

Proposed Amendments to SGX-DC Rules

Chapter 1 Application of Rules

1.01 Application of Rules

1.01.2

Except where the Clearing House [or SGX RegCo](#) otherwise expressly agrees with or expressly commits [itself](#) to any party, the benefit of any performance ~~by the Clearing House~~ of ~~its~~ obligations under:

1.01.2.1 this Rules, or

1.01.2.2 Directives, Practice Notes or Circulars issued by the Clearing House,

is restricted to only Clearing Members. The Clearing House, [SGX RegCo, and their respective directors, officers, employees, representatives or agents \(the "Relevant Persons"\)](#) shall have no liability to any other party. In particular, the ~~Relevant Persons~~[Clearing House](#) shall have no liability to any party affected or aggrieved by any alleged action or omission ~~of the Clearing House or any of the directors, officers or employees of the Clearing House.~~

1.01.3

Without prejudice to Rule 1.01.2 or the benefit of any exclusion of liability in any contract or undertaking in favour of the Clearing House, the ~~Relevant Persons~~[Clearing House](#) accepts no duty to and therefore shall have no liability whatsoever to any Clearing Member or any Third Party in contract, tort, trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Clearing Member or any Third Party, as the case may be, arising out of or in connection with:

1.01.3.1 any suspension, restriction or closure of any market whose contracts are cleared by or novated to the Clearing House (each a "Relevant Market"), whether for a temporary period or otherwise or as a result of a decision taken on the occurrence of a market emergency;

1.01.3.2 any failure by the Clearing House or any Relevant Market to supply each other with data or information in accordance with arrangements from time to time established between and/or amongst any or all such persons;

1.01.3.3 the failure of any systems, communications facilities or technology supplied, operated or used by the ~~Relevant Persons~~[Clearing House](#);

1.01.3.4 the failure of any systems, communications facilities or technology supplied, operated or used by any Relevant Market;

1.01.3.5 the inaccuracy of any information supplied to and relied on by the ~~Relevant Persons~~[Clearing House](#) (including but not limited to any error in the establishment of a settlement price made by a Relevant Market) or a Relevant Market;

1.01.3.6 any event which is outside the reasonable control of the ~~Relevant Persons~~[Clearing House](#);

1.01.3.7 the Clearing House's clearing and settlement of Contracts, and all other matters as contemplated in this Rules; and

1.01.3.8 the exercise or non-exercise ~~by the Clearing House~~ of any discretion or decision making power

under this Rules.

1.01.4

Without prejudice to Rule 1.01.2, and in addition to Rule 1.01.3, each Clearing Member should and must note that in connection with any index used or to be used by the Clearing House for clearing and settlement or in connection or by reference therewith, none of the [Relevant Persons](#)~~Clearing House, its directors or officers~~ or any relevant party that the Clearing House may contract with for the supply of the index or information in relation thereto (each of the foregoing, a "Relevant Party") assume any obligation or liability in connection with the clearing or settlement of any contract based on such index. Accordingly, none of the foregoing parties shall be in any way responsible for any losses, expenses or damages (in all cases direct or indirect) arising in connection with or referable to the clearing or settlement of any contract linked or referable to the said index, provided that nothing herein shall affect either obligations of the Clearing House or its Clearing Members as parties clearing or settling in any contract so linked or referable. None of the Relevant Parties guarantee or warrant or undertake in any manner the accuracy or completeness of any such index or any information or data included in or referable to it.

[1.01.8](#)

[The Clearing House may delegate, assign or grant authority to exercise any of its rights, powers, authorities and discretions under these Rules, including any right to enforce these Rules, to such person or entity as it may determine in its sole discretion, without consent from any Clearing Member](#)

[Where these Rules provide that any power, authority or discretion is to be exercised by the Board, the Board may delegate, assign or grant authority to exercise such power, authority or discretion to any person or entity. The Board may authorise a delegate to sub-delegate.](#)

[1.01.9](#)

[SGX RegCo shall have the authority to exercise any rights, powers, authorities and discretions under these Rules, including the right to enforce these Rules. In the exercise of any such rights, powers, authorities and discretions under these Rules, SGX RegCo shall be bound to the same extent as the Clearing House in respect of any obligations arising from the exercise of such rights, powers, authorities and discretions.](#)

Chapter 2 Clearing Membership

2.34 Market Disorders, Impossibility of Performance, Emergency Situations and Powers ~~of Clearing House~~

2.34.1B

If the Clearing House determines that an emergency exists which threatens the financial integrity of the Clearing House or any of the Clearing Members, it may take any of the actions referred to at Rules 2.34.1A.1 to 2.34.1A.6 and/or order special or advance margins or funds to be deposited with the Clearing House from all or any Clearing Member(s) or from Clearing Members having cleared particular long, and/or short contracts which remain open.

As soon as practicable, the Authority shall be notified of such actions. Nothing in this Rule 2.34 shall in any way limit the authority of the [Clearing House, SGX RegCo Board](#) or any other committee to act in an emergency situation in accordance with this Rules.

2.34.3

Without prejudice to the generality of Chapter 1, the Clearing House, [SGX RegCo and their respective directors, officers, employees, representatives and agents](#) shall not be liable to any Clearing Member or any Third Party in respect of any damage, loss, cost or expense of whatsoever nature (whether direct, indirect, special or consequential, including without limitation any loss of business, revenue, goodwill, bargain or profit), suffered or incurred by such Clearing Member or Third Party, arising out of or in connection with the exercise or non-exercise [by the Clearing House](#) of ~~its~~ powers under Rule 2.34 or the determination [by the Clearing House](#) of the satisfaction or non-satisfaction of any condition for the exercise of such powers.

2.35 Force Majeure

2.35.1

Without prejudice to Rule 1.01.2, [none of](#) the Clearing House, [SGX RegCo and their respective directors, officers, employees, representatives or agents \(“Relevant Persons”\)](#) shall ~~not~~ be liable for any failure, hindrance or delay in performance in whole or in part of [the Clearing House’s](#) ~~its~~ obligations under the terms of this Rules or of any Contract if such failure, hindrance or delay arises out of events or circumstances beyond ~~it~~[the Relevant Person’s](#) control. Such events or circumstances may include, but are not limited to, acts of God or the public enemy, acts of a civil or military authority other than the acts referred in Rule 2.34 above, embargoes, fire, flood, labour dispute, unavailability or restriction of computer or data processing facilities, energy supplies, or of bank transfer systems or wires, and any other causes beyond the [Relevant Person’s Clearing House’s](#) reasonable control.

2.35.2

On the happening of any one (1) or more of the events or circumstances referred to in Rule 2.35.1 above, the Clearing House and any party affected shall immediately notify the same to the relevant party or parties.

2.35.3

In respect of affected Contracts, the Clearing House shall be entitled at any time after the receipt of such notice by the Clearing House or any relevant Clearing Member or Third Party, to close out some or all Contracts in the relevant Clearing Member's name at a price determined by the Clearing House, or to take such other action as it deems necessary or desirable in respect of some or all of the affected Contracts in the relevant Clearing Member's name or require the relevant Clearing Member to take such action as the Clearing House may direct in respect of the same.

2.35.4

Without prejudice to the generality of the foregoing, the [Relevant Persons](#)~~Clearing House~~ shall not be

liable for any failure, hindrance or delay in the performance (in whole or in part) of any of [the Clearing House's](#) obligations to Clearing Members with regard to any securities or instruments accepted as margin where such failure, hindrance or delay arises from causes beyond the Clearing House's control, such as but not limited to the failure whether partial or total, interruption or suspension of any depository or custodian or other service ("depository", which expression shall include banks or financial institutions with which cash, securities or instruments are placed with) the Clearing House is using, the termination or suspension of the Clearing House's membership or use of the depository or any variation of the depository's operational timetable, whether or not occasioned by action of the depository operator or other party, or any embargo, unavailability or restriction of bank transfer systems or wires, malfunction or overload of the depository or other emergency.

Chapter 3 Committees

3.01 Disciplinary Committee

3.01.2

The Disciplinary Committee comprises persons appointed by the [SGX RegCo](#) Board. No director, officer or employee of ~~the Clearing House~~[SGX or any of its related corporations](#) may be appointed

3.01.3

The [SGX RegCo](#) Board determines the chairman and deputy chairman of the Disciplinary Committee. In the absence of the chairman, the deputy chairman will have all the powers of the chairman.

3.02 Appeals Committee

3.02.2

The Appeals Committee comprises persons appointed by the [SGX RegCo](#) Board and approved by the Authority provided that:—

3.02.2.1 no director, officer or employee of SGX or any of its related companies may be appointed;

3.02.2.2 a majority are not directors, officers or employees of the members of SGX or its subsidiaries; and

3.02.2.3 a majority are not substantial shareholders of SGX or directors, officers or employees of any substantial shareholder of SGX.

3.02.3

The powers of the Appeals Committee include:—

3.02.3.1 all the powers of the Disciplinary Committee;

3.02.3.2 increasing or reducing penalties, and overturning, varying or upholding any decision of the Disciplinary Committee;

3.02.3.3 hearing appeals in accordance with this Rules; and

3.02.3.4 dealing with such other matters as the SGX RegCo Board gives it (either generally or in a particular case).
Chapter 4 Enforcement of Rules
4.01 General Provision
4.01.1 This Rules are intended to ensure the financial integrity of the Clearing House and to try to ensure its ability to discharge its clearing or other obligations to the Relevant Markets and to provide protection to its Clearing Members against unwarranted liability arising otherwise than as a consequence upon its own clearing of Contracts. To that end, the Clearing House may carry out investigations and may establish committees to hear charges or appeals and impose the Board has appointed officers and established committees to which it has delegated responsibility for the investigation, hearing and imposition of fines or other disciplinary actions for violations of any provision of this Rules.
4.11 Continuous Offences
4.11.1 Each occasion on which a rule violation occurs or is repeated shall be regarded as a distinct offence. Where the rule violation concerned results in a condition or state of affairs that unless rectified by the Clearing Member charged is liable to continue, the Clearing Member charged shall be liable to pay, on being called upon to do so by the Clearing HouseBoard or, if the Clearing Member has been charged, the relevant body hearing the matter, a fine not exceeding S\$250,000 in the case of a major offence, or a fine not exceeding S\$10,000 in the case of a minor offence, as the Clearing HouseBoard or the relevant body hearing the matter may determine, for every day during which the said rule violation, condition or state of affairs continues.
4.12 Major Offences
4.12.1 It shall be a major offence for a Clearing Member charged to:— 4.12.1.2 make a material mis-statement to the Board, the Clearing House, SGX RegCo, or to any committee, or their respective employees and members in relation to any information supplied to the Clearing House or its officials; 4.12.1.4 refuse to appear before the BoardClearing House, in connection with any investigation, or any committee at a duly convened hearing; or in connection with any investigation, refuse to fully answer all questions or produce all books and records at any audit hearing or investigation, or give false testimony, or fail to produce any books or records requested by the Clearing House staff in connection with an investigation within thirty (30) days after such request is made or fail to appear at a scheduled staff interview unless good cause is shown for such failure to appear;
4.13 Minor Offences
4.13.1 Without prejudice to this Rules, it shall be an minor offence for a Clearing Member to:—

4.13.1 be guilty of dishonourable or uncommercial conduct;

4.13.2 make a false entry on a clearing sheet;

4.13.3 fail to answer Customers' complaints promptly;

4.13.4 violate any rule, the violation of which is not a major offence; and

4.13.5 make a mis-statement to ~~the Board~~, the Clearing House, SGX RegCo, ~~or to any~~ committee, or their respective employees and members in relation to any information supplied to the Clearing House or its officials.

4.15 Clearing Member's Indemnity ~~to the Clearing House~~

4.15.1
Each Clearing Member indemnifies each of the ~~the~~ Clearing House, SGX RegCo, and their respective~~and its~~ directors, officers, employees, representatives and agents ("Indemnified Persons") against any loss or liability reasonably incurred or suffered by ~~the an~~ Indemnified Persons where such loss or liability arose out of or in connection with:—

4.15.1.1 any breach by the Clearing Member of its obligations under this Rules; or

4.15.1.2 any wilful, unlawful, reckless or negligent act or omission by the Clearing Member.

4.15.2

Without prejudice to the generality of Rule 4.15.1, in the event that any legal, arbitration or other proceedings are brought to impose any liability on all or any of the Indemnified Persons for an alleged failure on the part of any Indemnified Person to prevent or to require action by a Clearing Member or any of its directors, officers, employees, representatives or agents, the Clearing Member shall reimburse the relevant Indemnified Persons~~Clearing House~~ for:—

4.15.2.1 all expenses and legal fees incurred by or on behalf of the Indemnified Person ~~the Clearing House~~ in connection with such proceedings;

4.15.2.2 any payment made by or on behalf of the Indemnified Person ~~the Clearing House~~ with the approval of the Clearing Member in connection with any settlement of such proceedings; and

4.15.2.3 any payment made by or on behalf of the Indemnified Persons ~~the Clearing House~~ as a result of any order, award or judgment made in such proceedings.

The Clearing Member shall render such co-operation as the Indemnified Person~~Clearing House~~ reasonably requires in respect of such proceedings including without limitation the production of any document or records.

4.15.3

Without prejudice to Rule 4.15.2, the Clearing Member shall pay to an Indemnified Person, if the Indemnified Person so requires, the costs incurred by or on behalf of the Indemnified Person of producing or obtaining, pursuant to a court order or other legal process, records relating to the

~~business or affairs of a Clearing Member or any of its directors, officers, representatives, employees or agents, regardless of the party requiring such production or obtainment, cost to the Clearing House of producing, pursuant to a court order or other legal process, records relating to the business or affairs of a Clearing Member may, at the absolute discretion of the Clearing House, be required to be paid to the Clearing House by such Clearing Member, whether such production is required at the instance of any other party.~~

Chapter 9 Definitions and Interpretation

9.01 Definitions

"SGX": means Singapore Exchange Limited.

"SGX RegCo": means Singapore Exchange Regulation Pte. Ltd.

"SGX RegCo Board": means the board of directors for the time being of SGX RegCo or such number of them as have authority to act for the SGX RegCo Board.

Schedules – Schedule A						
Chapter 4 – Enforcement of Rules						
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	2 nd Violation	3 rd Violation	
Chapter 4 – Enforcement of Rules						
4.12.1.2	Clearing Member not to make a material misstatement to the Board , the Clearing House, SGX RegCo, any committee, or their respective employees and members or to a committee, or in relation to any information supplied to the Clearing House or its officials	Not Compoundable	Not Compoundable			\$20,000
4.12.1.4	Clearing Member not to refuse to appear before the Clearing House, in connection with any investigation Board, or any committee at a duly convened hearing, or in connection with any investigation, refuse to fully answer all questions or produce all books and records at any audit, hearing or investigation, or give false testimony, or fail to produce any books or records requested by the Clearing House staff in connection with an investigation etc	Not Compoundable	Not Compoundable			\$10,000.
4.13.5	Clearing Member not to make mis- statement to Board , Clearing House, SGX RegCo, any committee, or their respective employees and members or to a committee	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

For information:**Amendment to Practice Note 2.28A**

Practice Note 2.28A Procedures to Suspend Qualification of a Trading Member
2 Procedures for Suspending a Trading Member
<u>Designated Officers</u>
2.2 For each Designated Officer, the Clearing Member shall submit to SGX's Market Control the Designated Officer's name, identification number, contact details, and a sealed envelop containing authentication information stipulated by Market Control. (For security reasons, the required authentication information will not be published in this Practice Note. Clearing Members are to contact Market Control regarding the required information.)