

AMENDMENTS TO SGX-ST RULES

Proposed Changes

Definitions

"Remisier"

A Trading Representative who has a business arrangement with a Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence for dealing in securities or trading in Futures Contracts. A Remisier is not an employee of a Trading Member;

4.1.1

To be eligible for admission as a Trading Member, an applicant must:—

(1) unless otherwise exempted, procure and maintain the requisite licence(s) from the Relevant Regulatory Authority, to engage in regulated activities, including where appropriate trading in futures contracts, as follows:

(a) where it is a Corporation carrying on business in Singapore, a ~~capital markets services licence~~ Capital Markets Services Licence; or

(b) where it is a Corporation not carrying on business in Singapore and not incorporated in Singapore, and it or its employees and agents does not engage in regulated activities in Singapore, a licence from a Relevant Regulatory Authority in the country where it is carrying on business. If SGX-ST is of the view that the regulatory requirements arising from the licence are not comparable to those contemplated under the Act and these Rules, it shall have the discretion to prescribe additional requirements;

(2) be qualified by a Clearing Member (unless it is admitted as a Clearing Member);

(3) satisfy the capital and financial requirements SGX-ST prescribes;

(4) upon admission, appoint at least 1 Approved Executive Director; and

(5) have facilities and staff adequate for expeditious and orderly trading, operations and activities.

4.6.16 Register of Securities

(1) A Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence must maintain a register of securities in accordance with the Securities and Futures Act. The register must include Futures Contracts.

(2) If asked by SGX-ST, a Trading Member must produce the register for inspection.

(3) A Trading Member must permit SGX-ST to take extracts of the register.

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5.5.2 Proprietary Accounts

A Designated Market-Maker may make a market in Specified Securities for 1 or more of the following:—

- (1) its proprietary accounts;
- (2) proprietary accounts of its related corporations or Associated Corporations; and
- (3) customers if it holds a ~~capital markets services licence~~ Capital Markets Services Licence or is exempt under the Securities and Futures Act or Securities and Futures Regulations.

In this Rule, an Associated Corporation means any body corporate formed in or out of Singapore in which the Designated Market-Maker and its related corporations hold directly or indirectly a beneficial interest of not less than 20% of the issued share capital.

6.1 Appointment and Registration

6.1.1

(1) A Trading Member must appoint at least 1 person as Approved Executive Director to be registered with SGX-ST. SGX-ST may, in its absolute discretion refuse to register an appointed person as an Approved Executive Director. SGX-ST is not obliged to give any reasons.

(2) Subject to Rule 6.1.1(2A), the Approved Executive Director must be approved by the Authority as an Executive Director in accordance with the Securities and Futures Act.

(2A) Where the Trading Member does not hold a ~~capital markets services licence~~ Capital Markets Services Licence, it shall appoint a fit and proper person that is a senior management responsible for the Trading Member's business activities on SGX-ST for which it holds a licence specified in Rule 4.1.1(b) as an Approved Executive Director.

(3) The Approved Executive Director is to be responsible for ensuring that the Trading Member complies with the Rules, and any Directives that SGX-ST prescribes.

7.5.5 Register of Securities

(1) A Trading Representative sponsored by a Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence must maintain a register of securities in accordance with the Securities and Futures Act. The register must include Futures Contracts.

(2) If asked by SGX-ST, a Trading Representative must produce the register for inspection.

(3) A Trading Representative must permit SGX-ST to take extracts of the register.

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11.1 Definitions [and Interpretation](#)

11.1.1

Term	Meaning
A	
"Adjusted net head office funds"	has the meaning ascribed to it in Regulation 2 paragraph 2 of Second Schedule of the SFR (Financial and Margin Requirements).
"Aggregate resources"	means (1) in the case of a Trading Member incorporated in Singapore, its financial resources (including and including and qualifying letters of credit referred to in Rule 11.4.6 11.3.11) less its total risk requirement; and (2) in the case of a Trading Member incorporated outside Singapore, its adjusted net head office funds (including and including and qualifying letters of credit referred to in Rule 11.4.6 11.3.11) less its total risk requirement.
C	
"Capital Markets Services Licence"	has the meaning ascribed to it in the SFA.
"Counterparty risk requirement"	has the meaning ascribed to it in paragraph 3 of Third Schedule of the SFR (Financial and Margin Requirements) the Notice on Risk Based Capital Adequacy Requirements for Holders of Capital Markets Services Licences.
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"Financial resources"	has the meaning ascribed to it in <u>Regulation 2 paragraph 4 of Second Schedule</u> of the SFR (Financial and Margin Requirements).
I	
<u>"Irredeemable and Non-Cumulative Preference Share Capital"</u>	<u>has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements).</u>
O	
"Operational risk requirement"	has the meaning ascribed to it in paragraph 2 of Third Schedule of the SFR (Financial and Margin Requirements) <u>the Notice on Risk Based Capital Adequacy Requirements for Holders of Capital Markets Services Licences.</u>
Q	
<u>"Qualifying Letter of Credit"</u>	<u>has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements).</u>
"Qualifying subordinated loan"	has the meaning ascribed to it in paragraph 4 of Second Schedule <u>Regulation 2</u> of the SFR (Financial and Margin Requirements).
S	
<u>"Secondary requirement"</u>	has the meaning ascribed to it in paragraph 2(1)(c) of Third Schedule of the SFR (Financial and Margin Requirements).

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"Singapore Government securities"	<p>has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements).</p> <p><u>means securities issued or proposed to be issued by the Government, and includes -</u></p> <p><u>(a) any debenture, stock or bond issued or proposed to be issued by the Government;</u></p> <p><u>(b) any right or option in respect of any debenture, stock or bond referred to in paragraph (a);</u></p> <p><u>(c) book-entry Government securities as defined in section 2 of the Development Loan (1987) Act (Cap. 81A) or section 2 of the Government Securities Act (Cap. 121A);</u> <u>and</u></p> <p><u>(d) book-entry Treasury Bills as defined in section 2 of the Local Treasury Bills Act (Cap. 167).</u></p>
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T

"Total risk requirement"	has the meaning ascribed to it in paragraph 1 of Third Schedule Regulation 2 of the SFR (Financial and Margin Requirements).
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11.1.2

Unless the context requires otherwise, where the terms defined in Rule 11.1.1 are defined in relation to a holder of a Capital Markets Services Licence, such definitions shall, with the necessary modifications, apply to a Trading Member, as those definitions apply to a holder of a Capital Markets Services Licence whether or not that Trading Member holds a Capital Markets Services Licence.

11.1A Financial Requirement for Trading Members

11.1A.1

The following requirements apply in relation to Trading Members:—

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(1) a Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence shall at all times meet the base capital requirements prescribed under Rule 11.2;

(2) a Trading Member that holds a licence specified in Rule 4.1.1(1)(b) shall at all times meet the net liquid capital requirements prescribed under Rule 11.2A; and

(3) all Trading Members shall meet such capital, financial and other requirements that SGX-ST may impose under Rule 11.5.

11.2 Base Capital Requirement

This Rule 11.2 shall apply to a Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence.

11.2.1

A Trading Member shall not cause or permit:—

(1) where the Corporation is incorporated in Singapore, its base capital; or

(2) where the Corporation is incorporated outside Singapore, its net head office funds, _

to fall below the base capital requirement.

11.3 Financial Resources Requirement

This Rule 11.3 shall apply to a Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence.

11.3.1

A Trading Member shall not cause or permit:—

(1) where it is incorporated in Singapore, its financial resources; or

(2) where it is incorporated outside Singapore, its adjusted net head office funds, _

to fall below its total risk requirement.

11.3.2

Financial resources and adjusted net head office funds shall be calculated in the same manner as prescribed in ~~Regulation 2 paragraph 1 and paragraph 2 respectively of Second Schedule~~ of the SFR (Financial and Margin Requirements).

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11.3.3

Total risk requirement shall be calculated in the same manner as prescribed in the Notice on Risk Based Capital Adequacy Requirements for Holders of Capital Markets Services Licences ~~the Third Schedule of the SFR (Financial and Margin Requirements).~~

11.3.4 ~~Secondary Requirement under Operational Risk Requirement~~

~~For the purposes of calculating the operational risk requirement as prescribed in Third Schedule of the SFR (Financial and Margin Requirements), a Clearing Member shall include a secondary requirement computed in the following manner:—~~

~~(1) \$250,000 x number of Trading Members qualified by the Clearing Member, if the Clearing Member clears its own trades executed on the Exchange; or~~

~~(2) \$250,000 x (number of Trading Members qualified by the Clearing Member minus 1), if the Clearing Member does not clear its own trades executed on the Exchange.~~

~~[Rule has been deleted.]~~

11.3.11 ~~Qualifying Letter of Credit~~

~~(1) For the purpose of Rule 11.3, a Trading Member may include 1 or more qualifying letter(s) of credit in its calculation of financial resources, or adjusted net head office funds, as the case may be, subject to the total amount payable under the qualifying letter(s) of credit or 50% of the Trading Member's total risk requirement, whichever is lower.~~

~~(2) For the purpose of Rule 11.3.11(1), a qualifying letter of credit is a legally enforceable and irrevocable letter of credit that is made:—~~

~~(a) in the case of a Trading Member, in favour of SGX-ST;~~

~~(b) in the case of a Clearing Member, in favour of CDP; and~~

~~(c) issued by a bank approved by, and in a form acceptable to SGX-ST or CDP, as the case may be; and~~

~~(d) does not include any letters of credit provided by the Clearing Member to satisfy Rule 7 of the Clearing Rules of CDP or any other requirement imposed by CDP.~~

~~(3) SGX-ST shall reserve the right to call on any of the letter(s) of credit made in favour of SGX-ST pursuant to Rule 11.3.11 and apply the proceeds thereof in respect of the Trading Member's default to SGX-ST.~~

~~[Rule has been deleted.]~~

11.4 ~~Aggregate Indebtedness Requirement~~

This Rule 11.4 shall apply to a Trading Member that holds a capital markets services licence ~~Capital Markets Services Licence~~.

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11.4.6 Qualifying Letter of Credit

(1) For the purpose of Rule 11.4, a Trading Member may include 1 or more Qualifying Letter(s) of Credit in its calculation of aggregate resources, subject to the total amount payable under the Qualifying Letter(s) of Credit or 50% of the Trading Member's total risk requirement, whichever is lower.

(2) For the purpose of Rule 11.4.6(1), a Qualifying Letter of Credit is a legally enforceable and irrevocable letter of credit that is made:—

(a)(i) in the case of a Trading Member who is not a Clearing Member, in favour of SGX-ST; or (ii) in the case of a Trading Member who is also a Clearing Member, in favour of CDP; and

(b) issued by a bank approved by, and in a form acceptable to SGX-ST or CDP, as the case may be;

but does not include any letters of credit provided by the Clearing Member to satisfy Rule 7 of the Clearing Rules of CDP or any other requirement imposed by CDP.

(3) SGX-ST shall reserve the right to call on any of the letter(s) of credit made in favour of SGX-ST pursuant to Rule 11.4.6 and apply the proceeds thereof in respect of the Trading Member's default to SGX-ST.

11.7 Exposure to Single Customer

This Rule 11.7 shall apply to a Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence.

11.7.2

For the purpose of Rule 11.7.1, the full amount of the letter(s) of credit or any part thereof deposited pursuant to Rule 11.4.6 ~~11.3.14~~ may be taken into account for the calculation of aggregate resources.

11.8 Exposure to Single Security

This Rule 11.8 shall apply to a Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence.

11.8.3

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For the purpose of Rule 11.8.1, the full amount of the letter(s) of credit or any part thereof deposited pursuant to Rule [11.4.6](#) ~~11.3.14~~ may be taken into account for the calculation of aggregate resources.

11.8.4

For the purpose of Rule 11.8.1, "exposure to a single security" means:—

(1) the amount of the single security underwritten or sub-underwritten by or placed with a Trading Member, after deducting the amount which the Trading Member has sub-underwritten or placed with:—

(a) a bank licensed under the Banking Act (Cap. 19);

(b) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186);

(c) a finance company licensed under the Finance Companies Act (Cap. 108);

(d) a company or society registered under the Insurance Act (Cap. 142) to carry on insurance business as an insurer;

(e) the holder of a ~~capital markets services licence~~ [Capital Markets Services Licence](#) under the Securities and Futures Act to deal in securities, or trade in futures contracts or for fund management;

(f) a financial institution outside Singapore which is licensed or regulated by a financial services regulatory authority in the country in which it is domiciled, and has a long-term credit rating of investment grade; and

(g) any other person, provided that:—

(i) full payment has been received by the Trading Member for the sub-underwritten, placed, sold or allotted amount; or

(ii) the sub-underwritten, placed, sold or allotted amount can be offset against collateral received by the Trading Member under a netting agreement.

(2) the book value of the single security carried long or the market value of the single security carried short in a Trading Member's own account;

(3) for outstanding options in the single security carried in a Trading Member's own options trading account:—

(a) the book value of options bought for the account;

(b) the excess of the market value of the underlying security over the exercise price of uncovered call options written for the account; and

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- (c) the excess of the exercise price of put options written for the account over the market value of the underlying security;
- (4) in relation to the single security carried in a customer's cash account, the contract value of the single security to the extent that such amounts have not been paid for, or the market value of the single security to the extent that such securities have not been delivered, whichever is the higher;
- (5) for outstanding options in the single security carried in a customer's options trading account:—
- (a) the contract value of the options bought by the customer to the extent that such amounts have not been paid for;
- (b) the excess of the market value of the underlying security over the exercise price of uncovered call options written by the customer; and
- (c) the excess of the exercise price of put options written by the customer over the market value of the underlying security;
- (6) the net amount of the single security borrowed or lent, as the case may be, by a Trading Member;
- (7) in relation to the single security bought or carried, or deposited as collateral in the margin financing accounts, the margin exposure of a Trading Member to the single security as determined in accordance with the margin financing requirements prescribed by SGX-ST;
- (8) the amount of interest receivable secured by the single security;
- (9) the amount of loans and advances secured by the single security; and
- (10) the amount under subscription by a Trading Member for its own account in relation to the single security which is approved for quotation on SGX-ST or any recognised group A securities exchange but has not, as yet, been so quoted.

11.9.1A

- (1) In the case of a Trading Member that holds a ~~capital markets services licence~~ [Capital Markets Services Licence](#), Rules 11.9.2 to 11.9.16 shall apply; and
- (2) in the case of a Trading Member that holds a licence specified in Rule 4.1.1(1)(b), such requirements as may be prescribed by the Relevant Regulatory Authority shall apply. The Trading Member shall immediately notify SGX-ST on any changes to such requirements. Where no such requirements have been prescribed by the Relevant Regulatory Authority, Rules 11.9.2 to 11.9.16 shall apply. Notwithstanding the foregoing, SGX-ST shall have the discretion to prescribe additional requirements.

11.10.1

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A Trading Member shall submit to SGX-ST financial returns as follows:

(1) in the case of a Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence, submit by the 14th calendar day of each month statements of assets and liabilities, base capital, financial resources, total risk requirement, aggregate indebtedness;

(2) in the case of a Trading Member that holds a licence specified in Rule 4.1.1(1)(b), submit by the 14th calendar day of each month financial returns based on such computation methodology and in the form prescribed by SGX-ST; and

(3) and such other statements as SGX-ST may from time to time require in the format specified by SGX-ST.

Refer to SGX Data Submission Website (<https://esub.sgx.com>) for the submission template.

11.11 Annual Financial Audit

11.11.1

A Trading Member shall:

(1) in the case of a Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence, obtain the written approval of SGX-ST in the event of any change of its existing external auditor; and

(2) in the case of a Trading Member that holds a licence specified in Rule 4.1.1(1)(b), notify SGX-ST at least seven (7) days prior to any change of its existing external auditor. The Trading Member shall appoint external auditors that are accepted by its Relevant Regulatory Authority.

11.11.2

A Trading Member shall, within 5 months after the close of the financial year, furnish to SGX-ST the following information:

(1) relevant forms in respect of its annual financial audit which a Trading Member is required to lodge with its Relevant Regulatory Authority, translated into English, and as prescribed by SGX-ST. In the case of a Trading Member who holds a ~~capital markets services licence~~ Capital Markets Services Licence, the forms shall be in the prescribed format under Regulation 27(9) of the SFR (Financial and Margin Requirements);

(2) audited accounts of the Trading Member and its subsidiaries; and

(3) a Certificate, signed by the auditor appointed by the Trading Member to carry out an annual financial audit, stating, at a minimum:—

(a) whether, in the opinion of the auditor, the Trading Member has complied with the relevant applicable laws and regulatory requirements relating to the regulation of markets and licenced entities, or in the case of a Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence, financial requirements as set out in the SGX-ST Rules and SFR (Financial and Margin Requirements);

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(b) whether, in the opinion of the auditor, the Trading Member's books of accounts and records are those usual in a business of that nature and appear to have been kept in a proper manner in accordance with the provisions of the SGX-ST Rules relevant applicable laws and regulatory requirements relating to the regulation of markets and licenced entities, or in the case of a Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence, and the SFA;

(c) whether, in the opinion of the auditor, the financial position of the Trading Member is such as to enable it to conduct its business on sound lines, having regard to the nature and volume of the business transacted during its past financial year as shown by its books of accounts and records; and

(d) whether the auditor has obtained all the necessary information and explanations for the proper conduct of the audit and to enable the auditor to furnish the Certificate.

11.13.1 Reduction in Paid-Up Ordinary Share Capital or Paid-Up Irredeemable and Non-Cumulative Preference Share Capital

A Trading Member which is incorporated in Singapore shall not reduce its paid-up ordinary share capital or paid-up irredeemable and non-cumulative preference share capital without the prior written approval of SGX-ST.

11.13.2 Preference Shares

(1) A Trading Member which is incorporated in Singapore shall immediately notify SGX-ST prior to the issue of any preference share.

(2) A Trading Member which is incorporated in Singapore shall not repay the principal of redeem any redeemable preference share (other than any paid-up irredeemable and non-cumulative preference share capital) that is computed as part of its financial resources, through repurchase or redemption:—

(a) unless the Trading Member notifies SGX-ST within such time at least 1 year before the proposed date of repurchase or redemption as prescribed by the SFR (Financial and Margin Requirements);

(b) if at the date of repurchase or redemption:—

(i) its financial resources (including qualifying letters of credit referred to in Rule 11.3.11) is less than 150% of its total risk requirement; or

(ii) its aggregate indebtedness exceeds 600% of its aggregate resources;

(c) if such repurchase or redemption will cause an event in Rule 11.13.2(2)(b) above to occur; or

(d) if SGX-ST has prohibited in writing such a repurchase or redemption.

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11.13.3 Qualifying Subordinated Loan

(1) A Trading Member shall obtain the prior approval of SGX-ST if it enters a subordinated loan agreement in a format other than the format prescribed by SGX-ST from time to time.

(2) Where a Trading Member draws down a qualifying subordinated loan, the Trading Member shall notify SGX-ST no later than the date of draw down of the qualifying subordinated loan.

(3) A Trading Member shall not repay, whether in part or in full, any subordinated loan principal before the maturity date without the prior approval of SGX-ST.

(4) A Trading Member shall not repay, whether in part or in full, any subordinated loan principal that has matured:—

(a) unless the Trading Member notifies SGX-ST at least 1 Market Day before the date of repayment;

(b) if its financial resources ~~(including qualifying letters of credit referred to in Rule 11.3.11)~~ is less than 150% of its total risk requirement;

(c) if its aggregate indebtedness exceeds 600% of its aggregate resources;

(d) if such a repayment will cause an event in Rule 11.13.3(4)(b) or (c) to occur; or

(e) if SGX-ST has prohibited in writing such a repayment

11.13.4 Making of Unsecured Loan or Advance, Payment of Dividend or Director's Fees or Increase in Director's Remuneration

A Trading Member shall not, without the prior written approval of SGX-ST, make any unsecured loan or advance, pay any dividend or director's fees or increase any director's remuneration if:—

(1) in the case where the Trading Member is incorporated in Singapore:—

(a) its base capital is less than the base capital requirement as prescribed in Rules 11.2 and 11.5;

(b) its financial resources ~~(including qualifying letters of credit referred to in Rule 11.3.11)~~ is less than 150% of its total risk requirement;

(c) its aggregate indebtedness exceeds 600% of its aggregate resources;

(d) such a loan, advance, payment or increase will cause an event in Rule 11.13.4(1)(a), (b) or (c) to occur; or

(2) in the case where the Trading Member is incorporated outside Singapore:—

(a) its net head office funds is less than the base capital requirement as prescribed in Rules 11.2 and 11.5;

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(b) its adjusted net head office funds (~~including qualifying letters of credit referred to in Rule 11.3.11~~) is less than 150% of its total risk requirement;

(c) its aggregate indebtedness exceeds 600% of its aggregate resources;

(d) such a loan, advance, payment or increase will cause an event in Rule 11.13.4(2)(a), (b) or (c) to occur.

11.14 Register of Connected Persons

11.14.1

A Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence shall keep a register of its directors and their connected persons. For the purpose of this Rule, a "connected person" has the meaning ascribed to it in Section 2 of the SFA.

12.1 Records

12.1.1

A Trading Member, Director or Trading Representative must:—

(1) maintain complete and accurate records and audit trails to evidence compliance with (a) in the case of a Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence, the Rules, and in accordance with the requirements in the Securities and Futures Act, and/or Securities and Futures Regulations or the Rules; and

(b) in the case of a Trading Member that holds a licence specified in Rule 4.1.1(1)(b), such requirements as may be prescribed by the Relevant Regulatory Authority and the Rules. The Trading Member shall immediately notify SGX-ST on any changes to such requirements. Notwithstanding the foregoing, SGX-ST shall have the discretion to prescribe additional requirements;

(2) not make, or cause to be made, a false or misleading entry, in hardcopy, or electronic form, in any books, records, slips, documents, statements relating to the business, affairs, transactions, conditions, assets or accounts ("the Documents") of a Trading Member;

(3) make all material entries in any of the Documents; and

(4) not alter or destroy any of the Documents without a valid reason.

Refer to Directive No. 4.

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12.3.6 Risk Acknowledgement Statement

(1) Unless otherwise permitted by the Securities and Futures Act or any other relevant applicable laws and regulatory requirements relating to the regulation of markets and licenced entities, a Trading Member must obtain a written acknowledgement from a customer that the customer is aware of the risk associated with holding and trading of securities and Futures Contracts. This Rule does not apply to a customer who is an Accredited Investor or Institutional Investor trading only in securities.

(2) The written acknowledgement shall:

(a) in the case of a Trading Member that holds a ~~capital markets services licence~~ [Capital Markets Services Licence](#), contain such requirements as contemplated under the Securities and Futures Act; and

(b) in the case of a Trading Member that holds a licence specified in Rule 4.1.1(1)(b), contain such requirements as may be prescribed by the Relevant Regulatory Authority. The Trading Member shall immediately notify SGX-ST on any changes to such requirements. Notwithstanding the foregoing, SGX-ST shall have the discretion to prescribe additional requirements.

12.6.3

In the case of a Trading Member that holds a ~~capital markets services licence~~ [Capital Markets Services Licence](#):

(1) A contract note must:

(a) be sent by the next market day;

(b) contain the information specified in Regulation 42(1) of the Securities and Futures (Licensing and Conduct of Business) Regulations; and

(c) show separately:

(i) brokerage charged;

(ii) clearing fee;

(iii) stamp duty;

(iv) Goods and Services Tax; and

(v) any other charges,

unless otherwise prescribed by SGX-ST from time to time,

(2) before issuing contract notes in electronic form, the Trading Member must obtain the customer's prior revocable and informed consent. The Trading Member must retain evidence of the customer's consent. To constitute an informed consent, a customer must be told of the manner of delivery and retrieval of the electronic record and any costs that may be incurred.

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12.7.2

A statement of account shall:

(1) in the case of a Trading Member that holds a ~~capital markets services licence~~ [Capital Markets Services Licence](#), must be sent on a monthly basis, by the first week of the next month unless there is no change from the last statement, and contain the information specified in Regulation 40(2) of the Securities and Futures (Licensing and Conduct of Business) Regulations and any other information that SGX-ST prescribes. Before issuing statements of account in electronic form, the Trading Member must obtain the customer's prior revocable and informed consent. The Trading Member must retain evidence of the customer's consent. To constitute an informed consent, a customer must be told of the manner of delivery and retrieval of the electronic record and any costs that may be incurred.

(2) in the case of a Trading Member that holds a licence specified Rule 4.1.1(1)(b), comply with such requirements as may be prescribed by the Relevant Regulatory Authority, including requirements relating to a customer's statement of account in electronic form. The Trading Member shall immediately notify SGX-ST on any changes to such requirements. Notwithstanding the foregoing, SGX-ST shall have the discretion to prescribe additional requirements.

12.10A.2

A Trading Member shall:

(1) in the case of a Trading Member that holds a ~~capital markets services licence~~ [Capital Markets Services Licence](#), comply with such requirements prescribed in Rules 12.11 and 12.12; and

(2) in the case of a Trading Member that holds a licence specified in Rule 4.1.1(1)(b), comply with such requirements as may be prescribed by the Relevant Regulatory Authority. The Trading Member shall immediately notify SGX-ST on any changes to such requirements. Notwithstanding the foregoing, SGX-ST shall have the discretion to prescribe additional requirements.

12.13 Reporting of Delinquent Accounts

12.13.1

A Trading Member that holds a ~~capital markets services licence~~ [Capital Markets Services Licence](#) must inform SGX-ST (or any third party to whom SGX-ST has outsourced its operational functions) of the particulars of any customer account that it considers to be a delinquent account. SGX-ST (or the third party) may disseminate such information to all other Trading Members that holds a ~~capital markets services licence~~ [Capital Markets Services Licence](#).

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13.1.1

If a Trading Member or its Trading Representative wants to trade as principal with a customer who is not a holder of a ~~capital markets services licence~~ Capital Markets Services Licence, the customer must first be informed

13.1.2

This Rule shall apply only to a Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence. Any contract note relating to the above transaction must show that the Trading Member or Trading Representative acted as principal.

13.13.4

Rules 13.13.1 to 13.13.3 shall apply only to a Trading Member that holds a ~~capital markets services licence~~ Capital Markets Services Licence. A Trading Member that holds a licence specified in Rule 4.1.1(1)(b) shall comply with such requirements established by the Relevant Regulatory Authority, if any, and principles of good business practice in relation to carrying out dealing activities outside its office premises.

19.11 Capital Requirement for Marginable Futures Contracts

(1) For the purpose of calculating counterparty risk requirements under the Notice on Risk Based Capital Adequacy Requirements for Holders of Capital Markets Services Licences ~~Third Schedule of Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations~~:

(a) "margin deficiency" referred to in the Notice on Risk Based Capital Adequacy Requirements for Holders of Capital Markets Services Licences ~~Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations~~ is the amount required for the Customer Asset Value to meet the Variation Margin and Maintenance Margin, and in the case where Customer Asset Value is not sufficient to meet Variation Margin, the margin deficiency is the amount of Maintenance Margin; and

(b) "negative equity" referred to in the Notice on Risk Based Capital Adequacy Requirements for Holders of Capital Markets Services Licences ~~Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations~~ is the amount required for the Customer Asset Value to meet the Variation Margin.

(2) For the avoidance of doubt, a Trading Member shall compute Total Risk Requirement for Marginable Futures Contracts in the same manner as prescribed in the Notice on Risk Based Capital Adequacy Requirements for Holders of Capital Markets Services Licences ~~Third Schedule of the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations~~

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Proposed Changes

Section F – Transitional Provisions

Chapter 20 – Transitional Provisions

20.1 Transitional Provisions Regarding Capital and Financial Requirements

20.1.1 Applicability

This Rule establishes the transitional provisions relating to Rules 11.1, 11.3.2, 11.3.3, 11.3.11, 11.4.6, 11.7.2, 11.8.3, 11.13.1, 11.13.2, 11.13.3, 11.13.4 and 19.11 of the SGX-ST Rules that was amended on and in force from 29 December 2014.

20.1.2 Transitional Arrangements

Rules 11.1, 11.3.2, 11.3.3, 11.3.11, 11.4.6, 11.7.2, 11.8.3, 11.13.1, 11.13.2, 11.13.3, 11.13.4 and 19.11 (as amended on and in force from 29 December 2014), except for the definition of Base Capital, shall not apply to a Transitional Trading Member during the Transitional Period, and the aforesaid Rules as in force immediately before 29 December 2014 shall continue to apply to a Transitional Trading Member during the Transitional Period. A reference to any provision of the SFR (Financial and Margin Requirements) in the aforesaid Rules as in force immediately before 29 December 2014 is to that provision in the SFR (Financial and Margin Requirements) as in force immediately before 3 April 2013. For avoidance of doubt, the definition of Base Capital applicable to a Transitional Trading Member has the same meaning ascribed in the SFR (Financial and Margin Requirements) as in force on 3 April 2013.

20.1.3 Transitional Period

For the purposes of Rule 20.1.2, “Transitional Period” means the period commencing on 3 April 2013 and:-

- (1) in relation to all rule amendments except the definition of Base Capital, till 2 April 2015; or
- (2) ending on such date, before the expiry date stated in Rule 20.1.3(1), specified in a written notice to SGX-ST informing SGX-ST of the Transitional Trading Member’s intention to adopt the requirements pursuant to Rule 20.1.4,

whichever is the earlier.

20.1.4 Notification by Writing

For the purpose of Rule 20.1.3(2), the Transitional Trading Member shall notify SGX-ST in writing at least 14 days before the intended date to adopt the requirements.

20.1.5 Transitional Trading Member

“Transitional Trading Member” means

- (1) in the case of a Trading Member who is a holder of the Capital Markets Services Licence, is a

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Proposed Changes

“specified holder” as defined under Regulation 25 of the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) (Amendment) Regulations 2013 or a “new holder” as defined under Regulation 26 of the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) (Amendment) Regulations 2013

(2) in the case of a Trading Member who is not a holder of the Capital Markets Services Licence, is an existing Trading Member prior to 3 April 2013 or one who applied to be a Trading Member prior to 3 April 2013.

Practice Note 12.3.1, 12.3.2 –Customer Account

1. Introduction

1.1 This Practice Note explains the circumstances, conditions and operational procedures pursuant to the requirements to obtain particulars of customers and to understand their investment objectives.

2. Customer Account

2.1 Rules 12.3.1(1) and 12.3.2(1) require a Trading Member to obtain particulars of a customer and understand the investment objectives. The purpose is to ensure that the Trading Member abides by the know-your-customer principle.

2.2 Investment objectives of a customer would include:–

(a) the risk appetite of the customer;

(b) the types of securities or Futures Contract that the customer may want to trade in, such as –

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- (i) securities or Futures Contracts listed or quoted on SGX-ST, and
 - (ii) securities offered in reliance on the exemptions under Sections 274 or 275 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA"), where the requirement to lodge a prospectus or profile statement with the Authority before making an offer of the securities does not apply.
- (c) such other objectives prescribed by the Relevant Regulatory Authority.

2.3 Securities offered in reliance on the exemptions under Sections 274 or 275 of the SFA may include:–

- (a) Relevant Debt Securities;
- (b) Global Depository Receipts ("GDRs"); and
- (c) such other securities that are offered pursuant to the exemptions.

2.4 Trading Members that hold a ~~capital markets services licence~~ [Capital Markets Services Licence](#) should bear in mind the effect of Sections 274, 275 and 276 of the SFA. If a customer wants to trade in a security that is offered in reliance on the exemptions under Sections 274 or 275 of the SFA, Trading Members should –

- (a) explain to the customer the effect of Sections 274, 275 and 276 of the SFA, and the definition of "Relevant Person" under Section 275 of the SFA;
- (b) obtain documents to satisfy themselves that the customer is an institutional investor or a Relevant Person; and
- (c) prominently disclose to the customer in writing that –
 - (i) the aforesaid security is a security offered in reliance on the exemptions under Sections 274 or 275 of the SFA,
 - (ii) for such a security, the requirement to lodge a prospectus or profile statement with the Authority and SGX-ST does not apply.

2.5 For the avoidance of doubt, the above requirements are applicable to the trading of GDRs which are offered in reliance on the exemptions under Sections 274 or 275 of the SFA. Trading Members should also observe relevant provisions of the Listing Manual in relation to GDRs.

2.6 All the documents obtained under paragraph 2.4(b) should form part of the permanent records of the Trading Members. If the customer's account is closed, the documents should be kept for at least the minimum period required by law.

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Proposed Changes											
Schedule A											
Chapter 11 – Capital and Financial Requirements											
11.3 Financial Resources Requirement											
11.3.4	Trading Member to comply with secondary requirement under Operational Risk Requirement	Compoundable	\$2,000— \$4,000	\$4,000— \$7,000	\$7,000— \$10,000	\$1,000— \$3,000	\$3,000— \$6,000	\$6,000— \$8,000	N.A.	N.A.	N.A.

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