

AMENDMENTS TO THE CDP CLEARING RULES – RULE 5: FINANCIAL/CAPITAL REQUIREMENTS

Current Rule	New Rule
<p>5.1C QUALIFYING LETTER OF CREDIT</p>	<p>5.1C QUALIFYING LETTER OF CREDIT</p>
<p>5.1C.1 For the purpose of Rules 5.1, 5.1A and 5.1B, a Clearing Member may include one (1) or more qualifying letter(s) of credit deposited with CDP in its calculation of financial resources, subject to the total amount payable under the qualifying letter(s) of credit or 50% of its total risk requirement, whichever is lower. In the case of a Clearing Member admitted as a clearing member of CDP and SGX-DC, and which has deposited such qualifying letter(s) of credit with SGX-DC, pursuant to the corresponding provision in the SGX-DC Clearing Rules, it need not deposit another qualifying letter(s) of credit with CDP.</p>	<p>5.1C.1 For the purpose of Rules 5.1, 5.1A and 5.1B, a Clearing Member may include one (1) or more qualifying letter(s) of credit deposited with CDP <u>or SGX-DC</u> in its calculation of financial resources, subject to the total amount payable under the qualifying letter(s) of credit or 50% of its total risk requirement, whichever is lower. In the case of a Clearing Member admitted as a clearing member of CDP and SGX-DC, and which has deposited such qualifying letter(s) of credit with SGX-DC, pursuant to the corresponding provision in the SGX-DC Clearing Rules, it need not deposit another qualifying letter(s) of credit with CDP.</p>
<p>5.1D MINIMUM CAPITAL AND FINANCIAL REQUIREMENTS OF CLEARING MEMBERS INCORPORATED OUTSIDE SINGAPORE</p>	<p>5.1D MINIMUM CAPITAL AND FINANCIAL REQUIREMENTS OF CLEARING MEMBERS INCORPORATED OUTSIDE SINGAPORE</p>
<p>5.1D.2 Each Bank Clearing Member incorporated outside Singapore shall at all times:-</p>	<p>5.1D.2 Each Bank Clearing Member incorporated outside Singapore shall at all times:-</p>
<p>(1) where it has satisfied Rule 3.1.3(11)(a) or (b),</p> <p>Cash and/or Acceptable Government Securities Requirement</p> <p>(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</p> <p>(b) in the case of a Bank Clearing Member who is also a clearing member of SGXDC, deposit, as security for its obligations to CDP, cash and/or acceptable government securities of not less than S\$8,000,000 with CDP;</p> <p>PROVIDED ALWAYS THAT:</p> <p>(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</p>	<p>(1) where it has satisfied Rule 3.1.3(11)(a)<u>3.1.3(10)(a)</u> or (b),</p> <p>Cash and/or Acceptable Government Securities Requirement</p> <p>(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</p> <p>(b) in the case of a Bank Clearing Member who is also a clearing member of SGXDC, deposit, as security for its obligations to CDP, cash and/or acceptable government securities of not less than S\$8,000,000 with CDP;</p> <p>PROVIDED ALWAYS THAT:</p> <p>(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</p>

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Current Rule	New Rule
<p>not deposit a further S\$8,000,000 with CDP or such other amount as may be prescribed by CDP; and</p> <p>(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</p> <p>(c) not cause or permit its cash and/or acceptable government securities deposited with CDP to fall below its total risk requirement; or</p>	<p>not deposit a further S\$8,000,000 with CDP or such other amount as may be prescribed by CDP; and</p> <p>(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</p> <p>(c) not cause or permit its cash and/or acceptable government securities deposited with CDP <u>or SGX-DC</u> to fall below its total risk requirement; or</p>
<p>(2) where it has satisfied Rule 3.1.3(11)(c),</p> <p>Net Head Office Funds Requirement</p> <p>(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</p> <p>Adjusted Net Head Office Funds Requirement</p> <p>(b) not cause or permit its adjusted net head office funds to fall below its total risk requirement; and</p>	<p>(2) where it has satisfied Rule 3.1.3(11)(c)<u>(e)</u>-<u>3.1.3(10)(c)</u>,</p> <p>Net Head Office Funds Requirement</p> <p>(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</p> <p>Adjusted Net Head Office Funds Requirement</p> <p>(b) not cause or permit its adjusted net head office funds to fall below its total risk requirement; and</p>
<p>(3) Other Requirements</p> <p>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.</p>	<p>No change.</p>

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Current Rule	New Rule
<p>5.1E EARLY WARNING FINANCIAL REQUIREMENTS OF CLEARING MEMBERS INCORPORATED OUTSIDE SINGAPORE</p>	<p>5.1E EARLY WARNING FINANCIAL REQUIREMENTS OF CLEARING MEMBERS INCORPORATED OUTSIDE SINGAPORE</p>
<p>5.1E.1 Each Clearing Member incorporated outside Singapore shall immediately notify CDP:-</p> <p>(1) if its adjusted net head office funds or cash and/or acceptable government securities deposited with CDP pursuant to Rule 5.1D.2 (whichever is applicable), fall below 120% of its total risk requirement; or</p> <p>(2) in the case of a General Clearing Member, if its aggregate indebtedness exceeds 600% of its aggregate resources.</p>	<p>5.1E.1 Each Clearing Member incorporated outside Singapore shall immediately notify CDP:-</p> <p>(1) if its adjusted net head office funds or cash and/or acceptable government securities deposited with CDP <u>or SGX-DC</u> pursuant to Rule 5.1D.2 (whichever is applicable), fall below 120% of its total risk requirement; or</p> <p>(2) in the case of a General Clearing Member, if its aggregate indebtedness exceeds 600% of its aggregate resources.</p>
<p>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 pursuant to Rule 5.1D.2(1) (whichever is applicable), have fallen below 120% of its total risk requirement, CDP may direct:</p> <p>(1) where such Clearing Member is a General Clearing Member, to comply one (1) or more of the directions prescribed under Regulation 7(3) of the SFR (Financial and Margin Requirements);</p> <p>(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:-</p> <p>(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</p>	<p>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 <u>or SGX-DC</u> pursuant to Rule 5.1D.2(1) (whichever is applicable), have fallen below 120% of its total risk requirement, CDP may direct:</p> <p>(1) where such Clearing Member is a General Clearing Member, to comply one (1) or more of the directions prescribed under Regulation 7(3) of the SFR (Financial and Margin Requirements);</p> <p>(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:-</p> <p>(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</p>

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Current Rule	New Rule
(b) "business" shall be read to mean the Bank Clearing Member's business governed by this Clearing Rules.	(b) "business" shall be read to mean the Bank Clearing Member's business governed by this Clearing Rules.
5.1F NOTIFICATION REQUIREMENTS OF CLEARING MEMBERS INCORPORATED OUTSIDE SINGAPORE	5.1F NOTIFICATION REQUIREMENTS OF CLEARING MEMBERS INCORPORATED OUTSIDE SINGAPORE
5.1F.1 Each Clearing Member incorporated outside Singapore shall immediately notify CDP if its adjusted net head office funds or cash and/or acceptable government securities deposited with CDP pursuant to Rule 5.1D.2 (whichever is applicable), fall below 150% of its total risk requirement.	5.1F.1 Each Clearing Member incorporated outside Singapore shall immediately notify CDP if its adjusted net head office funds or cash and/or acceptable government securities deposited with CDP or <u>SGX-DC</u> pursuant to Rule 5.1D.2 (whichever is applicable), fall below 150% of its total risk requirement.
5.1F.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.	No change.
<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, as the case may be, or cash and/or acceptable government securities deposited with CDP pursuant to Rule 5.1D.2(1) (whichever is applicable), have fallen below 150% of its total risk requirement, 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, 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>	<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, as the case may be, or cash and/or acceptable government securities deposited with CDP <u>or SGX-DC</u> pursuant to Rule 5.1D.2(1) (whichever is applicable), have fallen below 150% of its total risk requirement, 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 <u>or SGX-DC</u>, 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>

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5.1G QUALIFYING LETTER OF CREDIT	5.1G QUALIFYING LETTER OF CREDIT
<p>5.1G.1 For the purpose of Rules 5.1D, 5.1E and 5.1F, a Clearing Member may include one (1) or more qualifying letter(s) of credit deposited with CDP in its calculation of adjusted net head office funds, subject to the total amount payable under the qualifying letter(s) of credit or 50% of its total risk requirement, whichever is lower. In the case of a Clearing Member admitted as a clearing member of CDP and SGX-DC, and which has deposited such qualifying letter(s) of credit with SGX-DC, pursuant to the corresponding provision in the SGX-DC Clearing Rules, it need not deposit another qualifying letter(s) of credit with CDP.</p>	<p>5.1G.1 For the purpose of Rules 5.1D, 5.1E and 5.1F, a Clearing Member may include one (1) or more qualifying letter(s) of credit deposited with CDP <u>or SGX-DC</u> in its calculation of adjusted net head office funds, subject to the total amount payable under the qualifying letter(s) of credit or 50% of its total risk requirement, whichever is lower. In the case of a Clearing Member admitted as a clearing member of CDP and SGX-DC, and which has deposited such qualifying letter(s) of credit with SGX-DC, pursuant to the corresponding provision in the SGX-DC Clearing Rules, it need not deposit another qualifying letter(s) of credit with CDP.</p>

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