



## Circular Derivatives

08 Apr 2019

Circular No. **DC/AM - 16 of 2019**

### **Revision of Financial and Capital Requirements for Bank and Remote Members**

SGX is amending its financial and capital requirements for Bank and Remote Members.

With effect from 22 April 2019, Bank and Remote Members no longer need to compute SGX's Risk-Based Capital and Net Liquid Capital requirements respectively. Accordingly, Bank Members can withdraw their deposits placed with SGX-DC to meet the Risk-Based Capital requirements from 22 April 2019. Going forward, SGX will require Members to provide relevant financial and capital submissions made to their respective regulators. These requirements are set out in attached rule amendments. SGX publicly consulted on the proposed rule amendments in July 2018. Responses to feedback received during the public consultation can be found on the SGX website.

The amended rules marked in red are attached at Appendices A to D. The rule amendments will come into effect on 22 April 2019.

Should you require further clarification, please contact your Member Supervision Officer.

Grace Mok  
Head, Member Supervision  
Singapore Exchange Regulation  
*For and on behalf of SGX-DC*

Attachment(s):

1. Appendix A - SGX-ST Rules.pdf
2. Appendix B - Futures Trading Rules.pdf
3. Appendix C - CDP Clearing Rules.pdf
4. Appendix D - SGX-DC Clearing Rules.pdf

**Singapore Exchange Derivatives Clearing Limited**  
Company Reg No. 200005878M  
(a wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589  
main: +65 6236 8888 fax: +65 6535 0775

[www.sgx.com](http://www.sgx.com)

## Amendments to SGX-ST Rules

New/Amended Rule
<b>Definitions and Interpretation</b>
<b>R</b>
"Relevant Regulatory Authority"
Shall mean:
(a) the authority(ies) or regulatory body(ies) that regulate(s) a Trading Member's or its Trading Representatives' activities in the country where it is carrying on such activities <u>and from which it has applied for membership or registration with SGX-ST</u> ; and
(b) where the Trading Member or its Trading Representatives are carrying on regulated activities in Singapore, the Authority,
<b>Section D — Regulatory Framework</b>
<b>Chapter 11 — Capital and Financial Requirements</b>
<b>11.1 Definitions and Interpretation</b>
<b>11.1.1</b>
In this Chapter,
<b>Term Meaning</b>
<b>B</b>
"Base capital"
<u>(1) in the case of a Trading Member that holds a Capital Markets Services Licence</u> , has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements).
<u>(2) in the case of a Trading Member that holds a licence specified in Rule 4.1.1(1)(b), the sum of its paid-up ordinary share capital and unappropriated profit or loss;</u>
<b>N</b>
" Net liquid capital"

New/Amended Rule
<del>means the financial resources of a Trading Member that holds a licence specified in Rule 4.1.1(1)(b) computed under such methodology prescribed by SGX-ST. [Deleted]</del>
<b>11.2 Base Capital Requirement</b>
<p><u>[Rule has been deleted.]</u></p> <p><u>This Rule 11.2 shall apply to a Trading Members that holds a Capital Markets Services Licence.</u></p>
<p><b>11.2.1</b></p> <p>(a) A Trading Member <u>that holds a Capital Markets Services Licence</u> shall not cause or permit:—</p> <p>(1) where the Corporation is incorporated in Singapore, its base capital; or</p> <p>(2) where the Corporation is incorporated outside Singapore, its net head office funds,</p> <p>to fall below the base capital requirement.</p> <p>(b) <u>A Trading Member that holds a licence specified in Rule 4.1.1(1)(b) shall not cause or permit its base capital to fall below the base capital requirement specified in this Rule 11.2, or such other base capital requirement as SGX-ST may impose.</u></p>
<p><b>11.2.2</b></p> <p>The base capital requirement of:—</p> <p>(1) a Trading Member shall be at least \$1 million,</p> <p>(2) a Clearing Member shall be at least \$5 million,</p> <p>(3) a Clearing Member which is also a member of SGX-DC shall be at least \$8 million</p>

New/Amended Rule
<p><b>11.2.3</b></p> <p>If a Trading Member fails to comply or becomes aware that it will fail to comply with the base capital requirement prescribed under Rule 11.2, or such higher base capital requirement as SGX-ST may have imposed under Rule 11.5, it shall immediately notify SGX-ST.</p>
<p><b>11.2.4</b></p> <p><del>Regardless whether or not there has been any notification by a Trading Member under Rule 11.2.3, if the base capital or net head office funds of the Trading Member, as the case may be, is/are</del></p> <p><del>(a) A Trading Member that holds a Capital Markets Services Licence shall not cause or permit:</del></p> <p><del>(i) where the Trading Member is incorporated in Singapore, its base capital; or</del></p> <p><del>(ii) where the Trading Member is incorporated outside Singapore, its net head office funds,</del></p> <p><del>to at any time fall below the base capital requirement prescribed under Rule 11.2 or such higher specified in this Rule 11.2, or such other base capital requirement as SGX-ST may have imposed under Rule 11.5, it shall be deemed a breach of a provision of the SGX-ST Rules by the Trading Member if the base capital or, as the case may be, net head office funds fall(s) below such base capital requirement, whether or not the Trading Member makes or has made the notification specified in Rule 11.2.3.</del></p> <p><del>(b) A Trading Member that holds a licence specified in Rule 4.1.1(1)(b) shall not cause or permit its base capital to at any time fall below the base capital requirement specified in this Rule 11.2, or such other base capital requirement as SGX-ST may impose. It shall be a breach of the Rules by the Trading Member if the base capital falls below such base capital requirement, whether or not the Trading Member makes or has made the notification specified in Rule 11.2.3.</del></p> <p>SGX-ST may refer the matter to the Disciplinary Committee, and may take such interim control measures, including but not limited to do all or any of the following, as SGX-ST deems fit and appropriate:—</p> <p>(1) require the Trading Member to operate its business subject to such restrictions or conditions as SGX-ST decides;</p> <p>(2) suspend the Trading Member for a period SGX-ST decides. The suspension may be announced to all Trading Members. During the suspension, the Trading Member:—</p>

New/Amended Rule
<p>(a) must not enter into a new transaction without the approval of SGX-ST;</p> <p>(b) remains liable to complete all contracts outstanding at the time of suspension. However, it must not deliver any securities or settle any transaction without the approval of SGX-ST.</p> <p>(3) require a Director to step down from day-to-day conduct of the business affairs of the Trading Member; and</p> <p>(4) appoint a person or persons (which may include a firm of auditors) as Manager to manage the business of the Trading Member. SGX-ST will fix the remuneration of the Manager, which must be paid by the Trading Member. The Trading Member is solely responsible for the Manager's acts and defaults. The Manager must carry out directions given by SGX-ST in relation to the business of the Trading Member, including carrying on the business of the Trading Member in accordance with instructions.</p>
<p><b>11.2A <del>Net Liquid Capital</del> [Rule has been deleted.]</b></p>
<p><del>This Rule 11.2A shall apply to a Trading Member that holds a licence specified in Rule 4.1.1(1)(b).</del></p>
<p><b>11.2A.1</b></p> <p><u>[Rule has been deleted.]</u></p> <p><del>A Remote Trading Member that holds a licence specified in Rule 4.1.1(1)(b) shall at all times maintain its net liquid capital above the net liquid capital requirement.</del></p>
<p><b>11.2A.2</b></p> <p><u>[Rule has been deleted.]</u></p> <p><del>The net liquid capital requirement of such Trading Member shall be not less than \$1 million.</del></p>
<p><b>11.2A.3</b></p> <p><u>[Rule has been deleted.]</u></p>

**New/Amended Rule**

~~If a Trading Member fails to comply or becomes aware that it will fail to comply with the net liquid capital requirement prescribed under Rule 11.2A, or such higher net liquid capital requirement as SGX-ST may have imposed under Rule 11.5, it shall immediately notify SGX-ST.~~

**11.2A.4**

~~[Rule has been deleted.]~~

~~Regardless whether or not there has been any notification by a Trading Member under Rule 11.2A.3, if the net liquid capital of the Trading Member is below the net liquid capital requirement prescribed under Rule 11.2A or such higher net liquid capital requirement as SGX-ST may have imposed under Rule 11.5, it shall be deemed a breach of a provision of the SGX-ST Rules by the Trading Member. SGX-ST may refer the matter to the Disciplinary Committee, and may take such interim control measures, including but not limited to all or any of the following, as SGX-ST deems fit and appropriate:—~~

~~(1) require the Trading Member to operate its business activities on SGX-ST subject to such restrictions or conditions as SGX-ST decides;~~

~~(2) suspend the Trading Member's business activities on SGX-ST for a period SGX-ST decides. The suspension may be announced to all Trading Members. During the suspension, the Trading Member:—~~

~~(a) must not enter into a new transaction without the approval of SGX-ST;~~

~~(b) remains liable to complete all contracts outstanding at the time of suspension. However, it must not deliver any securities or settle any transaction without the approval of SGX-ST.~~

~~(3) require a Director to step down from day-to-day conduct of the business affairs of the Trading Member on SGX-ST; or~~

~~(4) appoint a person or persons (which may include a firm of auditors) as Manager to manage the business of the Trading Member on SGX-ST. SGX-ST will fix the remuneration of the Manager, which must be paid by the Trading Member. The Trading Member is solely responsible for the Manager's acts and defaults. The Manager must carry out directions given by SGX-ST in relation to the business of the Trading Member, including carrying on the business of the Trading Member in accordance with instructions.~~

**11.10 Submission of Returns**

New/Amended Rule
<p><b>11.10.1</b></p> <p>A Trading Member shall submit to SGX-ST financial returns as follows:</p> <p>(1) in the case of a Trading Member that holds a Capital Markets Services Licence, submit by the 14th calendar day of each month statements of assets and liabilities, base capital, financial resources, total risk requirement, aggregate indebtedness;</p> <p>(2) in the case of a Trading Member that holds a licence specified in Rule 4.1.1(1)(b), submit by <del>the 14<sup>th</sup> calendar day of each month</del> <u>such time specified by SGX-ST</u> financial returns based on such computation methodology and in the form prescribed by SGX-ST; and</p> <p>(3) and such other statements as SGX-ST may from time to time require in the format specified by SGX-ST.</p> <p><i>Refer to SGX Data Submission Website (<a href="https://esub.sgx.com">https://esub.sgx.com</a>) for the submission template.</i></p>
<p><b>11.11 Annual Financial Audit</b></p>
<p><b>11.11.2</b></p> <p>A Trading Member shall, within 5 months after the close of the financial year, furnish to SGX-ST the following information:</p> <p>(1) relevant forms in respect of its annual financial audit which a Trading Member is required to lodge with its Relevant Regulatory Authority, translated into English, and as prescribed by SGX-ST. In the case of a Trading Member who holds a Capital Markets Services Licence, the forms shall be in the prescribed format under Regulation 27(9) of the SFR (Financial and Margin Requirements);</p> <p>(2) audited accounts of the Trading Member and its subsidiaries; and</p> <p>(3) a <del>C</del>certificate <u>in respect of its annual financial audit</u> signed by the auditor appointed by the Trading Member to carry out <del>such an annual financial</del> audit, <u>in such form prescribed by the Relevant Regulatory Authority.</u> <del>and stating, at a minimum: —</del></p> <p><del>(a) whether, in the opinion of the auditor, the Trading Member has complied with the relevant applicable laws and regulatory requirements relating to the regulation of markets and licenced entities, or in the case of a Trading Member that holds a Capital Markets Services Licence, financial requirements as set out in the SGX-ST Rules and SFR (Financial and Margin Requirements);</del></p>

New/Amended Rule
<p><del>(b) whether, in the opinion of the auditor, the Trading 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 the SGX-ST Rules relevant applicable laws and regulatory requirements relating to the regulation of markets and licenced entities, or in the case of a Trading Member that holds a Capital Markets Services Licence, and the SFA;</del></p> <p><del>(c) whether, in the opinion of the auditor, the financial position of the Trading Member is such as to enable it to conduct its business on sound lines, 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</del></p> <p><del>(d) whether the auditor has obtained all the necessary information and explanations for the proper conduct of the audit and to enable the auditor to furnish the Certificate.</del></p>
<p><b>11.13 Other Financial Requirements-</b></p>
<p><b>11.13.5</b></p> <p>Rules 11.13.1 to 11.13.4 shall not apply to a Trading Member that holds a licence specified in Rule 4.1.1(1)(b). Such a Trading Member shall notify the Exchange immediately of any actions taken relating to:</p> <ul style="list-style-type: none"> <li>(1) any reduction in paid-up ordinary share capital;</li> <li>(2) any issue of any preference share;</li> <li>(3) the entry into a subordinated loan agreement in a format other than the format prescribed by SGX-ST from time to time, drawing down on a qualifying subordinated loan or repayment whether in part or in full, any subordinated loan principal before or upon maturity;</li> <li>(4) <u>Rule has been deleted.</u></li> </ul> <p><del>the making of any unsecured loan, advance, payment of dividend or director's fees or increase in director's remuneration, if its net liquid capital requirement is less than its net liquid capital requirement as prescribed in Rule 11.2A by SGX-ST or such action will cause its net liquid capital requirement to be less than its net liquid capital requirement; or</del></p> <p>(5) that <del>which</del> has or may have a financial or capital impact on the Trading Member and required to be reported to the Relevant Regulatory Authority.</p>



**Directive No. 7 – Computation of Net Liquid Capital for Trading Members that Hold a Licence Specified in Rule 4.1.1(1)(b)**

New/Amended Rule	
<b>Directive No. 7 — Computation of Net Liquid Capital for Trading Members that Hold a Licence Specified in Rule 4.1.1(1)(b)</b>	
<u>[Directive has been deleted.]</u>	
<b>1. Introduction</b>	
<u>1.1. Rule 3.3 states that the net liquid capital requirement of a Remote Trading Member shall be at least S\$1 million.</u>	
<u>1.2 This Regulatory Notice sets out the computation of the net liquid capital requirement for a Remote Trading Member that holds a licence specified in Rule 4.1.1(1)(b) pursuant to Rules 11.1A.1(2)(b) and 11.10.1(2) 3.3.</u>	
<b>2. Net Liquid Capital</b>	
<u>2.1 A Remote Trading Member that holds a licence specified in Rule 4.1.1(1)(b) shall compute its net liquid capital as follows:</u>	
COMPUTATION OF NET LIQUID CAPITAL	
<b>Shareholders' Funds<sup>1</sup></b>	=====
Less:	
(a) Illiquid assets <sup>2</sup>	=====
(b) Pre-paid expenses <sup>3</sup>	=====
(c) Deposits <sup>4</sup>	=====
(d) Deferred tax assets	=====
(e) Investments in unquoted securities	=====
(f) Deficits in clients' accounts less any provisions for bad and doubtful debts <sup>5</sup>	=====
(g) Charged assets <sup>6</sup>	=====
(h) Excess of book value of securities carried in own account over market value	=====
(i) Current assets doubtful of collection less any provisions already made	=====
(j) Diminution in the value of securities underwritten	=====

New/Amended Rule	
<del>(k) Unsecured loans and unsecured advances included as current assets</del>	<del>_____</del>
<del>(l) Unsecured amounts due from each director and his connected person</del>	<del>_____</del>
<del>(m) Unsecured amounts due from related companies</del>	<del>_____</del>
<b>NET LIQUID CAPITAL</b>	<del>_____</del>
<b>3. Submission of Financial Returns to SGX-ST</b>	
3.1. A Trading Member that holds a licence specified in Rule 4.1.1(1)(b) shall submit financial returns in the form as set out in paragraph 2.1 on a monthly basis pursuant to Rule 11.10 and on an annual basis pursuant to Rule 11.11.	
<sup>1</sup> Shareholders' funds means the sum of the ordinary paid-up capital, non-redeemable preference share capital and reserves after deduction of any debit balance appearing in the profit and loss account of the Trading Member.  <sup>2</sup> These are assets considered not readily convertible into cash within 30 days which includes intangible assets (goodwill); fixed assets (furniture, fixtures, and building etc).  <sup>3</sup> These include items such as rent and insurance.  <sup>4</sup> Deposits exclude items such as:--  i. a current account balance, saving account deposit or fixed deposit, including accrued interest, with:  (a) a bank licensed under the Banking Act (Cap. 19);  (b) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186);  (c) a finance company licensed under the Finance Companies Act (Cap.108); or  (d) a bank outside Singapore which is subject is approved, licensed, registered or otherwise regulated by a banking regulatory authority in a foreign jurisdiction to carry on banking business; or  ii. a deposit with any of the following:	

## New/Amended Rule

~~(a) an approved exchange;~~

~~(b) a recognised exchange;~~

~~(c) a designated clearing house;~~

~~(d) a clearing facility appointed by a recognized exchange; or~~

~~(e) an entity which is a member of any entity referred to in sub-paragraphs (a) to (d);~~

~~where a recognised exchange means an overseas exchange regulated by a financial service regulatory authority of a country or territory specified under Group A in Table 4 of the Fourth Schedule of the SFR (Financial and Margin Requirements).~~

~~<sup>5</sup> Deficits in clients' accounts means:--~~

~~i. For a purchase contract which remains fully or partially unpaid, the excess of the amount owed by the client over the market value of the underlying securities of which the client had failed to take delivery after the due date and of any additional securities lodged by the client with the Trading Member as collateral;~~

~~ii. For a sale contract where the securities is yet to be delivered, the excess of the current market value of the underlying securities sold and any additional securities lodged by the client with the Trading Member as collateral, over the contract value of the sale contract;~~

~~iii. Where any purchase or sale contract has been offset by a contra transaction on or before the due date, the amount of loss, if any, on the date on which the contra transaction takes effect;~~

~~iv. Where any purchase or sale contract has been offset by a forced sale or buying in transaction after the due date, the amount of loss, if any, arising from the forced sale or buying in transaction on the date on which the transaction takes effect;~~

~~v. In relation to each client's margin account carried on the books of the Trading Member, the amount of margin deficiency determined in accordance with the maintenance margin requirement provided in the Trading Member's agreement with the client; and~~

**New/Amended Rule**

~~vi. In relation to interest and other receivables arising from securities transactions, the amount which is not secured and which is outstanding for more than 14 calendar days.~~

~~<sup>6</sup>Charged assets refer to assets which are subject to a charge under which a third party has a right of retention or sale of the assets upon default of the Trading Member.~~

## Schedules

## Schedule A

## Chapter 11 – Capital and Financial Requirements

Rule Violation		Whether composition may be offered	Composition amount that may be offered by SGX-ST, where SGX-ST has determined the Trading Member, Chief Executive Officer and/or Trading Representative to be liable									Mandatory minimum penalty imposed by the Disciplinary Committee	
Rule Chapter / Number	Brief Description of Rule		Trading Members (or Designated Market Maker, where applicable)			Chief Executive Officer			Trading Representatives (or Market Making Representative, where applicable)				
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation		
Chapter 11 – Capital and Financial Requirements													
11.2A	Net Liquid Capital												
11.2A.1	<del>Trading Member not to cause or permit its net liquid capital to fall below the net liquid capital requirement [Rule has been deleted.]</del>	Compoundable	<del>\$2,000 = \$4,000</del>	<del>\$4,000 = \$7,000</del>	<del>\$7,000 = \$10,000</del>	<del>\$1,000 = \$3,000</del>	<del>\$3,000 = \$6,000</del>	<del>\$6,000 = \$8,000</del>	N.A.	N.A.	N.A.	N.A.	
11.2A.3	<del>Trading Member to notify SGX-ST in the case of failure to comply or awareness of impending failure to comply with the net liquid requirement [Rule has been deleted.]</del>	Compoundable	<del>\$2,000 = \$4,000</del>	<del>\$4,000 = \$7,000</del>	<del>\$7,000 = \$10,000</del>	<del>\$1,000 = \$3,000</del>	<del>\$3,000 = \$6,000</del>	<del>\$6,000 = \$8,000</del>	N.A.	N.A.	N.A.	N.A.	
11.2A.4	<del>Trading Member to comply with SGX-ST's requirements when net liquid capital falls below the net liquid capital requirement. [Rule has been deleted.]</del>	Not Compoundable	Not Compoundable						N.A.	N.A.	N.A.	\$10,000	

## Amendments to Futures Trading Rules

Futures Trading Rules
Chapter 2 Access and Membership
2.5 Financial Requirements for Members
<p>2.5.1 Overview of Base Capital, Total Risk Requirement, <del>Net Liquid Capital</del> and Statutory Requirements</p> <p>A Member is required to comply with the financial requirements set forth in Rule 2.5, including, where applicable, requirements for Base Capital, <del>Net Liquid Capital</del>, Net Head Office Funds, Adjusted Net Head Office Funds, Financial Resources and Aggregate Resources. "Financial Resources", "Base Capital", "<del>Net Liquid Capital</del>", "Net Head Office Funds", "Adjusted Net Head Office Funds", "Total Risk Requirement", "Aggregate Indebtedness", and "Aggregate Resources" shall have the meanings ascribed to them under Chapter 8 of this Rules.</p>
2.5.2 Trading Members
<p>The following requirements apply in relation to Trading Members:</p> <ul style="list-style-type: none"> <li>(a) except for Rule 2.5.4, a Trading Member that engages solely in House Trades and Proprietary Trades of its Related Corporations is not subject to any financial requirements under Rule 2.5. However, in deciding whether to admit such Trading Member, the Exchange shall take into account matters such as the prospective Trading Member's financial standing, pending court proceedings and criminal records;</li> <li>(b) a General Trading Member that holds a licence to engage in a Regulated Activity, shall at all times:             <ul style="list-style-type: none"> <li>(i) maintain a Base Capital or Net Head Office Funds, as the case may be, of not less than \$1 million;</li> <li>(ii) not cause or permit its Financial Resources or Adjusted Net Head Office Funds, as the case may be, to fall below its Total Risk Requirement; and</li> <li>(iii) not cause or permit its Aggregate Indebtedness to exceed 1200% of its Aggregate Resources.</li> </ul> </li> <li>(b1) a General Trading Member that holds a licence specified in Rule 2.4.1(b) shall at all times maintain a <del>Net Liquid Base</del> Capital of not less than \$1 million;</li> <li>(c) <del>any other</del> Bank Trading Member shall at all times:</li> </ul>

### Futures Trading Rules

(i) maintain a Base Capital ~~or Net Head Office Funds, as the case may be,~~ of not less than \$1 million; ~~and, failing which, the Bank Trading Member must deposit an amount of not less than \$1 million in cash and/or Acceptable Government Securities with the Clearing House;~~

~~PROVIDED ALWAYS THAT:—~~

~~(1) the Exchange shall have the discretion to decide if a Bank Trading Member may rely on its Base Capital or Net Head Office Funds instead of depositing cash and/or Acceptable Government Securities;~~

~~(2) if the Bank Trading Member is also a clearing member of the Clearing House and/or CDP, and has a deposit in excess of \$1 million with the Clearing House or CDP in accordance with the applicable provisions of the Clearing Rules or CDP Clearing Rules, it need not deposit with the Clearing House a further \$1 million or such other amount as may be prescribed by the Exchange; and~~

~~(3) the Exchange shall have the discretion to use or apportion in any manner, the abovementioned deposit to satisfy the Bank Trading Member's obligations to the Exchange, Clearing House, and/or CDP under this Rules, the Clearing Rules, and the CDP Clearing Rules respectively. In deciding the apportionment, the Exchange may, in consultation with the Clearing House and/or CDP, take into account factors, including but not limited to, the amount owed by the Bank Trading Member to the Exchange, Clearing House and/or CDP respectively.~~

(ii) ~~comply with all applicable RRA Financial Requirements~~~~not cause or permit its Financial Resources or Adjusted Net Head Office Funds or cash and/or Acceptable Government Securities deposited with the Clearing House or CDP, as the case may be, to fall below its Total Risk Requirements.~~

### 2.5.6 Notification ~~Requirements of General Trading Members of Material Changes to Financial Resources and Adjusted Net Head Office Funds~~

The following requirements apply in relation to material changes to Financial Resources, ~~or~~ Adjusted Net Head Office Funds ~~and cash and/or Acceptable Government Securities deposited with the Clearing House or CDP pursuant to Rule 2.5.2(c)(i):~~

(a) a ~~corporate~~ General Trading Member is required to immediately notify the Exchange in the event of any material changes to its Financial Resources or Adjusted Net Head Office Funds ~~or cash and/or Acceptable Government Securities deposited with the Clearing House or CDP pursuant to Rule 2.5.2(c)(i),~~ as the case may be, including:

(i) an initial notification if its Financial Resources or Adjusted Net Head Office Funds ~~or cash and/or Acceptable Government Securities deposited with the Clearing House or CDP pursuant to Rule 2.5.2(c)(i),~~ as the case may be, fall below 150% of its Total Risk Requirement;

## Futures Trading Rules

- (ii) a warning notification if its Financial Resources or Adjusted Net Head Office Funds ~~or cash and/or Acceptable Government Securities deposited with the Clearing House or CDP pursuant to Rule 2.5.2(c)(i),~~ as the case may be, fall below 120% of its Total Risk Requirement;
  - (iii) ~~in the case of a General Trading Member,~~ if its Aggregate Indebtedness exceeds 600% of its Aggregate Resources; or
  - (iv) ~~in the case of a Clearing Member,~~ if its Financial Resources, or Adjusted Net Head Office Funds ~~or cash and/or Acceptable Government Securities deposited with the Clearing House or CDP pursuant to the Clearing Rules or CDP Clearing Rules,~~ as the case may be, is reduced by more than 20% from the previously submitted monthly financial statement;
- (b) if the Exchange is notified by a ~~corporate~~General Trading Member under this Rule 2.5.6 or otherwise becomes aware that a ~~corporate~~General Trading Member's Financial Resources or Adjusted Net Head Office Funds ~~or cash and/or Acceptable Government Securities deposited with the Clearing House or CDP pursuant to Rule 2.5.2(c)(i),~~ as the case may be, has fallen or will fall below 120% of its Total Risk Requirement or such higher percentage as the Exchange may have imposed under Rule 2.5.4, the Exchange may direct that Member to comply with any or all of the requirements described under Regulation 7(3) of the Financial and Margin Regulations;
- ~~PROVIDED THAT, in the case of a Bank Trading Member, the Exchange shall only require that Member to comply with directions in respect of the Bank Trading Member's business that is governed by this Rules;~~
- (c) if the Exchange is notified by a ~~corporate~~General Trading Member under this Rule 2.5.6 or otherwise becomes aware that a ~~corporate~~General Trading Member's Financial Resources or Adjusted Net Head Office Funds ~~or cash and/or Acceptable Government Securities deposited with the Clearing House or CDP pursuant to Rule 2.5.2(c)(i),~~ as the case may be, has fallen or will fall below 150% of its Total Risk Requirement or such higher percentage as the Exchange may have imposed under Rule 2.5.4, the Exchange shall be entitled to require that Member to:
- (i) submit its statements of assets and liabilities, Financial Resources, ~~cash and/or government securities deposited with the Clearing House or CDP pursuant to Rule 2.5.2(c)(i),~~ Total Risk Requirement, Aggregate Indebtedness, and such other statements as required by the Exchange at such interval and for such time frame as determined by the Exchange; and
  - (ii) operate its business ~~or in the case of a Bank Trading Member, its Business Governed by this Rules,~~ in such manner and on such conditions as the Exchange may impose;

and



Futures Trading Rules
<p>(d) if the Exchange is notified by a General Trading Member under this Rule 2.5.6 or otherwise becomes aware that a General Trading Member's Aggregate Indebtedness exceeds or will exceed 600% of its Aggregate Resources, or such lower percentage as the Exchange may have imposed under Rule 2.5.4, the Exchange may direct that Member to comply with any or all of the requirements described under Regulation 17(2) of the Financial and Margin Regulations.</p>
<p><b>2.5.6A Notification <del>of Material Changes to Net Liquid Capital</del> requirements of General Trading Members that hold a licence specified in Rule 2.4.1(b)</b></p> <p>The following requirements apply in relation to material changes to the <del>Net Liquid</del>Base Capital requirements specified in Rule 2.5.2(b1):</p> <p>(a) <del>at</del>the General Trading Member <del>that holds a licence specified in Rule 2.4.1(b)</del> shall immediately notify the Exchange if it fails to meet or becomes aware that it will fail to meet the <del>Base Net Liquid</del>Capital requirements referred to in Rule 2.5.2(b1), or such higher <del>Base Net Liquid</del> Capital requirements as the Exchange may have imposed under Rule 2.5.4; and</p> <p>(b) if the Exchange is notified by <del>at</del>the General Trading Member <del>that holds a licence specified in Rule 2.4.1(b)</del> under this Rule or otherwise becomes aware that <del>such a</del> General Trading Member has failed to meet the <del>Base Net Liquid</del>Capital requirements referred to in Rule 2.5.2(b1), or such higher <del>Base Net Liquid</del>Capital requirements as the Exchange may have imposed under Rule 2.5.4, the Exchange may refer the matter to the Disciplinary Committee, and may take such interim control measures, including but not limited to all or any of the following, as the Exchange deems fit and appropriate:—</p> <ol style="list-style-type: none"> <li>(1) require the General Trading Member to operate its business activities on the Exchange subject to such restrictions or conditions as the Exchange decides;</li> <li>(2) suspend the General Trading Member's business activities on the Exchange for a period the Exchange decides. The suspension may be announced to all General Trading Members. During the suspension, the General Trading Member:— <ol style="list-style-type: none"> <li>(a) must not enter into a new transaction without the approval of the Exchange;</li> <li>(b) remains liable to settle all contracts outstanding at the time of suspension. However, it must not settle any transaction without the approval of the Exchange.</li> </ol> </li> <li>(3) require a Director to step down from day-to-day conduct of the business affairs of the General Trading Member on the Exchange; or</li> <li>(4) appoint a person or persons (which may include a firm of auditors) as Manager to manage the business of the General Trading Member on the Exchange. The Exchange will fix the remuneration of the Manager, which must be paid by the General Trading Member. The General</li> </ol>

Futures Trading Rules
<p>Trading Member is solely responsible for the Manager's acts and defaults. The Manager must carry out directions given by the Exchange in relation to the business of the General Trading Member, including carrying on the business of the General Trading Member in accordance with instructions.</p>
<p><b><u>2.5.6B Notification Requirements of Bank Trading Members</u></b></p> <p><u>The following requirements apply in relation to material changes to the capital and financial requirements specified in Rule 2.5.2(c):</u></p> <p><u>(a) a Bank Trading Member shall immediately notify the Exchange if it fails to meet or becomes aware that it will fail to meet the capital and financial requirements referred to in Rule 2.5.2(c), or such higher capital and financial requirements as the Exchange may have imposed under Rule 2.5.4, or if any event in relation to its regulatory capital and liquidity ratios that is required to be reported to its Relevant Regulatory Authority has occurred; and</u></p> <p><u>(b) if the Exchange is notified by the Bank Trading Member under this Rule or otherwise becomes aware that a Bank Trading Member has failed to meet the capital and financial requirements referred to in Rule 2.5.2(c), or such higher capital and financial requirements as the Exchange may have imposed under Rule 2.5.4, or that a reportable event in relation to its regulatory capital and liquidity ratios has occurred, the Exchange may direct that Bank Trading Member to comply with any or all of the requirements described under Regulation 7(3) of the Financial and Margin Regulations, in respect of the Bank Trading Member's business that is governed by this Rules.</u></p>
<p><b>3.3.14 Inter-Exchange Cross Margining</b></p> <p>Notwithstanding Rule 3.3.12, a Member may grant margin credit at a rate not exceeding that which is prescribed by the Clearing House, to a Customer which holds long and short positions on futures contracts (on the same underlying) which are traded on the Exchange and another exchange, to the extent that the risk on the position in one (1) exchange is set-off against another ("Inter-exchange Cross Margining") if the following conditions are satisfied:</p> <ul style="list-style-type: none"> <li>(a) the risk-offsetting positions relate to contracts prescribed by the Clearing House as eligible for inter-exchange cross margining;</li> <li>(b) the Member ensures that the risk-offsetting positions are carried in Customer Accounts in which the same Customer is the legal and beneficial owner;</li> <li>(c) the Member provides for the right of set-off in respect of the Customer's positions with the Clearing House and any other relevant clearing house in its contractual agreements with that Customer;</li> </ul>

### Futures Trading Rules

- (d) the Member, except for a Bank Trading Member or a General Trading Member that holds a licence specified in Rule 2.4.1(b), continues to calculate the Counterparty Risk Requirement for each counterparty exposure to the Customer as if margin credit had not been granted;
- (e) the Member continues to maintain adequate liquidity facilities (bank lines and cash balances) to fund the gross margin payable to the Clearing House and any other relevant clearing houses;
- (f) the Member imposes a limit on the amount of margin credit granted to the Customer which should not exceed ~~20% of the Member's~~:
- (i) in the case of a General Trading Member, 20% of the Member's Free Financial Resources; or
  - (ii) ~~Net Liquid Capital,~~ in the case of a Bank Trading Member or General Trading Member that holds a licence specified in Rule 2.4.1(b), such other amount as may be prescribed by the Exchange in respect of Contracts traded on the Exchange;
- (g) the Member has proper internal controls and risk management procedures\*, to monitor the credit risk and liquidity risk arising from Inter-exchange Cross Margining. The Exchange reserves the right to impose additional conditions or disallow a Member from offering Inter-exchange Cross Margining if it is not satisfied with the internal controls and risk management procedures of the Member requesting Inter-exchange Cross Margining; and
- \*Refer to Regulatory Notice 3.3.14(g).
- (h) the Member notifies the Exchange, prior to offering Inter-exchange Cross Margining to its Customers, that it has complied and will continue to comply with the conditions set forth herein.

For the avoidance of doubt, Inter-exchange Cross Margining is not allowed for positions carried in Customer Accounts opened with different Members.

### 3.3.28 Certification by Auditor

The following requirements apply in relation to auditor certification of a Member's accounts:

- (a) a Member shall be required to furnish: financial information

Futures Trading Rules
<p>(i) <u>annual accounts</u> duly audited by an external auditor in the jurisdiction in which that Member is incorporated or registered to the Exchange;</p> <p>(ii) <u>relevant forms in respect of its annual financial audit which it is required to lodge with its Relevant Regulatory Authority, translated into English and in such form prescribed by its Relevant Regulatory Authority, or as prescribed by the Exchange under Rule 3.3.27; and</u></p> <p>(iii) <u>a certificate signed by the external auditor pertaining to the audit conducted by such external auditor, in such form prescribed by the Relevant Regulatory Authority,</u></p> <p>within five (5) months of the end of its financial year or within such longer period as may be permitted in writing by the Exchange; <del>tThe Member shall submit the information in the following forms:</del></p> <p style="padding-left: 40px;"><del>(i) in the case of a General Trading Member, the relevant forms which it is required to lodge with its Relevant Regulatory Authority, translated into English, and such other forms as prescribed by the Exchange under Rule 3.3.27; and</del></p> <p style="padding-left: 40px;"><del>(ii) in the case of a Bank Trading Member, as prescribed by the Exchange under Rule 3.3.27;</del></p> <p>(b) <del>[deleted]</del>the external auditor shall certify whether, in its opinion:</p> <p style="padding-left: 40px;"><del>(i) the Member has complied with the capital and financial requirements set out in the Act or the relevant applicable laws and regulatory requirements relating to the regulation of markets and licenced entities, and this Rules;</del></p> <p style="padding-left: 40px;"><del>(ii) the 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 relevant applicable laws and regulatory requirements relating to the regulation of markets and licenced entities or the Act, and this Rules;</del></p> <p style="padding-left: 40px;"><del>(iii) the financial position of the Member is such as to enable it to conduct its business or, in the case of a Bank Trading Member, 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</del></p> <p style="padding-left: 40px;"><del>(iv) the external auditor has obtained all the necessary information and explanations for the proper conduct of the audit and to enable it to furnish the certificate.</del></p>
Chapter 8 Definitions and Interpretation
A

Futures Trading Rules	
Acceptable Government Securities	<del>Refers to securities issued by a government with a Moody's Investors Service sovereign rating of at least Aaa, Standard &amp; 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 Exchange from time to time. [Deleted]</del>
Aggregate Resources	When used in reference to:— (a) a Trading Member incorporated in Singapore which has satisfied Rule 2.5.2(b)(i) or Rule 2.5.2(c)(i) by meeting the Base Capital requirement, means its Financial Resources and Qualifying Letter of Credit less its Total Risk Requirement; <u>and</u> (b) a Trading Member incorporated outside Singapore which has satisfied Rule 2.5.2(b)(i) or Rule 2.5.2(c)(i) by meeting the Net Head Office Funds requirement, means its Adjusted Net Head Office Funds and Qualifying Letter of Credit less its Total Risk Requirement; <u>and</u> (c) <del>a Bank Trading Member incorporated outside Singapore which has satisfied Rule 2.5.2(c)(i) by means of cash and/or acceptable government securities deposited with the Clearing House or CDP, where the total amount payable under the Qualifying Letter(s) of Credit exceeds 50% of the total risk requirement, the amount in excess shall not be taken into account for determining the aggregate resources in meeting Aggregate Indebtedness.</del>
<b>B</b>	
Base Capital	<u>when used in reference to:—</u> (a) <u>a General Trading Member that holds a licence to engage in a Regulated Activity in Singapore, shall have</u> the meaning ascribed to it in Regulation 2 of the Financial and Margin Regulations; <u>and</u> (b) <u>a General Trading Member that holds a licence specified in Rule 2.4.1(b) or a Bank Trading Member, means its paid-up ordinary share capital and unappropriated profit or loss.</u>
<b>F</b>	
Financial Resources	<del>When used in reference to:—            (a) a General Trading Member that holds a licence to engage in a Regulated Activity, shall bear the meaning ascribed thereto in Regulation 2 of the SFR (Financial and Margin Requirements); and            (b) a Bank Trading Member which has satisfied the Base Capital or Net Head Office Funds requirement under Rule 2.5.2(c)(i), shall bear the meaning ascribed thereto in Regulation 2 of the SFR (Financial and Margin Requirements) less the capital requirements for its banking business;</del>
<b>N</b>	

Futures Trading Rules	
Net Head Office Funds	<p><del>When used in reference to:—</del></p> <p><del>(a) a General Trading Member incorporated outside Singapore that holds a licence to engage in a Regulated Activity, s</del> Shall have the meaning ascribed to it under the Financial and Margin Regulations; <del>and</del></p> <p><del>(b) a Bank Trading Member incorporated outside Singapore, shall have the meaning ascribed to it under the Financial and Margin Regulations, provided that its net liability shall include, without limitation, the liability of its Asian Currency Unit;</del></p>
Net Liquid Capital	<p><del>Shall mean the financial resources of a General Trading Member that holds a licence specified in Rule 2.4.1(b) computed under such methodology prescribed by the Exchange. [Deleted]</del></p>
<b>R</b>	
<u>Relevant Regulatory Authority</u>	<p>Shall mean:</p> <p>(a) the authority(ies) or regulatory body(ies) that regulate(s) a Trading Member's, its Approved Trader, or its Registered Representatives' activities in the country where it is carrying on such activities <u>and from which it has applied for Membership or registration with the Exchange</u>; and</p> <p>(b) where the Trading Member, its Approved Traders, or its Registered Representatives are carrying on regulated activities in Singapore, the MAS;</p>
<u>RRA Financial Requirement</u>	<p><u>means all applicable financial requirements (whether relating to capital, liquidity, risk or otherwise) imposed on a Clearing Member by its Relevant Regulatory Authority.</u></p>
<b>T</b>	
Total Risk Requirement	<p><del>When used in reference to:—</del></p> <p><del>(a) a General Trading Member that holds a licence to engage in a Regulated Activity, s</del> Shall bear the meaning ascribed thereto in Regulation 2 of the SFR (Financial and Margin Requirements);</p> <p><del>(b) a Bank Trading Member which has satisfied the Base Capital or Net Head Office Funds requirement under Rule 2.5.2(c)(i), shall bear the meaning ascribed thereto in Regulation 2 of the SFR (Financial and Margin Requirements) except that such Bank Trading Member shall only compute the total risk requirement for all customers' and proprietary positions in derivatives and securities contracts traded on any exchange and OTC contracts novated to any clearing facility; and</del></p> <p><del>(c) a Bank Trading Member which has satisfied Rule 2.5.2(c)(i) by depositing cash and/or government securities with the Clearing House, shall bear the meaning ascribed thereto in Regulation 2 of the SFR (Financial and Margin Requirements) except that such</del></p>

Futures Trading Rules	
	<del>Bank Trading Member shall only compute the total risk requirement for all customers' and proprietary positions in derivatives and securities contracts traded on the Exchange and SGX-ST, and OTC contracts novated to the Clearing House and CDP;</del>
Regulatory Notices	
Regulatory Notice 2.5.2(b1) — <del>Computation of Net Liquid Capital for Trading Members Referred to in Rule 2.4.1(b)</del> [Regulatory Notice has been deleted]	
<p><del>1. Introduction</del></p> <p><del>1.1 Rule 2.5.2(b1) states that a Trading Member that holds a licence specified in Rule 2.4.1(b) must at all times maintain Net Liquid Capital of not less than \$1 million.</del></p> <p><del>1.2 This Regulatory Notice sets out the computation methodology of Net Liquid Capital for a Trading Member that holds a licence specified in Rule 2.4.1(b).</del></p> <p><del>2. Net Liquid Capital</del></p> <p><del>2.1 A Trading Member that holds a licence specified in Rule 2.4.1(b) shall compute its Net Liquid Capital as follows:</del></p> <p><del>COMPUTATION OF NET LIQUID CAPITAL</del></p> <p><del>Shareholders' Funds<sup>1</sup> _____</del></p> <p><del>Less:</del></p> <p><del>(a) Illiquid assets<sup>2</sup> _____</del></p> <p><del>(b) Pre-paid expenses<sup>3</sup> _____</del></p> <p><del>(c) Deposits<sup>4</sup> _____</del></p> <p><del>(d) Deferred tax assets _____</del></p> <p><del>(e) Investments in unquoted securities _____</del></p> <p><del>(f) Deficits in clients' accounts less any provisions for bad and doubtful debts<sup>5</sup> _____</del></p> <p><del>(g) Charged assets<sup>6</sup> _____</del></p> <p><del>(h) Excess of book value of securities carried in own account over market value _____</del></p> <p><del>(i) Current assets doubtful of collection less any provisions already made _____</del></p> <p><del>(j) Diminution in the value of securities underwritten _____</del></p>	

## Futures Trading Rules

~~(k) Unsecured loans and unsecured advances included as current assets \_\_\_\_\_~~

~~(l) Unsecured amounts due from each director and his connected person \_\_\_\_\_~~

~~(m) Unsecured amounts due from related companies \_\_\_\_\_~~

~~NET LIQUID CAPITAL \_\_\_\_\_~~

### ~~3. Submission of Financial Statements and Other Information to the Exchange~~

~~3.1. A Trading Member that holds a licence specified in Rule 2.4.1(b) shall submit financial returns in the form as set out in paragraph 2.1.~~

~~<sup>1</sup> Shareholders' funds means the sum of the ordinary paid-up capital, non-redeemable preference share capital and reserves after deduction of any debit balance appearing in the profit and loss account of the Trading Member.~~

~~<sup>2</sup> These are assets considered not readily convertible into cash within 30 days which includes intangible assets (goodwill); fixed assets (furniture, fixtures, and building etc.~~

~~<sup>3</sup> These include items such as rent and insurance.~~

~~<sup>4</sup> Deposits exclude items such as:—~~

~~i. a current account balance, saving account deposit or fixed deposit, including accrued interest, with:~~

~~(a) a bank licensed under the Banking Act (Cap. 19);~~

~~(b) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186);~~

~~(c) a finance company licensed under the Finance Companies Act (Cap. 108); or~~

~~(d) a bank outside Singapore which is subject is approved, licensed, registered or otherwise regulated by a banking regulatory authority in a foreign jurisdiction to carry on banking business; or~~

~~ii. a deposit with any of the following:~~

~~(a) an approved exchange;~~

~~(b) a recognised exchange;~~

~~(c) a designated clearing house;~~

~~(d) a clearing facility appointed by a recognized exchange; or~~

~~(e) an entity which is a member of any entity referred to in sub-paragraphs (a) to (d);~~

~~where a recognised exchange means an overseas exchange regulated by a financial service regulatory authority of a country or territory specified under Group A in in Table 4 of the Fourth Schedule of the SFR (Financial and Margin Requirements).~~



Futures Trading Rules
<p><del><sup>5</sup> Deficits in clients' accounts means —</del></p> <ul style="list-style-type: none"> <li><del>iii. For a purchase contract which remains fully or partially unpaid, the excess of the amount owed by the client over the market value of the underlying securities of which the client had failed to take delivery after the due date and of any additional securities lodged by the client with the Trading Member as collateral;</del></li> <li><del>iv. For a sale contract where the securities is yet to be delivered, the excess of the current market value of the underlying securities sold and any additional securities lodged by the client with the Trading Member as collateral, over the contract value of the sale contract;</del></li> <li><del>v. Where any purchase or sale contract has been offset by a contra transaction on or before the due date, the amount of loss, if any, on the date on which the contra transaction takes effect;</del></li> <li><del>vi. Where any purchase or sale contract has been offset by a forced sale or buying-in transaction after the due date, the amount of loss, if any, arising from the forced sale or buying-in transaction on the date on which the transaction takes effect;</del></li> <li><del>vii. In relation to each client's margin account, the amount of margin deficiency determined in accordance with the maintenance margin requirement provided in the Trading Member's agreement with the client; and</del></li> <li><del>viii. In relation to interest and other receivables arising from securities transactions, the amount which is not secured and which is outstanding for more than 14 calendar days.</del></li> </ul> <p><del><sup>6</sup> Charged assets refer to assets which are subject to a charge under which a third party has a right of retention or sale of the assets upon default of the Trading Member.</del></p>
Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27 — Reporting of Account Identity; Reporting of Open Positions; Computations of Financial and Capital Requirements; Submission of Financial Statements and Other Information to the Exchange
<p>1. Introduction</p> <p>1.1 This Regulatory Notice sets out the conditions and operational procedures pursuant to Rules 3.3.17, 3.3.18, 3.3.26, and 3.3.27.</p>

## Futures Trading Rules

### 2. Electronic Reporting and Submission of Information

2.1 A Member is required to submit the following information, except that in the case of a Bank Trading Member, the following requirements apply only in respect of the Bank Trading Member's business that is governed by this Rules:

(...)

(c) Rule 3.3.26 : Computations of Financial and Capital Requirements; and Rule 3.3.27 : Submission of Financial Statements and Other Information to the Exchange

~~A General Trading Member that holds a licence specified in Rule 2.4.1(b) shall submit to the Exchange monthly Net Liquid Capital financial returns. The General Trading Member shall submit financial returns as set out in the form prescribed by the Exchange in Regulatory Notice 2.5.2(b1).~~

General Trading Members and Bank Trading Members shall submit financial returns in the format that the Exchange prescribes. The financial returns shall be submitted by the 14th calendar day of each month, or such longer period as the Exchange may allow. Requests for extensions of time shall be submitted to the Exchange at least three (3) Business Days prior to the due date for submission of the monthly financial returns.

Members shall submit audited financial returns in the forms prescribed herein on an annual basis, pursuant to Rule 3.3.28.

## Appendix 2 To Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27

	<u>General</u> Trading Member (Excluding those specified in FTR 2.4.1(b))	<u>General</u> Trading Member (who is also a Clearing Member of SGX-DC)	<u>General</u> Trading Member (Specified in FTR 2.4.1(b)) <u>or</u> <u>Bank Trading</u> <u>Member</u>	Frequency	Timeline
RBC Financial Returns and Confirmation Report	✓	✓		Monthly <u>or</u> <u>as</u>	14th of the month, <u>or as</u> <u>prescribed by SGX@</u>

Futures Trading Rules					
<b>Net Liquid Capital **</b>			✓	prescribed by SGX	
<b>Capital adequacy reports</b>			✓ (Head office or ultimate parent holding entity of BTM)	Quarterly	
<b>Credit Facilities ***</b>		✓		Monthly	10th Business Day of the month.
<b>Reporting of Open Positions (Form BC3A)</b>	✓		✓	Daily	11.00am on the following Business Day
<b>Reporting of Account Identity (Form BC4A)</b>	✓	✓	✓	Ad Hoc	BC4A to be submitted within three (3) Business Days after a new account has commenced trading. BC4A for Trading Member (Individual) and Trading Representatives shall be submitted at least one (1) Business Day before they commence trading.
<b>Reporting of Large Positions in Non-SGX Contracts (Form BC5A) ***</b>		✓		Daily	3.00pm on the following Business Day.
<p>* For the purpose of this Appendix 2, "Trading Representatives" are dealers' representatives who are trading for their own account.</p> <p>** in the template prescribed in FTR Regulatory Notice 2.5.2(b1)</p> <p>*** if separately required in accordance with the Clearing Rules.</p> <p>@ There shall be imposed upon the Member a late fee of \$100 for each day that the returns are not submitted within the prescribed time and for which an extension of time has not been granted.</p>					
Schedules					
Chapter 2 — Access and Membership					

Futures Trading Rules												
Rule Violation		Composition Amount which may be Offered by the Exchange, where the Exchange has Determined the Member, Approved Trader and/or Registered Representative to be Liable										Mandato ry minimum penalty imposabl e by the DC
Rule Chapt er/Nu mber	Brief Description of Rule	Whether compositio n may be offered	Members			Approved Traders			Registered Representatives			
			1st	2nd	3rd	1st	2nd	3rd	1st	2nd	3rd	
			Violat ion	Violat ion	Violat ion	Violat ion	Violat ion	Violati on	Violat ion	Violat ion	Violat ion	
Chapter 2 — Access and Membership												
2.5	Financial Requirements for Members											
<a href="#">2.5.2(b)</a>	General Trading Member that holds a licence to engage in a Regulated Activity to comply with financial requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<a href="#">2.5.2(b)<sup>7</sup></a>	General Trading Member that holds a licence specified in <a href="#">Rule 2.4.1(b)</a> to comply with financial requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Futures Trading Rules												
<a href="#">2.5.2(c)</a>	Bank Trading Members to comply with financial requirements	Compound able	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<a href="#">2.5.4</a>	Member to comply with additional financial, capital and other requirements imposed by the Exchange or the Clearing House	Not Compound able	Not Compoundable			N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	\$10,000
<a href="#">2.5.5</a>	Corporate Member to comply with the prescribed calculation of Financial Resources	Compound able	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<a href="#">2.5.6(a)</a>	<del>Corporate General</del> Member to immediately notify the Exchange of material changes to Financial Resources and Adjusted Net Head Office Funds	Compound able	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<a href="#">2.5.6A(a)<sup>8</sup></a>	<del>Corporate General</del> Trading Member that holds a licence specified in Rule	Compound able	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Futures Trading Rules												
	2.4.1(b) to immediately notify the Exchange if it fails to meet or becomes aware that it will fail to meet <del>Net Liquid</del> <u>Base -Capital and Financial</u> requirements		\$4,000	\$7,000	\$10,000							
2.5.6A (b) <sup>9</sup>	<u>General Trading Member that holds a licence specified in Rule 2.4.1(b)</u> <del>Corporate Member</del> to comply with directions of the Exchange in respect of its business activities	Not Compound able	Not Compoundable			N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	\$10,000
2.5.6B (a)	<u>Bank Member to immediately notify the Exchange if it fails to meet or becomes aware that it will fail to meet Capital and Financial requirements</u>	<u>Compound able</u>	\$2,000 – \$4,000			<u>\$4,000</u> <u>0 –</u> <u>\$7,000</u> <u>0</u>	<u>\$7,000</u> <u>0 –</u> <u>\$10,000</u> <u>00</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>

Futures Trading Rules											
<a href="#">2.5.6B(b)</a>	Bank Trading Member to comply with directions of the Exchange in respect of its business activities	Not Compound able	Not Compoundable	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	\$10,000	
<a href="#">2.5.6(b)</a>	Corporate Member to comply with requirements described under Regulation 7(3) of the Financial and Margin Requirements, imposed by the Exchange.	Not Compound able	Not Compoundable	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	\$10,000	
<a href="#">2.5.6(c)</a>	Corporate Member to comply with directions of the Exchange on the submission of statements or operation of business.	Not Compound able	Not Compoundable	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	\$10,000	
<a href="#">2.5.6(d)</a>	General Trading Member to comply with the requirements described in Regulation 17(2) of the Financial and Margin	Not Compound able	Not Compoundable	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	\$10,000	

Futures Trading Rules												
	Requirements, imposed by the Exchange.											
<a href="#">2.5.7</a>	General Trading Member to comply with requirements relating to preference shares, unsecured loans & others	Compound able	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.



## Amendments to CDP Clearing Rules

CDP Rules	
Rule 1 — Application and Definitions	
1.2 Definitions	
<b>A</b>	
"adjusted net head office funds"	<p><del>when used in reference to:—</del>  <del>(1) a General Clearing Member incorporated outside Singapore,</del> has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements); <del>and.</del>  <del>(2) a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 3.1.3(10)(c), has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements), less the capital requirements for its banking business.</del></p>
"aggregate resources"	<p>when used in reference to:—  (1) a Clearing Member incorporated in Singapore, means its financial resources and qualifying letters of credit referred to in Rule 5.1C less its total risk requirement; <u>and</u>  (2) a <del>General</del> Clearing Member incorporated outside Singapore <del>or a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 3.1.3(10)(c),</del> means its adjusted net head office funds and qualifying letters of credit referred to in Rule 5.1G less its total risk requirement; <del>and</del>  <del>(3) a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 3.1.3(10)(a) or (b), means its cash and/or acceptable government securities deposited with CDP pursuant to Rule 5.1D.2(1) less its total risk requirement.</del></p>
<b>B</b>	
"base capital"	<p><del>when used in reference to:—</del>  <del>(a) a General Clearing Member,</del> has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements); <del>and</del>  <del>(b) a Bank Clearing Member, means its paid-up ordinary share capital and unappropriated profit or loss.</del></p>
<b>F</b>	
"financial resources"	<p><del>when used in reference to:—</del>  <del>(1) a General Clearing Member incorporated in Singapore,</del> has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements); <del>and</del></p>

CDP Rules	
	<del>(2) a Bank Clearing Member incorporated in Singapore, has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements), less the capital requirements for its banking business.</del>
<b><u>N</u></b>	
"net head office funds"	<del>has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements). 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.</del>
<b><u>T</u></b>	
"total risk requirement"	<del>when used in reference to:— (1) a General Clearing Member, has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements); (2) a Bank Clearing Member incorporated in Singapore or a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 3.1.3(10)(c), has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements), except that such Bank Clearing Member shall only compute the total risk requirement for all Customers' and proprietary positions in securities and derivatives contracts traded on any exchange, and OTC Contracts novated to any clearing facility; and (3) a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 3.1.3(10)(a) or (b), has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements), except that such Bank Clearing Member shall only compute the total risk requirement for all Customers' and proprietary positions in securities and derivatives contracts traded on SGX-ST and SGX-DT, and OTC Contracts novated to CDP and SGX-DC.</del>
<b><u>R</u></b>	
<u>"RRA Financial Requirement"</u>	<del>means all applicable financial requirements (whether relating to capital, liquidity, risk or otherwise) imposed on a Clearing Member by its Relevant Regulatory Authority.</del>
<u>"Relevant Regulatory Authority"</u>	<del>means: (a) the authority(ies) or regulatory body(ies) that regulate(s) a Clearing Member's activities in the country where it is carrying on such activities and from which it has applied for Clearing Membership; and (b) where the Clearing Member are carrying on regulated activities in Singapore, the MAS.</del>

<b>CDP Rules</b>
<b>Rule 3 — Membership</b>
<b>3.1 Clearing Member</b>
<p>3.1.3 Eligibility Criteria for Bank Clearing Members</p> <p>Unless otherwise prescribed by CDP, to be eligible for Clearing Membership as a Bank Clearing Member, an applicant must satisfy CDP that:—</p> <p>(1) it is authorized to conduct banking business in Singapore pursuant to section 4 of the Banking Act (Chapter 19) ;</p> <p>(2) it or its parent bank has obtained 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;</p> <p>(3) upon admission, it shall <del>appoint</del> <u>register at least</u> one (1) <del>Approved Executive Director</del> <u>person as a Chief Executive Officer</u> pursuant to Rule 4;</p> <p>(4) it has, and upon admission will maintain, minimum capital and financial requirements pursuant to Rules 5.1.1A or 5.1D.2 (whichever is applicable) and 5.4;</p> <p>(5) its managerial or executive staff have a high standard of integrity and a level of knowledge (as may be deemed acceptable by CDP) on the nature, risks and obligations in respect of the <u>organised</u> market or <del>contracts trades</del> that it wishes to clear;</p> <p>(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 governed by this Clearing Rules;</p> <p>(7) it must maintain segregated and adequate back-office functions in respect of its operations governed by this Clearing Rules;</p> <p>(8) it satisfies any and all other requirements and criteria for such Clearing Membership, which CDP may from time to time hereafter prescribe; and</p> <p><del>(9) where it is incorporated in Singapore,</del>  <del>—(a) it has a base capital of not less than S\$5,000,000; or</del>  <del>—(b) in the case of an applicant admitted as a clearing member of CDP and SGX-DC, it has a base capital of not less than S\$8,000,000;</del>  <del>or such other amount as may be prescribed by CDP hereafter and from time to time; or</del></p> <p><del>(10) where it is incorporated outside Singapore,</del>  <del>—(a) it has deposited, as security for its obligations to CDP, cash and/or acceptable government securities of not less than S\$5,000,000 with CDP; or</del></p>

**CDP Rules**

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

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

~~(i) if the Bank Clearing Member has deposited S\$8,000,000 with SGX-DC or such other amount as prescribed, pursuant to the corresponding provision relating to the prescribed minimum capital and financial requirements, in the SGX-DC Clearing Rules, it need not deposit a further S\$8,000,000 with CDP or such other amount as may be prescribed by CDP; and~~

~~(ii) CDP 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 CDP and/or SGX-DC, to satisfy the Bank Clearing Member's obligations to CDP and/or SGX-DC under this Clearing Rules and the SGX-DC Clearing Rules respectively. In deciding on the apportionment, CDP may, in consultation with SGX-DC, take into account factors, including but not limited to, the amount owed by the Bank Clearing Member to CDP and SGX-DC 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 CDP and SGX-DC, it has net head office funds of not less than S\$8,000,000, or such other amount as may be prescribed by CDP hereafter and from time to time, PROVIDED ALWAYS THAT CDP has the discretion to decide if an applicant may seek to rely on its net head office funds pursuant to this Rule 3.1.3(10)(c) instead of depositing cash and/or acceptable government securities pursuant to Rule 3.1.3(10)(a) or (b).~~

**Rule 5 — Financial/Capital Requirements****5.1 Minimum Capital and Financial Requirements of Clearing Members Incorporated in Singapore****5.1.1A**

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

**(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 SGX-DC, maintain a base capital of not less than S\$8,000,000;

**(2) ~~Financial Resources Requirement~~RRA Financial Requirement**

~~comply with all applicable RRA Financial Requirements~~~~not cause or permit its financial resources to fall below its total risk requirement~~; and

**(3) Other Requirements**

<b>CDP Rules</b>
comply with the accounting, reporting, book-keeping and any other financial and operational requirements prescribed by CDP in relation to the Bank Clearing Member's business governed by this Clearing Rules.
<b>5.1A Early Warning Financial Requirements of Clearing Members Incorporated in Singapore</b>
<p>5.1A.1 Each <u>General</u> Clearing Member incorporated in Singapore shall immediately notify CDP:—</p> <p>(1) if its financial resources fall below 120% of its total risk requirement; or  (2) <del>in the case of a General Clearing Member,</del> if its aggregate indebtedness exceeds 600% of its aggregate resources.</p> <p>5.1A.2 If CDP is notified by a Clearing Member under Rule 5.1A.1(1) or becomes aware (whether or not there has been any notification by the Clearing Member under Rule 5.1A.1(1)) that such Clearing Member's financial resources have fallen below 120% of its total risk requirement, CDP may direct:</p> <p><del>(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);</del>  <del>(2) 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:—</del>  <del>(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 Clearing Rules; and</del>  <del>(b) "business" shall be read to mean the Bank Clearing Member's business governed by this Clearing Rules.</del>  <del>Added on 1 July 2008.</del></p> <p>5.1A.3 If CDP is notified by a <u>General</u> Clearing Member under Rule 5.1A.1(2) or becomes aware (whether or not there has been any notification by such <u>General</u> Clearing Member under Rule 5.1A.1(2)) that such <u>General</u> Clearing Member's aggregate indebtedness has exceeded 600% of its aggregate resources, CDP may direct such <u>General</u> Clearing Member to comply with one (1) or more of the directions prescribed under Regulation 17(2) of the SFR (Financial and Margin Requirements).</p>
<b>5.1B Notification Requirements of Clearing Members Incorporated in Singapore</b>
<p>5.1B.1 Each Clearing Member incorporated in Singapore shall:</p>

**CDP Rules**

(a) In the case of a General Clearing Member, immediately notify CDP if its financial resources fall below 150% of its total risk requirement.

(b) In the case of a Bank Clearing Member, immediately notify the Clearing House of any event in relation to its regulatory capital and liquidity ratios that is required to be reported to its Relevant Regulatory Authority.

**5.1B.2**

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

**5.1B.3**

If CDP is notified by a Clearing Member under Rule 5.1B.1 or becomes aware (whether or not there has been any notification by the Clearing Member under Rule 5.1B.1) that such Clearing Member's financial resources have fallen below 150% of its total risk requirement or that a reportable event in relation to its regulatory capital and liquidity ratios has occurred, CDP may direct such Clearing Member to do one (1) or more of the following actions:—

(1) submit (where applicable), the statements of assets and liabilities, financial resources, total risk requirement, aggregate indebtedness, and such other statements as required by CDP at such interval and for such time frame as determined by CDP;

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

**5.1D Minimum Capital and Financial Requirements of Clearing Members Incorporated Outside Singapore****5.1D.2**

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

~~(1) Base Capital Requirement where it has satisfied Rule 3.1.3(10)(A) or (b),~~

~~(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 SGX-DC, maintain a base capital of not less than S\$8,000,000;

~~Cash and/or Acceptable Government Securities Requirement~~

~~(a) deposit, as security for its obligations to CDP, cash and/or acceptable government securities of not less than S\$5,000,000 with CDP; or~~

**CDP Rules**

~~(b) in the case of a Bank Clearing Member who is also a clearing member of SGX-DC, deposit, as security for its obligations to CDP, cash and/or acceptable government securities of not less than S\$8,000,000 with CDP;~~

**PROVIDED ALWAYS THAT:**

~~(i) if the Bank Clearing Member has deposited S\$8,000,000 with SGX-DC or such other amount as prescribed, pursuant to the corresponding provision in the SGX-DC Clearing Rules, it need not deposit a further S\$8,000,000 with CDP or such other amount as may be prescribed by CDP; and~~

~~(ii) CDP 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 CDP and/or SGX-DC, to satisfy the Bank Clearing Member's obligations to CDP and/or SGX-DC under this Clearing Rules and the SGX-DC Clearing Rules respectively. In deciding on the apportionment, CDP may, in consultation with SGX-DC, take into account factors, including but not limited to, the amount owed by the Bank Clearing Member to CDP and SGX-DC respectively.; and~~

~~(c) not cause or permit its cash and/or acceptable government securities deposited with CDP or SGX-DC to fall below its total risk requirement; or~~

**(2) RRA Financial Requirement**

~~comply with all applicable RRA Financial Requirements; and where it has satisfied Rule 3.1.3(10)(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 SGX-DC, 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~~

**(3) Other Requirements**

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

**5.1DA Liquidity Resource Requirement**

Each Bank Clearing Member incorporated outside Singapore shall deposit liquidity resources with CDP upon CDP's request, if CDP determines that any conditions exist which may threaten the ability of the Bank Clearing Member to satisfy its obligations to CDP and/or SGX-DC under this Clearing Rules and the SGX-DC Clearing Rules respectively.

CDP Rules
<p><u>Such liquidity resources shall be an amount up to S\$5,000,000, or S\$8,000,000 in the case of a Bank Clearing Member who is also a clearing member of SGX-DC, and shall be paid in cash and/or acceptable government securities within such time as determined by CDP.</u></p>
5.1E Early Warning Financial Requirements of Clearing Members Incorporated Outside Singapore
<p>5.1E.1</p> <p>Each <u>General</u> Clearing Member incorporated outside Singapore shall immediately notify CDP:—</p> <p>(1) if its adjusted net head office funds <del>or cash and/or acceptable government securities deposited with CDP or SGX-DC pursuant to Rule 5.1D.2 (whichever is applicable),</del> fall below 120% of its total risk requirement; or</p> <p>(2) <del>in the case of a General Clearing Member,</del> if its aggregate indebtedness exceeds 600% of its aggregate resources.</p>



## CDP Rules

## 5.1E.2

If CDP is notified by a Clearing Member under Rule 5.1E.1(1) or becomes aware (whether or not there has been any notification by the Clearing Member under Rule 5.1E.1(1)) that such Clearing Member's adjusted net head office funds ~~or cash and/or acceptable government securities deposited with CDP or SGX-DC pursuant to Rule 5.1D.2(1) (whichever is applicable),~~ have fallen below 120% of its total risk requirement, CDP may direct:

~~(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) 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 Clearing Rules; and~~

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

## 5.1E.3

If CDP is notified by a ~~General~~ Clearing Member under Rule 5.1E.1(2) or becomes aware (whether or not there has been any notification by such ~~General~~ Clearing Member under Rule 5.1E.1(2)) that such ~~General~~ Clearing Member's aggregate indebtedness has exceeded 600% of its aggregate resources, CDP may direct such ~~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).

## 5.1F Notification Requirements of Clearing Members Incorporated Outside Singapore

## 5.1F.1

Each Clearing Member incorporated outside Singapore shall:

(a) In the case of a General Clearing Member, immediately notify CDP if its adjusted net head office funds ~~or cash and/or acceptable government securities deposited with CDP or SGX-DC pursuant to Rule 5.1D.2 (whichever is applicable),~~ fall below 150% of its total risk requirement; and

(b) In the case of a Bank Clearing Member, immediately notify CDP of any event in relation to its regulatory capital and liquidity ratios that is required to be reported to its Relevant Regulatory Authority.

## 5.1F.2

<b>CDP Rules</b>
<p>CDP may from time to time prescribe other notification requirements and conditions for exemptions or exceptions therefrom on all or any of the Clearing Members.</p> <p>5.1F.3 If CDP is notified by a Clearing Member under Rule 5.1F.1 or becomes aware (whether or not there has been any notification by the Clearing Member under Rule 5.1F.1) that such Clearing Member's adjusted net head office funds, <del>as the case may be, or cash and/or acceptable government securities deposited with CDP or SGX-DC pursuant to Rule 5.1D.2(1) (whichever is applicable),</del> have fallen below 150% of its total risk requirement, <u>or that a reportable event in relation to its regulatory capital and liquidity ratios has occurred,</u> CDP may direct such Clearing Member to do one (1) or more of the following actions:—</p> <p>(1) submit (where applicable), the statements of assets and liabilities, adjusted net head office funds, cash and/or acceptable government securities deposited with CDP or SGX-DC, aggregate indebtedness, total risk requirement, and such other statements as required by CDP at such interval and for such time frame as may be determined by CDP; and</p> <p>(2) operate its business, or in the case of a Bank Clearing Member, its business governed by this Clearing Rules, in such manner and on such conditions as CDP may impose.</p>
<b>5.1J Notification of Reduction in Capital</b>
<p><u>5.1J</u> <u>Every Clearing Member shall:—</u></p> <p><u>5.1J.1 except in the case of a Bank Clearing Member, report to CDP 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</u></p> <p><u>5.1J.2 in the case of a Bank Clearing Member, report to CDP within 48 hours of occurrence of any reduction in excess of 20% in its regulatory capital from the previously submitted financial statement.</u></p>
<b>5.8 Monthly Returns</b>
<p>5.8.1 Each Clearing Member must make and keep as a record formal computations of its capital and financial requirements pursuant to:—</p> <p>(1) in the case of a General Clearing Member, Rules 5.1, 5.1A, 5.1B, 5.1C, 5.1D, 5.1E, 5.1F, 5.1G, 5.4, 5.5, 5.6 and 5.7; or</p>

**CDP Rules**

(2) in the case of a Bank Clearing Member, Rules 5.1, ~~5.1A~~, 5.1B, ~~5.1C~~, 5.1D, ~~5.1E~~, 5.1F, ~~5.1G~~ and 5.4~~2~~.

as of the close of business each month, or in the case of capital adequacy report of Bank Clearing Members, quarterly. The computations must be in such form as CDP may prescribe and submitted to CDP within fourteen (14) calendar days after the end of each month, or such time frame as CDP may prescribe.

**5.9.2 Statutory Audit Report For General Clearing Members**

Without prejudice to such audit and/or reporting requirements as may be imposed by CDP from time to time, a General Clearing Member shall furnish to CDP, within five (5) months of the end of its financial year or within such longer period as may be permitted in writing by CDP, 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 approved by CDP. The certificate shall pertain to the audit conducted by such auditor or auditors in respect of the financial year aforesaid and shall be in such form prescribed by the Relevant Regulatory Authority. ~~state, at a minimum:—~~

~~(1) whether, in the opinion of the auditor or auditors, the General Clearing Member has complied with the capital and financial requirements as set out in this Clearing Rules and the SFR (Financial and Margin Requirements);~~

~~(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 Clearing Rules and the SFA;~~

~~(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~~

~~(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.~~

**5.9.5 Audit Report For Bank Clearing Members**

**CDP Rules**

Without prejudice to such audit and/or reporting requirements as may be imposed by CDP from time to time, a Bank Clearing Member shall furnish to CDP within five (5) months of the end of its financial year or within such longer period as may be permitted in writing by CDP, ~~the relevant forms which a Bank Clearing Member is required to lodge in the prescribed format under Rule 5.8.1,~~ 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 be in such form prescribed by the Relevant Regulatory Authority state, at a minimum:—

~~(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 Clearing Rules;~~

~~(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 Clearing Rules;~~

~~(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 Clearing 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~~

~~(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.~~

**5.9.6**

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

(1) of any matter in relation to the Bank Clearing Member's business governed by this Clearing Rules, which in his or their opinion adversely affects or may adversely affect the financial position of the Bank Clearing Member to a material extent,

(2) of any matter which in his or their opinion constitutes or may constitute a contravention of any applicable provision of the SFA or this Clearing Rules or an offence involving fraud or dishonesty in relation to the Bank Clearing Member's business governed by this Clearing Rules,

(3) of any irregularity in the Bank Clearing Member's business governed by this Clearing 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

CDP Rules			
(4) that the accounting system, internal accounting control and procedures for safeguarding moneys or other assets, in relation to the Bank Clearing Member's business governed by this Clearing Rules, are inadequate and the inadequacies have a material effect on the accounts, the auditor or auditors shall immediately report the matter to CDP.			
5.11 Other Financial Requirements			
5.11.3 Qualifying Subordinated Loan			
(1) A <u>General</u> Clearing Member shall obtain the prior approval of CDP if it enters a subordinated loan agreement in a format other than the format prescribed by CDP from time to time.			
(2) Each <u>General</u> Clearing Member incorporated in Singapore, shall immediately notify CDP when it draws down a qualifying subordinated loan, no later than the date of draw down.			
(3) A <u>General</u> 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 CDP;			
(b) shall not repay, whether in part or in full, any subordinated loan principal that has matured:—			
(i) unless the Clearing Member notifies CDP at least one (1) Market Day before the date of repayment;			
(ii) if the financial resources of the Clearing Member, are less than 150% of its total risk requirement;			
(iii) in the case of a General Clearing Member, if its aggregate indebtedness exceeds 600% of its aggregate resources;			
(iv) if such a repayment will cause an event in Rules 5.11.3 (2)(b)(ii) or (iii) to occur; or			
(v) if CDP has prohibited in writing such a repayment.			
Schedules			
Schedule A			
Rule 5 — Financial/Capital Requirements			
Rule Violation	Whether composition may be offered	Composition Amount which may be Offered by CDP, where CDP has Determined the Clearing Member to be Liable	Mandatory minimum penalty imposable by the DC

CDP Rules						
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
Rule 5 — Financial/Capital Requirements						
5.1	Minimum Capital and Financial Requirements of Clearing Members Incorporated in Singapore					
<a href="#">5.1.1(1)</a>	General Clearing Member to maintain base capital requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">5.1.1(2)</a>	General Clearing Member to meet financial resources requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">5.1.1(3)</a>	General Clearing Member to meet aggregate indebtedness requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">5.1.1(4)</a>	General Clearing Member to comply with other financial and operational requirements prescribed by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">5.1.1A(1)</a>	Bank Clearing Member to maintain base capital requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">5.1.1A(2)</a>	Bank Clearing Member to <del>meet financial resources requirement</del> <u>comply with RRA Financial Requirement</u>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

CDP Rules							
<a href="#">5.1.1A(3)</a>	Bank Clearing Member to comply with other financial and operational requirements prescribed by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	
<a href="#">5.1.1B(3)</a>	Clearing Member to immediately notify CDP of failure, or impending failure, to comply with minimum capital and financial requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	
<a href="#">5.1.1C</a>	Clearing Member to comply with CDP's directions where Clearing Member has failed to comply with the minimum capital and financial requirements	Not Compoundable	Not Compoundable			\$10,000	
<b>5.1A</b>	<b>Early Warning Financial Requirements of Clearing Members Incorporated in Singapore</b>						
<a href="#">5.1A.1</a>	<del>General</del> Clearing Member to immediately notify CDP where financial resources have fallen below 120% of its total risk requirement, or, <del>in the case of a General Clearing Member,</del> where its aggregate indebtedness has exceeded 600% of its aggregate resources	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	
<a href="#">5.1A.2</a>	<del>General</del> Clearing Member to comply with CDP's directions where financial resources	Not Compoundable	Not Compoundable			\$10,000	

CDP Rules						
		have fallen below 120% of its total risk requirement				
	<a href="#">5.1A.3</a>	General Clearing Member to comply with CDP's directions where aggregate indebtedness has exceeded 600% of aggregate resources	Not Compoundable	Not Compoundable		\$10,000
	<b>5.1B</b>	<b>Notification Requirements of Clearing Members Incorporated in Singapore</b>				
	<a href="#">5.1B.1</a>	Clearing Member to immediately notify CDP where financial resources have fallen below 150% of total risk requirement <u>or of any reportable event in relation to its regulatory capital and liquidity ratios</u>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000 N.A.
	<a href="#">5.1B.2</a>	Clearing Member to comply with other notification requirements and conditions prescribed by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000 N.A.
	<a href="#">5.1B.3</a>	Clearing Member to comply with CDP's directions where financial resources have fallen below 150% of its total risk requirement <u>or that a reportable event in relation to its regulatory capital and liquidity ratios has occurred</u>	Not Compoundable	Not Compoundable		\$10,000



CDP Rules						
5.1D	Minimum Capital and Financial Requirements of Clearing Members Incorporated Outside Singapore					
<a href="#">5.1D.1(1)</a>	General Clearing Member to maintain base capital requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">5.1D.1(2)</a>	General Clearing Member to meet adjusted net head office funds requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">5.1D.1(3)</a>	General Clearing Member to meet aggregate indebtedness requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">5.1D.1(4)</a>	General Clearing Member to comply with other financial and operational requirements prescribed by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">5.1D.2(1)</a>	<del>Bank Clearing Member to maintain base capital requirement</del> <del>Bank Clearing Member to meet cash and/or acceptable government securities requirement</del>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">5.1D.2(2)</a>	<del>Bank Clearing Member to comply with RRA Financial Requirements</del> <del>Bank Clearing Member to meet net head office funds and adjusted net head office funds requirements</del>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

CDP Rules							
<a href="#">5.1D.2(3)</a>	Bank Clearing Member to meet other financial and operational requirements prescribed by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	
<a href="#">5.1D.3</a>	Clearing Member to immediately notify CDP of failure, or impending failure, to meet minimum capital and financial requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	
<a href="#">5.1D.4</a>	Clearing Member to comply with CDP's directions where Clearing Member has failed to meet minimum capital and financial requirements	Not Compoundable	Not Compoundable			\$10,000	
<a href="#">5.1DA</a>	<u>Bank Clearing Member to comply with Liquidity Resource Requirement</u>	<u>Not Compoundable</u>	<u>Not Compoundable</u>			<u>\$10,000</u>	
<b>5.1E</b>	<b>Early Warning Financial Requirements of Clearing Members Incorporated Outside Singapore</b>						
<a href="#">5.1E.1</a>	<u>General</u> Clearing Member to immediately notify CDP where adjusted net head office funds or cash and/or acceptable government securities deposited with CDP have fallen below 120% of total risk requirement, or <del>in the case of a General Clearing Member,</del> where its aggregate indebtedness has	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	

CDP Rules							
		exceeded 600% of aggregate resources					
<a href="#">5.1E.2</a>	<div>General Clearing Member to comply with CDP's directions where adjusted net head office funds <del>or cash and/or acceptable government securities deposited with CDP</del> have fallen below 120% of total risk requirement</div>	Not Compoundable	Not Compoundable			\$10,000	
<a href="#">5.1E.3</a>	<div>General Clearing Member to comply with CDP's directions where aggregate indebtedness has exceeded 600% of aggregate resources</div>	Not Compoundable	Not Compoundable			\$10,000	
5.1F	Notification Requirements of Clearing Members Incorporated Outside Singapore						
<a href="#">5.1F.1</a>	<div>Clearing Member to immediately notify CDP where Clearing Member's adjusted net head office funds <del>or cash and/or acceptable government securities deposited with CDP</del> have fallen below 150% of total risk requirement <u>or of any reportable event in relation to its regulatory capital and liquidity ratios</u></div>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	

CDP Rules							
5.1F.2	Clearing Member to comply with other notification requirements prescribed by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	
5.1F.3	Clearing Member to comply with CDP's directions where adjusted net head office <del>funds or cash and/or acceptable government securities deposited with CDP</del> have fallen below 150% of total risk requirement <del>or that a reportable event in relation to its regulatory capital and liquidity ratios has occurred</del>	Not Compoundable	Not Compoundable			\$10,000	
5.8	Monthly Returns						
5.8.1	Clearing Member to submit monthly returns to CDP <del>by time frame and 14th calendar day of each month</del> in format specified by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	
5.9	Appointment of Auditors and Audit Requirements						
5.9.5	Bank Clearing Members to furnish <del>relevant forms required under Rule 5.8.1,</del> annual accounts and auditors' certificate within 5 months of the end of the	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	

CDP Rules						
	Bank Clearing Members' financial year					
5.11	Other Financial Requirements					
5.11.3(1)	<u>General</u> Clearing Member to obtain the prior approval of CDP if it enters into a subordinated loan agreement other than the format prescribed by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.11.3(2)	<u>General</u> Clearing Member to immediately notify CDP when it draws down a qualifying subordinate loan	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.11.3(3)	<u>General</u> Clearing Member not to repay a subordinated loan principal in contravention of the requirements and conditions	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

## Amendments to SGX-DC Rules

SGX-DC CLEARING RULES
Chapter 2 Clearing Membership
2.02B Eligibility Criteria for Bank Clearing Members
<p>2.02B.1</p> <p>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:—</p> <p>2.02B.1.1 it is authorised to conduct banking business in Singapore pursuant to section 4 of the Banking Act (Chapter 19);</p> <p>2.02B.1.2 it or its parent bank has obtained:</p> <ul style="list-style-type: none"> <li>a. a long term credit rating that indicates, at least, a strong overall creditworthiness supporting the fulfilment of its financial obligations; and</li> <li>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.</li> <li>c. [Rule has been deleted.]</li> <li>d. [Rule has been deleted.]</li> </ul> <p>2.02B.1.3 [Rule has been deleted.]</p> <p>2.02B.1.4 it or its parent bank has, <u>at the point of application</u>, at least S\$50,000,000 of <u>base capital paid-up ordinary share capital and unappropriated profit or loss</u> or net head office funds, as the case may be, and complies with such other capital and financial requirements as may be prescribed by the Clearing House from time to time;</p> <p>2.02B.1.4A it has in place the appropriate procedures and capabilities to participate in the default management activities contemplated under Rule 7A.02.1.5;</p>

**SGX-DC CLEARING RULES**

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 ~~or 2.08.1C~~;

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 ~~[Rule has been deleted.] 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 capital and financial requirements as may be prescribed by the Clearing House from time to time; or~~

2.02B.1.11 ~~[Rule has been deleted.] 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 capital and financial requirements as may be prescribed by the Clearing House from time to time, PROVIDED ALWAYS THAT:—~~

**SGX-DC CLEARING RULES**

~~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.~~

**2.02B.3**

Rules 2.02B.1.4~~(a)~~, ~~2.02B.1.10, 2.02B.1.11, 2.07.1B.1 and 2.07.1B.2~~ shall not apply to a Bank Clearing Member who clears only OTCF Contracts (and not any other Contract Class).

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

**2.07.1B**

~~Unless otherwise exempted under Rule 2.07.8, e~~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; or



SGX-DC CLEARING RULES
<p><u>c. in the case of a Bank Clearing Member who clears only OTCF Contracts, maintain a base capital of not less than S\$50,000,000;</u></p> <p><u>or such other amount as may be prescribed by the Clearing House from time to time;</u></p>
<p>2.07.1B.2 <del>RRA Financial Requirement</del>Financial Resources Requirement</p> <p><u>comply with all applicable RRA Financial Requirements not cause or permit its financial resources to fall below its total risk requirement; and</u></p>
<p>2.07.1B.3</p> <p><u>[Rule has been deleted.]</u></p> <p><del>Paid Up Ordinary Share Capital and Unappropriated Profit or Loss</del></p> <p><del>in the case of a Bank Clearing Member who clears only OTCF Contracts, maintain paid-up ordinary share capital and unappropriated profit or loss 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</del></p>
<p>2.07.1B.4 Other Requirements</p> <p>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.</p>
<p>2.07.8</p> <p><u>[Rule has been deleted.]</u> 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).</p>
2.07A Early Warning Financial Requirements of Clearing Members Incorporated in Singapore
<p>2.07A.1</p> <p><del>Unless otherwise exempted under Rule 2.07.8, e</del>Each <u>General Clearing Member or Direct</u> Clearing Member incorporated in Singapore shall immediately notify the Clearing House:—</p> <p>2.07A.1.1 if its financial resources fall below 120% of its total risk requirement; or</p> <p>2.07A.1.2 <del>in the case of a General Clearing Member or Direct Clearing Member,</del> if its aggregate indebtedness exceeds 600% of its aggregate resources.</p>

**SGX-DC CLEARING RULES**

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 such 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.2.1 [Rule has been deleted]

~~where such Clearing Member is a General Clearing Member or Direct 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 [Rule has been deleted]

~~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 [Rule has been deleted]

~~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.~~

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

2.07B.1

~~Unless otherwise exempted under Rule 2.07.8, e~~Each Clearing Member incorporated in Singapore shall:

2.07B.1.1 in the case of a General Clearing Member or Direct Clearing Member, immediately notify the Clearing House if its financial resources fall below 150% of its total risk requirement; and

2.07B.1.2 in the case of a Bank Clearing Member, immediately notify the Clearing House of any event in relation to its regulatory capital and liquidity ratios that is required to be reported to its Relevant Regulatory Authority.

**SGX-DC CLEARING RULES****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 or that a reportable event in relation to its regulatory capital and liquidity ratios has occurred, 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.

**2.08 Minimum Capital and Financial Requirements of Clearing Members Incorporated Outside Singapore****2.08.1B**

~~Unless otherwise exempted under Rule 2.08.8, e~~Each Bank Clearing Member incorporated outside Singapore shall at all times:—

**2.08.1B.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; or

(c) in the case of a Bank Clearing Member who clears 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;

~~where it has satisfied Rule 2.02B.1.11. a or b,~~

Cash and/or Acceptable Government Securities Requirement

**SGX-DC CLEARING RULES**

~~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 RRA Financial Requirement**

comply with all applicable RRA Financial Requirements; and

~~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;~~

SGX-DC CLEARING RULES
<p><del>and</del></p> <p>2.08.1B.3 Other Requirements</p> <p>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.</p>
<p><u>2.08.1BA Liquidity Resource Requirement</u></p> <p><u>Each Bank Clearing Member incorporated outside Singapore shall deposit liquidity resources with the Clearing House upon the Clearing House's request, if the Clearing House determines that any conditions exist which may threaten the ability of the Bank Clearing Member to satisfy its obligations to the Clearing House and/or CDP under this Rules and the CDP Clearing Rules respectively.</u></p> <p><u>Such liquidity resources shall be an amount up to S\$5,000,000, or S\$8,000,000 in the case of a Bank Clearing Member who is also a clearing member of CDP, and shall be paid in cash and/or acceptable government securities within such time as determined by the Clearing House.</u></p>
<p>2.08.1C</p> <p><u>[Rule has been deleted]</u></p> <p><del>Each Bank Clearing Member incorporated outside Singapore who clears OTCF Contracts, shall at all times:—</del></p> <p><u>2.08.1C.1 Net Head Office Funds Requirement</u></p> <p><del>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, or have a parent bank which maintains paid-up ordinary share capital and unappropriated profit or loss of not less than S\$50,000,000; and</del></p> <p><u>2.08.1C.2 Other Requirements</u></p> <p><del>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.</del></p>
<p>2.08.1D</p> <p>Each Remote Clearing Member incorporated outside Singapore shall at all times:</p> <p>2.08.1D.1 <u>Base Capital Requirement</u></p>

SGX-DC CLEARING RULES
<p>maintain <del>paid-up ordinary share</del><u>base</u> capital <del>and unappropriated profit or loss</del> of not less than S\$50,000,000;</p> <p>2.08.1D.2 <u>RRA Financial Resources Requirement</u></p> <p><del>comply with all applicable RRA Financial Requirements; and</del>  <del>not cause or permit its adjusted net head office funds to fall below its total risk requirement;</del></p> <p>2.08.1D.3 <u>[Rule has been deleted.]</u>  <u>Aggregate Indebtedness Requirement</u>  <del>not cause or permit its aggregate indebtedness to exceed 1,200% of its aggregate resources; and</del></p> <p>2.08.1D.4 <u>Other Requirements</u></p> <p>comply with the accounting, reporting, book-keeping and any other financial and operational requirements prescribed by the Clearing House.</p>
<p>2.08.1E</p> <p>In addition to the other applicable requirements under Rule 2.08, each FCM Clearing Member shall at all times maintain an adjusted net capital, in accordance with CFTC Regulation 1.17, of not less than US\$50,000,000.</p>
<p>2.08.8</p> <p><del>[Rule has been deleted.] 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).</del></p>
2.08A Early Warning Financial Requirements of Clearing Members Incorporated Outside Singapore
<p>2.08A.1</p> <p><del>Unless otherwise exempted under Rule 2.08.8,</del> Each <u>General Clearing Member or Direct</u> Clearing Member incorporated outside Singapore shall immediately notify the Clearing House:—</p> <p>2.08A.1.1 if its adjusted net head office funds <del>or cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to Rule 2.08.1B.1 (whichever is applicable),</del> fall below 120% of its total risk requirement; or</p> <p>2.08A.1.2 <del>in the case of a General Clearing Member, Direct Clearing Member or Remote Clearing Member,</del> if its aggregate indebtedness exceeds 600% of its aggregate resources.</p>

SGX-DC CLEARING RULES
<p>2.08A.2 <del>Unless otherwise exempted under Rule 2.08.8, if</del> 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 <del>or cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to Rule 2.08.1B.1 (whichever is applicable),</del> have fallen below 120% of its total risk requirement, the Clearing House may direct such Clearing Member to comply with one (1) or more of the directions prescribed under Regulation 7(3) of the SFR (Financial and Margin Requirements). <del>For the avoidance of doubt, in the case where such Clearing Member is a Bank Clearing Member, reference in Regulation 7(3) of the SFR (Financial and Margin Requirements) to:</del></p> <p><del>(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</del></p> <p><del>(b) "business" shall be read to mean the Bank Clearing Member's business governed by this Rules.</del></p>
<p>2.08A.3</p> <p>If the Clearing House is notified by a <del>General</del> Clearing Member, <del>a Direct Clearing Member, or a Remote Clearing Member</del> 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 Clearing Member's aggregate indebtedness has exceeded 600% of its aggregate resources, the Clearing House may direct such Clearing Member to comply with one (1) or more of the directions prescribed under Regulation 17(2) of the SFR (Financial and Margin Requirements).</p>
2.08B Notification Requirements of Clearing Members Incorporated Outside Singapore
<p>2.08B.1</p> <p><del>Unless otherwise exempted under Rule 2.08.8, e</del>Each Clearing Member incorporated outside Singapore shall: <del>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.</del></p> <p><u>2.08B.1.1 in the case of a General Clearing Member or Direct Clearing Member, immediately notify the Clearing House if its financial resources fall below 150% of its total risk requirement;</u></p> <p><u>2.08B.1.2 in the case of a Bank Clearing Member, immediately notify the Clearing House of any event in relation to its regulatory capital and liquidity ratios that is required to be reported to its Relevant Regulatory Authority; and</u></p>

**SGX-DC CLEARING RULES**

2.08B.1.3 in the case of a Remote Clearing Member, immediately notify the Clearing House of any event in relation to its regulatory capital and liquidity ratios that is required to be reported to its Relevant Regulatory Authority, subject to a minimum requirement to notify the Clearing House if its base capital falls below 150% of its minimum risk requirement.

**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, or that a reportable event in relation to its regulatory capital and liquidity ratios has occurred, 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.

**2.11.3 Qualifying Subordinated Loans**

2.11.3.1 Each General Clearing Member or Direct 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 General Clearing Member or Direct 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 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.



SGX-DC CLEARING RULES
2.11.4 Making of Unsecured Loan or Advance, Payment of Dividend or Director's Fees or Increase in Director's Remuneration
<p>2.11.4.1 Each Clearing Member, except for a Bank Clearing Member <u>or a Remote Clearing Member</u>, 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:—</p> <p>a. in the case where the Clearing Member is incorporated in Singapore:—</p> <ul style="list-style-type: none"> <li>i. the base capital of the Clearing Member is less than the base capital requirement applicable to the Clearing Member under Rule 2.07;</li> <li>ii. the financial resources of the Clearing Member are less than 150% of its total risk requirement;</li> <li>iii. the aggregate indebtedness of the Clearing Member exceeds 600% of its aggregate resources; or</li> <li>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;</li> </ul> <p>or</p> <p>b. in the case where the Clearing Member is incorporated outside Singapore:—</p> <ul style="list-style-type: none"> <li>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;</li> <li>ii. the adjusted net head office funds of the Clearing Member are less than 150% of its total risk requirement;</li> <li>iii. the aggregate indebtedness of the Clearing Member exceeds 600% of its aggregate resources; or</li> <li>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.</li> </ul> <p><u>2.11.4.1A A Remote Clearing Member shall notify the Clearing House immediately of any action taken that has or may have a financial or capital impact on the Remote Clearing Member and is required to be reported to the Relevant Regulatory Authority, or in relation to the events set out in Rule 2.11.4.1.</u></p>
2.15 Audit Requirements
2.15.1 Statutory Audit Report for General Clearing Members

**SGX-DC CLEARING RULES**

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:—~~ be in such form prescribed by the Relevant Regulatory Authority.

2.15.1.1 ~~[Rule has been deleted.] 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 ~~[Rule has been deleted.] 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 ~~[Rule has been deleted.] 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 ~~[Rule has been deleted.] 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.~~

Reporting obligations of auditors

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.

2.15.1A Audit Report for Direct Clearing Members

**SGX-DC CLEARING RULES**

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:—~~ be in such form prescribed by the Relevant Regulatory Authority.

2.15.1A.1 ~~[Rule has been deleted.] 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 ~~[Rule has been deleted.] 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-~~[Rule has been deleted.] 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 ~~[Rule has been deleted.] 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.~~

Reporting obligations of auditors

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.

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

**SGX-DC CLEARING RULES**

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:—~~ be in such form prescribed by the Relevant Regulatory Authority.

2.15.1B.1 ~~[Rule has been deleted.] 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 ~~[Rule has been deleted.] 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 ~~[Rule has been deleted.] 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 ~~[Rule has been deleted.] 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.~~

Reporting obligations of auditors

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.

**SGX-DC CLEARING RULES**

**2.15.1C Audit Reports for Remote Clearing Members**

Without prejudice to such audit and/or reporting requirements as may be imposed by the Clearing House from time to time, a Remote Clearing Member shall furnish to the Clearing House:

2.15.1C.1 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 Remote Clearing Member is required to lodge in prescribed format under Rule 2.26, a risk-based capital report prepared pursuant to standards prescribed by the Clearing House,~~ management report and the annual accounts duly audited in accordance with the usual accounting standards of the Remote Clearing Member 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 auditor's certificate shall be in such form prescribed by the Relevant Regulatory Authority. ~~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:~~

- a. ~~[Rule has been deleted.] whether, in the opinion of the auditor or auditors, the Remote Clearing Member has complied with the capital and financial requirements set out in this Rules;~~
- b. ~~[Rule has been deleted.] whether, in the opinion of the auditor or auditors, the Remote 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 any applicable laws and regulations;~~
- c. ~~[Rule has been deleted.] whether, in the opinion of the auditor or auditors, the financial position of the Remote 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~~
- d. ~~[Rule has been deleted.] 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;~~

Reporting obligations of auditors

- e. where, in the performance of his or their duties, the Remote Clearing Member's auditor or auditors becomes or become aware:
  - i. of any matter which in his or their opinion adversely affects or may adversely affect the financial position of the Remote Clearing Member to a material extent;

**SGX-DC CLEARING RULES**

ii. of any matter which in his or their opinion constitutes or may constitute a contravention of any provision of this Rules, the SFA and/or any applicable laws or an offence involving fraud or dishonesty;

iii. of any irregularity that has or may have a material effect upon the accounts, including irregularities that jeopardize the moneys or other assets of any customer of the Remote Clearing Member; or

iv. 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; and

2.15.1C.2 ~~[Rule has been deleted.] an audit report certified by an auditor or auditors, who shall be a public accountant or a firm of public accountants acceptable to the Clearing House, who shall have been engaged by the Remote Clearing Member to conduct an audit of its operations annually or at such times and within such scope as prescribed by the Clearing House and a report on the follow-up actions taken by the Remote Clearing Member by such time as may be prescribed by the Clearing House. The external audit report shall state, at a minimum:~~

~~a. whether, in the opinion of the auditor or auditors, the Remote Clearing Member has complied with the requirements set out in this Rules;~~

~~b. 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 external audit report; and~~

~~c. where, in the performance of his or their duties, the Remote Clearing Member's auditor or auditors becomes or become aware of any matter which in his or their opinion constitutes or may constitute a contravention of any provision of this Rules, the SFA and/or any applicable laws, the auditor or auditors shall immediately report the matter to the Clearing House.~~

**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, or a Remote Clearing Member~~, 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

<b>SGX-DC CLEARING RULES</b>
<p>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, the SFA and/or any applicable laws; <u>or</u>-</p> <p><u>2.23.1.3 in the case of a Bank Clearing Member or a Remote Clearing Member, report to the Clearing House within 48 hours of occurrence of any reduction in excess of 20% in its regulatory capital from the previously submitted financial statement.; or</u></p>
<b>2.26 Special Call for Financial Statements</b>
<p>2.26.2</p> <p>Each Clearing Member must make and keep as a record formal computations of its capital and financial requirements pursuant to:—</p> <ul style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>c. in the case of a Bank Clearing Member, Rules 2.07, <del>2.07A</del>, 2.07B, <del>2.07C</del>, 2.08, <del>2.08A</del>, <u>and</u> 2.08B<del>and 2.08C</del>; or</li> <li>d. in the case of a Remote Clearing Member, Rules 2.08, <del>2.08A</del> and 2.08B,</li> </ul> <p>as of the close of business each month, <u>or in the case of capital adequacy report of Bank Clearing Members, quarterly</u>. 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, <u>or such time frame as the Clearing House may prescribe</u>.</p>
<b>2.27 Request for Information</b>
<p>2.27.1</p> <p>Each Clearing Member except in the case of a Bank Clearing Member <u>or a Remote Clearing Member</u>, 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.</p>
<p>2.27.1A</p> <p>Each Bank Clearing Member <u>or Remote Clearing Member</u> 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.</p>

SGX-DC CLEARING RULES	
Chapter 9 Definitions and Interpretation	
9.01 Definitions	
A	
"adjusted net head office funds"	<p><del>— when used in reference to:—</del></p> <p><del>a. a General Clearing Member or Direct Clearing Member incorporated outside Singapore, shall bear the</del><u>has the</u> meaning ascribed thereto in Regulation 2 of the SFR (Financial and Margin Requirements);<del>;</del></p> <p><del>b. a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.c, shall bear the meaning ascribed thereto in Regulation 2 of the SFR (Financial and Margin Requirements), less the capital requirements for its banking business; and</del></p> <p><del>c. a Remote Clearing Member, shall bear the meaning as ascribed to the term "financial resources" in Regulation 2 of the SFR (Financial and Margin Requirements), read as if the Remote Clearing Member is a capital market services licensee to which the SFR (Financial and Margin Requirements) applies.</del></p>
"aggregate resources"	<p>— when used in reference to:—</p> <p>a. a Clearing Member incorporated in Singapore, means its financial resources and qualifying letters of credit referred to in Rule 2.07C less its total risk requirement; <u>and</u></p> <p>b. a General Clearing Member or Direct Clearing Member incorporated outside Singapore or a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.c, means its adjusted net head office funds and qualifying letters of credit referred to in Rule 2.08C less its total risk requirement;<del>;</del></p> <p><del>c. a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.a or b, means its cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to Rule 2.08.1B.1 less its total risk requirement; and</del></p> <p><del>d. a Remote Clearing Member, means its adjusted net head office funds and qualifying letters of credit referred to in Rule 2.08C less its total risk requirement.</del></p>



SGX-DC CLEARING RULES	
<b>B</b>	
"base capital"	<p><del>— when used in reference to:—</del></p> <p><del>a. a General Clearing Member or a Direct Clearing Member, shall have the meaning ascribed thereto under Regulation 2 of the SFR (Financial and Margin Requirements); and</del></p> <p><del>b. a Bank Clearing Member or a Remote Clearing Member, means its paid-up ordinary share capital and unappropriated profit or loss.</del></p>
<b>F</b>	
"financial resources"	<p><del>— when used in reference to:—</del></p> <p><del>a. a General Clearing Member or a Direct Clearing Member incorporated in Singapore, shall bear<sup>has</sup> the meaning ascribed thereto in Regulation 2 of the SFR (Financial and Margin Requirements);</del></p> <p><del>b. a Bank Clearing Member incorporated in Singapore, shall bear the meaning ascribed thereto in Regulation 2 of the SFR (Financial and Margin Requirements), less the capital requirements for its banking business; and</del></p> <p><del>c. a Remote Clearing Member, shall bear the meaning ascribed thereto in Regulation 2 of the SFR (Financial and Margin Requirements), read as if the Remote Clearing Member is a capital market services licensee to which the SFR (Financial and Margin Requirements) applies.</del></p>
<b>R</b>	
<u>RRA Financial Requirement</u>	<u>means all applicable financial requirements (whether relating to capital, liquidity, risk or otherwise) imposed on a Clearing Member by its Relevant Regulatory Authority.</u>
<u>Relevant Regulatory Authority</u>	<p><u>means:</u></p> <p>(a) <u>the authority(ies) or regulatory body(ies) that regulate(s) a Clearing Member's activities in the country where it is carrying on such activities and from which it has applied for Clearing Membership; and</u></p> <p>(b) <u>where the Clearing Member is carrying on regulated activities in Singapore, the MAS.</u></p>
<b>T</b>	
"total risk requirement"	<del>—when used in reference to:—</del>

SGX-DC CLEARING RULES	
	<p><del>a. a General Clearing Member or a Direct Clearing Member, shall bear <u>has</u> the meaning ascribed thereto in Regulation 2 of the SFR (Financial and Margin Requirements);</del></p> <p><del>b. a Bank Clearing Member incorporated in Singapore or a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.c, shall bear the meaning ascribed thereto in Regulation 2 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;</del></p> <p><del>c. a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.a or b, shall bear the meaning ascribed thereto in Regulation 2 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; and</del></p> <p><del>d. a Remote Clearing Member, shall bear the meaning ascribed thereto in Regulation 2 of the SFR (Financial and Margin Requirements), read as if the Remote Clearing Member is a capital market services licensee to which the SFR (Financial and Margin Requirements) applies.</del></p>

Schedules						
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
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	

Chapter 2 — Clearing Membership						
2.06.1 r/w 2. 02B.1. 4	Bank Clearing Member or its parent bank to have <u>base capital or net head office funds</u> <del>group shareholders' funds</del> of at least S\$ <del>1050</del> 1,000,000	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	
2.07.1 B	Bank Clearing Member incorporated in Singapore to comply with the minimum base capital <u>and RRA Financial Requirement</u> <del>Financial, Aggregate Indebtedness Requirement</del>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
2.07B. 1	Clearing Member incorporated in Singapore to notify the Clearing House if financial resources fall below the specified threshold <u>or of any reportable event in relation to its regulatory capital and liquidity ratios</u>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
2.07B. 3	Clearing Member incorporated in Singapore to comply with the directions of the Clearing House where its financial resources have fallen below the specified threshold <u>or that a reportable event in relation to its regulatory capital and liquidity ratios has occurred</u>	Not Compoundable	Not Compoundable			\$10,000

2.08.1 B	Bank Clearing Member incorporated outside Singapore to comply with the minimum base capital <del>and RRA Financial Requirement, Financial, Aggregate Indebtedness Requirement</del>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	
<u>2.08.1 BA</u>	<u>Bank Clearing Member incorporated outside Singapore to comply with Liquidity Resource Requirement</u>	<u>Not Compoundable</u>	<u>Not Compoundable</u>			<u>\$10,000</u>	
2.08A. 2	Clearing Member incorporated outside Singapore to comply with the directions of the Clearing House where its adjusted net head office funds <del>or cash and/or acceptable government securities deposited with the Clearing House</del> have fallen below the specified threshold	Not Compoundable	Not Compoundable			\$10,000	
2.08B. 1	Clearing Member incorporated outside Singapore to immediately notify the Clearing House if its <del>financial resources adjusted net head office funds or cash and/or acceptable government securities</del> have fallen below the specified threshold <del>or of any reportable event in relation to its regulatory capital and liquidity ratios</del>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	

2.08B.3	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 or CDP have fallen below the specified threshold <u>or that a reportable event in relation to regulatory capital and liquidity ratios has occurred</u>	Not Compoundable	Not Compoundable			\$10,000	
2.11.4.1	Clearing Member, except for a Bank Clearing Member <u>or a Remote Member</u> 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. <u>Remote Clearing Member to notify the Clearing House immediately of any action taken that has or may have a financial or capital impact and is required to be reported to the Relevant Regulatory Authority, or in relation to the events set out in Rule 2.11.4.1.</u>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	
<u>2.23.1.3</u>	<u>Clearing Member to notify the Clearing House of the</u>	<u>Compoundable</u>	<u>\$2,000 = \$4,000</u>	<u>\$4,000 – \$7,000</u>	<u>\$7,000 – \$10,000</u>	<u>N.A.</u>	

	stipulated reduction in capital within the timelines						
--	---	--	--	--	--	--	--