

25 October 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**

1.1 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**

2.1 The Amendments are proposed to be implemented in January 2018, but will not be implemented prior to the Commission's 10 business day review period.

**3 Explanation and Analysis**

3.1 The Amendments are in respect of the delivery obligations for the following rubber contracts listed on SGX-DT:

- (i) SGX SICOM TSR20 Rubber Futures ("**TSRF**");
- (ii) SGX SICOM RSS3 Rubber Futures ("**RSSF**"); and
- (iii) SGX SICOM OTC TSR 20 Forwards ("**OTCTSR**"),

(collectively, the "**Contracts**").

**Singapore Exchange Derivatives Clearing Limited**

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3.2 In particular, the changes to the delivery obligations of the Contracts are summarised as follows:

(i) *Inclusion of additional Ports of Loading for TSRF.* The Exchange intends to prescribe additional ports of loading in response to changing market practices. As the Port of Loading is currently defined in the TSRF contract specifications to be the Port of Singapore, amendments to the TSRF are proposed to cater for delivery procedures in relation to the additional ports of loading.

(ii) *New Delivery Lot requirement for RSSF.* A new clause is introduced in the RSSF contract specifications to specify volume and height requirements for each bale in a Delivery Lot as quality assurance of the RSS3 rubber, which could become misshapen due to age or improper storage. This is to prevent RSS3 rubber that is too old from being delivered under the contract.

(iii) *Update to delivery terms for TSRF and RSSF.* Amendments are proposed to update the delivery terms of the TSRF and RSSF contracts in line with changing market practices and to enhance the physical delivery processes. The amendments include the addition of conditions on Buying Members in their selection of shipping vessels in order to preserve the quality and quantity assurance of the TSR20 or RSS3 rubber shipment, and the removal of China Terms which are now obsolete due to changes in industry practice.

(iv) *Standardisation of the validity period for warehouse receipts for OTCTSR.* As validity periods of test certificates from different origins may vary, an amendment to the OTCTSR is proposed to standardise the validity period of the warehouse receipt based on the date of issue of the test certificate.

(v) *Resolution for variances in the weight of the rubber delivered for OTCTSR.* To be in line with market practices, amendments to the OTCTSR are proposed to clarify the delivery terms and obligations in respect of the weight of the delivered TSR20 rubber. Amendments are proposed to revise the tolerance thresholds for variances in the weight of the delivered TSR20 rubber.

#### 4 Description of Amendments

4.1 The amendments to the delivery obligations of the TSRF, RSSF and OTCTSR constitute amendments to the SGX-DC Clearing Rules under Rule 6.01.1. Rule 6.01.1 states that any delivery of Commodities under any contract cleared by the Clearing House shall be made in accordance with the relevant Contract Specifications and, if not so dealt with, with the provisions of the Chapter and by such other requirements as the Clearing House may prescribe from time to time; these are collectively "Delivery Rules".

4.2 The text of the Amendments with the changes indicated is attached as [Appendix 1](#).

#### 5 Certification of Compliance with Core Principles

5.1 The Amendments have been promulgated in respect of SGX-DC's compliance with (i) Core Principle C on participant and product eligibility and seeks to provide clarity on the operational

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requirements, specifically the delivery obligations, for the Contracts; and (ii) Core Principle L on public information, by disclosing publicly and to the Commission information concerning the terms and conditions of each contract, agreement and transaction cleared and settled by SGX-DC.

5.2 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

6.1 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](http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult_pub/dco_submissions).

## 7 Opposing Views

7.1 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.

## 8 Contact Details

8.1 Please do not hesitate to contact us at [lynne.chan@sgx.com](mailto:lynne.chan@sgx.com) or +65 6713 6360 should you require any clarification.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Lynne Chan", is positioned above the typed name.

Lynne Chan  
Associate  
Regulatory Development & Policy

