

Appendix B – Bilateral Settlement Details and Processes for Repos using Category A2 and A3 Collateral in CDP

1 Repo – Obtaining USD funds using Category A2 and A3 collateral (“Category A2/A3 Securities”)

1.1 To obtain USD funds using Category A2/A3 Securities, the successful Eligible Counterparty shall enter into a Repo with the Authority. The Repo shall comprise the following transactions:

- (a) opening leg – a transaction where the successful Eligible Counterparty sells Category A2/A3 Securities to the Authority (the “Sale”) and receives the USD Principal from the Authority on the Value Date; and
- (b) closing leg – a transaction where, on the Maturity Date, the successful Eligible Counterparty repurchases from the Authority the Category A2/A3 Securities which were transferred to the Authority pursuant to the Sale by paying the Closing Leg Settlement Amount to the Authority.

1.2 For the purpose of the Sale referred to in Paragraph 1.1(a), the amount of Category A2/A3 Securities to be transferred by the successful Eligible Counterparty to the Authority to obtain the USD Principal (the “Effective SGD Nominal Amount”) shall be computed as follows:

- *Effective SGD Nominal Amount of Category A2/A3 Securities (rounded up to the nearest one thousand)*

$$= \frac{SGD}{Nominal Amount} \times \frac{100}{Effective Price of Category A2/A3 Securities}$$

- *SGD Nominal Amount (rounded to 2 decimal places)*

$$= USD Principal \times \frac{USDSGD FX spot rate}{as defined in Clause 11.1 of the Agreement}$$

- *Effective price of Category A2/A3 Securities (rounded to 2 decimal places)*

$$= Initial dirty price \times \left(1 - \frac{Haircut}{100}\right)$$

where the Haircut for Category A2/A3 Securities is set out in a MASNET circular or in notices transmitted via any other written communication modes stipulated in Clause 27 of the Agreement.

- *Initial dirty price (rounded to 2 decimal places) = P + AID*

where

P is the previous Business Day's¹ closing bid price of the relevant Category A2/A3 Securities as published on Bloomberg "SGDC1" and when such prices are unavailable, to be the previous Business Day's closing bid price of the relevant Category A2/A3 Securities as published by Thomson Reuters End of Day Pricing (EJV). When prices from both sources are unavailable, P will be determined by the Authority; and

AID is the accrued interest/distribution per S\$100 face value, which shall be calculated as follows,

$$AID = \left(\frac{\text{Coupon Rate in \%}}{2} \right) \times \left(\frac{N}{E} \right)$$

where

N is the number of calendar days between (a) (i) the issue date of the Category A2/A3 Securities (if no coupon has been issued) or (ii) the first day of the current coupon period of the Category A2/A3 Securities (if a coupon has been previously issued) (inclusive) and (b) the Value Date (exclusive); and

E is the number of calendar days in the current coupon period of the relevant Category A2/A3 Securities where the Value Date occurs.

- 1.3 No interest shall be payable by the Authority for any Effective SGD Nominal Amount of Category A2/A3 Securities transferred to the Authority to serve as collateral in relation to any Repo to obtain USD funds under the Agreement.
- 1.4 While a combination of different issues of Category A2/A3 Securities can be used in Repos to obtain USD funds, every such issue proposed to be used by the successful Eligible Counterparty shall have a nominal value of at least S\$1 million.
- 1.5 The Repo shall be transacted based on the closing prices of the Category A2/A3 Securities on one (1) Business Day prior to the Trade Date as stated in Paragraph 1.2 of this Appendix B.

¹ For the avoidance of doubt, "Business Day" here refers to a Business Day in Singapore only.

2 USD Interest payable on the USD Principal in a Transaction

2.1 On the Maturity Date of a Transaction, the successful Eligible Counterparty shall pay to the Authority the Closing Leg Settlement Amount arising from the Transaction. The amount of USD Interest payable shall be computed as set out below:

- *USD Interest for Repo*
$$= \text{USD Principal} \times \frac{\text{Accepted Bid Rate (in bps)}}{10,000} \times \frac{\text{Actual}}{360}$$

where

Actual means the number of calendar days between the Value Date (inclusive) and the Maturity Date (exclusive).

3 Processing and Settlement of Repos for a successful Eligible Counterparty with Category A2/A3 Securities custodised in its CDP Account

3.1 Settlement of Category A2/A3 Securities will be through the Authority's CDP Account and the successful Eligible Counterparty's CDP Account.

3.2 By the Trade Date + one (1) Business Day –

(a) Where the successful Eligible Counterparty is a MEPS+ participant:

- i. the successful Eligible Counterparty shall send to FD a confirmation by SWIFT MT320 to MASGSGSG for the USD Principal to be transferred to the successful Eligible Counterparty by FRBNY as instructed by the Authority; and
- ii. where Category A2/A3 Securities are used to obtain USD funds, the successful Eligible Counterparty shall send to FD a Repo confirmation by facsimile/email² for the Effective SGD Nominal Amount of Category A2/A3 Securities to be transferred from the successful Eligible Counterparty to the Authority; and

(b) Where the successful Eligible Counterparty is a non-MEPS+ participant:

- i. the successful Eligible Counterparty shall send to FD a confirmation by SWIFT MT320 to MASGSGSG (for a SWIFT member), or by facsimile/email³ (for a non-SWIFT member), for the USD Principal

² Refer to Clause 25.2 of the Agreement for the facsimile number and email address.

³ Refer to Clause 25.2 of the Agreement for the facsimile number and email address.

to be transferred to the successful Eligible Counterparty by FRBNY as instructed by the Authority; and

- ii. where Category A2/A3 Securities are used to obtain USD funds, the successful Eligible Counterparty shall send to FD a Repo confirmation by facsimile/email³, for the Effective SGD Nominal Amount of Category A2/A3 Securities to be transferred from the successful Eligible Counterparty to the Authority.
- 3.3 The cut-off time for the successful Eligible Counterparty to send the aforementioned confirmations and Repo confirmations to FD is 10.00am (Singapore Time) on the Trade Date + one (1) Business Day. Failure to send the correct confirmations and Repo confirmations prior to the cut-off time may result in cancellation of the Repos by the Authority.
- 3.4 The successful Eligible Counterparty shall submit an instruction, or shall ensure that an instruction is submitted, through CDP's SGX PTS2 system by 1.00pm (Singapore Time) on the Trade Date + one (1) Business Day for the transfer of Category A2/A3 Securities from the successful Eligible Counterparty's CDP Account to the Authority's CDP Account.
- 3.5 On the Value Date (i.e. Trade Date + two (2) Business Days), the successful Eligible Counterparty shall ensure that the Category A2/A3 Securities are transferred to the Authority's CDP Account by 10.00am (Singapore Time). After FD has received notification that the Effective SGD Nominal Amount of the Category A2/A3 Securities have been successfully transferred into the Authority's CDP Account, the Authority will instruct the FRBNY to transfer the USD Principal into the successful Eligible Counterparty's USD account, in accordance with the pre-established USD SSI(s).
- 3.6 If the Effective SGD Nominal Amount of the Category A2/A3 Securities fails to be transferred to the Authority or the Authority receives notification of the successful transfer after 10.00am (Singapore Time) on the Value Date, the Repo may be cancelled and any Category A2/A3 Security which has been transferred will be returned to the successful Eligible Counterparty. Under such an event where the Repo is cancelled because the successful Eligible Counterparty is unable to deliver the Effective SGD Nominal Amount of Category A2/A3 Securities to the Authority, the successful Eligible Counterparty shall pay a fee to the Authority as stipulated in Clause 13.2 of the the Agreement
- 3.7 On the Maturity Date (M), the successful Eligible Counterparty shall transfer the Closing Leg Settlement Amount to the Authority's USD account with the FRBNY by 11.00am (New York Time) for settlement of the closing leg of the Repo. In

the event of a late repayment of the Closing Leg Settlement Amount, the successful Eligible Counterparty shall pay a fee to the Authority as stipulated in Clause 13.4 of the the Agreement.

- 3.8 One (1) Business Day after the Maturity Date (M+1), and provided that the Authority has received prior confirmation from the FRBNY that the Closing Leg Settlement Amount has been credited into the Authority's USD account with the FRBNY, the Authority and the successful Eligible Counterparty shall submit an instruction, or shall ensure that an instruction is submitted, through CDP's SGX PTS2 system for the transfer of the Effective SGD Nominal Amount of Category A2/A3 Securities from the Authority's CDP Account to the Eligible Counterparty's CDP Account.
- 3.9 The trade date of the instructions submitted through CDP's SGX PTS2 system should be instructed as the Trade Date (T). The settlement date of the instructions submitted through CDP's SGX PTS2 system should be instructed as the Maturity Date (M).