



New OTC rubber clearing service to be launched on 11 October

17 September 2010 – Singapore Exchange (SGX) today said it is launching a new commodity clearing service for over-the-counter (“OTC”) traded rubber contracts through its subsidiary, Singapore Commodity Exchange (“SICOM”) following its collaboration with Sino Rubber Electronic Trading Market Ltd (“Sino Rubber”) in February this year. This new clearing service will start on 11 October 2010.

This new service, Asia’s first OTC clearing service for agricultural commodities, provides a convenient and effective mitigating tool against counterparty risks for rubber market participants.

Mr Jeremy Ang, CEO of SICOM said, "This new service will bring significant value to our market participants who are currently trading or looking to trade with China. SICOM’s rubber futures prices will be used as reference in settling OTC rubber contracts. This reinforces our position as the world’s pricing benchmark for physical rubber."

SICOM’s clearing service allows Technically Specified Rubber (TSR20) Contracts that are negotiated outside of the exchange to be registered in SICOM for clearing. Three origins of TSR20 rubber contract: Standard Indonesian Rubber (SIR20), Standard Malaysian Rubber (SMR20) and Standard Thai Rubber (STR20), will be available separately for trade registration and clearing.

On expiry, delivery is fulfilled using warehouse receipts issued by bonded warehouses in Qingdao and endorsed by Sino Rubber. China is one of the world’s largest consumer and importer of natural rubber today and approximately two-third of its rubber is imported through Qingdao every year. The new OTC TSR20 rubber contract provides consumers and producers in China and Southeast Asia, a wider pool of counterparties and greater trading opportunities.

Mr Li Ming Quan, CEO of Sino Rubber, said, "China's rubber industry offers great growth potential. We are proud to work with SICOM to fulfill the needs of the physical trade."

Mr. Tan Koh Young, Chairman of the Rubber Trade Association of Singapore said, “The launch of this contract is a positive development for the rubber industry in Singapore and Asia as a whole. Given the backdrop of the recent financial crisis, I believe participants can now trade with more counterparties without worries of credit risk.”