

Amendments to the CDP Clearing Rules

Rule amendments are marked in blue.

[Sample](#): Rule insertion

[Sample](#): Rule deletion

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 III of the SFA.

3.2 The Clearing Member Maintenance Margins for Novated Contracts other than Marginable Futures Contracts is calculated based on the Valuation Price of securities in the Novated Contracts.

3.3 The Clearing Member Required Margins that a Clearing Member is required to place for Novated Contracts other than Marginable Futures Contracts is calculated with reference to all outstanding settlement obligations of such Clearing Member. The calculation methodology is set out below:

3.3.1. A margin rate will be applied on the Clearing Member's Aggregate Net Buy Position or Net Sell Position, whichever is higher.

3.3.2 The Clearing Member's Aggregate Net Buy Position or Aggregate Net Sell Position are derived by:

- a) calculating the value of the Clearing Member's buy and sell positions in each security which have not been settled, based on the Valuation Price and quantity of securities in the buy and sell trades;
- b) in respect of each security, netting the total value of the Clearing Member's buy positions, against the total value of its sell positions to arrive at a net buy value or a net sell value in respect of that security;
- c) aggregating the net buy values and the net sell values separately in respect of all of the Clearing Member's unsettled Novated Contracts to arrive at the Aggregate Net Buy Position and Aggregate Net Sell Position. The net buy value for a security with an inverse payoff function (for example, put warrant and inverse ETFs) will

be treated as a net sell value for aggregation purpose. Conversely, its net sell value will be treated as a net buy value.

- 3.3.3. Sell transactions for which the Clearing Member has not made available the required number of shares for delivery and therefore failed to deliver on Intended Settlement Day, will be included in the aggregation process set out in paragraph 3.3.2.
- 3.3.4. Presently, CDP clears securities denominated in Singapore Dollars, as well as the following foreign currencies: Australian Dollars, Chinese Yuan, US Dollars, Euros, [British Pounds](#) and Hong Kong Dollars. For the purpose of determining the Aggregate Net Buy Position and Aggregate Net Sell Position, CDP will convert net buy values and net sell values into a common currency for aggregation.
- 3.3.5. The margin rate comprises two components:
 - a) base rate calculated based on the volatility of the FTSE Straits Times Index; and
 - b) mark-up rate calculated based on the volatility of relevant indices of the Singapore securities market, subject to a minimum of 0.5%.
- 3.3.6. The margin rate is reviewed regularly by CDP and the applicable margin rate will be published on SGX's website.
- 3.3.7. CDP may prescribe higher margin rates in respect of specific securities that exhibit higher volatility or unusually high trading value to cover their potential future price fluctuations.

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