

PROPOSED AMENDMENTS TO THE SGX-DC CLEARING RULES

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**CHAPTER 2: CLEARING MEMBERSHIP**

**2.07 MINIMUM CAPITAL AND FINANCIAL REQUIREMENTS OF CLEARING MEMBERS INCORPORATED IN SINGAPORE**

2.07.4 The Clearing House reserves the right to call on any of the letters of credit and all other forms of security furnished pursuant to this Rules and apply the proceeds thereof in respect of the Clearing Member's default to the Clearing House and/or its common bond liability under Rule ~~7.03~~ [7A.05 and 7A.06](#).

**2.07C QUALIFYING LETTER OF CREDIT**

2.07C.2 For the purpose of Rule 2.07C.1, a qualifying letter of credit is a legally enforceable and irrevocable letter of credit that:-

2.07C.2.1 is made in favour of the Clearing House;

2.07C.2.2 is issued by a bank approved by, and in a form acceptable to the Clearing House; and

2.07C.2.3 does not include any letters of credit provided by the Clearing Member to satisfy [Chapter Rule 7](#) or [Chapter 7A](#) or any other requirement imposed by the Clearing House.

2.07C.3 The Clearing House reserves the right to call on any of the qualifying letters of credit furnished pursuant to this Rules and apply the proceeds thereof in respect of the Clearing Member's default to the Clearing House and/or its common bond liability under Rule ~~7.03~~ [7A.05 and 7A.06](#). In the case of a Clearing Member admitted as a clearing member of the Clearing House and CDP, the Clearing House shall have the discretion to apportion in any manner, the use of the proceeds between the Clearing House and CDP. In deciding on the apportionment, the Clearing House may, in consultation with CDP, take into account factors, including but not limited to, the amount owed by the Clearing Member to the Clearing House and CDP respectively.

**2.08 MINIMUM CAPITAL AND FINANCIAL REQUIREMENTS OF CLEARING MEMBERS INCORPORATED OUTSIDE SINGAPORE**

2.08.4 The Clearing House reserves the right to use or call on any cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to Rule 2.08.1B.1, letters of credit and all other forms of security furnished pursuant to this Rules and apply the proceeds thereof in respect of the Clearing Member's default to the Clearing House and/or its common bond liability under Rule ~~7.03~~ [7A.05 and 7A.06](#).

## **2.08C QUALIFYING LETTER OF CREDIT**

2.08C.2 For the purpose of Rule 2.08C.1, a qualifying letter of credit is a legally enforceable and irrevocable letter of credit that:-

2.08C.2.1 is made in favour of the Clearing House;

2.08C.2.2 is issued by a bank approved by, and in a form acceptable to the Clearing House; and

2.08C.2.3 does not include any letters of credit provided by the Clearing Member to satisfy [Chapter Rule 7](#) or [Chapter 7A](#) or any other requirement imposed by the Clearing House.

2.08C.3 The Clearing House reserves the right to call on any of the qualifying letters of credit furnished pursuant to this Rules and apply the proceeds thereof in respect of the Clearing Member's default to the Clearing House and/or its common bond liability under Rule ~~7.03~~ [7A.05](#) and [7A.06](#). In the case of a Clearing Member admitted as a clearing member of the Clearing House and CDP, the Clearing House shall have the discretion to apportion in any manner, the use of the proceeds between the Clearing House and CDP. In deciding on the apportionment, the Clearing House may, in consultation with CDP, take into account factors, including but not limited to, the amount owed by the Clearing Member to the Clearing House and CDP respectively.

## **2.13 DUTIES AND RESPONSIBILITIES OF CLEARING MEMBERS**

2.13.1 A Clearing Member shall, subject to the Rules, also have the following responsibilities and duties:-

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2.13.1.5 To provide and maintain such Security Deposit as specified in Rule ~~7.15~~ [7A.06.2](#) in addition to any security deposit requirement that may be required of it as a Clearing Member of the Clearing House;

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## **2.28 VOLUNTARY SUSPENSION AND RESIGNATION**

2.28.2 Any Clearing Member may resign upon giving notice in writing thereof to the Clearing House. Such resignation shall be effective ~~one (1) month after the receipt of such notice or on such later date as the Clearing House shall determine, upon the Clearing Member closing out its positions in all Contracts, subject to a minimum period of 30 days from the Clearing House's receipt of its notice of resignation (such period of 30 days being hereafter referred to as the "Minimum Notice Period"). Notwithstanding the foregoing, the Clearing House shall have the discretion to vary the effective date of resignation in the case of a defaulted or suspended Clearing Member.~~

2.28.2A In respect of all defaults declared by the Clearing House, which occurrence takes place at or after such time that the Clearing House receives a Clearing Member's notice of resignation and before its effective date of resignation (such period being hereafter referred to as the "Notice Period"), the following shall apply:

2.28.2A.1 the Clearing House shall apply the resigning Clearing Member's Security Deposit and Further Assessment Amount in accordance with Rule 7A.06.5.2, except that the aggregate amount applied in respect of all such defaults shall be subject always to a limit of no more than two (2) times of the resigning Clearing Member's Security Deposit requirement and Further Assessment Amount as at the time the Clearing House receives its notice of resignation; and

2.28.2A.2 subject always to Rule 7A.02.1.5.c, the resigning Clearing Member shall not be assigned and transferred residual OTCF Contracts in respect of more than two (2) defaults occurring within the Notice Period.

This Rule 2.28.2A shall apply provided always that the Clearing Member complies with Rule 2.28.2B.

2.28.2B Unless otherwise permitted by the Clearing House or required under this Rules, a resigning Clearing Member shall not undertake any transactions which have the effect of increasing its positions in any Contract during its Notice Period.

2.28.2C If a resigning Clearing Member breaches Rule 2.28.2B at any time during the Notice Period, Rule 2.28.2A.1 and Rule 2.28.2A.2 shall not apply to such Clearing Member in their entirety and instead the following shall apply:

2.28.2C.1 such Clearing Member shall have all the obligations under this Rules of a non-resigning Clearing Member in respect of all events of default under Rule 7A.06.5.1 occurring during the Notice Period; and

2.28.2C.2 if, due to the operation of Rule 2.28.2A.1, any amount of such Clearing Member's:

a. Security Deposit requirement; or

b. Further Assessment Amount; or

c. both,

has not been used and applied by the Clearing House in accordance with Rule 7A.06.5.2, the Clearing House shall have the authority to call for and apply such amount as if the assessment had been utilised in the first instance in accordance with Rule 7A.06.5.2.

2.28.2D Notwithstanding Rule 2.28.2A, a resigning Clearing Member shall have no obligations in relation to any event of default, other than its own, occurring at or after such time that the following conditions have been met:

2.28.2D.1 the Minimum Notice Period has lapsed; and

2.28.2D.2 the resigning Clearing Member has no open positions in any Contract other than positions acquired in relation to an event of default occurring during the Notice Period, by way of:

a. an auction pursuant to Rule 7A.02.1.5.b; or

b. an assignment and transfer of residual OTCF Contracts pursuant to Rule 7A.02.1.5.c.

- 2.28.3 [Subject to Rule 2.28.2A and Rule 2.28.2D, A a](#) resignation shall not in anyway affect the rights and liabilities of the Clearing Member to the Clearing House and other Clearing Members and all such rights and liabilities shall subsist until satisfied or discharged.
- 2.28.4 Where [proceedings have been commenced against](#) any Clearing Member [which against whom proceedings under this Rules shall have commenced](#) resigns, such proceedings may with the consent of the Clearing House be stayed or terminated.

## **CHAPTER 6: DELIVERY AND RELATED MATTERS**

### **6.02A CLEARING HOUSE MERELY FACILITATES DELIVERY**

- 6.02A.5 For the purposes of Rule 6.02A, a Clearing Member becomes or shall be deemed insolvent on the occurrence of any of the events stated in Rule ~~2.30.1~~ [7A.01.3](#).

## **CHAPTER 7: CLEARING AND MARGINS**

### **7.02AA REGISTRATION OF ELIGIBLE OTCF TRANSACTIONS**

#### **7.02AA.1 Eligible OTCF Transactions**

7.02AA.1.1 Only OTCF Transactions which meet the following criteria will be eligible for registration with the Clearing House (“Eligible OTCF Transactions”):

- a. a transaction which falls under one of the classes of Eligible OTCF Contracts; and
- b. a transaction where each Original OTCF Contract Counterparty has satisfied the requirements prescribed by the Clearing House from time to time.

Once the criteria in Rule 7.02AA.1.1 are satisfied, the Clearing Members acting for the respective Original OTCF Contract Counterparties shall be responsible for the Eligible OTCF Transaction as principals to the Clearing House.

7.02AA.1.2 If an OTCF Transaction does not fulfil the eligibility criteria in Rule 7.02AA.1.1, such OTCF Transaction shall be deemed not to have been submitted to the Clearing House and shall remain in effect or be terminated, as the case may be, in accordance with any terms agreed to between the Original OTCF Contract Counterparties.

[7.02AA.1.3 Notwithstanding that an OTCF Transaction fulfils all eligible criteria prescribed under Rule 7.02AA.1.1, the Clearing House shall have the sole discretion to disallow the registration of such OTCF Transaction if any of the events of default set out in Rule 7A.06.5.1 occurs or is, in the reasonable opinion of the Clearing House, about to occur in relation to the Clearing Member in whose name such OTCF Transaction is to be registered.](#)

## **7.02AA.2 Registration of OTCF Transactions**

7.02AA.2.1 OTCF Transactions will be registered with the Clearing House for clearing through the Trade Registration System or other facility as prescribed by the Clearing House.

7.02AA.2.2 An Eligible OTCF Transaction may only be submitted to a Trade Registration System for registration by with the Clearing House by any of the following parties:

- a. a Clearing Member; or
- b. such other party authorised by the Clearing Member.; or
- c. [the Clearing House itself for the purpose of executing any default proceeding contemplated under Rule 7A.02.1 or as it considers necessary from time to time.](#)

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7.02AA.2.8 In submitting or allowing the submission of an Eligible OTCF Transaction for registration through the Trade Registration System or other facility as prescribed by the Clearing House, the Original OTCF Contract Counterparties to the Eligible OTCF Transaction shall be deemed to have mutually agreed (i) to substitute their contract for a contract based on the OTCF Contract Terms set out in the OTCF Clearing Member Handbook, and (ii) for the Clearing House to become the ~~central~~ counterparty to ~~the each~~ Clearing Members in whose names such Eligible OTCF Transaction has been registered pursuant to Rule 7.04.

## **7.04 SUBSTITUTION**

7.04.3 With regard to trades made pursuant to Rule 7.27 (other than a Relevant Trade as defined in Rule 7.27.3), EFPs, EFSs and NLTs, the Clearing House shall be substituted as follows:

7.04.3.1 in the case of trades made pursuant to Rule 7.27 (other than a Relevant Trade as defined in Rule 7.27.3), EFPs, EFSs and NLTs between Clearing Members, only as at the time of payment of the first ~~Settlement Variation and~~ maintenance margin [and any Settlement Variation](#) due for such trades pursuant to Rule 7.12 as confirmed by the appropriate settlement bank(s) for both Clearing Members; or

7.04.3.2 in the case of EFPs, EFSs and NLTs between a Clearing Member and a clearing member of any other Relevant Market (or its clearing house), only as at the time of payment of the first ~~Settlement Variation and~~ maintenance margin [and any Settlement Variation](#) due for such trades pursuant to Rule 7.12 as confirmed by the appropriate settlement bank for the Clearing Members and confirmation from such other Relevant Market (or its clearing house) that the requirements for its substitution have been met.

7.04.3A With regard to transfers of open positions to an appointed Clearing Member for the purpose of consolidation pursuant to Rule 6.05.2, the Clearing House shall be substituted only as at the time of:

7.04.3A.1 payment of the first ~~Settlement Variation~~, maintenance margin and any Settlement Variation due for such open positions pursuant to Rule 7.12 as confirmed by the appropriate settlement bank for the appointed Clearing Member; and/or

7.04.3A.2 posting of Performance Deposits as prescribed in Rule 6.02A.7B, due for such open positions pursuant to Rule 6.07.1 or the relevant Contract Specifications by the appointed Clearing Member,

whichever is applicable.

7.04.3C With regard to transfers of positions from a clearing member of another Relevant Market to a Clearing Member pursuant to Rule 7.28, the Clearing House shall be substituted only as at the time of payment of the first ~~Settlement Variation and~~ maintenance margin and any Settlement Variation due for such trades pursuant to Rule 7.12 as confirmed by the appropriate settlement bank for the Clearing Member and confirmation from such other Relevant Market (or its clearing house) that the requirements for its cessation as counterparty in respect of the transferred positions have been met.

7.04.3D With regard to transfers of positions from a Clearing Member to a clearing member of any other Relevant Market pursuant to Rule 7.28, the Clearing House shall cease to stand as counterparty in respect of the transferred positions only as at the time of payment of the first ~~Settlement Variation and~~ maintenance margin and any Settlement Variation due for such trades pursuant to Rule 7.12 as confirmed by the appropriate settlement bank for the Clearing Member and confirmation from such other Relevant Market (or its clearing house) that the requirements for its substitution in respect of the transferred positions have been met.

7.04.3E With regard to transfers of positions from a defaulted or suspended Clearing Member to another Clearing Member designated by the Clearing House, pursuant to Rule 7A.02.1.1, the Clearing House shall be substituted only as at the time of payment of the first ~~Settlement Variation and~~ maintenance margins and any Settlement Variation due for such trades pursuant to Rule 7.12 as confirmed by the appropriate settlement bank for the designated Clearing Member.

7.04.5C Subject to Rule 7.04.5E, F the Clearing House shall require a Clearing Member in whose name an Eligible OTCF Transaction ~~is to be~~ has been registered to provide the Clearing House with sufficient collateral to meet margin requirements and any Settlement Variation, and to fulfil such other requirements prescribed by the Clearing House from time to time prior to substitution pursuant to Rule 7.04.5A or 7.04.5B.

7.04.5D With effect from the novation of each OTCF Contract to the Clearing House pursuant to Rule 7.04.5A or 7.04.5B, each OTCF Transaction to which such OTCF Contract relates shall be governed by the OTCF Contract Terms as set out in the OTCF Clearing Member Handbook and by Circulars issued by the Clearing House from time to time.

7.04.5E A Clearing Member in whose name an Eligible OTCF Transaction is to be registered:

a. shall not be subject to Rule 7.04.5C; and

b. shall be required to provide the Clearing House with sufficient collateral to meet margin requirements and any Settlement Variation, and to fulfil such other requirements prescribed by the Clearing House from time to time

immediately upon becoming a counterparty to the Clearing House or within such time prescribed by the Clearing House.

if such Eligible OTCF Transaction is entered into or transferred to such Clearing Member for the purpose of executing the default proceedings pursuant to Rule 7A.02.1.

7.04.5F Notwithstanding that an Eligible OTCF Transaction has been successfully registered pursuant to Rule 7.02AA.2 and is pending novation, the Clearing House may, in its sole discretion, disallow the novation of the OTCF Contract relating to such Eligible OTCF Transaction if any of the events of default set out in Rule 7A.06.5.1 occurs or is, in the reasonable opinion of the Clearing House, about to occur in relation to the Clearing Member in whose name such Eligible OTCF Transaction has been registered.

**7.05 OPEN POSITIONS/OPEN CONTRACTS FOR CONTRACTS TRADED ON THE EXCHANGE/ANY RELEVANT MARKET AND OTC CONTRACTS**

7.05.1 All Contracts, except for OTCF Contracts, to which the Clearing House is a party shall remain open until liquidated by offset as provided in Rule 7.06, terminated in accordance with Rule ~~2-35A~~ [7A.07](#), or by delivery in accordance with Chapter 6 of this Rules, and

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**7.05A OPEN POSITIONS FOR OTCF CONTRACTS**

7.05A.1 All Contracts to which the Clearing House is a party shall remain open until:

- a. liquidated by offset as provided in Rule 7.06 and such liquidation shall be in accordance with these Rules;
- b. terminated in accordance with Rule ~~2-35A~~ [7A.07](#);
- c. terminated as provided in Rule 7.29; or
- d. the date set out in the OTCF Contract as the date on which the OTCF Contract is due to settle or terminate.

**7.19 CLEARING HOUSE MARGINS**

7.19.1 All margins deposited with the Clearing House by Clearing Members shall be retained by the Clearing House in whole or in part, as the Clearing House may deem necessary but subject to these Rules and in particular Rule 7.18 and Rule ~~7.03.1~~ [7A.05.1](#), may be returned to the Clearing Member when the positions for which such margins have been deposited have been liquidated. Notwithstanding the foregoing, the Clearing House may retain margins for freight forward contracts for tanker voyage routes in relation to any potential Flat Rate adjustment, even after the positions of the Clearing Member have been liquidated.

## NEW CHAPTER 7A: SUSPENSION AND DEFAULT

### 7A.012-30 SUSPENSION OF CLEARING MEMBERS

7A.01.12.30.1 ~~Upon the Clearing House becoming aware of a Clearing Member's insolvency or deemed insolvency, the Clearing House shall be entitled to suspend the Clearing Member without prior notice. The Clearing House shall be entitled to restrict the activities of the Clearing Member on the Clearing House or suspend the Clearing Member without prior notice if:~~

7A.01.1.1 ~~the Clearing Member becomes insolvent or is deemed insolvent;~~

7A.01.1.2 ~~unless exempted, ceases to hold a valid capital markets services licence as prescribed under the SFA, or ceases to be authorised to conduct banking business in Singapore pursuant to section 4 of the Banking Act, where applicable;~~

7A.01.1.3 ~~the Clearing House is of the opinion that the integrity of the Clearing Member, in relation to its financial integrity or conduct, or the Clearing House's ability to operate a safe and efficient clearing facility is, or may be, materially compromised in any of the following events:~~

- a. the parent company or related corporation of the Clearing Member becomes insolvent or is deemed insolvent;
- b. the Clearing Member is suspended or expelled from membership of any Relevant Market or its clearing house;
- c. the Clearing Member fails to comply with or settle any of its financial obligations under the rules and regulations of any exchange or clearing house of which it is a member; or
- d. the Clearing Member fails duly to perform or is, in the opinion of the Clearing House, in breach of:
  - i. any provision of this Rules;
  - ii. any Directive which is in force from time to time; or
  - iii. any agreement, understanding or arrangement which the Clearing Member has with the Clearing House from time to time.

7A.01.2 ~~In restricting the activities of a Clearing Member pursuant to Rule 7A.01.1, the Clearing House may impose such conditions or requirements for the carrying on of its business on the Clearing House as it deems appropriate, including, without limitation, the following:~~

7A.01.2.1 ~~prohibiting the Clearing Member from increasing its positions in one or more Contracts;~~

7A.01.2.2 ~~prohibiting the Clearing Member from taking on positions in one or more Contracts which may increase its margin requirements;~~

7A.01.2.3 ~~require the Clearing Member to close out positions in one or more Contracts; and~~

7A.01.2.4 prohibiting the repatriation of funds to any other person, unless the prior approval of the Clearing House has been obtained.

7A.01.3 A Clearing Member or its parent company or its related corporation becomes insolvent or shall be deemed to be insolvent on the occurrence of any of the following events ~~with respect to such Clearing Member:~~ -

~~2.30.1.1~~ ~~if it fails to fulfill or meet margin and settlement requirements (including posting of Performance Deposits) for all or any of its Contracts or if it defaults upon any levy owing to the Clearing House arising out of Rule 7.03.2;~~

7A.01.3.1 in the case of a Clearing Member only, it fails to fulfil or meet margins or settlement requirements for all or any of its Contracts;

7A.01.3.2 in the case of a Clearing Member only, it fails to post Performance Deposits with the Clearing House within the time specified in the relevant Contract Specifications;

7A.01.3.3 in the case of a Clearing Member only, it defaults upon any levy owing to the Clearing House arising out of Rule 7A.06.5;

7A.01.3.4 it is or is at risk of being in material default under the term of any loan or other agreement relating to its indebtedness;

~~2.30.1.2~~ ~~it is, or is deemed for the purposes of any law to be, unable to pay its debts as they fall due or insolvent;~~

~~2.30.1.3~~ ~~it admits its inability to pay its debts as they fall due;~~

7A.01.3.5 it fails, is unable, admits its inability, or is deemed for the purposes of any law to be unable, to pay its debts as they fall due;

7A.01.3.6 a composition, assignment or arrangement is proposed or made for the benefit of its creditor;

~~2.30.1.4~~ 7A.01.3.7 the value of its assets is less than its liabilities, (taking into account contingent and prospective liabilities);

~~2.30.1.5~~ ~~it suspends making payments on any of its debts or announces an intention to do so;~~

~~2.30.1.6~~ ~~by reason of actual or anticipated financial difficulties, it commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;~~

7A.01.3.8 by reason of its financial integrity having been or anticipated to be compromised, it proposes, or commences negotiations with one or more of its creditors, to suspend, stop, defer or reschedule payments on any of its indebtedness, or announces an intention to do so;

7A.01.3.9 it, its directors or other officers seek or give notice of their intention to seek, or if it or any of its assets becomes subject to, the appointment of an administrator, provisional liquidator, receiver, administrative receiver, judicial manager, judicial custodian, compulsory manager, trustee, trustee in

bankruptcy, conservator, custodian or other similar officer, whether out of court or otherwise;

~~2.30.1.7~~ 7A.01.3.10 a moratorium is declared in respect of any of its indebtedness; or

7A.01.3.11 the enforcement of any security over any of its assets, or any distress, execution, attachment, sequestration or other legal process levied, enforced or served upon any of its assets;

~~2.30.1.8~~ it engages in insolvency proceedings. For the purpose of this Rule ~~2.30.1.8~~, insolvency proceedings shall mean any corporate action, legal proceedings or other procedure or step taken in relation to or with a view to:

a. ~~the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration (whether out of court or otherwise) or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Clearing Member;~~

b. ~~a composition, assignment or arrangement with any creditor of the Clearing Member;~~

c. ~~the appointment of a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer (in each case, whether out of court or otherwise) in respect of the Clearing Member or any of its assets;~~

d. ~~the enforcement of any security over any assets of the Clearing Member;~~

e. ~~a meeting of the Clearing Member, its directors or its members being convened for the purpose of considering any resolution for, petition for, application for or filing of documents with a court for its winding-up, administration (whether out of court or with any registrar or otherwise) or dissolution or any such resolution passed;~~

f. ~~any person presenting a petition or an application for the Clearing Member's winding-up, administration (whether out of court or otherwise) or dissolution;~~

g. ~~the Clearing Member's directors or other officers requesting the appointment of or giving notice of their intention to appoint or take any step with a view to appointing a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator (whether out of court or otherwise) or similar officer; or~~

h. ~~any analogous procedure or step taken in any jurisdiction.~~

7A.01.3.12 any corporate action, legal proceedings or other procedure or step is taken, including without limitation the presentation of a petition, the making of an application, the filing of documents with a court, the convening of a meeting of the Clearing Member or its parent company, its directors or its members, the giving of a notice of a proposal or the passing of a resolution, in relation to or with a view to:

a. the winding up, liquidation, dissolution, or seeking of a judgment of insolvency or other relief under any insolvency law or other similar law affecting creditors' rights in respect of the Clearing Member, whether voluntary or involuntary; or

b. the administration, whether out of court, with a registrar or otherwise, judicial management or reorganisation, whether by way of voluntary arrangement, scheme of arrangement or otherwise, of the Clearing Member or its parent company, whether voluntary or involuntary.

7A.01.3.13 it causes or is subject to any event which, under the applicable laws of any jurisdiction, has an effect analogous to any of the events specified above;

7A.01.3.14 it takes any action or step in furtherance of, or indicating its consent to, approval of or acquiescence in, any of the foregoing acts; or

7A.01.3.15 if the Clearing House considers in its absolute discretion that the occurrence of any such events or their equivalent is imminent or likely in any jurisdiction.

7A.01.42-30-1A A Clearing Member shall immediately notify the Clearing House upon the occurrence of any of the events stated in Rule ~~2.30.4~~ 7A.01.1.

~~2.30.2~~ When a Clearing Member is suspended or expelled from membership of any Relevant Market or its clearing house, the Clearing House shall be entitled to suspend or expel the Clearing Member from Clearing Membership upon such terms as the Clearing House may deem fit.

7A.01.5 Where the Clearing House becomes aware of the occurrence of any of the events stated in Rule 7A.01.1, the Clearing House may take any of the following actions:

7A.01.5.1 request a Relevant Market to suspend the Clearing Member or otherwise restrict its activities on the Relevant Market if the Clearing Member's activities on the Clearing House are restricted or the Clearing Member has been suspended; or

7A.01.5.2 notify any other exchanges, operators of trade registration systems or clearing houses of any action or proceedings taken against the Clearing Member.

## **7A.02 2.31 OPEN POSITIONS OF DEFAULTED/SUSPENDED CLEARING MEMBERS**

7A.02.1 2.31.1 When a Clearing Member having open positions has defaulted upon its obligation to the Clearing House, or has been suspended ~~for insolvency~~, the Clearing House may:-

~~2.31.1.1~~ appoint one (1) or more Clearing Members to whom all or any part of such positions shall be transferred to be handled for the defaulted or suspended Clearing Member. When positions are so transferred, margins deposited thereon and any settlement due or collected must be delivered to the Clearing House, to be entrusted to the Clearing Member or Clearing Members designated to handle the transactions;

7A.02.1.1 transfer all or any part of positions in Customer Contracts held by the defaulted or suspended Clearing Member to one (1) or more Clearing Members designated by the Clearing House. When such positions are so transferred, the following shall apply:

- a. subject to Rule 7A.02.1.1.c., margins deposited with the Clearing House in respect of the positions shall be entrusted to the designated Clearing Member or Clearing Members;
- b. the margins entrusted to a designated Clearing Member pursuant to this Rule 7A.02.1.1 may not be in such form as was originally deposited with the Clearing House;
- c. the Clearing House shall have the discretion not to transfer all or any part of the margins and settlement monies to a designated Clearing Member as described in Rule 7A.02.1.1.a., if:
  - i. the positions are held in an omnibus account; or
  - ii. monies and other assets deposited with the Clearing House in relation to Customers' Contracts may be applied pursuant to Rule 7A.05.1.2.

Where margins and settlement monies are not transferred to the designated Clearing Member, the designated Clearing Member shall be required to collect the required margins and settlement monies from its Customer; and

- d. The margins not entrusted to designated Clearing Members shall be retained by the Clearing House and may be applied in accordance with Rule 7A.05.1.2. Any unused margins shall be returned to the defaulted or suspended Clearing Member, or entrusted to the designated Clearing Members, as the Clearing House deems appropriate:
  - i. following the settlement of losses arising from the event of default; or
  - ii. at such time that the Clearing House determines that the margins may not be used.

~~2.31.1.2~~ 7A.02.1.2 execute hedging transactions, on behalf of and at the risk of the defaulted or suspended Clearing Member, to eliminate or reduce market risk resulting from such open positions;

~~2.31.1.3~~ 7A.02.1.3 ~~without prejudice to Rule 2.31.1.1,~~ appoint one or more Inter Dealer Brokers, Clearing Members or members of the applicable Relevant Market to close out ~~such~~ positions in House Contracts, as well as Customer Contracts that have not been transferred pursuant to Rule 7A.02.1.1 within such time as the Clearing House may prescribe, on the behalf of and at the risk of the defaulted or suspended Clearing Member; ~~and/or~~

~~2.31.1.4~~ 7A.02.1.4 where the open positions relate to an Eligible OTC Transaction or a Contract subject to physical delivery prior to ~~the matching process in Rule 6.02A.7~~ re-novation in Rule 6.02A.7, and it is in the Clearing House's good faith opinion impossible or impracticable for the open positions to be transferred or closed out pursuant to Rules ~~2.31.1.1~~ 7A.02.1.1 and ~~2.31.1.3~~ 7A.02.1.3 respectively, the Clearing House may, in addition to any other power or right it may have, invoice back such positions to the defaulting or suspended Clearing Member. The Clearing House shall then ~~while~~ simultaneously ~~also~~ invoicing invoice back the equivalent number of positions or as nearly

equivalent number of such positions as the Clearing House may deem practical [to the following](#):-

[a. in the case of an Eligible OTC Contract Transaction or a Contract subject to physical delivery prior to the matching process in Rule 6.02A.7, to other non-defaulting and non-suspended Clearing Members, and/or any other non-defaulting Relevant Market \(or its clearing house\) holding appropriate opposite positions \(whether reported to the Clearing House as being House or Customer positions\) as at the date of such invoicing back, on a pro-rata basis, calculated as the proportion of such gross opposite positions of each non-defaulting and non-suspended Clearing Member and/or Relevant Market \(or its clearing house\) at the date of such transfer relative to the aggregate value of such open positions held by all non-defaulting and non-suspended Clearing Members \(to be rounded down or up if the number of lots is not a whole number at the Clearing House's absolute discretion\). ~~Invoicing back shall be carried out by the Clearing House effecting and registering opposite positions between itself and each of the affected Clearing Members and/or other Relevant Market \(or its clearing house\) and thereupon settling such open positions against such opposite positions, at a price determined by the Clearing House. The Clearing House's actions, including the timing of the transfer and the price determined by the Clearing House shall be binding on all affected Clearing Members.~~](#)

[b. in the case of a Contract subject to physical delivery after the matching process in Rule 6.02A.7 and before re-novation in Rule 6.02A.7, to the non-defaulting and non-suspended Clearing Members and/or clearing member of another Relevant Market \(or its clearing house\), with which the defaulting or suspended Clearing Member has been matched in accordance with Rule 6.02A.7 \(whether reported to the Clearing House as being House or Customer positions\).](#)

[The invoicing back shall be carried out by the Clearing House effecting and registering opposite positions between itself and each of the relevant affected persons. The Clearing House shall then settle the open positions against such opposite positions, at a price determined by it. The Clearing House's actions, including the timing of the transfer and the price determined by the Clearing House shall be binding on all affected Clearing Members; and/or](#)

[7A.02.1.5 where the open positions relate to OTCF Contracts, take one or more of the following actions:](#)

[a. hedge or otherwise liquidate such open positions in OTCF Contracts;](#)

[b. conduct an auction of such open positions in OTCF Contracts, whether hedged or otherwise;](#)

[c. where it is in the Clearing House's good faith opinion that \(b\) is impossible or impracticable, assign and transfer any residual OTCF Contracts, whether hedged or otherwise, to a non-defaulting Clearing Member provided that:](#)

i. the residual OTCF Contracts, whether hedged or otherwise, assigned and transferred to the non-defaulting Clearing Member shall not be of such amount as to increase its risk margin requirement by more than 100% of its average end-of-day risk margin requirement for OTCF Contracts in the 30 days preceding, and excluding, the day on which the event of default occurs, as declared by the Clearing House; and

ii. the non-defaulting Clearing Member has cleared such product group in such currency in the last three months,

or

d. undertake any action which is ancillary or incidental to activities set out under (a) – (c) above.

7A.02.2 The Clearing Member that has defaulted upon its obligation to the Clearing House, or has been suspended, shall cooperate with the Clearing House and non-defaulting Clearing Members in respect of any of the actions that the Clearing House may take pursuant to Rule 7A.02.1.

~~2.31.2~~ 7A.02.3 All costs and expenses sustained by the Clearing House in connection with any steps which are or may be taken by the Clearing House pursuant to Rule ~~2.31.4~~ 7A.02.1, including losses incurred from authorized hedging transactions and the unwinding of such hedging transactions, shall be charged to the account of the defaulted Clearing Member.

#### **7A.032-32 OPEN CONTRACTS OF OTHER SUSPENDED OR EXPELLED CLEARING MEMBERS**

~~7A.03.12-32.1~~ When a Clearing Member is suspended (including on a voluntary basis) or expelled for a violation of this Rules, other than for insolvency or default on its obligations to the Clearing House, the Clearing House may designate one (1) or more Clearing Members to deal with the open contracts cleared by the suspended or expelled Clearing Member in accordance with the Clearing House's direction.

#### **7A.042-33 EFFECT OF SUSPENSION OR EXPULSION**

~~2.33.1~~ 7A.04.1 A Clearing Member suspended ~~or deemed suspended~~ for whatsoever reasons including on a voluntary basis shall not have any of the rights of a Clearing Member during the time of his suspension. A suspended Clearing Member may be reinstated upon such conditions as the Clearing House may impose.

~~7A.04.22-33.2~~ Any Clearing Member suspended ~~or deemed suspended~~ or expelled pursuant to any other provision of this Rules shall not take on or clear any new Contracts or trades and shall have any or all of the open contracts cleared by it transferred out or closed out pursuant to this Rules as may be appropriate.

## 7A.057-03 PROTECTION OF CLEARING HOUSE

### 7A.05.17.03-1 Default Failure by Clearing Member and any other Relevant Market (or its Clearing House) to discharge its obligations to the Clearing House in respect of Contracts

Without prejudice and subject to the other provisions of this Rules:

~~7.03-1.1~~ 7A.05.1.1 Where a Clearing Member has failed promptly to discharge any of its obligations to the Clearing House in respect of a House Contract, the Clearing House may apply:

- a. the Clearing Member's Security Deposit and all other forms of security furnished to the Clearing House (except where such security is furnished in relation to Customer Contracts, it shall be governed by Rule ~~7.03-1.2-c~~ 7A.05.1.2.c);
- b. margins, assets or securities (including without limitation letters of credit provided by the Clearing Member to the Clearing House) deposited by the Clearing Member in relation to House Contracts; and
- c. in the case of a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.a or b, the cash and/or acceptable government securities deposited by the Bank Clearing Member pursuant to Rule 2.08.1B.1.

~~7.03-1.2~~ 7A.05.1.2 Where a Clearing Member has failed promptly to discharge any of its obligations to the Clearing House in respect of a Customer Contract, the Clearing House may apply:

- a. the Clearing Member's Security Deposit and all other forms of security furnished to the Clearing House (except where such security is furnished in relation to Customer Contracts, it shall be governed by Rule ~~7.03-1.2-c~~ 7A.05.1.2.c);
- b. margins, assets or securities (including without limitation letters of credit provided by the Clearing Member to the Clearing House) deposited by the Clearing Member in relation to House Contracts;
- c. margins, assets or securities (including without limitation letters of credit provided by the Clearing Member to the Clearing House) deposited by the Clearing Member in relation to Customer Contracts provided that the conditions in the SFA in relation to the permissible use of customers' money and assets are satisfied;
- d. in the case of a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.a or b, the cash and/or acceptable government securities deposited by the Bank Clearing Member pursuant to Rule 2.08.1B.1; and
- e. the qualifying letters of credit deposited with the Exchange by a Trading Member sponsored by the Clearing Member, pursuant to Rule 7.3.6 of the Trading Rules, provided that the Clearing Member's default is attributable to such Trading Member's act or omission.

7A.05.1.3 The Clearing House may liquidate any non-cash assets deposited with it by a Clearing Member:

a. in respect of assets in relation to House Contracts, where the Clearing Member has failed to promptly discharge its obligations to the Clearing House in respect of any Contract; and

b. in respect of assets in relation to Customer Contracts, where the Clearing Member has failed to promptly discharge its obligations in respect of a Customer Contract and the conditions in the SFA in relation to the permissible use of customers' money and assets are satisfied.

The Clearing House shall not be liable for any losses arising from such liquidation.

~~7.03.1.3~~ 7A.05.1.4 Without prejudice to the rights of the Clearing House in respect of failure by the Clearing Member to promptly discharge any of its obligations to the Clearing House, the Clearing Member shall immediately make up any deficiencies in its Security Deposit resulting from such applications.

~~7.03.1.4~~ 7A.05.1.5 The Clearing Member shall not take any action or do anything that will directly or indirectly interfere with, prohibit, restrict or inhibit the ability of the Clearing House to so apply such Security Deposit, margins on deposit, assets or securities and the Clearing House shall, except where it has acted in bad faith, be under no liability to the Clearing Member or any other person whatsoever in so applying such Security Deposit, margins on deposit, assets or securities and the Clearing Member shall fully indemnify and keep indemnified the Clearing House and hold the Clearing House harmless against any such liability.

~~7.03.1.5~~ 7A.05.1.6 If a Relevant Market, including a Participating Market, and/or its clearing house as the case may be fails to promptly discharge any of its obligations to the Clearing House arising out of any arrangement relating to the clearing of Contracts, including the Mutual Offset System, the Letters of Credit, margins, other assets or securities of such Relevant Market shall be applied by the Clearing House to discharge the obligation.

7A.05.1.7 Where the Clearing Member which is also a clearing member of CDP has failed to settle its financial obligations to CDP, the Clearing House shall be entitled to retain any margins, assets or securities, including without limitation letters of credit, deposited by the Clearing Member in relation to House Contracts which have not been utilised pursuant to this Rule 7A.05.

## 7A.06 CLEARING FUND

### 7A.06.1 Sources of Funds to Support Losses Borne by Clearing House

~~7.15B~~7A.06.1.1 The clearing fund size shall be determined by the Clearing House ~~taking into account contributions by Clearing Members.~~

7A.06.1.2 The Clearing Fund shall comprise:

a. Security Deposits;

[b. Further Assessment Amounts; and](#)

[c. Aggregate Clearing House Contributions.](#)

**7A.06.27.15 SECURITY DEPOSIT Security Deposit**

~~7.15.1~~ [7A.06.2.1](#) Upon being granted eligibility by the Clearing House to clear a relevant Contract Class, each Clearing Member wishing to clear that Contract Class shall deposit with the Clearing House as security for its obligations to the Clearing House ("Security Deposit") the following amounts:

- A. for clearing Contracts which are listed for trading on the Exchange or any Relevant Market and/or OTC Contracts, the higher of:
  - a. S\$1,000,000 or such lower amount as prescribed by the Clearing House time to time in its discretion; or
  - b. 3.0%, or such lower amount as prescribed by the Clearing House from time to time in its discretion, of the daily average of the risk margin of such Clearing Member during the preceding three month period;
- B. for clearing OTCF Contracts, the higher of:
  - a. US\$5 million; or
  - b. 3.0%, or such lower amount as prescribed by the Clearing House from time to time in its discretion, the daily average of the risk margin of such Clearing Member for such OTCF Contracts during the preceding three month period; or
- C. for clearing (i) Contracts which are listed for trading on the Exchange or any Relevant Market and/or OTC Contracts, and (ii) OTCF Contracts, the sum of the amounts set out in Rule ~~7.157A.06.2.1~~ [7A.06.2.1](#) AND ~~7.157A.06.2.1.B~~.

~~7.15.3~~ [7A.06.2.2](#) The Security Deposit shall be in the following forms:

- A. for clearing Contracts traded on the Exchange or any Relevant Market or OTC Contracts, cash, government securities or an irrevocable Letter of Credit in a form and from a bank acceptable to the Clearing House;
- B. for clearing OTCF Contracts, cash or government securities; and
- C. for clearing both (i) Contracts which are listed for trading on the Exchange or any Relevant Market and/or OTC Contracts, and (ii) OTCF Contracts, a combination of:
  - ~~(a.)~~ any of the forms of collateral set out in Rule ~~7.157A.06.2.2.A~~ [7A.06.2.2.A](#) in respect of the Security Deposit amount required for clearing Contracts listed for trading on the Exchange or any Relevant Market and/or OTC Contracts; AND
  - ~~(b.)~~ any of the forms of collateral set out in Rule ~~7.157A.06.2.2.B~~ [7A.06.2.2.B](#) in respect of the Security Deposit amount required for clearing OTCF Contracts,

or any other securities acceptable to the Clearing House from time to time.

~~7.15.3~~ 7A.06.2.3 Letters of Credit, government securities or any other security acceptable to the Clearing House shall not exceed a prescribed proportion of the Security Deposit, as the Clearing House may specify from time to time in its discretion.

~~7.15.4~~ 7A.06.2.4 This deposit may be withdrawn when such Clearing Member ceases to be a Clearing Member if, in the opinion of the Clearing House, all Contracts and obligations of such Clearing Member with the Clearing House have been settled and all sums owing to the Clearing House have been paid.

#### 7A.06.37.15A—Further Assessment Amount

~~7.15A~~7A.06.3.1 The Further Assessment Amount shall be an amount up to three (3) times of a Clearing Member's Security Deposit requirement, as prescribed by the Clearing House from time to time in its discretion.

~~7.15A~~7A.06.3.2 Each Clearing Member shall be required to deposit with the Clearing House a percentage of its Further Assessment Amount as set out below:

~~7.15A.2.1a.~~ in respect of Further Assessment Amount attributable to Contracts traded on the Exchange or any Relevant Market or OTC Contracts, an amount up to 50% in the form of cash, government securities or an irrevocable Letter of Credit; or

~~7.15A.2.2b.~~ in respect of Further Assessment Amount attributable to OTCF Contracts, an amount up to 100% in the form of cash or government securities,

or any other securities acceptable to the Clearing House from time to time.

7A.06.3.3 In the use and application of the Further Assessment Amounts pursuant to Rule 7A.06.5.2 in an event of default, the Clearing House shall be entitled to call for payment of any balance of the Further Assessment Amount, which has not been deposited with the Clearing House pursuant to Rule 7A.06.3.2, at such time as it deems appropriate. A Clearing Member shall immediately furnish such amount to the Clearing House, prior to the close of business on the Business Day immediately following such call.

#### 7A.06.47.15B—Aggregate Clearing House Contributions

~~7.15B~~7A.06.4.1 Subject to Rule 7A.06.4.2, the total contribution Contributions by the Clearing House to the Clearing Fund ("Aggregate Clearing House Contributions") shall be the higher an amount not less than 25% of the clearing fund size as specified in Rule 7.15B.1 consisting of:

- a. ~~an amount not less than 15% of the clearing fund size or \$136,000,000, whichever is higher,~~ which shall be applied to the Clearing House Contribution as referred to in Rule ~~7.03-27A.06.5.2.a;~~ and or

- b. the Minimum Aggregate Clearing House Contribution balance of the Aggregate Clearing House Contributions, if any, which shall be applied to the source referred to in Rule 7.03.2.2.e1 and 7.03.2.2.f.

7A.06.4.2 In the event that any part of the Aggregate Clearing House Contribution is applied in accordance with Rule 7A.06.5, such that it falls below the Minimum Aggregate Clearing House Contribution, the Clearing House shall restore the Aggregate Clearing House Contribution up to the Minimum Aggregate Clearing House Contribution. The Clearing House shall thereafter maintain Aggregate Clearing House Contribution equivalent to the Minimum Aggregate Clearing House Contribution.

7.15B.37A.06.4.3 Aggregate Clearing House Contributions shall comprise the following, where such funds are available:

- a. the capital of the Clearing House;
- b. the net proceeds of such financial guarantee and/or default insurance; ~~or~~ and
- c. any other financial instrument.

#### 7A.06.57.03.2 **Losses Borne by Clearing House**

~~7.03.2.1~~ 7A.06.5.1 On the occurrence of any of the following events, or if the Clearing House in its discretion determines that any of the following events has occurred, the Clearing House may declare an event of default:-

- a. the insufficiency of a Clearing Member's Security Deposit, margins on deposit with the Clearing House, or any of its other assets or securities available to the Clearing House to fully discharge such Clearing Member's obligations to the Clearing House; or
- b. the insufficiency of the Letters of Credit, margins or any other assets or securities of any other Relevant Market, including a Participating Market, available to the Clearing House to fully meet such other Relevant Market's and/or its clearing house's obligations to the Clearing House; or
- c. the insolvency of a Clearing Member (as determined by Rule ~~2.30.1~~7A.01.3), any other Relevant Market which clears the opposite side of any Contract, including a Participating Market, and/or its clearing house or any depository (as defined in Rule 2.35.4); or
- d. conversion, theft, breach of trust, embezzlement, or any other similar cause, caused or suffered by or in connection with a Clearing Member; or
- e. ~~any failure by a Clearing Member to post Performance Deposits with the Clearing House within the time specified in the relevant Contract Specifications.~~

~~7.03.2.2~~ 7A.06.5.2 Subject to Rule 7A.06.6.4, Any any loss suffered by the Clearing House arising from or in connection with an event of default shall be met and made good promptly by the use and application of funds from the following sources (collectively known as the "Clearing Fund") in the order of priority

hereafter listed, with each source of funds to be completely exhausted, subject to the limitations contained therein, before the next source is applied:-

- a. Clearing House Contribution.
- b. Security Deposits of Clearing Members (excluding any Clearing Member who is insolvent or deemed to be insolvent) where ~~that~~ each Clearing Member had:
  - i. cleared Contracts belonging to the Contract Class in which the event of default occurred, during the six (6) month period preceding the day the event of default was declared by the Clearing House; or
  - ii. an open commitment in Contracts belonging to the same Contract Class in which the event of default occurred, during the six (6) month period preceding the day the event of default was declared by the Clearing House (with the periods at Rules ~~7.03.2.2.b.i~~ 7A.06.5.2.b.i and ~~7.03.2.2.b.ii~~ 7A.06.5.2.b.ii collectively referred to as the "Relevant Periods").

Such Clearing Member shall be liable for the loss remaining on a pro-rata basis, calculated as the proportion of its Security Deposit requirement relative to the aggregate Security Deposit requirement for ~~all~~ the category of Clearing Members referred to in this Rule ~~7.03.2.2.b~~ 7A.06.5.2.b.

- c. Further Assessment Amounts (as prescribed under Rule ~~7.15A~~ 7A.06.3, and excluding any Clearing Member who is insolvent or deemed to be insolvent) of the same category of Clearing Members referred to in Rule ~~7.03.2.2.b~~ 7A.06.5.2.b. Such Clearing Member shall be liable for the loss remaining on a pro-rata basis, calculated as the proportion of its Further Assessment Amount requirement relative to the aggregate Further Assessment Amount requirement for ~~all~~ the category of Clearing Members referred to in Rule ~~7.03.2.2.b~~ 7A.06.5.2.b.
- c1. Any contributions to the Clearing Fund by the Clearing House or any of its related entities to that Contract Class in which the event of default occurred, the amount of such contributions (if any) to be determined by the Clearing House in its sole discretion.
- d. Security Deposits of Clearing Members (excluding any Clearing Member who is insolvent or deemed to be insolvent) where that Clearing Member had:-
  - i. cleared Contracts, not belonging to the same Contract Class in which the event of default occurred, during the six (6) month period preceding the day the event of default was declared by the Clearing House; or
  - ii. an open commitment in Contracts, not belonging to the same Contract Class in which the event of default occurred, during the six (6) month period preceding the day the event of default was declared by the Clearing House; or

- iii. not cleared or had no open commitment in Contracts belonging to the same Contract Class in which the event of default occurred, during the Relevant Periods.

Such Clearing Member shall be liable for the loss remaining on a pro-rata basis, calculated as the proportion of its Security Deposit requirement relative to the aggregate Security Deposit requirement for all the category of Clearing Members referred to in this Rule ~~7.03.2.1.2.d~~ 7A.06.5.2.d, PROVIDED ALWAYS that if such Clearing Member's Security Deposit had been applied pursuant to Rule ~~7.03.2.2.b~~ 7A.06.5.2.b, its Security Deposits shall not be applied again pursuant to this Rule ~~7.03.2.2.d~~ 7A.06.5.2.d.

- e. Further Assessment Amounts (as prescribed under Rule ~~7.15A~~ 7A.06.3 of the same category of Clearing Members referred to in Rule ~~7.03.2.2.d~~ 7A.06.5.2.d (excluding any Clearing Member which has been levied the maximum amount that may be levied against it pursuant to Rule ~~7.03.2.2.c~~ 7A.06.5.2.c). Such Clearing Member shall be liable for the loss remaining on a pro-rata basis, calculated as the proportion of its Further Assessment Amount requirement relative to the aggregate Further Assessment Amounts requirement for all the category of Clearing Members referred to in Rule ~~7.03.2.2.d~~ 7A.06.5.2.d; and
- f. any other contributions to the Clearing Fund.

7A.06.5.3 Where Clearing Members' Security Deposit or Further Assessment Amounts are used and applied in accordance with Rules 7A.06.5.2.b, c, d or e, the limits to one or more Clearing Members' liabilities in respect of such funds as set out in Rule 2.28.2A or Rule 7A.06.6.6 may be reached. As a consequence of the foregoing, the contributions of Clearing Members which remain liable in respect of the relevant source of funds may remain unexhausted, while outstanding losses remain following such use and application of the source of funds. In such instances, the following shall apply:

- a. the remaining contributions of Clearing Members in respect of the relevant source of funds shall be applied to meet the outstanding loss, subject to their limits set out in Rule 2.28.2A and Rule 7A.06.6.6; and
- b. the liability of each Clearing Member for such loss shall be determined as described in Rules 7A.06.5.2.b, c, d or e, whichever is applicable, subject always to the operation of Rule 7A.06.6.5.

~~7.03.3~~7A.06.5.4 If the Clearing House is unable to ascertain any of its losses in relation to a potential Flat Rate adjustment promptly after an event of default, the Clearing House may estimate its loss as if such estimated loss has already been ascertained, and apply the Clearing Fund accordingly. Upon ascertaining its actual loss suffered in relation to a Flat Rate adjustment, the Clearing House will debit or credit the monies to the Clearing Fund accordingly.

~~7.03.4~~7A.06.5.5 For the purpose of Rules ~~7.03.2~~7A.06.5.2.b, c, d, and e, an event of default shall fall within either of the following:

- a. Contracts that are listed for trading on the Exchange or Relevant Market;

- b. OTC Contracts; or
- c. OTCF Contracts

(each a “**Contract Class**”, and collectively, “**Contract Classes**”)

except as provided in Rules ~~7.03-6~~ [7A.06.5.7](#) and ~~7.03-8~~ [7A.06.5.9](#), when an event of default is deemed to fall within (i) any combination of Contract Class, or (ii) all of the Contract Classes, as the case may be.

~~7.03-5~~[7A.06.5.6](#) An event of default shall be deemed to have fallen within a particular Contract Class if the defaulting Clearing Member had open commitment or outstanding obligations to the Clearing House in that Contract Class at the time of such default.

~~7.03-6~~[7A.06.5.7](#) An event of default that is due to the insufficiency of a Clearing Member’s Security Deposit, margins, or deposit with the Clearing House, or any of its other assets or securities available to the Clearing House to fully discharge such Clearing Member’s obligations to the Clearing House, or is due to the insolvency of a Clearing Member, shall be deemed for the purpose of Rules ~~7.03-2~~[7A.06.5.2](#).b, c, d and e to have occurred in each Contract Class that Clearing Member was clearing or had open commitment in at the time of default.

~~7.03-7~~[7A.06.5.8](#) Where an event of default is due to the insufficiency of the Letter of Credit, margins or any of its other assets or securities of any other Relevant Market including a Participating Market, available to the Clearing House to fully meet the obligations of such Relevant Market and/or its clearing house to the Clearing House or the insolvency of the other Relevant Market, a default shall be deemed to have occurred in the class of Contracts that are listed for trading on the Exchange or the Relevant Market.

~~7.03-8~~[7A.06.5.9](#) An event of default that is due to conversion, theft, breach of trust or embezzlement of a Clearing Member, or any other cause shall be deemed to have occurred in each Contract Class that Clearing Member was clearing or had open commitment in at the time of default.

~~7.03-10~~[7A.06.5.10](#) While application of the Clearing Fund shall be mandatory, the detailed implementation of Rule ~~7.03~~ [7A.05](#) and [7A.06](#) shall be the responsibility of the Clearing House.

## **7A.06.6 Use of the Clearing Fund in Respect of Events of Default Occurring Within a Multiple Default Period**

[7A.06.6.1 A Multiple Default Period shall be a fixed period of 90 days commencing on the day an event of default occurs as declared by the Clearing House, where such event of default results in the use and application of the Clearing Fund.](#)

[7A.06.6.2 An event of default occurring within a Multiple Default Period shall not trigger the commencement of a new Multiple Default Period.](#)

[7A.06.6.3 The Clearing House shall notify Clearing Members of the commencement date of any Multiple Default Period.](#)

7A.06.6.4 The Clearing Fund in the order of priority listed in Rule 7A.06.5.2 shall be used and applied in the following manner in respect of events of default occurring within a Multiple Default Period:

- a. The Clearing Fund shall only be drawn upon after the monies of the defaulted Clearing Member with the Clearing House have been exhausted in accordance with this Rules;
- b. The Clearing Fund shall be utilised in the order of priority listed in Rule 7A.06.5.2 irrespective of the number of draw downs on the Clearing Fund;
- c. In the event that a utilisation of the Clearing Fund draws on only part of the funds available at any source under Rule 7A.06.5.2, the next utilisation of the Clearing Fund in connection with an event of default occurring within the same Multiple Default Period, shall draw first from the remaining funds available at the unexhausted source before drawing from the next source, taking into account, at all times, the relevant Contract Class;
- d. Once all the sources of the Clearing Fund have been exhausted, any current or subsequent utilisation of the Clearing Fund in connection with an event of default occurring within the same Multiple Default Period shall revert to the sequence of the priority listed in Rule 7A.06.5.2; and
- e. Upon the commencement of a new Multiple Default Period, the first draw down on the Clearing Fund in connection with an event of default occurring in the new Multiple Default Period shall commence from the first source of funds listed in Rule 7A.06.5.2, subject to Rule 7A.06.8.2, and the subsequent sources of funds shall follow accordingly. This applies regardless of the source from which the last payment out of the Clearing Fund was made in connection with an event of default which occurred in any previous Multiple Default Period.

7A.06.6.5 A resigning Clearing Member whose Security Deposit and Further Assessment Amount have been applied fully as specified in Rule 2.28.2A shall thereafter:

- a. not be taken into account for the calculation of the aggregate Security Deposit requirement referred to in Rules 7A.06.5.2.b and d.; and
- b. not be taken into account for the calculation of the aggregate Further Assessment Amount referred to in Rules 7A.06.5.2.c and e.

7A.06.6.6 Nothing in this Rule 7A.06.6 shall be construed as permitting the Clearing House to apply more than the Clearing Member's Security Deposit and Further Assessment Amount as at the time of the event of default, to meet losses arising from or in connection with any individual event of default.

#### **7A.06.77-03-11 Rights of Clearing House for Recovery of Loss**

~~7.03-11~~7A.06.7.1 If a Clearing Member's Security Deposit, margins on deposit with the Clearing House and any of its other assets or securities available to the Clearing House are insufficient to fully discharge all of such Clearing Member's

obligations to the Clearing House, including all claims against or expenses incurred by the Clearing House by reason of its substitution for that Clearing Member pursuant to Rule 7.04, the Clearing House shall nonetheless pay all such claims and expenses related to any of the action which the Clearing House may take pursuant to Rule ~~2.31.1~~[7A.02.1](#) (including drawings from the Clearing Fund and expenses), which shall be deemed a loss to it and which shall be a debt from the defaulting Clearing Member to the Clearing House, which the Clearing House may collect from the assets or securities of such Clearing Member available to it or by process of law.

~~7.03.11~~[7A.06.7.2](#) If any amount paid out of the Clearing Fund pursuant to Rule ~~7.03.2~~[7A.06.5](#) is subsequently recovered by the Clearing House in whole or in part, the Clearing House shall credit the amount so received to the Clearing Fund in the reverse of the order in which it was paid out.

~~7.03.11~~[7A.06.7.3](#) If a loss in respect of which a levy has been made against Clearing Members pursuant to Rules ~~7.03.2~~[7A.06.5](#).2.b, c, d, and e is afterward recovered by the Clearing House in whole or in part, the net amount of such recovery shall be credited to such persons (whether or not they are Clearing Members at the time of recovery) in proportion to the amount of the assessment paid by such persons.

#### **~~7A.06.87.03.12~~ Security Deposits to be Restored**

~~7.03.12.1~~ [7A.06.8.1](#) In the event that it shall become necessary as provided in Rule ~~7.03~~[7A.06](#) to apply all or part of the Security Deposits to meet obligations to the Clearing House (other than a Clearing Member's own obligation resulting from the substitution of the Clearing House on its trades), the Clearing Member shall immediately make good any such deficiency in Security Deposits prior to the close of business on the Business Day immediately following such application.

[7A.06.8.2](#) In the event that the limits to the application of the Clearing Member's Security Deposit under Rule 2.28.2A.1 have been reached, the Security Deposits restored in accordance with Rule 7A.06.8.1 shall be applied only to meet the Clearing Member's own obligations to the Clearing House, resulting from the substitution of the Clearing House on its trades.

#### **~~7A.072.35A~~ DEFAULT OF THE CLEARING HOUSE**

~~2.35A.1~~[7A.07.1](#) A non-defaulting Clearing Member may exercise its rights under Rule 7A.07 if the Clearing House:

- a. fails to make a payment to a non-defaulting Clearing Member for a period of 30 days from the date the obligation to pay under a Contract fell due; or
- b. commences a procedure seeking or proposing liquidation on the ground of its inability to pay its debts, receivership, judicial management, or a scheme of arrangement involving a compromise with its creditors or any class thereof, or other similar relief with respect to itself or to its debts under any bankruptcy, insolvency, regulatory, supervisory or similar law, or if any of the foregoing cases or procedures is commenced in relation to the Clearing House by any other person which results in liquidation or winding up of the Clearing House on the ground of its inability to pay its

debts, or if the Clearing House takes corporate action to authorise any of the foregoing, in any such case other than for the purposes of corporate restructuring (including any consolidation, amalgamation or merger).

[2-35A-27A.07.2](#) While any of the circumstances set out in Rule [2-35A-17A.07.1](#) continue, the non-defaulting Clearing Member may, at any time by notice in writing to the Clearing House, specify a date (the "Termination Date") for the termination and liquidation of all Contracts to which it is a party in accordance with Rule [2-35A-47A.07.4](#) below.

[2-35A-37A.07.3](#) In the event a Clearing Member exercises its rights under Rule [2-35A-27A.07.2](#), the Clearing House may, in its absolute discretion and by notice in writing, take any steps necessary to terminate any related Contract or close out any related positions held with any other Clearing Member, notwithstanding that such Clearing Member is not in default of any of its obligations.

[2-35A-47A.07.4](#) Upon the specification of a Termination Date:

- a. all obligations of the Clearing House and the Clearing Member in respect of any Contract between them shall cease to exist from the Termination Date, provided that such termination shall have no effect upon the rights and obligations under such Contract, which rights and obligations shall survive such termination, and any obligations to make further payments or deliveries which would otherwise have fallen due shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Termination Amount;
- b. the Clearing House shall (on, or as soon as reasonably practicable after, the Termination Date) determine the Clearing Member's total loss or total gain (as the case may be) in respect of each Contract, in each case expressed in Singapore Dollars (the "Base Currency");
- c. the Clearing House shall treat each gain to the Clearing Member as a positive amount and each loss by that Clearing Member as a negative amount and shall, in accordance with Rule [2-35A-47A.07.4](#), aggregate all of such amounts to produce a single, net positive or negative amount, denominated in the Base Currency (the "Termination Amount"); and
- d. where a Clearing Member has a house and one or more client accounts:
  - (i) the Clearing House shall determine two net amounts under Rule [2-35A-47A.07.4](#) (c); one net amount in respect of gains and losses arising on Contracts registered in the Clearing Member's client account (or client accounts as combined) and a second net amount in respect of gains and losses arising on all other Contracts; and
  - (ii) the two net amounts determined under Rule [2-35A-57A.07.4](#)(d)(i) each shall constitute Termination Amounts.

[2-35A-57A.07.5](#) If a Termination Amount determined pursuant to Rule [2-35A-47A.07.4](#) above is a positive amount, the Clearing House shall pay it to the Clearing Member and if any such Termination Amount is a negative amount, the Clearing Member shall pay it to the Clearing House, in either case in accordance with Rule [2-35A-67A.07.6](#). The Clearing House shall notify the Clearing Member of each such Termination Amount, and by which party it is payable, as soon as practicable after the calculation thereof.

~~2-35A-67A.07.6~~ A Termination Amount shall be paid in the Base Currency by the close of business on the business day following notification pursuant to Rule ~~2-35A-57A.07.5~~ above.

~~2-35A-77A.07.7~~ For the purposes of any calculation required to be made under this Rule ~~2-35A7A.07~~, the Clearing House may convert amounts denominated in any other currency into the Base Currency at such rate prevailing at the time of the calculation as it shall reasonably select.

~~2-35A-87A.07.8~~ The rights of the Clearing House and the Clearing Members under this Rule ~~2-35A7A.07~~ shall be in addition to, and not in limitation or exclusion of, any other rights which the Clearing House or the Clearing Member may have.

## **CHAPTER 9: DEFINITIONS AND INTERPRETATIONS**

**“Aggregate Clearing House Contributions”** shall have the meaning ascribed to it in Rule ~~7-15B-2~~ 7A.06.4.1.

**“Clearing Fund”** shall have the meaning ascribed to it in Rule ~~7-03-27A.06.5.2~~.

**“Clearing House Contribution”** shall have the meaning ascribed to it in Rule ~~7-15B-2.a~~ 7A.06.4.1.

**“Contract Class”** or **“Contract Classes”** shall have the meaning ascribed to it in Rule ~~7-03-4~~ 7A.06.5.5

**“Further Assessment Amount”** shall have the meaning ascribed to it in Rule ~~7-15A7A.06.3~~.

**“Multiple Default Period”** shall have the meaning ascribed to it in Rule 7A.06.6.1.

**“Minimum Aggregate Clearing House Contribution”** shall be an amount equivalent to 25% of the clearing fund size, which shall be applied to the Clearing Fund as follows:

- (i) an amount of not less than 15% of the clearing fund size shall be applied to the Clearing House Contribution as referred to in Rule 7A.06.5.2.a.; and
- (ii) the balance of the Minimum Aggregate Clearing House Contributions shall be applied to any or both of the sources referred to in Rules 7A.06.5.2.c1 and 7A.06.5.2.f.

**“Relevant Periods”** shall have the meaning ascribed to it in Rule ~~7-03-27A.06.5.2.b.ii~~.

**“Security Deposit”** means an amount required to be deposited with the Clearing House by each Clearing Member as security for its obligations to the Clearing House in accordance with Rule ~~7-157A.06.2~~.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 7 — Clearing and Margins</b>						
<a href="#">7A.01.2</a>	<a href="#">Clearing Member to comply with conditions and requirements imposed by the Clearing House if its activities are restricted</a>	<a href="#">Compoundable</a>	<a href="#">\$2,000 – \$4,000</a>	<a href="#">\$4,000 – \$7,000</a>	<a href="#">\$7,000 – \$10,000</a>	<a href="#">N.A.</a>
<a href="#">7A.01.4</a>	<a href="#">Clearing Member to notify Clearing House upon the occurrence of any of the events stated in Rule 7A.01.1.</a>	<a href="#">Compoundable</a>	<a href="#">\$2,000 – \$4,000</a>	<a href="#">\$4,000 – \$7,000</a>	<a href="#">\$7,000 – \$10,000</a>	<a href="#">N.A.</a>
<a href="#">7A.02.2</a>	<a href="#">Clearing Member to cooperate with the Clearing House and non-defaulting Clearing Members in respect of actions which the Clearing House may take under Rule 7A.02.1.</a>	<a href="#">Not Compoundable</a>	<a href="#">Not Compoundable</a>			<a href="#">\$10,000</a>
<a href="#">7A.04.2</a>	<a href="#">Suspended or Expelled Clearing Member not to take on or clear new Contracts</a>	<a href="#">Not Compoundable</a>	<a href="#">Not Compoundable</a>			<a href="#">\$10,000</a>
<a href="#">7A.05.1.4</a>	<a href="#">Clearing Member to make up deficiencies in Security Deposit resulting from applications by Clearing House on default by Clearing Member</a>	<a href="#">Not Compoundable</a>	<a href="#">Not Compoundable</a>			<a href="#">\$10,000</a>
<a href="#">7A.05.1.5</a>	<a href="#">Clearing Member not to take any action to interfere with ability of Clearing House to apply the Security Deposit</a>	<a href="#">Not Compoundable</a>	<a href="#">Not Compoundable</a>			<a href="#">\$30,000</a>
<a href="#">7A.06.2.1</a>	<a href="#">Clearing Member to place required Security Deposit with the Clearing House</a>	<a href="#">Not Compoundable</a>	<a href="#">Not Compoundable</a>			<a href="#">\$10,000</a>
<a href="#">7A.06.3.2</a>	<a href="#">Clearing Member to deposit Further Assessment Amount with the Clearing House</a>	<a href="#">Not Compoundable</a>	<a href="#">Not Compoundable</a>			<a href="#">\$10,000</a>

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 7 — Clearing and Margins</b>						
<a href="#">7A.06.3.3</a>	<a href="#">Clearing Member to immediately furnish Further Assessment Amount not deposited with the Clearing House, prior to the close of business on the Business Day immediately following the call</a>	<a href="#">Not Compoundable</a>	<a href="#">Not Compoundable</a>			<a href="#">\$10,000</a>
<a href="#">7A.06.8.1</a>	<a href="#">Clearing Member to make good any deficiency in Security Deposits prior to close of business on Business Day immediately following such application</a>	<a href="#">Not Compoundable</a>	<a href="#">Not Compoundable</a>			<a href="#">\$10,000</a>
<a href="#">7A.07.5</a>	<a href="#">Clearing Member to pay Termination Amount (if negative) to Clearing House</a>	<a href="#">Not Compoundable</a>	<a href="#">Not Compoundable</a>			<a href="#">\$10,000</a>

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 7 — Clearing and Margins</b>						
<a href="#">7.02A.2.2</a>	Eligible OTC transaction to be registered by certain parties	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.02A.2.3</a>	Confirmation of Eligible OTC transaction may only be submitted by certain parties	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.02A.2.4</a>	Parties submitting registration or confirmation of an Eligible OTC transaction to comply with the terms and conditions governing access to and operation of the Trade Registration System	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.02A.2.5</a>	Clearing Member to submit name of Inter Dealer Broker authorised to register OTC transactions	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">7.02A.2.6</a>	Clearing Member to obtain consent of Seller/Buyer before allowing Inter Dealer Broker to register OTC transactions.	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">7.02A.2.7</a>	Registration of Eligible OTC transactions to specify the stipulated details	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">7.02A.2.8</a>	Confirmation of Eligible OTC transactions to specify the stipulated details	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">7.02AA.2.2</a>	Eligible OTCF transaction to be registered by certain parties	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.02AA.2.3</a>	Parties submitting Eligible OTCF Transaction to comply with the terms and conditions governing the access to and operation of the Trade Registration System	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 7 — Clearing and Margins</b>						
<a href="#">7.02AA.2.4</a>	Clearing Member to obtain consent of Original OTCF Contract Counterparty before allowing registration of OTCF Transactions.	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">7.03.1.3</a>	<del>Clearing Member to make up deficiencies in Security Deposit resulting from applications by Clearing House on default by Clearing Member</del>	<del>Not Compoundable</del>	<del>Not Compoundable</del>			<del>\$10,000</del>
<a href="#">7.03.1.4</a>	<del>Clearing Member not to take any action to interfere with ability of Clearing House to apply the Security Deposit</del>	<del>Not Compoundable</del>	<del>Not Compoundable</del>			<del>\$30,000</del>
<a href="#">7.03.12.1</a>	<del>Clearing Member to make good any deficiency in Security Deposits prior to close of business on Business Day immediately following such application</del>	<del>Not Compoundable</del>	<del>Not Compoundable</del>			<del>\$10,000</del>
<a href="#">7.04A</a>	Clearing Member to comply with registration requirements of such NLT, EFP or EFS as set forth in the rules.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.04.5E</a>	<del>Clearing Member in whose name an Eligible OTCF Transaction is to be registered for the purpose of executing default proceedings to provide collateral and to fulfill such other requirements prescribed by the Clearing House from time to time immediately upon becoming a counterparty to the Clearing House.</del>	<del>Compoundable</del>	<del>\$2,000 – \$4,000</del>	<del>\$4,000 – \$7,000</del>	<del>\$7,000 – \$10,000</del>	<del>N.A.</del>

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 7 — Clearing and Margins</b>						
<a href="#">7.08.1</a>	Clearing Member not to place any false or inaccurate entries on any other submission or otherwise provide false or inaccurate information in any document submitted to the Clearing House for clearing purposes	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.09</a>	Clearing Member to submit position change sheets to the Clearing House each trading day by the time specified by the Clearing House	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">7.10.2</a>	Clearing Member to notify the Clearing House in writing and no later than 5 pm on the following Business Day if it believes that there is any error in the recap ledger (produced by Clearing House)	Not Compoundable	Not Compoundable			\$10,000
<a href="#">7.14.1</a>	Clearing Member to deposit additional collateral to cover any shortage in its cash margin held with the Clearing House	Not Compoundable	Not Compoundable			\$30,000
<a href="#">7.15.1</a>	<del>Clearing Member to place required Security Deposit with the Clearing House</del>	<del>Not Compoundable</del>	<del>Not Compoundable</del>			<del>\$10,000</del>
<a href="#">7.15A.2</a>	<del>Clearing Member to deposit Further Assessment Amount with the Clearing House</del>	<del>Not Compoundable</del>	<del>Not Compoundable</del>			<del>\$10,000</del>
<a href="#">7.16</a>	Clearing Member to comply with requirements in relation to reports of large positions	Not Compoundable	Not Compoundable			\$10,000

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 7 — Clearing and Margins</b>						
<a href="#">7.17.1</a>	Clearing Member not to carry speculative long and short positions in the same Commodity for the same Contract Month	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.20.1</a>	Clearing Member to meet margin requirements prescribed by the Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.20.4</a>	Clearing Member to provide the Clearing House with the required regulatory information	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.20.5.4</a>	Clearing Member to deposit such margins as may be required by the Clearing House by reason of any depreciation in the market value of securities	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.22</a>	Clearing Member to comply with requirements in relation to margins of Third Party	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.22A.1</a>	Clearing Member to grant margin credit only if the specified conditions are met.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.22A.1.8</a>	Clearing Member to notify Clearing House if it offers inter-exchange cross margining arrangement to Third Parties	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.26.1</a>	Clearing Member to pay fines for errors, delays and omissions	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.27.1</a>	Subject to approval of the Clearing House, trades to be transferred to the books of another Clearing Member only in the specified circumstances	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 7 — Clearing and Margins</b>						
<a href="#">7.27.2</a>	Except with approval of Clearing House, existing trades on books of Clearing Members not to be transferred to books of another Clearing Member	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.27.3</a>	Relevant Trades to be transferred only if the specified conditions are met.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.27.4.4</a>	Clearing Member to act according to directions of Clearing House for transfer and placement of Relevant Trades	Not Compoundable	Not Compoundable			\$10,000
<a href="#">7.27.6</a>	Clearing Member to report to the Clearing House all transfers and placements made and to maintain full and complete record of all transactions	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.27.7</a>	Clearing Member to furnish such margins as the Clearing House may require	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">7.28.2</a>	Clearing Member to report to the Clearing House all inter-clearing house transfers of positions and maintain a full and complete record of the transfers	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<a href="#">2.06.1</a>	Clearing Member to comply with the Rules and the criteria and requirements for Clearing Membership	<i>[Unless otherwise specified in this Schedule]</i>				
		Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.06.1</a> r/w <a href="#">2.02.1.2</a>	General Clearing Member or its holding company to have group shareholders' funds of at least S\$100,000,000	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.06.1</a> r/w <a href="#">2.02.1.5</a>	General Clearing Member's managerial or executive staff to have a high standard of integrity and level of knowledge	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.06.1</a> r/w <a href="#">2.02.1.6</a>	General Clearing Member to have sufficient resources and adequate systems for preserving sound liquidity and financial position.	Not Compoundable	Not Compoundable			\$10,000
<a href="#">2.06.1</a> r/w <a href="#">2.02.1.7</a>	General Clearing Member to maintain segregated and adequate back office functions	Not Compoundable	Not Compoundable			\$10,000
<a href="#">2.06.1</a> r/w <a href="#">2.02.1.8</a>	General Clearing Member to satisfy requirements and criteria for Clearing Membership which the Clearing House may prescribe from time to time	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.06.1</a> r/w <a href="#">2.02A.1.1</a> & <a href="#">2.02.1.2</a>	Direct Clearing Member or its holding company to have group shareholders' funds of at least S\$100,000,000	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.06.1</a> r/w <a href="#">2.02A.1.1</a> & <a href="#">2.02.1.5</a>	Direct Clearing Member's managerial or executive staff to have a high standard of integrity and level of knowledge	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
2.06.1 r/w 2.02A.1.1 & 2.02.1.6	Direct Clearing Member to have sufficient resources and adequate systems for preserving sound liquidity and financial position.	Not Compoundable	Not Compoundable			\$10,000
2.06.1 r/w 2.02A.1.1 & 2.02.1.7	Direct Clearing Member to maintain segregated and adequate back office functions	Not Compoundable	Not Compoundable			\$10,000
2.06.1 r/w 2.02B.1.4	Bank Clearing Member or its parent bank to have group shareholders' funds of at least S\$100,000,000	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
2.06.1 r/w 2.02B.1.6	Bank Clearing Member's managerial or executive staff to have a high standard of integrity and level of knowledge	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
2.06.1 r/w 2.02B.1.7	Bank Clearing Member to have sufficient resources and adequate systems for preserving sound liquidity and financial position.	Not Compoundable	Not Compoundable			\$10,000
2.06.1 r/w 2.02B.1.8	Bank Clearing Member to maintain segregated and adequate back office functions	Not Compoundable	Not Compoundable			\$10,000
2.06.1 r/w 2.02B.1.9	Bank Clearing Member to satisfy requirements and criteria for such Clearing Membership as the Clearing House may prescribe from time to time	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.06.2</a>	Compliance with SFA	Not Compoundable	Not Compoundable			\$10,000
<a href="#">2.06A</a>	Clearing Member to inform Clearing House immediately of the stipulated events	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<a href="#">2.07.1</a>	General Clearing Member incorporated in Singapore to comply with the minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.07.1A</a>	Direct Clearing Member incorporated in Singapore to comply with the minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.07.1B</a>	Bank Clearing Member incorporated in Singapore to comply with the minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.07.5</a>	Clearing Member incorporated in Singapore to immediately notify the Clearing House if it fails or becomes aware that it will fail to comply with the minimum capital and financial requirements as prescribed	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.07.6</a>	Clearing Member incorporated in Singapore to comply with the directions of the Clearing House where it has failed to comply with the minimum capital and financial requirements	Not Compoundable	Not Compoundable			\$10,000
<a href="#">2.07A.1</a>	Clearing Member incorporated in Singapore to immediately notify the Clearing House of the stipulated failures to meet its financial requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<a href="#">2.07A.2</a>	Clearing Member incorporated in Singapore to comply with the directions of the Clearing House where its financial resources have fallen below the specified threshold	Not Compoundable	Not Compoundable			\$10,000
<a href="#">2.07A.3</a>	General Clearing Member and Direct Clearing Member incorporated in Singapore to comply with the direction of the Clearing House where its aggregate indebtedness have exceeded the specified threshold	Not Compoundable	Not Compoundable			\$10,000
<a href="#">2.07B.1</a>	Clearing Member incorporated in Singapore to notify the Clearing House if financial resources fall below the specified threshold	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.07B.3</a>	Clearing Member incorporated in Singapore to comply with the directions of the Clearing House where its financial resources have fallen below the specified threshold	Not Compoundable	Not Compoundable			\$10,000
<a href="#">2.08.1</a>	General Clearing Member incorporated outside Singapore to comply with minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.08.1A</a>	Direct Clearing Member incorporated outside Singapore to comply with minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<a href="#">2.08.1B</a>	Bank Clearing Member incorporated outside Singapore to comply with the minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.08.5</a>	Clearing Member incorporated outside Singapore to immediately notify the Clearing House if it fails or becomes aware that it will fail to meet the minimum capital and financial requirements as prescribed	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.08.6</a>	Clearing Member incorporated outside Singapore to comply with the directions of the Clearing House where a Clearing Member has failed to comply with the minimum capital and financial requirements	Not Compoundable	Not Compoundable			\$10,000
<a href="#">2.08A.1</a>	Clearing Member incorporated outside Singapore to immediately notify the Clearing House of the stipulated failures to meet its financial requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.08A.2</a>	Clearing Member incorporated outside Singapore to comply with the directions of the Clearing House where its adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House have fallen below the specified threshold	Not Compoundable	Not Compoundable			\$10,000

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<a href="#">2.08A.3</a>	Clearing Member incorporated outside Singapore to comply with the directions of the Clearing House where its aggregate indebtedness has exceeded the specified threshold	Not Compoundable	Not Compoundable			\$10,000
<a href="#">2.08B.1</a>	Clearing Member incorporated outside Singapore to immediately notify the Clearing House if its adjusted net head office funds or cash and/or acceptable government securities have fallen below the specified threshold	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.08B.3</a>	Clearing Member incorporated outside Singapore to comply with the directions of the Clearing House where its adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House or CDP have fallen below the specified threshold	Not Compoundable	Not Compoundable			\$10,000
<a href="#">2.09.1</a>	General Clearing Member incorporated in Singapore to maintain the stipulated special reserve fund	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.09.2</a>	Special reserve fund not to be available for the declaration of dividends without the approval of the Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.10.1</a>	General Clearing Member incorporated outside Singapore to maintain the stipulated special reserve fund	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<a href="#">2.10.2</a>	Special reserve fund not to be available for the declaration of dividends without the approval of the Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.11.1.1</a>	Clearing Member incorporated in Singapore, except in the case of Bank Clearing Member, not to reduce paid-up capital without prior approval of the Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.11.2.1</a>	Clearing Member incorporated in Singapore, except in the case of a Bank Clearing Member, to immediately notify the Clearing House prior to the date of issue of any preference share	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.11.2.2</a>	Clearing Member incorporated in Singapore, except in the case of Bank Clearing Member, not to redeem any redeemable preference share unless the Clearing Member complies with conditions set out	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.11.3.1</a>	Clearing Member incorporated in Singapore to immediately notify the Clearing House when it draws down a qualifying subordinated loan no later than the date of draw down	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<a href="#">2.11.3.2</a>	Clearing Member incorporated in Singapore not to repay, whether in part or in full any subordinated loan principal before the maturity date without the prior approval of the Clearing House or any subordinated loan principal that has matured subject to conditions set out	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.11.4.1</a>	Clearing Member, except for a Bank Clearing Member not to make any unsecured loan or advance, pay any dividend or director's fees or increase any director's remuneration without the prior approval of the Clearing House, unless the stipulated conditions are met	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.11.5.1</a>	Clearing Member to maintain minimum capital to meet loss exposure in excess of prescribed price band and to notify the Clearing House that it has fulfilled the requirement	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13.1.1</a>	Clearing Member to maintain bank accounts in the currencies that may incur settlement and with banks acceptable to the Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13.1.2</a>	Clearing Member to clear OTC Contracts and/or Contracts made on any Relevant Market by such members of the Relevant Market with whom it has agreed to clear	Not Compoundable	Not Compoundable			\$10,000

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<a href="#">2.13.1.3</a>	Clearing Member not to carry any account or clear any Contract for the benefit of an employee or officer of another Clearing Member without prior approval of the other Clearing Member	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13.1.4</a>	Clearing Member not to provide funds, credit or finance any other Clearing Member or member of a Relevant Market without the prior approval of the Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13.1.5</a>	Clearing Member to provide and maintain Security Deposit in addition to any security deposit requirement that may be required	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13.1.7</a>	Clearing Member to clear Contracts made on any Relevant Market by any person through any approved electronic trading terminal or facilities provided to it or to such members of the Relevant Market to whom it shall have agreed to provide clearing services	Not Compoundable	Not Compoundable			\$10,000
<a href="#">2.13.1.8</a>	Clearing Member to have in place sufficient resources and establish and maintain adequate internal control and risk management system for its businesses	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13.1.9</a>	Clearing Member to comply with such other requirements as may be prescribed by the Clearing House from time to time	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<a href="#">2.13A.1</a>	Clearing Member to assess business and operational risk and maintain adequate business continuity arrangements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13A.2</a>	Clearing Member to document its business continuity arrangements in a business continuity plan	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13A.3</a>	Clearing Member to demonstrate awareness of risks, mitigating measures and state of readiness by way of attestation to the Board of Directors	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">2.13A.4</a>	Clearing Member to review and test its business continuity plan regularly	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.13A.5</a>	Clearing Member to appoint emergency contact persons and furnish the contact information to the Clearing House	Compoundable	\$500	\$1,000	\$2,000	N.A.
	Clearing Member's emergency contact persons to be contactable at all times	Compoundable	\$500	\$1,000	\$2,000	N.A.
	Clearing Member to notify Clearing House in the event of emergencies	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.14.1</a>	Clearing Member to prepare, maintain and keep current books and records required by this Rules and SFA, where they shall be open to inspection and promptly provided to the Clearing House upon request	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<a href="#">2.14.2</a>	Clearing Member to file any information requested by the Clearing House within the time period specified in the request	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.14.3</a>	Clearing Member to maintain the ability to provide, in an acceptable form, a complete set of equity system reports to the Clearing House upon the Clearing House's request	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.14.3A</a>	Clearing Member to submit to the Clearing House a report on all its credit facilities with its financial institutions, any change to its credit facilities immediately upon such change, and the identities of the owners or controlling parties for any House Account or Customer Account	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.14.4</a>	Clearing Member to notify Clearing House when it fails to make or keep current the books and records required by the Clearing House and shall thereafter comply with all orders of the Clearing House	Not Compoundable	Not Compoundable			\$10,000
<a href="#">2.15.1</a>	General Clearing Member to furnish the required statutory audit report in accordance with the specified timelines	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.15.1A</a>	Direct Clearing Member to furnish the required audit report in accordance with the specified timelines	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<a href="#">2.15.1B</a>	Bank Clearing Member to furnish the required audit report in accordance with the specified timelines	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.15.2</a>	General Clearing Member or Bank Clearing Member to cause its internal auditors to conduct the required internal audit and submit a report	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.17.1.1</a>	General Clearing Member not to grant any unsecured advance, loan or credit facility to any of its directors or their connected persons	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.17.1.2</a>	General Clearing Member not to grant any unsecured advance, loan or credit facility to its officers or its employees which exceeds one year's emoluments of the person	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.18.1.1</a>	General Clearing Member or Bank Clearing Member to inform the Clearing House of such information as the Clearing House requires to discharge its segregation obligations under the SFA or enable it to issue the verification of margin funds statement to the Authority	Not Compoundable	Not Compoundable			\$10,000
<a href="#">2.18.3</a>	Clearing Member not to fix the Clearing House with a notice of fact or claim in respect of any Third Party	Not Compoundable	Not Compoundable			\$10,000

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<a href="#">2.19.1</a>	Clearing Member to provide Clearing House with the required information in relation to Omnibus Accounts	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">2.19.3</a>	Clearing Member to ensure that the Omnibus Account is operated at all times in accordance with the Rules	<i>[Unless otherwise specified in this Schedule]</i>				
		Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">2.19.4</a>	Clearing Member to notify Clearing House of any failure by the Omnibus Account Holder to disclose its gross long and short positions	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
	Clearing Member to comply with the orders of the Clearing House if the Omnibus Account Holder fails to make the required disclosure	Not Compoundable	Not Compoundable			\$10,000
	Clearing Member to ensure that Omnibus Account Holder is aware of this Rule.	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">2.20.3</a>	Clearing Member to ensure compliance with respective position limits prescribed by Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<a href="#">2.20.4</a>	Clearing Member to furnish such documents as the Clearing House may require where the aggregate maintenance margins exceed such relevant amount as may be prescribed by the Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.20B</a>	Clearing Member to withhold profits from overtrading upon notification by the Clearing House	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.21.1</a>	Clearing Member to ensure that its Memorandum and Articles of Association conform to this Rules	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.22.1.1</a>	Clearing Member to notify the Clearing House of any change in ownership	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.22.1.2</a>	Clearing Member to notify the Clearing House of any change in circumstances which may alter the control of itself	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.22.1.3</a>	Clearing Member to notify the Clearing House of any change in director	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.22.1.4</a>	Clearing Member to notify the Clearing House of any change in name	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.22.1.5</a>	Clearing Member to notify the Clearing House of change to constitutive documents	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.22.1.6</a>	Clearing Member to notify the Clearing House of the death or bankruptcy of a director	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<a href="#">2.22.1.7</a>	Clearing Member to notify the Clearing House of the engagement or involvement in any new business or change in business	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.22.1.8</a>	Clearing Member to notify Clearing House of any change in senior management	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.23.1.1</a>	Clearing Member to notify the Clearing House of the stipulated reduction in capital within the timelines	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.23.1.2</a>	Clearing Member to immediately notify the Clearing House of any under-segregation	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.24</a>	General Clearing Member or Direct Clearing Member not to appoint CEO, Deputy CEO unless the prior written approval of the Clearing House is obtained	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
<a href="#">2.25</a>	Clearing Member to inform and consult the Clearing House at least 30 days prior to any general meeting where new auditors are to be appointed	Compoundable	\$500	\$1,000	\$2,000	N.A.
<a href="#">2.26.1</a>	Clearing Member to submit to the Clearing House such financial statements and in accordance with such timelines as required by the Clearing House	Not Compoundable	Not Compoundable			\$10,000
<a href="#">2.26.2</a>	Clearing Member to keep records of formal computations of capital and financial requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<u>2.27</u>	Clearing Member to notify the Clearing House of undermargined Customer Accounts and House Accounts	Not Compoundable	Not Compoundable			\$10,000
<u>2.28.2</u>	<del>Clearing Member to comply with the stipulated procedures for resigning</del>	Compoundable	<del>\$2,000—\$4,000</del>	<del>\$4,000—\$7,000</del>	<del>\$7,000—\$10,000</del>	<del>N.A.</del>
<u>2.28.2B</u>	<u>Clearing Member not to increase its positions in any Contract during its Notice Period unless permitted by the Clearing House or under this Rules</u>	<u>Compoundable</u>	<u>\$2,000 – \$4,000</u>	<u>\$4,000 – \$7,000</u>	<u>\$7,000 – \$10,000</u>	<u>N.A.</u>
<u>2.30.1A</u>	<del>Clearing Member to notify Clearing House upon becoming insolvent or upon occurrence of any of the events stated in Rule 2.30.1</del>	Compoundable	<del>\$2,000—\$4,000</del>	<del>\$4,000—\$7,000</del>	<del>\$7,000—\$10,000</del>	<del>N.A.</del>
<u>2.31.1.1</u>	<del>Clearing Member to deliver margins to Clearing House to be entrusted to Clearing Member(s) to handle transaction for defaulted Clearing Member</del>	Not Compoundable	Not Compoundable			\$10,000
<u>2.33.2</u>	<del>Suspended or Expelled Clearing Member not to take on or clear new Contracts</del>	Not Compoundable	Not Compoundable			\$10,000
<u>2.35.2</u>	Clearing Member to notify relevant parties in an event of Force Majeure	Not Compoundable	Not Compoundable			\$10,000

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
<b>Chapter 2 — Clearing Membership</b>						
<a href="#">2.35A.5</a>	<del>Clearing Member to pay Termination Amount (if negative) to Clearing House</del>	Not Compoundable	Not Compoundable			\$10,000
<a href="#">2.37.1</a>	Clearing Member to ensure that agreements with Third Parties provide that all Contracts are subject to the Rules, SFA and SFR and that this is agreed upon.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.

## Practice Note 7A.02.1.5.c.ii OTCF Product Group By Currency

Issue Date	Cross Reference	Enquiries
6 August 2012	Clearing Rules 7A.02.1.5.c.ii	Please contact:  <b>Risk Management</b> E-Mail Address : <a href="mailto:rmd@sgx.com">rmd@sgx.com</a>

### 1. Introduction

- 1.1. Rule 7A.02.1.5.c.ii states that the Clearing House may assign residual OTCF positions of a suspended or defaulted Clearing Member to a non-defaulting Clearing Member which has cleared such product group in such currency in the last three months. The residual OTCF positions may be assigned if it is in the Clearing House's good faith opinion that an auction of such positions is impossible or impracticable.
- 1.2. This Practice Note explains what is meant by a product group and sets out the OTCF product group by currency referred to in Rule 7A.02.1.5.c.ii, which are cleared through the Clearing House.

### 2. Product Group By Currency

- 2.1. A product group means a distinct group of OTCF Contracts in a specified currency for which the Clearing House offers clearing services.
- 2.2. The Product Groups by currency cleared through the Clearing House are as follows:

<u>Product Group</u>	<u>Currency</u>
Interest rate swaps	(a) Singapore dollars (b) US dollars
Non-deliverable foreign exchange forwards	(a) Chinese Yuan (b) Indian Rupee (c) Indonesian Rupiah (d) Korean Won (e) Malaysian Ringgit (f) New Taiwan Dollar (g) Philippine Peso

- 2.3. As an example, a suspended or defaulted Clearing Member's residual OTCF positions in Singapore dollar interest rate swaps may only be assigned to a non-defaulting Clearing Member which has cleared Singapore dollar interest rate swaps in the last three months. The residual OTCF positions may not be assigned to a non-defaulting Clearing Member which has cleared US dollar interest rate swaps, but not Singapore dollar interest rate swaps in the last three months.