



Regulatory Announcement - SGX seeks to widen participation in clearing of OTC financial derivatives

6 August 2010 – Singapore Exchange (SGX) is consulting the public on its proposal to extend its Central Counterparty Clearing Services for Over-the-Counter Traded Financial Derivative (OTCF) contracts to participation from non-bank financial institutions.

On 21 April 2010, SGX made a proposal to allow Bank Clearing Members (BCMs) to participate in the clearing of OTCF contracts through SGX-DC. SGX is now proposing to admit non-bank financial institutions as General Clearing Members (GCMs) to clear their proprietary positions in similar contracts once admission and other relevant requirements are satisfied.

The admission of GCMs to clear OTCF contracts is subject to the following additional requirements:

a. a holding company which is a bank regulated by the Monetary Authority of Singapore (MAS) or recognised foreign financial authority. The parent bank must maintain at least S\$1 billion in shareholders' funds and meet the minimum credit rating requirements; and

b. Base Capital Requirements of S\$100 million. This increased requirement is to ensure that proprietary risks are backed by higher capital in Singapore.

By admitting this new class of members for OTCF Clearing, the benefits of Central Counterparty Clearing Services can be made available to a larger segment of the OTC market.

Details of the proposed amendments for GCMs participating in OTCF clearing are in Appendix A.

The consultation paper, which explains the rationale and proposed amendments in detail, will be on www.sgx.com from today. Market participants and members of the public can give their comments and suggestions on the above-proposed amendments from today until 23 August 2010 via email and post/courier, or fax:

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