31 August 2017

Mr. Chris Kirkpatrick

Secretary

Commodity Futures Trading Commission

Three Lafayette Center

1155 21st St., N.W.

Washington, DC 20581

United States of America

Dear Mr. Kirkpatrick,

**Self-certification of Amendments to SGX-DC Clearing Rules**

1. **Introduction**
   1. Singapore Exchange Derivatives Clearing Limited (“**SGX-DC**”), a derivatives clearing organisation (“**DCO**”) registered with the Commodity Futures Trading Commission (the “**Commission**”), hereby submits a self-certification for amendments to its Clearing Rules (the “**Amendments**”) pursuant to Commission regulation 40.6(a).
2. **Intended Implementation Date**
   1. The Amendments are proposed to be implemented in September 2017, and will not be implemented prior to the Commission’s 10 business day review period.
3. **Explanation and Analysis**
   1. The Amendments are to facilitate SGX-DC’s acceptance for clearing of the SGX Options on TSI FOB Australia Premium Coking Coal Swap (the “**Coking Coal Option-on-Swap**”) that is to be launched in September 2017. In particular, the Amendments specify the methodology for the calculation of the final settlement price (“**FSP**”) of the Contract in the SGX-DC Clearing Rules and detail the relevant Clearing Fees.
4. **Description of Amendments**
   1. Appendix 1 of the SGX-DC Clearing Rules and the Clearing Fees schedule will be amended as a result of the Amendments.
   2. The text of the Amendments with the changes indicated is attached as Appendix A. The Clearing Fees are set out in Appendix B.
5. **Certification of Compliance with Core Principles**
   1. The Amendments have been promulgated in respect of SGX-DC’s compliance with Core Principle E on settlement procedures and seek to provide clarity on the final settlement prices for the Coking Coal Option-on-Swap, as well as compliance with Core Principle B on financial resources.
   2. SGX-DC hereby certifies to the Commission that the Amendments comply with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.
6. **Public Notice of Pending Certification**
   1. SGX-DC has made publicly available a notice of the Amendments’ pending certification with the Commission, together with a copy of this submission on its website at the following address:

<http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult_pub/dco_submissions>.

1. **Opposing Views**
   1. There were no opposing views expressed to SGX-DC by its board or committee members, SGX-DC Clearing Members or market participants that were not incorporated into the Amendments. If any opposing views are received by SGX-DC during the Commission’s review period, such views will be communicated to the Commission accordingly.
2. **Contact Details**
   1. Please do not hesitate to contact the undersigned at [jean.li@sgx.com](mailto:audrey.wong@sgx.com) or +65 6236 8150 should you require any clarification.

Yours sincerely

Jean Li

AVP

Regulatory Development and Policy (Regulation)

**Appendix A**

**Amendments to SGX-DC Clearing Rules**

**Appendix 1 – Final Settlement Price**

Coal Swap Contracts

|  |  |
| --- | --- |
| **Product** | **Coal Option** |
| **Underlying Contract** | Coal Swap |
| **Option Exercise and Settlement** | European Style: An option will be exercised automatically at expiry only if it is in-the-money.  Cash Settled: Upon exercise, a call option will have a value equal to the final settlement price of the underlying contract minus the strike price, multiplied by the contract size.  Upon exercise, a put option will have a value equal to the strike price minus the final settlement price of the underlying contract, multiplied by the contract size. |

**Appendix B**

**Clearing Fees for Coking Coal Options\***

|  |  |  |  |
| --- | --- | --- | --- |
| **Clearing Fee Type** | **Description** | **SGX Options on Coking Coal Swaps** | **SGX Options on Coking Coal Futures** |
| Cf 1 | Trading Member (Individual) | US$2.50 | US$0.50 |
| Cf 2 | Clearing Member House Account | US$2.50 | US$0.50 |
| Cf 3 | Trading Member (Broker) House Account | US$2.50 | US$0.50 |
| Cf 5 | Clearing Member Customer Account | US$3.50 | US$0.70 |
| Cf 6 | Trading Member (Broker) Customer Account | US$3.50 | US$0.70 |
| Cf 7 | Trading Member (Proprietary) (Customer) | US$2.50 | US$0.50 |
| Cf 8 | Clearing Member Related Company House Account | US$2.50 | US$0.50 |
| Cf E | Trading Member’s Trading Representatives (House) | US$2.50 | US$0.50 |
| Cf F | Trading Member’s Trading Representatives (Customer) | US$2.50 | US$0.50 |
| Cf G | Clearing Member’s Trading Representatives (House) | US$2.50 | US$0.50 |
| Cf K | Trading Member (Proprietary) (House) | US$2.50 | US$0.50 |

\*Prices shown are before GST.

**NLT Facility Fees and EFP Facility Fees^**

|  |  |  |
| --- | --- | --- |
| **Off-Exchange Facility Fees** | **Fees**  **(excluding GST)** | **Fees**  **(including GST)** |
| Negotiated Large Trade (NLT) | USD$1.00 | USD$1.00 |

^NLT facility fees and EFP facility fees will be waived until further notice