

Amendments to SGX-DC Clearing Rules to support the introduction of Central Counterparty Clearing Services for Over-The-Counter Traded Financial Derivatives

Current Rules	New Rules
CHAPTER 2: MEMBERSHIP	CHAPTER 2: MEMBERSHIP
2.02 ELIGIBILITY CRITERIA FOR GENERAL CLEARING MEMBERS	2.02 ELIGIBILITY CRITERIA FOR GENERAL CLEARING MEMBERS
New Rule	<p><u>2.02.2 Unless otherwise prescribed by the Clearing House, to be eligible for Clearing Membership as a General Clearing Member clearing OTCF Contracts, an applicant must, in addition to the eligibility criteria prescribed under Rule 2.02.1, satisfy the Clearing House that:</u></p> <p><u>2.02.2.1 it has a base capital of not less than S\$50,000,000 or such other amount as may be prescribed by the Clearing House from time to time; and</u></p> <p><u>2.02.2.2 its holding company:</u></p> <ul style="list-style-type: none"> <u>a. is a bank that is regulated as such by a financial authority;</u> <u>b. has at least S\$1,000,000,000 of paid-up ordinary share capital and unappropriated profit or loss; and</u> <u>c. has a long term rating of at least A, together with:</u> <ul style="list-style-type: none"> <u>i. a bank financial strength rating of at least C from Moody's Investors Service;</u> <u>ii. a bank fundamental strength rating of at least C from Standard & Poor's Corporation;</u>

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	<p>iii. <u>a bank individual rating of at least C from Fitch, Inc; or</u></p> <p>iv. <u>an equivalent rating from any other international rating agency deemed acceptable by the Clearing House.</u></p>
New Rule	<p><u>2.02.3 If there is at any time any downgrade in the rating of the holding company of a General Clearing Member approved by the Clearing House to clear OTCF Contracts such that it falls below the minimum prescribed rating, the Clearing House may, in its absolute discretion, impose additional conditions as it deems fit for permitting the General Clearing Member to continue to clear OTCF Contracts.</u></p>
2.02B ELIGIBILITY CRITERIA FOR BANK CLEARING MEMBERS	2.02B ELIGIBILITY CRITERIA FOR BANK CLEARING MEMBERS

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<p>2.02B.1 Unless otherwise prescribed by the Clearing House, to be eligible for Clearing Membership as a Bank Clearing Member, an applicant must satisfy the Clearing House that:-</p> <p>2.02B.1.1 it is authorised to conduct banking business in Singapore pursuant to section 4 of the Banking Act (Chapter 19);</p> <p>2.02B.1.2 it or its parent bank has a financial strength rating of at least C from Moody’s Investors Service, a bank fundamental strength rating of at least C from Standard & Poor’s Corporation, a bank individual rating of at least C from Fitch, Inc or an equivalent rating from any other international rating agency deemed acceptable by the Clearing House;</p> <p>[.]</p>	<p>2.02B.1 Unless otherwise prescribed by the Clearing House, to be eligible for Clearing Membership as a Bank Clearing Member, an applicant must satisfy the Clearing House that:-</p> <p>2.02B.1.1 it is authorised to conduct banking business in Singapore pursuant to section 4 of the Banking Act (Chapter 19);</p> <p>2.02B.1.2 it or its parent bank has <u>a long term rating of at least A, together with:</u></p> <p><u>a.</u> a <u>bank</u> financial strength rating of at least C from Moody’s Investors Service;¹⁷</p> <p><u>b.</u> a bank fundamental strength rating of at least C from Standard & Poor’s Corporation;¹⁷</p> <p><u>c.</u> a bank individual rating of at least C from Fitch, Inc; or</p> <p><u>d.</u> an equivalent rating from any other international rating agency deemed acceptable by the Clearing House;</p> <p>[.]</p>
<p>2.02B.1.4 it or its parent bank has group shareholders’ funds of at least S\$100,000,000;</p> <p>[.]</p>	<p>2.02B.1.4 it or its parent bank has <u>group shareholders’ funds of at least S\$1,000,000,000 of paid-up ordinary share capital and unappropriated profit or loss;</u></p> <p>[.]</p>

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<p>2.02B.1.10 where it is incorporated in Singapore,</p> <p>a. it has a base capital of not less than S\$5,000,000; or</p> <p>b. in the case of an applicant admitted as a clearing member of the Clearing House and CDP, it has a base capital of not less than S\$8,000,000;</p> <p>or such other amount as may be prescribed by the Clearing House hereafter and from time to time; or</p>	<p>2.02B.1.10 unless otherwise exempted under Rule 2.02B.3, where it is incorporated in Singapore,</p> <p>a. it has a base capital of not less than S\$5,000,000; or</p> <p>b. in the case of an applicant admitted as a clearing member of the Clearing House and CDP, it has a base capital of not less than S\$8,000,000;</p> <p>or such other amount as may be prescribed by the Clearing House hereafter and from time to time; or</p>
<p>2.02B.1.11 where it is incorporated outside Singapore,</p> <p>[.]</p>	<p>2.02B.1.11 unless otherwise exempted under Rule 2.02B.3, where it is incorporated outside Singapore,</p> <p>[.]</p>
<p>New Rule</p>	<p>2.02B.3 Rules 2.02B.1.10 and 2.02B.1.11 shall not apply to a Bank Clearing Member who clears only OTCF Contracts (and not any other Contract Class).</p>
<p>2.06A REPORTING</p>	<p>2.06A REPORTING</p>
<p>2.06A.1 A Clearing Member must inform the Clearing House in writing immediately if it or any of its directors, officers, Registered Persons, employees, or agents:-</p> <p>[.]</p>	<p>2.06A.1 Except for a Bank Clearing Member,–Aa Clearing Member must inform the Clearing House in writing immediately if it or any of its directors, officers, Registered Persons, employees, or agents:-</p> <p>[.]</p>

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New Rule	<p><u>2.06A.2 A Bank Clearing Member must inform the Clearing House immediately in writing if it or any of its director(s) who is(are) resident in Singapore and/or responsible for its business governed by this Rules, officers, Registered Persons, employees, or agents, in respect of its business governed by this Rules, :-</u></p>
New Rule	<p><u>2.06A.2.1 breaches the SFA or SFR;</u></p> <p><u>2.06A.2.2 breaches this Rules;</u></p> <p><u>2.06A.2.3 breaches the rules of any other exchange or clearing house;</u></p> <p><u>2.06A.2.4 breaches any provision involving fraud or dishonesty, whether in or out of Singapore;</u></p> <p><u>2.06A.2.5 breaches director’s duties;</u></p> <p><u>2.06A.2.6 is the subject of a written complaint involving an allegation of fraud or dishonesty, whether in or out of Singapore;</u></p> <p><u>2.06A.2.7 is the subject of an investigation involving an allegation of fraud or dishonesty, whether in or out of Singapore;</u></p> <p><u>2.06A.2.8 is the subject of any disciplinary action taken by the Clearing Member involving suspension, termination, withholding of commissions, fines or any other significant limitation of activities;</u></p>

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		<p>2.06A.2.9 engages in conduct that has the effect of circumventing the SFA, SFR or this Rules;</p> <p>2.06A.2.10 engages in conduct which is inconsistent with the principles of good business practice;</p> <p>2.06A.2.11 engages in conduct which is detrimental to the financial integrity, reputation or interests of the Clearing House, or clearing facilities established or operated by the Clearing House; or</p> <p>2.06A.2.12 is insolvent, or has been issued a bankruptcy or winding up proceeding.</p>	
2.07	MINIMUM CAPITAL AND FINANCIAL REQUIREMENTS OF CLEARING MEMBERS INCORPORATED IN SINGAPORE	2.07	MINIMUM CAPITAL AND FINANCIAL REQUIREMENTS OF CLEARING MEMBERS INCORPORATED IN SINGAPORE
2.07.1	Each General Clearing Member incorporated in Singapore shall at all times :-	2.07.1	Each General Clearing Member incorporated in Singapore shall at all times :-
2.07.1.1	<u>Base Capital Requirement</u>	2.07.1.1	<u>Base Capital Requirement</u>
a.	maintain a base capital of not less than S\$5,000,000; or	a.	maintain a base capital of not less than S\$5,000,000; or
b.	in the case of a General Clearing Member who is also a clearing member of CDP, maintain a base capital of not less than S\$8,000,000;	b.	in the case of a General Clearing Member who is also a clearing member of CDP, maintain a base capital of not less than S\$8,000,000; <u>or</u>
[.]		c.	<u>in the case of a General Clearing Member</u>

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	<p><u>who wishes to clear OTCF Contracts, maintain a base capital of not less than S\$50,000,000;</u></p> <p><u>or such other amount as may be prescribed by the Clearing House from time to time.</u></p> <p>[.]</p>
<p>2.07.1B Each Bank Clearing Member incorporated in Singapore shall at all times:-</p> <p>[.]</p>	<p>2.07.1B <u>Unless otherwise exempted under Rule 2.07.8,</u> Each Bank Clearing Member incorporated in Singapore shall at all times:-</p> <p>[.]</p>
<p>New Rule</p>	<p><u>2.07.8 Rules 2.07.1B, 2.07A.1, 2.07A.2, 2.07B.1 and 2.07B.3 shall not apply to a Bank Clearing Member incorporated in Singapore who clears only OTCF Contracts (and not any other Contract Class).</u></p>
<p>2.07A EARLY WARNING FINANCIAL REQUIREMENTS OF CLEARING MEMBERS INCORPORATED IN SINGAPORE</p>	<p>2.07A EARLY WARNING FINANCIAL REQUIREMENTS OF CLEARING MEMBERS INCORPORATED IN SINGAPORE</p>
<p>2.07A.1 Each Clearing Member incorporated in Singapore shall immediately notify the Clearing House:-</p> <p>[.]</p>	<p>2.07A.1 <u>Unless otherwise exempted under Rule 2.07.8,</u> Each Clearing Member incorporated in Singapore shall immediately notify the Clearing House:-</p> <p>[.]</p>
<p>2.07A.2 If the Clearing House is notified by a Clearing Member under Rule 2.07A.1.1 or becomes aware (whether or not there has been any notification by the Clearing Member under Rule</p>	<p>2.07A.2 <u>Unless otherwise exempted under Rule 2.07.8,</u> If the Clearing House is notified by a Clearing Member under Rule 2.07A.1.1 or becomes aware (whether or not there has been any notification</p>

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	2.07A.1.1) that such Clearing Member's financial resources have fallen below 120% of its total risk requirement, the Clearing House may direct:- [.]		by the Clearing Member under Rule 2.07A.1.1) that such Clearing Member's financial resources have fallen below 120% of its total risk requirement, the Clearing House may direct:- [.]
2.07B	NOTIFICATION REQUIREMENTS OF CLEARING MEMBERS INCORPORATED IN SINGAPORE	2.07B	NOTIFICATION REQUIREMENTS OF CLEARING MEMBERS INCORPORATED IN SINGAPORE
2.07B.1	Each Clearing Member incorporated in Singapore shall immediately notify the Clearing House if its financial resources fall below 150% of its total risk requirement.	2.07B.1	Unless otherwise exempted under Rule 2.07.8, Each Clearing Member incorporated in Singapore shall immediately notify the Clearing House if its financial resources fall below 150% of its total risk requirement.
2.07B.2	The Clearing House may from time to time prescribe other notification requirements and conditions for exemptions or exceptions therefrom on all or any of the Clearing Members.		No change
2.07B.3	If the Clearing House is notified by a Clearing Member under Rule 2.07B.1 or becomes aware (whether or not there has been any notification by the Clearing Member under Rule 2.07B.1) that such Clearing Member's financial resources have fallen below 150% of its total risk requirement, the Clearing House may direct such Clearing Member to do one (1) or more of the following actions:- [.]	2.07B.3	Unless otherwise exempted under Rule 2.07.8, If the Clearing House is notified by a Clearing Member under Rule 2.07B.1 or becomes aware (whether or not there has been any notification by the Clearing Member under Rule 2.07B.1) that such Clearing Member's financial resources have fallen below 150% of its total risk requirement, the Clearing House may direct such Clearing Member to do one (1) or more of the following actions:- [.]
2.08	MINIMUM CAPITAL AND FINANCIAL REQUIREMENTS OF	2.08	MINIMUM CAPITAL AND FINANCIAL REQUIREMENTS OF

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Current Rules		New Rules	
CLEARING MEMBERS INCORPORATED OUTSIDE SINGAPORE ⁸		CLEARING MEMBERS INCORPORATED OUTSIDE SINGAPORE ⁸	
2.08.1	Each General Clearing Member incorporated outside Singapore shall at all times:- 2.08.1.1 <u>Base Capital Requirement</u> a. maintain net head office funds of not less than S\$5,000,000; or b. in the case of a General Clearing Member who is also a clearing member of CDP, maintain net head office funds of not less than S\$8,000,000; [.]	2.08.1	Each General Clearing Member incorporated outside Singapore shall at all times:- 2.08.1.1 <u>Base Capital Requirement</u> a. maintain net head office funds of not less than S\$5,000,000; or b. in the case of a General Clearing Member who is also a clearing member of CDP, maintain net head office funds of not less than S\$8,000,000; <u>or</u> <u>c. in the case of a General Clearing Member who wishes to clear OTCF Contracts, maintain net head office funds of not less than S\$50,000,000;</u> <u>or such other amount as may be prescribed by the Clearing House from time to time.</u> [.]
2.08.1B	Each Bank Clearing Member incorporated outside Singapore shall at all times:-	2.08.1B	<u>Unless otherwise exempted under Rule 2.08.8,</u> Each Bank Clearing Member incorporated outside Singapore shall at all times:-

⁸ Revised, effective 1 October 2003. Circular No. DC/CCM-4 of 2003 (20 January 2003).

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[.]	[.]
New Rule	2.08.8 Rules 2.08.1B, 2.08A.1, 2.08A.2, 2.08B.1, 2.08B.3 and 2.08C.1 shall not apply to a Bank Clearing Member incorporated outside Singapore who clears only OTCF Contracts (and not any other Contract Class).
2.08A EARLY WARNING FINANCIAL REQUIREMENTS OF CLEARING MEMBERS INCORPORATED OUTSIDE SINGAPORE¹⁰	2.08A EARLY WARNING FINANCIAL REQUIREMENTS OF CLEARING MEMBERS INCORPORATED OUTSIDE SINGAPORE¹⁰
2.08A.1 Each Clearing Member incorporated outside Singapore shall immediately notify the Clearing House:- [.]	2.08A.1 Unless otherwise exempted under Rule 2.08.8 , Each Clearing Member incorporated outside Singapore shall immediately notify the Clearing House:- [.]
2.08A.2 If the Clearing House is notified by a Clearing Member under Rule 2.08A.1.1 or becomes aware (whether or not there has been any notification by the Clearing Member under Rule 2.08A.1.1) that such Clearing Member's adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to Rule 2.08.1B.1 (whichever is applicable), have fallen below 120% of its total risk requirement, the Clearing House may direct:- <i>(DC002/2009)</i> [.]	2.08A.2 Unless otherwise exempted under Rule 2.08.8 , if the Clearing House is notified by a Clearing Member under Rule 2.08A.1.1 or becomes aware (whether or not there has been any notification by the Clearing Member under Rule 2.08A.1.1) that such Clearing Member's adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to Rule 2.08.1B.1 (whichever is applicable), have fallen below 120% of its total risk requirement, the Clearing House may direct:- <i>(DC002/2009)</i> [.]

¹⁰ Added, effective 1 October 2003. Circular No. DC/CCM-4 of 2003 (20 January 2003).

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<p>2.08B NOTIFICATION REQUIREMENTS OF CLEARING MEMBERS INCORPORATED OUTSIDE SINGAPORE⁽⁹⁾</p>	<p>2.08B NOTIFICATION REQUIREMENTS OF CLEARING MEMBERS INCORPORATED OUTSIDE SINGAPORE⁽⁹⁾</p>
<p>2.08B.1 Each Clearing Member incorporated outside Singapore shall immediately notify the Clearing House if its adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to Rule 2.08.1B.1 (whichever is applicable), fall below 150% of its total risk requirement. <i>(DC002/2009)</i></p>	<p>2.08B.1 <u>Unless otherwise exempted under Rule 2.08.8,</u> Each Clearing Member incorporated outside Singapore shall immediately notify the Clearing House if its adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to Rule 2.08.1B.1 (whichever is applicable), fall below 150% of its total risk requirement. <i>(DC002/2009)</i></p>
<p>2.08B.3 If the Clearing House is notified by a Clearing Member under Rule 2.08B.1 or becomes aware (whether or not there has been any notification by the Clearing Member under Rule 2.08B.1) that such Clearing Member’s adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to Rule 2.08.1B.1 (whichever is applicable), have fallen below 150% of its total risk requirement, the Clearing House may direct such Clearing Member to do one (1) or more of the following actions:- <i>(DC002/2009)</i></p> <p>[.]</p>	<p>2.08B.3 <u>Unless otherwise exempted under Rule 2.08.8,</u> if the Clearing House is notified by a Clearing Member under Rule 2.08B.1 or becomes aware (whether or not there has been any notification by the Clearing Member under Rule 2.08B.1) that such Clearing Member’s adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to Rule 2.08.1B.1 (whichever is applicable), have fallen below 150% of its total risk requirement, the Clearing House may direct such Clearing Member to do one (1) or more of the following actions:- <i>(DC002/2009)</i></p> <p>[.]</p>
<p>2.08C QUALIFYING LETTER OF CREDIT⁽¹⁰⁾</p>	

⁽⁹⁾ Added, effective 1 October 2003. Circular No. DC/CCM-4 of 2003 (20 January 2003).

⁽¹⁰⁾ Revised, effective 1 October 2003. Circular No. DC/CCM-4 of 2003 (20 January 2003).

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<p>2.08C.1 For the purpose of Rules 2.08, 2.08A and 2.08B, a Clearing Member may include one (1) or more qualifying letter(s) of credit deposited with the Clearing House in its calculation of adjusted net head office funds subject to the total amount payable under the qualifying letter(s) of credit or 50% of its total risk requirement, whichever is lower. In the case of a Clearing Member admitted as a clearing member of the Clearing House and CDP, and which has deposited such qualifying letter(s) of credit with CDP, pursuant to the corresponding provisions in the CDP Clearing Rules, it need not deposit another qualifying letter(s) of credit with the Clearing House.</p>	<p>2.08C.1 Unless otherwise exempted under Rule 2.08.8, Ffor the purpose of Rules 2.08, 2.08A and 2.08B, a Clearing Member may include one (1) or more qualifying letter(s) of credit deposited with the Clearing House in its calculation of adjusted net head office funds subject to the total amount payable under the qualifying letter(s) of credit or 50% of its total risk requirement, whichever is lower. In the case of a Clearing Member admitted as a clearing member of the Clearing House and CDP, and which has deposited such qualifying letter(s) of credit with CDP, pursuant to the corresponding provisions in the CDP Clearing Rules, it need not deposit another qualifying letter(s) of credit with the Clearing House.</p>
<p>2.11 OTHER FINANCIAL REQUIREMENTS</p>	<p>2.11 OTHER FINANCIAL REQUIREMENTS</p>
<p>2.11.5 Capital to Meet Loss Exposure</p>	<p>2.11.5 Capital to Meet Loss Exposure</p>
<p>2.11.5.1 Before a Clearing Member can clear an Eligible OTC transaction which trade price falls outside the price band prescribed by the Clearing House (referred to at Rule 7.02A.1.1), it shall maintain at least the minimum capital required by the Clearing House, to meet the loss exposure in excess of the prescribed price band. The Clearing Member shall notify the Clearing House prior to the close of business of the next Business Day that it has fulfilled such capital requirements.</p>	<p>2.11.5.1 Before a Clearing Member can clear an Eligible OTC £transaction which trade price falls outside the price band prescribed by the Clearing House (referred to at Rule 7.02A.1.1), it shall maintain at least the minimum capital required by the Clearing House, to meet the loss exposure in excess of the prescribed price band. The Clearing Member shall notify the Clearing House prior to the close of business of the next Business Day that it has fulfilled such capital requirements.</p>
<p>RIGHTS AND OBLIGATION OF CLEARING MEMBERS</p>	<p>RIGHTS AND OBLIGATION OF CLEARING MEMBERS</p>
<p>2.12 RIGHTS OF CLEARING MEMBERS</p>	<p>2.12 RIGHTS OF CLEARING MEMBERS</p>
<p>2.12.1 Every Clearing Member shall have only such rights and obligations as are set out in the Member Terms. The rights and</p>	<p>Every Clearing Member shall have only such rights and obligations as are set out in the Member Terms terms and conditions governing its Clearing</p>

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obligations attaching to such Clearing Member's Clearing Membership may be varied or abrogated by the Clearing House from time to time.	Membership. Such terms and conditions shall also set out the Contract Class or Contract Classes, as the case may be, that each class of Clearing Membership is eligible to clear. The rights and obligations attaching to such Clearing Member's Clearing Membership may be varied or abrogated by the Clearing House from time to time.
2.22 CHANGE OR INTENDED CHANGE	2.22 CHANGE OR INTENDED CHANGE
2.22.1 Without prejudice to any other provisions of this Rules, every Clearing Member shall forthwith notify the Clearing House upon, or where practicable, pre-notify the Clearing House of, the happening of all or any of the following events:-	No change
2.22.1.1 any change in the legal or beneficial ownership of 20% or more of such Clearing Member's share capital and any subsequent increase of 5% or more of such Clearing Member's share capital;	2.22.1.1 except for a Bank Clearing Member , any change in the legal or beneficial ownership of 20% or more of such Clearing Member's share capital and any subsequent increase of 5% or more of such Clearing Member's share capital;
New Rule	2.22.1.1A in the case of a Bank Clearing Member: <p style="margin-left: 40px;">(a) any change in the legal or beneficial ownership of that Bank Clearing Member's share capital ; and</p> <p style="margin-left: 40px;">(b) any subsequent increase of that Bank Clearing Member's share capital</p> <p style="margin-left: 40px;">above any thresholds imposed by any law or regulation to which that Bank Clearing Member is subject.</p>
[.]	No change

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<p>2.31 OPEN POSITIONS OF DEFAULTED/SUSPENDED CLEARING MEMBERS</p>	<p>2.31 OPEN POSITIONS OF DEFAULTED/SUSPENDED CLEARING MEMBERS</p>
<p>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:-</p> <p>[.]</p>	<p>No change</p>
<p>2.31.1.4 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, 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 and 2.31.1.3 respectively, the Clearing House may, in addition to any other power or right it may have, invoice back such positions to the defaulting Clearing Member while simultaneously also invoicing back the equivalent number of positions or as nearly equivalent number of such positions as the Clearing House may deem practical to other non-defaulting 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 Clearing Member and/or</p>	<p>2.31.1.4 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, 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 and 2.31.1.3 respectively, the Clearing House may, in addition to any other power or right it may have, invoice back such positions to the defaulting Clearing Member while simultaneously also invoicing back the equivalent number of positions or as nearly equivalent number of such positions as the Clearing House may deem practical to other non-defaulting 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 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 Clearing Member's (to be rounded down or up if the number of lots</p>

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<p>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 Clearing Member's (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.</p>	<p>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.</p>
<p>New Rule</p>	<p><u>2.35A</u> DEFAULT OF THE CLEARING HOUSE</p>
<p>New Rule</p>	<p><u>2.35A.1</u> <u>A non-defaulting Clearing Member may exercise its rights under Rule 2.35A.2 if the Clearing House:</u></p> <ul style="list-style-type: none"> <u>a.</u> <u>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</u> <u>b.</u> <u>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</u>

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Current Rules	New Rules
	<p><u>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).</u></p>
New Rule	<p><u>2.35A.2 While any of the circumstances set out in Rule 2.35A.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.4 below.</u></p>
New Rule	<p><u>2.35A.3 In the event a Clearing Member exercises its rights under Rule 2.35A.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.</u></p>
New Rule	<p><u>2.35A.4 Upon the specification of a Termination Date:</u></p> <p><u>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</u></p>

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Current Rules	New Rules
	<p><u>and obligations under such Contact, 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;</u></p> <p>b. <u>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”);</u></p> <p>c. <u>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.4, aggregate all of such amounts to produce a single, net positive or negative amount, denominated in the Base Currency (the “Termination Amount”); and</u></p> <p>d. <u>where a Clearing Member has a house and one or more client accounts:</u></p> <p>(i) <u>the Clearing House shall determine two net amounts under Rule 2.35A.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</u></p>

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Current Rules	New Rules
	(ii) <u>the two net amounts determined under Rule 2.35A.5(d)(i) each shall constitute Termination Amounts.</u>
New Rule	<u>2.35A.5 If a Termination Amount determined pursuant to Rule 2.35A.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.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.</u>
New Rule	<u>2.35A.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.5 above.</u>
New Rule	<u>2.35A.7 For the purposes of any calculation required to be made under this Rule 2.35A, 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.</u>
New Rule	<u>2.35A.8 The rights of the Clearing House and the Clearing Members under this Rule 2.35A 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.</u>
CHAPTER 7: CLEARING AND MARGINS	CHAPTER 7: CLEARING AND MARGINS

Amendments to SGX-DC Clearing Rules to support the introduction of Central Counterparty Clearing Services for Over-The-Counter Traded Financial Derivatives

Current Rules	New Rules
<p>7.01 CLEARING HOUSE</p>	<p>7.01 CLEARING HOUSE</p>
<p>7.01.1 The Clearing House shall facilitate the prompt adjustment of contractual obligations arising out of Contracts traded on the Exchange, a Relevant Market and the Participating Markets and OTC Contracts insofar as the same are duly accepted by the Clearing House or with respect to which the Clearing House is otherwise obliged to accept and to protect the integrity of such Contracts in accordance with these Rules.</p>	<p>7.01.1 The Clearing House shall facilitate the prompt adjustment of contractual obligations arising out of:</p> <ul style="list-style-type: none"> a. _____ Contracts traded on the Exchange, a Relevant Market and the Participating Markets; and b. _____ OTC Contracts; and c. _____ OTCF Contracts <p>insofar as the same are duly accepted by the Clearing House or with respect to which the Clearing House is otherwise obliged to accept and to protect the integrity of such Contracts in accordance with these Rules.</p>
<p>7.02A REGISTRATION OF ELIGIBLE OTC TRANSACTIONS¹ <i>(DC002/2008)</i></p>	<p>7.02A REGISTRATION OF ELIGIBLE OTC TRANSACTIONS <i>(DC002/2008)</i></p>
<p>7.02A.1 Eligible OTC Transactions</p>	<p>7.02A.1 Eligible OTC Transactions</p>
<p>7.02A.1.1 Only OTC transactions which meet the following criteria (“Eligible OTC transactions”) will be eligible for registration with the Clearing House:</p> <ul style="list-style-type: none"> a. a transaction which falls under one of the classes of Eligible OTC Contracts; and 	<p>7.02A.1.1 Only OTC £Transactions which meet the following criteria (“Eligible OTC transactions”) will be eligible for registration with the Clearing House (“Eligible OTC Transactions”):</p> <ul style="list-style-type: none"> a. a transaction which falls under one of the classes of Eligible OTC Contracts; and

¹ Revised, effective 28 November 2008. Circular No. DC/CCM/28/2008 (28 November 2008)

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Current Rules	New Rules
<p>b. a transaction where the Seller and the Buyer have satisfied the risk limits prescribed by their respective Clearing Members; and</p> <p>c. a transaction where:</p> <p>i. the trade price falls within the price band prescribed by the Clearing House; or</p> <p>ii. notwithstanding that the trade price does not fall within the price band prescribed by the Clearing House, the Clearing Member acting for the Seller and the Clearing Member acting for the Buyer have both signified their respective agreement to clear the transaction and have both met the capital and notification requirements prescribed by Rule 2.11.5².</p> <p style="text-align: right;"><i>(DC002/2008)</i></p>	<p>b. a transaction where the Seller and the Buyer have satisfied the risk limits prescribed by their respective Clearing Members; and</p> <p>c. a transaction where:</p> <p>i. the trade price falls within the price band prescribed by the Clearing House; or</p> <p>ii. notwithstanding that the trade price does not fall within the price band prescribed by the Clearing House, the Clearing Member acting for the Seller and the Clearing Member acting for the Buyer have both signified their respective agreement to clear the transaction and have both met the capital and notification requirements prescribed by Rule 2.11.5³.</p> <p style="text-align: center;"><u>Once the criteria in Rule 7.02A.1.1 are satisfied, the Clearing Members acting for the Seller and the Buyer respectively shall be responsible for the Eligible OTC Transaction as principals to the Clearing House.</u></p> <p style="text-align: right;"><i>(DC002/2008)</i></p>
<p>7.02A.1.2 If an OTC transaction does not fulfill the criteria in Rule 7.02A.1.1, the OTC transaction shall be deemed not to have been submitted to the Clearing House and the transaction shall remain in effect or be terminated, as the case may be,</p>	<p>7.02A.1.2 If an OTC T transaction does not fulfill the criteria in Rule 7.02A.1.1, the OTC T transaction shall be deemed not to have been submitted to the Clearing House and the transaction shall remain in effect or be terminated, as the case may be, in</p>

² Revised, effective 28 November 2008. Circular No. DC/CCM/28/2008 (28 November 2008)

³ Revised, effective 28 November 2008. Circular No. DC/CCM/28/2008 (28 November 2008)

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Current Rules	New Rules
<p>in accordance with any terms agreed between the Seller and the Buyer.</p> <p>Once the criteria in Rule 7.02A.1.1 is satisfied, the Clearing Members acting for the Seller and the Buyer respectively shall be responsible for the Eligible OTC transaction as principals to the Clearing House.</p>	<p>accordance with any terms agreed between the Seller and the Buyer.</p> <p>Once the criteria in Rule 7.02A.1.1 is satisfied, the Clearing Members acting for the Seller and the Buyer respectively shall be responsible for the Eligible OTC transaction as principals to the Clearing House.</p>
<p>7.02A.2 Registration of OTC Transactions</p>	<p>7.02A.2 Registration of OTC Transactions</p>
<p>7.02A.2.1 OTC transactions will be registered with the Clearing House for clearing through the Trade Registration System or other facility as prescribed by the Clearing House⁴. <i>(DC002/2008)</i></p>	<p>7.02A.2.1 OTC € transactions will be registered with the Clearing House for clearing through the Trade Registration System or other facility as prescribed by the Clearing House⁴. <i>(DC002/2008)</i></p>
<p>7.02A.2.2 An Eligible OTC transaction may only be registered by any of the following parties⁵:</p> <ul style="list-style-type: none"> a. an Inter Dealer Broker; b. a Clearing Member acting for a Seller; or c. such other party authorized by the Clearing Member acting for a Seller and approved by the Clearing House. <i>(DC002/2008)</i> 	<p>7.02A.2.2 An Eligible OTC € transaction may only be registered by any of the following parties⁵:</p> <ul style="list-style-type: none"> a. an Inter Dealer Broker; b. a Clearing Member acting for a Seller; or c. such other party authorized by the Clearing Member acting for a Seller and approved by the Clearing House. <i>(DC002/2008)</i>
<p>7.02A.2.3 Where registration of an Eligible OTC transaction is</p>	<p>7.02A.2.3 Where registration of an Eligible OTC € transaction is submitted</p>

⁴ Revised, effective 28 November 2008. Circular No. DC/CCM/28/2008 (28 November 2008)

⁵ Revised, effective 28 November 2008. Circular No. DC/CCM/28/2008 (28 November 2008)

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Current Rules	New Rules
<p>submitted by a Clearing Member acting for a Seller or a party authorised by such Clearing Member and approved by the Clearing House, confirmation of the Eligible OTC transaction may only be submitted by:</p> <p>a. a Clearing Member acting for a Buyer; or</p> <p>b. such other party authorized by the Clearing Member acting for a Buyer and approved by the Clearing House.</p>	<p>by a Clearing Member acting for a Seller or a party authorised by such Clearing Member and approved by the Clearing House, confirmation of the Eligible OTC £transaction may only be submitted by:</p> <p>a. a Clearing Member acting for a Buyer; or</p> <p>b. such other party authorized by the Clearing Member acting for a Buyer and approved by the Clearing House.</p>
<p>7.02A.2.4 Any of the parties submitting registration or confirmation of an Eligible OTC transaction through the Trade Registration System, or other facility prescribed by the Clearing House, shall comply with the terms and conditions governing the access to and operation of that system, as varied, amended, or supplemented from time to time⁶.</p>	<p>7.02A.2.4 Any of the parties submitting registration or confirmation of an Eligible OTC £transaction through the Trade Registration System, or other facility prescribed by the Clearing House, shall comply with the terms and conditions governing the access to and operation of that system, as varied, amended, or supplemented from time to time⁶.</p>
<p>7.02A.2.5 A Clearing Member acting for a Seller or Buyer, as the case may be, must submit to the Clearing House the name of each Inter Dealer Broker or such other party referred to at Rule 7.02A.2.2 who is authorized to register OTC transactions on the behalf of such Clearing Member.</p>	<p>7.02A.2.5 A Clearing Member acting for a Seller or Buyer, as the case may be, must submit to the Clearing House the name of each Inter Dealer Broker or such other party referred to at Rule 7.02A.2.2 who is authorized to register OTC £transactions on the behalf of such Clearing Member.</p>
<p>7.02A.2.6 A Clearing Member acting for a Seller or Buyer, as the case may be, shall obtain the consent of such Seller or Buyer, before allowing an Inter Dealer Broker or such other party referred to at Rule 7.02A.2.2 to register OTC transactions on the behalf of such Clearing Member.</p>	<p>7.02A.2.6 A Clearing Member acting for a Seller or Buyer, as the case may be, shall obtain the consent of such Seller or Buyer, before allowing an Inter Dealer Broker or such other party referred to at Rule 7.02A.2.2 to register OTC £transactions on the behalf of such Clearing Member.</p>

⁶ Revised, effective 28 November 2008. Circular No. DC/CCM/28/2008 (28 November 2008)

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Current Rules	New Rules
<p>7.02A.2.7 Each registration of an Eligible OTC transaction must specify:</p> <ul style="list-style-type: none"> a. the type(s) of Eligible OTC Contract(s) which the OTC transaction falls under; b. the expiry month; c. the quantity; d. the price; e. the name of the Clearing Member acting for the Buyer; f. the Seller’s account number; and g. such other particulars as may be prescribed by the Clearing House from time to time. 	<p>7.02A.2.7 Each registration of an Eligible OTC €Transaction must specify:</p> <ul style="list-style-type: none"> a. the type(s) of Eligible OTC Contract(s) which the OTC €Transaction falls under; b. the expiry month; c. the quantity; d. the price; e. the name of the Clearing Member acting for the Buyer; f. the Seller’s account number; and g. such other particulars as may be prescribed by the Clearing House from time to time.
<p>7.02A.2.8 Each confirmation of an Eligible OTC transaction shall include:-</p> <ul style="list-style-type: none"> a. the details of the trade set out in Rules 7.02A.2.7.a to 7.02A.2.7.e; b. the Buyer’s account number; and c. such other particulars as may be prescribed by the Clearing House from time to time. 	<p>7.02A.2.8 Each confirmation of an Eligible OTC €Transaction shall include:-</p> <ul style="list-style-type: none"> a. the details of the trade set out in Rules 7.02A.2.7.a to 7.02A.2.7.e; b. the Buyer’s account number; and c. such other particulars as may be prescribed by the Clearing House from time to time.

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Current Rules	New Rules
<p>7.02A.2.9 Unless:</p> <ul style="list-style-type: none"> a. the registration of an Eligible OTC transaction or the complete specification of trade details pursuant to Rule 7.02A.2.7; and b. the confirmation of the details set out in Rule 7.02A.2.8; and c. the signifying of agreement to the clearing of a trade, if the trade price does not fall within the prescribed price band as set out in Rule 7.02A.1.1.c.ii, <p>are submitted to the Clearing House on the same day, prior to the trade submission deadline(s) prescribed by the Clearing House, such Eligible OTC transaction will not be registered⁷.</p> <p style="text-align: right;"><i>(DC002/2008)</i></p>	<p>7.02A.2.9 Unless:</p> <ul style="list-style-type: none"> a. the registration of an Eligible OTC £ transaction or the complete specification of trade details pursuant to Rule 7.02A.2.7; and b. the confirmation of the details set out in Rule 7.02A.2.8; and c. the signifying of agreement to the clearing of a trade, if the trade price does not fall within the prescribed price band as set out in Rule 7.02A.1.1.c.ii, <p>are submitted to the Clearing House on the same day, prior to the trade submission deadline(s) prescribed by the Clearing House, such Eligible OTC £ transaction will not be registered⁸.</p> <p style="text-align: right;"><i>(DC002/2008)</i></p>
<p>7.02A.2.10 A Clearing Member acting for a Seller shall assume the duties and obligations of the Seller, as principal to the Clearing House, for an Eligible OTC transaction that has been registered and confirmed by any of the parties in Rules 7.02A.2.2 and 7.02A.2.3 respectively.</p>	<p>7.02A.2.10 A Clearing Member acting for a Seller shall assume the duties and obligations of the Seller, as principal to the Clearing House, for an Eligible OTC £ transaction that has been registered and confirmed by any of the parties in Rules 7.02A.2.2 and 7.02A.2.3 respectively.</p>
<p>7.02A.2.11 A Clearing Member acting for a Buyer shall assume the</p>	<p>7.02A.2.11 A Clearing Member acting for a Buyer shall assume the duties</p>

⁷ Revised, effective 28 November 2008. Circular No. DC/CCM/28/2008 (28 November 2008)

⁸ Revised, effective 28 November 2008. Circular No. DC/CCM/28/2008 (28 November 2008)

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Current Rules	New Rules
<p>duties and obligations of the Buyer, as principal to the Clearing House, for an Eligible OTC transaction that has been registered and confirmed by any of the parties in Rules 7.02A.2.2 and 7.02A.2.3 respectively.</p>	<p>and obligations of the Buyer, as principal to the Clearing House, for an Eligible OTC Tr transaction that has been registered and confirmed by any of the parties in Rules 7.02A.2.2 and 7.02A.2.3 respectively.</p>
<p>New Rule</p>	<p>7.02A.2.12 <u>In allowing the submission of an Eligible OTC Transaction for registration through the Trade Registration System or other facility as prescribed by the Clearing House, the Seller and Buyer of such Eligible OTC Transaction shall be deemed to have mutually agreed (i) to substitute their contract for a contract based on the specifications referred to in Rule 7.02A.1.3, and (ii) for the Clearing House to become the central counterparty to the Clearing Members in whose names such Eligible OTC Transaction has been registered pursuant to Rule 7.04.</u></p>
<p>New Rule</p>	<p>7.02A.2.13 <u>Once an Eligible OTC Transaction has been submitted for registration, the terms of the Eligible OTC Transaction shall be final and a Clearing Member shall be bound by the terms of the Eligible OTC Transaction registered in its name.</u></p> <p><u>The Clearing House shall not be responsible for confirming the terms of such Eligible OTC Transactions.</u></p>
<p>New Rule</p>	<p>7.02AA <u>REGISTRATION OF ELIGIBLE OTCF TRANSACTIONS</u></p>
<p>New Rule</p>	<p>7.02AA.1 <u>Eligible OTCF Transactions</u></p>
<p>New Rule</p>	<p>7.02AA.1.1 <u>Only OTCF Transactions which meet the following criteria will be eligible for registration with the Clearing House (“Eligible OTCF Transactions”):</u></p>

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Current Rules	New Rules
	<p>a. <u>a transaction which falls under one of the classes of Eligible OTCF Contracts; and</u></p> <p>b. <u>a transaction where each Original OTCF Contract Counterparty has satisfied the requirements prescribed by the Clearing House in the OTCF Clearing Member Handbook from time to time.</u></p> <p><u>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.</u></p>
New Rule	<p><u>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.</u></p>
New Rule	<p><u>7.02AA.2 Registration of OTCF Transactions</u></p>
New Rule	<p><u>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.</u></p>
New Rule	<p><u>7.02AA.2.2 An Eligible OTCF Transaction may only be submitted to a Trade Registration System for registration by the Clearing House by any of the following parties:</u></p>

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Current Rules	New Rules
	<p>a. <u>a Clearing Member; or</u></p> <p>b. <u>such other party authorised by the Clearing Member.</u></p>
New Rule	<p><u>7.02AA.2.3 Any of the parties submitting an Eligible OTCF Transaction through the Trade Registration System, or other facility approved by the Clearing House, for registration shall comply with the terms and conditions governing the access to and operation of that system, as varied, amended, or supplemented from time to time.</u></p>
New Rule	<p><u>7.02AA.2.4 A Clearing Member acting for an Original OTCF Contract Counterparty, shall obtain the consent of such Original OTCF Contract Counterparty, before allowing such other party referred to at Rule 7.02AA.2.2 to register OTCF Transactions on behalf of such Clearing Member.</u></p>
New Rule	<p><u>7.02AA.2.5 Unless the relevant information with regard to an Eligible OTCF Transaction as required by Rule 7.02AA.1.1 and set out in the OTCF Clearing Member Handbook are submitted to the Clearing House on the same day, prior to the trade submission deadline(s) prescribed by the Clearing House, such Eligible OTCF Transaction will not be registered.</u></p>
New Rule	<p><u>7.02AA.2.6 For the avoidance of doubt, an Eligible OTCF Transaction which has been registered with the Clearing House shall remain a bilateral OTCF Contract between the Original OTCF Contract Counterparties until the Clearing House becomes the central counterparty pursuant to Rule 7.04.5A.</u></p>
New Rule	<p><u>7.02AA.2.7 A Clearing Member acting for an Original OTCF Contract</u></p>

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Current Rules	New Rules
	<p><u>Counterparty shall assume the duties and obligations of that Original OTCF Contract Counterparty, as principal to the Clearing House, for an Eligible OTCF Transaction that has been submitted for registration by any of the parties in Rules 7.02AA.2.2.</u></p>
New Rule	<p><u>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 Clearing Members in whose names such Eligible OTCF Transaction has been registered pursuant to Rule 7.04.</u></p>
New Rule	<p><u>7.02AA.2.9 Once an Eligible OTCF Transaction has been submitted for registration, the terms of the Eligible OTCF Transaction shall be final and a Clearing Member shall be bound by the terms of the Eligible OTCF Transaction registered in its name.</u></p> <p><u>The Clearing House shall not be responsible for confirming the terms of such Eligible OTCF Transactions.</u></p>
<p>7.02B WITHDRAWAL OF OTC CONTRACTS FOR CLEARING BY THE CLEARING HOUSE</p>	<p>7.02B WITHDRAWAL OF <u>CLASSES OF OTC CONTRACTS AND OTCF CONTRACTS</u> FOR CLEARING BY THE CLEARING HOUSE</p>
<p>7.02B.1 The Clearing House shall be entitled to withdraw any class of Eligible OTC Contracts for clearing at its discretion. The Clearing House</p>	<p>7.02B.1 The Clearing House shall be entitled to withdraw any class of Eligible OTC Contracts <u>or Eligible OTCF Contracts</u> for clearing at its</p>

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Current Rules	New Rules
will give the Clearing Members reasonable notice where possible, before such withdrawal.	discretion. The Clearing House will give the Clearing Members reasonable notice where possible, before such withdrawal.
7.02B.2 The Clearing House shall have the sole discretion to disallow the registration of an Eligible OTC transaction, other than a closing-out contract after it has given notice to withdraw the clearing of any class of Eligible OTC Contract which the OTC transaction falls under.	7.02B.2 The Clearing House shall have the sole discretion to disallow the registration <u>or substitution, as the case may be, of:</u> <ul style="list-style-type: none"> a. <u>an Eligible OTC €Transaction other than a closing-out contract after it has given notice to withdraw the clearing of any class of Eligible OTC Contract which the OTC €Transaction falls under; or</u> b. <u>an Eligible OTCF Transaction, other than a closing-out contract after it has given notice to withdraw the clearing of any class of Eligible OTCF Contract which the OTCF Transaction falls under.</u>
7.02B.3 If a Clearing Member has not closed out all open Eligible OTC transactions registered in its name after the Clearing House has given such notice, the Clearing House shall, at its sole discretion, be entitled to:	7.02B.3 If a Clearing Member has not closed out all open Eligible OTC transactions registered <u>Contracts or Eligible OTCF Contracts, as the case may be, novated with the Clearing House</u> in its name <u>pursuant to Rule 7.04</u> after the Clearing House has given such notice, the Clearing House shall, at its sole discretion, be entitled to:
7.02B.3.1 liquidate any or all of such Eligible OTC transactions and require such transactions to be cash settled at a price determined by the Clearing House; or	7.02B.3.1 liquidate any or all of such Eligible OTC Contracts <u>or Eligible OTCF Contracts, as the case may be, transactions</u> and require such <u>contracts transactions</u> to be cash settled at a price determined by the Clearing House; or
7.02B.3.2 postpone the withdrawal date until such time as the Clearing House determines.	No change

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Current Rules	New Rules
7.03 PROTECTION OF CLEARING HOUSE	7.03 PROTECTION OF CLEARING HOUSE
7.03.2 Losses Borne by Clearing House	7.03.2 Losses Borne by Clearing House
7.03.2.2 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:-	No change
a. Clearing House Contribution.	No change
b. Security Deposits of Clearing Members (as prescribed by Rule 7.15, and excluding any Clearing Member who is insolvent or deemed to be insolvent) where that Clearing Member had:	No change
i. cleared Contracts belonging to the same class of Contract 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	i. cleared Contracts belonging to the same class of Contract <u>Class</u> 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 class of Contract 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	ii. an open commitment in Contracts belonging to the same class of Contract <u>Class</u> 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

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Current Rules	New Rules
7.03.2.2.b.i and 7.03.2.2.b.ii collectively referred to as the “Relevant Periods”).	7.03.2.2.b.i and 7.03.2.2.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 Clearing Members referred to in this Rule 7.03.2.2.b.	No change
c. Further Assessment Amounts of the same Clearing Members referred to in Rule 7.03.2.2.b. Such Clearing Member shall be liable for the loss remaining on a pro-rata basis, calculated as the proportion of its Further Assessment requirement relative to the aggregate Further Assessment requirement for all Clearing Members referred to in Rule 7.03.2.2.b.	c. Further Assessment Amounts (as prescribed under Rule 7.15A, and excluding any Clearing Member who is insolvent or deemed to be insolvent) of the same Clearing Members referred to in Rule 7.03.2.2.b. Such Clearing Member shall be liable for the loss remaining on a pro-rata basis, calculated as the proportion of its Further Assessment requirement relative to the aggregate Further Assessment requirement for all Clearing Members referred to in Rule 7.03.2.2.b.
New Rule	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:-	No change
i. cleared Contracts, not belonging to the same class of Contract in which the event of default occurred,	i. cleared Contracts, not belonging to the same class of Contract Class in which the event of default occurred,

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<p>during the six (6) month period preceding the day the event of default was declared by the Clearing House; or</p>	<p>during the six (6) month period preceding the day the event of default was declared by the Clearing House; or</p>
<p>ii. an open commitment in Contracts, not belonging to the same class of Contract 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</p>	<p>ii. an open commitment in Contracts, not belonging to the same class of Contract <u>Class</u> 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</p>
<p>iii. not cleared or had no open commitment in Contracts belonging to the same class of Contract in which the event of default occurred, during the Relevant Periods.</p>	<p>iii. not cleared or had no open commitment in Contracts belonging to the same class of Contract <u>Class</u> in which the event of default occurred, during the Relevant Periods.</p>
<p>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 Clearing Members referred to in this Rule 7.03.2.2.d, PROVIDED ALWAYS that if such Clearing Member's Security Deposit had been applied pursuant to Rule 7.03.2.2.b, its Security Deposits shall not be applied again pursuant to this Rule 7.03.2.2.d.</p>	<p>No change</p>
<p>e. Further Assessment Amounts of the same Clearing Members referred to in Rule 7.03.2.2.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). Such Clearing Member shall be liable for the loss remaining on a pro-rata basis, calculated as the</p>	<p>e. Further Assessment Amounts <u>(as prescribed under Rule 7.15A)</u> of the same Clearing Members referred to in Rule 7.03.2.2.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). Such Clearing Member shall be liable for the loss remaining on a pro-</p>

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Current Rules	New Rules
<p>proportion of its Further Assessment requirement relative to the aggregate Further Assessment requirement for all Clearing Members referred to in Rule 7.03.2.2.d; and</p>	<p>rata basis, calculated as the proportion of its Further Assessment requirement relative to the aggregate Further Assessment requirement for all Clearing Members referred to in Rule 7.03.2.2.d; and</p>
<p>f. Any other contributions to the Clearing Fund.</p>	<p>No change</p>
<p>7.03.3 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.</p>	<p>No change</p>
<p>7.03.4 For the purpose of Rules 7.03.2.2.b, c, d and e, an event of default shall either fall within: the class of Contracts that are listed for trading on the Exchange or Relevant Market, or under the class of OTC Contracts except as provided in Rules 7.03.6 and 7.03.8.3, when an event of default is deemed to fall within both classes of Contracts.</p>	<p>7.03.4 For the purpose of Rules 7.03.2.2.b, c, d and e, an event of default shall either fall within <u>either of the following</u>:</p> <ul style="list-style-type: none"> a. the class of Contracts that are listed for trading on the Exchange or Relevant Market; or under the class of b. <u>OTC Contracts; or</u> c. <u>OTCF Contracts</u> <p><u>(each a “Contract Class”, and collectively, “Contract Classes”)</u></p> <p>except as provided in Rules 7.03.6 and 7.03.8.3, when an event of default is deemed to fall within both classes of Contracts <u>(i) any combination of Contract Class, or (ii) all of the Contract Classes, as the case may be.</u></p>

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Current Rules	New Rules
<p>7.03.5 An event of default shall be deemed to have fallen within a particular class of Contract if the defaulting Clearing Member had open commitment or outstanding obligations to the Clearing House in that class of Contract at the time of such default.</p>	<p>7.03.5 An event of default shall be deemed to have fallen within a particular class of Contract <u>Class</u> if the defaulting Clearing Member had open commitment or outstanding obligations to the Clearing House in that class of Contract <u>Class</u> at the time of such default.</p>
<p>7.03.6 Where an event of default is due to 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 is due to the insolvency of a Clearing Member, if the Clearing Member was clearing or had open commitment in Contracts that are listed for trading on the Exchange or the Relevant Market and OTC Contracts at the time of the default, it shall be deemed for the purpose of Rules 7.03.2.2.b, c, d and e that a default has occurred in both classes of Contracts.</p>	<p>7.03.6 Where aAn event of default <u>that</u> 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, if the Clearing Member was clearing or had open commitment in Contracts that are listed for trading on the Exchange or the Relevant Market and OTC Contracts at the time of the default, it shall be deemed for the purpose of Rules 7.03.2.2.b, c, d and e <u>that a default has to have</u> occurred in both classes of Contracts <u>each Contract Class that Clearing Member was clearing or had open commitment in</u> at the time of default.</p>
<p>7.03.7 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.</p>	<p>No change</p>
<p>7.03.8 Where an event of default is due to conversion, theft, breach of trust, embezzlement, or any other cause, a default shall be deemed to have occurred in:</p>	<p>7.03.8 Where aAn event of default <u>that</u> is due to conversion, theft, breach of trust, or embezzlement <u>of a Clearing Member</u>, or any other cause, a default shall be deemed to have occurred in: <u>each Contract Class that Clearing Member was clearing or had open commitment in</u> at the time of default.</p>

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Current Rules	New Rules
<p>7.03.8.1 the class of Contracts that are listed for trading on the Exchange or the Relevant Market, if the conversion, theft, breach of trust, embezzlement or such other cause occurred in a Clearing Member that was only clearing or had open commitment in Contracts that are listed for trading on the Exchange and the Relevant Market at the time of the default;</p>	<p>7.03.8.1 the class of Contracts that are listed for trading on the Exchange or the Relevant Market, if the conversion, theft, breach of trust, embezzlement or such other cause occurred in a Clearing Member that was only clearing or had open commitment in Contracts that are listed for trading on the Exchange and the Relevant Market at the time of the default;</p>
<p>7.03.8.2 the class of OTC Contracts if the conversion, theft, breach of trust, embezzlement or such other cause occurred in a Clearing Member that was only clearing or had open commitment in OTC Contracts at the time of the default; or</p>	<p>7.03.8.2 the class of OTC Contracts if the conversion, theft, breach of trust, embezzlement or such other cause occurred in a Clearing Member that was only clearing or had open commitment in OTC Contracts at the time of the default; or</p>
<p>7.03.8.3 both Contracts that are listed for trading on the Exchange or the Relevant Market and OTC Contracts if the conversion, theft, breach of trust, embezzlement or such other cause occurred in a Clearing Member that was clearing or had open commitment in both classes of Contracts at the time of the default.</p>	<p>7.03.8.3 both Contracts that are listed for trading on the Exchange or the Relevant Market and OTC Contracts if the conversion, theft, breach of trust, embezzlement or such other cause occurred in a Clearing Member that was clearing or had open commitment in both classes of Contracts at the time of the default.</p>
<p>7.04 SUBSTITUTION</p>	<p>7.04 SUBSTITUTION</p>
<p>7.04.1 Except with respect to trades made pursuant to Rule 7.27 (other than a Relevant Trade as defined in Rule 7.27.3), Exchanges for Physicals/Spot ("EFPs"), Exchanges for Swaps ("EFSs"), Negotiated Large Trades ("NLTs") and transfers of open positions to an appointed Clearing Member for the purpose of consolidation pursuant to Rule 6.05.2 or as otherwise provided by this Rules, if the Clearing House accepts the clearing memoranda in respect of one or more Contracts executed on a Relevant Market and matched on a Relevant Market to be cleared through the Clearing House or accepted by the Clearing House</p>	<p>7.04.1 Except with respect to trades made pursuant to Rule 7.27 (other than a Relevant Trade as defined in Rule 7.27.3), Exchanges for Physicals/Spot ("EFPs"), Exchanges for Swaps ("EFSs"), Negotiated Large Trades ("NLTs") and transfers of open positions to an appointed Clearing Member for the purpose of consolidation pursuant to Rule 6.05.2 or as otherwise provided by this Rules, if the Clearing House accepts the clearing memoranda in respect of one or more Contracts executed on a Relevant Market and matched on a Relevant Market to be cleared through the Clearing House or accepted by the Clearing House pursuant to an</p>

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Current Rules	New Rules
<p>pursuant to an Mutual Offset System, or if the Clearing House accepts an Eligible OTC transaction registered for clearing pursuant to Rule 7.02A.2, the Clearing House shall be substituted as and shall assume the position of selling Clearing Member to the buying Clearing Member and buying Clearing Member to the selling Clearing Member, thereby becoming the central counterparty, and thereupon the Clearing House shall have all the rights and be subject to all the liabilities with respect to such transaction of the Clearing Members who were the parties to such transaction. Such substitution shall be effective in law for all purposes.</p> <p style="text-align: right;"><u>(DC003/2006)</u> <u>(DC001/2007)</u></p>	<p>Mutual Offset System, or if the Clearing House accepts an Eligible OTC £transaction registered for clearing pursuant to Rule 7.02A.2, the Clearing House shall be substituted as and shall assume the position of selling Clearing Member to the buying Clearing Member and buying Clearing Member to the selling Clearing Member, thereby becoming the central counterparty, and thereupon the Clearing House shall have all the rights and be subject to all the liabilities with respect to such transaction of the Clearing Members who were the parties to such transaction. Such substitution shall be effective in law for all purposes.</p> <p style="text-align: right;"><u>(DC003/2006)</u> <u>(DC001/2007)</u></p>
<p>New Rule</p>	<p><u>7.04.5A If the Clearing House accepts an Eligible OTCF Transaction registered for clearing pursuant to Rule 7.02AA.2, the Clearing House shall, subject always to Rule 7.04.5C, be substituted as and shall assume the position of:</u></p> <p style="padding-left: 40px;"><u>(a) the Clearing Member who:</u></p> <p style="padding-left: 80px;"><u>(i) is the First Original OTCF Contract Counterparty; or</u></p> <p style="padding-left: 80px;"><u>(ii) assumes the duties and obligations of the First Original OTCF Contract Counterparty</u></p> <p style="padding-left: 40px;"><u>to the Clearing Member who:</u></p> <p style="padding-left: 80px;"><u>(iii) is the Second Original OTCF Contract Counterparty; or</u></p> <p style="padding-left: 80px;"><u>(iv) assumes the duties and obligations of the Second Original OTCF Contract Counterparty; and</u></p>

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Current Rules	New Rules
	<p><u>(b) the Clearing Member who:</u></p> <p><u>(i) is the Second Original OTCF Contract Counterparty; or</u></p> <p><u>(ii) assumes the duties and obligations of the Second Original OTCF Contract Counterparty</u></p> <p><u>to the Clearing Member who:</u></p> <p><u>(iii) is the First Original OTCF Contract Counterparty; or</u></p> <p><u>(iv) assumes the duties and obligations of the First Original OTCF Contract Counterparty,</u></p> <p><u>thereby becoming the central counterparty, and thereupon the Clearing House shall have all the rights and be subject to all the liabilities with respect to such transaction of the Clearing Members who were the parties to such transaction. Such substitution shall be effective in law for all purposes.</u></p>
New Rule	<p><u>7.04.5B Upon the transfer of an OTCF Contract pursuant to this Rules and its acceptance for clearing in accordance with this Rules, such OTCF Contract shall, subject always to Rule 7.04.5C, be discharged and replaced by novation by a Contract between the Clearing Member into whose name the OTCF Contract was transferred and the Clearing House, as principals to such OTCF Contract.</u></p>
New Rule	<p><u>7.04.5C The Clearing House shall require a Clearing Member in whose name an Eligible OTCF Transaction is to be registered to provide the Clearing House with sufficient collateral to meet margin requirements and</u></p>

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Current Rules	New Rules
	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.
New Rule	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.
7.05 OPEN POSITIONS/OPEN CONTRACTS	7.05 OPEN POSITIONS /OPEN CONTRACTS FOR CONTRACTS TRADED ON THE EXCHANGE/ANY RELEVANT MARKET AND OTC CONTRACTS
7.05.1 All Contracts to which the Clearing House is a party shall remain open until liquidated by offset as provided in Rule 7.06 or by delivery in accordance with Chapter 6 of this Rules, and	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 or by delivery in accordance with Chapter 6 of this Rules, and
7.05.1.1 for OTC Contracts, such liquidation or delivery shall be in accordance with these Rules; and	No change
7.05.1.2 for other Contracts, such liquidation or delivery shall be in accordance with the relevant provision(s) of the Relevant Market where the Contracts were traded and/or transferred or novated from pursuant to a Mutual Offset System and this Rules.	7.05.1.2 for other Contracts, except for OTCF Contracts , such liquidation or delivery shall be in accordance with the relevant provision(s) of the Relevant Market where the Contracts were traded and/or transferred or novated from pursuant to a Mutual Offset System and this Rules.
New Rule	7.05A OPEN POSITIONS FOR OTCF CONTRACTS

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Current Rules	New Rules
New Rule	<p>7.05A.1 All Contracts to which the Clearing House is a party shall remain open until:</p> <ul style="list-style-type: none"> 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; 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.
7.09 POSITION CHANGE SHEETS	7.09 POSITION CHANGE SHEETS
7.09.1 Position change sheets must be submitted to the Clearing House each trading day by the time specified by the Clearing House. Position change sheets shall be in such form as prescribed by the Clearing House. When requested, the identification of accounts will be made available to the Clearing House.	7.09.1 Except for OTCF Transactions, Position change sheets must be submitted to the Clearing House each trading day by the time specified by the Clearing House. Position change sheets shall be in such form as prescribed by the Clearing House. When requested, the identification of accounts will be made available to the Clearing House.
7.10 RECAP LEDGER	7.10 RECAP LEDGER
7.10.1 From the cleared trades and the position change sheets, the Clearing House will produce a recap ledger for each Clearing Member which will itemise the incoming positions in respect of any Contract; the position changes for the day, the closing positions in respect of any Contract; the net settlements, pay or collect, margins required at the close of the day, the current day's margin balance, and the combined net debit or credit balance for the day.	7.10.1 From the cleared trades and the position change sheets, The Clearing House will produce a recap ledger for each Clearing Member which will itemise the incoming positions in respect of any Contract; the position changes for the day, the closing positions in respect of any Contract; the net settlements, pay or collect, margins required at the close of the day, the current day's margin balance, and the combined net debit or credit balance for the day.

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Current Rules	New Rules
7.11 DAILY SETTLEMENT PRICE	7.11 DAILY SETTLEMENT PRICE
7.11.1 The daily settlement price of a Contract shall be determined:	No change
7.11.1.1 in OTC Contracts, by using price data from market participants or derived from pricing models, as selected or established by the Clearing House from time to time; and	7.11.1.1 in OTC Contracts and/or OTCF Contracts , by using price data from market participants or derived from pricing models, as selected or established by the Clearing House from time to time; and
7.11A FINAL SETTLEMENT PRICE	7.11A FINAL SETTLEMENT PRICE OF CONTRACTS TRADED ON THE EXCHANGE/ANY RELEVANT MARKET AND OTC CONTRACTS
7.11A.1 The Final Settlement Price of OTC Contracts shall be determined in the manner as set out in Appendix 1, and of all other Contracts, in the manner as set out in the Trading Rules or relevant Contract Specifications.	7.11A.1 The Final Settlement Price of OTC Contracts shall be determined in the manner as set out in Appendix 1, and of all other Contracts except for OTCF Contracts , in the manner as set out in the Trading Rules or relevant Contract Specifications.
New Rule	7.11B COUPON SETTLEMENT PRICE AND FINAL SETTLEMENT PRICE OF OTCF CONTRACTS
New Rule	7.11B.1 The relevant Coupon Settlement Price and Final Settlement Price of OTCF Contracts, as the case may be, shall be determined in the manner set out in the relevant OTCF Contract Terms.
New Rule	7.11B.2 The Coupon Settlement Price and Final Settlement Price, as the case may be, as set out in the relevant OTCF Contract shall be binding on all Clearing Members.
New Rule	7.11B.3 Notwithstanding the foregoing, where the means for determining the Coupon Settlement Price and Final Settlement Price are not available, the Clearing House may resolve the Coupon Settlement Price and Final Settlement Price by such means as it may in its discretion decide. The

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Current Rules	New Rules
	decision of the Clearing House and the price determined by such other means shall be binding upon all Clearing Members.
7.13 SETTLEMENT VARIATION	7.13 SETTLEMENT VARIATION FOR CONTRACTS TRADED ON THE EXCHANGE/ANY RELEVANT MARKET OR OTC CONTRACTS
[.]	No change
New Rule	7.13A SETTLEMENT VARIATION FOR OTCF CONTRACTS
New Rule	7.13A.1 Clearing Members shall be entitled to receive and / or will be required to pay, as the case may be, interest based on cumulative Settlement Variation arising from OTCF Contracts. The calculation of such interest shall be set out in the OTCF Clearing Member Handbook.
New Rule	7.13A.2 Settlement Variation and any interest payable on Settlement Variation (where relevant) as calculated and/or determined at such times as the Clearing House shall determine, must be paid in cash in the currency of each of the OTCF Contracts or, in the case of OTCF Contracts relating to non-deliverable foreign exchange forwards, the currency specified as the settlement currency in the OTCF Contract Terms.
7.14 DEBIT AND CREDIT BALANCES	7.14 DEBIT AND CREDIT BALANCES
7.14.1 If the recap ledger of any Clearing Member for the day shows a debit balance against such Clearing Member, payment for such debit balance shall be made by such Clearing Member directly to a bank designated by the Clearing House and in the manner and form prescribed by the Clearing House.	7.14.1 If the recap ledger of any Clearing Member for the day shows a debit balance against such Clearing Member, payment for such debit balance shall be made by such Clearing Member directly to a bank designated by the Clearing House and in the manner and form prescribed by the Clearing House. debited directly against the Clearing Member's cash margin held by Clearing House. The Clearing Member shall receive margin call and be required to deposit addition collateral to cover any shortage in its cash margin held with the Clearing House arising from the

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Current Rules	New Rules
	<p>payment for such debit balance.</p> <p>Violation of this Rule may constitute a major offence.</p>
<p>7.14.2 If such recap ledger shows a credit balance in favour of such Clearing Member after the Clearing House has tallied all credit balances enumerated thereon, credits shall be presented to the Clearing Member entitled to receive the same.</p>	<p>7.14.2 If such recap ledger shows a credit balance in favour of such Clearing Member after the Clearing House has tallied all credit balances enumerated thereon, credits shall be presented to the Clearing Member entitled to receive the same Clearing House will credit the balance directly to the Clearing Member’s cash margin held by Clearing House.</p>
<p>7.14.3 Such credit will be paid by the Clearing House in accordance with procedures as prescribed by the Clearing House provided that the Clearing Member shall have paid in full the debit balance aforesaid or any required settlement or margin call to the Clearing House.</p> <p>Violation of this Rule may constitute a major offence.</p>	<p>7.14.3—Such credit will be paid by the Clearing House in accordance with procedures as prescribed by the Clearing House provided that the Clearing Member shall have paid in full the debit balance aforesaid or any required settlement or margin call to the Clearing House.</p> <p>Violation of this Rule may constitute a major offence.</p>
<p>7.15 SECURITY DEPOSIT</p> <p>7.15.1 Each Clearing Member shall deposit with the Clearing House as security for its obligations to the Clearing House (“Security Deposit”) an amount not less than:</p> <p>(a) S\$1,000,000 or such lower amount as prescribed by the Clearing House time to time in its discretion; or</p> <p>(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;</p>	<p>7.15 SECURITY DEPOSIT</p> <p>7.15.1 Upon being granted eligibility by the Clearing House to clear a relevant Contract Class, eEach 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”) an amount not less than the following amounts:</p> <p>A. for clearing Contracts which are listed for trading on the Exchange or any Relevant Market and/or OTC Contracts, the higher of:</p> <p>(a) S\$1,000,000 or such lower amount as prescribed by the</p>

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Current Rules	New Rules
<p>whichever is higher.</p>	<p>Clearing House time to time in its discretion; or</p> <p>(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 for such Contracts during the preceding three month period; <u>whichever is higher.</u></p> <p><u>B. for clearing OTCF Contracts, the higher of:</u></p> <p>(a) <u>US\$5 million; or</u></p> <p>(b) <u>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</u></p> <p><u>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 7.15.1A AND 7.15.1B.</u></p>
<p>7.15.2 The Security Deposit shall be in cash or in the form of an irrevocable Letter of Credit or any other security acceptable to the Clearing House.</p>	<p>7.15.2 The Security Deposit shall be <u>in the following forms:</u></p> <p><u>A. for clearing Contracts traded on the Exchange or any Relevant Market or OTC Contracts, in cash, government securities or an irrevocable Letter of Credit in a form and from a bank acceptable to the Clearing House;</u></p> <p><u>B. for clearing OTCF Contracts, cash or government securities; and</u></p>

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Current Rules	New Rules
	<p>C. <u>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:</u></p> <p>(a) <u>any of the forms of collateral set out in Rule 7.15.2A 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</u></p> <p>(b) <u>any of the forms of collateral set out in Rule 7.15.2B in respect of the Security Deposit amount required for clearing OTCF Contracts,</u></p> <p>or any other securities acceptable to the Clearing House <u>from time to time.</u></p>
<p>7.15.3 Letters of Credit shall not exceed a prescribed proportion of the Security Deposit, as the Clearing House may specify from time to time in its discretion.</p>	<p>7.15.3 Letters of Credit, <u>government securities or any other security acceptable to the Clearing House</u> shall not exceed a prescribed proportion of the Security Deposit, as the Clearing House may specify from time to time in its discretion.</p>
<p>7.15A Further Assessment Amount</p>	<p>7.15A Further Assessment Amount</p>
<p>7.15A.3 Each Clearing Member may be required to deposit an amount up to 50%, as the Clearing House may specify from time to time in its discretion, of its Further Assessment Amount with the Clearing House. This deposit shall be in cash or in the form of an irrevocable Letter of Credit or any other security acceptable to the Clearing House.</p>	<p>7.15A.3 Each Clearing Member may shall be required to deposit an amount up to 50%, as the Clearing House may specify from time to time in its discretion, of its Further Assessment Amount with the Clearing House. This deposit shall be in cash or in the form of an irrevocable Letter of Credit or any other security acceptable to the Clearing House. <u>a percentage of its</u></p>

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Current Rules	New Rules
	Further Assessment Amount as set out below:
New Rule	7.15A.3.1 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
New Rule	7.15A.3.2 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.
7.15B Aggregate Clearing House Contributions	7.15B Aggregate Clearing House Contributions
7.15B.2 Contributions by the Clearing House (“Aggregate Clearing House Contributions”) shall be 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 S\$136,000,000, whichever is higher, which shall be applied to the Clearing House Contribution as referred to in Rule 7.03.2.2.a; and (b) the balance of the Aggregate Clearing House Contributions, if any, which shall be applied to the source referred to in Rule 7.03.2.2.f.	7.15B.2 Contributions by the Clearing House (“Aggregate Clearing House Contributions”) shall be 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 S\$136,000,000, whichever is higher, which shall be applied to the Clearing House Contribution as referred to in Rule 7.03.2.2.a; and (b) the balance of the Aggregate Clearing House Contributions, if any, which shall be applied to the source referred to in Rule 7.03.2.2.c1 and 7.03.2.2.f.
7.20 MARGIN AMOUNTS	7.20 MARGIN AMOUNTS

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Current Rules	New Rules
<p>7.20.2 Margin Composition</p> <p>Without prejudice to the generality of the foregoing, the aggregate amount of Assets or Properties deposited with the Clearing House in respect of the total margin requirements in relation to Customers' and House Contracts must separately comply with each of the following:</p>	<p>No change</p>
<p>7.20.2.3 60 percent of the total margin requirements must be in the form of cash, government securities and/or Letters of Credit.</p>	<p>7.20.2.3 <u>for clearing of the following Contract Classes</u>, 60 percent of the total margin requirements must be in the form of:</p> <p>(a) <u>for clearing of Contracts traded on the Exchange or any Relevant Market or OTC Contracts</u>, cash, government securities and/or Letters of Credit; and</p> <p>(b) <u>for clearing of OTCF Contracts, cash and government securities</u>.</p>
<p>7.21 MARGIN RETURNS</p>	<p>7.21 MARGIN AND SECURITY DEPOSIT RETURNS</p>
<p>[.]</p>	<p>No change</p>
<p>7.22 MARGINS OF THIRD PARTIES</p>	<p>7.22 MARGINS OF THIRD PARTIES</p>
<p>7.22.1A A Clearing Member shall collect margins for over-the-counter spot trades in Loco-London and foreign currency contracts from Third Parties (including Customers) for whom the Clearing Members procure the over-the-counter spot trades and from the direct buying or selling counterparties. No margins need to be collected from a Third Party</p>	<p>7.22.1A A Clearing Member, <u>except in the case of a Bank Clearing Member</u>, shall collect margins for over-the-counter spot trades in Loco-London and foreign currency contracts from Third Parties (including Customers) for whom the Clearing Members procure the over-the-counter spot trades and from the direct buying or selling counterparties. No margins need to be</p>

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Current Rules	New Rules
(including a Customer) or a counterparty if it is a Clearing Member or a corporate Trading Member, a bank in Singapore or any of its overseas branches or a merchant bank in Singapore. The margins required to be collected shall not be less than:	collected from a Third Party (including a Customer) or a counterparty if it is a Clearing Member or a corporate Trading Member, a bank in Singapore or any of its overseas branches or a merchant bank in Singapore. The margins required to be collected shall not be less than:
[.]	No change
7.27 TRANSFERS OF TRADES	7.27 TRANSFERS OF TRADES
<p>7.27.7 Notwithstanding any provision in this Rule 7.27, the Clearing House may require any Clearing Member in whose name one or more trades are to be transferred to furnish the Clearing House with initial and variation margin as a condition of transfer of such trades and such margin shall be furnished in accordance with these Rules.</p> <p style="text-align: right;"><i>(DC001/2006)</i></p>	<p>7.27.7 Notwithstanding any provision in this Rule 7.27, the Clearing House may<u>shall</u> require <u>(i) any Clearing Member from whose name one or more trades are to be transferred and, (ii) any Clearing Members</u> in whose name one or more trades are to be transferred to furnish the Clearing House with initial and variation margin<u>provide the Clearing House with sufficient collateral to meet margin requirements and Settlement Variation and/or comply with any other margin requirement prescribed by the Clearing House</u> as a condition of transfer of such trades and such margin shall be furnished in accordance with these Rules.</p>
New Rule	<u>7.29 EARLY TERMINATION OF OTCF CONTRACTS</u>
New Rule	<u>7.29.1 An OTCF Contract may be terminated at the request of a Clearing Member prior to its expiry in the manner prescribed by the OTCF Clearing Member Handbook.</u>
New Rule	<p><u>7.29.2 An OTCF Contract to which a Clearing Member who:</u></p> <p style="padding-left: 40px;"><u>a. _____ is the First Original OTCF Contract Counterparty; or</u></p>

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Current Rules	New Rules
	<p><u>b. _____ assumes the duties and obligations of the First Original OTCF Contract Counterparty</u></p> <p><u>is a party shall only be terminated if the other OTCF Contract to which a Clearing Member who:</u></p> <p><u>a. _____ is the Second Original OTCF Contract Counterparty; or</u></p> <p><u>b. _____ assumes the duties and obligations of the Second Original OTCF Contract Counterparty</u></p> <p><u>is a party is also terminated.</u></p>
New Rule	<p><u>7.29.3 The termination of a substituted OTCF Contract shall remove all future obligations of a Clearing Member to the Clearing House in respect of such OTCF Contract such that the OTCF Contract shall cease to exist from the effective date of termination, provided that such termination shall have no effect upon the rights and obligations already accrued under such OTCF Contract, which rights and obligations shall survive such termination.</u></p>
New Rule	<p><u>7.29.4 The termination of a substituted OTCF Contract shall remove all future obligations of the Clearing House under the terms of such OTCF Contract and all future liabilities in respect thereof, provided that such termination shall have no effect upon the rights and obligations already accrued under such OTCF Contract, which rights and obligations shall survive such termination.</u></p>
New Rule	<p><u>7.29.5 A Clearing Member shall remain responsible for an OTCF Contract which is pending termination until the Clearing House confirms that such</u></p>

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Current Rules	New Rules
	termination has been approved and effected by the Clearing House.
New Rule	<p>7.29.6 The termination of an OTCF Contract may be cancelled at any time prior to its termination or such earlier time as may be determined by the Clearing House, provided that such cancellation must be agreed to by both Clearing Members who:</p> <p style="margin-left: 40px;">a. _____ are the OTCF Contract Counterparties; or</p> <p style="margin-left: 40px;">b. _____ assumes the duties and obligations of the OTCF Contract Counterparties.</p>
New Rule	7.29.7 The Clearing House may decline to terminate an OTCF Contract prior to its expiry if, in its sole discretion, the early termination of such Contract shall be inconsistent with the policies of the Clearing House or if, as a result of such termination, a Clearing Member is unable to provide the Clearing House with cover for maintenance margin and Settlement Variation and/or meet any other margin requirement prescribed by the Clearing House.
CHAPTER 9: DEFINITIONS AND INTERPRETATION	CHAPTER 9: DEFINITIONS AND INTERPRETATION
<p>“Contract” means the rights and obligations incurred through:</p> <p>a. a trade on the Exchange or any Relevant Market which may be satisfied by offset or by delivery or such other means as provided in the rules of the Exchange or the Relevant Market or the relevant Contract Specifications (as the case may be) as novated to the Clearing House pursuant to Rule 7.04; or</p> <p>b. unless otherwise excluded by the context, a trade pursuant to an</p>	<p>“Contract” means the rights and obligations incurred through:</p> <p>a. unless otherwise excluded by the context, a trade on the Exchange or any Relevant Market which may be satisfied by offset or by delivery or such other means as provided in the rules of the Exchange or the Relevant Market or the relevant Contract Specifications (as the case may be) as novated to the Clearing House pursuant to Rule 7.04; or</p>

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Current Rules	New Rules
<p>OTC transaction which may be satisfied by offset or by delivery or such other means as provided in this Rules or the relevant Contract Specifications as novated to the Clearing House pursuant to Rule 7.04; and</p> <p>"contract" means the rights and obligations incurred through any trade or transaction whether or not through a market, and if through a market, whether or not the same is a Relevant Market and whether or not it relates to a Commodity or a futures contract as defined in the SFA.</p>	<p>b. unless otherwise excluded by the context, a trade pursuant to an OTC tr transaction which may be satisfied by offset or by delivery or such other means as provided in this Rules or the relevant Contract Specifications as novated to the Clearing House pursuant to Rule 7.04; or</p> <p>c. unless otherwise excluded by the context, a trade pursuant to an OTCF Transaction which may be satisfied by any means provided for in this Rules or the relevant OTCF Contract Terms as novated to the Clearing House pursuant to Rule 7.04; and</p> <p>"contract" means the rights and obligations incurred through any trade or transaction whether or not through a market, and if through a market, whether or not the same is a Relevant Market and whether or not it relates to a Commodity or a futures contract as defined in the SFA.</p>
New Rule	<p>"Contract Class" or "Contract Classes" shall have the meaning ascribed to it in Rule 7.03.4.</p>
<p>"Contract Specifications" means the commercial and technical terms of a Contract including the Contract size, Contract Month, trading hours, Underlying, exercise price, minimum price fluctuation, Last Trading Day, settlement basis and method of exercise.</p>	<p>"Contract Specifications" means the commercial and technical terms of a Contract which is listed for trading on the Exchange or any Relevant Market or an OTC Contract, including the Contract size, Contract Month, trading hours, Underlying, exercise price, minimum price fluctuation, Last Trading Day, settlement basis and method of exercise.</p>
New Rule	<p>"Coupon Settlement Price" means the price at which each coupon payment for an OTCF Contract relating to an interest rate swap is settled pursuant to any procedure prescribed by the Clearing House or the relevant OTCF Contract Terms, as the case may be.</p>
New Rule	<p>"Eligible OTCF Contracts" means any OTCF Contract accepted by the</p>

Amendments to SGX-DC Clearing Rules to support the introduction of Central Counterparty Clearing Services for Over-The-Counter Traded Financial Derivatives

Current Rules	New Rules
	Clearing House for clearing (subject to this Rules), as prescribed by the Clearing House from time to time.
New Rule	“Eligible OTCF Transaction” shall have the meaning ascribed to it in Rule 7.02AA.1.
New Rule	“First Original OTCF Contract Counterparty” means the Original OTCF Contract Counterparty who was, before registration and substitution of the OTCF Contract, party to the corresponding OTCF Transaction as the party (a) paying the fixed rate or (b) being the reference currency buyer, as the case may be.
<p>“Inter Dealer Broker” means a party who is:</p> <ul style="list-style-type: none"> a. not a Clearing Member but has signed an agreement with the Clearing House for the access to and use of the Trade Registration System; and b. designated by the Clearing House as eligible to submit OTC transactions to the Clearing House on behalf of a Clearing Member pursuant to this Rules. 	<p>“Inter Dealer Broker” means a party who is:</p> <ul style="list-style-type: none"> a. not a Clearing Member but has signed an agreement with the Clearing House for the access to and use of the Trade Registration System; and b. is designated by the Clearing House as eligible to submit OTC £transactions to the Clearing House on behalf of a Clearing Member pursuant to this Rules.
<p>“maintenance margin” shall:</p> <ul style="list-style-type: none"> a. for the purpose of Rule 7.22, refer to the minimum balance which shall be maintained in a Third Party’s (including a Customer’s) account subsequent to the deposit of the initial margins: <ul style="list-style-type: none"> i. for that Third Party’s open positions in Contracts as prescribed by the Clearing House; 	<p>“maintenance margin” shall:</p> <ul style="list-style-type: none"> a. for the purpose of Rule 7.22, refer to the minimum balance which shall be maintained in a Third Party’s (including a Customer’s) account subsequent to the deposit of the initial margins: <ul style="list-style-type: none"> i. for that Third Party’s open positions in Contracts as prescribed by the Clearing House;

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Current Rules	New Rules
<p>ii. for that Third Party’s open positions in contracts traded on exchanges other than the Exchange, as prescribed by the relevant exchanges or clearing houses;</p> <p>iii. for that Third Party’s unsettled over-the-counter spot trades, as prescribed under Rule 7.22.1A; and</p> <p>iv. in relation to any potential Flat Rate adjustment applicable to freight forward contracts for tanker voyage routes, as prescribed by the Clearing House for that Third Party.</p> <p>b. for the purpose of the rest of this Rules, mean the minimum balance which must be maintained for each Contract in an account of a Third Party (including a Customer) subsequent to the deposit of the initial margins or which otherwise is required by the Clearing House to be maintained in respect of each Contract.</p>	<p>ii. for that Third Party’s open positions in contracts traded on exchanges other than the Exchange, as prescribed by the relevant exchanges or clearing houses;</p> <p>iii. for that Third Party’s unsettled over-the-counter spot trades, as prescribed under Rule 7.22.1A; and</p> <p>iv. in relation to any potential Flat Rate adjustment applicable to freight forward contracts for tanker voyage routes, as prescribed by the Clearing House for that Third Party;</p> <p>b. for the purpose of the rest of this Rules, mean the minimum balance <u>prescribed by the Clearing House</u> which must shall be maintained for each Contract in an account of a Third Party (including a Customer) subsequent to the deposit of the initial margins or which otherwise is required by the Clearing House to be maintained in a Clearing Member’s account for that Clearing Member’s open position in respect of each Contract.</p>
New Rule	<p><u>“Original OTCF Contract Counterparties” means the First Original OTCF Counterparty and the Second Original OTCF Counterparty, and “Original OTCF Contract Counterparty” means any one of them.</u></p>
New Rule	<p><u>“OTCF Clearing Member Handbook” means the Over the Counter Financial Derivatives Clearing Member Handbook issued by the Clearing House prescribing the operational requirements, as well as explanatory information, for the clearing of over the counter financial derivatives (as the same may be varied, amended or supplemented from time to time).</u></p>
<p>“OTC Contract or transaction” means a contract or transaction that is not listed or quoted for trading on the Exchange or any Relevant Market.</p>	<p>“OTC Contract or £Transaction” means a contract or transaction that is not listed or quoted for trading on the Exchange or any Relevant Market <u>but</u></p>

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Current Rules	New Rules
	shall not include any OTCF Contract or OTCF Transaction.
New Rule	“OTCF Contract or Transaction” means a contract or transaction that is not listed or quoted for trading on the Exchange or any Relevant Market and relates to a financial derivative.
New Rule	“OTCF Contract Terms” means such terms as are applicable to each OTCF Contract as set out from time to time in the Appendices of the OTCF Clearing Member Handbook.
“Rules” or “this Rules” means the rules of the Clearing House as set out herein and as amended or supplemented from time to time by the Clearing House which includes the Directives	“Rules” or “this Rules” means the rules of the Clearing House as set out herein and as amended or supplemented from time to time by the Clearing House which includes the Directives and the OTCF Clearing Member Handbook.
New Rule	“Second Original OTCF Contract Counterparty” means the Original OTCF Contract Counterparty who was, before registration and substitution of the OTCF Contract, party to the corresponding OTCF Transaction as the party (a) paying floating rate or (b) being the reference currency seller, as the case may be.
“total risk requirement” ⁽¹¹⁾ –when used in reference to:-	“total risk requirement” ⁽¹¹⁾ –when used in reference to:-
a. a General Clearing Member or a Direct Clearing Member, shall bear the meaning ascribed thereto in paragraph 1 of the Third Schedule of the SFR (Financial and Margin Requirements);	No change

⁽¹¹⁾ Added, effective 1 October 2003. Circular No. DC/CCM-4 of 2003 (20 January 2003).

(11) Added, effective 1 October 2003. Circular No. DC/CCM-4 of 2003 (20 January 2003).

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Current Rules	New Rules
<p>b. a Bank Clearing Member incorporated in Singapore or a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.c, shall bear the meaning ascribed thereto in paragraph 1 of the Third Schedule of the SFR (Financial and Margin Requirements) except that such Bank Clearing Member shall only compute the total risk requirement for all Third Parties’ and proprietary positions in derivatives and securities contracts traded on any exchange and OTC contracts novated to any clearing facility; and</p>	<p>b. a Bank Clearing Member incorporated in Singapore or a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.c, shall bear the meaning ascribed thereto in paragraph 1 of the Third Schedule of the SFR (Financial and Margin Requirements) except that such Bank Clearing Member shall only compute the total risk requirement for all Third Parties’ and proprietary positions in derivatives and securities contracts traded on any exchange and OTC contracts (but shall not include any positions in OTCF Contracts in such computations) novated to any clearing facility; and</p>
<p>c. a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.a or b, shall bear the meaning ascribed thereto in paragraph 1 of the Third Schedule of the SFR (Financial and Margin Requirements) except that such Bank Clearing Member shall only compute the total risk requirement for all Third Parties’ and proprietary positions in derivatives and securities contracts traded on the Exchange and SGX-ST and OTC contracts novated to the Clearing House and CDP.</p>	<p>c. a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.a or b, shall bear the meaning ascribed thereto in paragraph 1 of the Third Schedule of the SFR (Financial and Margin Requirements) except that such Bank Clearing Member shall only compute the total risk requirement for all Third Parties’ and proprietary positions in derivatives and securities contracts traded on the Exchange and SGX-ST and OTC contracts (but shall not include any positions in OTCF Contracts in such computation) novated to the Clearing House and CDP.</p>
<p>“Trade Registration System” means the software and system provided by the Clearing House to Clearing Members, Inter Dealer Brokers or such other party authorized by the Clearing Member and approved by the Clearing House, for the purpose of registering and confirming Eligible OTC transactions with the Clearing House.</p>	<p>“Trade Registration System” means the software and systems provided by the Clearing House or any third party systems provider approved by the Clearing House to Clearing Members, Inter Dealer Brokers or such other party authorised by the Clearing Member and, where required under this Rules, approved by the Clearing House, for the purpose of registering and confirming Eligible OTC transactions and/or Eligible OTCF Transactions with the Clearing House.</p>