

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> <p style="padding-left: 40px;">a. a long term credit rating that indicates, at least, a strong overall creditworthiness supporting the fulfilment of its financial obligations; and</p> <p style="padding-left: 40px;">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.</p> <p style="padding-left: 40px;">c. [Rule has been deleted.]</p> <p style="padding-left: 40px;">d. [Rule has been deleted.]</p> <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>

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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:—~~

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	<p>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</p> <p>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;</p> <p>or</p> <p>e. 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.</p>
2.02B.3	<p>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).</p>
2.07 Minimum Capital and Financial Requirements of Clearing Members Incorporated in Singapore	
2.07.1B	<p>Unless otherwise exempted under Rule 2.07.8, eEach Bank Clearing Member incorporated in Singapore shall at all times:—</p> <p>2.07.1B.1 Base Capital Requirement</p> <p>a. maintain a base capital of not less than S\$5,000,000; or</p> <p>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; <u>or</u></p>

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<p>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;</p> <p>or such other amount as may be prescribed by the Clearing House from time to time;</p>
<p>2.07.1B.2 RRA Financial Requirement Financial Resources Requirement</p> <p>comply with all applicable RRA Financial Requirements not cause or permit its financial resources to fall below its total risk requirement; and</p>
<p>2.07.1B.3</p> <p>[Rule has been deleted.]</p> <p>Paid Up Ordinary Share Capital and Unappropriated Profit or Loss</p> <p>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</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>[Rule has been deleted.] 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>Unless otherwise exempted under Rule 2.07.8, eEach <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 in the case of a General Clearing Member or Direct Clearing Member, if its aggregate indebtedness exceeds 600% of its aggregate resources.</p>

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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.

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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

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~~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;~~

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<p>and</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>[Rule has been deleted]</p> <p>Each Bank Clearing Member incorporated outside Singapore who clears OTCF Contracts, shall at all times:—</p> <p>2.08.1C.1 Net Head Office Funds Requirement</p> <p>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</p> <p>2.08.1C.2 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>2.08.1D</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>

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<p>maintain paid-up ordinary share<u>base</u> capital and unappropriated profit or loss of not less than S\$50,000,000;</p> <p>2.08.1D.2 <u>RRA Financial Resources Requirement</u></p> <p>comply with all applicable RRA Financial Requirements; and not cause or permit its adjusted net head office funds to fall below its total risk requirement;</p> <p>2.08.1D.3 <u>[Rule has been deleted.]</u> Aggregate Indebtedness Requirement not cause or permit its aggregate indebtedness to exceed 1,200% of its aggregate resources; and</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>[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).</p>
2.08A Early Warning Financial Requirements of Clearing Members Incorporated Outside Singapore
<p>2.08A.1</p> <p>Unless otherwise exempted under Rule 2.08.8, 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 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 120% of its total risk requirement; or</p> <p>2.08A.1.2 in the case of a General Clearing Member, Direct Clearing Member or Remote Clearing Member, if its aggregate indebtedness exceeds 600% of its aggregate resources.</p>

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<p>2.08A.2 Unless otherwise exempted under Rule 2.08.8, if 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 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 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). 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:</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 Rules; and</p> <p>(b) "business" shall be read to mean the Bank Clearing Member's business governed by this Rules.</p>
<p>2.08A.3 If the Clearing House is notified by a General Clearing Member, a Direct Clearing Member, or a Remote Clearing Member 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 Unless otherwise exempted under Rule 2.08.8, eEach Clearing Member incorporated outside Singapore shall: 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. <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>

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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.

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2.11.4.1 Each Clearing Member, except for a Bank Clearing Member or a Remote Clearing Member, 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:—

a. in the case where the Clearing Member is incorporated in Singapore:—

- i. the base capital of the Clearing Member is less than the base capital requirement applicable to the Clearing Member under Rule 2.07;
 - ii. the financial resources of the Clearing Member are less than 150% of its total risk requirement;
 - iii. the aggregate indebtedness of the Clearing Member exceeds 600% of its aggregate resources; or
 - 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;
- or

b. in the case where the Clearing Member is incorporated outside Singapore:—

- 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;
- ii. the adjusted net head office funds of the Clearing Member are less than 150% of its total risk requirement;
- iii. the aggregate indebtedness of the Clearing Member exceeds 600% of its aggregate resources; or
- 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.

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.

2.15 Audit Requirements

2.15.1 Statutory Audit Report for General Clearing Members

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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

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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

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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;

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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

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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; or-

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

2.26 Special Call for Financial Statements

2.26.2

Each Clearing Member must make and keep as a record formal computations of its capital and financial requirements pursuant to:—

- 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;
- 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;
- c. in the case of a Bank Clearing Member, Rules 2.07, ~~2.07A~~, 2.07B, ~~2.07C~~, 2.08, ~~2.08A~~, and 2.08B ~~and 2.08C~~; or
- d. in the case of a Remote Clearing Member, Rules 2.08, ~~2.08A~~ and 2.08B,

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 the Clearing House may prescribe and submitted to the Clearing House within fourteen (14) calendar days after the end of each month, or such time frame as the Clearing House may prescribe.

2.27 Request for Information

2.27.1

Each Clearing Member except in the case of a Bank Clearing Member or a Remote Clearing Member, 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.

2.27.1A

Each Bank Clearing Member or Remote Clearing Member 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.

SGX-DC CLEARING RULES	
Chapter 9 Definitions and Interpretation	
9.01 Definitions	
A	
"adjusted net head office funds"	<p>— when used in reference to:—</p> <p>a. a General Clearing Member or Direct Clearing Member incorporated outside Singapore, shall bear the <u>has the</u> meaning ascribed thereto in Regulation 2 of the SFR (Financial and Margin Requirements);</p> <p>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</p> <p>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.</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;</p> <p>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</p> <p>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.</p>

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B	
"base capital"	<p>— when used in reference to:—</p> <p>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</p> <p>b. a Bank Clearing Member or a Remote Clearing Member, means its paid-up ordinary share capital and unappropriated profit or loss.</p>
F	
"financial resources"	<p>— when used in reference to:—</p> <p>a. a General Clearing Member or a Direct Clearing Member incorporated in Singapore, shall bear^{has} the meaning ascribed thereto in Regulation 2 of the SFR (Financial and Margin Requirements);</p> <p>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</p> <p>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.</p>
R	
<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>
T	
"total risk requirement"	—when used in reference to:—

SGX-DC CLEARING RULES	
	<p>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);</p> <p>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;</p> <p>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</p> <p>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.</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> group shareholders' funds of at least S\$ <u>1050,000,000</u>	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> Financial, Aggregate Indebtedness Requirement	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 <u>and RRA Financial Requirement, Financial, Aggregate Indebtedness Requirement</u>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	
2.08.1 BA	<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 <u>or cash and/or acceptable government securities deposited with the Clearing House</u> 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 <u>financial resources adjusted net head office funds or cash and/or acceptable government securities</u> have fallen 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.	

2.08B.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>	

	<u>stipulated reduction in capital within the timelines</u>						
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