

Amendments to CDP Clearing Rules

CDP Rules	
Rule 1 — Application and Definitions	
1.2 Definitions	
A	
"adjusted net head office funds"	<p>when used in reference to:—</p> <p>(1) a General Clearing Member incorporated outside Singapore, has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements); and.</p> <p>(2) a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 3.1.3(10)(c), has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements), less the capital requirements for its banking business.</p>
"aggregate resources"	<p>when used in reference to:—</p> <p>(1) a Clearing Member incorporated in Singapore, means its financial resources and qualifying letters of credit referred to in Rule 5.1C less its total risk requirement; <u>and</u></p> <p>(2) a General Clearing Member incorporated outside Singapore or a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 3.1.3(10)(c), means its adjusted net head office funds and qualifying letters of credit referred to in Rule 5.1G less its total risk requirement; and</p> <p>(3) a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 3.1.3(10)(a) or (b), means its cash and/or acceptable government securities deposited with CDP pursuant to Rule 5.1D.2(1) less its total risk requirement.</p>
B	
"base capital"	<p>when used in reference to:—</p> <p>(a) a General Clearing Member, has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements); and</p> <p>(b) a Bank 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>(1) a General Clearing Member incorporated in Singapore, has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements); and</p>

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	(2) a Bank Clearing Member incorporated in Singapore, has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements), less the capital requirements for its banking business.
N	
"net head office funds"	has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements). means with respect to a corporation incorporated or established outside Singapore, the net liability of the Singapore branch to its head office and any other branches outside of Singapore. In the case of a Bank Clearing Member, its net liability shall include, without limitation, the liability of its Asian Currency Unit.
T	
"total risk requirement"	when used in reference to:— (1) a General Clearing Member, has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements); (2) a Bank Clearing Member incorporated in Singapore or a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 3.1.3(10)(c), has the meaning ascribed to it 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 Customers' and proprietary positions in securities and derivatives contracts traded on any exchange, and OTC Contracts novated to any clearing facility; and (3) a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 3.1.3(10)(a) or (b), has the meaning ascribed to it 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 Customers' and proprietary positions in securities and derivatives contracts traded on SGX-ST and SGX-DT, and OTC Contracts novated to CDP and SGX-DC.
R	
" <u>RRA Financial Requirement</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>Relevant Regulatory Authority</u> "	means: (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> (b) <u>where the Clearing Member are carrying on regulated activities in Singapore, the MAS.</u>

CDP Rules
Rule 3 — Membership
3.1 Clearing Member
<p>3.1.3 Eligibility Criteria for Bank Clearing Members</p> <p>Unless otherwise prescribed by CDP, to be eligible for Clearing Membership as a Bank Clearing Member, an applicant must satisfy CDP that:—</p> <p>(1) it is authorized to conduct banking business in Singapore pursuant to section 4 of the Banking Act (Chapter 19) ;</p> <p>(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;</p> <p>(3) upon admission, it shall appoint <u>register at least</u> one (1) Approved Executive Director <u>person as a Chief Executive Officer</u> pursuant to Rule 4;</p> <p>(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;</p> <p>(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 <u>organised</u> market or contracts trades that it wishes to clear;</p> <p>(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;</p> <p>(7) it must maintain segregated and adequate back-office functions in respect of its operations governed by this Clearing Rules;</p> <p>(8) it satisfies any and all other requirements and criteria for such Clearing Membership, which CDP may from time to time hereafter prescribe; and</p> <p>(9) 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 CDP and SGX-DC, it has a base capital of —not less than S\$8,000,000; or such other amount as may be prescribed by CDP hereafter and from time to time; or</p> <p>(10) where it is incorporated outside Singapore, —(a) it has deposited, as security for its obligations to CDP, cash and/or acceptable government securities of not less than S\$5,000,000 with CDP; or</p>

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~~—(b) in the case of an applicant admitted as a clearing member of CDP and SGX-DC, it has deposited, as security for its obligations to CDP, cash and/or acceptable government securities of not less than S\$8,000,000 with CDP;~~

~~or such other amount as may be prescribed by CDP hereafter and from time to time, PROVIDED ALWAYS THAT:—~~

~~(i) if the Bank Clearing Member has deposited S\$8,000,000 with SGX-DC or such other amount as prescribed, pursuant to the corresponding provision relating to the prescribed minimum capital and financial requirements, in the SGX-DC Clearing Rules, it need not deposit a further S\$8,000,000 with CDP or such other amount as may be prescribed by CDP; and~~

~~(ii) CDP 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 CDP and/or SGX-DC, to satisfy the Bank Clearing Member's obligations to CDP and/or SGX-DC under this Clearing Rules and the SGX-DC Clearing Rules respectively. In deciding on the apportionment, CDP may, in consultation with SGX-DC, take into account factors, including but not limited to, the amount owed by the Bank Clearing Member to CDP and SGX-DC respectively; or~~

~~c) 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 CDP and SGX-DC, it has net head office funds of not less than S\$8,000,000, or such other amount as may be prescribed by CDP hereafter and from time to time, PROVIDED ALWAYS THAT CDP has the discretion to decide if an applicant may seek to rely on its net head office funds pursuant to this Rule 3.1.3(10)(c) instead of depositing cash and/or acceptable government securities pursuant to Rule 3.1.3(10)(a) or (b).~~

Rule 5 — Financial/Capital Requirements**5.1 Minimum Capital and Financial Requirements of Clearing Members Incorporated in Singapore****5.1.1A**

Each Bank Clearing Member incorporated in Singapore shall at all times:—

(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 SGX-DC, maintain a base capital of not less than S\$8,000,000;

(2) ~~Financial Resources Requirement~~RRA Financial Requirement

~~comply with all applicable RRA Financial Requirements~~not cause or permit its financial resources to fall below its total risk requirement; and

(3) Other Requirements

CDP Rules
comply with the accounting, reporting, book-keeping and any other financial and operational requirements prescribed by CDP in relation to the Bank Clearing Member's business governed by this Clearing Rules.
5.1A Early Warning Financial Requirements of Clearing Members Incorporated in Singapore
<p>5.1A.1 Each <u>General</u> Clearing Member incorporated in Singapore shall immediately notify CDP:—</p> <p>(1) if its financial resources fall below 120% of its total risk requirement; or (2) in the case of a General Clearing Member, if its aggregate indebtedness exceeds 600% of its aggregate resources.</p> <p>5.1A.2 If CDP is notified by a Clearing Member under Rule 5.1A.1(1) or becomes aware (whether or not there has been any notification by the Clearing Member under Rule 5.1A.1(1)) that such Clearing Member's financial resources have fallen below 120% of its total risk requirement, CDP may direct:</p> <p>(1) where such Clearing Member is a General 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) 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 Clearing Rules; and (b) "business" shall be read to mean the Bank Clearing Member's business governed by this Clearing Rules. Added on 1 July 2008.</p> <p>5.1A.3 If CDP is notified by a <u>General</u> Clearing Member under Rule 5.1A.1(2) or becomes aware (whether or not there has been any notification by such <u>General</u> Clearing Member under Rule 5.1A.1(2)) that such <u>General</u> Clearing Member's aggregate indebtedness has exceeded 600% of its aggregate resources, CDP may direct such <u>General</u> 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>
5.1B Notification Requirements of Clearing Members Incorporated in Singapore
<p>5.1B.1 Each Clearing Member incorporated in Singapore shall:</p>

CDP Rules

(a) In the case of a General Clearing Member, immediately notify CDP if its financial resources fall below 150% of its total risk requirement.

(b) 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.

5.1B.2

CDP may from time to time prescribe other notification requirements and conditions for exemptions or exceptions therefrom on all or any of the Clearing Members.

5.1B.3

If CDP is notified by a Clearing Member under Rule 5.1B.1 or becomes aware (whether or not there has been any notification by the Clearing Member under Rule 5.1B.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, CDP may direct such Clearing Member to do one (1) or more of the following actions:—

(1) submit (where applicable), the statements of assets and liabilities, financial resources, total risk requirement, aggregate indebtedness, and such other statements as required by CDP at such interval and for such time frame as determined by CDP;

(2) operate its business, or in the case of a Bank Clearing Member, its business governed by this Clearing Rules, in such manner and on such conditions as CDP may impose.

5.1D Minimum Capital and Financial Requirements of Clearing Members Incorporated Outside Singapore

5.1D.2

Each Bank Clearing Member incorporated outside Singapore shall at all times:—

~~(1) Base Capital Requirement where it has satisfied Rule 3.1.3(10)(A) or (b),~~

~~(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 SGX-DC, maintain a base capital of not less than S\$8,000,000;
Cash and/or Acceptable Government Securities Requirement~~

~~(a) deposit, as security for its obligations to CDP, cash and/or acceptable government securities of not less than S\$5,000,000 with CDP; or~~

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~~(b) in the case of a Bank Clearing Member who is also a clearing member of SGX-DC, deposit, as security for its obligations to CDP, cash and/or acceptable government securities of not less than S\$8,000,000 with CDP;~~

~~PROVIDED ALWAYS THAT:~~

~~(i) if the Bank Clearing Member has deposited S\$8,000,000 with SGX-DC or such other amount as prescribed, pursuant to the corresponding provision in the SGX-DC Clearing Rules, it need not deposit a further S\$8,000,000 with CDP or such other amount as may be prescribed by CDP; and~~

~~(ii) CDP 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 CDP and/or SGX-DC, to satisfy the Bank Clearing Member's obligations to CDP and/or SGX-DC under this Clearing Rules and the SGX-DC Clearing Rules respectively. In deciding on the apportionment, CDP may, in consultation with SGX-DC, take into account factors, including but not limited to, the amount owed by the Bank Clearing Member to CDP and SGX-DC respectively.; and~~

~~(c) not cause or permit its cash and/or acceptable government securities deposited with CDP or SGX-DC to fall below its total risk requirement; or~~

~~(2) RRA Financial Requirement~~

~~comply with all applicable RRA Financial Requirements; and where it has satisfied Rule 3.1.3(10)(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 SGX-DC, 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; and~~

~~(3) Other Requirements~~

~~comply with the accounting, reporting, book-keeping and any other financial and operational requirements prescribed by CDP in relation to the Bank Clearing Member's business governed by this Clearing Rules.~~

5.1DA Liquidity Resource Requirement

Each Bank Clearing Member incorporated outside Singapore shall deposit liquidity resources with CDP upon CDP's request, if CDP determines that any conditions exist which may threaten the ability of the Bank Clearing Member to satisfy its obligations to CDP and/or SGX-DC under this Clearing Rules and the SGX-DC Clearing Rules respectively.

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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 SGX-DC, and shall be paid in cash and/or acceptable government securities within such time as determined by CDP.

5.1E Early Warning Financial Requirements of Clearing Members Incorporated Outside Singapore

5.1E.1

Each General Clearing Member incorporated outside Singapore shall immediately notify CDP:—

- (1) if its adjusted net head office funds ~~or cash and/or acceptable government securities deposited with CDP or SGX-DC pursuant to Rule 5.1D.2 (whichever is applicable),~~ fall below 120% of its total risk requirement; or
- (2) ~~in the case of a General Clearing Member,~~ if its aggregate indebtedness exceeds 600% of its aggregate resources.

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5.1E.2

If CDP is notified by a Clearing Member under Rule 5.1E.1(1) or becomes aware (whether or not there has been any notification by the Clearing Member under Rule 5.1E.1(1)) that such Clearing Member's adjusted net head office funds ~~or cash and/or acceptable government securities deposited with CDP or SGX-DC pursuant to Rule 5.1D.2(1) (whichever is applicable)~~, have fallen below 120% of its total risk requirement, CDP may direct:

~~(1) where such Clearing Member is a General 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) 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 Clearing Rules; and~~

~~(b) "business" shall be read to mean the Bank Clearing Member's business governed by this Clearing Rules.~~

5.1E.3

If CDP is notified by a ~~General~~ Clearing Member under Rule 5.1E.1(2) or becomes aware (whether or not there has been any notification by such ~~General~~ Clearing Member under Rule 5.1E.1(2)) that such ~~General~~ Clearing Member's aggregate indebtedness has exceeded 600% of its aggregate resources, CDP may direct such ~~General~~ Clearing Member to comply with one (1) or more of the directions prescribed under Regulation 17(2) of the SFR (Financial and Margin Requirements).

5.1F Notification Requirements of Clearing Members Incorporated Outside Singapore

5.1F.1

Each Clearing Member incorporated outside Singapore shall:

~~(a) In the case of a General Clearing Member, immediately notify CDP if its adjusted net head office funds or cash and/or acceptable government securities deposited with CDP or SGX-DC pursuant to Rule 5.1D.2 (whichever is applicable), fall below 150% of its total risk requirement; and~~

~~(b) In the case of a Bank Clearing Member, immediately notify CDP of any event in relation to its regulatory capital and liquidity ratios that is required to be reported to its Relevant Regulatory Authority.~~

5.1F.2

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<p>CDP may from time to time prescribe other notification requirements and conditions for exemptions or exceptions therefrom on all or any of the Clearing Members.</p> <p>5.1F.3 If CDP is notified by a Clearing Member under Rule 5.1F.1 or becomes aware (whether or not there has been any notification by the Clearing Member under Rule 5.1F.1) that such Clearing Member's adjusted net head office funds, as the case may be, or cash and/or acceptable government securities deposited with CDP or SGX-DC pursuant to Rule 5.1D.2(1) (whichever is applicable), have fallen below 150% of its total risk requirement, <u>or that a reportable event in relation to its regulatory capital and liquidity ratios has occurred,</u> CDP may direct such Clearing Member to do one (1) or more of the following actions:—</p> <p>(1) submit (where applicable), the statements of assets and liabilities, adjusted net head office funds, cash and/or acceptable government securities deposited with CDP or SGX-DC, aggregate indebtedness, total risk requirement, and such other statements as required by CDP at such interval and for such time frame as may be determined by CDP; and</p> <p>(2) operate its business, or in the case of a Bank Clearing Member, its business governed by this Clearing Rules, in such manner and on such conditions as CDP may impose.</p>
5.1J Notification of Reduction in Capital
<p><u>5.1J</u> <u>Every Clearing Member shall:—</u></p> <p><u>5.1J.1 except in the case of a Bank Clearing Member, report to CDP 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</u></p> <p><u>5.1J.2 in the case of a Bank Clearing Member, report to CDP within 48 hours of occurrence of any reduction in excess of 20% in its regulatory capital from the previously submitted financial statement.</u></p>
5.8 Monthly Returns
<p>5.8.1 Each Clearing Member must make and keep as a record formal computations of its capital and financial requirements pursuant to:—</p> <p>(1) in the case of a General Clearing Member, Rules 5.1, 5.1A, 5.1B, 5.1C, 5.1D, 5.1E, 5.1F, 5.1G, 5.4, 5.5, 5.6 and 5.7; or</p>

CDP Rules

(2) in the case of a Bank Clearing Member, Rules 5.1, ~~5.1A~~, 5.1B, ~~5.1C~~, 5.1D, ~~5.1E~~, 5.1F, ~~5.1G~~ and 5.4~~z~~.

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

5.9.2 Statutory Audit Report For General Clearing Members

Without prejudice to such audit and/or reporting requirements as may be imposed by CDP from time to time, a General Clearing Member shall furnish to CDP, within five (5) months of the end of its financial year or within such longer period as may be permitted in writing by CDP, 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 approved by CDP. The certificate shall pertain to the audit conducted by such auditor or auditors in respect of the financial year aforesaid and shall be in such form prescribed by the Relevant Regulatory Authority. ~~state, at a minimum:—~~

~~(1) whether, in the opinion of the auditor or auditors, the General Clearing Member has complied with the capital and financial requirements as set out in this Clearing Rules and the SFR (Financial and Margin Requirements);~~

~~(2) 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 Clearing Rules and the SFA;~~

~~(3) 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~~

~~(4) 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.~~

5.9.5 Audit Report For Bank Clearing Members

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Without prejudice to such audit and/or reporting requirements as may be imposed by CDP from time to time, a Bank Clearing Member shall furnish to CDP within five (5) months of the end of its financial year or within such longer period as may be permitted in writing by CDP, ~~the relevant forms which a Bank Clearing Member is required to lodge in the prescribed format under Rule 5.8.1,~~ the annual 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 be in such form prescribed by the Relevant Regulatory Authority.~~state, at a minimum:—~~

~~(1) 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 Clearing Rules;~~

~~(2) 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 Clearing Rules;~~

~~(3) 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 Clearing 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~~

~~(4) 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.~~

5.9.6

Where, in the performance of his or their duties, the Bank Clearing Member's auditor or auditors becomes or become aware:—

(1) of any matter in relation to the Bank Clearing Member's business governed by this Clearing Rules, which in his or their opinion adversely affects or may adversely affect the financial position of the Bank Clearing Member to a material extent,

(2) of any matter which in his or their opinion constitutes or may constitute a contravention of any applicable provision of the SFA or this Clearing Rules or an offence involving fraud or dishonesty in relation to the Bank Clearing Member's business governed by this Clearing Rules,

(3) of any irregularity in the Bank Clearing Member's business governed by this Clearing 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

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<p>(4) that the accounting system, internal accounting control and procedures for safeguarding moneys or other assets, in relation to the Bank Clearing Member's business governed by this Clearing Rules, are inadequate and the inadequacies have a material effect on the accounts, the auditor or auditors shall immediately report the matter to CDP.</p>			
5.11 Other Financial Requirements			
5.11.3 Qualifying Subordinated Loan			
<p>(1) A General Clearing Member shall obtain the prior approval of CDP if it enters a subordinated loan agreement in a format other than the format prescribed by CDP from time to time.</p> <p>(2) Each General Clearing Member incorporated in Singapore, shall immediately notify CDP when it draws down a qualifying subordinated loan, no later than the date of draw down.</p> <p>(3) A General Clearing Member incorporated in Singapore:—</p> <p>(a) shall not repay, whether in part or in full, any subordinated loan principal before the maturity date without the prior approval of CDP;</p> <p>(b) shall not repay, whether in part or in full, any subordinated loan principal that has matured:—</p> <p>(i) unless the Clearing Member notifies CDP at least one (1) Market Day before the date of repayment;</p> <p>(ii) if the financial resources of the Clearing Member, are less than 150% of its total risk requirement;</p> <p>(iii) in the case of a General Clearing Member, if its aggregate indebtedness exceeds 600% of its aggregate resources;</p> <p>(iv) if such a repayment will cause an event in Rules 5.11.3 (2)(b)(ii) or (iii) to occur; or</p> <p>(v) if CDP has prohibited in writing such a repayment.</p>			
Schedules			
Schedule A			
Rule 5 — Financial/Capital Requirements			
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 imposable by the DC

CDP Rules						
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
Rule 5 — Financial/Capital Requirements						
5.1	Minimum Capital and Financial Requirements of Clearing Members Incorporated in Singapore					
5.1.1(1)	General Clearing Member to maintain base capital requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1.1(2)	General Clearing Member to meet financial resources requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1.1(3)	General Clearing Member to meet aggregate indebtedness requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1.1(4)	General Clearing Member to comply with other financial and operational requirements prescribed by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1.1A(1)	Bank Clearing Member to maintain base capital requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1.1A(2)	Bank Clearing Member to meet financial resources requirement <u>comply with RRA Financial Requirement</u>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

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5.1.1A(3)	Bank Clearing Member to comply with other financial and operational requirements prescribed by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1.1B(3)	Clearing Member to immediately notify CDP of failure, or impending failure, to comply with minimum capital and financial requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1.1C	Clearing Member to comply with CDP's directions where Clearing Member has failed to comply with the minimum capital and financial requirements	Not Compoundable	Not Compoundable			\$10,000
5.1A	Early Warning Financial Requirements of Clearing Members Incorporated in Singapore					
5.1A.1	General Clearing Member to immediately notify CDP where financial resources have fallen below 120% of its total risk requirement, or, in the case of a General Clearing Member, where its aggregate indebtedness has exceeded 600% of its aggregate resources	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1A.2	General Clearing Member to comply with CDP's directions where financial resources	Not Compoundable	Not Compoundable			\$10,000

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	have fallen below 120% of its total risk requirement					
5.1A.3	General Clearing Member to comply with CDP's directions where aggregate indebtedness has exceeded 600% of aggregate resources	Not Compoundable	Not Compoundable			\$10,000
5.1B	Notification Requirements of Clearing Members Incorporated in Singapore					
5.1B.1	Clearing Member to immediately notify CDP where financial resources have fallen below 150% of total risk requirement <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.
5.1B.2	Clearing Member to comply with other notification requirements and conditions prescribed by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1B.3	Clearing Member to comply with CDP's directions where financial resources have fallen below 150% of its total risk requirement <u>or that a reportable event in relation to its regulatory capital and liquidity ratios has occurred</u>	Not Compoundable	Not Compoundable			\$10,000

CDP Rules						
5.1D	Minimum Capital and Financial Requirements of Clearing Members Incorporated Outside Singapore					
5.1D.1(1)	General Clearing Member to maintain base capital requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1D.1(2)	General Clearing Member to meet adjusted net head office funds requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1D.1(3)	General Clearing Member to meet aggregate indebtedness requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1D.1(4)	General Clearing Member to comply with other financial and operational requirements prescribed by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1D.2(1)	Bank Clearing Member to maintain base capital requirement Bank Clearing Member to meet cash and/or acceptable government securities requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1D.2(2)	Bank Clearing Member to comply with RRA Financial Requirements Bank Clearing Member to meet net head office funds and adjusted net head office funds requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

CDP Rules						
5.1D.2(3)	Bank Clearing Member to meet other financial and operational requirements prescribed by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1D.3	Clearing Member to immediately notify CDP of failure, or impending failure, to meet minimum capital and financial requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.1D.4	Clearing Member to comply with CDP's directions where Clearing Member has failed to meet minimum capital and financial requirements	Not Compoundable	Not Compoundable			\$10,000
5.1DA	<u>Bank Clearing Member to comply with Liquidity Resource Requirement</u>	<u>Not Compoundable</u>	<u>Not Compoundable</u>			<u>\$10,000</u>
5.1E	Early Warning Financial Requirements of Clearing Members Incorporated Outside Singapore					
5.1E.1	<u>General</u> Clearing Member to immediately notify CDP where adjusted net head office funds or cash and/or acceptable government securities deposited with CDP have fallen below 120% of total risk requirement, or in the case of a General Clearing Member, where its aggregate indebtedness has	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

CDP Rules						
	exceeded 600% of aggregate resources					
5.1E.2	General Clearing Member to comply with CDP's directions where adjusted net head office funds or cash and/or acceptable government securities deposited with CDP have fallen below 120% of total risk requirement	Not Compoundable	Not Compoundable			\$10,000
5.1E.3	General Clearing Member to comply with CDP's directions where aggregate indebtedness has exceeded 600% of aggregate resources	Not Compoundable	Not Compoundable			\$10,000
5.1F	Notification Requirements of Clearing Members Incorporated Outside Singapore					
5.1F.1	Clearing Member to immediately notify CDP where Clearing Member's adjusted net head office funds or cash and/or acceptable government securities deposited with CDP have fallen below 150% of total risk requirement or of any reportable event in relation to its regulatory capital and liquidity ratios	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

CDP Rules							
5.1F.2	Clearing Member to comply with other notification requirements prescribed by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	
5.1F.3	Clearing Member to comply with CDP's directions where adjusted net head office funds or cash and/or acceptable government securities deposited with CDP have fallen below 150% of total risk requirement or that a reportable event in relation to its regulatory capital and liquidity ratios has occurred	Not Compoundable	Not Compoundable			\$10,000	
5.8	Monthly Returns						
5.8.1	Clearing Member to submit monthly returns to CDP by time frame and 14th calendar day of each month in format specified by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	
5.9	Appointment of Auditors and Audit Requirements						
5.9.5	Bank Clearing Members to furnish relevant forms required under Rule 5.8.1, annual accounts and auditors' certificate within 5 months of the end of the	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	

CDP Rules						
	Bank Clearing Members' financial year					
5.11	Other Financial Requirements					
5.11.3(1)	<u>General</u> Clearing Member to obtain the prior approval of CDP if it enters into a subordinated loan agreement other than the format prescribed by CDP	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.11.3(2)	<u>General</u> Clearing Member to immediately notify CDP when it draws down a qualifying subordinate loan	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
5.11.3(3)	<u>General</u> Clearing Member not to repay a subordinated loan principal in contravention of the requirements and conditions	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.