

## PROPOSED AMENDMENTS TO DVP RULES

### Rule Amendments

#### RULE 1 – APPLICATION AND DEFINITIONS

##### 1. Definitions

##### 1.1

In these DVP Rules, unless there is something in the subject or context inconsistent therewith: -

“Common Banking Day” in relation to settlement in a foreign currency means a day on which CDP is open for business and both the central bank in Singapore and the central bank for that foreign currency are open for settlement.

“Circular” means a binding notice issued by CDP regarding regulatory and non-regulatory matters pertaining to Participants.

##### 1.6 ~~Rules to Prevail~~ Order of Precedence

##### 1.6.1

~~If there is any conflict between the Directives, Regulatory Notices, Practice Notes or other notification issued by CDP on DVP Settlement and these DVP Rules, these DVP Rules shall prevail.~~ The order of precedence of the following instruments applicable to the CDP and Participants shall be (in descending order of precedence):

(1) Legislation;

(2) DVP Rules;

(3) Directives;

(4) Regulatory Notices;

(5) Circulars; and

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[\(6\) Practice Notes.](#)

### **1.6.2**

In the event of any conflict between the provisions of the aforesaid instruments, the provisions in an instrument with a higher level of precedence shall prevail over the provisions in an instrument with a lower level of precedence.

## **RULE 3 – LEGAL RELATIONSHIPS AND LEGAL EFFECT OF DVP INSTRUCTIONS**

### **3.2 Effect of Novation**

#### **3.2.3**

The obligations and rights under the novated contracts:

- (a) between the receiving Principal and CDP; and
- (b) between the delivering Principal and CDP.

are owed by and to the parties as principals to each other notwithstanding that the receiving Principal or the delivering Principal may have acted as agent for another person submitting a DVP instruction.

#### **3.2.4**

The terms of the novated contracts are governed by these DVP Rules. In particular, each of the obligations to make payment is discharged by, and each of the entitlements to receive payment is satisfied by, net payment in accordance with these DVP Rules.

#### **3.2.5**

Notwithstanding that payment is settled on a net basis in DVP Settlement, the delivery of securities in DVP Settlement shall not be settled on a net basis.

CDP shall, pursuant to any novated contract which is due for settlement on any Settlement Day, make delivery of securities to the receiving Principal on that Settlement Day. CDP's obligation to make such delivery ~~of securities~~ shall be satisfied-discharged by crediting the securities to

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be delivered to the securities account or sub-account (the "Designated Securities Account") as specified by the receiving Principal when the receiving Principal is submitting a DVP instruction.

CDP shall, pursuant to any novated contract which is due for settlement on any Settlement Day, receive securities from the delivering Principal on that Settlement Day. CDP's entitlement to receive such securities shall be satisfied by debiting the securities to be received from the securities account or sub-account (the "Designated Securities Account") as specified by the delivering Principal when the delivering Principal is submitting a DVP instruction.

## **RULE 7 – MONEY SETTLEMENT**

### **7.2 Netting of Balances**

#### **7.2.4**

On any Settlement Day, the Net Debit Balance shall be payable to CDP and the Net Credit Balance shall be payable by CDP in accordance with Rules 8.3.5 and 8.3.6 ~~these DVP Rules.~~

## **RULE 8 – THE SETTLEMENT BANK**

### **8.2 Netting of Net Credit and Net Debit Balances**

#### **8.2.1**

The Settlement Bank shall, on behalf of all Principals which it represents, settle with CDP on a net-net basis on each Settlement Day. The aggregated Net Credit Balance of each all Principals which settles through the Settlement Bank ~~on that Settlement Day~~ and which havehas a Net Credit Balance(s) on that Settlement Day shall be set-off against the aggregated ~~with the~~ Net Debit Balance of each all Principals which settles through the same Settlement Bank and which havehas a Net Debit Balance(s) on that Settlement Day ~~shall be set-off~~ to achieve a single Net-Net Debit Balance payable by the Settlement Bank to CDP or a single Net-Net Credit Balance payable by CDP to ~~for~~ the Settlement Bank for that Settlement Day.

#### **8.3.2**

The Settlement Bank Net Money Settlement Statement shall contain the following details:

(a) the Net Credit or Net Debit Balance of each Principal (identified by a reference to its Depository Agent) which the Settlement Bank

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represents on that Settlement Day; and

(b) ~~The~~ the Net-Net Debit or the Net-Net Credit Balance on that Settlement Day.

### **8.3.2A**

Unless otherwise notified by CDP to the Settlement Bank, settlement of the Net-Net Debit Balance or Net-Net Credit Balance for each Settlement Day between CDP and the Settlement Bank shall be effected by such time as set out in the Timetable 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.

Payment of the Net-Net Debit Balance or the Net-Net Credit Balance shall not be considered to have been made to the intended recipient (i.e., CDP or the Settlement Bank) 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.

Such nomination shall, in the case of nomination by the Settlement Bank, be in writing to CDP, and in the case of nomination by CDP, be by way of circular or otherwise.

### **8.3.3**

Save for manifest error, for each Settlement Day, the Settlement Bank Net Money Settlement Statement shall be deemed binding and conclusive on the Settlement Bank as to ~~amount payable to CDP (“the Net-Net Debit Balance”) or the amount payable by the Settlement Bank CDP or~~ (the “Net-Net Credit Balance”), payable by CDP, (as the case may be), ~~by the Settlement Bank on that~~ for that Settlement Day.

### **8.3.4**

Notwithstanding:

(a) any manifest error in:

(i) the electronic statement referred to in Rule 7.3.1; or

(ii) the Settlement Bank Net Money Settlement Statement; or

(b) any failure by any Principal represented by the Settlement Bank to pay the Net Debit Balance to the Settlement Bank,

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the Settlement Bank shall pay to CDP the Net-Net Debit Balance or CDP shall pay to the Settlement Bank the Net-Net Credit Balance as stated in the Settlement Bank Net Money Settlement Statement ~~to CDP by the time stated in the Timetable. Any disputes in accordance with Rule 8.3.2A irrespective of any dispute between the Settlement Bank and CDP~~ as to the amounts stated in ~~the Settlement Bank Net Money Settlement Statement may only any of those statements.~~

Any dispute shall be considered by CDP only after CDP has completed payment of Net-Net Credit Balances to Settlement Banks and Settlement Banks have completed payment of Net-Net Debit Balances to CDP on the for that Settlement Day, ~~and a~~ Any monies to be refunded or deducted shall be refunded or deducted free of interest to or from the relevant Settlement Bank by crediting or debiting the amount to or from the that Settlement Bank's<sup>1</sup> Net-Net Debit Balance or Net-Net Credit Balance (as the case may be) as soon as practicable after on the next Settlement Day after the Settlement Day on which the dispute is resolved.

### **8.3.5**

The receipt by a Settlement Bank of the Net-Net Credit Balance from CDP shall operate as a complete release and discharge on that Settlement Day:

- (a) to CDP of its obligation to pay the Net Credit Balance payable to a Principal represented by that Settlement Bank; and
- (b) to a Principal represented by that Settlement Bank of its obligation to pay the Net Debit Balance payable to CDP.

### **8.3.6**

The receipt by CDP of the Net-Net Debit Balance payable by a Settlement Bank shall operate as a complete release and discharge on that Settlement Day:

- (a) to CDP of its obligation to pay the Net Credit Balance payable to a Principal represented by that Settlement Bank; and
- (b) to a Principal represented by that Settlement Bank of its obligation to pay the Net Debit Balance payable to CDP.

### **8.3.7**

If CDP is of the opinion that payment of the Net-Net Debit Balances or Net-Net Credit Balances, or both, is unlikely to commence by the scheduled time stated in the Timetable, CDP shall inform Settlement Banks of the following matters:

- (a) that payment of the Net-Net Debit Balances or Net-Net Credit Balances, or both, is unlikely to ~~commence~~take place at the scheduled time; and
- (b) the estimated time at which the delayed payment shall be made~~will commence~~.
- CDP shall provide adequate time for Settlement Banks to make payment and Settlement Banks shall effect payment by such time as stipulated by CDP.

**RULE 12 – SECURITIES SETTLEMENT**

**12.1 Fungibility**

**12.1.1**

All securities to be delivered by CDP to the Designated Securities Account or to be received by CDP from the Designated Securities Account pursuant to the DVP transactions (advance or otherwise) shall be fungible securities.

**12.1.2**

The securities to be delivered by CDP to the Designated Securities Account pursuant to a receiving instruction shall ~~be~~ not be segregated or identifiable as securities formerly belonging to or under the control of any person.

**12.1.3**

The securities to be delivered to CDP pursuant to a delivery instruction shall be delivered free of any interest of any person.

**PROPOSED AMENDMENTS TO THE DVP PROCEDURES HANDBOOK**

**3 DVP MONEY SETTLEMENT PROCESS**

3.2 On Settlement Day, following the ~~pre-Settlement Run~~ as specified in the DVP Timetable (see section 7 of this Handbook), Principals and Settlement Banks will be able to access the CDP Enquiry function in SGX-Prime to enquire on the details of their DVP money settlement obligations.

**7 DVP TIMETABLE**

7.1 The settlement schedule for Depository Agents, Settlement Banks and Clearing Bank is as follows:

Event	Due Date	
	Full Day	Half Day*
Cut-off time for DVP Validation	12:00pm	9.00am
<del>Pre-Settlement Run</del>	12.00pm	9.00am
Issuance of Statements/Reports for Participants:	By 2:30pm	By 10:45am
<u>Settlement Banks:</u>		
SB Net Settlement Statement		
<u>Depository Agents:</u>		
DA Net Statement		
<u>Clearing Member:</u>		
<del>On-Line Transmission of Final Settlement Balances Daily Settlement of Account Statement</del>		

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CDP to receive Net-Net Debit Balance from Settlement Banks	By 3:30pm	By 11:45am
CDP to pay Net-Net Credit Balances to Settlement Banks	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.

## 8 NET DEBIT CAP AND BLOCK TRADES TIMETABLE

Settlement Bank Net Debit Cap Timetable	Due Date
Settlement Bank applies to CDP	At least 2 market days before settlement date
Clearing Bank approves Settlement Bank's request	1 market day before settlement date
Net Debit Cap adjustment by CDP	Effective date of new Net Debit Cap

Block Trades Timetable	Due Date
Principal requests Settlement Bank to approve Block Trade	12:00pm on 2 market days before settlement date
Settlement Bank applies to Clearing Bank	5pm on 2 market days before settlement date
Clearing Bank applies to CDP	12:00pm on 1 market day before settlement
<u>Pre-Settlement Run</u>	12:00pm <del>—2:00pm</del>

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