.5.4</a>	Clearing Member to deposit such margins as may be required by the Clearing House by reason of any depreciation in the market value of securities	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.22</a>	Clearing Member to comply with requirements in relation to margins of Third Party	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.22A.1</a>	Clearing Member to grant margin credit only if the specified conditions are met.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.22A.1.8</a>	Clearing Member to notify Clearing House if it offers inter-exchange cross margining arrangement to Third Parties	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.26.1</a>	Clearing Member to pay fines for errors, delays	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

<a href="#">7.27.1</a>	and omissions Subject to approval of the Clearing House, trades to be transferred to the books of another Clearing Member only in the specified circumstances	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.27.2</a>	Except with approval of Clearing House, existing trades on books of Clearing Members not to be transferred to books of another Clearing Member	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.27.3</a>	Relevant Trades to be transferred only if the specified conditions are met.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.27.4.4</a>	Clearing Member to act according to directions of Clearing House for transfer and placement of Relevant Trades	Not Compoundable		Not Compoundable		\$10,000
<a href="#">7.27.6</a>	Clearing Member to report to the Clearing House all transfers and placements made and to maintain full and complete record of all transactions	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.27.7</a>	Clearing Member to furnish such	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

<a href="#">7.28.2</a>	Clearing Member to report to the Clearing House all inter-clearing house transfers of positions and maintain a full and complete record of the transfers	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
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Added on [16 May 2011](#), amended on [7 August 2012](#) and [8 November 2012](#).

## Chapter 7A — Suspension and Default

Rule Chapter/Number	Rule Violation Brief Description of Rule	Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by the DC
			1st Violation	2nd Violation	3rd Violation	
<b>Chapter 7A — Suspension and Default</b>						
<a href="#">7A.01.2</a>	Clearing Member to comply with conditions and requirements imposed by the Clearing House if its activities are restricted	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7A.01.4</a>	Clearing Member to notify Clearing House upon the occurrence of any of the events stated in Rule 7A.01.1.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7A..02..2</a>	Clearing Member to cooperate with the Clearing House and nondefaulting	Not Compoundable	Not Compoundable			\$10,000



	Clearing Members in respect of actions which the Clearing House may take under <a href="#">Rule 7A.02.1</a> .			
<a href="#">7A.04.2</a>	Suspended or Expelled Clearing Member not to take on or clear new Contracts	Not Compoundable	Not Compoundable	\$10,000
<a href="#">7A.05.1.4</a>	Clearing Member to make up deficiencies in Security Deposit resulting from applications by Clearing House on default by Clearing Member	Not Compoundable	Not Compoundable	\$10,000
<a href="#">7A.05.1.5</a>	Clearing Member not to take any action to interfere with ability of Clearing House to apply the Security Deposit	Not Compoundable	Not Compoundable	\$30,000
<a href="#">7A.06.2.1</a>	Clearing Member to place required Security Deposit with the Clearing House	Not Compoundable	Not Compoundable	\$10,000
<a href="#">7A.06.3.2</a>	Clearing Member to deposit Further Assessment Amount with the Clearing House	Not Compoundable	Not Compoundable	\$10,000
<a href="#">7A.06.3.3</a>	Clearing Member to immediately furnish Further	Not Compoundable	Not Compoundable	\$10,000

	Assessment Amount not deposited with the Clearing House, prior to the close of business on the Business Day immediately following the call			
<a href="#">7A.06.8.1</a>	Clearing Member to make good any deficiency in Security Deposits prior to close of business on Business Day immediately following such application	Not Compoundable	Not Compoundable	\$10,000
<a href="#">7A.07.5</a>	Clearing Member to pay Termination Amount (if negative) to Clearing House	Not Compoundable	Not Compoundable	\$10,000

Added on [7 August 2012](#).