

## Amendments to SGX-DC Clearing Rules, Chapter 2 – Memberships

Old Rule	New Rule
New rule.	<b><u>2.28A CLEARING ARRANGEMENTS WITH TRADING MEMBERS</u></b>
New rule.	<p><u>2.28A.1 In order to clear the trades of a Trading Member, a Clearing Member shall:-</u></p> <p style="padding-left: 40px;"><u>2.28A.1.1 inform the Clearing House of such clearing arrangement with the Trading Member, and if the Clearing House requests, such details of the Trading Member as the Clearing House may from time to time specify;</u></p> <p style="padding-left: 40px;"><u>2.28A.1.2 pay such administrative fee as the Clearing House may from time to time levy for the processing of such applications;</u></p> <p style="padding-left: 40px;"><u>2.28A.1.3 satisfy the Clearing House that it has in place adequate internal control measures and risk management systems to monitor the Trading Member’s trades and manage its risk exposure to such trades;</u></p> <p style="padding-left: 40px;"><u>2.28A.1.4 enter into a written agreement with the Trading Member setting out the terms and conditions governing their relationship, which shall include without limitation, risk management provisions such as the right to impose trading limits on the Trading Member; and</u></p> <p style="padding-left: 40px;"><u>2.28A.1.5 undertake to inform the Clearing House if it has knowledge or has reasons to believe that a Trading Member whom it has a clearing arrangement with has defaulted or may default in any of its obligations under the trades transacted by the Trading Member.</u></p>
New rule.	<p><u>2.28A.2 If a Clearing Member wishes to cease clearing the trades of its Trading Member, it shall:-</u></p> <p style="padding-left: 40px;"><u>2.28A.2.1 give not less than 30 days’ written notice (or such shorter period as the Clearing House may from time to time deem acceptable) to the Clearing House of its intention to cease clearing the trades of that Trading Member and the proposed date of cessation, provided always that the Clearing House may waive such notice requirement at any time with respect to any Clearing Member;</u></p> <p style="padding-left: 40px;"><u>2.28A.2.2 satisfy the Clearing House that it has taken before the proposed date of cessation proper steps to disable the Trading Member from entering into trades to be cleared by the Clearing Member;</u></p> <p style="padding-left: 40px;"><u>2.28A.2.3 satisfy the Clearing House that it has taken, or will take, proper steps for the orderly clearing and settlement of the Trading Member’s trades;</u></p> <p style="padding-left: 40px;"><u>2.28A.2.4 comply with any reasonable direction of the Clearing House in relation to the orderly cessation of the clearing of</u></p>

Old Rule	New Rule
	<p><u>the Trading Member's trades; and</u></p> <p><u>2.28A.2.5 take such steps including without limitation, procedural steps (whether of a technical or non-technical nature or otherwise) as the Clearing House may deem appropriate to ensure that none of the Trading Member's trades will be cleared and settled through the Clearing Member by the proposed date of cessation.</u></p>
New rule.	<p><u>2.28A.3 If a Clearing Member wishes to suspend its clearing arrangement with a Trading Member, it shall:-</u></p> <p><u>2.28A.3.1 notify the Clearing House of its decision to suspend its clearing arrangement with that Trading Member; and</u></p> <p><u>2.28A.3.2 comply with any reasonable direction of the Clearing House in relation to the suspension of the clearing of the Trading Member's trades.</u></p>
New rule.	<p><u>2.28A.4 A Clearing Member may suspend its clearing arrangement with a Trading Member for not more than 30 days. Before the end of the 30-day period, the Clearing Member must notify the Clearing House in writing of its intention to either resume with the clearing arrangement or cease clearing for the Trading Member. Where the Clearing Member intends to cease clearing for the Trading Member, Rule 2.28A.2 shall apply.</u></p>
New rule.	<p><u>2.28A.5 Notwithstanding the cessation or suspension of the clearing arrangement, the Clearing Member shall clear and settle all the trades of the Trading Member which are done right up to the point when the Trading Member has been disabled from entering trades to be cleared by the Clearing Member.</u></p>

## New Practice Note 2.28A

### Practice Note 2.28A

#### PROCEDURES TO SUSPEND QUALIFICATION OF A TRADING MEMBER

Issue Date	Cross Reference	Enquiries
11 January 2011	Clearing Rules Rule 2.28A.3 and 2.28A.5	Please contact:  <b><u>Member Supervision</u></b> Facsimile No : 6538 8273 E-Mail Address : membersup@sgx.com  <b><u>Market Control</u></b> Hotline : 6236 8433

## 1 INTRODUCTION

- 1.1 Rule 2.28A.3 states that a Clearing Member who wishes to suspend its clearing arrangement with a Trading Member, shall notify the Clearing House of its decision to suspend its clearing arrangement with that Trading Member, and comply with any reasonable direction of the Clearing House in relation to the suspension of the clearing of the Trading Member's trades.
- 1.2 Rule 2.28A.5 states that the Clearing Member shall clear and settle all the trades of the Trading Member which are done right up to the point when the Trading Member has been disabled from entering trades to be cleared by the Clearing Member.
- 1.3 This Practice Note sets out the operational procedures that a Clearing Member should follow to notify the Clearing House of its decision to suspend its clearing arrangement with a Trading Member.

## 2 PROCEDURES FOR SUSPENDING A TRADING MEMBER

### Designated Officers

- 2.1 Clearing Members shall at all times have at least two Designated Officers whose role is to notify the Clearing House of the Clearing Member's decision to suspend a Trading Member.
- 2.2 For each Designated Officer, the Clearing Member shall submit to SGX's Market Control the Designated Officer's name, identification number, contact details, and a sealed envelop containing authentication information stipulated by Market Control. (For security reasons, the required authentication information will not be published in this Practice Note. Clearing Members are to contact Market Control regarding the required information.)
- 2.3 Clearing Members must promptly update Market Control of changes in Designated Officers, and any changes to a Designated Officer's information.

#### Notification of Suspension of Trading Member

- 2.4 Once a Clearing Member has decided to suspend a Trading Member, the Clearing Member's Designated Officer shall contact Market Control by telephone during trading hours at the Market Control Hotline, 6236 8433, and notify Market Control of the suspension.
- 2.5 Market Control will verify the identity of the caller by requiring the caller to respond correctly to two authentication questions.
- 2.6 If the caller is authenticated as the Clearing Member's Designated Officer, Market Control will effect the suspension of the Trading Member. The suspension will be effected within one hour of the authentication of the Designated Officer.
- 2.7 SGX will suspend the Trading Member's trading access and cancel all open orders for the suspended Trading Member. Market Control will notify the Designated Officer when this is done.

#### Final Traded Position

- 2.8 For the purposes of Rule 2.28A.5, the Clearing Member shall accept the Trading Member's final traded position as stated in the trade report produced by SGX.
- 2.9 For clarifications, the Clearing Member may call the Market Control Hotline, 6236 8433.