

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

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

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

- (a) opening leg – a transaction where the Eligible Counterparty sells Category A2/A3 Securities to the Authority (the “Sale”) and receives the SGD Principal from the Authority on the Value Date; and
- (b) closing leg – a transaction where, on the Maturity Date, the 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 a Repo involving Category A2/A3 Securities, the Value Date of the opening leg of such Repo falls on the Trade Date.

1.3 For the purpose of the Sale referred to in Paragraph 1.1(a), the amount of SGD Principal that the Authority will transfer to the Eligible Counterparty shall be computed based on the amount of Category A2/A3 Securities transferred by the Eligible Counterparty to the Authority (the “Nominal Amount”), as follows:

- *SGD Principal (rounded to 2 decimal places)*  
$$= \text{Effective Price of Category A2/A3 Securities} \times \left( \frac{\text{Nominal Amount of Category A2/A3 Securities}}{100} \right)$$

1.4 The Effective Price of Category A2/A3 Securities shall be defined as follows:

- *Effective price of Category A2/A3 Securities (rounded to 2 decimal places)*  
$$= \text{Initial dirty price} \times \left( 1 - \frac{\text{Haircut}}{100} \right)$$

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 24 of the Agreement.

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

where

P is the previous Business Day's<sup>1</sup> 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,

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

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.

- 1.5 No interest shall be payable by the Authority for any Category A2/A3 Securities transferred to the Authority to serve as collateral in relation to any Repo to obtain SGD funds under the Agreement.
- 1.6 While a combination of different issues of Category A2/A3 Securities can be used in Repos to obtain SGD funds, the Category A2/A3 Securities that are proposed to be used by the Eligible Counterparty from each issue shall have a nominal value of at least S\$5 million.

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

## **2 Processing and Settlement of Repos for an Eligible Counterparty with Category A2/A3 Securities custodied in its CDP Account**

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

2.2 During the Operating Window, an Eligible Counterparty shall first inform MDD via the Official Dealing Lines of its intention to obtain SGD funds through the Facility by using Category A2/A3 Securities as collateral. MDD shall confirm the Repo details with the Eligible Counterparty via the Official Dealing Lines before entering into the Repo.

2.3 After MDD has confirmed the Repo details with the Eligible Counterparty:

(a) where the Eligible Counterparty is a MEPS+ participant:

- i. the Eligible Counterparty shall send to FD a confirmation by SWIFT MT320 to MASGSGSG for the SGD Principal to be transferred to the Eligible Counterparty; and
- ii. where Category A2/A3 Securities are used to obtain SGD funds, the Eligible Counterparty shall send to FD a Repo confirmation via facsimile/email<sup>2</sup> for the Nominal Amount of Category A2/A3 Securities to be transferred from the Eligible Counterparty to the Authority; and

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

- i. the Eligible Counterparty shall send to FD a confirmation by SWIFT MT320 to MASGSGSG (for a SWIFT member), or by facsimile/email<sup>3</sup> (for a non-SWIFT member), for the SGD Principal to be transferred to the Eligible Counterparty; and
- ii. where Category A2/A3 Securities are used to obtain SGD funds, the Eligible Counterparty shall send to FD a Repo confirmation via facsimile/email<sup>4</sup> for the Nominal Amount of Category A2/A3 Securities to be transferred from the Eligible Counterparty to the Authority.

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<sup>2</sup> Refer to Clause 22.2 of the Agreement for the facsimile number and email address.

<sup>3</sup> Refer to Clause 22.2 of the Agreement for the facsimile number and email address.

<sup>4</sup> Refer to Clause 22.2 of the Agreement for the facsimile number and email address.

- 2.4 The cut-off time for the Eligible Counterparty to send the aforementioned confirmations and Repo confirmations to FD is 4.15pm on the Trade Date. Failure to send correct confirmations and Repo confirmations prior to the cut-off time may result in cancellation of the Repos by the Authority.
- 2.5 The Eligible Counterparty shall submit an instruction or shall ensure that an instruction is submitted through CDP's SGX PTS2 system by 4.15pm on the Trade Date for the transfer of Category A2/A3 Securities from the Eligible Counterparty's CDP Account to the Authority's CDP Account.
- 2.6 By 6.00pm on the Value Date, the Eligible Counterparty shall ensure the successful transfer of the Nominal Amount of Category A2/A3 Securities to the Authority's CDP Account.
- (a) For MEPS+ participants, after FD has received notification that the Nominal Amount of Category A2/A3 Securities has been successfully transferred into the Authority's CDP Account, the Authority shall transfer the SGD Principal to the Eligible Counterparty's RTGS Account.
- (b) For non-MEPS+ participants, after FD has received notification that the Nominal Amount of Category A2/A3 Securities has been successfully transferred into the Authority's CDP Account, the Authority shall transfer the SGD Principal to the Eligible Counterparty's Current Account. For fund transfer out of the Current Account, the non-MEPS+ participants shall refer to Clause 5 of Terms and Conditions Governing the Operation of the Current Account of the Specified Institution.
- 2.7 If the Nominal Amount of Category A2/A3 Securities fails to be transferred to the Authority or the Authority receives notification of the successful transfer after 6.00pm on the Value Date, the Repo may be cancelled and any Category A2/A3 Securities which have been transferred will be returned to the Eligible Counterparty. Under such an event where the Repo is cancelled because the Eligible Counterparty is unable to deliver the Nominal Amount of Category A2/A3 Securities to the Authority, the Eligible Counterparty shall pay a fee to the Authority as stipulated in Clause 10.2 of the Agreement.
- 2.8 On the Maturity Date –
- (a) The Eligible Counterparty shall have the Closing Leg Settlement Amount available in its RTGS Account (if it is a MEPS+ participant) or Current Account (if it is a non-MEPS+ participant) by 12.00pm for settlement of the closing leg of the Repo.

- (b) The Closing Leg Settlement Amount will be automatically debited from the Eligible Counterparty's RTGS Account (if it is a MEPS+ participant) or Current Account (if it is a non-MEPS+ participant). In the event of a late repayment of the Closing Leg Settlement Amount, the Eligible Counterparty shall pay a fee to the Authority as stipulated in Clause 10.4 of the Agreement.
  - (c) Upon FD's verification that the Closing Leg Settlement Amount has been successfully debited from the Eligible Counterparty's RTGS Account (if it is a MEPS+ participant) or Current Account (if it is a non-MEPS+ participant), the Authority and the Eligible Counterparty shall submit an instruction, or ensure that an instruction is submitted, through CDP's SGX PTS2 system for the transfer of the Nominal Amount of Category A2/A3 Securities from the Authority's CDP Account to the Eligible Counterparty's CDP Account.
- 2.9 The trade date of the instructions submitted through CDP's SGX PTS2 system should be instructed as the Trade Date. The settlement date of the instructions submitted through CDP's SGX PTS2 system should be instructed as the Maturity Date.