



**Monetary Authority of Singapore**

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**SECURITIES AND FUTURES ACT  
(CAP. 289)**

**FREQUENTLY ASKED QUESTIONS ON THE SECURITIES AND  
FUTURES (REPORTING OF DERIVATIVES CONTRACTS)  
REGULATIONS 2013**

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**Disclaimer: These FAQs are meant to provide guidance to the industry on MAS' policy and administration of the Securities and Futures Act and regulations. They do not constitute legal advice. If in doubt, MAS expects industry participants to seek independent legal opinion on how they should comply with the requirements under the SFA.**

Updated on 29 November 2021

## **SECURITIES AND FUTURES ACT (CAP.289)**

### **SECURITIES AND FUTURES (REPORTING OF DERIVATIVES CONTRACTS) REGULATIONS 2013 FREQUENTLY ASKED QUESTIONS**

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Part VIA of the Securities and Futures Act (SFA) sets out the regulatory framework for reporting of over-the-counter (OTC) derivatives contracts, with the detailed requirements in the [Securities and Futures \(Reporting of Derivatives Contracts\) Regulations 2013](#) (SF(RDC)R). Generally, financial institutions and other persons with significant derivatives activities may be subject to reporting obligations. Specified derivatives contracts which are traded in Singapore and/or booked in Singapore are in scope of the reporting obligations.

Under the reporting obligations, the prescribed information must be reported to a licensed trade repository (LTR) or licensed foreign trade repository (LFTR), within two business days of the execution of the specified derivatives contracts. Specified persons should ensure that the accuracy of information reported to the LTR or LFTR is maintained, and make timely amendments to the reported information where necessary. The list of LTRs and LFTRs can be found on the [MAS Financial Institutions Directory](#).

These FAQs are to aid implementation of the reporting obligations and elaborate on MAS' intent for some of the requirements set out under the SF(RDC)R.

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## **(1) IDENTIFYING REPORTING OBLIGATIONS**

### **Q1.1 Who is subject to reporting obligations?**

A1.1:

The following persons are subject to reporting obligations:

- (a) any bank in Singapore licensed under the Banking Act;
- (b) any subsidiary of a bank incorporated in Singapore;
- (c) any merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act;
- (d) any finance company licensed under the Finance Companies Act;
- (e) any insurer licensed under the Insurance Act;
- (f) any holder of a capital markets services licence (CMSL); and
- (g) any significant derivatives holder (SDH) as set out in regulation 6 of the SF(RDC)R.

However, there are exemptions from reporting if certain criteria are met. Please refer to Q1.2 for more information.

For the purpose of this FAQ, the term “reporting entity” will be used to refer to persons with reporting obligations.

References:

- Section 124 of the SFA
- Regulation 6 of the SF(RDC)R

*[A1.1 was amended and effective on 1 July 2021]*

## **Q1.2 Who is exempted from the reporting obligations?**

A1.2:

The following persons are exempted from the reporting obligations:

- (a) an approved trustee mentioned in section 289 of the SFA;
- (b) a licensed trust company that entered into the specified derivatives contract as a trustee;
- (c) a subsidiary of a bank incorporated in Singapore –
  - (i) which has carried on its business or operations for less than 4 consecutive quarters; or
  - (ii) if the conditions in regulation 10C(4) of the SF(RDC)R are met;
- (d) a licensed insurer –
  - (i) which has carried on its business or operations for less than 4 consecutive quarters; or
  - (ii) if the conditions in regulation 10C(4) of the SF(RDC)R are met;
- (e) a CMSL –
  - (i) which has carried on its business or operations for less than 4 consecutive quarters; or
  - (ii) if the conditions in regulation 10A(4) of the SF(RDC)R are met<sup>1</sup>; and
- (f) persons specified in the Fourth Schedule to the SF(RDC)R, including the Singapore government, central banks, multilateral development agencies and international organisations.

Regulation 10B of the SF(RDC)R was repealed with effect from 1 October 2019 as it was a temporary exemption granted to licensed fund managers and real estate investment trust

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<sup>1</sup> Regulation 10A of the SF(RDC)R incorporated the exemption provided in the [Securities and Futures \(Reporting of Derivatives Contracts\) \(Exemption\) Regulations 2014](#), which was repealed with effect from 1 April 2018.



managers to allow a more gradual phasing-in of the reporting commencement dates by CMSLs.

References:

- Regulations 10, 10A, and 10C of the SF(RDC)R
- Fourth Schedule to the SF(RDC)R

**Q1.2A Does a CMSL, subsidiary of a bank incorporated in Singapore, or licensed insurer which is exempted from reporting obligations under Regulation 10A or 10C of the SF(RDC)R need to validate their status with MAS?**

A1.2A:

There is no requirement for an entity to validate with MAS its reliance on the exemption under Regulation 10A or 10C of the SF(RDC)R. However, if and when requested by MAS, the entity is required to demonstrate that it meets the criteria for the exemption.

References:

- Regulations 10A and 10C of the SF(RDC)R

*[Q1.2A was added on 29 November 2021]*

**Q1.2B What happens when an entity relying on the exemption under Regulation 10A or 10C of the SF(RDC)R subsequently no longer qualifies for the exemption (e.g. exceeds the threshold aggregate gross notional amount)?**

A1.2B:

A reporting entity is required to report all reportable derivatives contracts within 2 business days of the execution of the derivatives contracts. Please refer to Q2.1 on reportable derivatives contracts. As such, an entity relying on the exemption in Regulation 10A or 10C of the SF(RDC)R should monitor closely its aggregate gross notional amount of derivatives contracts and be prepared to report the reportable derivatives contracts when it no longer qualifies for the exemption.

For example, Entity A has been monitoring its aggregate gross notional amount of derivatives contracts and relying on the exemption in Regulation 10C of the SF(RDC)R. Subsequently, Entity A noted that its aggregate gross notional amount for the year ending on 30 June 2021 exceeds the \$5 billion threshold. Entity A starts reporting all reportable

derivatives contracts, which were executed on or after 1 July 2021, within 2 business days of the execution of the contract.

References:

- Regulation 9, 10A and 10C of the SF(RDC)R

*[Q1.2B was added on 29 November 2021]*

**Q1.3 Who is a significant derivatives holder (SDH)? When does a person become an SDH?**

A1.3:

An SDH is a person who meets all of the following conditions:

- (a) he is not licensed by MAS (i.e. does not meet paragraphs (a) to (g) of the definition of “specified person” in section 124 of the SFA);
- (b) he is a resident in Singapore; and
- (c) his aggregate gross notional amount of specified derivatives contracts which are booked or traded in Singapore for the year exceeds \$8 billion.

The aggregate gross notional amount for the year is to be assessed on the last day of every quarter. Please refer to Q1.5 for more information on the calculation of aggregate gross notional amount.

When a person meets all the conditions listed above, he –

- (1) is required to lodge with MAS a notification in Form 1A within 2 months from the date on which he meets all the conditions; and
- (2) will be given 3 months (from the date on which he meets all the conditions) to prepare to meet the reporting obligations. This means that at the end of the 3-month period, he becomes an SDH and his reporting obligations commences.

For example, if a person meets all the conditions on 31 March 2021, (i) he is required to lodge Form 1A with MAS latest by 31 May 2021, (ii) he becomes a SDH on 1 July 2021, and (iii) his reporting obligations as an SDH commence on 1 July 2021.

Form 1A is available on MAS website at this [link](#). Please submit the soft copy of the completed Form 1A via email to [webmaster@mas.gov.sg](mailto:webmaster@mas.gov.sg), and attention the email to Capital Markets Intermediaries Department III.

References:

- Section 124 of the SFA
- Regulation 6 of the SF(RDC)R

*[Q1.3 and A1.3 were amended on 18 August 2021]*

**Q1.3A What are the reporting obligations of an entity that has *just* become an SDH?**

A1.3A:

When an entity becomes an SDH, he is required to commence the reporting of (i) all reportable OTC derivatives contracts that he enters into from the date on which he becomes an SDH and (ii) some existing reportable OTC derivatives contracts which he has entered into prior to becoming an SDH. Please refer to Q2.1 for more information on reportable OTC derivatives contracts and Q2.2 for existing contracts which are required to be reported.

For example, if an entity becomes an SDH on 1 July 2021, he is to report all reportable derivatives contracts, which were executed on and after 1 July 2021, within 2 business days of the execution. He is also required to report, within 6 months from 1 July 2021, reportable derivatives contracts that are booked in Singapore and have a remaining maturity of at least one year from 1 July 2021.

References:

- Regulations 5 and 9 of the SF(RDC)R
- Second Schedule and Third Schedule to the SF(RDC)R

*[Q1.3A was added on 18 August 2021]*

#### **Q1.4 When does a person cease to be an SDH?**

A1.4:

A person ceases to be an SDH if –

- (a) he becomes licensed by MAS (i.e. meets one of paragraphs (a) to (g) of the definition of “specified person” in section 124 of the SFA);
- (b) he ceases to be a resident in Singapore; or
- (c) his aggregate gross notional amount of specified derivatives contracts which are booked in or traded in Singapore for the year does not exceed \$8 billion.

Reference:

- Regulation 6(3) of the SF(RDC)R

#### **Q1.5 How is the aggregate gross notional amount calculated?**

A1.5:

The calculation of aggregate gross notional amount is relevant for identifying an SDH under regulation 6 of the SF(RDC)R, and may be relevant to a CMSL, a subsidiary of a bank incorporated in Singapore, and a licensed insurer for assessing applicable exemptions under regulations 10A and 10C of the SF(RDC)R.

The aggregate gross notional amount is calculated by summing the gross notional amount of relevant derivatives contracts for four calendar quarters. The gross notional amount for each quarter is to be assessed on the last day of that quarter. Please refer to Q1.6 for more information on the relevant derivatives contracts.

In the case of an SDH, the calculation of the aggregate gross notional amount includes only derivatives contracts to which the SDH is a party.

In the case of a CMSL for the purpose of regulation 10A, the calculation of the aggregate gross notional amount –

- (a) excludes derivatives contracts where a party to the contract is not an accredited investor or institutional investor; and

- (b) includes both derivatives contracts to which the CMSL is a party and which the CMSL has executed or caused to be executed as an agent of a party to the contract, as set out in regulation 10A(6).

In the case of a subsidiary of a bank incorporated in Singapore and a licensed insurer for the purpose of regulation 10C, the calculation of the aggregate gross notional amount includes both derivatives contracts to which the bank subsidiary or insurer is a party and which the bank subsidiary or insurer has executed or caused to be executed as an agent of a party to the contract.

For the avoidance of doubt, the calculation of the aggregate gross notional amount includes intra-group transactions but excludes inter-branch transactions.

References:

- Regulations 6, 10A(4)(b), 10A(5), 10A(6), 10C(4), 10C(5) and 10C(6) of the SF(RDC)R

*[A1.5 was amended on 18 August 2021]*

**Q1.6 What derivatives contracts are relevant for the calculation of the aggregate gross notional amount?**

A1.6:

With effect from 1 April 2021<sup>2</sup>, a reporting entity is required to include all specified derivatives contracts in the calculation of aggregate gross notional amount. This means that a reporting entity who is assessing its aggregate gross notional amount on 30 June 2021 is to **recalculate** the gross notional amount for the quarters ending 30 June 2021, 31 March 2021, 31 December 2020 and 30 September 2020 to include all specified derivatives contracts.

For example, when an entity computes the aggregate gross notional amount on 30 June 2021, the entity is to sum – (i) the gross notional amount for the quarter ending 30 June 2021 which includes all specified derivatives contracts, and (ii) the **recalculated** gross notional amount of the three preceding quarters ending 31 March 2021,

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<sup>2</sup> Prior to 1 April 2021, the calculation for aggregate gross notional amount had only included interest rate and credit derivatives contracts because MAS took a phased approach in implementing the reporting requirements. With effect from 1 April 2021, the calculation for aggregate gross notional amount includes all specified derivatives contracts. Hence, any previous calculation of gross notional amount for quarters ending before 1 April 2021 needs to be recalculated to include all specified derivatives contracts.

31 December 2020 and 30 September 2020, which must include all specified derivatives contracts.

References:

- Regulation 6(4A) of the SF(RDC)R
- Second Schedule to the SF(RDC)R

*[A1.6 was amended on 18 August 2021]*

**Q1.6A An FX swap can be seen as a combination of two contracts (i.e. a spot contract and a forward contract, or two forward contracts). How is the FX swap accounted for in the calculation of the aggregate gross notional amount?**

A1.6A:

An FX swap is viewed in its entirety. Thus, when calculating the aggregate gross notional amount, the entity only needs to include the notional amount of **either** leg of the FX swap.

This is different from the operational requirement for the reporting of a FX swap where the two legs of the swap are reported separately. Please refer to Q2.10 for more information on how to report FX swaps.

References:

- Regulation 6 of the SF(RDC)R

*[A1.6A was added on 29 November 2021]*

**Q1.7 Do both parties to a derivatives contract need to report?**

A1.7:

As reporting obligations are imposed on the reporting entities, if a derivatives contract is entered into between two reporting entities, both parties need to report.

If a derivatives contract is entered into between a reporting entity and a party who is not a reporting entity, only the reporting entity needs to report.

A reporting entity may give consent to the counterparty of a derivatives contract, or any other third party, to report on its behalf.

Reference:

- Section 125 of the SFA

**Q1.8 Who is required to report if a derivatives contract is executed or caused to be executed by an agent of a party to the contract?**

A1.8:

A reporting entity needs to report a derivatives contract for which it is a party to regardless of whether the contract is executed or caused to be executed by an agent acting on its behalf.

For a reporting entity (Agent A) that has executed or caused to be executed a derivatives contract on behalf of another party (Party B), Agent A –

- (a) need not report the contract if Party B is a reporting entity; and
- (b) needs to report the contract if Party B is not a reporting entity.

Reference:

- Section 125 of the SFA.

*[Q1.8 and A1.8 were amended on 18 August 2021]*

**Q1.9 Can a reporting entity report derivatives contracts that are outside the scope of the reporting obligations?**

A1.9:

A reporting entity should not report derivatives contracts that are not required to be reported. However, it may choose to report derivatives contracts ahead of the reporting commencement dates. Any voluntary reporting should nonetheless be done in accordance with regulatory requirements, and information on the reported contracts should be maintained until expiry or withdrawal from the trade repository.

**Q1.10 What happens after a reporting entity is no longer subject to the reporting obligations?**

A1.10:

A reporting entity need not continue reporting if it is no longer subject to the reporting obligations. In this case, it should inform the trade repository of the cessation and follow the procedure of the trade repository regarding the cessation.

However, it may wish to consider continuing reporting if it sees itself being subject to reporting obligations again in the future. In this case, it should ensure that reporting be done in accordance with regulatory requirements, and information on the reported contracts be maintained until expiry or withdrawal from the trade repository.



## **(2) IDENTIFYING REPORTABLE DERIVATIVES CONTRACTS**

### **Q2.1 What derivatives contracts need to be reported (reportable derivatives contracts)?**

A2.1:

The following types of derivatives contracts which are booked in Singapore or traded in Singapore are to be reported:

- (a) interest rate derivatives contracts;
- (b) credit derivatives contracts;
- (c) foreign exchange derivatives contracts;
- (d) commodity derivatives contracts; and
- (e) equity derivatives contracts.

As MAS has taken a phased approach in implementing the reporting regime, the Second Schedule to the SF(RDC)R sets out the timetable for each type of reporting entity and its corresponding reportable derivatives contracts.

References:

- Regulation 5 of the SF(RDC)R
- Second Schedule to the SF(RDC)R

### **Q2.2 Do derivatives contracts entered into before the reporting commencement date need to be reported?**

A2.2:

Derivatives contracts which are booked in Singapore with a remaining maturity of at least one year as at the applicable reporting commencement date need to be reported. A reporting entity needs to report such derivatives contracts within 6 months from the applicable reporting commencement date.

References:

- Regulation 9 of the SF(RDC)R

- Third Schedule to the SF(RDC)R

**Q2.3 Do futures contracts, block futures contracts or other exchange-traded derivatives contracts need to be reported?**

A2.3:

The reporting regime applies only to over-the-counter derivatives activity. Exchange-traded derivatives contracts, including futures contracts and block futures contracts, are not in the scope of the regime and thus need not be reported.

**Q2.4 Are inter-branch transactions exempted from reporting?**

A2.4:

Inter-branch transactions are conducted within the same legal entity, and therefore not subject to reporting obligations.

**Q2.5 Are intra-group transactions exempted from reporting?**

A2.5:

There is no exemption for intra-group transactions. Derivatives contracts entered into between different legal entities within the same group are to be reported. This is regardless of whether the intra-group transaction is entered into as a hedge, including hedging against derivatives contracts that are not reportable. For example, a CMSL enters into a derivatives contract with a person who is not an accredited or institutional investor (this contract is exempt from reporting requirement), and at the same time, the CMSL enters into a separate derivatives contract with its related entity for hedging purpose (this contract is required to be reported).

*[A2.5 was amended on 29 November 2021]*

**Q2.6 Is there an exemption for transactions with certain types of counterparties, e.g. central banks?**

A2.6:

Derivatives contracts where a party to the contract is the Government of Singapore, a statutory board, central bank, multilateral development agency, or international

organisation are exempted from reporting. The full list of such exempted persons can be found in the Fourth Schedule to the SF(RDC)R. This exemption applies to derivatives contracts where (i) the reporting entity is a party to the derivatives contract, and (ii) the reporting entity executes the derivatives contract or causes the execution of the derivatives contract as an agent of a party to the contract.

Derivatives contracts entered into between a CMSL and a person who is not an accredited or institutional investor are also exempted from reporting.

References:

- Regulations 10 and 10A of the SF(RDC)R
- Fourth Schedule to the SF(RDC)R

*[A2.6 was amended on 29 November 2021]*

**Q2.7 How should derivatives contracts with rollover of expiry, such as contracts for difference or foreign exchange (FX) accumulators, be reported?**

A2.7:

A rollover trade should be considered as a contract with amendments to the expiry date, and should not involve changes to the unique transaction identifier (UTI).

**Q2.8 Do derivatives contracts which expired or is terminated within T+2 need to be reported?**

A2.8:

There is no exemption for reportable derivatives contracts that are short-term whether by design or due to occurrence of trigger events. For instance, options which have a 2-day expiry and options which are exercised within 2 business days of the execution are both reportable.

However, certain FX contracts have been excluded from the definition of FX derivatives contracts, hence such contracts are not in scope and need not be reported. Please refer to Q2.9 for more information.

## **Q2.8A Can reporting be done to reflect only the end-of-day consolidated position?**

A2.8A:

Reporting is required whenever a reportable derivatives contract is entered into, and not on an end-of-day consolidated position basis. Any reportable derivatives contract that is entered into and terminated/expired within the same day are required to be reported. Similarly, any amendments to any reportable derivatives contracts are required to be reported.

*[Q2.8A was added on 29 November 2021]*

## **Q2.8B What types of trade lifecycle events are to be reported?**

A2.8B:

A reporting entity is required to report any event that results in an amendment, modification, variation or change to any information that has been previously reported.

References:

- Regulation 7 of the SF(RDC)R

*[Q2.8B was added on 29 November 2021]*

## **Q2.9 Under what circumstances does a FX contract need not be reported?**

A2.9:

The definition of FX derivatives contracts excludes certain FX contracts (termed “excluded currency contract” in SF(RDC)R), hence such contracts are not in scope and need not be reported. The intent is to exclude from the reporting regime spot FX contracts and FX contracts which arise due to the sale and purchase of securities in a different currency. Spot FX contracts are contracts which are intended to be settled by the actual delivery of the referenced currencies, whether immediately or within a period which is no longer than the period determined by the market convention for delivery of the currency pair.

The definition of “excluded currency contract” can be found in regulation 2 of SF(RDC)R. The table below summarises such FX contracts.

	<b>Contract Type</b>	<b>Settlement Period</b>
1	<p>FX contracts settled by actual delivery of underlying currency, involving currency pairs between:</p> <ul style="list-style-type: none"> <li>• Euro</li> <li>• US Dollar</li> <li>• Japanese Yen</li> <li>• Australian Dollar</li> <li>• Swiss Franc</li> <li>• Hong Kong Dollar</li> <li>• New Zealand Dollar</li> <li>• Singapore Dollar</li> <li>• Norwegian Krone</li> <li>• Mexican Peso</li> </ul>	<p>Within 2 business days</p>
2	<p>FX contracts settled by actual delivery of underlying currency, involving any other currency pairs</p>	<p>Within the earlier of –</p> <p>(i) the longer of the two customary spot settlement periods of the currency pair; or</p> <p>(ii) 7 business days.</p>
3	<p>FX contracts for the sole purpose of buying or selling a security denominated in another currency</p>	<p>Within the earlier of –</p> <p>(i) the settlement period of the underlying security; or</p> <p>(ii) 7 business days.</p>

Reference:

- Regulation 2 of the SF(RDC)R

*[Q2.9 was amended on 29 November 2021]*

**Q2.9A What is “business day” under “excluded currency contract”?**

A2.9A:

“Business day” is based on Singapore calendar. While a holiday in a foreign jurisdiction may affect the settlement of a contract, it is not MAS’ intention to subject a bona fide “excluded currency contract” to reporting requirement.

For example, if the intention of both parties is for the contract for USD/EUR to be settled by actual delivery within 2 business days from the contract execution day, a delay in settlement (e.g. due to a bank holiday in the US) does not affect the regulatory treatment of the contract, i.e. such a contract would still be a bona fide “excluded currency contract”, and be excluded from reporting. Conversely, if the intention of both parties is for actual delivery to take place after 2 business days from execution of the contract, such a contract is not a bona fide “excluded currency contract”, and is thus subject to reporting requirement.

Reference:

- Regulation 2 of the SF(RDC)R

*[Q2.9A was added on 29 November 2021]*

**Q2.10 An FX swap can be seen as a combination of two contracts (i.e. a spot contract and a forward contract, or two forward contracts). Do reporting entities need to report the near leg of the swap which is a spot contract or just the forward contract if the near leg is settled within T+2? Should both legs of the swap share the same unique transaction identifier (UTI)?**

A2.10:

Yes, a swap contract should be viewed in its entirety, hence the near leg should also be reported regardless of whether it is a spot contract or a forward contract and regardless of whether it is settled within T+2.

It is important that both legs of the swap are reported to the trade repository in a manner that allows MAS to identify that the reported contracts form a single swap contract. Reporting entities can approach the trade repository to seek clarification on how the reporting of each leg should be done such that they can be linked together as the same contract. As the FX swap is currently reported as two separate contracts, the two legs of the swap would each need a distinct UTI.

Please note that this is separate from the computation of aggregate gross notional amount regarding FX swaps, which is in Q1.6A.

*[Q2.10 and A2.10 were amended on 29 November 2021]*

**Q2.10A Are spot FX contracts reportable?**

A2.10A:

Spot FX contracts are not reportable under the SF(RDC)R because such contracts are not derivatives contracts. However, please also refer to Q2.10 regarding the reporting of FX swaps, which can be seen as a combination of a spot contract and a forward contract.

*[Q2.10A was added on 29 November 2021]*

**Q2.10B How should the valuation of FX swaps be reported?**

A2.10B:

For swaps valued as a single transaction, the value of the swap should be reported in the far leg only. For swaps which are valued by the individual legs, the value of each leg of the swap should be reported in their respective legs, as long as the leg is still outstanding at the time of valuation.

*[Q2.10B was added on 29 November 2021]*

**Q2.11 Are equity options which are linked to performance or compensation of employees and directors reportable derivatives contracts?**

A2.11:

It is not the intent of MAS for reporting entities to report stock options that they issue to their employees or directors as part of their remuneration package or other similar stock options which are tied to performance. Hence, such options need not be reported.

**Q2.12 Are repurchase agreements (Repos) reportable?**

A2.12:

It is not the intent of MAS for the definition of “derivatives contracts” to include Repos. As such, Repos need not be reported under the SF(RDC)R.

*[Q2.12 was added on 29 November 2021]*

**Q2.13 Which asset class should derivatives contracts referencing bonds be reported under?**

A2.13:

Derivatives contracts referencing bonds should be classified as interest rate derivatives contracts.

*[Q2.13 was added on 29 November 2021]*

**Q2.14 Is a commodity derivative contract, which is physically settled and has embedded options, reportable?**

A2.14:

The definition of “commodity derivatives contract” in the SF(RDC)R excludes derivatives contracts with all of the following characteristics:

- (a) the contract is for the sale or purchase of underlying commodities (the “underlying commodities”) for the purpose of fulfilling the needs of the day-to-day operations of the business of one or more parties to the contract, whether or not the contract contains a settlement option;
- (b) subject to any settlement option that may be agreed amongst the parties to the contract, the seller of the underlying commodities is required to deliver the underlying commodities; and
- (c) subject to any settlement option that may be agreed amongst the parties to the contract, the buyer of the underlying commodities is required to take delivery of the underlying commodities.



If the above conditions are met, such contracts are not considered derivatives contracts under the SF(RDC)R and hence are not subject to reporting obligations. The exclusion is not dependent on whether the contract has embedded options.

As explained in the response to feedback received on the Consultation Paper on Proposed Amendments to the Securities and Futures (Reporting of Derivatives) Regulations<sup>3</sup>, the intent is to exclude derivatives contracts on commodities which are for the purpose of fulfilling the needs of the day-to-day operations of a business from reporting obligations under the SF(RDC)R. However, this exclusion does not extend to derivatives contracts which are entered into for the purposes of hedging financial risks, i.e. such derivatives contracts are subject to reporting obligations.

References:

- Regulation 2 of the SF(RDC)R

*[Q2.14 was added on 29 November 2021]*

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<sup>3</sup> Please refer to response to feedback received published in March 2018 at this [link](#).

### **(3) REPORTING NEXUS**

#### **Q3.1 When is a derivatives contract considered to be booked in Singapore?**

A3.1:

A derivatives contract is considered to be booked in Singapore if the derivatives contract exposure is reflected on the balance sheet or the profit and loss accounts of a person whose place of business is in Singapore.

Reference:

- Regulation 2 of the SF(RDC)R

#### **Q3.2 When is a derivatives contract considered to be traded in Singapore?**

A3.2:

Generally, a derivatives contract is considered to be traded in Singapore if a contract is executed by a trader who is employed in Singapore (Singapore Trader). Please refer to Q3.3 for more information on what a “Singapore Trader” means.

Examples of executing a contract could include the offering of quotes or making decisions to enter into a contract. When several traders are involved in the execution of a contract, the reporting entity should assess whether any trader is a Singapore Trader. As long as one of the traders is a Singapore Trader, the reporting entity should treat the contract as “traded in Singapore”. The Singapore Trader should also be able to address any queries from MAS relating to details of the trade.

The same principle applies regardless of the mode of execution, whether electronically or otherwise. For instance, in the case of algorithmic trading or market-making on an electronic platform, the reporting entity should assess whether a Singapore Trader is responsible for the contract executed.

Reference:

- Regulation 2 of the SF(RDC)R

**Q3.3 When will a trader be considered a Singapore Trader for the purposes of the definition of “traded in Singapore”?**

A3.3:

If a reporting entity is unable to clearly identify whether the trader is not employed in Singapore, the reporting entity should report derivatives contracts which are entered into by the trader from the 31<sup>st</sup> day, if the trader is in Singapore for more than 30 days.

In the case where a trader is seconded to the reporting entity, if it is clear that his place of employment is in Singapore during that secondment period, all derivatives contracts entered into by the trader during his secondment in Singapore needs to be reported. Otherwise, the reporting entity should report derivatives contracts entered into by the trader from the 31<sup>st</sup> day onwards if the trader is in Singapore for more than 30 days.

In the case where a trader is seconded out of Singapore, derivatives contracts entered into by the trader would not be deemed as “traded in Singapore”.

Reference:

- Regulation 2 of the SF(RDC)R

**Q3.4 How should the “trader location” field be filled in?**

A3.4:

The “trader location” field reflects the location of the trader who executes the contract, and is meant to correspond with the “traded in Singapore” concept.

As long as one of the traders executing the contract is a Singapore Trader, the reporting entity should treat the contract as “traded in Singapore”, and indicate “Singapore” under the “trader location” field.

Reference:

- First Schedule to the SF(RDC)R

**Q3.5 The SFA and the Securities and Futures (Trading of Derivatives Contracts) Regulations 2019 (SF(TDC)R) require certain entities to execute certain derivatives contracts on an organised market (trading mandate). One criterion for the application of the trading mandate is that “each party to the derivatives contract executes the derivatives contract through that party’s office located in Singapore (whether a head office or branch office)”. What is the difference between this criterion in the SF(TDC)R and the concept of derivatives contracts which are “traded in Singapore” in the SF(RDC)R?**

A3.5:

As stated in SF(TDC)R, the criterion for the application of the trading mandate is based on the location of the office that an individual trader is representing when executing a derivatives contract, rather than the individual trader himself. In contrast, the determination of whether a derivatives contract is “traded in Singapore” for the purposes of the SF(RDC)R, depends on – (i) whether the individual trader’s place of employment is located in Singapore, or (ii) whether the trader is physically in Singapore at the time of the execution of the contract and conducts or is authorised to conduct, on behalf of a specified person, activities relating to the execution of derivatives contracts in Singapore for 30 days or longer prior to the execution of the contract.

The following examples illustrate the differences between the SF(TDC)R criterion and the SF(RDC)R:

- (a) Example 1 – Trader A, who is employed by Bank A (Singapore branch) and is located in Singapore, executes a contract in Singapore through a trading account associated with Bank A (Singapore branch). This contract meets the SF(TDC)R criterion and is also a derivatives contract which is traded in Singapore for the purposes of the SF(RDC)R.
- (b) Example 2 – When trading after Singapore hours, Bank B (Singapore branch) relies on Trader B who is employed by its London office and is based in London. Trader B executes a contract in London through a trading account associated with Bank B (Singapore branch). This contract meets the SF(TDC)R criterion because the trading account used is associated with Bank B (Singapore Branch). However, the contract is not traded in Singapore for the purposes of the SF(RDC)R because Trader B is neither employed in Singapore nor physically in Singapore.

Please also refer to Q3.2 and Q3.3 for more information on the definition of “traded in Singapore” under the SF(RDC)R.

Reference:

- Regulation 2 of the SF(RDC)R

*[Q3.5 was added on 29 November 2021]*

#### **(4) INFORMATION TO BE REPORTED**

##### **Q4.1 What information needs to be reported?**

A4.1:

Information to be reported is set out in the Second Schedule to SF(RDC)R, according to the asset class of the derivatives contracts and the type of reporting entity. Any changes to that information need to be reported.

References:

- Regulation 7 of the SF(RDC)R
- Second Schedule to the SF(RDC)R

##### **Q4.2 Where a counterparty to the derivatives contract has a new legal entity identifier (LEI), does the reporting entity need to amend the reported trade to reflect the change?**

A4.2:

Yes, the change in the counterparty LEI has to be reflected as long as the reported trade is still an open position.

##### **Q4.3 How frequently should a reporting entity update the valuation fields?**

A4.3:

The valuation fields should be updated as and when the valuation of a derivatives contract is updated. Reporting entities should take guidance from the [Guidelines on Risk Management Practices – Market Risk](#) in formulating their valuation policies, including how frequently valuations should be updated to reflect the mark-to-market/model value. Where valuation of a contract is conducted multiple times within the same day, the reporting entity could choose to update the valuation fields for the contract once using the latest valuation changes for that day.

*[A4.3 was amended on 29 November 2021]*

**Q4.4 Can a bank in Singapore report counterparty information to meet its reporting obligations?**

A4.4:

Prior to 8 October 2018, banks in Singapore were required under the Banking Act to obtain consent from their counterparties before they can report counterparty information for the derivatives contracts. A relief to defer reporting of counterparty information under certain conditions has been provided for. Please refer to Q5.2 and Q5.3 for more information.

Where a bank has relied on the relief to defer reporting of counterparty information, the counterparty information in relation to these derivatives contracts is to be reported (“unmasked”) by 1 July 2019. Such reporting of counterparty information is only necessary for derivatives contracts that remain outstanding as of 1 July 2019.

Since 8 October 2018, banks in Singapore need not obtain consent from counterparties under the Banking Act in order to report counterparty information under MAS’ reporting regime, including for the requirement to unmask by 1 July 2019. However, banks in Singapore are required to obtain consent from counterparties for the purposes of reporting counterparty information under foreign reporting regimes.

References:

- Section 125(6) of the SFA
- Regulation 11 of the SF(RDC)R
- Fifth Schedule to the SF(RDC)R

**Q4.5 Are precious metals derivatives contracts considered foreign exchange or commodity derivatives contracts?**

A4.5:

Precious metals are a type of commodity as defined under the SFA. Information to be reported for commodity derivatives contracts is found in the First Schedule to the SF(RDC)R.

References:

- Section 2 of the SFA
- First Schedule to the SF(RDC)R

**Q4.6 If a reporting entity is a branch located outside the jurisdiction of its head office, which LEI should it use when reporting derivatives contracts?**

A4.6:

Where possible, a reporting entity should report a LEI which uniquely identifies itself as a Singapore branch. Similarly, where a reporting entity's counterparty is a branch, the reporting entity should report the branch LEI of its counterparty where possible.

**Q4.7 If a derivatives contract is amended for the purpose of implementing interest rate benchmark reforms, would the amendment be subject to reporting requirements?**

A4.7:

There are multiple ways for counterparties to implement the benchmark reforms to transition away from interbank offered rates ("IBORs") and other key interest rates such as SOR. Depending on the changes made to the affected derivatives contracts, the changes may or may not be reportable under the SF(RDC)R.

Where a derivatives contract is amended to include fallback provisions such as a reference to fallback rates (e.g. via adherence to the ISDA 2020 IBOR Fallbacks Protocol), such a change is not reportable under the SF(RDC)R.

However, where the contractual terms being amended are data fields that are required to be reported under the SF(RDC)R, the changes are to be reported within 2 business days from the amendment. For example, where (i) counterparties agree to amend the derivatives contract to replace the original reference rate with another reference rate (e.g. from USD LIBOR to SOFR, from SOR to SORA), or (ii) a fallback provision is triggered such that the original reference rate is replaced with the fallback rate<sup>4</sup>, such a change is required to be reported. There are no specific formatting requirements when reporting the change of the reference rate and reporting entities may continue to report the reference rate as per their current practice. Further, if there are also changes to other contractual terms (e.g. payment frequency, data count), whether due to (i), (ii) or other reasons, such changes are also reportable.

Instead of amending contractual terms to implement the benchmark transition, counterparties may also terminate an affected derivatives contract and enter into a new

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<sup>4</sup> Where the fallback provisions of a derivatives contract have been triggered, this would impact the economics of the contract. Thus, reporting entities are to report the change and update the relevant data fields.



derivatives contract. Terminating a previously reported derivatives contract and entering into a new derivatives contract are both subject to reporting requirements under the SF(RDC)R.

References:

- Regulation 7 of the SF(RDC)R
- First Schedule to the SF(RDC)R

*[A4.7 was amended on 29 November 2021]*

## **(5) CROSS-BORDER ACTIVITIES**

**Q5.1 If a derivatives contract is subject to reporting in multiple jurisdictions, can the trade be taken to have been reported in Singapore as long as it has been reported in a foreign jurisdiction?**

A5.1:

As long as a derivatives contract is subject to reporting obligations in Singapore, it has to be reported to a trade repository licensed by MAS. For example, if a reporting entity is a Singapore branch of a foreign incorporated entity and the reporting entity has a reportable derivatives contract that is already included in its Head Office's reporting under a foreign jurisdiction's reporting obligations, the same derivatives contract is still required to be reported to a trade repository licensed by MAS.

In the case where the Head Office has reported the derivatives contract to a trade repository licensed by MAS, the trade repository should be made aware that the derivatives contract is also being reported pursuant to reporting obligations in Singapore.

**Q5.2 How should a reporting entity comply with reporting obligations if it is prevented from reporting customer or counterparty information under foreign laws?**

A5.2:

There are two main scenarios where a reporting entity may defer the reporting of customer or counterparty information.

**Scenario A:** A jurisdiction allows a reporting entity to report customer or counterparty information only with the consent of its customer or counterparty, and the reporting entity had made reasonable efforts to obtain the necessary consent but was unable to obtain it by the time reporting is due. The reporting entity is to continue trying to obtain the necessary consent, and report the customer or counterparty information when it is obtained.

The relief in Scenario A is only applicable for a derivatives contract entered into before 1 January 2019<sup>5</sup>. The reporting entity is required to report customer or counterparty information by 1 July 2019, unless the reporting entity continues to be subject to the requirement to seek consent and was unable to obtain the

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<sup>5</sup> There is no relief provided for derivatives contracts entered into on or after 1 January 2019.

necessary consent despite having made reasonable efforts. In this case, the reporting entity is to report the customer or counterparty information within a month from the date that (i) the necessary consent is obtained, or (ii) the requirement to seek consent is no longer applicable to the derivatives contract in question, whichever is earlier.

**Scenario B:** A jurisdiction specified in the Fifth Schedule of the SF(RDC)R prohibits a reporting entity from reporting customer or counterparty information at the time reporting is due.

If the law of the applicable jurisdiction subsequently no longer prohibits the reporting of customer or counterparty information relating to the derivatives contract in question, the reporting entity is required to report customer or counterparty information by 1 July of the following year. For example, where such a change in law occurs in 2018, the reporting entity is required to report customer or counterparty information by 1 July 2019. However, the reporting entity may continue to defer the reporting of customer or counterparty information if the effect of the change in law is such that the reporting entity is allowed to report customer or counterparty information only with the consent of its customer or counterparty, and the reporting entity had made reasonable efforts to obtain the necessary consent but was unable to obtain it. In this case, the reporting entity is to report the customer or counterparty information within a month from the date that (i) the necessary consent is obtained, or (ii) the requirement to seek consent is no longer applicable to the derivatives contract in question, whichever is earlier.

In all of the above-described circumstances, reporting of customer or counterparty information is only required for derivatives contracts which remain outstanding as at the applicable reporting deadline.

Please also refer to Q5.4 for more information on the requirement for reporting entities to seek customer or counterparty consent.

References:

- Regulations 11, 11A and 11C of the SF(RDC)R
- Fifth Schedule to the SF(RDC)R

**Q5.3 What happens if a reporting entity needs some time to adapt to changes in foreign laws that previously prohibited the reporting of customer or counterparty information?**

A5.3:

If a reporting entity is relying on the deferment relief provided for in Scenario B in A5.2, and the jurisdiction subsequently changes its law such that the reporting entity is no longer prohibited from reporting customer or counterparty information, a transition period is provided for the reporting entity dealing with the change. A reporting entity may continue to enter into derivatives contracts and defer the reporting of customer or counterparty information until 1 July of the year following the change in law. For instance, where the change in law occurs in 2018, the reporting entity may continue to enter into derivatives contracts until 1 July 2019 with deferred reporting of customer or counterparty information.

However, the reporting entity is required to report customer or counterparty information by the end of the transition period (i.e. 1 July 2019 in the given example), unless the effect of the change in law is such that the reporting entity is allowed to report customer or counterparty information only with the consent of its customer or counterparty, and the reporting entity had made reasonable efforts to obtain the necessary consent but was unable to obtain it. In this case, the reporting entity is to report the customer or counterparty information within a month from the date that (i) the necessary consent is obtained, or (ii) the requirement to seek consent is no longer applicable to the derivatives contract in question, whichever is earlier.

In all of the above-described circumstances, reporting of customer or counterparty information is only required for derivatives contracts which remain outstanding as at the applicable reporting deadline.

Please also refer to Q5.4 for more information on the requirement for reporting entities to seek customer or counterparty consent.

References:

- Regulations 11B and 11C of the SF(RDC)R
- Fifth Schedule to the SF(RDC)R

**Q5.4 How may a reporting entity demonstrate that it has undertaken reasonable efforts to obtain the necessary consent of its customer or counterparty?**

A5.4:

A reporting entity should establish written policy and procedures as well as internal controls to seek the requisite consent from its customer or counterparty. Such policy and procedures should provide guidance on when or how often to request or to repeat requests for consent, e.g. upon changes in law, or when the customer or counterparty requests to enter into new trades, or on a certain time frequency.

The policy and procedures should also provide guidance on the actions that a reporting entity should take towards a customer or counterparty who has yet to provide the requisite consent or refuses to provide consent, e.g. to suspend trading relationships until consent is obtained.

References:

- Regulations 11 and 11C of the SF(RDC)R

**Q5.5 Do the exemptions to report customer or counterparty information in Regulation 11 to 11C of the SF(RDC)R apply to derivatives contracts which are booked and/or traded in Singapore?**

A5.5:

Yes, the exemptions in Regulation 11 to 11C of the SF(RDC)R are applicable to derivatives contracts which are booked in Singapore, traded in Singapore or both.

References:

- Regulations 11 to 11C of the SF(RDC)R

*[Q5.5 was added on 29 November 2021]*