

Amendments to CDP Clearing Rules

Legend: Deletions are struck-through and insertions are underlined in blue.

Rule 1 — Application and Definitions

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1.2 Definitions

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"Cash Settlement Amount" means the monetary sum, as set out in Practice Note 6.5.1B(2), 6.6.2, 6.7.11 and 8.2.2(3E), 8.4.1A, 8.5.2A and 8.6F.2, to be paid or received pursuant to a cash settlement under these Clearing Rules.

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"New Purchase Contract" ~~has the meaning ascribed to it in Rule 8.2.2(1).~~ [Deleted]

"New Sale Contract" ~~has the meaning ascribed to it in Rule 8.2.2(2).~~ [Deleted]

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Rule 6 — Clearing and Settlement between Clearing Members and CDP

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6.2A Obligations under Novated Contracts

6.2A.1

Save as provided in these Clearing Rules, ~~T~~he obligations ~~under~~ in respect of a Novated Contract are due for settlement as follows:

- (1) The obligation to make payment for securities and the obligation to deliver securities are due for settlement on the Intended Settlement Day of the Novated Contract and on each Settlement Day thereafter until they are fully settled, save that the obligation to make payment for securities is not due until:

~~(1)~~ (a) those securities have been made available for delivery ~~pursuant to Rule 6.5.2A~~ in accordance with the CDP Settlement Rules; or

~~(2)~~ (b) the right to receive those securities ~~has been~~ is cash settled pursuant to these Clearing Rules.

(2) The obligation to make compensation for corporate action entitlements pursuant to Rule 6.5.4 is due for settlement on such day as CDP shall specify and on each Settlement Day thereafter until they are fully settled.

Refer to Regulatory Notice 6.5.

6.3 Set-Off of Payment Obligations in respect of Novated Contracts and Determination of Payment Obligations between CDP and Clearing Members

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6.3.2A

- (1) On each Settlement Day, CDP shall make available to each Clearing Member, a record of the Novated Contracts and the rights and obligations in respect of those Novated Contracts to be settled with CDP (including any obligation or right to pay or receive a Cash Settlement Amount or to make or receive compensation for corporate action entitlements as provided in these Clearing Rules), the Clearing Member's Final Settlement Balance(s), and the status of settlement.
- (2) Save for manifest error, the record shall be binding and conclusive on the Clearing Member as to the Novated Contracts to be settled between the Clearing Member and CDP, the details and rights and obligations in respect of such Novated Contracts, the Clearing Member's Final Settlement Balance(s) and the status of settlement.
- (3) Notwithstanding any manifest error in the record or any dispute as to the contents stated in the record, payment of each Final Settlement Balance shall be made by or to a Clearing Member in accordance with Rule 6.4. Any moneys to be refunded or deducted shall be refunded or deducted free of interest as soon as practicable after the dispute is resolved.

6.5 Settlement of Securities in respect of Novated Contracts

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6.5.1B

On any Settlement Day, if and to the extent that the securities available to CDP are insufficient for CDP to settle its delivery obligations in respect of Novated Contracts that are due for settlement on that Settlement Day, CDP may:

- (1) defer any of those delivery obligations, in whole or in part, for settlement on the next Settlement Day; or
- (2) cash settle any of those delivery obligations, in whole or in part.

Refer to Practice Note 6.5.1B(2), 6.6.2, 6.7.11 [and 8.2.2\(3E\), 8.4.1A, 8.5.2A and 8.6F.2](#) and Practice Note 6.5.1B(2).

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6.6 CDP'S Obligations in respect of Novated Contracts

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6.6.2

Without prejudice to Rule 6.5.1B, if and to the extent that CDP determines that it is not or may not be possible or reasonably practicable to deliver securities in respect of a Novated Contract, CDP may cash settle its obligation to deliver securities, in whole or in part.

Refer to Practice Note 6.5.1B(2), 6.6.2, 6.7.11 [and 8.2.2\(3E\), 8.4.1A, 8.5.2A and 8.6F.2](#).

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6.7 Buying-In, Procurement and Cash Settlement

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6.7.11 Cash Settlement

If a Clearing Member's obligation to deliver securities in respect of a Novated Contract remains outstanding on the fifth (5th) Settlement Day (or such other number of Settlement Days as CDP may specify) after the Intended Settlement Day of the Novated Contract, CDP shall, on the next Settlement Day, cash settle the Clearing Member's delivery obligation.

Refer to Practice Note 6.5.1B(2), 6.6.2, 6.7.11 ~~and 8.2.2(3E), 8.4.1A, 8.5.2A and 8.6F.2~~ and Practice Note 6.7.2(1A), 6.7.4(8), 6.7.7A and 6.7.11.

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6.11 Market Disorders, Impossibility of Performance, Emergency Situations

6.11.1

Without prejudice to Rule 1.1.3, if CDP determines that any one of the following conditions is satisfied, namely: —

- (1) a state of war or emergency exists or is imminent or threatened and is likely to affect or has affected the normal course of business, including, but not limited to, performance under any Novated Contract ~~or New Purchase Contract or New Sale Contract~~;
- (2) the government of any nation, state or territory or any institution or agency thereof has proclaimed or given notice of its intention to exercise, vary or revoke controls which appear likely to affect the normal course of business, including, but not limited to, performance under any Novated Contract ~~or New Purchase Contract or New Sale Contract~~;
- (3) any international organisation, or any institution or agency thereof, has introduced, varied, terminated or allowed to lapse any provision so as to be likely to affect the normal course of business, including, but not limited to, performance under any Novated Contract ~~or New Purchase Contract or New Sale Contract~~, or has given notice of its intention to do so or appears to be about to do so;
- (4) CDP determines that excessive positions or unwarranted speculation or any other undesirable situation or practice is developing or has developed which is affecting or capable of affecting a market in any Marginable Futures Contract or its underlying;

CDP shall be entitled to exercise the powers under Rules 6A.9A and 6.10.

Rule 7 — Clearing Fund

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7.8 Application of Clearing Fund

7.8.1

Subject to Rule 7.8.2 and unless otherwise provided in the Clearing Rules or as determined by CDP, the Clearing Fund may be applied:—

- (1) to make good all losses suffered by CDP ~~as a result of~~ in connection with the breach by a Defaulting Clearing Member of any of its Novated Contracts;
- (2) to make good any shortfall ~~(resulting from the inapplicability of Rule 6.4 to the New Purchase Contracts and New Sale Contracts)~~ of moneys payable by CDP to the other Clearing Members pursuant to Rule 6.4 and any costs and expenses incurred by CDP in making such payment; and
- (3) in respect of the obligations and liabilities of CDP arising out of the Novated Contracts (including but not limited to the costs and expenses incurred in relation to making recoveries from a Defaulting Clearing Member and in relation to any action taken by CDP pursuant to Rule 8).

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Rule 8 – Default Rules

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8.2 Effect of Default on Novated Contracts other than in respect of Marginable Futures Contracts

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8.2.2

Immediately upon such breach under Rule 8.1.2:—

- (1) ~~[Rule has been deleted.] each Novated Contract for the purchase of securities between CDP and the Defaulting Clearing Member in relation to a Customer Account and any right of the Defaulting Clearing Member to receive compensation for corporate action entitlement under Rule 6.5.4(2) in respect of that Novated Contract shall be terminated. In respect of each such Novated Contract, a new contract (the "New Purchase Contract") shall be deemed to have been made between CDP and the relevant buying customer of the Defaulting Clearing Member, pursuant to which the buying customer shall have:~~

~~(a) — the obligation to pay the relevant purchase consideration to CDP; and~~

~~(b) — subject to Rule 8, the right to receive the relevant securities and any compensation for corporate action entitlement under Rule 6.5.4(2) as applicable from CDP;~~

(2) ~~[Rule has been deleted.] each Novated Contract for the sale of securities between CDP and the Defaulting Clearing Member in relation to a Customer Account and any obligation of the Defaulting Clearing Member to make compensation for corporate action entitlement under Rule 6.5.4(1) in respect of that Novated Contract shall be terminated. In respect of each such Novated Contract, a new contract (the "New Sale Contract") shall be deemed to have been made between CDP and the relevant selling customer of the Defaulting Clearing Member, pursuant to which the selling customer shall have:~~

~~(a) — the obligation to deliver the relevant securities and to make any compensation for corporate action entitlement under Rule 6.5.4(1) as applicable to CDP; and~~

~~(b) — subject to Rule 8, the right to receive the relevant sale consideration from CDP; and~~

(3) ~~[Rule has been deleted.] in respect of Novated Contracts between CDP and the Defaulting Clearing Member in relation to a House Account:~~

~~(a) — CDP shall be entitled (but not obliged) to set-off any or all Novated Contracts for the sale of a security against any or all Novated Contracts for the purchase of that security, regardless of the Intended Settlement Days for such Novated Contracts;~~

~~(b) — CDP shall be entitled (but not obliged) to force-sell any or all securities that would have been due from CDP to the Defaulting Clearing Member but for its default at such time and price as CDP may determine, and use the resulting proceeds of any force-sale to satisfy any liabilities that the Defaulting Clearing Member owes to CDP. Where any of those securities are not force-sold by the seventh (7th) Settlement Day after an Event of Default is declared under Rule 8.1.2;~~

~~(i) CDP shall, on the next Settlement Day, take the purchase consideration for those securities as a loss suffered by CDP due to the Clearing Member's default;~~

~~(ii) CDP shall thereafter have absolute discretion to deal with those securities as it deems appropriate;~~

~~(iii) any amount recovered by CDP shall be applied to make good any loss that was suffered by CDP due to the Clearing Member's default and that was not met by the Clearing Fund; and~~

~~(iv) any amount that remains thereafter shall be credited to the Clearing Fund in accordance with Rule 7.12.~~

~~CDP has no liability for any losses to the Defaulting Clearing Member arising from the force sale or attempted force sale of securities; and~~

~~(c) any securities due from the Defaulting Clearing Member to CDP regardless of the Intended Settlement Days and if not set-off pursuant to Rule 8.2.2(3)(a) shall be settled in accordance with these Clearing Rules on such day as CDP may determine.~~

~~Subject as otherwise provided in these Clearing Rules, the terms of each New Purchase Contract and New Sale Contract shall be on the same terms as its corresponding Novated Contract. For the avoidance of doubt, the termination of each Novated Contract shall be without prejudice to any of the rights or remedies of CDP thereunder and CDP's right to damages in respect of any breach (whether antecedent or otherwise) under each Novated Contract shall not be extinguished.~~

(3A) CDP shall be entitled (but not obliged) to settle any or all obligations of the Defaulting Clearing Member to deliver securities to CDP (including any obligation to deliver securities as compensation for corporate action entitlements as provided in these Clearing Rules) where such obligations are in respect of Novated Contracts for House Accounts. Settlement shall be in accordance with these Clearing Rules and shall take place on such day as CDP may determine regardless of the due date for settlement. For the avoidance of doubt, there shall be no such settlement in respect of Novated Contracts for Customer Accounts.

(3B) CDP will be under no obligation to deliver any securities to the Defaulting Clearing Member in respect of any Novated Contract

(including as compensation for corporation action entitlements as provided in these Clearing Rules).

(3C) CDP shall be entitled (but not obliged) to set-off, regardless of the due date for settlement, (a) any or all unsettled obligations of the Defaulting Clearing Member to deliver a security in respect of Novated Contracts against (b) any or all unsettled rights that the Defaulting Clearing Member would have had to receive that security in respect of Novated Contracts but for its default.

(3D) Where any rights that the Defaulting Clearing Member would have had to receive securities in respect of Novated Contracts but for its default are not set-off in accordance with Rule 8.2.2(3C):

(a) CDP shall force-sell the securities that the Defaulting Clearing Member would have been entitled to receive to off-set any loss suffered by CDP in connection with the Defaulting Clearing Member's default.

(b) The Defaulting Clearing Member accepts that securities may be force-sold in such manner (including through agents appointed by CDP), at such time and at such price as CDP or its agents may in their sole discretion deem appropriate, regardless of the due date for settlement of the Defaulting Clearing Member's right(s).

(c) Any proceeds, costs or expenses resulting from the above, including any costs or expenses incurred by CDP in connection with the force-sale, shall be accounted for and included in the losses suffered by CDP in connection with the Defaulting Clearing Member's default.

(d) Where any of the securities are not force-sold by the seventh (7th) Settlement Day after an Event of Default is declared under Rule 8.1.2:

(i) CDP shall, on the next Settlement Day, take any purchase consideration paid by CDP for those securities as a loss suffered by CDP due to the Defaulting Clearing Member's default;

(ii) CDP shall thereafter have absolute discretion to deal with those securities as it deems appropriate;

(iii) any amount recovered by CDP shall be applied to make good any loss that was suffered by CDP due to the Defaulting Clearing Member's default and that was not met by the Clearing Fund; and

- (iv) any amount that remains thereafter shall be credited to the Clearing Fund in accordance with Rule 7.12.
- (e) CDP and its agents shall have no liability for any losses to the Defaulting Clearing Member arising from any force-sale or attempted force-sale, including the manner, time or price of any force-sale or attempted force-sale, of securities.
- (3E) Where any obligations of the Defaulting Clearing Member to deliver securities in respect of Novated Contracts are not settled in accordance with 8.2.2(3A) or set off in accordance with Rule 8.2.2(3C):

 - (a) CDP shall be entitled (but not obliged) to acquire any or all of the securities that the Defaulting Clearing Member would have been obliged to deliver, to meet any obligation of CDP to deliver those securities.
 - (b) The Defaulting Clearing Member accepts that securities may be acquired in such manner (including through agents appointed by CDP), at such time and at such price as CDP or its agents may in their sole discretion deem appropriate, regardless of the due date for settlement of the Defaulting Clearing Members' obligation(s).
 - (c) CDP reserves the right not to attempt any acquisition and to determine for how long, not exceeding seven (7) Settlement Days after an Event of Default is declared under Rule 8.1.2 unless otherwise determined, any acquisition will be attempted. If any securities are not acquired by such time as CDP determines, CDP shall, on the next Settlement Day, cash settle in accordance with these Clearing Rules its obligation to deliver those securities.
 - (d) Any costs or expenses resulting from the above, including any costs or expenses incurred by CDP in connection with the acquisition, shall be accounted for and included in the losses suffered by CDP in connection with the Defaulting Clearing Member's default.
 - (e) CDP and its agents shall have no liability for any losses to the Defaulting Clearing Member arising from any acquisition or attempted acquisition, including the manner, time or price of any acquisition or attempted acquisition, of securities.

8.2.2A

Upon such breach under Rule 8.1.2, ~~CDP shall be entitled to cancel any free-of-payment instructions in relation to any Novated Contract or any New Purchase Contract.~~ CDP shall be entitled to take such administrative or operational action as is necessary to manage the default, including to transfer securities from the Defaulting Clearing Member's Clearing Account to a different Securities Account in the name of the Defaulting Clearing Member.

8.2.3 [Rule has been deleted.]

~~(1) Rules 6.3 to 6.5 shall not apply to each New Purchase Contract or New Sale Contract.~~

~~(2) Payment and delivery under New Purchase Contracts and New Sale Contracts shall be made in accordance with Rules 8.3 to 8.6.~~

8.2.3A [Rule has been deleted.]

~~Settlement of transactions between the buying customer and CDP in respect of New Purchase Contracts; and the selling customer and CDP in respect of New Sale Contracts shall be in such currency as determined by CDP and, if applicable, at such exchange rate as determined by CDP. Without prejudice to the generality of the foregoing, CDP may refer to exchange rates published by data vendors in determining the relevant exchange rates.~~

8.2.4

For the purposes of Rule 8.2:

- (1) "Customer Account" means a Position Account for a Customer except where such Customer is:
 - (a) a director, or officer, ~~employee or representative~~ of the Clearing Member; or
 - (b) a related corporation of the Clearing Member.

For the avoidance of doubt, a Clearing Member's own proprietary account is not a Customer Account; and

- (2) "House Account" means a Position Account which is not a Customer Account (as such term is defined in Rule 8.2.4(1)).

8.3 ~~Payment by Buying Customer Under New Purchase Contract~~ [Rule has been deleted.]

8.3.1

~~In respect of a New Purchase Contract:—~~

- ~~(1) — unless otherwise notified by CDP, the buying customer shall pay the full purchase consideration directly to CDP at such time as CDP may determine, regardless of whether the buying customer has made payment of such amount to the Defaulting Clearing Member;~~
- ~~(2) — subject to Rule 8.6C.2, title and right to the purchase consideration paid by the buying customer to CDP shall not at any time pass to the Defaulting Clearing Member; and~~
- ~~(3) — CDP shall have no obligation to the buying customer in respect of any payment by the buying customer to the Defaulting Clearing Member.~~

8.3.2

~~For so long as the purchase consideration in respect of New Purchase Contracts has not been paid in full to CDP by a buying customer:~~

- ~~(1) — CDP shall have no obligation to make delivery of any securities to that buying customer pursuant to the New Purchase Contracts; and~~
- ~~(2) — to the extent that any securities pursuant to New Purchase Contracts have been transferred to the Defaulting Clearing Member's Clearing Account or the Securities Account of the buying customer, CDP shall have the right to recover such securities.~~

8.4 ~~Delivery of Securities Under New Purchase Contract~~ [Rule has been deleted.]

8.4.1

~~Subject to Rule 8, the obligation of CDP to make delivery of securities to a buying customer pursuant to a New Purchase Contract shall be discharged by CDP transferring such securities to the Securities Account of the buying customer at such time as CDP may determine after~~

~~payment by the buying customer. Title and right to such securities shall not at any time pass to the Defaulting Clearing Member.~~

~~8.4.1A~~

~~On any Settlement Day, if and to the extent that the securities available to CDP are insufficient for CDP to settle its delivery obligations under the New Purchase Contracts that are due for settlement on that Settlement Day, CDP may:~~

- ~~(1) — defer any of those delivery obligations, in whole or in part, for settlement on the next Settlement Day; or~~
- ~~(2) — cash settle any of those delivery obligations, in whole or in part.~~

~~Refer to Practice Note 6.5.1B(2), 6.6.2, 6.7.11, 8.4.1A, 8.5.2A and 8.6F.2~~

~~8.4.2~~

~~In the event that the buying customer does not pay any part of the purchase consideration for any New Purchase Contract to CDP by such time as CDP may determine:~~

- ~~(1) — CDP shall be entitled (but not obliged) to force sell any or all securities that would have been due from CDP to such customer but for its non-payment at such time and price as CDP may determine, and use the resulting proceeds of any force sale to satisfy any liabilities that the buying customer owes to CDP. Where any of those securities are not force sold by the seventh (7th) Settlement Day after an Event of Default is declared under Rule 8.1.2:
 - ~~(a) — CDP shall, on the next Settlement Day, take the purchase consideration for those securities as a loss suffered by CDP due to the Clearing Member's default;~~
 - ~~(b) — CDP shall thereafter have absolute discretion to deal with those securities as it deems appropriate;~~
 - ~~(c) — any amount recovered by CDP shall be applied to make good any loss suffered by CDP due to the Clearing Member's default and that was not met by the Clearing Fund; and~~~~

~~(d) — any amount that remains thereafter shall be credited to the Clearing Fund in accordance with Rule 7.12.~~

~~CDP has no liability for any losses to the buying customer or the Defaulting Clearing Member arising from the force sale or attempted force sale of securities; and~~

~~(2) — any securities due from the customer to CDP (if not set off pursuant to Rule 8.4.2(1)) shall be settled in accordance with Rule 8.5.~~

~~8.4.3~~

~~Notwithstanding that the Clearing Fund may have been drawn upon, CDP may at any time thereafter claim all losses and expenses consequent upon such force sale or attempted force sale, and all damages which CDP may sustain in this connection (regardless of whether such losses, expenses and damages have been insured against) shall be recoverable by CDP from:—~~

~~(1) — the buying customer and, failing him;~~

~~(2) — the Defaulting Clearing Member.~~

8.5 Delivery of Securities Under New Sale Contract [Rule has been deleted.]

~~8.5.1~~

~~The obligation of the selling customer to make delivery of securities to CDP pursuant to a New Sale Contract shall be discharged by CDP transferring such securities from the Securities Account of the selling customer and crediting CDP's account on such Settlement Day as CDP may determine. Title and right to such securities shall not at any time pass to the Defaulting Clearing Member. In the event that there are insufficient or no securities in such Securities Account that can be transferred to CDP, the selling customer shall be responsible to CDP for such shortfall.~~

~~The selling customer shall ensure that the securities are available in his Securities Account by the time set out in the CDP Settlement Rules, or such time as CDP shall specify.~~

~~Where the selling customer:~~

~~(1) — has not made available in his Securities Account the securities or sufficient securities in accordance with this Rule 8.5.1; or~~

~~(2) — has failed to deliver the securities or sufficient securities in accordance with this Rule 8.5.1,~~

~~such securities will be acquired in the manner prescribed by CDP to discharge the selling customer's delivery obligation.~~

~~8.5.2~~

~~Notwithstanding that the Clearing Fund may have been drawn upon, CDP may at any time thereafter claim the difference and all losses and expenses consequent upon such acquiring of securities, and all damages which CDP may sustain in this connection (regardless of whether such losses, expenses and damages have been insured against) shall be recoverable by CDP from: —~~

~~(1) — the selling customer and, failing him;~~

~~(2) — the Defaulting Clearing Member.~~

~~8.5.2A~~

~~If a selling customer's obligation to deliver securities under a New Sale Contract remains outstanding on the fifth (5th) Settlement Day (or such other number of Settlement Days as CDP may determine) after delivery is due, CDP shall, on the next Settlement Day, cash settle the selling customer's delivery obligation.~~

~~Refer to Practice Note 6.5.1B(2), 6.6.2, 6.7.11, 8.4.1A, 8.5.2A and 8.6F.2~~

~~8.6 Payment to Selling Customer Under New Sale Contract [Rule has been deleted.]~~

~~8.6.1~~

~~Subject to Rule 8, in respect of a New Sale Contract, CDP shall pay the sale consideration to the selling customer at such time as CDP may determine. Subject to Rule 8.6C.2, title and right to such sale consideration shall not at any time pass to the Defaulting Clearing Member.~~

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8.6A Effect of Default on Novated Contracts in respect of Marginable Futures Contracts

8.6A.1

This Rule shall apply only to Novated Contracts in respect of Marginable Futures Contracts (hereafter "novated Marginable Futures Contracts").

8.6A.2

For positions in novated Marginable Futures Contracts, immediately upon such breach under Rule 8.1.2, CDP may: —

- (1) transfer all positions in relation to any Customer Account held by the Defaulting Clearing Member to another Clearing Member designated by CDP. When such positions are so transferred, the following shall apply:
 - (a) subject to Rule 8.6A.2(1)(c), margins deposited with CDP in respect of the positions shall be entrusted to the designated Clearing Member;
 - (b) the margins entrusted to a designated Clearing Member pursuant to this Rule 8.6A.2(1) may not be in such form as was originally deposited with the CDP;
 - (c) CDP shall have the discretion not to entrust all or any part of the margins to a designated Clearing Member as described in Rule 8.6A.2(1)(a) if Collateral deposited with CDP in relation to such Customer Accounts may be applied pursuant to Rule 8.6B.1. Where margins are not entrusted to the designated Clearing Member, the designated Clearing Member shall be required to collect the required margins from the relevant customer in accordance with these Clearing Rules; and
 - (d) the margins not entrusted to the designated Clearing Member shall be retained by CDP and may be applied in accordance with Rule 8.6B.1. Any unused margins shall be returned to the Defaulting Clearing Member, or entrusted to the designated Clearing Member, as CDP deems appropriate:
 - (i) following the settlement of losses arising from the Event of Default; or

- (ii) at such time that CDP determines that the margins may not be used;
- (2) borrow securities, or execute buying-in ~~or offset against the customer's obligations under New Purchase Contracts and New Sale Contracts,~~ on behalf of and at the risk of the Defaulting Clearing Member, for the purpose of meeting settlement obligations;
- (3) execute hedging transactions, on behalf of and at the risk of the Defaulting Clearing Member, to eliminate or reduce market risk resulting from such positions; and
- (4) appoint 1 or more Trading Members to liquidate such positions on the behalf of and at the risk of the Defaulting Clearing Member.

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8.6C ~~Set-Off of Obligations Under New Purchase Contract and New Sale Contract~~ [Rule has been deleted.]

~~8.6C.1~~

~~In respect of any or all New Purchase Contracts and any or all New Sale Contracts for the same customer, CDP shall be entitled (but not obliged) to set-off:~~

- ~~(1) any or all moneys due from CDP to such customer, including without limitation the proceeds from the force-sale pursuant to Rule 8.4.2 and the sale consideration pursuant to Rule 8.6.1; against~~
- ~~(2) any or all moneys due from such customer to CDP, including without limitation the purchase consideration pursuant to Rule 8.3.1, all losses and expenses consequent upon any force-sale pursuant to Rule 8.4.3 and all losses and expenses consequent upon any acquiring of securities pursuant to Rule 8.5.1.~~

~~8.6C.2~~

~~If a customer in respect of any New Purchase Contract or New Sale Contract is indebted to the Defaulting Clearing Member, the customer agrees that CDP shall be entitled to:~~

~~(1) — withhold the amount or part thereof due from CDP to the customer pursuant to Rule 8 in satisfaction or part satisfaction of such customer's debt to the Defaulting Clearing Member; and~~

~~(2) — at any time as CDP may determine, treat such withheld amount as assets of the Defaulting Clearing Member subject to such rights and remedies of CDP under these Clearing Rules.~~

8.6D Trust Arrangements for Monies in Connection with New Purchase Contracts and New Sale Contracts [Rule has been deleted.]

8.6D.1

~~Subject to all rights and remedies of CDP against or in respect of such amount under these Clearing Rules, any amount due from CDP to a customer pursuant to Rule 8 shall be held on trust by CDP for the benefit of such customer.~~

8.6D.2

~~CDP shall have the right to commingle any or all amounts due to a customer pursuant to Rule 8 with any other amounts due to any other customer pursuant to Rule 8.~~

8.6D.3

~~Unless otherwise notified by CDP to a customer from time to time, CDP shall have no obligation to make payment of any fees, interest and investment earnings to any customer arising from or in connection with such amounts held on trust by CDP pursuant to Rule 8.6D.1.~~

8.6D.4

~~CDP shall not have any obligation or responsibility to preserve, protect, collect or realise, and under no circumstances shall CDP be liable for any loss or diminution in value or depreciation in or in connection with, such amounts held on trust by CDP pursuant to Rule 8.6D.1.~~

8.6E Exclusion of Liability

8.6E.1

Without prejudice to the generality of Rule 1 or Rule 10, CDP shall not be liable to any customer in respect of ~~a New Purchase Contract, a New Sale Contract or a novated Marginable Futures Contract whose positions or margins are transferred or entrusted to another Clearing Member, 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 customer, arising out of or in connection with any act or omission of CDP in the performance of CDP's obligations in Rule 8 or the exercise or non-exercise of its powers under Rule 8.

8.6F ~~CDP's Obligations under New Purchase Contracts or New Sale Contracts~~ [Rule has been deleted.]

~~8.6F.1~~

~~If and to the extent that the funds or assets available to CDP are insufficient, either in aggregate or in respect of in any settlement currency, to meet CDP's obligations to customers under any New Purchase Contracts or New Sale Contracts, CDP may upon notice to the relevant customer defer any of those obligations, in whole or in part, for settlement at such later time as CDP may determine.~~

~~8.6F.2~~

~~If and to the extent that CDP determines that it is not or may not be possible or reasonably practicable to deliver securities under a New Purchase Contract, CDP may cash settle its obligation to deliver securities, in whole or in part.~~

~~Refer to Practice Note 6.5.1B(2), 6.6.2, 6.7.11, 8.4.1A, 8.5.2A and 8.6F.2~~

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8.9 Clearing Members to Render Assistance

8.9.1

To facilitate the operation of a safe and efficient clearing facility, ~~including the settlement of New Sale Contracts and New Purchase Contracts by CDP,~~ the Defaulting Clearing Member shall:

- (1) render all assistance as CDP requires, including without limitation making available the Defaulting Clearing Member's premises, systems and officers;
- (2) provide CDP with information, books and records which ~~CDP requires, in CDP's opinion may be relevant to the settlement of New Sale Contracts and New Purchase Contracts;~~ and
- (3) comply with all other requirements that CDP may specify.

8.9.2 [\[Rule has been deleted.\]](#)

~~CDP may request one or more Clearing Members to assist CDP in the settlement of New Sale Contracts and New Purchase Contracts, where CDP considers such assistance necessary to facilitate the operation of a safe and efficient clearing facility. Clearing Members shall, upon such request, render such assistance as CDP may require.~~

8.9.3 [\[Rule has been deleted.\]](#)

~~CDP shall be entitled (but not obliged) to rely on the books and records of the Defaulting Clearing Member as conclusive evidence of the entitlements or indebtedness of the customers of the Defaulting Clearing Member due from or owing to the Defaulting Clearing Member.~~

Rule 9 — Suspension or Restriction of Clearing

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

9.1.1

CDP may suspend or restrict the membership of any Clearing Member, or the clearing and settlement of Exchange Trades in general or in particular, or the clearing and settlement of the Exchange Trades of, or the execution of transactions (including those in respect of depository activities) by, any Clearing Member for such duration as it sees fit if in the opinion of CDP:—

- (1) the functioning of CDP is or is likely to be impaired by any event or circumstance;
- (2) such action is in the general interest of CDP and/or its Clearing Members; or
- (3) in respect of a Clearing Member, an Event of Default has occurred in respect of that Clearing Member.

...

9.1.3

CDP may also request SGX-ST to suspend the Clearing Member from further trading on SGX-ST and/or notify any other Exchange of any action or proceedings taken against the Clearing Member.

...

9.2 SGX-ST Requirement

9.2.1

CDP shall suspend or restrict the clearing and settlement of Exchange Trades in general or in particular, or ~~the clearing and settlement in respect~~ of the Exchange Trades of, or the execution of transactions (including those in respect of depository activities) by, any Clearing Member, if advised by SGX-ST or any other Exchange or pursuant to any requirement of SGX-ST or any other Exchange, and if it is in the interest of CDP to do so.

9.3 Notification of Suspension

...

9.3.4

Unless otherwise decided by CDP, a Clearing Member who is suspended or whose clearing, settlement, depository or other activities are restricted by CDP is still liable to CDP to clear and settle any and all Exchange Trades that are entered by the Clearing Member right up to the time the suspension or restriction takes effect. Thereafter, the Clearing Member must not clear or settle any Exchange Trade or execute any transaction (including those in respect of depository activities) without approval of CDP.

...

Practice Note 6.5.1B(2), 6.6.2, 6.7.11 and 8.2.2(3E), ~~8.4.1A, 8.5.2A and 8.6F.2~~ — Determination of Cash Settlement Amount

Cash settlement under Rules 6.5.1B(2), 6.7.11 and 8.2.2(3E), ~~8.4.1A and 8.5.2A~~

1. Under Rules 6.5.1B(2), 6.7.11 and 8.2.2(3E), ~~8.4.1A and 8.5.2A~~, CDP has the power to cash settle an obligation to deliver or a right to receive securities in respect of a Novated Contract, ~~New Purchase Contract or New Sale Contract~~, in whole or in part.
2. The monetary sum to be paid or received pursuant to such cash settlement shall be as set out in this Practice Note.
3. When a Novated Contract for the sale of securities ~~or a New Sale Contract~~ (each a "Sell Contract"), or any part of it, is cash settled, a Novated Contract for the purchase of securities ~~or a New Purchase Contract~~ (each a "Buy Contract"), or such part of it, comprising the same number of securities, will be correspondingly cash settled. In addition, a Buy Contract, or part of it, may be cash settled when there is an Event of Default in respect of the Clearing Member that is responsible for the corresponding Sell Contract.
4. Unless otherwise specified by CDP, the Cash Settlement Amount for both the Sell Contract and the Buy Contract, if applicable, will be the number of securities to be cash settled multiplied by:
 - (a) the highest of:
 - (i) the selling price of the trade that gave rise to the Sell Contract;

- (ii) the purchase price of the trade that gave rise to the Buy Contract;
- (iii) the following as may be applicable:
 - (I) for shares: 120% of the latest closing price;
 - (II) for rights and company warrants: 120% of the latest closing price of the underlying security, less the exercise price, taking into account the conversion ratio;
 - (III) for structured warrants: 120% of the final settlement value; or
- (b) such other price, based on such methodology, as CDP shall in its discretion determine.

Cash settlement under Rules 6.6.2 and 8.6F.2

- 5. Under Rules 6.6.2 and 8.6F.2, CDP has the power to cash settle an obligation to deliver securities in respect of a Novated Contract or New Purchase Contract, in whole or in part.
- 6. The monetary sum to be paid pursuant to such cash settlement shall be a fair and appropriate sum as determined by CDP.

Schedule A

Rule 8 — Default Rules

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by CDP, where CDP has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
			1st	2nd	3rd	
Rule	Brief Description of Rule					

Chapter/Number			Violation	Violation	Violation	
...						
Rule 8 — Default Rules						
8.9	Clearing Members to Render Assistance					
...						
8.9.2	Clearing Members to assist with the settlement of New Sale Contracts and New Purchase Contracts.	Not Compoundable	N.A.	N.A.	N.A.	\$10,000