

PROPOSED AMENDMENTS TO THE SGX-ST TRADING RULES

NEW / AMENDED RULES							
<u>13.5A Margin Management for Trading Members In Respect of Any Margins from Customers</u>							
<p><u>13.5A.1 Where the Trading Member collects margins from the customer in connection with trades executed on SGX-ST, regardless of whether it is required to under the Rules, the following shall apply:</u></p> <p style="margin-left: 40px;"><u>(1) subject to Rule 19.10.5, nothing in these Rules prohibits a Trading Member from imposing margin requirements, hair-cut rates, payment periods for customers to deposit collateral, valuations of positions and collateral, and making calls for additional margins, as it sees fit;</u></p> <p style="margin-left: 40px;"><u>(2) if a Trading Member is unable to contact a customer to call for margins, a written notice sent to the customer at the most recent address furnished by the customer to the Trading Member shall be deemed sufficient; and</u></p> <p style="margin-left: 40px;"><u>(3) where a customer fails to meet such margin that the Trading Member may call from the customer, the Trading Member may take actions as it deems appropriate, without giving notice to the customer, to reduce its exposures to the customer. Such actions may include liquidating all or such part of the customer's collateral deposited with the Trading Member, or taking action to offset all or such part of the customer's positions. SGX-ST may also order such Trading Member to immediately to take such action to offset all or such part of the positions of the customer to rectify the deficiency.</u></p>							
19.10 Margin Requirements							
19.10.1 For the purpose of this Rule 19.10:—							
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="padding: 2px 5px;">Term</th> <th style="padding: 2px 5px;">Meaning</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px 5px;">"Customer Asset Value"</td> <td style="padding: 2px 5px;">refers to moneys and the market value of assets in a customer's account subject to such hair-cut as specified by SGX-ST.</td> </tr> <tr> <td style="padding: 2px 5px;">"Initial Margins"</td> <td style="padding: 2px 5px;">refers to the minimum amount required to be deposited by customers, as prescribed by CDP, with a Trading Member for positions in Marginable Futures Contracts. This</td> </tr> </tbody> </table>	Term	Meaning	"Customer Asset Value"	refers to moneys and the market value of assets in a customer's account subject to such hair-cut as specified by SGX-ST.	"Initial Margins"	refers to the minimum amount required to be deposited by customers, as prescribed by CDP, with a Trading Member for positions in Marginable Futures Contracts. This	
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	minimum amount is distinct from and in addition to Variation Margins.
"Maintenance Margins"	refers to that component of Required Margins, as determined by CDP, which must be maintained in a customer's account subsequent to the deposit of Initial Margins for that customer's positions in Marginable Futures Contracts.
"Required Margins"	refers to the sum of Maintenance Margins and Variation Margins.
"Valuation Price"	means the official price of Marginable Futures Contracts prescribed by SGX-ST for the purpose of determining Variation Margins.
"Variation Margins"	refers to that component of Required Margins comprising the mark-to-market gains and losses, in relation to the price at which the Marginable Futures Contract was bought or sold, arising from the daily valuation of positions, except that Variation Margins are not required if the Trading Member permits a customer to realise a gain or loss pursuant to executing a trade to offset an existing position.

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A net loss increases the Variation Margins and Required Margins amount, and a net profit decreases the Variation Margins and Required Margins amount.

In calculating the mark-to-market losses or gains, a Trading Member must use the Valuation Price as determined by SGX-ST.

19.10.2 (1) A Trading Member must procure Initial Margins from its customers and must require the customers to meet the Required Margins for the purpose of meeting margin requirements of Marginable Futures Contracts within two Market Days from the trade date (T+2). Initial Margins and Required Margins must be met in the form of collateral as prescribed by SGX-ST from time to time. Such collateral must be in the form of cash, government securities, selected common stocks, bank certificates of deposit, gold bars, gold certificates, or such other instruments as SGX-ST permits. Valuation of such collateral must be in accordance with the hair-cut rates prescribed by SGX-ST.

(2) Currency and financial instruments denominated in currencies which are subject to exchange controls such that they are illegal tender outside the currency's home country, or are restricted by any form of capital controls are not acceptable forms of collateral for the purpose of meeting margin requirements of Marginable Futures Contracts.

19.10.3 If the Customer Asset Value falls below the Required Margins, the Trading Member must call for additional margins from the customer to bring the Customer Asset Value balance to no less than the sum of Initial Margins and Variation Margins within two Market Days from the date the Customer Asset Value falls below the Required Margins.

19.10.4 Except for trades which reduce a customer's Required Margins, a Trading Member must not allow a customer to incur any new trade unless:—

(1) the minimum Initial Margins for the new trade are deposited or the Trading Member has reason to believe that the minimum Initial Margins will be deposited within two Market Days from the trade date (T+2); and

(2) the Customer Asset Value complies with the Required Margins, or the Trading Member has reason to believe that the additional margins to be deposited pursuant to Rule 19.10.3 will be deposited within two Market Days from the trade date (T+2).

19.10.5 ~~(1) Nothing in these Rules prohibits a Trading Member from imposing stricter Initial Margins and Maintenance Margins requirements, higher hair-cut rates, shorter payment periods for customers to deposit collateral, more frequent valuations of positions and collateral, and making calls for additional margins, as it sees fit.~~

~~(2)~~ Trading Members must not set margin requirements that are less stringent than those prescribed by SGX-ST.

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~~19.10.6 Where a customer fails to meet the margin requirements under Rules 19.10.2 and 19.10.3, the Trading Member may take actions as it deems appropriate, without giving notice to the customer, to reduce its exposures to the customer. Such actions may include liquidating all or such part of the customer's collateral deposited with the Trading Member, or taking action to offset all or such part of the customer's positions. SGX-ST may also order such Trading Member to immediately to take such action to offset all or such part of the positions of the customer to rectify the deficiency. Rules 13.5A.1(2) and 13.5A.1(3) shall apply in respect of margins for Marginable Futures Contracts that the Trading Member may call from the customer.~~

19.10.7 Mark to market gains of a customer may be utilised by the Trading Member to meet Initial Margins for the same customer.

19.10.8 A Trading Member may allow a customer to withdraw Excess Margins provided such withdrawal will not cause the Customer Asset Value to be less than zero.

"Excess Margins" refers to the amount of Customer Asset Value that is in excess of the sum of the Initial Margins and Variation Margins.

~~19.10.9 If a Trading Member is unable to contact a customer to call for margins, a written notice sent to the customer at the most recent address furnished by the customer to the Trading Member shall be deemed sufficient.~~

19.10.10 A Trading Member must comply with such requirements on the computation and monitoring of a customer's margins as SGX-ST may prescribe.

19.10.11 Under-Margined Accounts

(1) A Trading Member must immediately notify SGX-ST when the Customer Asset Value in any account does not meet the sum of Initial Margins and Variation Margins by an amount which exceeds the Trading Member's aggregate resources, except that no notification is required for the Trading Member's own Stock Account.

(2) SGX-ST may require the Trading Member to submit to SGX-ST information pertaining to any matter in such form and within such time as may be stipulated by SGX-ST.

19.10.12 Customer to Comply with Margin Requirements

For the avoidance of doubt, a Trading Member must require a customer to comply with the margin requirements prescribed under Rule 19.10, even if the customer has entered into an arrangement to meet his delivery obligations in connection with Marginable Futures Contracts.

19.10.13 Prohibition on Margin Financing

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For the avoidance of doubt, a Trading Member must not under any circumstances enter into a financing arrangement with a customer in respect of that customer's margins requirements which would allow the customer to trade without meeting the margin requirements prescribed under Rule 19.10.