Appendix C – Operational Procedures for Obtaining SGD Funds Using S$ Sukuk issued by Singapore Sukuk Pte Ltd

1 Initiation of Transaction

1.1 The Operating Window for obtaining SGD by pledging S$ sukuk issued by Singapore Sukuk Pte Ltd is from 2.30 pm to 3.30 pm on each Business Day.

1.2 During the Operating Window, an Eligible Counterparty shall first inform MDD via the official dealing lines[1] of its intention to obtain SGD at the Borrowing Rate, before submitting the confirmation of transaction details via the Reuters FX Trading system ("FXT") or, in the event that the Eligible Counterparty cannot access or does not have access to the FXT, by facsimile or such other means as MDD may agree with the Eligible Counterparty.

1.3 MDD shall confirm the transaction details with the Eligible Counterparty via the official dealing lines[2] before entering into the transaction.

1.4 The repurchase transactions shall be based on the previous Business Day's closing yield of the sukuk, determined using the end-of-day's closing yield of a SGS of similar maturity, as published on the SGS website[3], and adjusted for accrued distribution for the coupon payments.

1.5 A haircut shall be imposed on the repurchase transactions. Please contact the Authority at the official dealing lines[4] for the applicable haircut.

1.6 Eligible Counterparties should refer to paragraph 3 of this Appendix for a sample template confirmation to be sent to the Authority via FXT.

2 Processing and Settlement of Transactions

2.1 Settlement of SGD will be through the Eligible Counterparty's RTGS Account with the Authority. Settlement of sukuk will be through the respective CDP accounts of the Authority and the Eligible Counterparty.

2.2 The formulae used to calculate the first and second leg settlement amounts for S$ sukuk as collateral are as follows:

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[1] Refer to Clause 18.3 of the Agreement.
[2] Refer to Clause 18.3 of the Agreement.
[3] https://secure.sgs.gov.sg/fdanet/TreasuryBillPricesAndYields.aspx
[4] Refer to Clause 18.3 of the Agreement.

- Settlement amount in the first leg (to 2 decimal places) = (Nominal amount of securities/100) * Effective Price
  - Effective price (to 3 decimal places) = (Initial dirty price)*(1 – Haircut);
  - Initial dirty price (to 3 decimal places) = (Initial clean price) + AD;

  - Accrued distribution per S$100 face value (AD) shall be calculated as at the date of the repurchase transaction, AD = (Coupon Rate/2) * (N/E),
    N is number of calendar days between Value Date and previous coupon date or issuance date; and
    E is number of days in the current coupon period;

  - Initial clean price (to 3 decimal places) = 100 – (N/365 * Y),
    Y is the previous Business Day's closing distribution rate of the sukuk, determined using the end of day closing yield of an SGS of similar maturity, as published on the SGS website[5]; and

- Settlement amount in the second leg (to 2 decimal places) = [(Settlement amount in the first leg) * (SF Borrowing rate/100) * (No. of calendar days between first and second leg of transaction/365)] + (Settlement amount in the first leg)

2.3 The cut-off time for an Eligible Counterparty to send its confirmation[6] of transaction details to the Finance Department of the Authority is 4:00 pm on the same day ("T").

2.4 The Eligible Counterparty shall submit an instruction through CDP's PSMS system by 4.00 pm on T for the transfer of sukuk from the Eligible Counterparty's CDP account to the Authority's CDP account. Failure to meet these cut-off times may result in cancellation of the transactions.

2.5 After the Finance Department of the Authority has received notification that the sukuk has been successfully transferred into the Authority's CDP account by 6.35pm on T, the SGD will be released into the Eligible Counterparty's RTGS Account with the Authority on T. If the full amount of the sukuk fails to be transferred or the Authority receives notification of the successful transfer after 6.35pm on T, the transaction may be cancelled and any sukuk which has been transferred will be returned to the Eligible Counterparty.

2.6 The Eligible Counterparty shall have SGD available in its RTGS Account with the Authority by 12.00pm on T+1 for settlement of the second leg of the transaction.

[5] https://secure.sgs.gov.sg/fdanet/TreasuryBillPricesAndYields.aspx

[6] In the case of repurchase transactions where sukuk is the collateral, a fax confirmation for the sukuk and a MT320 for the S$ borrowing is required.

2.7 Upon confirmation of receipt of SGD, the Finance Department of the Authority and the Eligible Counterparty shall submit an instruction through CDP's PSMS system for the transfer of sukuk from the Authority's CDP account to the Eligible Counterparty's CDP account.

3 Sample Confirmation Template to Obtain SGD Using a S$10 Million Nominal Amount of S$ Sukuk

