

**Amendments to SGX-DC Clearing Rules – Chapter 4: Enforcement of Rules**

Current Rule	New Rule
<b>4.03A DISCIPLINARY COMMITTEE POWERS</b>	<b>4.03A DISCIPLINARY COMMITTEE POWERS</b>
<p>4.03A.4 The powers of the Disciplinary Committee include:-</p> <p>4.03A.4.1 expelling a Clearing Member;</p> <p>4.03A.4.2 suspending a Clearing Member;</p> <p>4.03A.4.3 imposing a fine not exceeding S\$250,000 on a Clearing Member;</p> <p>4.03A.4.4 reprimanding (publicly or privately) a Clearing Member;</p> <p>4.03A.4.5 requiring an education program to be undertaken;</p> <p>4.03A.4.6 requiring a compliance program to be undertaken;</p> <p>4.03A.4.7 imposing any restrictions or conditions on activities that a Clearing Member undertakes or in the case of a Bank Clearing Member, its business governed by this Rules;</p> <p>4.03A.4.8 requiring reimbursement or compensation to be paid;</p> <p>4.03A.4.9 ordering payment of fine by instalments;</p> <p>4.03A.4.10 ordering a stay of the penalty imposed, pending an appeal to the Appeals Committee;</p> <p>4.03A.4.11 requiring any director or in the case of a Bank Clearing Member, any director or person in a senior management position who is responsible for its business governed by this Rules, to step down from day-to-day conduct of the business affairs of the Clearing Member; and</p> <p>4.03A.4.12 appointing a manager to manage the business of the Clearing</p>	<p>4.03A.4 The powers of the Disciplinary Committee include:-</p> <p>4.03A.4.1 expelling a Clearing Member;</p> <p>4.03A.4.2 suspending a Clearing Member;</p> <p>4.03A.4.3 imposing a fine not exceeding S\$250,000 <u>or, in the case of a delivery contract, any other amount as specified in the relevant contract specifications</u> on a Clearing Member;</p> <p>4.03A.4.4 reprimanding (publicly or privately) a Clearing Member;</p> <p>4.03A.4.5 requiring an education program to be undertaken;</p> <p>4.03A.4.6 requiring a compliance program to be undertaken;</p> <p>4.03A.4.7 imposing any restrictions or conditions on activities that a Clearing Member undertakes or in the case of a Bank Clearing Member, its business governed by this Rules;</p> <p>4.03A.4.8 requiring reimbursement or compensation to be paid;</p> <p>4.03A.4.9 ordering payment of fine by instalments;</p> <p>4.03A.4.10 ordering a stay of the penalty imposed, pending an appeal to the Appeals Committee;</p> <p>4.03A.4.11 requiring any director or in the case of a Bank Clearing Member, any director or person in a senior management position who is responsible for its business governed by this Rules, to step down from day-to-day conduct of the business affairs of the Clearing Member; and</p>

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Current Rule	New Rule
<p>Member or in the case of a Bank Clearing Member, its business governed by this Rules. The Disciplinary Committee will fix the remuneration of the manager, which must be paid by the Clearing Member. The Clearing Member is solely responsible for the manager's acts and defaults. The manager must carry out directions given by the Disciplinary Committee in relation to the business of the Clearing Member, including carrying on the business of the Clearing Member in accordance with instructions.</p>	<p>4.03A.4.12 appointing a manager to manage the business of the Clearing Member or in the case of a Bank Clearing Member, its business governed by this Rules. The Disciplinary Committee will fix the remuneration of the manager, which must be paid by the Clearing Member. The Clearing Member is solely responsible for the manager's acts and defaults. The manager must carry out directions given by the Disciplinary Committee in relation to the business of the Clearing Member, including carrying on the business of the Clearing Member in accordance with instructions.</p>
<p><b>4.10 CLASSIFICATION OF OFFENCES</b></p>	<p><b>4.10 CLASSIFICATION OF OFFENCES</b></p>
<p>4.10.2 Major offences may be dealt with by expulsion, suspension, fine not exceeding S\$250,000 or by both suspension and fine.</p>	<p>4.10.2 Major offences may be dealt with by expulsion, suspension, fine not exceeding S\$250,000 <u>or, in the case of a delivery contract, as provided in the relevant Contract Specifications</u> or by both suspension and fine.</p>

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**Amendments to SGX-DC Clearing Rules – Chapter 6: Delivery and Related Matters**

Current Rule	New Rule
<p><b>6.02A CLEARING HOUSE MERELY FACILITATES DELIVERY</b></p>	<p><b>6.02A CLEARING HOUSE MERELY FACILITATES DELIVERY</b></p>
<p>6.02A.7     <u>Matching and Re-novation</u></p> <p>The contract between a Selling Member or Buying Member and the Clearing House shall be novated and a new contract shall arise between such persons as are matched in accordance with the relevant Contract Specifications (such process being described as “re-novation”) upon the later of the following events:</p> <p>a.       the Clearing House effecting matching of any of the following for the performance of delivery obligations:</p> <p>        (i)     the relevant parties in accordance with the relevant Contract Specifications; or</p> <p>        (ii)    the Seller or Buyer for whom an insolvent clearing member acts and the counterparty clearing member.</p> <p>        Matching shall take place at such time as provided in the relevant Contract Specifications; or</p> <p>b.</p> <p>        (i)     the posting of Performance Deposits and, where applicable, payment of the contract value, as confirmed by the appropriate settlement banks of such Clearing Members as are undertaking Delivery Obligations under a delivery contract; and</p>	<p>6.02A.7     <u>Matching and Re-novation</u></p> <p>The contract between a Selling Member or Buying Member and the Clearing House shall be novated and a new contract shall arise between such persons as are matched in accordance with the relevant Contract Specifications (such process being described as “re-novation”) upon the later of the following events:</p> <p>a.       the Clearing House effecting matching of any of the following for the performance of delivery obligations:</p> <p>        (i)     the relevant parties in accordance with the relevant Contract Specifications; or</p> <p>        (ii)    the Seller or Buyer for whom an insolvent clearing member acts and the counterparty clearing member.</p> <p>        Matching shall take place at such time as provided in the relevant Contract Specifications; or</p> <p>b.</p> <p>        (i)     the posting of Performance Deposits and, where applicable, payment of the contract value, as <u>prescribed in Rule 6.02A.7B</u><del>confirmed by the appropriate settlement banks of such Clearing Members as are undertaking Delivery Obligations under a delivery contract</del>; and</p>

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Current Rule	New Rule
<p>(ii) where the counterparty clearing member is a member of any other Relevant Market (or its clearing house), confirmation from such Relevant Market (or its clearing house) that its requirements for re-novation have been met.</p> <p>The new contract arising from the re-novation shall simultaneously discharge and replace pro tanto the Contract between the Selling Member or Buying Member and the Clearing House, and the Clearing House shall be released from its obligations as a central counterparty. For the avoidance of doubt, re-novation only applies to matched positions relating to lot sizes equal to or more than the minimum size prescribed under the relevant Contract Specifications for physical delivery.</p>	<p>(ii) where the counterparty clearing member is a member of any other Relevant Market (or its clearing house), confirmation from such Relevant Market (or its clearing house) that its requirements for re-novation have been met.</p> <p>The new contract arising from the re-novation shall simultaneously discharge and replace pro tanto the Contract between the Selling Member or Buying Member and the Clearing House, and the Clearing House shall be released from its obligations as a central counterparty. For the avoidance of doubt, re-novation only applies to matched positions relating to lot sizes equal to or more than the minimum size prescribed under the relevant Contract Specifications for physical delivery.</p>
<p>New rule.</p>	<p><u>6.02A.7B Posting of Performance Deposits and Payment of Contract Value</u></p> <p><u>Unless otherwise provided in the relevant Contract Specifications, Performance Deposits and contract value shall, for the purposes of Rule 6.02A.7 and Rule 7.04.3A.2, be deemed to have been posted or paid as follows:</u></p> <p><u>a. where posting or payment is in cash, upon confirmation by the appropriate settlement bank of such Clearing Member as is undertaking Delivery Obligations in a delivery contract; and</u></p> <p><u>b. where posting or payment is in the form of an irrevocable letter of credit or any other security, upon receipt of the irrevocable letter of credit or other security by the Clearing House, provided that the said irrevocable letter of credit or other security is in a form and issued by a bank acceptable to the Clearing House.</u></p>

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Current Rule	New Rule
<b>6.07 DELIVERIES INVOLVING CLEARING HOUSE AS ESCROW AGENT AND TREATMENT OF PERFORMANCE DEPOSITS</b>	<b>6.07 DELIVERIES INVOLVING CLEARING HOUSE AS ESCROW AGENT AND TREATMENT OF PERFORMANCE DEPOSITS</b>
6.07.2 A Selling Member or Buying Member shall collect Performance Deposits and other Escrow Assets (where applicable) from its respective Seller or Buyer within such time as prescribed in the relevant Contract Specifications, or by the Clearing House.	6.07.2 A Selling Member or Buying Member shall collect Performance Deposits and other Escrow Assets (where applicable) from its respective Seller or Buyer within such time as prescribed in the relevant Contract Specifications, or by the Clearing House. <u>Nothing herein prohibits a Member from collecting additional monies or deposits from its Seller or Buyer to secure performance as it sees fit.</u>
6.07.3 No Clearing Member shall grant, whether directly or indirectly, any advance, loan or credit facility to any Seller or Buyer for the purpose of posting Performance Deposits or other Escrow Assets (where applicable) with the Clearing House.	6.07.3 No Clearing Member shall grant, whether directly or indirectly, any advance, loan or credit facility to any Seller or Buyer for the purpose of posting Performance Deposits or other Escrow Assets (where applicable) with the Clearing House. <u>For avoidance of doubt, Members shall only post the full sum of Performance Deposits and/or other Escrow Assets (where applicable) with the Clearing House.</u>
6.07.4 When under this Rules, the Clearing House becomes the escrow agent of any Title Document, property or money (the "Escrow Asset") in connection with the delivery of the underlying Commodity, the Clearing House holds such Escrow Asset solely as escrow agent on behalf of the depositing party. As escrow agent, the Clearing House shall act solely as a stakeholder for the convenience of the depositing party and in accordance with the terms for such escrow holding as may be set out in this Rules or the relevant Contract Specifications. None of the Clearing House, any of its directors, officers, agents or employees (collectively "Officers") shall be liable to any party for any loss or damage arising out of or in connection with any act or omission with respect to the delivery and/or payment obligations of the depositing party during the period that the Clearing House is the escrow agent for such Escrow Asset or with respect to the non-release or delay in	6.07.4 When under this Rules, the Clearing House becomes the escrow agent of any Title Document, <u>letter of credit, financial instrument,</u> property or money (the "Escrow Asset") in connection with the delivery of the underlying Commodity, the Clearing House holds such Escrow Asset solely as escrow agent on behalf of the depositing party. As escrow agent, the Clearing House shall act solely as a stakeholder for the convenience of the depositing party and in accordance with the terms for such escrow holding as may be set out in this Rules or the relevant Contract Specifications. None of the Clearing House, any of its directors, officers, agents or employees (collectively "Officers") shall be liable to any party for any loss or damage arising out of or in connection with any act or omission with respect to the delivery and/or payment obligations of the depositing party during the period that the Clearing House is the escrow agent for such Escrow Asset or with respect to

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release of the Escrow Asset in accordance with the terms of the escrow unless the loss or damage is caused directly as a result of wilful breach or breach in bad faith by the Officers of the terms of the escrow.	the non-release or delay in release of the Escrow Asset in accordance with the terms of the escrow unless the loss or damage is caused directly as a result of wilful breach or breach in bad faith by the Officers of the terms of the escrow.

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**Amendments to SGX-DC Clearing Rules – Chapter 7: Clearing and Margins**

Current Rule	New Rule
<b>7.04 SUBSTITUTION</b>	<b>7.04 SUBSTITUTION</b>
<p>7.04.3A With regard to transfers of open positions from a Clearing Member to an appointed Clearing Member for the purpose of consolidation pursuant to Rule 6.05.2, the Clearing House shall be substituted only as at the time of:</p> <p>7.04.3A.1 payment of the first Settlement Variation, maintenance margin due for such open positions pursuant to Rule 7.12 as confirmed by the appropriate settlement banks for both Clearing Members; and/or</p> <p>7.04.3A.2 posting of Performance Deposits, due for such open positions pursuant to Rule 6.07.1 or the relevant Contract Specifications by the appointed Clearing Member,</p> <p>whichever is applicable.</p>	<p>7.04.3A With regard to transfers of open positions from a Clearing Member to an appointed Clearing Member for the purpose of consolidation pursuant to Rule 6.05.2, the Clearing House shall be substituted only as at the time of:</p> <p>7.04.3A.1 payment of the first Settlement Variation, maintenance margin due for such open positions pursuant to Rule 7.12 as confirmed by the appropriate settlement banks for both Clearing Members; and/or</p> <p>7.04.3A.2 posting of Performance Deposits <u>as prescribed in Rule 6.02A.7B</u>, due for such open positions pursuant to Rule 6.07.1 or the relevant Contract Specifications by the appointed Clearing Member,</p> <p>whichever is applicable.</p>

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**Amendments to SGX-DC Clearing Rules – Chapter 9: Definitions and Interpretation**

Current Rule	New Rule
<p>“<b>Performance Deposit</b>” means the sum of money, as prescribed in the relevant Contract Specifications, which a depositing party post with the Clearing House, to secure the performance of a delivery contract.</p>	<p>“<b>Performance Deposit</b>” means the <del>amount-sum of money</del>, as prescribed in the relevant Contract Specifications, which a depositing party posts with the Clearing House, to secure the performance of a delivery contract. <u>Such deposit shall be in cash or in the form of an irrevocable Letter of Credit or any other security in a form and issued by a bank acceptable to the Clearing House.</u></p>

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