

## Exhibit A      General Information and Documentation

**Exhibit A-1      A description of the following for the FBOT: Location, size, history, ownership and corporate structure, governance structure and committee structure, current or anticipated presence of offices or staff in the US and anticipated volume of business emanating from members and other participants that will be provided direct access to FBOT trading system.**

### **Location, Size, History and Ownership**

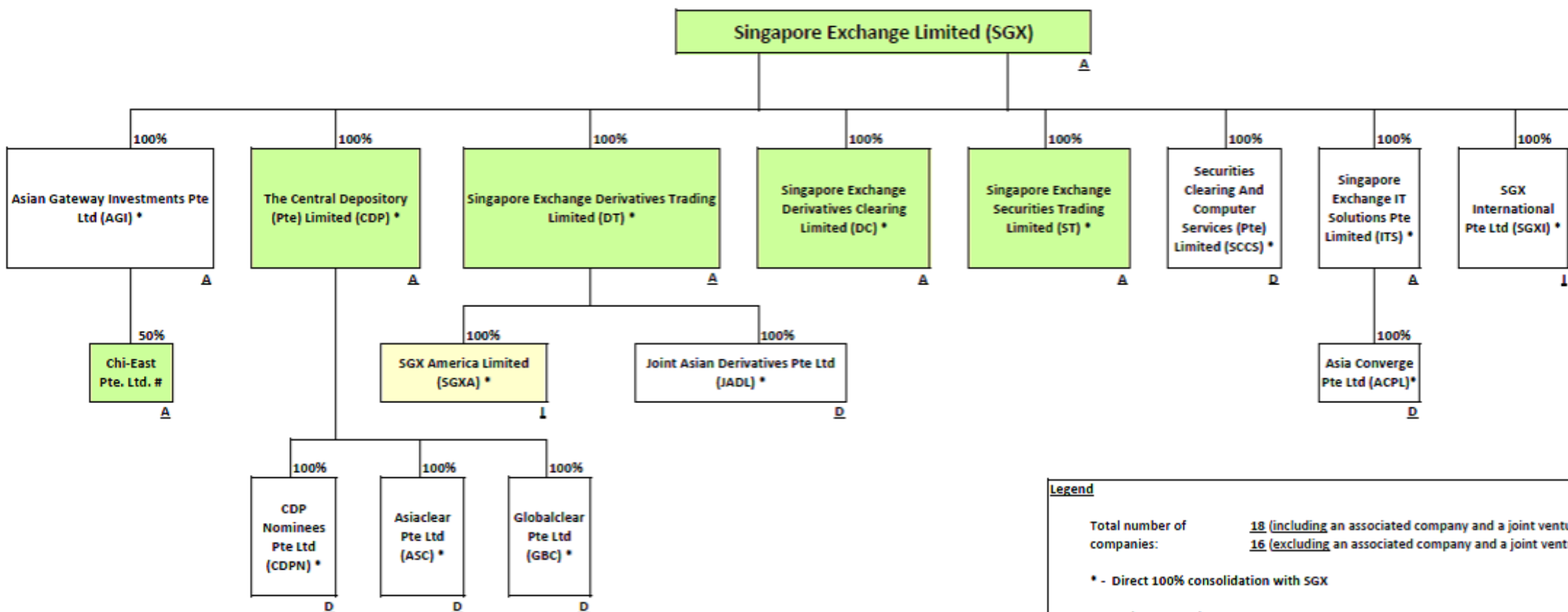
SGX-DT is a company incorporated under the Companies Act 2006 (Chapter 50 of Singapore) ("**Companies Act**") (attached as Exhibit A-1-1) and is an approved exchange under the Securities and Futures Act 2008 Rev Ed (Chapter 289 of Singapore) ("**SFA**"). Its registered business office is in Singapore.

SGX-DT is a wholly-owned subsidiary of Singapore Exchange Limited ("**SGX**"). Therefore, SGX is the only substantial shareholder of SGX-DT. SGX has a horizontally and vertically-integrated business providing a trading platform for derivatives as well as clearing, settlement and depository functions.

SGX was inaugurated on 1 December 1999, following the merger of two established and well-respected financial institutions, the Stock Exchange of Singapore ("**SES**") and the Singapore International Monetary Exchange ("**SIMEX**"). SGX is a public company incorporated under the Companies Act and has been listed on its own bourse since 23 November 2000. SGX was Asia's first de-mutualised and integrated securities and derivatives exchange. SGX wholly owns two exchanges operated by Singapore Exchange Securities Trading Limited ("**SGX-ST**") and SGX-DT as well as two clearing houses, Central Depository (Pte) Ltd ("**CDP**") and Singapore Exchange Derivatives Clearing Limited ("**SGX-DC**"). SGX-ST and CDP provide listing, trading, clearing and depository services for regional equities and fixed income securities for the Singapore market.

The consolidated structure of SGX group and its various subsidiaries is shown below:

# SGX Legal Entities Structure



**Legend**

Total number of companies: 18 (including an associated company and a joint venture)  
16 (excluding an associated company and a joint venture)

- \* - Direct 100% consolidation with SGX
- # - Equity accounting
- A - Active company
- D - Dormant company
- I - Inactive

White fill: Company incorporated in Singapore  
 Green fill: Company incorporated in Singapore and regulated by MAS.  
 Yellow fill: Company incorporated overseas.

The SFA (attached as Exhibit A-1-2) imposes limits on the ownership of designated clearing houses, approved exchanges, and approved holding companies (through limits on substantial shareholdings). SFA Sections 27, 75 and 81ZE provide that a person must obtain prior approval of the Monetary Authority of Singapore<sup>1</sup> (“MAS”) before entering into any agreement to acquire shares in an approved exchange, designated clearing house or approved holding company by virtue of which he would, if the agreement had been carried out, become a substantial shareholder of the approved exchange, designated clearing house or approved holding company. A substantial shareholder is defined under Companies Act Section 81 as a person who has an interest(s) in one or more voting shares in a company, and the total votes attached to that share(s) is 5% or more of the total votes attached to all the voting shares in the company. Pursuant to SFA Sections 27(2), 75(2) and 81ZE(2), a person must obtain prior approval of the MAS before becoming (a) a 12% controller; or (b) a 20% controller, of an approved exchange, designated clearing house or approved holding company.

The CFTC staff has previously granted SGX-DT foreign terminal no-action relief, and SGX-DT wishes to continue to provide direct access to its electronic trading and order matching system from the United States as a registered foreign board of trade (“FBOT”) in accordance with CFTC Rule 48.6.<sup>2</sup>

The CFTC staff has also previously granted no-action relief to permit the following stock index futures contracts offered by SGX-DT to be traded by U.S. persons pursuant to the foreign terminal no-action relief (“Grandfathered Contracts”):

- (a) SGX Nikkei 225 Stock Index futures contract (in 1986)<sup>[1]</sup>;
- (b) SGX MSCI Hong Kong Stock Index futures contract (in 1994)<sup>[2]</sup>;
- (c) SGX MSCI Taiwan Stock Index futures contract (in 1997)<sup>[4]</sup>;
- (d) SGX MSCI Singapore Free Stock Index futures contract (in 2000)<sup>[5]</sup>;
- (e) SGX S&P CNX Nifty Index futures contract (in 2004)<sup>[7]</sup>;
- (f) SGX U.S. dollar Nikkei 225 Index futures contract (in 2007)<sup>[8]</sup>; and
- (g) SGX Nikkei 225 Index mini futures contract (in 2009)<sup>[9]</sup>.

The CFTC has also certified, under CFTC Rule 30.13, that certain additional stock index futures contracts offered by SGX-DT may be traded by U.S. persons pursuant to the foreign terminal no-action relief. A complete list of the SGX-DT contracts that would be made available for direct access by U.S. persons under the FBOT registration is set out in Exhibit E.

## **Corporate Structure**

Corporate structure of SGX-DT can be found in Exhibit A-1-3.

## **Governance and Committee Structure**

### ***SGX – Holding Company***

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<sup>1</sup> The Monetary Authority of Singapore was established under the Monetary Authority of Singapore Act (Chapter 186 of Singapore)

<sup>2</sup> See CFTC Staff Letter No. 06-21 (Sept. 22, 2006); CFTC Staff Letter No. 99-63 (December 17, 1999) (issued to SGX-DT’s predecessor, SIMEX).

<sup>[1]</sup> CFTC Staff Letter No. 86-6 (December 5, 1986).

<sup>[2]</sup> CFTC Staff Letter No. 94-49 (June 1, 1994).

<sup>[4]</sup> CFTC Staff Letter No. 97-71 (August 29, 1997).

<sup>[5]</sup> CFTC Staff Letter No. 00-77 (June 21, 2000).

<sup>[7]</sup> CFTC Staff Letter No. 04-02 (January 7, 2004).

<sup>[8]</sup> CFTC Staff Letter No. 07-07 (May 24, 2007).

<sup>[9]</sup> CFTC Staff Letter No. 09-48 (December 23, 2009).

As a listed company, SGX must satisfy and, on an on-going basis, comply with the obligations set out in the SGX-ST Listing Rules (“**Listing Rules**”) and comply with the Code of Corporate Governance 2005 (“**Corporate Governance Code**”) (attached as Exhibit A-1-4). The Corporate Governance Code sets out the composition and guiding principles for each of the various board committees required under the Securities and Futures (Corporate Governance of Approved Exchanges, Designated Clearing Houses and Approved Holding Companies) Regulations 2005 (“**Governance Regulations**”) (attached as Exhibit A-1-5), Regulation 8. While compliance with the Corporate Governance Code is not mandatory, Listing Rules Rule 710 sets out that, in its annual report, SGX must describe its corporate governance practices with specific reference to the principles of the Corporate Governance Code and it must disclose any deviation from any guideline in the Corporate Governance Code together with an appropriate explanation for such deviation.

Further, SGX must meet the requirements set out under the Governance Regulations<sup>3</sup>. These effectively impose a more stringent definition of director independence and, accordingly, the independence on SGX’s Board<sup>4</sup> (“**Board**”) is enhanced. The Governance Regulations defines an independent director as one who is independent from any management and business relationship with SGX, and who is also independent from any substantial shareholder of SGX. Under this more stringent definition in the Governance Regulations, the majority (currently nine out of twelve directors) of SGX’s Board is considered independent.

### **SGX Board**

The Board currently comprises twelve directors of whom the Chief Executive Officer (“**CEO**”) is the only executive director. The remaining eleven directors are non-executive directors.

Each year the Nominating Committee reviews the size and composition of the Board and Board Committees together with the skills and core competencies of its members. These competencies include experience in banking, finance, accounting, business acumen, management experience, industry knowledge, familiarity with regulatory requirements and knowledge of risk management. For more information on the Nominating Committee’s Board evaluation process, refer to Exhibit A-A-1

An effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals is fundamental to good corporate governance. To foster this, the Board, and in particular the non-executive directors, need to be kept well informed of SGX’s businesses and affairs and they need to be knowledgeable about the industry in which the businesses operate. To ensure that the non-executive directors are well supported by accurate, complete and timely information, the non-executive directors have unrestricted access to management, and to sufficient resources to enable them to effectively discharge their oversight functions. Non-executive directors receive periodic information papers and board briefings on latest market developments, trends and key business initiatives.

### **Current or anticipated presence of offices or staff in the US**

Currently, SGX-DT does not have any staff based in the U.S. However, SGX-DT has appointed a Chief Representative for Europe and North America, Mr. David Battle, since June 2010. He is located in Europe. SGX America Ltd was incorporated in the United States of America on 24 August 1995. At

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<sup>3</sup> Governance Regulations provides as follows:

- (a) at least 1/3 independent directors
- (b) majority of directors who are independent from management or business relationship with the central counterparty; and
- (c) majority of directors who are independent from any substantial shareholder.

<sup>4</sup> “**SGX Board**” refers to persons sitting on the SGX board of directors

the time, SGX America Ltd disseminated information about SGX and provided marketing services for subsidiaries of Singapore Exchange Limited. SGX America Ltd ceased operations on 1 August 2003 and has since remained dormant.

SGX America Ltd is a wholly owned subsidiary of SGX-DT and its ultimate holding company is SGX.

**Anticipated volume of business emanating from members and other participants that will be provided direct access to the foreign board of trade's trading system**

The total number of futures contracts<sup>5</sup> and options contracts<sup>6</sup> traded on SGX-DT for the past three years (including all commodities contracts) has been provided below. These are for all volumes traded on SGX-DT including US-based volumes.

2009 – 53,111,183 contracts

2010 – 60,718,618 contracts

2011 – 72,055,491 contracts

2012 (to Feb) – 11,341,922 contracts

SGX-DT anticipates a total volume of approximately six million<sup>7</sup> contracts to be traded in the next 12 months<sup>8</sup> from members and other participants provided with direct access to SGX-DT's trading system from the United States.

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<sup>5</sup> **"Futures Contracts"** refers to any Contract, over any asset, Commodity, instrument, index, reference rate or any other thing whose price movement determines the value of the Contract, designated by SGX-DT as a futures contract

<sup>6</sup> **"Options Contracts"** refers to a Contract which grants an option on a Futures Contract.

**"Contract"** is defined as rights and obligations incurred through a trade on an exchange, an OTC trade or a financial derivative trade.

<sup>7</sup> These are estimates based on the trading volume history.

<sup>8</sup> July 2012 till June 2013.

## **Exhibit A-2 – Articles of Association, constitution; or other similar organizational documents.**

List of SGX-DT's constitution and organizational documents attached to this Application:

- (a) Articles of Association (attached as Exhibit A-2-1)
- (b) Memorandum of Association (attached as Exhibit A-2-2)
- (c) Organization chart (attached as Exhibit A-2-3)

### **Exhibit A-3-1 - Membership and Trading Participants Agreements**

In order to gain membership with SGX-DT applicants have to demonstrate their willingness and ability to comply and abide to the conditions prescribed by SGX-DT and its rules. All applicants are required to complete and submit a membership application form to SGX-DT for approval. After being granted membership, members<sup>9</sup> then have to ensure that they abide with and are in consistent compliance with the rules.

A copy of the membership application form is attached as Exhibit A-3-1.

### **Exhibit A-3-2 - Clearing Agreements**

SGX-DC is the clearing house that clears trades for SGX-DT. The function of a clearing house is to operate as a risk reduction or risk management platform given its primary role to reduce and manage various types of risks including, among others, counterparty risk, settlement risk, credit and liquidity risks, and operational risks.

As a central counterparty ("**CCP**") is exposed to counterparty credit risk from each of its participants, the starting point in managing these risks is to focus on the risk of settlement failures onto itself. Therefore, the foremost consideration is the standards that SGX-DC adopts for clearing membership through requirements about financial standing, operational capacity and adequacy of resources.

A robust admission framework ensures that SGX-DC only admits Clearing Members<sup>10</sup> with sufficient financial standing and adequate internal processes. In establishing the capital and financial requirements for its Clearing Members, SGX-DC mirrors the appropriate legislative requirements set out under capital markets licensing requirements (imposed directly under the SFA) and the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Licenses) Regulations 2002 ("**Financial and Margin Regulations**").

In addition to the admission framework, a comprehensive member supervision framework subsequently allows for regular monitoring of Clearing Members' financial health and their compliance with the SGX-DC Clearing Rules ("**Clearing Rules**").

A financial institution wishing to qualify as a Clearing Member of SGX-DC must demonstrate to the satisfaction of SGX-DC that it meets the admission criteria set out under Chapter 2, Clearing Rules. Additionally, the applicant Clearing Member must maintain its compliance with the ongoing obligations prescribed under Clearing Rules Chapter 2. Once a financial institution is admitted to membership as a Clearing Member, it is required to execute the SGX-DC Security Deed for Securities Executed by

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<sup>9</sup> A member ("**member**") refers to either a Trading member or a Clearing Member with trading privileges and Membership has the correlative meaning.

<sup>10</sup> A "**Clearing Member**" refers to any corporation granted clearing privileges by SGX-DC as contemplated in the Clearing Rules

the Clearing Member (attached at Exhibit A-3-2) and the SGX-DC Terms & Conditions for Management of Cash Collateral (attached at Exhibit A-3-3).

SGX-DC admits three classes of Clearing Members:

- (a) Direct Clearing Member<sup>11</sup> for non-bank institutions with Capital Market Services (“**CMS**”) licenses that clear their own proprietary trades<sup>12</sup> or related house proprietary trades directly with SGX-DC;
- (b) General Clearing Member<sup>13</sup> for non-bank institutions with CMS licenses that are permitted to clear the trades of their clients, other Trading Members<sup>14</sup>, and themselves; and
- (c) Bank Clearing Member<sup>15</sup> for Singapore-licensed banks, regulated under Banking Act 2008 Rev Ed (Chapter 19 of Singapore) (“**Banking Act**”) Section 4. Bank Clearing Members are permitted to clear the trades of their clients, other Trading Members, or themselves and their related companies.

A Clearing Member may only clear the specific products that are permitted for its class of clearing membership.

Upon successful admission to membership, the admission requirements become part of the ongoing obligations for all Clearing Members. The admission criteria and additional ongoing obligations of Clearing Members are prescribed under Clearing Rules Chapters 2 and 7.

Clearing Members are required to be holders of CMS licenses under the SFA (for General Clearing Members and Direct Clearing Members) or comply with the Banking Act (for Bank Clearing Members). Therefore, in the context of Singapore’s legal and regulatory framework, the membership criteria, and the ongoing obligations of Clearing Members, are governed by the following instruments, in order of precedence:

- (a) the statutory requirements under the SFA or the Banking Act, and their subsidiary legislation;
- (b) the Clearing Rules; and
- (c) other private contracts/agreements between SGX-DC and its Clearing Members.

Pursuant to the Futures Trading Rules of SGX-DT (“**Trading Rule(s)**”), Trading Rule 2.10.1, it is a requirement that all trades executed on the Markets<sup>16</sup> be cleared exclusively by SGX-DC through a Clearing Member pursuant to the Clearing Rules. A Trading Member is required to have the requisite

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<sup>11</sup>“**Direct Clearing Member**” means a Clearing member who has such rights and obligations as set out in Chapter 2 of the Clearing Rules.

<sup>12</sup> Trades executed by a Person for its own account

<sup>13</sup> “**General Clearing Member**” means a Clearing Member who has such rights and obligations as set out in Chapter 2 of the Clearing Rules

<sup>14</sup> “**Trading Member**” refers to an individual or corporation granted trading privileges by SGX-DT, as contemplated in the Trading Rules, and shall include a General Trading Member and a Bank Trading Member.

<sup>15</sup>“ **Bank Clearing Member**” refers to a Clearing Member who has such rights and obligations as set out in Chapter 2 of the Clearing Rules.

<sup>16</sup> “**Markets**” refer to any market as contemplated under the Securities and Futures Act that is operated by SGX-DT.

clearing arrangement with a Clearing Member. There is no alternative clearing and settlement facility for contracts traded on SGX-DT. Given the size of the Singapore market, this is considered to be appropriate.

*Netting arrangements with other clearing organizations*

SGX-DC has derivative contracts that are eligible for Mutual Offset System with the Chicago Mercantile Exchange (“**CME**”). This arrangement between SGX-DC and CME allows trades to be executed in one exchange, yet allocated to the other for clearing. Clearing Rule 8.04.1 prescribes that as long as a Mutual Offset System is in effect between the relevant Participating Markets, a trade will be transferred between Participating Markets and/or their respective clearing houses if all of the following conditions are satisfied:

- (a) trade has cleared in the ordinary course on the Participating Market where it is executed;
- (b) an Inter-Exchange Memorandum<sup>17</sup> has been duly delivered to SGX-DC in respect of the trade;
- (c) in relation to a transfer of a trade under the Mutual Offset System to SGX-DC, SGX-DC has received confirmation of the Inter-Exchange trade data (being trade information supplied in an Inter-Exchange Transfer Memorandum) from the other Participating Market; and
- (d) the Originating Clearing Member<sup>18</sup> and the Executing Clearing Member<sup>19</sup> has, prior to the execution of the trade entered into a written agreement with the Authorized Clearing Member<sup>20</sup> which may have such terms and conditions as the contracting Authorized Clearing Members shall determine, but in any event shall provide in substance as follows:
  - (i) Until such time as Inter-Exchange Transfer<sup>21</sup> occurs with respect to a trade executed pursuant to the Mutual Offset System, each Authorized Clearing Member shall remain liable to the other Authorized Clearing Member for such trade in the same manner and to the same extent as if the Executing Clearing Member had executed such trade for a customer outside of the Mutual Offset System; and
  - (ii) Upon the occurrence of Inter-Exchange Transfer with respect to any trade executed pursuant to the Mutual Offset System, each Authorized Clearing Member shall have no further liability (other than with respect to the payment of commissions or fees agreed to by such Authorized Clearing Members) to, or relationship with, the other Authorized Clearing Member with respect to the position created by such trade, and

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<sup>17</sup> “**Inter-Exchange Memorandum**” means the instructions, whether confirming batch records or online confirmations, submitted by each Exchange to the other Exchange as provided in Section 5.3 hereof for the purpose of reporting trade data related to trades executed pursuant to the Mutual Offset System.

<sup>18</sup> “**Originating Clearing Member**” means with respect to a trade executed pursuant to the Mutual Offset System, the Exchange of which the Originating Clearing Member is an Authorized Clearing Member and that is not the Execution Exchange.

<sup>19</sup> “**Executing Clearing Member**” means an Authorized Clearing Member that accepts and is responsible for executing an order received from an Originating Clearing Member pursuant to the Mutual Offset System.

<sup>20</sup> “**Authorized Clearing Member**” means a Clearing Member that is authorized by an Exchange of which it is a Clearing Member to enter into trading arrangements pursuant to the Mutual Offset System with Authorized Clearing Members of the other Exchange.

<sup>21</sup> “**Inter-Exchange Transfer**” means the transfer pursuant to the Mutual Offset System to one Exchange of a position established as a result of a trade executed on the other Exchange.



thereafter the Originating Clearing Member shall look only to SGX-DC which the trade is transferred to, with respect to the position created by such trade; notwithstanding the foregoing, the Executing Clearing Member shall continue to be fully liable to the Originating Clearing Member with respect to the execution of such trade including fraud or the breach of any obligation or duty ordinarily borne by the party executing a commodity futures contract trade on the Participating Markets, and for any unmatched trades.

#### **Exhibit A-4- Terms and conditions of contracts to be available through direct access**

Please refer to Exhibit E for details on the terms and conditions of contracts to be available through direct access.

#### **Exhibit A-5- National statutes, laws and regulations governing activities of FBOT and clearing organisation and respective participants**

##### ***The Monetary Authority of Singapore***

SGX-DT and its holding company SGX are regulated by the MAS. As a central bank, the MAS is committed to promoting sustained, non-inflationary economic growth, as well as moulding Singapore into a sound and progressive financial centre. In line with this function, the MAS is involved in the conduct of monetary policy, the issuance of currency, the oversight of payment systems, and it also serves as a banker and financial agent to the Singapore government. The MAS also manages the official foreign reserves of Singapore and is responsible for the integrated supervision of financial services. Financial institutions are regulated by the MAS under the relevant legislative frameworks as follows:

- (a) banks (Banking Act) (attached as Exhibit A-5-1)
- (b) finance companies (Finance Companies Act 1995 Rev Ed (Chapter 108 of Singapore)) (attached as Exhibit S-1 E-1);
- (c) money changers and remittance businesses (Money-changing and Remittance Businesses Act 2008 Rev Ed (Chapter 187 of Singapore)) (attached as Exhibit S-1 E-2);
- (d) trust companies (Trust Companies Act 2006 Rev Ed (Chapter 336 of Singapore)) (attached as Exhibit S-1 E-3); and
- (e) approved exchanges, designated clearing houses, approved holding companies, and any holders of a CMS licence (SFA) (attached as Exhibit A-1-2).

##### ***The Securities and Futures Act***

In the context of the securities and futures industry, the Capital Markets Department of the MAS has supervisory responsibility for capital markets through the administration of the SFA. It regulates the following:

- (a) the offering of securities, business trusts, Real Estate Investment Trusts (“**REITs**”) and Collective Investment Schemes (“**CIS**”);
- (b) the trading of securities and derivative products;
- (c) securities and futures market operators and clearing houses;
- (d) the conduct of takeover transactions; and
- (e) SGX as a listed entity.

The SFA provides the legal basis for the regulation of activities and institutions in Singapore's securities and futures industry, including approved exchanges, designated clearing houses, approved holding companies, holders of CMS licences and other related matters (Parts II to IV). It also

provides the legal basis for the regulation of offers of investments, such as shares and debentures (Part XIII Division 1), business trusts (Part XIII Division 1A), and CISs, which includes REITs (Part XIII Division 2). Approved exchanges, designated clearing houses, recognised market operators, or any holders of a CMS licence based or operating in Singapore are subject to the qualitative and quantitative provisions laid down in the SFA, as well as its subsidiary regulations. Similarly, any person making an offer of an investment in Singapore is also subject to the specific qualitative and quantitative provisions laid down under the SFA and its subsidiary legislation.

Some of the key functions of the SFA include:

- (a) promoting fair, orderly, and transparent markets and facilitating efficient markets for the allocation of capital and the transfer of risks (SFA Section 5(a) and (b));
- (b) promoting the safety and efficiency of clearing facilities that support systemically-important markets or form an integral part of the financial infrastructure (SFA Section 47(a));
- (c) providing a regulatory framework for the establishment and operation of holding companies of approved exchanges, designated clearing houses and corporations that are approved holding companies, and to ensure that such holding companies are fit and proper to perform their functions (SFA Section 81T(a)); and
- (d) reducing systemic risk (SFA Sections 5(c), 47(b) and 81T(b)).

The key Regulations<sup>22</sup> which have been enacted to implement the SFA, its objectives and intended purposes are as follows:

- (a) the 2005 Regulations, which set out detailed obligations of approved exchanges in relation to trading, operation, business rules, and matters requiring MAS approval (attached as Exhibit A-5-2);
- (b) the Corporate Governance Regulations, which set out detailed governance requirements for approved exchanges, designated clearing houses and approved holding companies (attached as Exhibit A-1-5);
- (c) the Conduct of Business Regulations which set out CMS licensing requirements, and CMS licence holders' obligations in treatment of customers' money and assets as well as conduct of business (attached as Exhibit A-5-3); and
- (d) the Financial and Margin Regulations which set out base capital, financial resources and margin requirements for holders of CMS licences (attached as Exhibit A-5-4).

The SFA and the 2005 Regulations together contain the bulk of the legislative requirements governing the supervision of SGX-DT.

### ***SFA Licensing Requirements – "Approved Exchange"***

In order to operate as an approved exchange in Singapore, a corporation must first obtain authorization of the MAS prior to operating a market by lodging certain prescribed forms (SFA Section 7 and 2005 Regulations, Regulation 6).

The MAS may approve a corporation as an approved exchange subject to such conditions or restrictions as it thinks fit, including conditions or restrictions relating to (SFA Section 8(4)):

- (a) the activities that the corporation may undertake;
- (b) the securities or futures contracts that may be traded on any market established or operated by the corporation; and

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<sup>22</sup> "**Regulations**" refer to key subsidiary legislation applicable to SGX-DT under the SFA

- (c) the nature of the investors or participants who may use, invest in or participate in the securities or futures contracts traded on any market established or operated by the corporation.

The MAS may make regulations relating to the exemption, recognition or approval of, and the requirements applicable to, persons who establish, operate or assist in establishing or operating markets, including: (a) requiring an approved exchange to reckon specified positions for the purpose of determining if limits established or varied under SFA Section 16A(1) have been exceeded; (b) requiring an approved exchange to take specified steps to ensure compliance with those limits; and (c) specifying measures to manage any risks assumed by an approved exchange (SFA Section 45).

### **Regulatory Framework**

SGX-DT is licensed by the MAS as an approved exchange and has met the licensing requirements to the satisfaction of the MAS. SGX-DT, as a subsidiary of the SGX, is considered an institution of systemic importance and therefore subject to the MAS's intensified supervision and regulation. Consequently, SGX-DT is obliged to conduct itself in the manner specified by key legislation, regulations or guidelines as follows:

- (a) SGX-DT must operate a fair, orderly and transparent market (SFA Section 16(1)(a));
- (b) SGX-DT must manage any risks associated with its business and operations prudently (SFA Section 16(1)(b));
- (c) in discharging its obligations under the SFA, SGX-DT must not act contrary to the interests of the public, having particular regard to the interests of the investing public (SFA Section 16(1)(c));
- (d) SGX-DT must ensure that access for participation in its facilities is subject to criteria that are fair and objective, and that are designed to ensure the orderly functioning of the market and to protect the interests of the investing public (SFA Section 16(1)(d));
- (e) SGX-DT must maintain business rules and, where appropriate, listing rules that make satisfactory provision for (i) a fair, orderly and transparent market in securities or futures contracts that are traded through its facilities; and (ii) the proper regulation and supervision of its members (SFA Section 16(1)(e));
- (f) SGX-DT must observe due process when amending its business rules which includes notification and consultation obligations (2005 Regulations, Regulation 19);
- (g) SGX-DT must enforce compliance by its members with its business rules and, where appropriate, its listing rules (SFA Section 16(1)(f));
- (h) SGX-DT must have sufficient financial, human and system resources to:
  - (i) operate a fair, orderly and transparent market;
  - (ii) meet contingencies or disasters; and
  - (iii) provide adequate security arrangements (SFA Section 16(1)(g)).
- (i) SGX-DT must ensure that it appoints or employs fit and proper persons as its chairman, CEO, directors and key management officers (SFA Section 16(1)(h)).

SFA Section 21(1) prescribes that SGX-DT and its officers and employees must maintain, and aid in maintaining, the confidentiality of all user information that comes to the knowledge of SGX-DT or any of its officers or employees; or is in the possession of SGX-DT or any of its officers or employees.

**“User information”** means transaction information that is referable to a named user or a group of users from which the name of a user can be directly inferred. **“User,”** in relation to an approved exchange, is defined as a person who is a member or a customer of a member of the approved exchange; and **“transaction information”** means, *inter alia*, information relating to (a) offers or invitations to purchase, sell, or exchange securities or futures contracts; (b) executed transactions in

securities or futures contracts. The confidentiality of user information (or transactional information) is however, subject to certain specified exceptions.<sup>23</sup>

In meeting these general obligations, SGX-DT is accountable to the MAS. Among other things, this includes the requirement that SGX-DT must notify the MAS of the occurrence of any of the circumstances listed in SFA Section 17(1) and 2005 Regulations, Regulation 9. These circumstances generally include:

- (a) where there is material change to the information provided by SGX-DT in its application to MAS;
- (b) where SGX-DT proposes to carry on a business other than (i) a business of operating a market, or (ii) a business incidental to operating a market, or (iii) such business or class of businesses as the MAS may prescribe (SFA Section 17(1)(b));
- (c) where SGX-DT acquires a substantial shareholding in a corporation which does not carry on (i) a business of operating a market, or (ii) a business incidental to operating a market, or (iii) such business or class of businesses as the MAS may prescribe (SFA Section 17(1)(c));
- (d) where SGX-DT becomes aware of certain financial irregularities or other matters which in its opinion (i) may affect its ability to discharge its financial obligations, or (ii) may affect the ability of one of its members to meet its financial obligations to SGX-DT (SFA Section 17(1)(d));
- (e) where SGX-DT reprimands, fines, suspends, expels or otherwise takes disciplinary action against one of its members (SFA Section 17(1)(e));
- (f) any civil or criminal legal proceeding instituted against SGX-DT, whether in Singapore or elsewhere (2005 Regulations, Regulation 9(1)(a));
- (g) any disciplinary action taken against SGX-DT by any regulatory authority, whether in Singapore or elsewhere, other than the MAS (2005 Regulations, Regulation 9(1)(b));
- (h) any significant change to the regulatory requirements imposed on SGX-DT by any regulatory authority, whether in Singapore or elsewhere, other than the MAS (2005 Regulations, Regulation 9(1)(c));
- (i) a failure by SGX-DT to adhere to the trading days, hours or sessions of SGX-DT (2005 Regulations, Regulation 9(1)(d)); or

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<sup>23</sup> The specified exceptions are set out under SFA Section 21(2) and 2005 Regulations, Regulation 11(1), and can be summarized following:

- (a) where disclosure is authorised by the MAS (SFA Section 21(2)(a));
- (b) where disclosure is pursuant to any requirement imposed under any Singapore written law or order of court in Singapore (SFA Section 21(2)(c));
- (c) where disclosure is necessary for the making of a complaint or report under any Singapore written law for an offence alleged or suspected to have been committed under such written law (2005 Regulations, Regulation 11(1)(a));
- (d) where the user, or where the user is deceased, by his appointed personal representative, has provided permission for such purpose specified in writing (2005 Regulations, Regulation 11(1)(b));
- (e) where disclosure is to the approved holding company of the approved exchange (2005 Regulations, Regulation 11(1)(c));
- (f) where disclosure is necessary for the execution by the approved exchange of a transaction in any securities or futures contracts or clearing or settlement of a transaction and such disclosure is only made to another user which is party to the transaction or a corresponding clearing or exchange member (2005 Regulations, Regulation 11(1)(d));
- (g) where disclosure is necessary in any disciplinary proceedings of SGX-DT or for publication of such proceedings and the outcome thereof (2005 Regulations, Regulation 11(1)(e));
- (h) where the user information is already in the public domain (2005 Regulations, Regulation 11(1)(f));
- (i) where disclosure is in connection with the outsourcing of the approved exchange functions to third parties; the creation, installation or maintenance of systems; or the appointment of an auditor or other professionals (2005 Regulations, Regulation 11(1)(g));; and
- (j) where disclosure is in relation to the administration of an estate (2005 Regulations, Regulation 11(1)(h));; or bankruptcy/winding-up of a user (2005 Regulations, Regulation 11(1)(i));.

- (j) any disruption of, or delay in, suspension or termination in any trading procedure or trading practice of SGX-DT including those resulting from any system failure (2005 Regulations, Regulation 9(1)(e)).

In observing its accountability to the MAS on an ongoing basis, SGX-DT is also obliged to submit periodic reports in the form and manner prescribed by the MAS as specified under 2005 Regulations, Regulation 10 and SFA Section 19. Specifically, Regulation 10 requires SGX-DT to submit:

- (a) its annual report and directors report (prepared in accordance with the provisions of the Companies Act) within three months after the end of its financial year (together with its auditor's long form report, which shall include the findings and recommendations of the auditors, if any, on the internal controls of SGX-DT and the non-compliance with SFA, the MAS directions or other relevant laws or regulations);
- (b) a copy of profit and loss accounts and balance sheet within 45 days after the end of each of the first three quarters of its financial year;
- (c) an annual report on how SGX-DT has discharged its responsibilities under the SFA and the 2005 Regulations within three months after the end of its financial year;
- (d) a copy of the balance sheet of the fidelity fund of SGX-DT within five months after the end of the financial year (in accordance with SFA Section 150);
- (e) Form 8 within ten business days from the end of each month (in relation to the futures market);
- (f) a report relating to the business of the approved exchange, at such time or on such periodic basis as may be specified by the MAS; and
- (g) such other report as the MAS may require for the proper administration of SFA, at such time or on such periodic basis as the MAS may specify.

Aside from established rules, obligations, regulations and guidelines prescribed under the SFA and its Regulations, the MAS is authorised to impose or vary any conditions or restrictions on SGX-DT as it thinks fit.<sup>24</sup> Examples of such conditions or restrictions include conditions or restrictions on the futures contracts that may be traded on any market established or operated by the corporation, activities that the approved exchange may undertake, or the nature of the investors or participants who may use, invest or participate in the futures contracts traded on any market established or operated by the corporation.

By virtue of SFA Section 46, the MAS can also issue directions which SGX-DT has to comply with, if MAS thinks it necessary or expedient to do so. SFA Section 44 empowers the MAS with the authority to direct SGX-DT to remove an officer from his office or employment if it thinks it necessary in the interests of the public or for the protection of the investors to do so. Pursuant to SFA Section 34, the MAS may use its emergency powers in the event of any undesirable situation such as threatened or actual market manipulation or cornering, to compel SGX-DT to modify or suspend business rules, or, in more serious cases, terminate or suspend trading.

In all such respects, and wherever possible, SGX-DT assists the MAS as may be required for the proper administration of the SFA and the 2005 Regulations.

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<sup>24</sup> SFA Section 8(4) or (5), 14(5), (6), (8) or (9), 17(2), 27(5) or (10), 28(11), 29(2), 35, 42(2) or 43A(2).

## **Exhibit A-6- Current rules, regulations, guidelines and bylaws of FBOT**

SGX-DT has comprehensive Trading Rules (attached as Exhibit A-6-1) in place. SGX-DT may also issue Directives, Regulatory Notices and Practice Notes to supplement the Trading Rules or provide guidance on the interpretation or application of the same (Trading Rule 1.10). The order of precedence in the construction and interpretation of the various legislative and quasi-legislative instruments shall be, in descending order of precedence, as follows:

- (a) Acts;
- (b) Trading Rules;
- (c) Directives;
- (d) Regulatory Notices; and
- (e) Practice Notes.

Regulatory Notices are binding notices issued by SGX-DT regarding regulatory matters pertaining to the Markets. Practice Notes are guidelines that seek to explain the application and interpretation of a Trading Rule. Practice Notes do not bind SGX-DT in the application of a Trading Rule (Trading Rule 1.10). Regulatory Notices and Practice Notes are found in the Trading Rules. There are currently no Directives issued in relation to the Trading Rules.

Trading Rules address the market and regulatory developments and are specifically tailored to a screen-based and cross-border trading environment. The Trading Rules govern these following areas:

- (a) Access and Membership (Trading Rules, Chapter 2),
- (b) Conduct of Members, Approved Traders and Representatives (Trading Rules, Chapter 3),
- (c) Listing and Trading of Contracts (Trading Rules, Chapter 4),
- (d) Physical Delivery of Commodities Futures Contracts (Trading Rules, Chapter 5),
- (e) Dispute Resolution and Arbitration (Trading Rules, Chapter 6) and
- (f) Adverse Events, Rule Violations and Disciplinary Action (Trading Rules, Chapter 7).

Among other things, the Trading Rules:

- (a) codify the requirement that directors, chief executives and key personnel of a member are fit and proper;
- (b) consolidate and streamline the membership categories for individuals and firms into two main categories – Clearing Members and Trading Members;
- (c) prohibits Members from comingling or depositing the Members own money and assets into their customers' accounts;
- (d) requires Members to report all breaches of laws, rules or regulations, whether they occur in Singapore or overseas; and
- (e) clarify the standard of proof in proceedings before the Disciplinary and Appeals Committee.

**Exhibit A-7- License or registration of the FBOT pursuant to the regulatory regime in its home country jurisdiction and a representation by its regulator(s) that it is in good regulatory standing in the capacity, in which it is authorized, licensed or registered.**

SGX-DT is an approved exchange under the SFA and is therefore governed by the regulatory framework set out under the SFA and its subsidiary legislation/ regulations. SGX-DT is accordingly authorised by and under the supervision of the MAS.

Confirmation of registration of SGX-DT pursuant to the requirements of the regulatory regime in Singapore can be found on the MAS website at: <https://secure.mas.gov.sg/FID/Detail/MISS0060>.

Attached as Exhibit A-7-1 is confirmation from the MAS of the licensing status of SGX-DT in Singapore.

**Exhibit A-8- Summary of any disciplinary or enforcement actions or proceedings that have been brought against the FBOT or any of the senior officers thereof, in the past 5 years and the resolution of those actions or proceedings.**

Refer to Exhibit A-A-3 for more information

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**Exhibit A-9- An undertaking by the chief executive officer(s) (or functional equivalent) of the foreign board of trade to notify Commission staff promptly if any of the representations made in connection with or related to the foreign board of trade's application for registration cease to be true or correct, or become incomplete or misleading.**

An undertaking by the CEO of SGX has been attached as Exhibit A-9-1 to notify Commission staff promptly if any of the representations made in connection with or related to this Application cease to be true or correct, or become incomplete or misleading.