

Amendments to the Futures Trading Rules

Note: Amendments are marked in red.

RULE AMENDMENTS

1.6 Exclusion of Liability, Disclaimer of Warranties & Statutory Immunity

1.6.1 No Liability for Loss

Unless otherwise expressly provided in this Rules or in any other agreements to which the Exchange is a party, none of the Exchange, its related corporations, SGX RegCo, any person or entity referred to under Rule 1.7.4, or their respective directors, officers, employees, representatives or agents shall be liable to any Person for any loss (consequential or otherwise, including, without limitation, loss of profit), damage, injury, or delay, whether direct or indirect, arising from or in connection with the following, or anything done or not done as a direct or indirect consequence of the following:

(a) any action taken in connection with the discharge of the Exchange's regulatory responsibilities including the suspension, interruption or closure of the Markets; ~~or~~

(b) any failure or malfunction of Exchange Systems;

(c) any action taken by the Partner Market or by the Exchange in connection with the Partner Market, including the suspension, interruption or closure of the Partner Market; or

(d) any failure or malfunction of Partner Market Facilities.

"Exchange Systems" refers to any pre-trade, trade or post-trade systems, including the Trading System, operated by the Exchange in connection with the Markets. "Partner Market Facilities" refers to any relevant facilities and systems operated by the Exchange or otherwise in connection with the Partner Market.

1.6.3 Disclaimer of Warranties

All warranties and conditions, both express and implied as to condition, description, quality, performance, durability, or fitness for the purpose or otherwise of any of the Exchange Systems or Partner Market Facilities, or any component thereof are excluded except as required by law.

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The Exchange does not warrant or forecast that the Exchange Systems or Partner Market Facilities, any component thereof or any services performed in respect thereof will meet the requirements of any user, or that operation of the Exchange Systems or Partner Market Facilities will be uninterrupted or error-free, or that any services performed in respect of the Exchange Systems or Partner Market Facilities will be uninterrupted or error-free.

1.6.5 Notification to Customers

Members shall notify Customers of the above exclusion of liability and disclaimer of warranty by the Exchange either by way of inclusion in the contracts granting access to the Markets or Partner Markets, or such other manner as approved by the Exchange.

1.10.2 Authorised Use of Directives, Regulatory Notices and Practice Notes

Directives, Regulatory Notices and Practice Notes may only be used in the manner and for such purposes as expressly contemplated under this Rules. "Directives" are binding notices directing Members to take corrective or other actions in the interests of a fair, orderly and transparent market or to address investor protection concerns. "Regulatory Notices" are binding notices issued by the Exchange regarding regulatory matters pertaining to the Markets and Partner Markets. "Practice Notes" are guidelines that seek to explain the application and interpretation of a Rule. Practice Notes do not bind the Exchange in the application of a Rule.

2.1.3 Access to Partner Market

The Exchange or its related corporations may provide access facilities to enable Persons to execute trades on contracts listed on a Partner Market. Such Persons accessing the Partner Market are required to comply with this Rules as well as applicable rules, laws and regulations governing trading in the Partner Market. ~~"Partner Market" refers to another exchange or market, in Singapore or elsewhere, accessible via the Trading System or such other means as approved by the Exchange.~~

2.1.3A Conditions Governing Access to Connect Market

(1) A Trading Member shall be required to enter into a legally binding agreement with the Connect Broker, in such form and terms as the Connect Broker may stipulate, in order to participate in the Connect Market.

(2) A Trading Member may authorise access to the Connect Market to its Customers through such means made available by the Connect Broker and ensure that such Customers be subject to a legally binding agreement that would govern the terms and conditions for such access.

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Members that access or provide their customers with access to a Partner Market will be subject to such additional terms or conditions as the Exchange or its related corporations may prescribe in this Rules or in separate agreements.

(3) All trades executed through the Connect Broker shall be cleared by the Clearing House through a Clearing Member pursuant to the Clearing Rules. A Trading Member shall be required to have the requisite clearing arrangement with a Clearing Member.

(4) The Exchange may, from time to time, designate and approve a Connect Contract for Negotiated Large Trade transactions. Connect Contracts eligible for Negotiated Large Trade transactions shall comply with the minimum volume thresholds, related notification requirements and such other procedures as prescribed by the Exchange from time to time.

Refer to Regulatory Notice 2.1.3A(4); 4.1.11.

2.6.3 Risk Management and Financial Controls

(1) A corporate Member is required to have written policies and procedures on risk management controls and demonstrate compliance in the following areas:

(a) monitoring the credit risks arising from the acceptance of all orders on at least a daily basis;

(b) monitoring all account activity on an intraday basis;

(c) ensuring that for all Contracts, including the Connect Contracts:

(i) automated pre-execution risk management control checks are conducted on all orders, including credit control checks on all orders;

(ii) there are appropriate internal controls for the setting and modification of any parameters of such automated pre-execution risk management control checks;*

*Refer to Practice Note 2.6.3(1)(c).

(d) having "error-prevention alerts" to bring attention to possible erroneous entries of quantity, price and other data fields;^

^ Refer to Practice Note 2.6.3(1)(d).

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(e) defining and managing the Member's sources of liquidity to ensure that there are sufficient liquidity facilities to meet increased settlement obligations;

(f) limiting the impact of significant market movements through the use of tools such as cash flow projection, stress testing or position limits; and

(g) maintaining a strict separation between the credit control, trading, dealing and marketing departments so as to ensure independence and mitigate the risks and consequences of conflicts of interests.#

#Refer to Practice Note 2.6.3(1)(g).

(2) A Member referred to in Rule 2.6.3(1) must have automated processes in place to monitor at the firm level if the Member is at risk of breaching capital and financial requirements and prudential limits on exposures to a single Customer and a single Contract, including the Connect Contract, so as to restrict trading activity or inject additional capital if necessary.

Refer to Practice Note 2.6.3(2).

3.2.7 Speculative Long and Short Positions for the Same Contract Month

A Member shall not be permitted to carry a speculative long position and a speculative short position for the same legal and beneficial owner in the same Contract, as well as in the same Connect Contract, for the same Contract Month.

3.3.12 Customer Margins

Margins payable by a Clearing Member to the Clearing House shall be governed by the Clearing Rules. For margins applicable to Customers, margin calls and related matters, the following requirements apply:

(a) a Member shall procure Initial Margins from its Customers, and ensure that its Customers comply with Maintenance Margins for such amounts as required by the Clearing House. "Initial Margins" refers to the minimum amount required to be deposited by Customers with a Member for each: (i) open Contract or open Connect Contract, as prescribed by the Clearing House; or (ii) open contract traded on an exchange other than the Exchange, excluding Connect Contracts, as prescribed by the relevant exchange or clearing house. "Maintenance Margins" refers to the minimum balance which shall be maintained in a Customer Account subsequent to the deposit of the Initial Margins for that Customer's (i) Open Positions in Contracts or in Connect Contracts, as prescribed by the Clearing House, and (ii) Open Positions in

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contracts traded on exchanges other than the Exchange, excluding Connect Contracts, as prescribed by the relevant exchanges or clearing houses;

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7.1.1 Adverse Events

The Exchange may exercise any of the powers set forth in Rule 7.3 if any of the following events occur, which adversely impacts on a Member, Approved Trader or Registered Representative's ability to meet its obligations under this Rules (collectively, "Adverse Events"):

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(d) the Clearing House declares an event of default ~~against a Clearing Member~~ as contemplated in Rule ~~7A.06.5.1~~ 7A.01A.1 of the Clearing Rules, or a Trigger Event as contemplated in Rule 7A.01C of the Clearing Rules, or in the event that the Connect ceases to operate;

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7.3 Exchange's Powers upon Occurrence of Adverse Events

Unless otherwise specified in this Rules, upon the occurrence of any Adverse Event, the Exchange may exercise any of the following powers as it deems fit:

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7.3.2 Fix Settlement Price

The Exchange may fix a settlement price for the liquidation of positions in any Contract, including a Connect Contract.

7.3.3 Call for Additional Margins

The Exchange may require additional margins to be deposited with the Clearing House for any Contract, including a Connect Contract.

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8.1 Definitions

<u>Connect</u>	<u>Refers to the NSE IFSC - SGX Connect, an arrangement established for the purpose of facilitating access to trading of Connect Contracts on the Connect Market by Trading Members;</u>
<u>Connect Broker</u>	<u>Refers to SGX India Connect IFSC Private Limited;</u>
<u>Connect Contract</u>	<u>Refers to an instrument, contract or transaction, or class of instruments, contracts or transactions that are designated for clearing by the Clearing House in Appendix 2 of the Clearing Rules;</u>
<u>Connect Market</u>	<u>Refers to the market operated by NSE IFSC Limited (NSE IFSC) in GIFT and accessed via the Connect Broker;</u>
<u>GIFT</u>	<u>Refers to Gujarat International Finance Tec-City;</u>
Partner Market	Shall have the meaning ascribed to it in Rule 2.1.3; <u>Refers to another exchange or market, in Singapore or elsewhere, accessible via the Trading System or such other means as approved by the Exchange or its related corporation, and includes the Connect Market;</u>

Regulatory Notice 3.3.12 — Customer Margins

2. Margin Rates and Acceptable Forms of Margins

2.1 Margin System

Standard Portfolio Analysis of Risk Margin System

2.1.1 The Standard Portfolio Analysis of Risk Margin System ("SPAN") is the risk margin system adopted by the Exchange and the Clearing House. Margin requirements generated by SPAN shall constitute the Exchange's and the Clearing House's minimum margin requirements ("minimum margin requirements").

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2.1.2 SPAN is a risk-based, portfolio approach margining system used to compute minimum overall margin requirements for a portfolio of positions in Contracts, including the Connect Contracts. SPAN requirements are computed using risk parameter files which are distributed at least daily by the Clearing House.

2.1.3 The margin requirements computed under SPAN have two components: the risk component, which accounts for potential changes in the market price and volatility of the Futures Contract, and the equity component, which is the value of the Option Contract marked to the current day's settlement price. If the net option value in a Customer Account is short, it is added to the risk margins to increase the margin requirements. If the net option value is long, it may be applied towards reducing the risk margin requirements.

2.1.4 All corporate Members are advised to use SPAN for Contracts, including the Connect Contracts. Members may use margining systems other than SPAN to compute the minimum margin requirements provided the Members can demonstrate that their systems will always produce margin requirements equal to or greater than the SPAN margin requirements.

2.2 Margin Rates and Requirements

2.2.1 Margin rates and requirements on Contracts, including the Connect Contracts, are prescribed by the Clearing House. Under Rule 3.3.12, Members are required to procure Initial Margins from their Customers and ensure that their Customers comply with Maintenance Margins for such amounts as required by the Clearing House.

2.2.2 For contracts listed in other exchanges, excluding the Connect Contracts, Members shall ensure that they comply with Initial Margins and Maintenance Margins prescribed by the relevant exchanges or clearing houses.

2.2.3 [Deleted].

2.2.4 Members may, at their discretion, set higher margin rates/requirements than that required by the Relevant Rule. Members shall review their internal margin rates/requirements on a continual basis to ensure compliance with the required minimum Initial Margins and Maintenance Margins prescribed under the Relevant Rule.

Regulatory Notice 2.1.3A(4); 4.1.11 — Negotiated Large Trades

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Issue Date	Cross Reference	Enquiries
Amended on 1 August 2007, 26 September 2007, 23 January 2008, 31 March 2009, 6 April 2009, 24 June 2009, 7 December 2009, 11 January 2010, 17 June 2010, 14 November 2016 and 27 August 2018.	Rule 2.1.3A(4) Rule 4.1.11	Please contact: Product Management for policy issues: Telephone No. : 6236-8450 Please contact Clearing House for operational issues: 6236-5319 Email address : dcc@sgx.com

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3. General Policy

3.1 Trading Hours

3.1.1 All NLTs executed during or before the Contract "T" trading hours shall be "T Trades" while NLTs executed after the Contract "T" trading hours shall be "T+1 Trades".

3.2 Registration of NLTs

3.2.1 All NLTs shall be registered in accordance with the Clearing Rules.

3.2.2 [Deleted]

3.2.3 [Deleted]

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3.2.4 For Contracts with an Underlying based on a single security traded on SGX-ST, a Member shall ensure that there shall be no registration of NLTs that were executed during a trading halt or suspension of the Contract due to a trading halt or suspension of the Underlying. Except with SGX-DT's approval, a Member must not execute any transactions by way of NLTs for a Contract that is subject to such a trading halt or suspension.

3.2.5 Any registration of Connect Contracts as NLTs will be subject to such additional conditions as prescribed by the Clearing House or the Exchange from time to time. This includes registration timings and when such NLTs can be executed and registered.

3.3 NLT Execution

3.3.1 For the purpose of Rule 3.4.9, Members may submit NLT orders from two (2) separate Customers under the same Omnibus Account, provided that the Members' record keeping and audit trails are able to demonstrate the separate beneficial ownership.

3.3.2 A Member shall ensure that its Customers are aware of and have given their approval for the execution of the Customers' orders via the NLT facility. Where a Member receives a Customer's order that is not a NLT order but meets the requirements of the NLT facility, such Member may execute the Customer's order via the NLT facility provided that such Member has obtained the prior approval from the Customer, either specifically for the transaction or as a general blanket approval (and such blanket approval has not been terminated by the Customer). If a Customer's approval is obtained verbally, the Member shall ensure that a tape recording of the conversation where the Customer's approval was obtained is retained for record keeping purposes. A Member shall also inform its Customers if the Member may be or is a counterparty to the Customer's NLT and obtain the Customer's prior written approval.

3.3.3 Members may obtain a general blanket approval from their Customers provided the conditions below are met. Members shall disclose to their Customers all NLTs executed pursuant to the general blanket approval. The conditions for obtaining a general blanket approval from the Customer are as follows:

- (a) Members shall inform the Customer that the general blanket approval is subject to compliance with the rules, laws and regulations in the Customer's country of domicile;
- (b) the general blanket approval shall be in writing and shall provide details on the nature and scope of the general blanket approval given;
- (c) Members shall highlight to the Customer the risks and liabilities that the Customer may be exposed to in giving such general blanket approval. In particular, the Member shall highlight that in some instances, NLT orders may not be executed at the best possible price

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and that the timeliness of order execution may be compromised. The Customer must also be informed that the Customer is obligated to accept all NLTs executed pursuant to the general blanket approval; and

(d) the Customer shall acknowledge that it has read, understood, and received a copy of the signed general blanket approval.

3.3.4 In order to ensure that Customers' interests are not compromised, the Members shall, unless their Customers specifically request for a trade to be done through the NLT facility, place all Customers orders on the Trading System for execution. After the Customers' orders have been placed on the Trading System for execution, Members' employees may then seek their Customers' approval to accept the order as an NLT. However, Members may only withdraw an order from the Trading System for subsequent execution as a NLT if the price for the NLT is at least equal to or better than the prevailing bid/offer quoted in the Trading System at the time the order is withdrawn, unless otherwise instructed by Customers.

3.3.5 Members shall not combine individual Customers' orders in order to meet the NLT minimum volume threshold requirements. Members shall not combine separate Customers' orders of different Contracts, including Connect Contracts, to create an inter-commodity spread or strategy transaction. However, individual orders greater than or equal to the minimum volume threshold may be combined by Members to match a larger NLT counter bid/offer, subject to the condition that the NLTs should, upon execution, be individually reported.

3.3.6 Various price combinations within the same NLT, or within the same leg of an NLT in the case of spreads or combinations, may be used to set an 'average' price, provided that the trade is for the same entity and that each respective price must meet the minimum tick for NLTs as set out in Appendix B.

Refer to Appendix B of Regulatory Notice 4.1.11.

3.3.7 [Deleted]

3.3.8 The Clearing House and/or the Exchange shall have the sole and absolute discretion to cancel or adjust the price of any NLT, even after the registration of the NLT.

3.4 Publicising of NLT

The Exchange shall publish information relating to the details of NLTs.

RULE AMENDMENTS**3.5 NLT Fees**

The standard clearing fees applicable to the relevant Contracts, [including the Connect Contracts](#), shall be imposed on all NLTs. In addition, a special facility fee charge shall also be imposed on all NLTs.

Appendix A To Regulatory Notice 4.1.11**MINIMUM VOLUME THRESHOLDS FOR NLTs**

Contract	Minimum Volume Threshold (Lots)
NSE IFSC Nifty 50 Index Futures	50
NSE IFSC Nifty Bank Index Futures	50
NSE IFSC Nifty IT Index Futures	50
NSE IFSC Nifty Financial Services Index Futures	50
NSE IFSC Nifty 50 Index Options	25
NSE IFSC Nifty Bank Index Options	25
NSE IFSC Nifty IT Index Options	25
NSE IFSC Nifty Financial Services Index Options	25

Appendix B To Regulatory Notice 4.1.11**MINIMUM TICK SCHEDULE FOR NEGOTIATED LARGE TRADES**

Contract	Market Tick Size	NLT Tick Size
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NSE IFSC Nifty 50 Index Futures	0.5 index points (US\$1)	0.01 index points (US\$0.02)
NSE IFSC Nifty Bank Index Futures	1 index points (US\$1)	0.01 index points (US\$0.01)
NSE IFSC Nifty IT Index Futures	1 index points (US\$1)	0.01 index points (US\$0.01)
NSE IFSC Nifty Financial Services Index Futures	1 index points (US\$1)	0.01 index points (US\$0.01)
NSE IFSC Nifty 50 Index Options	0.5 index points (US\$1)	0.01 index points (US\$0.02)
NSE IFSC Nifty Bank Index Options	1 index points (US\$1)	0.01 index points (US\$0.01)
NSE IFSC Nifty IT Index Options	1 index points (US\$1)	0.01 index points (US\$0.01)
NSE IFSC Nifty Financial Services Index Options	1 index points (US\$1)	0.01 index points (US\$0.01)

Practice Note 2.6.3(1)(c) — Pre-Execution Checks**1. Introduction**

1.1 This Practice Note provides further details on the pre-execution checks contemplated in Rule 2.6.3(1)(c).

2. Pre-Execution Checks

2.1 Rule 2.6.3(1)(c) requires Members to ensure that automated pre-execution risk management control checks are conducted on all orders, including credit control checks on all orders. The purpose of this is to prevent overtrading and for credit risk management. As such, the checks must be appropriately set to effectively limit the firm's risk exposure arising from all orders (including House orders) to prevent the taking on of excessive risk.

2.2 [Deleted]

2.3 Members who authorise Sponsored Access, [or who permit or authorise their Customers access to the Connect Market](#), will be able to meet the requirement in Rule 2.6.3(1)(c) by using the appropriate ~~Exchange-hosted~~ pre-execution checks [hosted by the Exchange, or the Connect Broker for the Connect Market](#), or by directly setting and controlling the appropriate pre-determined automated limits in the ~~Sponsored Access~~

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customer's system, having automated alerts whenever such limits are altered, and by conducting regular post-execution reviews of trades. Members should assess and continue to ensure that the pre-execution risk management control checks are robust on an ongoing basis.

2.4 Where a Trading Member has allowed its Clearing Member to directly set and control pre-determined automated limits in the Trading Member's system, the Trading Member should have the appropriate internal controls to prevent unauthorised modification of the limits set by the Clearing Member.