

Amendments to CDP Clearing Rules

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Rule amendments are marked in brown.

Sample: Rule insertion

~~Sample~~: Rule deletion

Amendments to CDP Clearing Rules	
Rule 1 — Application and Definitions	
...	
1.2 Definitions	
1.2.1	
In these Clearing Rules, unless the context otherwise requires:—	
Where a provision of these Clearing Rules refers to or has effect for the purposes of a particular provision of the SFA or the Companies Act (Cap. 50) or any subsidiary legislation promulgated under it ("the Companies Act") — the word or expression has in that provision of these Clearing Rules the same meaning as it has in that provision of the SFA or the Companies Act; in any other case, the word or expression has the same meaning in these Clearing Rules as it has in the SFA or the Companies Act.	
Unless the context requires otherwise, where the terms defined below are defined in relation to a holder of a Capital Markets Services Licence, such definitions shall, with the necessary modifications, apply to a Clearing Member as those definitions apply to a holder of a Capital Markets Services Licence whether or not that Clearing Member holds a Capital Markets Services Licence.	
Term	Meaning
B	
...	
<u>"buying-in market"</u>	<u>means the market operated by SGX-ST for the sale and purchase of securities to be bought-in by CDP pursuant to these Clearing Rules.</u>
...	
C	
...	
<u>"cash settle"</u>	<u>in relation to an obligation to deliver securities or a right to receive securities means the replacing of that obligation or right with an obligation to pay or a right to receive a Cash Settlement Amount.</u>
<u>"Cash Settlement Amount"</u>	<u>means the monetary sum, as set out in Practice Note 6.5.1B(2), 6.6.2, 6.7.11, 8.4.1A, 8.5.2A and 8.6F.2, to be paid or received pursuant to a cash settlement under these Clearing Rules.</u>
...	
<u>"CDP Settlement Facility"</u>	<u>means the settlement facility operated by CDP for settlement pursuant to the CDP Settlement Rules.</u>
<u>"CDP Settlement Rules"</u>	<u>means the Settlement Rules of CDP as the same may be amended, modified, supplemented or replaced from time to time.</u>

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"Circular"	means a binding notice issued by the Clearing House <u>CDP</u> regarding regulatory and non-regulatory matters pertaining to Clearing Members.
...	
"Clearing Directives"	means any Directives, <u>Regulatory Notices</u> , Circulars, and terms and conditions governing the operations, facilities and services provided by CDP.
...	
"Clearing Member"	means <u>the</u> corporation granted or admitted to be a member of CDP <u>for clearing</u> , pursuant to <u>these</u> this Clearing Rules and shall include a General Clearing Member and a Bank Clearing Member.
...	
"Clearing Rules" or "this Clearing Rules"	means the rules of CDP <u>Clearing Rules</u> , including, save where expressly indicated otherwise, the Directives, <u>Regulatory Notices</u> and Circulars, as set out herein and as the same may be amended, <u>modified</u> , or supplemented or <u>replaced</u> from time to time by <u>CDP</u> .
...	
"Customer",	with respect to a Clearing Member, means:— <ul style="list-style-type: none"> (1) any person from whom, or on whose behalf, a Clearing Member has received or acquired or held moneys or securities for the account of such person and includes directors of the Clearing Member, their connected persons (as defined in section 2 of the SFA) and any other person with whom the Clearing Member has entered into a contract to sell or purchase securities or Futures Contracts; and (2) the Trading Members which are qualified by the Clearing Member but excludes:— <ul style="list-style-type: none"> (a) a person whose account is carried on the books of a Trading Member (where such person is not the Trading Member itself); (b) the Central Depository (Pte) Limited; <u>and</u> (c) the Options Clearing Company (Pte) Limited; and (d) any other person approved by the Authority and which is established for the purpose of providing clearing and settlement facilities in respect of any dealing in securities or trade in Futures Contracts.
...	
D	
"Daily Settlement of Account with CDP"	has the meaning ascribed to it in Rule 6.3.2.
...	
" <u>derivatives contract</u> "	has the meaning ascribed to it in the SFA.

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"Directive"	means a binding notice directing Clearing Members to take corrective or other actions <u>including actions</u> in the interests of a safe and efficient clearing facility or in light of investor protection concerns.
...	
"DVP Rules"	means the rules (as the same may be varied, amended or supplemented from time to time) governing DVP Settlement.
"DVP Settlement"	means the system and process of settlement of affirmed transactions whereby CDP ensures that payment is made against the transfer of securities, details of which are given in CDP's Depository Agent circular No. 89 of 1997 and the DVP Rules, including any modifications or updates thereto which may be issued by CDP from time to time.
...	
"Exchange Trade"	<p>means:—</p> <p>(1) a trade transacted on or through the Trading System pursuant to the SGX-ST Rules; or</p> <p>(2) a trade reported to SGX-ST pursuant to the SGX-ST Rules, including but not limited to Direct Business; or</p> <p>(3) a trade reported by a Clearing Member to CDP, which CDP accepts for clearing in Inter-Broker Settlement; or</p> <p>(4) a trade (including without limitation in securities, commodities, options, derivatives or other financial instruments) transacted on such Exchange (other than SGX-ST) with which CDP may have direct or indirect clearing arrangements from time to time, or in relation to which trade CDP has clearing arrangements in place;</p> <p>with the exception of such trades as CDP may from time to time stipulate as not being "Exchange Trades" falling under these Clearing Rules.</p>
...	
F	
"Final Settlement Balance"	has the meaning ascribed to it in Rule 6.3. 23 .
...	
"FOP Transaction Settlement"	means an Exchange Trade which is settled based on free of payment instructions between Clearing Members and Depository Agents that are received via SGX Prime.
...	
I	
...	
<u>"Intended Settlement Day"</u>	<u>means, in relation to any Novated Contract, the day on which the Exchange Trade from which the Novated Contract arises is due for settlement, as provided in the SGX-ST Rules or the applicable rules or regulations of the relevant Exchange (as the case may be).</u>
"Inter-Broker Settlement"	means the system and process of settlement of Exchange Trades between the Clearing Members and CDP.
...	
N	

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...	
"Net Inter-Broker Settlement Balance"	has the meaning ascribed to it in Rule 6.3.2.
...	
P	
...	
"Position Account"	means an account maintained <u>by a Clearing Member</u> with CDP in its <u>CDP's</u> post-trade system, for carrying positions of trades to be cleared with CDP.
...	
R	
...	
<u>"Regulatory Notice"</u>	<u>means a binding notice issued by CDP on regulatory matters regarding the clearing facility operated by CDP, as the same may be amended, modified, supplemented or replaced from time to time.</u>
...	
S	
...	
"Securities Account"	means, a securities account maintained with CDP <u>in relation to any person, an account maintained directly with CDP or through a Depository Agent or the CPF Board for holding securities for or on behalf of that person.</u>
...	
"Settlement Day"	means a day on which settlement of <u>occurs in CDP. an Exchange Trade occurs, as stipulated by the SGX-ST Rules or the applicable rules or regulations of the relevant Exchange (as the case may be).</u>
...	
"SGX Prime"	means an open access infrastructure developed and maintained by CDP to enable connectivity between market participants' back office systems and CDP post trade systems.
...	
1.10 Order of Precedence	
1.10.1	
The order of precedence of the following instruments applicable to the CDP and Clearing Members shall be (in descending order of precedence):	
(1)	Legislation;
(2)	this these Clearing Rules <u>(excluding Directives, Regulatory Notices and Circulars);</u>
(3)	Directives;
<u>(3A)</u>	<u>Regulatory Notices;</u>
(4)	Circulars;
(5)	terms and conditions governing the operations, facilities and services provided by CDP;
and	
(6)	Practice Notes.

Amendments to CDP Clearing Rules
...
Rule 3 —Membership
3.1 Clearing Member
3.1.1
Clearing Membership in CDP shall comprise such classes of membership(s) as may from time to time be provided in this Clearing Rules. All memberships to CDP are granted pursuant, and subject, to this Clearing Rules and such other terms and conditions as may be prescribed at CDP's discretion.
3.1.2 Eligibility Criteria for General Clearing Member
Unless otherwise prescribed by CDP, to be eligible for Clearing Membership as a General Clearing Member, an applicant must satisfy CDP that:—
(1) it is a corporation with the requisite financial and business standing and repute and is or will upon admission be carrying on the business whether in Singapore;
(a) it has a base capital of not less than S\$5,000,000; or
(b) in the case of an applicant admitted as a clearing member of CDP and SGX-DC, it has a base capital of not less than S\$8,000,000;
or such other amount as may be prescribed by CDP hereafter and from time to time;
(2) upon admission, it shall appoint at least one (1) Approved Executive Director pursuant to Rule 4;
(3) unless exempt under the SFA or Securities and Futures Regulations, holds a capital markets services licence to engage in the relevant regulated activities, including where appropriate, trading in futures contracts;
(4) it has, and upon admission, will maintain, minimum capital and financial requirements pursuant to Rules 5.1.1 or 5.1D.1 (whichever is applicable) and 5.4;
(4A) it has, and upon admission will maintain, a special reserve fund pursuant to Rule 5.5;
(5) its managerial or executive staff have a high standard of integrity and a level of knowledge (as may be deemed acceptable by CDP) on the nature, risks and obligations in respect of the organised market or contracts <u>trades</u> that it wishes to clear;
(6) it must have in place sufficient resources and establish and maintain adequate systems for preserving a sound liquidity and financial position at all times including the maintaining of adequate staff and facilities for monitoring its cashflow and funding requirements and maintaining sufficient liquidity for its day to day operations;
(7) it must maintain segregated and adequate back-office functions; and
(8) it satisfies any and all other requirements and criteria for such Clearing Membership, which CDP may from time to time hereafter prescribe.
...
3.5 General Obligations of a Clearing Member
3.5.1
Each Clearing Member undertakes and agrees to:—

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...
(11) maintain bank accounts in the currencies <u>as necessary, that may incur settlement</u> and with banks acceptable to CDP, <u>to facilitate payments and/or settlement as may be required under these Clearing Rules;</u>
...
3.5.5 Records of Customer Monies and Assets in Relation to Contracts-Trades Cleared or Settled through CDP
In relation to monies and assets received from its Customers, a Clearing Member must:
(1) maintain complete and accurate records, which enable it to identify at all times, specific amounts of such monies and assets deposited with it by each Customer in connection with such Customer's contracts trades which are, or are to be, cleared or settled through CDP; and
(2) provide the records referred to in Rule 3.5.5(1) to CDP by such time as CDP may require.
...
<u>3.7A Relationship Between Clearing Member and Trading Member</u>
<u>3.7A.1 Settlement Timelines</u>
<u>Unless the Trading Member has in place arrangements to settle Exchange Trades with its Clearing Member on a delivery-versus-payment basis through the CDP Settlement Facility, the Clearing Member must make payment (whether of sale proceeds, Cash Settlement Amounts, corporate action entitlements or compensation for corporate action entitlements) or deliver securities to a Trading Member in respect of any Exchange Trade, by such time as to enable payment or delivery by the Trading Member to the Trading Member's customers within any timelines specified in the SGX-ST Rules, save that a Clearing Member may:</u>
<u>(1) withhold payment of sale proceeds to a selling Trading Member until the selling Trading Member has made delivery of securities; and</u>
<u>(2) withhold delivery of securities or the payment of any Cash Settlement Amount, corporate action entitlements or compensation for corporate action entitlements to a buying Trading Member until payment by the buying Trading Member has been received.</u>
<u>3.7A.2 Force Sale</u>
<u>Subject to Rules 3.7A.3 and 3.7A.4, if a buying Trading Member fails to meet any of the timelines set out in the SGX-ST Rules for payment to its Clearing Member, the Clearing Member shall force-sell the securities of the buying Trading Member on the following Market Day.</u>
<u>3.7A.3</u>
<u>Rule 3.7A.2 does not apply if the Clearing Member has allowed the buying Trading Member to effect a corresponding sale position after the purchase but not later than the Intended Settlement Day of the Exchange Trade for such purchase.</u>
<u>3.7A.4</u>
<u>If the Clearing Member reasonably expects full payment from the buying Trading Member, the Clearing Member may defer force-sale for up to two Market Days.</u>
<u>3.7A.5</u>
<u>A Clearing Member exercising its discretion under Rule 3.7A.4 must not engage in imprudent credit practices.</u>

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<u>3.7A.6</u>
<u>The following rules apply to all force-sales by a Clearing Member:</u>
<p><u>(1) The Clearing Member has discretion as to the price and volume put up for sale, at any time;</u></p> <p><u>(2) The Clearing Member need not give notice of the force-sale to the Trading Member;</u></p> <p><u>(3) The Clearing Member is not liable to the Trading Member for any loss or damage arising out of the exercise of its discretion; and</u></p> <p><u>(4) The Clearing Member may recover the losses and expenses incurred in the force-sale from the Trading Member.</u></p>
<u>3.7A.7 Notification of Cash settlement</u>
<u>A Clearing Member shall, if informed by CDP that a right to receive securities pursuant to an Exchange Trade is to be cash settled, immediately inform the relevant buying Trading Member.</u>
3.8 Reporting Requirements
A Clearing Member shall notify CDP in writing upon or where practicable, pre-notify CDP of, the happening of all or any of the following events and supply full particulars thereof together with such further information as CDP may require:—
...
<u>(4C) when the Clearing Member is experiencing an emergency or potentially debilitating situation that threatens its operations (e.g. a cyber threat or terrorist attack);</u>
...
Rule 5A — Position Accounts
...
5A.3 — Allocation of trades to Position Accounts
...
5A.3.4
For cases in which an SGX-ST Trading Member is warehousing its customer's trades, the Clearing Member shall ensure that no trades are warehoused for more than <u>2 one</u> Market Days, unless under exceptional circumstances. In such cases, the Clearing Member must document the reasons for the extension of time.
<i>Refer to Practice Note 5A.3.1, 5A.3.4</i>
5A.4 — Authorisation of SGX-ST Trading Member to Maintain Position Accounts
5A.4.1
For third-party clearing arrangements, a Clearing Member may authorise an SGX-ST Trading Member it qualifies (referred to in this Rule 5A.4. as the "Authorised Trading Member") to:
(a) open and maintain Position Accounts for; or
(b) open, maintain and allocate positions to the Position Accounts of,

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	the SGX-ST Trading Member and/or the SGX-ST Trading Member's customers (such Position Accounts referred to in this Rule 5A.4 as the "Authoriz <u>ed</u> Accounts"), in accordance with such procedures as CDP may require.
5A.4.2	Where a Clearing Member authoriz <u>es</u> an Authoriz <u>ed</u> Trading Member to open and maintain Authoriz <u>ed</u> Accounts under Rule 5A.4.1(a), Rules 5A.1 and 5A.2 shall, with the necessary modifications, apply to an Authoriz <u>ed</u> Trading Member in respect of each Authoriz <u>ed</u> Account, as those provisions apply to a Clearing Member. The Clearing Member who authoriz <u>es</u> the Authoriz <u>ed</u> Trading Member under Rule 5A.4.1(a) shall ensure that the Authoriz <u>ed</u> Trading Member performs the obligations under Rules 5A.1 and 5A.2, as they apply to the Authoriz <u>ed</u> Trading Member in respect of each Authoriz <u>ed</u> Account.
	<i>Refer to Practice Note 5A.4.2, 5A.4.3.</i>
5A.4.3	Where a Clearing Member authoriz <u>es</u> an Authoriz <u>ed</u> Trading Member to open, maintain and allocate positions to the Authoriz <u>ed</u> Accounts under Rule 5A.4.1(b), Rules 5A.1, 5A.2, 5A.3 and 5A.6 shall, with the necessary modifications, apply to an Authoriz <u>ed</u> Trading Member in respect of each Authoriz <u>ed</u> Account, as those provisions apply to a Clearing Member. The Clearing Member who authoriz <u>es</u> the Authoriz <u>ed</u> Trading Member under Rule 5A.4.1(b) shall ensure that the Authoriz <u>ed</u> Trading Member performs the obligations under Rules 5A.1, 5A.2, 5A.3 and 5A.6, as they apply to the Authoriz <u>ed</u> Trading Member in respect of each Authoriz <u>ed</u> Account.
	<i>Refer to Practice Note 5A.4.2, 5A.4.3.</i>
5A.4.4	If a Clearing Member wishes to cease authoriz <u>ing</u> an Authoriz <u>ed</u> Trading Member, it shall:-
	(a) give not less than 30 days' written notice (or such shorter period as CDP may from time to time deem acceptable) to CDP of its intention to cease authoriz <u>ing</u> that Authoriz <u>ed</u> Trading Member and the proposed date of cessation, provided always that CDP may waive such notice requirement at any time with respect to any Clearing Member;
	(b) satisfy CDP that it has taken, or will take, proper steps for the orderly clearing and settlement of the Authoriz <u>ed</u> Trading Member's Exchange Trades; and
	(c) comply with any reasonable direction of CDP in relation to the orderly cessation of the authoriz <u>ation</u> of the Authoriz <u>ed</u> Trading Member.
5A.5 — Position Accounts carrying positions for more than one beneficial owner	
5A.5.1	Subject to Rule 5A.5.2, a Clearing Member shall identify <u>the beneficial owner(s) and/or controlling party(ies) of any Position Account to CDP</u> , or ensure that such information is made available, to CDP any underlying beneficial owner and/or any controlling party of any Position Account. This shall be provided upon request by CDP within such time as CDP may require.
	...
5A.6 — Position Reconciliation	
5A.6.1	Each Clearing Member shall ensure that positions in each Position Account maintained with CDP are accurate. If any discrepancy between CDP's and the Clearing Member's records is noted, the Clearing Member must <u>inform CDP and if required</u> rectify the discrepancy immediately.

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5A.7 — Disclosure of information	
5A.7.1	Each Clearing Member irrevocably authorizes CDP to disclose the contents of any information reported to CDP under this Rule 5A to any Exchange in so far as such information relates to trades executed on that Exchange or to any Position Account carrying such trades.
Rule 6 — Clearing and Settlement <u>between Clearing Members and CDP</u>	
6.1 Clearing of Exchange Trades	
6.1.1	Unless otherwise specified by CDP, all All Exchange Trades shall be cleared and settled <u>with through</u> CDP under Inter-Broker Settlement in accordance with these Clearing Rules. For the avoidance of doubt, Marginable Futures Contracts (whether such contracts open new positions or offset existing positions) are settled through CDP under Inter-Broker Settlement on Settlement Day.
6.1.2	Unless otherwise specified by CDP, only Only Clearing Members shall be permitted to clear and settle Exchange Trades <u>with through</u> CDP under Inter-Broker Settlement.
6.1.3 [Deleted]	<p>(1) Subject to Rule 6.1.3(2), at the election of a Clearing Member, an Exchange Trade may be taken out of Inter-Broker Settlement and cleared and settled through CDP under DVP Settlement in accordance with the DVP Rules.</p> <p>(2) CDP shall have the discretion to allow or disallow DVP Settlement for such Exchange Trades or classes of Exchange Trades.</p>
6.1.4 [Deleted]	Settlement of transactions between the Clearing Member and CDP shall be in the currency as determined by CDP.
6.2 Clearing and Novation in Inter-Broker Settlement	
6.2.1	Subject to Rule 6.2.1A, when a transaction between 2 SGX-ST Trading Members is matched on the Trading System, or is reported to SGX-ST as a reported trade pursuant to the SGX-ST Rules on "Direct Business", or is otherwise accepted for clearing by the CDP in Inter-Broker Settlement , the following occurs:—
...	
	(2) Where 1 of the 2 SGX-ST Trading Members is a Trading only Member, the Clearing Member who has qualified the Trading Member shall, as against the Trading Member, assume the rights, duties and obligations of the counterparty SGX-ST Trading Member to the transaction; i.e. the Clearing Member who has qualified the Trading Member shall become the buyer or seller, as the case may be, to the Trading Member. As against the counterparty SGX-ST Trading Member, the Clearing Member who has qualified the Trading Member shall assume the rights, duties and obligations of the Trading Member and the transaction shall thereupon be novated to CDP and Rules 6.2.2, 6.2.3 and 6.2.4 shall apply. Thus, for example:— A, a Trading Member, contracts to buy 1,000 shares and the contract trade is matched on the Trading System with B, a Clearing Member. The Clearing Member who has qualified A is C. Immediately upon the matching of the trade on the Trading System, the following occurs:—

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(a) A's obligation to pay the purchase consideration for 1,000 shares to B is replaced by A's obligation to pay the purchase consideration for 1,000 shares to C and A's right to receive 1,000 shares from B is replaced by A's right to receive 1,000 shares from C.
(b) B's obligation to deliver 1,000 shares to A is replaced by B's obligation to deliver 1,000 shares to C and B's right to receive the purchase consideration for 1000 shares from A is replaced by B's right to receive the purchase consideration for 1,000 shares from C.
(c) C assumes A's obligation to pay the purchase consideration for 1,000 shares to B and acquires the corresponding right to receive 1,000 shares from B.
Thereafter, the transaction between C and B is novated to CDP so that:—
(d) C's obligation to pay the purchase consideration for 1,000 shares to B is replaced by C's obligation to pay the same to CDP; and the corresponding right of C to receive the 1,000 shares from B is replaced by the right of C to receive the 1,000 shares from CDP; and
(e) B's obligation to deliver 1,000 shares to C is replaced by B's obligation to deliver the same to CDP; and the corresponding right of B to receive the purchase consideration for the 1,000 shares from C is replaced by the right of B to receive the purchase consideration from CDP.
<p>(3) Where the 2 SGX-ST Trading Members are Trading only Members, the Clearing Members who have qualified the Trading Members respectively shall assume the rights, duties and obligations of the Trading Members to each other and as against the Trading Member which they have respectively qualified, they shall assume the rights, duties and obligations of the counterparty SGX-ST Trading Member to the transaction. Thereafter the transaction shall be novated to CDP and Rules 6.2.2, 6.2.3 and 6.2.4 will apply. Thus, for example:—</p> <p>A, a Trading only Member, contracts to buy 1,000 shares and the contract trade is matched on the Trading System with B, a Trading only Member. The Clearing Member who has qualified A is C. The Clearing Member who has qualified B is D. Immediately upon the matching of the trade on the Trading System, the following occurs:—</p>
(a) A's obligation to pay the purchase consideration for 1,000 shares to B is replaced by A's obligation to pay the purchase consideration for 1,000 shares to C and A's right to receive 1,000 shares from B is replaced by A's right to receive 1,000 shares from C.
(b) B's obligation to deliver 1,000 shares to A is replaced by B's obligation to deliver 1,000 shares to D and B's right to receive the purchase consideration for 1,000 shares from A is replaced by B's right to receive the purchase consideration for 1,000 shares from D.
(c) C assumes A's obligation to pay the purchase consideration for 1,000 shares to D and acquires the corresponding right to receive 1,000 shares from D.
(d) D assumes B's obligation to deliver 1,000 shares to C and acquires the corresponding right to receive the purchase consideration for 1,000 shares from C.
Thereafter, the transactions between C and D are novated to CDP so that:—

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	(e) C's obligation to pay the purchase consideration for 1,000 shares to D is replaced by C's obligation to pay the same to CDP; and the corresponding right of C to receive 1,000 shares from D is replaced by the right of C to receive 1,000 shares from CDP; and
	(f) D's obligation to deliver 1,000 shares to C is replaced by D's obligation to deliver the same to CDP; and the corresponding right of D to receive the purchase consideration for 1,000 shares from C is replaced by the right of D to receive the purchase consideration for 1,000 shares from CDP.
	...
6.2.3	
	The obligations and rights <u>in respect of</u> under the Novated Contracts:—
	(1) between the buying Clearing Member and CDP; and
	(2) between the selling Clearing Member and CDP,
	are owed by and to the parties as principals to each other notwithstanding that the buying and selling Clearing Members may have acted as agents for their respective customers in executing or clearing and settling the relevant Exchange Trade.
	...
	6.2A Obligations under Novated Contracts
6.2A.1	
	<u>The obligations under a Novated Contract are due for settlement on the Intended Settlement Day of the Novated Contract and on each Settlement Day thereafter until they are fully settled, save that the obligation to make payment for securities is not due until:</u>
	(1) <u>those securities have been made available for delivery pursuant to Rule 6.5.2A; or</u>
	(2) <u>the right to receive those securities has been cash settled pursuant to these Clearing Rules.</u>
	6.3 Set-Off of Payment Obligations <u>in respect of</u> Under Novated Contracts <u>and Determination of Payment Obligations between CDP and Clearing Members</u>
6.3.1	
	<u>In respect of any A Clearing Member's, its obligation to make payment to and right to receive payment from CDP in respect of</u> under <u>Novated Contracts is discharged by, and its entitlement to receive payment (including any obligation or right to pay or receive a Cash Settlement Amount or to make or receive compensation of corporate action entitlements as provided in these Clearing Rules) under Novated Contracts is satisfied by, shall be settled by</u> net payment in accordance with these Clearing Rules.
6.3.2	
	<u>In respect of any Clearing Member, its payment obligations arising under the Novated Contracts which are due for settlement on any Settlement Day shall be set off so that the total of all amounts that such Clearing Member is obliged to pay CDP on that Settlement Day shall be set off against the total of all amounts that such Clearing Member is entitled to receive from CDP on that Settlement Day. A Clearing Member's obligation to make payment and its entitlement to receive payment in respect of Novated Contracts on any Settlement Day shall be set off for each settlement currency.</u>

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The resultant net amount shall be known as the "~~Net Inter-Broker Settlement Balance~~ Final Settlement Balance" for that Settlement Day and currency. ~~and~~

~~CDP shall issue to the Clearing Member the "Daily Settlement of Account with CDP" statement by such time as set out in Appendix 1 on that Settlement Day to notify the Clearing Member of its Net Inter-Broker Settlement Balance for that Settlement Day.~~

6.3.2A

(1) On each Settlement Day, CDP shall make available to each Clearing Member, a record of the Novated Contracts to be settled with CDP (including any obligation or right to pay or receive a Cash Settlement Amount or to make or receive compensation for corporate action entitlements as provided in these Clearing Rules), the Clearing Member's Final Settlement Balance(s), and the status of settlement.

(2) Save for manifest error, the record shall be binding and conclusive on the Clearing Member as to the Novated Contracts to be settled between the Clearing Member and CDP, the details of such Novated Contracts, the Clearing Member's Final Settlement Balance(s) and the status of settlement.

(3) Notwithstanding any manifest error in the record or any dispute as to the contents stated in the record, payment of each Final Settlement Balance shall be made by or to a Clearing Member in accordance with Rule 6.4. Any moneys to be refunded or deducted shall be refunded or deducted free of interest as soon as practicable after the dispute is resolved.

6.3.3 [Deleted]

~~For any Settlement Day, the Net Inter-Broker Settlement Balance for that Settlement Day 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 and due for settlement on that Settlement Day.~~

~~The resultant net amount (the "Final Settlement Balance") shall be payable to CDP by, or payable by CDP to, the Clearing Member. 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 such time as set out in Appendix 1 on that Settlement Day.~~

6.4 Settlement of Payment Obligations Between Clearing Members and CDP

6.4.1

(1) Unless otherwise notified by CDP to the Clearing Members, settlement of the Final Settlement Balance for a Settlement Day and settlement currency, between ~~the a~~ Clearing Members and CDP, shall, subject to (2), be effected and final upon the execution of all settlement instructions submitted by CDP under the CDP Settlement Rules for settlement between CDP and that Clearing Member in respect of Novated Contracts, in that settlement currency, and which are due to settle on that Settlement Day. ~~by such time as set out in Appendix 1 on that Settlement Day, save that in the case of settlement in a foreign currency, if the Settlement Day is not a Common Banking Day, settlement shall be effected at the same time on the next Common Banking Day.~~

(2) A settlement instruction, if not executed only by reason of there being insufficient securities available, shall not be taken into account for the purposes of (1).

(3) Failure by a Clearing Member to settle a Final Settlement Balance for a Settlement Day, on that Settlement Day, shall constitute a breach by the Clearing Member of these Clearing Rules.

6.4.1A [Deleted]

Amendments to CDP Clearing Rules
If CDP is of the opinion that settlement of the Final Settlement Balance is unlikely to commence at the scheduled time, CDP shall inform Clearing Members of the following matters:
(1) that settlement of the Final Settlement Balance is unlikely to take place at the scheduled time; and
(2) the estimated time at which the delayed settlement shall be made.
CDP shall provide adequate time for Clearing Members to make payment and Clearing Members shall effect settlement of the Final Settlement Balance by such time as stipulated by CDP.
6.4.2 [Deleted]
Save for manifest error, for each Settlement Day, the Daily Settlement of Account with CDP statement shall be deemed binding and conclusive on each Clearing Member as to the Net Inter-Broker Settlement Balance for that Settlement Day and the On-Line Transmission shall be deemed binding and conclusive on each Clearing Member as to the Final Settlement Balance for that Settlement Day.
6.4.3 [Deleted]
Notwithstanding any manifest error in the proforma Daily Settlement of Account with CDP statement, the Daily Settlement of Account with CDP statement or the On-Line Transmission, payment of the Final Settlement Balance for any Settlement Day shall be made by or to a Clearing Member in accordance with Rule 6.4.1 irrespective of any dispute between the Clearing Member and CDP as to the amounts stated in any of those statements. Any dispute shall be considered by CDP only after 5.00 p.m. on that Settlement Day and any moneys to be refunded or deducted shall be refunded or deducted free of interest as soon as practicable after the dispute is resolved.
6.4.4
CDP shall be entitled to charge interest on any amount owing to CDP which <u>is not settled when due</u> , remains outstanding by such relevant time as set out in Appendix 1 on any Settlement Day at such rate as may be determined by CDP.
6.4.5
<u>Settlement of transactions between Clearing Members and CDP shall be in the currency as determined by CDP.</u>
6.5 Settlement of Securities <u>in respect of Under-Novated Contracts</u>
6.5.1
<u>Settlement of a Clearing Member's right on any Settlement Day to receive securities in respect of Novated Contracts (including any right to receive securities as compensation for corporate action entitlements as provided in these Clearing Rules) shall be effected and final upon CDP crediting such securities into the Clearing Member's Clearing Account.</u>
Subject to Rule 6.6.3, CDP shall, pursuant to any Novated Contract which is due for settlement on any Settlement Day, to make delivery of securities to the buying Clearing Member on that Settlement Day. CDP's obligation to make such delivery shall be discharged by CDP crediting such securities to the Clearing Account of the buying Clearing Member. Upon such crediting, unless an Exchange Trade is settled by FOP Transaction Settlement or CPF Trade Settlement (see Rule 6.5.1), the buying Clearing Member irrevocably authorises CDP to credit such securities into the "Available" balance of the Securities Account or sub-account of the customer of the buying Clearing Member on whose behalf the buying Clearing Member executed the relevant Exchange Trade for Inter-Broker Settlement.
6.5.1A [Deleted]

Amendments to CDP Clearing Rules

Pursuant to DVP Rule 6.5.1, where CDP credits securities to the Clearing Account of the buying Clearing Member and an Exchange Trade is settled by FOP Transaction Settlement or CPF Trade Settlement, the buying Clearing Member irrevocably authorises CDP to credit such securities into the "Free" balance of the securities sub-account of the customer of the buying Principal Clearing Member on whose behalf the buying Clearing Member executed the relevant Exchange Trade for Inter-Broker Settlement.

6.5.1B

On any Settlement Day, if and to the extent that the securities available to CDP are insufficient for CDP to settle its delivery obligations in respect of Novated Contracts that are due for settlement on that Settlement Day, CDP may:

- (1) defer any of those delivery obligations, in whole or in part, for settlement on the next Settlement Day; or
- (2) cash settle any of those delivery obligations, in whole or in part.

Refer to Practice Note 6.5.1B(2), 6.6.2, 6.7.11, 8.4.1A, 8.5.2A and 8.6F.2 and Practice Note 6.5.1B(2).

6.5.2

(1) Settlement of a Clearing Member's obligation on any Settlement Day to deliver securities in respect of Novated Contracts (including any obligation to deliver securities as compensation for corporate action entitlements as provided in these Clearing Rules) shall be effected and final upon CDP debiting such securities from the Clearing Member's Clearing Account.

(2) Failure by a Clearing Member to deliver securities when due shall subject the Clearing Member to Rule 6.7A.

CDP shall, pursuant to any Novated Contract which is due for settlement on any Settlement Day, receive securities from the selling Clearing Member on that Settlement Day. CDP's right to receive such securities shall be satisfied by CDP debiting such securities from the Clearing Account of the selling Clearing Member. Upon such debiting, the selling Clearing Member irrevocably authorises CDP to recover such securities from 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 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 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.

6.5.2A

The selling Clearing Member shall ensure that such security referred 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 by such other time as determined by CDP.

A Clearing Member shall ensure that the securities required to meet its delivery obligation in respect of Novated Contracts are made available in such manner and by such time as provided in the CDP Settlement Rules to enable the delivery of those securities on the Settlement Day that the obligation is due. Failure by a Clearing Member to comply with this Rule 6.5.2A ~~do so~~ shall subject the selling Clearing Member to ~~buying in under~~ Rule 6.7.

Amendments to CDP Clearing Rules

6.5.2B [Deleted]

~~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.~~

6.5.2C [Deleted]

~~For any Settlement Day, CDP shall require and call for cash collateral from any Clearing Member for the value of every security which has not been made available in accordance with Rule 6.5.2A. The amount of such cash collateral shall be calculated and determined by CDP in its sole discretion.~~

~~CDP shall be entitled to net the amount of such cash collateral with the Final Settlement Balance of the Clearing Member for that Settlement Day, and payment of such cash collateral shall not be considered to have been made until payment of the Final Settlement Balance (as adjusted pursuant to this Rule 6.5.2C) has been made in accordance with Rule 6C.2.6.~~

~~CDP shall be entitled to utilise the cash collateral collected pursuant to this Rule 6.5.2C to meet the Clearing Member's obligations to CDP under these Clearing Rules, in such manner as CDP shall in its sole discretion determine.~~

~~The cash collateral collected pursuant to this Rule 6.5.2C shall not be entitled to interest.~~

6.5.3 [Deleted]

~~For the purposes of Rule 6, the Trading Member qualified by the Clearing Member shall be treated as the buying or selling customer (as the case may be) of the Clearing Member and the settlement of securities bought or sold shall be credited or debited, as the case may be, firstly, to or from the Clearing Member's Clearing Account and thereafter to or from the Securities Account or sub-account of the Trading Member on whose behalf the Clearing Member cleared and settled the relevant Exchange Trade.~~

6.5.4

Subject to Rule 6.5.5:

(1) A Clearing Member that is due to, but does not, deliver securities in respect of Novated Contracts is liable to compensate CDP for corporate action entitlements that accrue on those securities and that a recipient of those securities would have been entitled to receive but for the delivery failure.

(2) A Clearing Member that is due to, but does not receive securities in respect of Novated Contracts is entitled to be compensated by CDP for corporate action entitlements that accrue on those securities and that a recipient of those securities would have been entitled to receive but for the delivery failure.

6.5.5

Rule 6.5.4 applies only to such types of corporate action entitlements that CDP shall from time to time notify.

Refer to Regulatory Notice 6.5.

6.5.6

(1) Any compensation under Rule 6.5.4 shall be made in such form and value, and be due by such time, as CDP shall specify.

Amendments to CDP Clearing Rules

(2) Where CDP requires any action by a Clearing Member to effect such compensation, the Clearing Member shall do so, and shall obtain all necessary authorisation from its Customer to enable it to do so, by such time as CDP shall specify.

Refer to Regulatory Notice 6.5.

6.6 CDP'S Obligations in respect of ~~Under the~~ Novated Contracts

6.6.1

~~To~~ If and to the extent that the ~~aggregate of the~~ funds or assets available to CDP are insufficient, either in aggregate or in respect of in any settlement currency, at any time to meet ~~the aggregate of~~ CDP's ~~liabilities~~ obligations to Clearing Members, ~~under all in respect of~~ Novated Contracts, CDP may upon notice to the relevant Clearing Members defer any of those obligations, in whole or in part, for settlement at such later time as CDP may determine. ~~and/or buying customers or selling customers under any New Purchase Contracts or New Sale Contracts (as respectively defined under Rule 8.2.2) subsisting at any time, based on the amount of the funds or assets available to CDP for such purpose at the time (taking into account CDP's other liabilities then subsisting), as certified in writing by CDP, each Clearing Member or buying customer or selling customer to whom CDP is liable under the Novated Contracts or New Purchase Contracts or New Sale Contracts shall only be entitled to receive payment pro-rata to the amount due to it as compared with the aggregate amount due to all Clearing Members and buying customers and selling customers under the Novated Contracts or New Purchase Contracts or New Sale Contracts; CDP shall remain liable for such Novated Contracts or New Purchase Contracts or New Sale Contracts but payment of the balance of such amounts due shall only be made as and when and to the extent that such funds or assets are subsequently available.~~

6.6.2

~~In respect of CDP's obligations to deliver securities under the Novated Contracts or New Purchase Contracts, to the extent that CDP determines that it is not or may not be possible or reasonably practicable to deliver securities, CDP 's obligation shall be to make money compensation to Clearing Members or the buying customers concerned by reference to the market value of such securities at the time such securities were due to be delivered or the value at such other time as CDP shall consider fair and appropriate in the circumstances.~~

Without prejudice to Rule 6.5.1B, if and to the extent that CDP determines that it is not or may not be possible or reasonably practicable to deliver securities in respect of a Novated Contract, CDP may cash settle its obligation to deliver securities, in whole or in part.

Refer to Practice Note 6.5.1B(2), 6.6.2, 6.7.11, 8.4.1A, 8.5.2A and 8.6F.2.

6.6.3

~~Where a Final Settlement Balance is payable to CDP by the Clearing Member on a Settlement Day, for so long as such Final Settlement Balance has not been fully settled pursuant to Rule 6.4.1:~~
Without prejudice to Rule 8, CDP will be under no obligation to deliver securities to a Clearing Member in respect of any Novated Contract if the Clearing Member fails to settle any Final Settlement Balance in full, save that where partial payment of the Final Settlement Balance is made, CDP may, but is not obliged to, deliver some of the securities that it would otherwise have been obliged to deliver but for the Clearing Member's failure.

~~(1) CDP shall have no obligation to make delivery of any securities to that Clearing Member pursuant to Novated Contracts; and~~

~~(2) to the extent that any securities pursuant to Novated Contracts have been credited to the Clearing Member's Clearing Account or the Securities Account or sub-account of the Clearing~~

Amendments to CDP Clearing Rules	
	Member or the customer of the Clearing Member on whose behalf the Clearing Member executed the relevant Exchange Trade, CDP shall have the right to recover such securities.
<u>6.6.4</u>	<u>Where CDP deems it necessary or desirable for ensuring a fair and orderly market or for ensuring a safe and efficient clearing and/or settlement facility, or for ensuring the integrity of the market or for proper management of systemic risk in the market, CDP may replace an obligation to pay a Final Settlement Balance for a currency with an obligation to pay the Final Settlement Balance in a different currency, at such rate as CDP may determine.</u>
...	
6.7 Buying-In, by CDP Procurement and Cash Settlement	Each Clearing Member shall ensure that the securities for all sale transactions are made available in accordance with Rule 6.5.2A and delivered to CDP on the Settlement Day in accordance with Rule 6.5.2.
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 <u>buying-in</u> market.
6.7.2 <u>Buying in</u>	<p>(1) <u>If a short Clearing Member fails, on the Intended Settlement Day of a Novated Contract, to make securities available in accordance with Rule 6.5.2A, CDP shall have the discretion but not the obligation to commence buying-in, on the buying-in market, of those securities, on the Clearing Member's behalf, without prior notice to the short Clearing Member. In accordance with the procedures set out below, CDP shall conduct buying-in against a short Clearing Member without giving prior notice to it.</u></p> <p><u>(1A) Subject to Rule 6.7.12(1), such buying-in will commence on the Intended Settlement Day of the Novated Contract.</u></p> <p><u>See Practice Note 6.7.2(1A), 6.7.4(8), 6.7.7A and 6.7.11.</u></p>
(2)	The securities bought-in shall be:
	(a) credited to the Securities Account of the short Clearing Member's customer in the case where it is the customer who has not made such securities available in his Securities Account or sub-account by such time as specified under Rule 6.5.2A, or failed to deliver the securities in accordance with Rule 6.5.2; and
	(b) in any other case, the Stock Account of the short Clearing Member.
(3)	The securities bought-in shall thereafter be debited from the short Clearing Member's customer's Securities Account or sub-account or the short Clearing Member's Stock Account, as the case may be, and credited to the short Clearing Member's Clearing Account.

Amendments to CDP Clearing Rules	
(4)	The costs of the buying-in shall be paid by the short Clearing Member.
6.7.3 Ready Trades Notification of Buying-in	
(1)	CDP shall inform each short Clearing Member of each and every security that will be bought in on behalf of the short Clearing Member. make available a report, at the scheduled time as determined by CDP, listing down all trades for in respect of which the short Clearing Member has either failed to comply with the obligation set out in Rule 6.5.2A or failed to deliver on the Settlement Day in accordance with Rule 6.5.2.
(2)	Buying-in against the short Clearing Member may proceed according to this report information and in accordance with Rule 6.7.4, on the Settlement Day or such other Market Day as may be prescribed by CDP.
6.7.4 Buying-In Procedures	
...	
(2)	[Rule has been deleted.] Where the securities to be bought in are in excess of a board lot, the selling Clearing Member may deliver a board lot or a multiple thereof in reduction of the securities to be bought in.
(3)	[Rule has been deleted.]
(4)	[Rule has been deleted.] CDP shall have the discretion not to buy in any security.
(5)	The buying-in bid price, as determined by CDP, will be 2 minimum bids above the highest of the following:
(a)	the closing price of the previous day;
(b)	the reference transacted price,
(c)	the reference bid price; and
(d)	in respect of a trade contract made in the buy in market <u>buying-in market</u> on the previous Market Day for which delivery failed, the transacted price of that trade contract .
For the purpose of this Rule, the reference transacted price and the reference bid price will be any of the last transacted prices and bid prices within the 1 hour preceding the commencement of buying-in, as determined by CDP.	
...	
(6)	[Rule has been deleted.] Subject to paragraph (1A), buying-in shall commence at the time scheduled by CDP on the Settlement Day or the following and successive Market Days and sellers may offer for immediate delivery any securities required for buying-in. 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.
(7)	If the securities are not obtained after the commencement of buying-in, CDP shall have absolute discretion to raise the buying-in price bid by 2 minimum bids, as determined by SGX-ST, from the following, in order to facilitate the successful buying-in of the securities:
(a)	the prevailing buying-in bid price;

Amendments to CDP Clearing Rules	
(b)	the transacted price in the ready market; or
(c)	the bid price in the ready market,
at such time as determined by CDP, from time to time throughout the buying-in session until the securities are bought in or delivered to CDP .	
<p>(8) Subject to Rule 6.7.12(1), if the securities to be bought-in are not <u>cannot be bought-in obtained on during the first day scheduled for buying-in Settlement Day</u> and unless the securities are withdrawn from buying-in <u>or the short Clearing Member makes the securities available for delivery to CDP by such time as specified by CDP on the following Market Day</u>, the buying-in shall continue on the following Market Day with the buying-in bid price at the commencement of buying-in determined in accordance with 6.7.4(5) and 6.7.4(5A), and CDP shall have absolute discretion to raise the buying-in bid price after the commencement of buying-in in accordance with 6.7.4(7).</p> <p style="text-align: center;"><u>See Practice Note 6.7.2(1A), 6.7.4(8), 6.7.7A and 6.7.11.</u></p>	
(8A) [deleted] If the securities cannot be obtained by the close of the Market Day following the Settlement Day the short Clearing Member to procure the securities within the time stipulated by CDP.	
(9) [Rule has been deleted.]	
(10) [Rule has been deleted.]	
<p>(11) [Rule has been deleted.] For book entry securities, CDP shall debit the securities from the selling investor's Securities Account or sub-account or the selling Clearing Member's Stock Account, as the case may be, during the settlement run on the same Market Day the buying-in was effected. CDP shall pay the seller's Clearing Member on the following Market Day, or as CDP may otherwise notify. This payment shall be set-off against the amounts that such Clearing Member is obliged to pay CDP on the following Market Day, or as CDP may otherwise notify, in accordance with Rule 6.3.</p>	
(12) [Rule has been deleted.]	
...	
6.7.7 Commission for Buying-In Trades	
(1) Buying-in commission, at a rate, to be advised by CDP from time to time, shall be charged and borne by the short Clearing Member.	
(2) All resulting settlement deficiencies or differences shall be settled between CDP and the short Clearing Member, at the normal time for settlement on the Market Day following completion of the transactions in the buying-in market.	
6.7.7A Procurement	
<u>Subject to Rule 6.7.12(1), if securities to be bought-in are not bought-in by the second day scheduled for buying-in, the short Clearing Member shall procure the securities, whether by transacting on the ready market or otherwise, to discharge its delivery obligation.</u>	
<u>See Practice Note 6.7.2(1A), 6.7.4(8), 6.7.7A and 6.7.11.</u>	

Amendments to CDP Clearing Rules	
...	
6.7.9	CDP reserves the right to institute buying-in against <u>or require procurement in respect of</u> open sale positions although the net delivery position of the short Clearing Member with CDP is not a short position.
...	
6.7.11 Cash Settlement	
	<u>If a Clearing Member's obligation to deliver securities in respect of a Novated Contract remains outstanding on the fifth (5th) Settlement Day (or such other number of Settlement Days as CDP may specify) after the Intended Settlement Day of the Novated Contract, CDP shall, on the next Settlement Day, cash settle the Clearing Member's delivery obligation.</u>
	<u>Refer to Practice Note 6.5.1B(2), 6.6.2, 6.7.11, 8.4.1A, 8.5.2A and 8.6F.2 and Practice Note 6.7.2(1A), 6.7.4(8), 6.7.7A and 6.7.11.</u>
6.7.12	
	<u>CDP reserves the right to:</u>
	<u>(1) dispense with, or vary the commencement, duration, or any other timelines specified for, any buying-in or procurement to be conducted under this Rule 6.7; and/or</u>
	<u>(2) cash settle an outstanding delivery obligation notwithstanding that buying-in and/or procurement has not been conducted.</u>
6.7A Penalties and Disciplinary Action for the Non-Delivery of Securities in the Ready Market and Buy-In Market	
6.7A.1	
	<u>(1) If a Clearing Member fails to deliver, Where a short Clearing Member has failed to deliver securities by the end of the Settlement Day in accordance with Rule 6.5.2, <u>securities in respect of a Novated Contract when due</u>, CDP may impose upon the short Clearing Member a fine of:</u>
	<u>(a) \$1,000 or 5% of the contract value of the undelivered securities (whichever is higher); or</u>
	<u>(b) if the securities are to settle a Novated Contract arising from a trade on the buying-in market, \$5,000 or 10% of the contract value of the undelivered securities (whichever is higher).</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.
	(2) Nothing in the foregoing prevents CDP from waiving the fine under Rule 6.7A.1 for:
	(a) market makers of cross-listed exchange traded funds; or
	(b) such <u>participants and such</u> class of market participants that CDP may <u>deem appropriate</u> determine in its discretion from time to time, if it is in the interests of the market.

Amendments to CDP Clearing Rules	
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 which the Clearing Member has failed to procure the short securities. If a Clearing Member's obligation to deliver securities in respect of a Novated Contract remains outstanding on the fifth (5th) Settlement Day after delivery is due, CDP may impose a further penalty of \$5,000.
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>when due</u> .
6.7A.4	(1) CDP may refer a Clearing Member to the Disciplinary Committee where:
	(a) the Clearing Member fails to procure securities as directed by CDP, pursuant to <u>these Rules 6.7.4(8A)</u> ; or
	(b) the Clearing Member fails to deliver securities in the buying-in market in accordance with the buying-in procedures as prescribed by CDP.
	(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:
	(a) shall impose a penalty, pursuant to its power under Rule 11.5.4, not lower than \$20,000; and
	(b) may choose to impose, in addition to the penalty in subsection (a) <u>(a)</u> , any one or more of the sanction(s) as set out in Rule 11.5.4.
	...
6.10 Emergency Powers	
6.10.1	In relation to Novated Contracts, where CDP deems it necessary or desirable for ensuring a fair and orderly market or for ensuring a safe and efficient clearing facility, or for ensuring the integrity of the market or for proper management of systemic risk in the market, CDP may, <u>whether</u> in relation to 1 or more Clearing Members <u>or otherwise</u> :
	...
	(8) impose such limits and/or conditions to control the activities of such Clearing Member as CDP deems necessary or desirable; and <u>or</u>
	...
Rule 6A — Margin Requirements	
	...
6A.5 Clearing Member to Deposit Margins with CDP	
	...
6A.5.3	All margins deposited with or provided to CDP by a Clearing Member shall be retained by CDP in whole or in part, as CDP may deem necessary but, subject to these Clearing Rules and in particular Rule 6A.8,

Amendments to CDP Clearing Rules
Rule 6B.3, and Rule 8.6B and the Security Deed, may be returned to the Clearing Member when the obligations <u>in respect of</u> under the Novated Contracts for which such margins have been deposited or provided have been met.
...
6A.9B CDP's Records
<u>Save for manifest error, CDP's records shall be conclusive and binding on a Clearing Member as to its margin requirements. Notwithstanding any manifest error in CDP's records, or any dispute in relation to such records, a Clearing Member shall deposit or provide, in accordance with these Clearing Rules, such margins as required by CDP, and any rectification shall be done as soon as practicable after the dispute is resolved.</u>
...
Rule 6B — Collateral
6B.1 Trust Arrangements
...
6B.1.2
CDP shall have the right to commingle any or all Collateral held by <u>it</u> or otherwise provided to it by Clearing Members, except where such Collateral is held by or otherwise provided to CDP solely in respect of Customer Accounts, in the same <u>bank</u> account <u>or custodian account</u> .
6B.1.3
CDP shall have the right to commingle any or all Collateral held by <u>it</u> or otherwise provided to it by Clearing Members solely in respect of Customer Accounts in the same <u>bank</u> account <u>or custodian account</u> .
...
Rule 6C — Payments
<u>This Rule 6C shall not apply to any payment of a Final Settlement Balance. Payment of a Final Settlement Balance shall be made in accordance with Rule 6.4.</u>
6C.1 Nomination of Accounts
6C.1.1
The <u>Any</u> nomination of an account for the purpose of receiving any funds or other assets to be paid or deposited under these Clearing Rules shall, in the case of nomination by a Clearing Member, be in writing to CDP, and in the case of nomination by CDP, be by way of circular or otherwise.
6C.2 Cash Payments : Settlement Bank Payment
...
6C.2.5
Subject to Rule 6C.2.6, <u>Unless stated otherwise,</u> where any sum of money is paid pursuant to or in connection with these Clearing Rules through Settlement Bank Payment:
(a) such payment shall not be considered to have been made to the intended recipient until a Confirmation of the relevant Payment Instruction is given by the relevant Settlement Bank; and
(b) such Confirmation shall discharge the payment obligation in respect of which the relevant Payment Instruction was given.
6C.2.6 [Deleted]

Amendments to CDP Clearing Rules	
<p>Rule 6C.2.5 shall not apply to any payment of Final Settlement Balance made pursuant to these Clearing Rules. Payment of Final Settlement Balance shall not be considered to have been made to the intended recipient (i.e., CDP or the Clearing Member as the case may be) until the payment sum is irrevocably and unconditionally received, in immediately available funds, in such account of the intended recipient as is nominated by the intended recipient.</p>	
...	
Rule 7 — Clearing Fund	
...	
7.3 Form of Contributions	
...	
<u>7.3.5</u>	
<p>Save for manifest error, CDP's records shall be conclusive and binding on a Clearing Member as to its Contributions. Notwithstanding any manifest error in CDP's records, or any dispute in relation to such records, a Clearing Member shall provide, in accordance with these Clearing Rules, such Contributions as required by CDP, and any rectification shall be done as soon as practicable after the dispute is resolved.</p>	
Rule 8 — Default Rules	
...	
8.2 Effect of Default on Novated Contracts other than <u>in respect of</u> Marginable Futures Contracts	
8.2.1	
<p>Except for Rules <u>8.6A, 8.6AA, 8.6B, 8.6E and 8.7</u>, Rules 8.2 to 8.9 shall apply to Novated Contracts other than <u>in respect of</u> Marginable Futures Contracts.</p>	
8.2.2	
Immediately upon such breach under Rule 8.1.2:—	
<p>(1) each Novated Contract for the purchase of securities between CDP and the Defaulting Clearing Member in relation to a Customer Account <u>and any right of the Defaulting Clearing Member to receive compensation for corporate action entitlement under Rule 6.5.4(2) in respect of that Novated Contract</u> shall be terminated. In respect of each such Novated Contract, a new contract (the "New Purchase Contract") shall be deemed to have been made between CDP and the relevant buying customer of the Defaulting Clearing Member, pursuant to which the buying customer shall have:</p> <p style="margin-left: 40px;">(a) <u>the obligation to pay the relevant purchase consideration to CDP; and,</u></p> <p style="margin-left: 40px;">(b) <u>subject to Rule 6.6 and Rule 8, shall have</u> the right to receive the relevant securities <u>and any compensation for corporate action entitlement under Rule 6.5.4(2) as applicable</u> from CDP;</p>	
<p>(2) each Novated Contract for the sale of securities between CDP and the Defaulting Clearing Member in relation to a Customer Account <u>and any obligation of the Defaulting Clearing Member to make compensation for corporate action entitlement under Rule 6.5.4(1) in respect of that Novated Contract</u> shall be terminated. In respect of each such Novated Contract, a new contract (the "New Sale Contract") shall be deemed to have been made between CDP and the relevant selling customer of the Defaulting Clearing Member, pursuant to which the selling customer shall have:</p> <p style="margin-left: 40px;">(a) <u>the obligation to deliver the relevant securities and to make any compensation for corporate action entitlement under Rule 6.5.4(1) as applicable</u> to CDP; and,</p>	

Amendments to CDP Clearing Rules	
	(b) _____ subject to Rule 6.6 and Rule 8, shall have the right to receive the relevant sale consideration from CDP; and
	(3) in respect of Novated Contracts between CDP and the Defaulting Clearing Member in relation to a House Account:
	(a) CDP shall be entitled (but not obliged) to set-off any or all Novated Contracts for the sale of a security against any or all Novated Contracts for the purchase of that security, regardless of the relevant <u>Intended</u> Settlement Days for such Novated Contracts;
	(b) CDP shall be entitled (but not obliged) to force-sell any or all securities <u>that would have been</u> due from CDP to the Defaulting Clearing Member <u>but for its default</u> at such time and price as CDP may determine. CDP has no liability for any losses to the Defaulting Clearing Member arising from the force-sale of securities. The resulting proceeds of such force-sale shall be held by CDP as Collateral and applied in accordance with these Clearing Rules and the Security Deed; and
	(c) any securities due from the Defaulting Clearing Member to CDP regardless of the relevant <u>Intended</u> Settlement Days {and if not set-off pursuant to Rule 8.2.2(3)(a)} shall be settled in accordance with these Clearing Rules on such day as CDP may determine.
Subject as otherwise provided in these Clearing Rules, the terms of each New Purchase Contract and New Sale Contract shall be on the same terms as its corresponding Novated Contract. For the avoidance of doubt, the termination of each Novated Contract shall be without prejudice to any of the rights or remedies of CDP thereunder and CDP's right to damages in respect of any breach (whether antecedent or otherwise) under each Novated Contract shall not be extinguished.	
8.2.2A	
Upon such breach under Rule 8.1.2, CDP shall be entitled to cancel any free-of-payment instructions, including instructions for FOP Transaction Settlement, in relation to any Novated Contract or any New Purchase Contract.	
8.2.3	
(1) _____ Rules 6.3 to 6.5 shall not apply to each New Purchase Contract or New Sale Contract.	
(2) _____ <u>Payment and delivery under New Purchase Contracts and New Sale Contracts shall be made in accordance with Rules 8.3 to 8.6.</u>	
8.2.3A	
Settlement of transactions between the buying customer and CDP in respect of New Purchase Contracts; and the selling customer and CDP in respect of New Sale Contracts shall be in such currency as determined by CDP and, if applicable, at such exchange rate as determined by CDP. Without prejudice to the generality of the foregoing, CDP may refer to exchange rates published by data vendors in determining the relevant exchange rates.	
8.2.4	
For the purposes of Rule 8.2:	
(1) "Customer Account" means a trading account carried on the books <u>Position Account of a Clearing Member</u> for a Customer except where such Customer is:	

Amendments to CDP Clearing Rules	
(a)	a director, officer, employee or representative of the Clearing Member; or
(b)	a related corporation of the Clearing Member.
For the avoidance of doubt, a Clearing Member's own proprietary account is not a Customer Account; and	
(2)	"House Account" means a trading account carried on the books <u>Position Account of a Clearing Member</u> which is not a Customer Account (as such term is defined in Rule 8.2.4(1)).
8.3 Payment by Buying Customer Under New Purchase Contract	
...	
8.3.2	
For so long as the purchase consideration in respect of New Purchase Contracts has not been paid in full to CDP by a buying customer:	
(1)	CDP shall have no obligation to make delivery of any securities to that buying customer pursuant to the New Purchase Contracts; and
(2)	to the extent that any securities pursuant to New Purchase Contracts have been credited transferred <u>credited transferred</u> to the Defaulting Clearing Member's Clearing Account or the Securities Account or sub-account of the buying customer, CDP shall have the right to recover such securities.
8.4 Delivery of Securities Under New Purchase Contract	
8.4.1	
Subject to Rule 6.6 and Rule 8, the obligation of CDP to make delivery of securities to a buying customer pursuant to a New Purchase Contract shall be discharged by CDP crediting transferring such securities to the Securities Account or sub-account of the buying customer at such time as CDP may determine after payment by the buying customer. Title and right to such securities shall not at any time pass to the Defaulting Clearing Member.	
<u>8.4.1A</u>	
<u>On any Settlement Day, if and to the extent that the securities available to CDP are insufficient for CDP to settle its delivery obligations under the New Purchase Contracts that are due for settlement on that Settlement Day, CDP may:</u>	
(1)	<u>defer any of those delivery obligations, in whole or in part, for settlement on the next Settlement Day; or</u>
(2)	<u>cash settle any of those delivery obligations, in whole or in part.</u>
<i>Refer to Practice Note 6.5.1B(2), 6.6.2, 6.7.11, 8.4.1A, 8.5.2A and 8.6F.2</i>	
...	
8.5 Delivery of Securities Under New Sale Contract	
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 transferring such securities from the "Free" balance of the Securities Account or sub-account of the selling customer and crediting CDP's suspense account	

Amendments to CDP Clearing Rules	
	before 12 midnight on such the Settlement Day <u>as CDP may determine</u> . 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 that can be transferred to CDP , 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 <u>the time set out in the CDP Settlement Rules, or the start of the Settlement Run as set out in Appendix 1 on Settlement Day, or such time as determined by CDP shall specify</u> .
	Where the selling customer who :
	(1) has not made available in the balance of his Securities Account or sub-account the securities or sufficient securities <u>in accordance with this Rule 8.5.1 by the start of the Settlement Run as set out in Appendix 1 on Settlement Day or such time as determined by CDP</u> ; or
	(2) has failed to deliver the securities or sufficient securities <u>in accordance with this Rule 8.5.1 at any time after the Settlement Day</u> ,
	such securities will be acquired in the manner prescribed by CDP <u>to discharge the selling customer's delivery obligation</u> .
	The securities acquired shall thereafter be debited from the selling customer's Securities Account or sub-account.
	8.5.2
	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 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.
	8.5.2A
	<u>If a selling customer's obligation to deliver securities under a New Sale Contract remains outstanding on the fifth (5th) Settlement Day (or such other number of Settlement Days as CDP may determine) after delivery is due, CDP shall, on the next Settlement Day, cash settle the selling customer's delivery obligation.</u>
	<i>Refer to Practice Note 6.5.1B(2), 6.6.2, 6.7.11, 8.4.1A, 8.5.2A and 8.6F.2</i>
	8.6 Payment to Selling Customer Under New Sale Contract
	8.6.1
	Subject to Rule 6.6 and Rule 8, in respect of a New Sale Contract, CDP shall pay the sale consideration to the selling customer at such time as CDP may determine. Subject to Rule 8.6C.2, title and right to such sale consideration shall not at any time pass to the Defaulting Clearing Member.
	...
	8.6A Effect of Default on Novated <u>Contracts in respect of Marginable Futures Contracts</u>
	...

Amendments to CDP Clearing Rules	
8.6AA	
8.6AA.1	
	<u>Unless otherwise determined by CDP, any money that has been paid to CDP by a Defaulting Clearing Member pursuant to the CDP Settlement Rules shall be held by CDP as Collateral deposited by the Defaulting Clearing Member other than in relation to a Customer Account and applied in accordance with these Clearing Rules and the Security Deed.</u>
...	
8.6D Trust Arrangements for Monies in Connection with New Purchase Contracts and New Sale Contracts	
8.6D.2	
	CDP shall have the right to commingle any or all amounts due to a customer pursuant to Rule 8 with any other amounts due to any other customer pursuant to Rule 8.
...	
8.6F CDP's Obligations under New Purchase Contracts or New Sale Contracts	
8.6F.1	
	To <u>If and to the extent that the funds or assets available to CDP are insufficient, either in aggregate or in respect of in any settlement currency, at any time to meet CDP's liabilities obligations to customers under any New Purchase Contracts or New Sale Contracts, subsisting at any time CDP may upon notice to the relevant customer defer any of those obligations, in whole or in part, for settlement at such later time as CDP may determine.</u>
8.6F.2	
	<u>If and to the extent that CDP determines that it is not or may not be possible or reasonably practicable to deliver securities under a New Purchase Contract, CDP may cash settle its obligation to deliver securities, in whole or in part.</u>
	<i>Refer to Practice Note 6.5.1B(2), 6.6.2, 6.7.11, 8.4.1A, 8.5.2A and 8.6F.2</i>
...	

Appendices to CDP Clearing Rules

[Appendix 1 is deleted]

The payment schedule for Final Settlement Balances in respect of all currencies is as follows:

Event	Full Day	Half Day
One Market Day before Settlement Day	-	-
CDP to issue proforma Daily Settlement of Account with CDP statement to Clearing Members#	By 10.00am	By 10.00am
Settlement Day	-	-
CDP to issue Daily Settlement of Account with CDP statement to Clearing Members##	By 10.00am	By 10.00am
Pre-settlement run	12.00pm	9.00am
CDP to issue On-Line Transmission of Final Settlement Balances to Clearing Members^	By 2.30pm	By 10.45am
Clearing Members to pay debit Final Settlement Balances to CDP	By 3.30pm	By 11.45am
CDP to pay credit Final Settlement Balances to Clearing Members	By 4.30pm	By 12.45pm

* Half day refers to CDP's half working days on the eve of Christmas, New Year and Chinese New Year

Clearing Members must have sufficient money balance and/or credit lines with their Settlement Banks to enable the Settlement Banks to confirm CDP instructions for AUD and RMB payment within an hour of issuance of settlement instructions by CDP.

Clearing Members must have sufficient money balance and/or credit lines with their Settlement Banks to enable the Settlement Banks to confirm CDP instructions for HKD payment within an hour of issuance of settlement instructions by CDP.

^ Clearing Members must have sufficient money balance and/or credit lines with their Settlement Banks to enable the Settlement Banks to confirm CDP instructions for SGD, USD, and EUR trades within an hour of issuance of settlement instructions by CDP.

Added on 25 February 2011 and amended on 20 July 2012, 22 April 2013, 26 April 2013 and 14 September 2017.

Regulatory Notices to CDP Clearing Rules

Regulatory Notice 6.5 – Compensation for corporate action entitlements

1. Rule 6.5.4 provides that, subject to Rule 6.5.5,

(a) a Clearing Member that is due to, but does not, deliver securities in respect of Novated Contracts is liable to compensate CDP for corporate action entitlements that accrue on those securities and that a recipient of those securities would have been entitled to receive but for the delivery failure; and

(b) a Clearing Member that is due to, but does not receive securities in respect of Novated Contracts is entitled to be compensated by CDP for corporate action entitlements that accrue on those securities and that a recipient of those securities would have been entitled to receive but for the delivery failure.

2. Rule 6.5.5 states that Rule 6.5.4 applies only to such types of corporate action entitlements that CDP shall from time to time notify.

3. Rule 6.5.6 states that any compensation under Rule 6.5.4 shall be made in such form and value, and be due by such time, as CDP shall specify. Where CDP requires any action by a Clearing Member to effect such compensation, the Clearing Member shall do so, and shall obtain all necessary authorisation from its Customer to enable it to do so, by such time as CDP shall specify.

4. Appendix A to this Regulatory Notice sets out:

(a) the types of corporate action entitlements to which Rule 6.5.4 applies. CDP may additionally prescribe, as it shall from time to time notify, further types of corporate action entitlements to which Rule 6.5.4 applies; and

(b) the form and value of the compensation to be made, the date on which such compensation is due to be made between the Clearing Member and CDP, and the action required by a Clearing Member to effect such compensation. CDP may replace, vary, supplement or additionally specify, as it shall from time to time notify, the form or value of any compensation to be made under Rule 6.5.4, the due date of such compensation, and the action required by Clearing Member to effect such compensation.

Appendix A to Regulatory Notice 6.5

No.	Corporate Action	Action required of Clearing Member to effect compensation	Form and value of compensation	Due date of compensation
1.	<u>Cash dividend</u>	<u>None</u>	<u>Cash in the currency and amount that the buying Customer would have received but for the failed delivery</u>	<u>Dividend payment date</u>
2.	<u>Renounceable entitlement (e.g., bonus issue / renounceable rights</u>	<u>None</u>	<u>The security in the quantity that the buying Customer</u>	<u>Credit date of the entitlement</u>

No.	Corporate Action	Action required of Clearing Member to effect compensation	Form and value of compensation	Due date of compensation
	<u>issue/ dividend in specie) in security that is custodised with CDP</u>		<u>would have received but for the failed delivery</u>	
3.	<u>(a) Non-renounceable entitlement (e.g., non-renounceable rights issue) in security that is custodised with CDP</u> <u>(b) Renounceable or non-renounceable entitlement in security that is not custodised with CDP</u>	<u>None</u>	<u>Cash in a currency and in such amount as determined by CDP based on the closing price of the underlying security as of the closing day of the entitlement exercise period minus the subscription price of the entitlement</u>	<u>One Market Day after CDP determines the compensation amount.</u>
4.	<u>Conversion</u>	<u>None</u>	<u>The security into which the conversion has been made and in the quantity that the buying Customer would have received but for the failed delivery</u>	<u>Effective date of conversion, i.e. one Market Day after book closure date (BCD+1)</u>
5.	<u>Bond redemption</u>	<u>Clearing Members to submit settlement instructions for the offsetting trades for settlement with their Customers one Market Day after bond maturity</u>	<u>Cash in a currency and in such amount as determined by CDP based on the cash-settlement methodology described in paragraph 4 of Appendix 2 – Determination of Cash Settlement Amount.</u>	<u>Two Market Days after bond maturity date</u>
6.	<u>Scrip / cash election dividend</u>	<u>Buying Clearing Member shall obtain its Customer's election instruction and submit the same to CDP one Market Day before election closure date (ECD-1).</u> <u>Selling Clearing Member shall inform its Customer of the elected form of compensation upon being notified by CDP of the assignment of elections.</u>	<u>(a) Scrip dividend elected: The security, in the quantity that the buying Customer would have received but for the failed delivery.</u> <u>(b) Cash dividend elected: Cash in the currency and amount that the buying Customer would have received but for the failed delivery.</u>	<u>Dividend payment date</u>

No.	Corporate Action	Action required of Clearing Member to effect compensation	Form and value of compensation	Due date of compensation
7.	<u>Currency election dividend</u>	<p><u>Buying Clearing Member shall obtain its Customer's election instruction and submit the same to CDP one Market Day before election closure date (ECD-1).</u></p> <p><u>Selling Clearing Member shall inform its Customer of the elected form of compensation upon being notified by CDP of the assignment of elections.</u></p>	<u>Cash in the currency elected and in the amount that the buying Customer would have received but for the failed delivery</u>	<u>Dividend payment date</u>
8.	<u>Partial Offer</u>	<p><u>Buying Clearing Member shall obtain its Customer's election instruction (as to whether to accept the offer) and submit the same to CDP one Market Day before election closure date (ECD-1).</u></p>	<p><u>(a) If the offer consideration is in the form of cash: Cash in the currency and in the amount that the buying Customer would have received but for the failed delivery</u></p> <p><u>(b) If the offer consideration is in the form of a securities listed on SGX-ST: The security in the quantity that the buying Customer would have received but for the failed delivery.</u></p> <p><u>(c) If the offer consideration is in the form of a security that is non-transferable or not listed on SGX-ST: Cash in a currency as determined by CDP and in the amount that CDP determines is a fair representation of the market value of the security that the buying Customer would have received but for the failed delivery.</u></p>	<u>Payment date of the partial offer</u>
9.	<u>Takeover Offer</u>	<p><u>Buying Clearing Member shall obtain its Customer's instruction (as to whether to accept the offer) and submit the same to CDP within 3 Market Days from election closure date (by ECD+3).</u></p>	<p><u>(a) If the offer consideration is in the form of cash: Cash in the currency and in the amount that the buying Customer would have received but for the failed delivery.</u></p> <p><u>(b) If the offer consideration is in the form of a security listed on SGX-ST: The security in the</u></p>	<u>6 Market Days from election closure date (ECD+6)</u>

No.	Corporate Action	Action required of Clearing Member to effect compensation	Form and value of compensation	Due date of compensation
			<p><u>quantity that the buying Customer would have received but for the failed delivery.</u></p> <p><u>(c) If the offer consideration is in the form of a security that is non-transferable or not listed on SGX-ST: Cash in a currency as determined by CDP and in the amount that CDP determines is a fair representation of the market value of the security that the buying Customer would have received but for the failed delivery.</u></p>	

Practice Notes to CDP Clearing Rules

Practice Note 5A.3.1, 5A.3.4 — Position Account Allocation		
<u>Issue Date</u>	<u>Cross Reference</u>	<u>Enquiries</u>
Added on 1 July 2016.	Rules 5A.3.1, 5A.3.4.	Please contact Member Supervision: Facsimile No: 6538 8273
<p>1. Rule 5A.3.1 requires each Clearing Member to allocate the position of each trade cleared by the Clearing Member for a Customer to that Customer's Position Account or in accordance with that Customer's instructions, as soon as practicable, and in any event no later than such time as may be required for timely and orderly settlement of the relevant trade into the intended Securities Account. This Practice Note provides guidance on the timelines within which such allocation is to be completed by in various circumstances.</p>		
<p>2. With the exception of warehoused trades, each Clearing Member shall allocate the position of each trade cleared by the Clearing Member for a Customer to that Customer's Position Account or in accordance with that Customer's instructions immediately upon the trade being cleared, or at the latest by the end of the next Market Day immediately following the trade date. If there is a delay, the Clearing Member shall ensure that there are valid reasons to explain the delay. An example of a valid reason for delay is when an overseas customer has failed to provide the necessary allocation instructions in time for the Clearing Member to conduct allocation by the end of the next Market Day immediately following the trade date, due to time zone differences.</p>		
<p>3. For warehoused trades under Rule 5A.3.4, each Clearing Member shall ensure that no trades are warehoused for more than 2 <u>one</u> Market Days, unless under exceptional circumstances. Each Clearing Member shall allocate the position of each trade to the relevant Customer's Position Account or in accordance with that Customer's instructions, immediately after the order is completed, or at the latest by the end of the Market Day on which the order is completed. If there is a delay, the Clearing Member shall ensure that there are valid reasons to explain the delay. An example of a valid reason for delay is when an overseas customer has failed to provide the necessary allocation instructions in time for the Clearing Member to conduct allocation by the end of the Market Day on which the order is completed, due to time zone differences.</p>		

Practice Note 6.5.1B(2), 6.6.2, 6.7.11, 8.4.1A, 8.5.2A and 8.6F.2 - Determination of Cash Settlement Amount

<u>Issue Date</u>	<u>Cross Reference</u>	<u>Enquiries</u>
<u>Added on [•].</u>	<u>Rule 6.5.1B(2)</u> <u>6.6.2</u> <u>6.7.11</u> <u>8.4.1A</u> <u>8.5.2A</u> <u>8.6F.2</u>	<u>Please contact Clearing Ops:</u> <u>E-Mail Address: securitiesclearing@sgx.com</u>

Cash settlement under Rules 6.5.1B(2), 6.7.11, 8.4.1A and 8.5.2A

1. Under Rules 6.5.1B(2), 6.7.11, 8.4.1A and 8.5.2A, CDP has the power to cash settle an obligation to deliver or a right to receive securities in respect of a Novated Contract, New Purchase Contract or New Sale Contract, in whole or in part.

2. The monetary sum to be paid or received pursuant to such cash settlement shall be as set out in this Practice Note.

3. When a Novated Contract for the sale of securities or a New Sale Contract (each a “**Sell Contract**”), or any part of it, is cash settled, a Novated Contract for the purchase of securities or a New Purchase Contract (each a “**Buy Contract**”), or such part of it, comprising the same number of securities, will be correspondingly cash settled.

4. Unless otherwise specified by CDP, the Cash Settlement Amount for both the Sell Contract and the Buy Contract will be the number of securities to be cash settled multiplied by:

(a) the highest of:

(i) the selling price of the trade that gave rise to the Sell Contract;

(ii) the purchase price of the trade that gave rise to the Buy Contract;

(iii) the following as may be applicable:

(I) for shares: 120% of the latest closing price;

(II) for rights and company warrants: 120% of the latest closing price of the underlying security, less the exercise price, taking into account the conversion ratio;

(III) for structured warrants: 120% of the final settlement value; or

(b) such other price, based on such methodology, as CDP shall in its discretion determine.

Cash settlement under Rules 6.6.2 and 8.6F.2

5. Under Rules 6.6.2 and 8.6F.2, CDP has the power to cash settle an obligation to deliver securities in respect of a Novated Contract or New Purchase Contract, in whole or in part.

6. The monetary sum to be paid pursuant to such cash settlement shall be a fair and appropriate sum as determined by CDP.

Practice Note 6.5.1B(2) – Priority Considerations when Selecting Buy Trades to Cash Settle

<u>Issue Date</u>	<u>Cross Reference</u>	<u>Enquiries</u>
<u>Added on [•].</u>	<u>Rule 6.5.1B(2)</u>	<u>Please contact Clearing Ops:</u> <u>E-Mail Address: securitiesclearing@sgx.com</u>
<p><u>1. Rule 6.5.1B(2) states that on any Settlement Day, if and to the extent that the securities available to CDP are insufficient for CDP to settle its delivery obligations in respect of Novated Contracts that are due for settlement on that Settlement Day, CDP may cash settle any of those delivery obligations in whole or in part.</u></p>		
<p><u>2. This Practice Note sets out the general principles CDP may consider when deciding which buy trade(s) to cash settle when there are insufficient securities available to CDP to settle its delivery obligations.</u></p>		
<p><u>3. The general principle that CDP considers in selecting which buy trade(s) to cash settle is to minimise knock-on impact and reduce risk to CDP’s clearing facility. In particular, the factors that CDP considers, in decreasing order of priority, include the following:</u></p>		
<p><u>(a) Whether CDP has been informed of any onward sell trade in respect of the buy trade, in which case that buy trade will not be selected for cash settlement.</u></p>		
<p><u>(b) Age of the buy trade, generally giving priority to the oldest buy trade.</u></p>		
<p><u>(c) Quantity of securities in the buy trade, generally giving priority to the buy trade with the largest quantity of securities.</u></p>		
<p><u>4. With respect to paragraph 3(a) above, Clearing Members should immediately inform CDP of any onward sell trade when so informed by a Customer.</u></p>		

Practice Note 6.7.2(1A), 6.7.4(8), 6.7.7A and 6.7.11 – Buying-in, Procurement and Cash Settlement if Intended Settlement Day is Day with Half Day Trading		
Issue Date	Cross Reference	Enquiries
Added on [•].	Rule 6.7.2(1A) Rule 6.7.4(8) Rule 6.7.7A Rule 6.7.11	Please contact Clearing Ops: E-Mail Address: securitiesclearing@sgx.com
<p>1. <u>Rule 6.7.2(1A) states that subject to Rule 6.7.12(1), buying-in in respect of a Novated Contract will commence on the Intended Settlement Day of the Novated Contract.</u></p>		
<p>2. <u>Rule 6.7.4(8) states that subject to Rule 6.7.12(1), if securities to be bought-in are not bought-in on the first day scheduled for buying-in and unless the securities are withdrawn from buying-in or the short Clearing Member makes the securities available for delivery to CDP by such time as specified by CDP on the following Market Day, the buying-in shall continue on the following Market Day.</u></p>		
<p>3. <u>Rule 6.7.7A states that subject to Rule 6.7.12(1), if securities to be bought-in are not bought-in by the second day scheduled for buying-in, the short Clearing Member shall procure the securities.</u></p>		
<p>4. <u>Rule 6.7.11 states that if a Clearing Member’s obligation to deliver securities remains outstanding on the fifth (5th) Settlement Day (or such other number of Settlement Days as CDP may specify) after delivery is due, CDP shall, on the next Settlement Day, cash settle the Clearing Member’s delivery obligation.</u></p>		
<p>5. <u>This Practice Note clarifies the timelines for buying-in, procurement and cash settlement in respect of those Novated Contracts with Intended Settlement Days that fall on a day with half day trading.</u></p>		
<p>6. <u>Where the Intended Settlement Day of a Novated Contract falls on a day with half day trading, there will be no buying-in conducted on the first day scheduled for buying-in (i.e. the Intended Settlement Day). Any buying-in will be conducted only on the second day scheduled for buying in (i.e. the Market Day following the Intended Settlement Day). There shall only be one day of buying-in.</u></p>		
<p>7. <u>If the securities to be bought-in are not bought-in by that day, the short Clearing Member shall procure the securities, whether by transacting on the ready market or otherwise, to discharge its delivery obligation.</u></p>		
<p>8. <u>If the short Clearing Member’s obligation to deliver securities remains outstanding on the fifth (5th) Settlement Day (or such other number of Settlement Days as CDP may specify) after the Intended Settlement Day, CDP shall, on the next Settlement Day, cash settle the Clearing Member’s delivery obligation.</u></p>		
<p>9. <u>This Practice Note does not limit CDP’s discretion with regard to buying-in, procurement and cash settlement, as provided in the Rules.</u></p>		

Practice Note 6A.5.2 Calculation of Amount of Clearing Member Required Margins		
Issue Date	Cross Reference	Enquiries
Added on 21 January 2013.	Rule 6A.5.2	Please contact Clearing Risk: Facsimile No : 6532 0297 E-Mail Address: margins@sgx.com
...		
3 Calculation of Clearing Member Required Margins for Novated Contracts other than Marginable Futures Contracts		
...		
3.3.3. Sell transactions for which the Clearing Member has not made available the required number of shares for delivery and therefore failed to deliver on <u>Intended</u> Settlement Day, will be included in the aggregation process set out in paragraph 3.3.2.		
...		
4 Calculation of Clearing Member Required Margins for Marginable Futures Contracts		
Calculation of Clearing Member Required Margins for Marginable Futures Contracts		
4.1. The Clearing Member Required Margin for Marginable Futures Contracts is calculated on a gross basis with reference to all accounts carried by the Clearing Member, by aggregating the margin requirements for all such accounts. In addition, Marginable Futures Contracts that fail to settle on the intended settlement date <u>Intended Settlement Day</u> are added to the Clearing Member Required Margin in respect of House Accounts.		
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