

## Amendments to CDP Clearing Rules, Chapter 3 – Membership

Old Rule	New Rule
<b>3.9 Qualification of Trading Members</b>	<b>3.9 Qualification of Trading Members</b>
<p><b>3.9.2 Procedures to Cease Qualifying a Trading Member</b></p> <p>If a Clearing Member wishes to cease qualifying its Trading Member, it shall:-</p> <p>(1) give not less than 30 days’ written notice (or such shorter period as CDP may from time to time deem acceptable) to CDP of its intention to cease qualifying that Trading Member and the proposed date of cessation, provided always that CDP may waive such notice requirement at any time with respect to any Clearing Member;</p> <p>(2) satisfy CDP that it has taken before the proposed date of cessation proper steps to disable the Trading Member from entering into Exchange Trades to be qualified by the Clearing Member;</p> <p>(3) satisfy CDP that it has taken or will have taken proper steps before the proposed date of cessation for the orderly clearing and settlement of the Trading Member’s Exchange Trades;</p> <p>(4) comply with any reasonable direction of CDP in relation to the orderly winding down of the qualification of the Trading Member’s Exchange Trades; and</p> <p>(5) take such steps including without limitation, procedural steps (whether of a technical or non-technical nature or otherwise) as CDP may deem appropriate to ensure that none of the Trading Member’s Exchange Trade will be cleared and settled through the Clearing Member by the proposed date of cessation.</p>	<p><b>3.9.2 Procedures to Cease Qualifying a Trading Member</b></p> <p>If a Clearing Member wishes to cease qualifying its Trading Member, it shall:-</p> <p>(1) give not less than 30 days’ written notice (or such shorter period as CDP may from time to time deem acceptable) to CDP of its intention to cease qualifying that Trading Member and the proposed date of cessation, provided always that CDP may waive such notice requirement at any time with respect to any Clearing Member;</p> <p>(2) satisfy CDP that it has taken before the proposed date of cessation proper steps to disable the Trading Member from entering into Exchange Trades to be qualified by the Clearing Member;</p> <p>(3) satisfy CDP that it has taken, <u>or will take, or will have taken</u> proper steps <u>before the proposed date of cessation</u> for the orderly clearing and settlement of the Trading Member’s Exchange Trades;</p> <p>(4) comply with any reasonable direction of CDP in relation to the orderly <u>cessation winding down</u> of the qualification of the Trading Member’s Exchange Trades; and</p> <p>(5) take such steps including without limitation, procedural steps (whether of a technical or non-technical nature or otherwise) as CDP may deem appropriate to ensure that none of the Trading Member’s Exchange Trade will be cleared and settled through the Clearing Member by the proposed date of cessation.</p>
New rule.	<p><b><u>3.9.2A Procedures to Suspend Qualification of a Trading Member</u></b></p> <p><u>(1) If a Clearing Member wishes to suspend its qualification of a Trading Member, it shall:-</u></p> <p style="padding-left: 40px;"><u>(a) notify CDP of its decision to</u></p>

Underlined: Additions

~~Struckthrough~~: Deletions

Old Rule	New Rule
	<p><u>suspend its qualification of that Trading Member; and</u></p> <p><u>(b) _____ comply with any reasonable direction of CDP in relation to the suspension of the qualification of the Trading Member’s Exchange Trades.</u></p> <p><u>(2) _____ A Clearing Member may suspend its qualification of a Trading Member for not more than 30 days. Before the end of the 30-day period, the Clearing Member must notify CDP in writing of its intention to either resume qualification or cease qualification of the Trading Member. Where the Clearing Member intends to cease qualification of the Trading Member, Rule 3.9.2 shall apply.</u></p>
<p>3.9.3 Notwithstanding the cessation of the qualification, the Clearing Member shall clear and settle all the Exchange Trades of the Trading Member which are done right up to the point when the Clearing Member disables the Trading Member from entering Exchange Trades to be qualified by the Clearing Member.</p>	<p>3.9.3 Notwithstanding the cessation <u>or suspension</u> of the qualification, the Clearing Member shall clear and settle all the Exchange Trades of the Trading Member which are done right up to the point when the <u>Trading Member has been disabled</u> <del>Clearing Member disables the Trading Member</del> from entering Exchange Trades to be qualified by the Clearing Member.</p>

Practice Note 3.9.2A, 3.9.3

## 3.9.2A Procedures to Suspend Qualification of a Trading Member

Issue Date	Cross Reference	Enquiries
11 January 2011	Rule 3.9.2A Rule 3.9.3	<p>Please contact:</p> <p><u>Member Supervision</u>                      Facsimile No : 6538 8273                      E-Mail Address : membersup@sgx.com</p> <p><u>Market Control</u>                      Hotline : 6236 8820</p> <p><u>CDP Client Services</u>                      Hotline : 6236 8250</p>

### 1 INTRODUCTION

- 1.1 Rule 3.9.2A states that a Clearing Member who wishes to suspend its qualification of a Trading Member, shall notify CDP of its decision to suspend its qualification of that Trading Member, and comply with any reasonable direction of CDP in relation to the suspension of the qualification of the Trading Member's Exchange Trades.
- 1.2 Rule 3.9.3 states that the Clearing Member shall clear and settle all the Exchange Trades of the Trading Member which are done right up to the point when the Trading Member has been disabled from entering Exchange Trades to be qualified by the Clearing Member.
- 1.3 This Practice Note sets out the operational procedures that a Clearing Member should follow to notify CDP of its decision to suspend its qualification of a Trading Member.

### 2 PROCEDURES FOR SUSPENDING A TRADING MEMBER

#### Designated Officers

- 2.1 Clearing Members shall at all times have at least two Designated Officers whose role is to notify CDP of the Clearing Member's decision to suspend a Trading Member.
- 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.)

- 2.3 Clearing Members must promptly update Market Control of changes in Designated Officers, and any changes to a Designated Officer's information.

#### Notification of Suspension of Trading Member

- 2.4 Once a Clearing Member has decided to suspend a Trading Member, the Clearing Member's Designated Officer shall contact Market Control by telephone during trading hours at the Market Control Hotline, 6236 8820, and notify Market Control of the suspension.
- 2.5 Market Control will verify the identity of the caller by requiring the caller to respond correctly to two authentication questions.
- 2.6 If the caller is authenticated as the Clearing Member's Designated Officer, Market Control will effect the suspension of the Trading Member. The suspension will be effected within one hour of the authentication of the Designated Officer.
- 2.7 SGX will suspend the Trading Member's trading access and cancel all open orders for the suspended Trading Member. Market Control will notify the Designated Officer when this is done.

#### Final Traded Position

- 2.8 For the purposes of Rule 3.9.3, the Clearing Member shall accept the Trading Member's final traded position as stated in the trade report produced by SGX.
- 2.9 For clarifications, the Clearing Member may contact CDP Client Services at 6236 8250.