

Amendments to CDP Clearing Rules

Note: Amendments are marked in red.

Rule 1 — Application and Definitions

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1.2 Definitions

1.2.1

In these Clearing Rules, unless the context otherwise requires:—

Where a provision of these Clearing Rules refers to or has effect for the purposes of a particular provision of the SFA or the Companies Act ~~(Cap. 50) or any subsidiary legislation promulgated under it ("the Companies Act")~~ — the word or expression has in that provision of these Clearing Rules the same meaning as it has in that provision of the SFA or the Companies Act; in any other case, the word or expression has the same meaning in these Clearing Rules as it has in the SFA or the Companies Act.

Unless the context requires otherwise, where the terms defined below are defined in relation to a holder of a Capital Markets Services Licence, such definitions shall, with the necessary modifications, apply to a Clearing Member as those definitions apply to a holder of a Capital Markets Services Licence whether or not that Clearing Member holds a Capital Markets Services Licence.

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"Common Banking Day"	in relation to settlement in a foreign currency means a day on which CDP is open for business and both the central bank in Singapore and the central bank for that foreign currency are open for settlement.
<u>"Companies Act"</u>	<u>means the Companies Act 1967, or any statutory modification, amendment or re-enactment thereof for the time being in force, or any and every other act which may replace it, and unless the context otherwise requires, includes any subsidiary legislation or regulations made pursuant thereto.</u>
"Confirmation"	has the meaning ascribed to it in Rule 6C.2.3.
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"SFA"	means the Securities and Futures Act (Cap. 289) and any subsidiary legislation promulgated under it or any statutory modification, amendment or re-enactment thereof for the time being in force, or any act or subsidiary legislation that replaces the Securities and Futures Act or any subsidiary legislation promulgated under it, and any reference to any provision of the SFA is to that provision as so modified, amended or re-enacted (or as contained in any replacement act or legislation. <u>means the Securities and Futures Act 2001, or any statutory modification,</u>

amendment or re-enactment thereof for the time being in force, or every and any other act which may replace it, and unless the context otherwise requires, includes any subsidiary legislation or regulations made pursuant thereto.

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Rule 3 — Membership

3.1 Clearing Member

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3.1.3 Eligibility Criteria for Bank Clearing Members

Unless otherwise prescribed by CDP, to be eligible for Clearing Membership as a Bank Clearing Member, an applicant must satisfy CDP that:—

- (1) it is authorized to conduct banking business in Singapore pursuant to section 4 of the Banking Act ~~1970~~(Chapter 19);
- (2) it or its parent bank has obtained 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;
- (3) upon admission, it shall register one (1) person as a Chief Executive Officer pursuant to Rule 4;
- (4) it has, and upon admission will maintain, minimum capital and financial requirements pursuant to Rules 5.1.1A or 5.1D.2 (whichever is applicable) and 5.4;
- (5) its managerial or executive staff have a high standard of integrity and a level of knowledge (as may be deemed acceptable by CDP) on the nature, risks and obligations in respect of the organised market or trades that it wishes to clear;
- (6) 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 Clearing Rules;
- (7) it must maintain segregated and adequate back-office functions in respect of its operations governed by this Clearing Rules;
- (8) it satisfies any and all other requirements and criteria for such Clearing Membership, which CDP may from time to time hereafter prescribe; and
- (9) [deleted]
- (10) [deleted]

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Rule 8 — Default Rules

8.1 Events of Default

8.1.1

In the event that:—

- (1) a Clearing Member fails duly to perform or is, in the opinion of CDP, in breach of any provision of these Clearing Rules or Clearing Directives or of any agreement, understanding or arrangement which the Clearing Member has from time to time with CDP;
- (2) a Clearing Member, not being an Exempt Person, ceases to hold a valid Capital Markets Services Licence under the SFA or ceases to be authorised to conduct banking business in Singapore pursuant to section 4 of the Banking Act [1970\(Chapter 19\)](#);
- (3) a Clearing Member is insolvent or is deemed insolvent pursuant to Rule 8.1A.;
- (4) in view of the Clearing Member's financial or operating conditions, CDP, in its absolute discretion, considers it necessary or desirable to protect its own interests, the interests of other Clearing Members and/or the interests of the customers of the Clearing Member; or
- (5) conversion, theft, breach of trust, embezzlement, or any other similar cause, caused or suffered by or in connection with a Clearing Member,

CDP shall be entitled, at its absolute discretion, then or at any time thereafter, whether or not such event is, in the opinion of CDP, continuing, to declare that an Event of Default has occurred and to give notice thereof to all Clearing Members.

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Rule 9 — Suspension or Restriction

9.1 CDP May Suspend or Restrict Clearing, Settlement and Depository Activities

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9.1.4

If any Clearing Member shall be ordered to wind up, or proceedings for the voluntary or involuntary liquidation of the affairs of the Clearing Member be commenced, or a composition with the creditors of the Clearing Member under the provisions of any law or regulation relating to bankruptcy or insolvency be entered into under the laws of any jurisdiction, or if the Clearing Member, not being an Exempt Person, ceases to hold a valid Capital Markets Services Licence under the SFA, or ceases to be authorized to conduct banking business in Singapore pursuant to section 4 of the Banking Act [1970\(Chapter 19\)](#), the Clearing Member shall be deemed to have been automatically suspended.

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Practice Note 6A.5.2 Calculation of Amount of Clearing Member Required Margins

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3 Calculation of Clearing Member Required Margins for Novated Contracts other than Marginable Futures Contracts

3.1. The Clearing Member Required Margins for Novated Contracts other than Marginable Futures Contracts cannot be met by collateral belonging to customers of the Clearing Member, as defined under the SFA in relation to Part ~~3H~~ of the SFA.

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