

AMENDMENTS TO CDP CLEARING RULES

Current Rule	New Rule
<p>5.6 <u>Exposure to Single Customer</u></p> <p>5.6.3 In Rule 5.6.1, “exposure to a single customer” means:-</p> <p>(1) in the case of securities carried in a customer’s account (other than a margin financing account):-</p> <p>[.]</p> <p>(d) where the contracts referred to in Rule 5.6.3(1)(a) or (b) have been offset by a force-sale or buying-in transaction after the due date, the exposure shall not include those amounts specified in Rule 5.6.3(1)(a) or (b) in respect of such contracts but shall instead include the amount of the loss, if any, arising from the force-sale or buying-in transaction, on the date on which the transaction takes effect;</p> <p>[.]</p>	<p>5.6 <u>Exposure to Single Customer</u></p> <p>5.6.3 In Rule 5.6.1, “exposure to a single customer” means:-</p> <p>(1) in the case of securities carried in a customer’s account (other than a margin financing account):-</p> <p>[.]</p> <p>(d) where the contracts referred to in Rule 5.6.3(1)(a) or (b) have been offset by a force-sale <u>after the due date</u> or buying-in transaction <u>on or</u> after the due date, the exposure shall not include those amounts specified in Rule 5.6.3(1)(a) or (b) in respect of such contracts but shall instead include the amount of the loss, if any, arising from the force-sale or buying-in transaction, on the date on which the transaction takes effect;</p> <p>[.]</p>
<p>6.3 <u>Set-Off of Payment Obligations Under Novated Contracts</u></p> <p>6.3.3 For any Settlement Day, the Net Inter-Broker Settlement Balance shall be further set-off against any net amount owing by CDP to the Clearing Member or any net amount owing to CDP by the Clearing Member for Exchange Trades cleared and settled through CDP under DVP Settlement pursuant to the DVP Rules. The resultant net amount (the “Final Settlement Balance”) shall be payable to CDP by, or payable by CDP to, the Clearing Member on any Settlement Day. The Final Settlement Balance shall be notified to the Clearing Member by on-line transmission (the “On-Line Transmission”) to the</p>	<p>6.3 <u>Set-Off of Payment Obligations Under Novated Contracts</u></p> <p>6.3.3 For any Settlement Day, the Net Inter-Broker Settlement Balance shall:</p> <p><u>(1) be further set-off against any net amount owing by CDP to the Clearing Member or any net amount owing to CDP by the Clearing Member for Exchange Trades cleared and settled through CDP under DVP Settlement pursuant to the DVP Rules; and</u></p> <p><u>(2) not include the amount owing by CDP to the Clearing Member in</u></p>

<p>Clearing Member's terminal by 3.00 p.m. on each Settlement Day.</p>	<p>respect of every security which is not available in accordance with Rule 6.5.2A and which the Clearing Member has not delivered.</p> <p>The resultant net amount (the "Final Settlement Balance") shall be payable to CDP by, or payable by CDP to, the Clearing Member on any Settlement Day. The Final Settlement Balance shall be notified to the Clearing Member by on-line transmission (the "On-Line Transmission") to the Clearing Member's terminal by 3.00 p.m. on each Settlement Day.</p>
<p>6.5 <u>Settlement of Securities under Novated Contracts</u></p> <p>6.5.2 The right of CDP to receive securities on any Settlement Day from a selling Clearing Member pursuant to a novated contract shall be satisfied by CDP debiting such securities from the Clearing Account of the selling Clearing Member before 12.00 midnight on the Settlement Day. Upon such debiting, the selling Clearing Member irrevocably authorises CDP to recover such securities from the "Free" balance of the Securities Account or sub-account of the customer of the selling Clearing Member on whose behalf the selling Clearing Member executed the relevant Exchange Trade for Inter-Broker Settlement by debiting the said Securities Account or sub-account and to thereafter credit such securities to the Clearing Account of the selling Clearing Member. In the event that there are insufficient or no securities in the "Free" balance of such Securities Account or sub-account, the selling Clearing Member shall be responsible for such shortfall. The shortfall in the securities shall be debited to the selling Clearing Member's Clearing Account.</p>	<p>6.5 <u>Settlement of Securities under Novated Contracts</u></p> <p>6.5.2 The right of CDP to receive securities for delivery on any Settlement Day from a selling Clearing Member pursuant to a novated contract shall be satisfied by CDP debiting such securities for delivery from the Clearing Account of the selling Clearing Member before 12.00 midnight on the Settlement Day. Upon such debiting, the selling Clearing Member irrevocably authorises CDP to recover such securities for delivery from the "Free" balance of the Securities Account or sub-account of the customer of the selling Clearing Member on whose behalf the selling Clearing Member executed the relevant Exchange Trade for Inter-Broker Settlement by debiting the said Securities Account or sub-account and to thereafter credit such securities to the Clearing Account of the selling Clearing Member. In the event that there are insufficient or no securities in the "Free" balance of such Securities Account or sub-account for delivery, the selling Clearing Member shall be responsible for such shortfall. The shortfall in the securities shall be debited to the selling Clearing Member's Clearing Account.</p>
	<p>6.5.2A The selling Clearing Member shall ensure that such security referred</p>

	<p>to in Rule 6.5.2 is available in the balance of the Securities Account or sub-account of its customer by 12.00 noon on Settlement Day, or such time as determined by CDP. Failure to do so shall subject the selling Clearing Member to buying-in under Rule 6.7.</p>
New Rule	<p>6.5.2B The securities referred to in Rule 6.5.2, in the balance of the Securities Account or sub-account of the customer of the selling Clearing Member on whose behalf the selling Clearing Member executed the relevant Exchange Trade for Inter-Broker Settlement, shall be deemed to be in the “Free” Balance of such Securities Account or sub-account for the purposes of Rule 8.5.1.</p>
<p>6.7 BUYING-IN BY CDP Each Clearing Member shall ensure that all sale transactions are delivered on the Settlement Day.</p>	<p>6.7 BUYING-IN BY CDP Each Clearing Member shall ensure that the securities for all sale transactions are made available in accordance with Rule 6.5.2A and delivered on the Settlement Day in accordance with Rule 6.5.2.</p>
<p>6.7.1 Terminology For clarity under Rule 6.7:- “short Clearing Member” refers to the Clearing Member who has failed to deliver the securities on the Settlement Day; and “selling Clearing Member” refers to the Clearing Member who has sold securities in the buy-in market.</p>	<p>6.7.1 Terminology For clarity under Rules 6.7 and 6.7A:- “short Clearing Member” refers to the Clearing Member who fails to comply with the obligation set out in Rule 6.5.2A or has failed to deliver the securities on the Settlement Day in accordance with Rule 6.5.2; and “selling Clearing Member” refers to the Clearing Member who has sold securities in the buy-in market.</p>
<p>6.7.2(2) The securities bought-in shall be credited to the Securities Account or sub-account of the short Clearing Member’s customer in the case where it is the customer who has failed to deliver the securities, or in any other case, the Stock Account of the short Clearing Member.</p> <p>(CDPCR001/2008)</p>	<p>6.7.2(2) The securities bought-in shall be: (a) credited to the Securities Account or sub-account of the short Clearing Member’s customer in the case where it is the customer who has not made such securities available in the Securities Account or sub-account by such time as specified under Rule 6.5.2A, or failed to deliver the securities in</p>

	<p>accordance with Rule 6.5.2; or and (b) in any other case, the Stock Account of the short Clearing Member.</p> <p style="text-align: right;"><i>(CDPCR001/2008)</i></p>
<p>6.7.3 <u>Ready Trades</u></p> <p>(1) By the opening of the Market Day following the Settlement Day, CDP shall make available a report listing down all trades for each and every security for which the short Clearing Member has failed to deliver.</p> <p>(2) Buying-in against the short Clearing Member may proceed according to this report and in accordance with Rule 6.7.4, on the same Market Day or such other day as may be prescribed by CDP.</p>	<p>6.7.3 <u>Ready Trades</u></p> <p>(1) By the opening of the Market Day following the Settlement Day, CDP shall make available a report, <u>at the scheduled time as determined by CDP,</u> listing down all trades for each and every security for-in respect of which the short Clearing Member has <u>either failed to comply with the obligation set out in Rule 6.5.2A or</u> failed to deliver <u>on the Settlement Day in accordance with Rule 6.5.2.</u></p> <p>(2) Buying-in against the short Clearing Member may proceed according to this report and in accordance with Rule 6.7.4, on the same Market <u>Settlement</u> Day or such other day <u>Market Day</u> as may be prescribed by CDP.</p>
<p>6.7.4 <u>Buying-In Procedures</u> [.]</p>	<p>6.7.4 <u>Buying-In Procedures</u> [.]</p>
<p>(6) Subject to paragraph (1A), buying-in shall commence at the time scheduled by CDP on any Market Day and sellers may offer for immediate delivery any securities shown in the list, the first offer at the price bid to be matched by the Trading System. Offers may be in whole or in part of any particular security to be bought-in, provided that where only part is being offered, such part shall be in board lots.</p>	<p>(6) Subject to paragraph (1A), buying-in shall commence at the time scheduled by CDP on any Market Day <u>the Settlement Day or the following and successive Market Days</u> and sellers may offer for immediate delivery any securities shown in the list, the first offer at the price bid to be matched by the Trading System. Offers may be in whole or in part of any particular security to be bought-in, provided that where only part is being offered, such part shall be in board lots.</p>

<p>(7) If the securities are not obtained, CDP shall have absolute discretion to raise the price bid by 2 minimum bids, as determined by SGX-ST, from time to time throughout the Market Day until the securities are bought or delivered to CDP.</p> <p>(8) If the securities cannot be obtained during a Market Day, the buying-in shall continue on the following and successive Market Days at 2 minimum bids, as determined by SGX-ST, higher than the buying-in bid price at the close of the previous Market Day, and thereafter CDP shall have absolute discretion to raise the buying-in bid price by 2 minimum bids, as determined by SGX-ST, from time to time throughout the Market Day until the securities are bought or delivered to the CDP.</p> <p>[.]</p> <p>(12) Where a Clearing Member fails to cover overdue sold positions of its customers, CDP shall have the discretion to impose upon the Clearing Member a fine of \$100 for each day a sold contract is overdue.</p>	<p>(7) If the securities are not obtained, CDP shall have absolute discretion to raise the price bid by 2 minimum bids, as determined by SGX-ST, from time to time throughout the <u>Settlement Day</u> Market Day until the securities are bought or delivered to CDP.</p> <p>(8) If the securities cannot be obtained during <u>the Settlement Day a Market Day</u>, the buying-in shall continue on the following and successive Market Days at 2 minimum bids, as determined by SGX-ST, higher than the buying-in bid price at the close of <u>the Settlement Day or</u> the previous Market Day, and thereafter CDP shall have absolute discretion to raise the buying-in bid price by 2 minimum bids, as determined by SGX-ST, from time to time throughout the Market Day until the securities are bought or delivered to the CDP.</p> <p>[.]</p> <p>(12) Where a Clearing Member fails to cover overdue sold positions of its customers, CDP shall have the discretion to impose upon the Clearing Member a fine of \$100 for each day a sold contract is overdue.</p>
<p>6.7.5 Buying-In Requests by Clearing Members</p> <p>When a customer or a Trading Member qualified by a Clearing Member, fails to deliver securities to the Clearing Member by the Settlement Day, that Clearing Member may instruct CDP to buy-in against the customer or Trading Member qualified by it.</p> <p>Buying-in by CDP shall be executed in accordance with the procedures set out in Rule 6.7.</p>	<p>6.7.5 Buying-In Requests by Clearing Members</p> <p>When a customer or a Trading Member qualified by a Clearing Member, <u>does not make available such securities as specified under Rule 6.5.2A or</u> fails to deliver securities to the Clearing Member by the Settlement Day <u>in accordance with Rule 6.5.2</u>, that Clearing Member may instruct CDP to buy-in against the customer or Trading Member qualified by it.</p>

	Buying-in by CDP shall be executed in accordance with the procedures set out in Rule 6.7.
6.7.10 Where a Clearing Member frequently fails to deliver securities by the Settlement Day, CDP may refer the matter to the Disciplinary Committee.	6.7.10 Where a Clearing Member frequently fails to deliver securities by the Settlement Day, CDP may refer the matter to the Disciplinary Committee.
New Rule	<p><u>6.7A PENALTIES FOR THE NON-DELIVERY OF SECURITIES IN THE READY MARKET AND BUY-IN MARKET</u></p> <p><u>6.7A.1(1) Where a short Clearing Member has failed to deliver securities by the end of the Settlement Day in accordance with Rule 6.5.2, CDP may impose upon the short Clearing Member a fine of \$1,000 or 5% of the contract value of the undelivered securities (whichever is higher).</u></p> <p><u>For the purposes of this Rule, a Clearing Member is deemed to have failed to deliver securities where such securities have not been obtained through buying-in by the end of the Settlement Day.</u></p>
	<p><u>6.7A.1(2) Nothing in the foregoing prevents CDP from waiving the fine under Rule 6.7A.1 for:</u></p> <p><u>(a) market makers of cross-listed exchange traded funds; or</u></p> <p><u>(b) such class of market participants that SGX may determine in its discretion from time to time, if it is in the interests of the market.</u></p>
	<u>6.7A.2 Where a short Clearing Member is required to procure securities pursuant to Rule 6.7.4(8A), CDP shall impose upon the Clearing Member a penalty of \$5,000 at the end of each day of procurement in</u>

	<u>which the Clearing Member has failed to procure the short securities.</u>
	<u>6.7A.3 CDP may refer a Clearing Member to the Disciplinary Committee where CDP is satisfied that the Clearing Member has frequently failed to deliver securities by the Settlement Day.</u>
	<u>6.7A.4(1) CDP may refer a Clearing Member to the Disciplinary Committee where:</u> <u>(a) the Clearing Member fails to procure securities as directed by CDP, pursuant to Rule 6.7.4(8A); or</u> <u>(b) the selling Clearing Member fails to deliver securities in the buying-in market in accordance with the buying-in procedures as prescribed by CDP.</u> <u>6.7A.4(2) If the Disciplinary Committee is satisfied that CDP has proved on a balance of probabilities that the Clearing Member has committed the conduct described in the charge, the Disciplinary Committee:</u> <u>(a) shall impose a penalty, pursuant to its power under Rule 11.5.4, not lower than \$20,000; and</u> <u>(b) may choose to impose, in addition to the penalty in subsection (i), any one or more of the sanction(s) as set out in Rule 11.5.4.</u>
8.5 <u>Delivery of Securities Under New Sale Contract</u>	8.5 <u>Delivery of Securities Under New Sale Contract</u>
8.5.1 The obligation of the selling customer to make delivery of securities to CDP pursuant to a New Sale Contract shall be discharged by CDP debiting such securities from the “Free” balance of the Securities Account or sub-account of the selling customer and crediting CDP’s	8.5.1 The obligation of the selling customer to make delivery of securities to CDP pursuant to a New Sale Contract shall be discharged by CDP debiting such securities from the “Free” balance of the Securities Account or sub-account of the selling customer and crediting CDP’s

suspense account before 12 midnight on the Settlement Day. Title and right to such securities shall not at any time pass to the Defaulting Clearing Member. In the event that there are insufficient or no securities in the “Free” Balance of such Securities Account or sub-account, the selling customer shall be responsible to CDP for such shortfall. Buying-in will be conducted against the selling customer who has failed to deliver the securities or sufficient securities at any time after the Settlement Day. The securities bought-in shall thereafter be debited from the selling customer’s Securities Account or sub-account. Notwithstanding that the Clearing Fund may have been drawn upon, CDP may at any time thereafter claim the difference and all losses and expenses consequent upon such buying-in, and all damages which CDP may sustain in this connection (regardless of whether such losses, expenses and damages have been insured against) shall be recoverable by CDP from:-

- (1) the selling customer and, failing him;
- (2) the Defaulting Clearing Member.

(CDPCR001/2008)

suspense account before 12 midnight on the Settlement Day. Title and right to such securities shall not at any time pass to the Defaulting Clearing Member. In the event that there are insufficient or no securities in the “Free” Balance of such Securities Account or sub-account, the selling customer shall be responsible to CDP for such shortfall.

In addition, the selling customer shall ensure that the securities are available in the balance of his Securities Account or sub-account by 12.00 noon on Settlement Day, or such time as determined by CDP.

~~Buying-in will be conducted against~~ Where the selling customer ~~who:~~

(a) has not made available in the balance of his Securities Account or sub-account the securities or sufficient securities by 12.00 noon on Settlement Day or such time as determined by CDP; or

(b) has failed to deliver the securities or sufficient securities at any time after the Settlement Day;

Such securities will be acquired in the manner prescribed by CDP.

The securities ~~bought-in~~ acquired shall thereafter be debited from the selling customer’s Securities Account or sub-account. Notwithstanding that the Clearing Fund may have been drawn upon, CDP may at any time thereafter claim the difference and all losses and expenses consequent upon such ~~buying-in~~ acquiring of securities, and all damages which CDP may sustain in this connection (regardless of whether such losses, expenses and damages have been insured against) shall be recoverable by CDP from:-

- (1) the selling customer and, failing him;
- (2) the Defaulting Clearing Member.

	<i>(CDPCR001/2008)</i>
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