

New CDP Settlement Rules

New CDP Settlement Rules

New CDP Settlement Rules	
Rule 1 — General	
1.1	Application
1.1.1	
	These Rules apply to the settlement of securities and/or money through CDP.
1.1.2	
	These Rules operate as a binding contract between CDP and each Settlement Participant, and between a Settlement Participant and any other Settlement Participant.
1.1.3	
	Unless expressly provided to the contrary, all questions concerning the interpretation or application of or any other matter in connection with these Rules (including, without limitation, Directives) shall be determined by CDP, whose decision shall be final and binding on all parties.
1.1.4	
	In the interpretation of any provision of these Rules, a construction that would promote the purpose or object underlying these Rules (whether the purpose is expressly stated in these Rules or not) is to be preferred to a construction that would not promote that purpose or object.
1.1.5	
	A person who is not a party to these Rules has no right under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce or enjoy the benefit of these Rules, regardless of whether such person has been identified by name, as a member of a class or as answering a particular description.
1.2	Waivers or Variation
1.2.1	
	CDP may waive or vary a Rule to suit the circumstances of a particular case, unless the Rule specifies that CDP shall not waive or vary it. CDP may grant a waiver subject to such conditions as it considers appropriate. A waiver is only effective if the conditions are satisfied.
1.2.2	
	No failure by CDP to exercise or enforce any rights conferred upon it by these Rules shall be deemed to be a waiver of any such rights or operate so as to bar the exercise or enforcement thereof at any subsequent time or times. A Settlement Participant shall not be entitled to rely on a delay in the exercise

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	or non-exercise of a right arising from a breach or non-performance of the Rules or on a default under the Rules as constituting a waiver of that right.
1.3	Rules, Directives and Circulars
1.3.1	
	CDP may, from time to time, issue Directives and Circulars to supplement these Rules.
1.3.2	
	These Rules, including any Directives or Circulars, may be unilaterally issued, amended or revoked by CDP, subject to the provisions of the Securities and Futures Act and the approval of the Board where required, and shall be effective at such time as may be specified by CDP.
1.4	Practice Notes
1.4.1	
	CDP may, from time to time, issue Practice Notes (or amend or revoke existing Practice Notes) to provide guidance on the interpretation and application of any Rule. A Practice Note does not bind CDP in the application of a Rule.
1.5	Transitional Provision
1.5.1	
	CDP may publish transitional arrangements in relation to any amended or new Rule or Practice Note.
1.6	Order of Precedence
1.6.1	
	Unless expressly provided otherwise, in the event of any conflict between the provisions of the following instruments, the provisions of an instrument with a higher level of precedence shall prevail over the provisions of an instrument with a lower level of precedence:
(a)	written law;
(b)	Rules, other than Directives, Regulatory Notices and Circulars;
(c)	Directives;
(d)	Regulatory Notices;
(e)	Circulars;
(f)	terms and conditions governing the operations, facilities and services provided by CDP; and
(g)	Practice Notes.
1.7	Delegation and Assignment

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1.7.1	
	CDP may delegate, assign or grant authority to exercise any of its rights, powers, authorities and discretions under these Rules, including any right to enforce these Rules, to such person or entity as it may determine in its sole discretion, without consent from any Settlement Participant.
1.7.2	
	Where these Rules provide that any power, authority or discretion is to be exercised by the Board, the Board may delegate, assign or grant authority to exercise such power, authority or discretion to any person or entity. The Board may authorise a delegate to sub-delegate.
1.8	SGX RegCo's authority
1.8.1	
	SGX RegCo shall have the authority to exercise any rights, powers, authorities and discretions under the Rules, including the right to enforce the Rules. In the exercise of any such rights, powers, authorities and discretions under these Rules, SGX RegCo shall be bound to the same extent as CDP in respect of any obligations arising from the exercise of such rights, powers, authorities and discretions.
1.9	Limitation of Liability
1.9.1	
	<p>None of CDP, its related corporations, SGX RegCo, any person or entity referred to under Rule 1.7, or their respective directors, officers, employees or agents ("Relevant Persons") shall be liable to any person for any loss or damage (including consequential or indirect loss or damage even if advised of the possibility of such loss or damage), however caused or arising, including but not limited to any loss or damage arising directly or indirectly from or in connection with the following or any thing done or not done as a direct or indirect consequence of the following:</p> <ul style="list-style-type: none"> (a) any failure, error, delay or malfunction of the settlement facilities operated by CDP howsoever caused and whether or not identified or identifiable; (b) the access to, use of or inability to use the settlement facilities operated by CDP; (c) any thing done (including any statement made) or omitted to be done in the course of, or in connection with, the discharge or purported discharge of CDP's obligations or rights under the Securities and Futures Act, any other applicable law, or under these Rules; (d) the execution of Settlement Instructions or any interruption or restriction of settlement through CDP; (e) any breach or failure of any Settlement Participant to comply with these Rules; (f) the acts or omissions of any of the Settlement Participant; (g) any failure, security breach, inoperability or malfunction of equipment, software or any other product supplied to a Settlement Participant howsoever caused, or in respect of its installation, maintenance or removal;

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- (h) the exercise of a decision-making or regulatory power or discretion under these Rules;
- (i) the acceptance of a Settlement Participant’s resignation;
- (j) any virus or other destructive, malicious, or corrupting program, code, agent, script or macro;
- (k) any errors, inaccuracy, omissions or delay in the calculation and issuance of cash calls;
- (l) the originality, accuracy, adequacy, timeliness or completeness of the settlement system or any content, information, materials, images, sounds, graphics, video and other materials displayed therein or any functionalities or applications, programs or services provided therein (collectively “Content”);
- (m) any reliance on the Content or any part thereof; or
- (n) any information transmitted or received by or on behalf of CDP or a Settlement Participant, including through the settlement system, or the interception of or access to such information by unauthorised persons.

1.9.2

- (a) Save for the scenario specified in paragraph (b) below, under no circumstances shall CDP's liability and the amount of damages owing to a Settlement Participant exceed 100% of the aggregate amount of the fees, charges, penalties or default interest paid by the Settlement Participant in the calendar year the incident giving rise to the claim(s) in question occurs.
- (b) CDP will be liable for the principal value of the money and/or securities that is the subject of CDP's error, if and only if CDP erroneously debits money and/or securities from a Settlement Participant's Cash Ledger Account and/or Securities Account or erroneously fails to credit money and/or securities to a Settlement Participant's Cash Ledger Account and/or Securities Account.

1.9.3

Each Settlement Participant shall ensure that its Customers or any persons on whose behalf it is conducting settlement under these Rules agree to and are bound by the limitation of liabilities under this Rule 1.9.

1.10 Indemnity

1.10.1

Each Settlement Participant shall indemnify CDP, its related corporations, SGX RegCo, any person or entity referred to under Rule 1.7, and their respective directors, officers, employees, representatives and agents ("Indemnified Persons") against any loss or liability reasonably incurred or suffered by the Indemnified Persons where such loss or liability arose out of or in connection with:—

- (a) any breach by the Settlement Participant of its obligations under these Rules; or
- (b) any wilful, unlawful, reckless or negligent act or omission by the Settlement Participant.

1.10.2

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Without prejudice to the generality of Rule 1.10.1, in the event that any legal, arbitration or other proceedings are brought to impose any liability on all or any of the Indemnified Persons for an alleged failure on the part of any Indemnified Person to prevent or to require action by a Settlement Participant or any of its directors, officers, employees, representatives or agents, the Settlement Participant shall reimburse the relevant Indemnified Person for:—

- (a) all expenses and legal fees incurred by or on behalf of the Indemnified Person in connection with such proceedings;
- (b) any payment made by or on behalf of the Indemnified Person with the approval of the Settlement Participant in connection with any settlement of such proceedings; and
- (c) any payment made by or on behalf of the Indemnified Person as a result of any order, award or judgment made in such proceedings,

and the Settlement Participant shall render such co-operation as the Indemnified Person reasonably requires in respect of such proceedings including without limitation the production of any document or records.

1.10.3

Without prejudice to Rule 1.10.2, the Settlement Participant shall pay to an Indemnified Person, if the Indemnified Person so requires, the cost incurred by or on behalf of the Indemnified Person of producing or obtaining, pursuant to a court order or other legal process, records relating to the business or affairs of a Settlement Participant or any of its directors, officers or representatives, regardless of the party requiring such production or obtainment.

1.11 Provision of Information and Assistance

1.11.1

Each Settlement Participant shall, upon CDP’s request, provide any information or records and render such assistance (including giving access to its premises, systems and employees) as CDP requires to discharge any of CDP’s duties (including to promote safe and efficient settlement), to make authorised disclosures or perform any other act described in Rule 1.12, or to investigate compliance with or enforce any Rule, from time to time (“Purposes”). CDP and any of its related corporations may use or disclose, for such Purposes, all information and records so received and each Settlement Participant irrevocably consents to such use or disclosure. The Settlement Participant must ensure that any information or records provided do not contain untrue statements, are not misleading and include rather than omit any material statements.

1.11.2

Where a Settlement Participant provides personal data on any individual (as defined under the Personal Data Protection Act 2012), the Settlement Participant undertakes that it has obtained consent from the individual concerned for it to disclose such personal data to CDP, and for CDP to collect, use and disclose such personal data, for the Purposes.

1.12 Disclosure of Information by CDP

1.12.1

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<p>CDP will take all reasonable measures to protect information provided to it by or on behalf of a Settlement Participant under these Rules from unauthorised use or disclosure.</p>
<p>1.12.2</p>
<p>Disclosure of information by CDP is authorised use or disclosure, and each Settlement Participant irrevocably consents to such use and disclosure, if it:</p> <p>(a) is approved by the Authority or is to any governmental agency or regulatory authority (in or out of Singapore) which requests that CDP provide the information for the proper exercise of powers relating to the governance of Settlement Participants;</p> <p>(b) is required under any law (in or out of Singapore) or any order of any court or regulatory authority (each in or out of Singapore);</p> <p>(c) is publicly available at the time of disclosure to or by CDP;</p> <p>(d) is in connection with the discharge of CDP’s regulatory obligations under the Securities and Futures Act or when compelled under applicable laws to do so or pursuant to any cross-border regulatory sharing arrangement subject to its obligation to maintain confidentiality under the Securities and Futures Act;</p> <p>(e) is reasonably required for the purpose of facilitating settlement under these Rules;</p> <p>(f) is in relation to the enforcement of the Rules or adjudication of a matter;</p> <p>(g) is to any of CDP’s related corporations;</p> <p>(h) is authorised by the Authority to be disclosed or furnished under the Securities and Futures Act; or</p> <p>(i) constitutes authorised use or disclosure of information at common law.</p>
<p>1.13 Governing Law and Jurisdiction</p>
<p>1.13.1</p>
<p>These Rules shall be governed by, and interpreted in accordance with, the laws of Singapore. Each Settlement Participant irrevocably submits to the exclusive jurisdiction of the courts of Singapore.</p>
<p>Rule 2 — Settlement Participation</p>
<p>2.1 Use of Settlement Facilities</p>
<p>2.1.1</p>
<p>Settlement Participants have the right to utilise the settlement facilities operated by CDP under these Rules.</p>
<p>2.1.2</p>

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Nothing in these Rules shall prevent CDP from permitting any other person, not being a Settlement Participant, to utilise CDP's settlement facility(ies) and/or system(s) on terms as may be determined by CDP.	
2.2	Compliance
2.2.1	
A Settlement Participant shall at all times comply with the Rules and any other conditions or restrictions imposed by CDP from time to time.	
2.3	Payment of Fees
2.3.1	
Each Settlement Participant will pay to CDP such fees and charges for the settlement of transactions based on CDP's fee schedules from time to time, and such fines and default interest as may be imposed by CDP from time to time.	
2.4	Systems and Operations
2.4.1	
A Settlement Participant must ensure that:	
(a) its systems and connections to the CDP's settlement system and facilities operate properly at all times and have adequate redundancy and scalable capacity to accommodate current and anticipated settlement volumes; and	
(b) it complies with the terms and conditions in any agreement with, and any other requirements imposed by, CDP for accessing CDP's settlement system and facilities or in relation to settlement under these Rules.	
2.5	Business Continuity Requirements
2.5.1	
Settlement Participants must at all times have in place and maintain disaster recovery and business continuity arrangements that are adequate to ensure the timely recovery of its usual operations having regard to the nature and extent of the business carried on by that Settlement Participant and any matters as may be specified by CDP from time to time. CDP may at any time require a Settlement Participant to undertake testing of its disaster recovery and business continuity arrangements at such times and in such manner as may be specified by CDP.	
2.6	Settlement Participants to Reconcile Records
2.6.1	
Each Settlement Participant shall, on a daily basis, reconcile its books with CDP's records, in relation (but not limited) to:	
(a) all Settlement Instructions that are settled in each settlement run, including the money and securities settled in respect of each Settlement Instruction;	

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(b) transfers of money and securities into or out of, and the daily closing balance in, the Settlement Participant's Cash Ledger Accounts and Securities Account(s);

If any discrepancy between CDP's and the Settlement Participant's records is noted, the Settlement Participant must inform CDP and if required rectify the discrepancy immediately.

2.7 Reporting of Adverse Events

2.7.1

A Settlement Participant shall immediately notify CDP if:

(a) it is experiencing an emergency or potentially debilitating situation that threatens its operations, including but not limited to a cyber threat or terror attack;

(b) it is insolvent or wound-up, or has had an insolvency or winding-up application presented, or an order made by a court of competent jurisdiction, or any step is taken or a resolution passed, for its winding-up, dissolution, judicial management or administration; or

(c) it has had any attachment, distress, execution or legal process instituted against its assets, or has had any liquidator, receiver or any similar person appointed (or an application has been made for the appointment of such person) in respect of any of its assets.

2.8 Suspension or Restriction of a Settlement Participant

2.8.1

CDP may, in its discretion, suspend the settlement of or cancel all or any of a Settlement Participant's Settlement Instructions and/or suspend or restrict the Settlement Participant's participation in settlement if:

(a) the Settlement Participant fails to comply with or is, in the opinion of CDP, in breach of any provision of these Rules or of any agreement, understanding or arrangement which the Settlement Participant has from time to time with CDP;

(b) the Settlement Participant ceases to be, or is suspended in its capacity as, a Clearing Member or Depository Agent;

(c) the Settlement Participant breaches any term, condition or restriction imposed by CDP pursuant to its powers under these Rules;

(d) the Settlement Participant is wound-up;

(e) the Settlement Participant is, in CDP's opinion, in financial or operating difficulty, including but not limited to not meeting cash calls or settlement requirements, being insolvent or being put in judicial management or administration;

(f) the Settlement Participant is, in CDP's opinion, conducting its activities in a manner detrimental to the financial integrity, reputation or interests of CDP, or clearing or settlement facilities established or operated by CDP;

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<p>(g) the Settlement Participant is, in CDP’s opinion based on the Authority’s guidelines on fit and proper criteria, no longer fit and proper to continue participating in settlement;</p> <p>(h) it is necessary or desirable in the interests of ensuring a safe and efficient settlement facility, or for ensuring the integrity of the market or for proper management of systemic risk, or for investor protection, or it is directed by any authority; or</p> <p>(i) an Event of Default as set out under the CDP Clearing Rules has occurred in respect of the Settlement Participant who is also a Clearing Member.</p>	
2.8.2	
	<p>A Settlement Participant that is suspended shall not have any of the privileges of a Settlement Participant during the period of its suspension. A suspended Settlement Participant may be reinstated upon such conditions as CDP may impose.</p> <p>A Settlement Participant whose settlement activities are restricted by CDP shall have its settlement privileges restricted, as may be specified by CDP during the period of restriction. Failure of the Settlement Participant to comply with any restriction will constitute a breach of this Rule.</p>
2.8.3	
	<p>Unless otherwise decided by CDP, a Settlement Participant who is suspended or whose settlement privileges are restricted by CDP continues to be liable to settle any and all Settlement Instructions that are submitted by itself or on its behalf, and continues to be bound by these Rules.</p>
2.8.4	
	<p>CDP may notify SGX-ST or any other Exchange of any action or proceedings taken against a Settlement Participant.</p>
2.8.5	
	<p>When a Settlement Participant has been suspended or when its settlement activities have been restricted, CDP may designate itself or one or more other Settlement Participants to deal with any Settlement Instructions of the suspended or restricted Settlement Participant in accordance with CDP’s direction, and/or require one or more Settlement Participants to assist CDP in the settlement of Settlement Instructions where CDP considers such assistance necessary to facilitate the operation of a safe and efficient settlement system. The relevant Settlement Participant(s) shall render such assistance as CDP may require.</p>
2.9	Notification of Action
2.9.1	
	<p>If CDP intends to take action against a Settlement Participant under Rule 2.8, it will inform the Settlement Participant in writing. Such action will be effective on the date specified in the written notice.</p>
2.10	Resignation by Settlement Participant
2.10.1	

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<p>If a Settlement Participant who is not a Clearing Member wishes to resign, it shall:</p> <ul style="list-style-type: none"> (a) give not less than three months' written notice to CDP of its intention to resign and the effective date of resignation. CDP may, at its discretion, vary or waive the three months' notice; (b) pay all outstanding charges owing to CDP as at the effective date of resignation; (c) fulfill all outstanding obligations to CDP; and (d) until its resignation is effective, continue to comply with these Rules.
2.11 Disciplinary Action
2.11.1
<p>If CDP is of the opinion that a Settlement Participant has breached any of these Rules, CDP may, in addition to any right to take action under Rule 2.8:</p> <ul style="list-style-type: none"> (a) issue a letter of warning to the Settlement Participant; or (b) impose a penalty, as set out in Schedule A, on the Settlement Participant.
Rule 3 – Settlement Facilities
3.1 CDP does not Act as Principal
3.1.1
<p>Save where CDP is settling rights and obligations between itself and a Clearing Member arising from the CDP Clearing Rules, in conducting settlement under these Rules, CDP does not act as principal to any Settlement Participant or any other person.</p>
3.2 Batch Settlement and RTGS
3.2.1
<p>For settlement under these Rules, a Settlement Participant may choose Batch Settlement or RTGS for each Settlement Instruction, subject to the availability of the chosen settlement facility for the relevant settlement.</p>
3.2.2
<p>RTGS is conducted separately from Batch Settlement.</p>
3.2.3
<p>Settlement between a Clearing Member and CDP in respect of a Novated Contract is available only through Batch Settlement.</p>
3.2.4

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CDP may by notice to Settlement Participants specify the currencies or securities the settlement of which is not available in RTGS and/or Batch Settlement.	
3.3	Netting in Batch Settlement
3.3.1	
<p>At each Batch Settlement Run, a Settlement Participant’s obligation to make payment will be set-off against its entitlement to receive payment in respect of all the Settlement Instructions that CDP has determined, based on available money and securities, will be executed in that Batch Settlement Run, for each settlement currency.</p> <p>The resultant net amount payable by the Settlement Participant for each settlement currency will be referred to as the “Net Payable” for that Batch Settlement Run and settlement currency. The resultant net amount payable to the Settlement Participant for each settlement currency will be referred to as the “Net Receivable” for that Batch Settlement Run and settlement currency.</p>	
3.3.2	
<p>Settlement of a Settlement Participant’s Net Payable or Net Receivable for a Batch Settlement Run and settlement currency shall operate as:</p> <p>(a) a complete discharge of the Settlement Participant’s obligation to make payment in respect of all the Settlement Instructions executed in that Batch Settlement Run and for that settlement currency; and</p> <p>(b) a complete satisfaction of the Settlement Participant’s entitlement to receive payment in respect of all the Settlement Instructions executed in that Batch Settlement Run and for that settlement currency.</p>	
3.4	Settlement Schedule for Batch Settlement
3.4.1	
<p>Unless otherwise notified by CDP to the Settlement Participants, the settlement schedule set out in Appendix 1 of Regulatory Notice 3.4.1 shall apply for Batch Settlement. If any activity set out in the settlement schedule is likely to be delayed, CDP shall inform Settlement Participants of the following matters:</p> <p>(a) that the activity is likely to be delayed; and</p> <p>(b) the estimated timing for the delayed activity.</p> <p>CDP shall provide adequate time for Settlement Participants to carry out the activities set out in Appendix 1 of Regulatory Notice 3.4.1 and Settlement Participants shall carry out such activities by such time as stipulated by CDP.</p> <p><i>Refer to Appendix 1 of Regulatory Notice 3.4.1.</i></p>	
3.5	Availability of facilities for foreign currency settlements
3.5.1	

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	Batch Settlement or RTGS in respect of a foreign currency will only be available on a Settlement Day on which both of the following are open for settlement:
	<ul style="list-style-type: none"> (a) the central bank in Singapore; and (b) the central bank or the inter-bank transfer clearing system designated by CDP for settlement of the foreign currency.
3.6	Emergency Powers
3.6.1	
	Where CDP deems it necessary or desirable for ensuring fair and orderly trading or safe and efficient clearing and/or settlement, or for ensuring the integrity of the market or for proper management of systemic risk in the market, CDP may, in relation to one or more Settlement Participant:
	<ul style="list-style-type: none"> (a) extend or vary the availability of the settlement facilities; (b) create, vary or cancel Settlement Instructions; (c) refuse to accept or execute Settlement Instructions; and/or (d) take such other action or require the Settlement Participant to take such action as CDP deems necessary or desirable.
Rule 4 – Settlement Instructions	
4.1	Settlement based on Settlement Instructions
4.1.1	
	Settlement under these Rules will be conducted based on Settlement Instructions. Each Settlement Participant irrevocably authorises CDP to act on any Settlement Instruction submitted by the Settlement Participant or on its behalf as provided in these Rules.
4.1.2	
	Each Settlement Participant that submits a Settlement Instruction warrants to CDP and every other Settlement Participant that the Settlement Instruction is accurate and that it is authorised to deliver to or from the Securities Account named in the Settlement Instruction.
4.1.3	
	Notwithstanding Rule 4.1.2, if CDP is made aware that a Settlement Participant submitted a Settlement Instruction that is not accurate, or that the Settlement Participant is not authorised to deliver to or from the Securities Account named in the Settlement Instruction, CDP may, in its absolute discretion, vary, cancel or refuse to accept or execute such Settlement Instruction. Nothing in this Rule shall oblige CDP, and CDP shall have no duty, to enquire into whether a Settlement Instruction is accurate, or whether a Settlement Participant is authorised to deliver to or from the Securities Account named in a Settlement Instruction.

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4.2	Settlement Instructions submitted by CDP
4.2.1	<p>CDP will, and each Settlement Participant irrevocably authorises CDP to, submit Settlement Instructions:</p> <p>(a) for settlement of rights and obligations between each Clearing Member and CDP under the CDP Clearing Rules;</p> <p>(b) to effect any action that CDP is entitled to take, and to settle any rights and obligations arising, under the CDP Clearing Rules, in relation to the default of a Clearing Member; or</p> <p>(c) pursuant to Rule 7.6.2.</p>
4.2.2	<p>Subject to Rule 4.2.3:</p> <p>(a) the intended settlement day of any Settlement Instruction submitted by CDP for the settlement of securities and money consideration under a Novated Contract will be the intended settlement day of the Novated Contract; and</p> <p>(b) the intended settlement day of any Settlement Instruction submitted by CDP for the settlement of any other right or obligation under the CDP Clearing Rules will be the due date for the settlement of that right or obligation as specified by CDP under the CDP Clearing Rules.</p>
4.2.3	<p>CDP may subsequently submit, amend, cancel or reissue any Settlement Instruction to effect any cash settlement, under the CDP Clearing Rules, of an obligation to deliver or right to receive securities.</p>
	4.3 Matching of Settlement Instructions
4.3.1	<p>A Settlement Instruction (other than a Settlement Instruction described in Rule 4.3.4) shall not be eligible for settlement unless and until it has been matched with the corresponding Settlement Instruction, in accordance with such matching criteria as CDP may define.</p>
4.3.2	<p>A Settlement Participant may specify, in which event CDP will take into account, a tolerance level for differences in money value when determining a match. CDP shall notify the relevant Settlement Participants of the money value at which the Settlement Instructions are matched and will be settled.</p>
4.3.3	<p>A Settlement Participant may submit a request to amend or cancel any Settlement Instruction to which it is a party but CDP will not act on such request unless and until the request has been matched with a corresponding request from the other party to the Settlement Instruction.</p>
4.3.4	

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<p>This Rule 4.3 does not apply to the following Settlement Instructions:</p> <p>(a) Settlement Instructions submitted by CDP; and</p> <p>(b) Settlement Instructions submitted by a Settlement Participant to deliver securities to or from a Securities Account as authorised by the Securities Account holder.</p>	
4.4 Timelines for Submission of Settlement Instructions	
4.4.1 <u>Batch Settlement</u>	
<p>(a) For a Settlement Instruction to be eligible for settlement in a Batch Settlement Run, the Settlement Instruction must be submitted and, if required, matched pursuant to Rule 4.3 within the timelines specified in Appendix 1 of Regulatory Notice 3.4.1, or such other time as CDP may specify, for that Batch Settlement Run.</p> <p>(b) Unless otherwise determined by CDP, Settlement Instructions that are submitted and, if required, matched pursuant to Rule 4.3 after the prescribed cut-off time(s) will be carried forward to the next available Batch Settlement Run.</p> <p><i>Refer to Appendix 1 of Regulatory Notice 3.4.1.</i></p>	
4.4.2 <u>RTGS</u>	
<p>(a) For a Settlement Instruction to be eligible for RTGS on any Settlement Day, the Settlement Instruction must be submitted and, if required, matched pursuant to Rule 4.3 within the timelines specified in Appendix 1 of Regulatory Notice 4.4.2, or such other time as CDP may specify, on that Settlement Day.</p> <p>(b) Unless otherwise determined by CDP, Settlement Instructions that are submitted and, if required, matched pursuant to Rule 4.3 after the prescribed cut-off time(s) will be carried forward to the next Settlement Day on which RTGS is available.</p> <p><i>Refer to Appendix 1 of Regulatory Notice 4.4.2.</i></p>	
4.4.3	
<p>Each Settlement Participant shall submit Settlement Instruction(s), by such time so as to:</p> <p>(a) enable settlement with a Customer within such time as provided in the SGX-ST Rules or CDP Clearing Rules, where applicable; or</p> <p>(b) enable settlement with a Customer within such time as the Customer instructs, in any other case.</p>	
4.5 Linked Settlement Instructions	
4.5.1	

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	A Settlement Participant may indicate in its Settlement Instruction that settlement of the Settlement Instruction is conditional on the settlement of one or more other Settlement Instructions (“Linked Settlement Instruction”).
4.5.2	
	Subject to CDP’s settlement processes and such terms and conditions as CDP may prescribe, CDP shall settle a Linked Settlement Instruction in the sequence or manner indicated.
4.5.3	
	Where two or more Linked Settlement Instructions indicate that they are to be settled with one another, the Linked Settlement Instructions will be settled on a net basis.
Rule 5 – Arrangements for Money Settlement	
5.1	Cash Ledger Accounts
5.1.1	
	CDP shall maintain, for each Settlement Participant, an account on its books to record the amount of money that the Settlement Participant has with CDP for the purposes of and arising from money settlement under these Rules. That account will be referred to in these Rules as the Settlement Participant’s “Cash Ledger Account”.
5.1.2	
	When a Settlement Participant deposits a sum of money with CDP, the Settlement Participant’s Cash Ledger Account will be credited with an equivalent sum. When a Settlement Participant withdraws a sum of money held with CDP, the Settlement Participant’s Cash Ledger Account will be debited with an equivalent sum.
5.1.3	
	Save for manifest error, the balance in a Settlement Participant’s Cash Ledger Account is binding and conclusive on the Settlement Participant as to the amount of money that CDP holds for the Settlement Participant.
5.1.4	
	Notwithstanding any manifest error or dispute as to the balance in a Settlement Participant’s Cash Ledger Account, CDP shall be entitled to act on the basis that the balance in the Cash Ledger Account accurately reflects the amount of money that it holds on behalf of the Settlement Participant, until the dispute is resolved.
5.2	Bank Accounts
5.2.1	
	Each Settlement Participant shall maintain and nominate, for the purpose of meeting cash calls and/or receiving money from CDP, and CDP shall designate, for the purpose of receiving money from Settlement Participants:

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- (a) account(s) with the central bank for Singapore dollar; and
- (b) account(s) with Settlement Banks for each foreign currency, (each a “Bank Account” and collectively, “Bank Accounts”).

5.2.2

- (a) Each Settlement Participant shall, in writing, provide CDP with details of its nominated Bank Account(s). Such nomination shall be subject to CDP’s approval, and/or such terms and conditions as CDP may specify.
- (b) CDP shall by circular or otherwise in writing provide the Settlement Participants with the details of its Bank Accounts.

5.3 Finality of money deposit with and money receipt from CDP

5.3.1

A Settlement Participant’s deposit of money with CDP and receipt of money from CDP shall not be final, and its Cash Ledger Account will not be updated, until the payment sum is irrevocably and unconditionally received, in immediately available funds, in the Bank Account of the intended recipient.

5.4 Trust Arrangements

5.4.1

Money deposited with or held by CDP for a Settlement Participant (as reflected in the Settlement Participant’s Cash Ledger Account) will be held on trust by CDP, as bare trustee, for the benefit of that Settlement Participant.

5.4.2

CDP shall have the right to commingle any money held on trust for a Settlement Participant with money held on trust for other Settlement Participants in the same bank or custodian account.

5.4.3

CDP shall not have any obligation or responsibility to preserve or protect, and under no circumstances shall CDP be liable for any loss or diminution in value or depreciation in or in connection with, the money deposited with or held by it on trust for a Settlement Participant.

5.4.4

If any money held on trust for a Settlement Participant is lost or becomes unavailable to CDP, CDP shall have the right to immediately give a zero value to such money. If, as a result, the Settlement Participant’s obligation to make payment under Settlement Instructions cannot be fully met as determined by CDP, the Settlement Participant shall deposit such additional money with CDP as may be required to meet such obligation within such time as CDP may require.

New CDP Settlement Rules	
5.4.5	
	CDP shall have no obligation to make payment of any fees, interests or investment earnings arising from or in connection with any money held on trust for Settlement Participants.
5.4.6	
	CDP shall have the right to commingle any money held on trust for Settlement Participants with its own money in the same bank or custodian account, and shall, notwithstanding such commingling, be entitled to a beneficial ownership over and up to the amount of its own money extended to such bank or custodian account and any interest earned and return arising from such money. CDP shall retain the right to use such money (including any interest and returns) for any purpose, including for settlement and to pay bank or custodian fees, so long as any withdrawal does not exceed CDP's entitlement. CDP's records shall be conclusive and binding on Settlement Participants as to the sum of its own money extended to any bank or custodian account and any interest earned and return arising from such money.
Rule 6 – Arrangements for Securities Settlement	
6.1	Arrangements with Customer
6.1.1	
	Each Settlement Participant shall obtain the necessary authorisation to deliver securities from each Delivering Securities Account, or to receive securities into each Receiving Securities Account, specified in each Settlement Instruction that is submitted by it or on its behalf under these Rules.
6.1.2	
	A Settlement Participant that submits a Settlement Instruction to deliver securities on behalf of a Customer shall ensure and transact with its Customer on the basis that: <ul style="list-style-type: none"> (a) any securities delivered or to be delivered by it will be delivered free from any interest of its Customer; (b) the Customer will not retain any equitable or legal interest in the securities debited from the Delivery Securities Account and will not be entitled to trace nor claim any interest in the securities; (c) the Customer's sole remedy in respect of such securities will be against the Settlement Participant itself.
6.1.3	
	A Settlement Participant that submits a Settlement Instruction to receive or deliver securities on behalf of a Customer shall ensure and transact with its Customer on the basis that the Customer may only look to the Settlement Participant for payment or receipt of securities and CDP shall have no responsibility or liability for payment or delivery to the Customer or to any person who is not a Settlement Participant.
Rule 7 – Settlement	
7.1	Execution of Settlement Instructions

New CDP Settlement Rules
7.1.1
A Settlement Instruction is executed when all payment and delivery entitlements and obligations as specified in the Settlement Instruction are settled pursuant to Rules 7.3 and 7.4.
7.1.2
<p>To enable the execution of any Settlement Instruction, a Settlement Participant shall ensure that:</p> <p>(a) it has sufficient money deposited with CDP and available in its Cash Ledger Accounts to settle its payment obligations in respect of the Settlement Instruction; and/or</p> <p>(b) it has sufficient securities available in its Delivering Securities Account(s) to meet its delivery obligations in respect of the Settlement Instruction.</p>
7.2 Availability of money and securities in Batch Settlement
7.2.1
<u>Cash calls for deposit of money</u>
<p>(a) In respect of each Batch Settlement, CDP may issue, by the cut-off time set out in Appendix 1 of Regulatory Notice 3.4.1, or such other time as CDP may specify, cash calls for the deposit of money by a Settlement Participant with CDP to enable settlement of the Settlement Participant's payment obligations.</p> <p>(b) The Settlement Participant must, by the cut-off time set out in Appendix 1 of Regulatory Notice 3.4.1, or such other time as CDP may specify, meet each such cash call.</p> <p>(c) Nothing in these Rules precludes a Settlement Participant from depositing money with CDP to fund its Cash Ledger Account in the absence of a cash call.</p> <p>(d) A Settlement Participant that fails to meet a cash call by the prescribed cut-off time shall be liable to CDP for any costs that CDP may incur as a result of, or in connection with, the failure.</p> <p><i>Refer to Appendix 1 of Regulatory Notice 3.4.1.</i></p>
7.2.2
<u>Availability of securities</u>
<p>In respect of each Batch Settlement Run, a Settlement Participant must, by the cut-off time set out in Appendix 1 of Regulatory Notice 3.4.1, or such other time as CDP may specify, make available, in such manner as CDP may determine, in the Delivering Securities Account, securities for settlement of its delivery obligations.</p> <p><i>Refer to Appendix 1 of Regulatory Notice 3.4.1.</i></p>
7.3 Money Settlement
7.3.1

New CDP Settlement Rules	
	Settlement of a Settlement Participant's payment obligation in respect of Settlement Instructions (including a Settlement Participant's Net Payable) is effected by and final upon CDP debiting an equivalent sum of money from the Settlement Participant's Cash Ledger Account.
7.3.2	
	Settlement of a Settlement Participant's entitlement to receive payment in respect of Settlement Instructions (including a Settlement Participant's Net Receivable) is effected by and final upon CDP crediting an equivalent sum of money into the Settlement Participant's Cash Ledger Account.
7.4	Securities Settlement
7.4.1	
	Delivery of securities by a Settlement Participant is effected by and final upon CDP debiting such securities from the Delivering Securities Account.
7.4.2	
	Receipt of securities by a Settlement Participant is effected by and final upon CDP crediting such securities into the Receiving Securities Account.
7.5	Unexecuted Settlement Instructions
7.5.1	
(a)	<p>For Batch Settlement:</p> <p>(i) If, and to the extent that, CDP is of the opinion that the securities or money made available in respect of a Batch Settlement Run are insufficient to fully meet all payment and delivery entitlements and obligations specified in all the Settlement Instructions eligible for settlement in that Batch Settlement Run such as to enable them all to be fully executed, CDP shall determine, in its sole discretion, the Settlement Instructions that will not be executed in that Batch Settlement Run or the extent to which a Settlement Instruction will be executed.</p> <p><i>See Practice Note 7.5.1(a)(i).</i></p> <p>(ii) Subject to Rule 7.5.2, the Settlement Instruction or such part of the Settlement Instruction that is not executed will be automatically carried forward for settlement at the next available Batch Settlement Run; and</p>
(b)	<p>For RTGS:</p> <p>Subject to Rule 7.5.2, if a Settlement Instruction that is eligible for RTGS is not executed by the cut-off times set out in Appendix 1 of Regulatory Notice 4.4.2 on a Settlement Day, the Settlement Instruction will be automatically carried forward for settlement on the next Settlement Day on which RTGS is available.</p> <p><i>Refer to Appendix 1 of Regulatory Notice 4.4.2.</i></p>

New CDP Settlement Rules	
7.5.2	
	CDP shall have the right to cancel any Settlement Instruction or such part of it that remains outstanding after the intended settlement day of the Settlement Instruction.
7.6	Compensation for Corporate Action Entitlement
7.6.1	
	This Rule 7.6 applies only to the corporate action entitlements set out in Appendix 1 of Regulatory Notice 7.6. <i>Refer to Appendix 1 of Regulatory Notice 7.6.</i>
7.6.2	
	If a Settlement Participant (“delivering Settlement Participant”) fails to deliver securities in respect of a Settlement Instruction on the intended settlement day of the Settlement Instruction, CDP may submit Settlement Instruction(s) for the delivering Settlement Participant to compensate the Settlement Participant to whom the securities were to be delivered (“receiving Settlement Participant”) for corporate action entitlements accruing on the securities.
7.6.3	
	The delivering Settlement Participant and receiving Settlement Participant may, by agreement, submit a request to amend or cancel any Settlement Instruction submitted by CDP under Rule 7.6.2.
7.7	Indemnity
7.7.1	
	Without prejudice to the generality of Rule 1.10.1, each Settlement Participant shall indemnify CDP against any loss, damage, liabilities, costs, claims, actions and demands that CDP may incur arising from or in connection with the execution of Settlement Instructions submitted by or on behalf of the Settlement Participant pursuant to these Rules.
Rule 8 – Matters relating to a Settlement Participant who is a Defaulting Clearing Member	
8.1	Money in Cash Ledger Account to be held as Collateral
8.1.1	
	When a Settlement Participant is also a Clearing Member, and CDP has declared that an Event of Default has occurred in respect of that Clearing Member pursuant to the CDP Clearing Rules, the following shall, and the Clearing Member irrevocably consents that the following shall, apply: (a) unless otherwise determined by CDP, any money shown in the Cash Ledger Account of that Settlement Participant shall be held by CDP as Collateral deposited by that Clearing Member other than in relation to a Customer Account and applied in accordance with the CDP Clearing Rules and the Security Deed;

New CDP Settlement Rules

(b) CDP shall have the right to cancel, suspend, amend, generate, re-enter, partially execute and/or execute (as the case may be), any Settlement Instruction, for the purpose of managing the default of the Clearing Member in accordance with the CDP Clearing Rules.

In this Rule, the terms “Customer Account” and “Security Deed” shall have the meanings ascribed to them in the CDP Clearing Rules.

8.1.2

CDP shall be entitled (but not obliged) to rely on the books and records of the suspended, restricted or former Settlement Participant as conclusive evidence of the entitlements or indebtedness of the Customers of that Settlement Participant due from or owing to the that Settlement Participant.

Rule 9 – Definitions

9.1

In these Rules, the following terms have the following meanings unless the context otherwise requires:—

Term	Meaning
A	
"Authority"	The Monetary Authority of Singapore or such other body that shall be responsible for the administration of the Securities and Futures Act.
B	
"Bank Account"	The meaning ascribed to it in Rule 5.2.
"Batch Settlement"	The settlement of a group of Settlement Instructions all at one time.
"Batch Settlement Run"	A settlement run on any Settlement Day for the conduct of Batch Settlement.
"Board"	Board of directors of CDP.
C	
"Cash Ledger Account"	The meaning ascribed in Rule 5.1.1.
"CDP"	The Central Depository (Pte) Limited.
"CDP Clearing Rules"	The CDP Clearing Rules as amended or supplemented from time to time by CDP.
"Circular"	A binding notice issued by the CDP regarding regulatory and non-regulatory matters pertaining to Settlement Participants.
"Clearing Account"	In relation to a Clearing Member, the Securities Account maintained by it for the purpose of settlement with CDP and its Customers.

New CDP Settlement Rules	
"Clearing Member"	The meaning ascribed to it in the CDP Clearing Rules.
"Collateral"	The meaning ascribed to it in the CDP Clearing Rules.
"Customer"	With respect to a Settlement Participant, any person from whom, or on whose behalf, a Settlement Participant has received or acquired or held moneys or securities for the account of such person, for purposes of settlement.
D	
"Defaulting Clearing Member"	The meaning ascribed to it in the CDP Clearing Rules.
"Delivering Securities Account"	In relation to a Settlement Instruction, the Securities Account, and where applicable, the relevant sub-balance in such Securities Account, from which securities are to be delivered as specified in the Settlement Instruction.
"Depository Agent"	The meaning ascribed to it by the Securities and Futures Act.
"Directive"	A binding notice directing Settlement Participants to take corrective or other actions, including actions in the interests of a safe and efficient clearing facility or in light of investor protection concerns.
E	
"Event Default" of	An event relating to a Clearing Member as defined in the CDP Clearing Rules.
"Exchange"	SGX-ST or any other market or organisation (whether an exchange, association, body corporate or unincorporate or otherwise) responsible for administering a market in securities or Futures Contracts, commodities, options, derivatives or any other financial instrument whose trades and/or transactions are cleared and settled by CDP.
F	
"Final Settlement Balance"	The meaning ascribed to it in the CDP Clearing Rules.
I	
"intended settlement day"	(a) In relation to any Novated Contract, the day on which the Exchange Trade (as defined in the CDP Clearing Rules) 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), or (b) In relation to a Settlement Instruction, the day stated in the Settlement Instruction as the day on which the Settlement Instruction is to be executed.
L	
"Linked Settlement Instruction"	The meaning ascribed in Rule 4.5.1.

New CDP Settlement Rules	
N	
"Net Payable"	The meaning ascribed in Rule 3.3.1.
"Net Receivable"	The meaning ascribed in Rule 3.3.1.
"Novated Contract"	The meaning ascribed to it in the CDP Clearing Rules.
P	
"Practice Note"	A non-binding guideline that seeks to explain the application and interpretation of a Rule.
R	
"Real Time Gross Settlement" or "RTGS"	Settlement of money and/or securities on a real-time and, unless otherwise specified, gross basis.
"Receiving Securities Account"	In relation to a Settlement Instruction, the Securities Account, and where applicable, the relevant sub-balance in such Securities Account, into which securities are to be delivered as specified in the Settlement Instruction.
"Regulatory Notice"	A binding notice issued by CDP on regulatory matters regarding the settlement facility operated by CDP, as the same may be amended, modified, supplemented or replaced from time to time.
"Rule"	A rule of the CDP Settlement Rules.
"Rules"	The CDP Settlement Rules, including Directives, Regulatory Notices and Circulars, and excluding Practice Notes, as the same may be amended, modified, supplemented or replaced from time to time.
S	
"security"	<p>(a) shares, units in a business trust or any instrument conferring or representing a legal or beneficial ownership interest in a corporation, partnership or limited liability partnership;</p> <p>(b) debentures;</p> <p>(c) units in a collective investment scheme;</p> <p>(d) derivative contracts which are not futures contracts and of which the underlying instrument or any of the underlying instruments are any of the things in (a), (b) or (c) or an index on any of those things; or</p> <p>(e) any other product or class of products as SGX-ST or CDP may prescribe;</p> <p>whether or not they are classified as "securities" under the Securities and Futures Act, but excludes:</p>

New CDP Settlement Rules	
	<p>(i) bills of exchange;</p> <p>(ii) certificates of deposit issued by a bank or finance company, whether situated in Singapore or elsewhere; or</p> <p>(iii) any product or class of products as SGX-ST or CDP may prescribe.</p> <p>For the avoidance of doubt, “securities” include (but are not limited to) warrants, transferrable subscription rights, options to subscribe for stocks or shares, convertibles, depository receipts, and exchange traded funds.</p>
"Securities Account"	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.
"Settlement Bank"	A bank approved by CDP to facilitate payments for the purposes of these Rules.
"Settlement Day"	A day on which settlement of a transaction occurs in CDP.
"Settlement Instruction" or "SI"	An instruction to CDP, in such form as CDP may prescribe, for the transfer of securities and/or money by CDP.
"Settlement Participant"	Any Clearing Member or Depository Agent admitted by CDP to participate in settlement pursuant to these Rules.
"Securities and Futures Act"	Securities and Futures Act, Chapter 289, or any statutory modification, amendment or re-enactment thereof for the time being in force, or any statute that may replace it, and unless the context otherwise requires, includes any subsidiary legislation or regulations made pursuant thereto.
"SGX RegCo"	Singapore Exchange Regulation Pte. Ltd.
"SGX RegCo Board"	The board of directors for the time being of SGX RegCo or such number of them as have authority to act for the SGX RegCo Board.
"SGX-ST"	Singapore Exchange Securities Trading Limited.
"SGX-ST Rules"	SGX-ST Rules as the same may be varied, amended or supplemented from time to time.
T	
"Third Party"	Any party other than CDP or a Settlement Participant.
"Trading Member"	The meaning ascribed to it in the SGX-ST Rules.
9.2 Interpretation	
9.2.1	

New CDP Settlement Rules	
	Unless the context requires otherwise, terms not defined in these Rules have the same meaning as in the Securities and Futures Act or the Companies Act.
9.2.2	
	A reference to any Singapore statute or statutory provision is to that or provision as so modified, amended or re-enacted or contained in any subsequent Act or regulations. A reference to a Singapore statute shall include the regulations, notices, directives, orders, guidelines, circulars and codes issued thereunder.
9.2.3	
	The singular includes the plural and vice versa.
9.2.4	
	Any word signifying any gender shall include all genders.
9.2.5	
	A reference to a currency, whether in word or symbol is to Singapore dollars unless otherwise stated.
9.2.6	
	A reference to a day is to a calendar day unless otherwise stated.
9.2.7	
	A reference to a time of day is a reference to Singapore time unless otherwise stated.

Regulatory Notices

Regulatory Notice 3.4.1 – Settlement Schedule

Unless otherwise determined by CDP, the settlement schedule for Batch Settlement on each Settlement Day is as set out in Appendix 1 to this Regulatory Notice.

Appendix 1 to Regulatory Notice 3.4.1

	Time
▪ AUD delivery-versus-payment (“ DVP ”) SIs to be submitted	by 8.00am
▪ Preliminary AUD cash calls to be issued	by 8.30am
▪ Preliminary AUD cash calls to be met	by 9.30am
▪ CNY and HKD DVP SIs to be submitted	by 10.00am
▪ Preliminary CNY and HKD cash calls to be issued	by 10.30am
▪ Preliminary CNY and HKD cash calls to be met	by 11.30am
▪ EUR, SGD and USD DVP SIs to be submitted	by 1.30pm
▪ Free-of-payment (“ FOP ”) SIs to be submitted	
▪ Securities for the settlement of delivery obligations to be made available in Delivering Securities Account	
▪ Start of settlement run - SIs eligible for settlement optimised - Securities earmarked	1.30pm
▪ Final EUR, SGD and USD cash calls to be issued	by 2.30pm
▪ Final AUD, CNY and HKD cash calls to be issued (if necessary)	
▪ Final cash calls to be met	by 3.30pm
▪ Completion of settlement run (if all Final cash calls are met) - Money and securities settlement effected simultaneously	by 4.00pm
▪ Incremental cash calls on Clearing Members to be issued (if necessary)	by 4.00pm
▪ Incremental cash calls to be met	by 5.00pm
▪ Completion of settlement run (if incremental cash calls are issued) - Money and securities settlement effected simultaneously	by 5.30pm

Regulatory Notice 7.6 – Compensation for Corporate Action Entitlements under Rule 7.6

1. Subject to paragraph 2, the corporate action entitlements in respect of which CDP may submit Settlement Instructions for compensation of a receiving Settlement Participant if the delivering Settlement Participant fails to deliver are as set out in Appendix 1 to this Regulatory Notice.

Appendix 1 to Regulatory Notice 7.6

1. The corporate action entitlements referred to in paragraph 1 of Regulatory Notice 7.6 are as follows:

(a) Mandatory without option corporate action entitlements, other than non-renounceable securities, bond redemptions or compulsory acquisitions.

2. CDP will not submit Settlement Instructions for compensation if the Settlement Instruction was a linked account Settlement Instruction and the corporate action entitlement is in the form of money.

Regulatory Notice 4.4.2 – RTGS Cut-Off Times for Submission and Execution of Settlement Instructions

1. The timelines referred to in Rule 4.4.2(a) are set out in Appendix 1 to this Regulatory Notice.

Appendix 1 to Regulatory Notice 4.4.2

RTGS SI	Currency	Full trading day	Half trading day
RTGS DVP	AUD	8.00 am	8.00 am
	CNY	10.00 am	10.00 am
	HKD	10.00 am	10.00 am
	EUR	3.30 pm	1.00 pm
	SGD	3.30 pm	1.00 pm
	USD	3.30 pm	1.00 pm
RTGS FOP	-	9.00 pm	1.00 pm

Practice Note 7.5.1(a)(i) – Priority Considerations when Securities or Money are Insufficient

1. Rule 7.5.1(a)(i) states that if, and to the extent that, CDP is of the opinion that the securities or money made available in respect of a Batch Settlement Run are insufficient to enable the execution of all the Settlement Instructions eligible for settlement in that Batch Settlement Run, CDP shall determine, in its discretion, the Settlement Instructions that will not be executed in that Batch Settlement Run or the extent to which a Settlement Instruction will be executed.
2. This Practice Note sets out the general principles CDP may consider when deciding which Settlement Instructions not to execute or to execute only partially.

Insufficient money

3. The principle applied in selecting which Settlement Instructions not to execute or to execute only partially due to shortage of money is to settle as many securities as possible with the available money in order to minimise knock-on impact from the payment shortfall. This is achieved by choosing to back out from the Batch Settlement Run, those Settlement Instructions which will have the least impact on:
 - (a) onward delivery;
 - (b) settlement of other Settlement Instructions due to Linked Settlement Instructions; and
 - (c) onward payment.

Insufficient securities

4. The principle applied in selecting which Settlement Instructions not to execute or to execute only partially due to shortage of securities is to minimise knock-on impact from the securities shortfall and reduce risk to CDP's clearing facility. This is achieved by considering the following:
 - (a) Receive counterparty.
 - (b) Age of Settlement Instruction.
 - (c) Trade price of delivering Settlement Instruction. This only applies when delivery is to be made to or from CDP as a central counterparty.
 - (d) Submission time of delivering Settlement Instruction.
 - (e) Quantity of securities to be delivered in the relevant delivering Settlement Instruction.

Schedule A

Rule Violation		Penalty Amount which may be imposed by CDP, where CDP has Determined the Settlement Participant to be Liable		
Rule Chapter/Number	Brief Description of Rule	1st Violation	2nd Violation	3rd Violation
Rule 1 — General				
1.11	Provision of Information and Assistance			
1.11.1	Settlement Participant to provide any information or records and render assistance as CDP requires to discharge any of CDP’s duties. Settlement Participant must ensure that any information or records provided do not contain untrue statements, are not misleading and include rather than omit any material statements.	\$2,000 – \$5,000	\$5,000 – \$10,000	\$10,000 – \$15,000
Rule 2 — Settlement Participation				
2.2	Compliance			
2.2.1	Settlement Participant to comply with the Rules and conditions or restrictions imposed by CDP.	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000
2.3	Payment of Fees			
2.3.1	Settlement Participant to pay all fees, charges and other sums as provided in the Rules.	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000
2.4	Systems and Operations			
2.4.1(a)	Settlement Participant to ensure its systems and connections to the Settlement System operate properly at all times and have adequate redundancy and scalable capacity to accommodate current and anticipated settlement volumes.	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000
2.4.1(b)	Settlement Participant to ensure compliance with the terms and conditions, and any other requirements imposed by CDP, for accessing the Settlement System.	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000
2.5	Business Continuity Requirements			

Rule Violation		Penalty Amount which may be imposed by CDP, where CDP has Determined the Settlement Participant to be Liable		
Rule Chapter/Number	Brief Description of Rule	1st Violation	2nd Violation	3rd Violation
2.5.1	Settlement Participant to have in place and maintain disaster recovery and business continuity arrangements that are adequate to ensure the timely recovery of its usual operations having regard to the nature and extent of the business carried on by that Settlement Participant and any matters as may be specified by CDP from time to time. Settlement Participant to undertake testing of its disaster recovery and business continuity arrangements at such times and in such manner as may be specified by CDP.	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000
2.6	Settlement Participants to Reconcile Records			
2.6.1(a)	Settlement Participant to reconcile its books with CDP’s records in relation to Settlement Instructions that are settled in each settlement run, including the money and securities settled in respect of each Settlement Instruction.	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000
2.6.1(b)	Settlement Participant to reconcile its books with CDP’s records in relation to transfers of money and securities into or out of, and the daily closing balance in, the Settlement Participant’s Cash Account and Securities Account.	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000
2.7	Reporting of Adverse Events			
2.7.1(a)	Settlement Participant to notify CDP of emergency or potentially debilitating situation that threatens its operations ;	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000
2.7.1(b)	Settlement Participant to notify CDP of insolvency, potential insolvency, winding-up application presented, or an order made by a court of competent jurisdiction, or any step is taken or a resolution passed, for its winding-up, dissolution, judicial management or administration;	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000

Rule Violation		Penalty Amount which may be imposed by CDP, where CDP has Determined the Settlement Participant to be Liable		
Rule Chapter/Number	Brief Description of Rule	1st Violation	2nd Violation	3rd Violation
2.7.1(c)	Settlement Participant to notify CDP of any attachment, distress, execution or legal process instituted against its assets, or the appointment of any liquidator, receiver or any similar person on its assets.	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000
Rule 7 - Settlement				
7.2.1	Cash calls for deposit of money			
7.2.1(b)	Settlement Participant to meet cash call by the cut-off time specified in Appendix 1 of Regulatory Notice 3.4.1, or such other time as CDP may specify.	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000