

## Amendments to Futures Trading Rules

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### Rule Amendments

## Chapter 3 Conduct of Members, Approved Traders and Representatives

### 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 as prescribed by the Clearing House; **or** (ii) open contract traded on an exchange other than the Exchange, as prescribed by the relevant exchange or clearing house; ~~or (iii) new over the counter spot trade as prescribed under Rule 3.3.13.~~ "**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 as prescribed by the Clearing House, **and** (ii) Open Positions in contracts traded on exchanges other than the Exchange as prescribed by the relevant exchanges or clearing houses; ~~and (iii) unsettled over the counter spot trades as prescribed under Rule 3.3.13;~~
- (c) except for trades which reduce the Customer's Maintenance Margins requirements, a Member shall not allow a Customer to incur any new trade, unless:
  - (i) the minimum Initial Margins for the new trade are deposited or are forthcoming within a reasonable period from the trade date; and
  - (ii) the Customer's Total Net Equity complies with the Maintenance Margins for its existing Open Positions **and** ~~unsettled over the counter spot trades~~ or additional margins to be posted pursuant to Rule 3.3.12(e) are forthcoming within a reasonable period from the trade date.

- (d) Excess Margins on all Open Positions ~~and unsettled over-the-counter spot trades~~ of a Customer may be utilised by a Member as Initial Margins on a new position of the same Customer. "Excess Margins" refers to credits in excess of Initial Margins;

### 3.3.13 ~~Margins for Over-the-Counter Spot Trades~~ [Deleted]

~~A Member shall collect margins for over-the-counter spot trades in Loco-London and foreign currency contracts from the Customer and the direct buying or selling counterparty. No margins need to be collected from a Customer or a counterparty if it is a corporate Member, a bank in Singapore or any of its overseas branches or a merchant bank in Singapore. The margins required to be collected shall not be less than:~~

- ~~(a) the minimum margins prescribed by the Clearing House for a Futures Contract equivalent to the over-the-counter spot trade concerned;~~
- ~~(b) the minimum margins prescribed by those exchanges or clearing houses where the equivalent futures contracts are being traded, if the over-the-counter spot trade has no equivalent Futures Contracts; or~~
- ~~(c) 4% for Initial Margins and 3% for Maintenance Margins of the underlying contract value, if the over-the-counter spot trade has no equivalent futures contracts being traded on the Exchange and any other exchange.~~

### Regulatory Notice 3.3.12; ~~3.3.13~~ — Customer Margins

Issue Date	Cross Reference	Enquiries
Added on 22 September 2006 and amended on 25 August 2009 and 11 October 2013.	Rule 3.3.12 <del>Rule 3.3.13</del>	Please contact Member Supervision:  Facsimile No : 6538 8273 E-Mail Address: <a href="mailto:membersup@sgx.com">membersup@sgx.com</a>

## 1. Introduction

1.1 The Regulatory Notice sets out the requirements in relation to Rules 3.3.12 ~~and 3.3.13~~ ("the Relevant Rules") on the computation and monitoring of Customer margins.

## **2.2 Margin Rates and Requirements**

~~2.2.3 For over-the-counter ("OTC") spot trades, Members shall ensure that they comply with the minimum margin requirements prescribed under Rule 3.3.13. **[Deleted]**~~

2.2.4 Members may, at their discretion, set higher margin rates/requirements than that required by the Relevant Rules. 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 Rules.

## **3.3 Reduction and Deletion of Margin Calls**

3.3.3 In order to protect the age of outstanding margin calls for re-established positions, the liquidation and re-establishment of positions during the same Trading Day to circumvent the Relevant Rules is not allowed.

## **4.1 Acceptance of Orders**

4.1.1 Pursuant to the Relevant Rules, a Member shall only allow a Customer to incur a new trade when the required margins are on deposit or forthcoming within a reasonable period.

## **4.3 Monitoring Procedures**

4.3.1 A Member is required to maintain proper monitoring and internal control procedures to ensure that the requirements under the Relevant Rules are complied with at all times.

**Schedule A of Futures Trading Rules**

**Chapter 3 — Conduct of Members, Approved Traders and Representatives**

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Exchange, where the Exchange has Determined the Member, Approved Trader and/or Registered Representative to be Liable									Mandatory minimum penalty imposed by the DC
			Members			Approved Traders			Registered Representatives			
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	
<b>Chapter 3 — Conduct of Members, Approved Traders and Representatives</b>												
<b>3.3</b>	<b>Duties of Members Undertaking Agency Trades</b>											
3.3.13	Member to collect the required margins for Over-The-Counter Spot Trades from its Customer and the direct counterparty	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.