

Appendix C – Operational Procedures for Obtaining SGD Using S\$ Debt Securities and Sukuk issued by

- **Singapore Statutory Boards; and**
- **AAA-Rated or AA-Rated Public Sector Entities, Supranationals, Sovereigns, Sovereign-Guaranteed Companies and Non-Financial Companies**

1 Initiation of Transactions

- 1.1 The Operating Window for these types of transactions 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 lines¹ 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 email, 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 lines² before entering into the transaction.
- 1.4 Settlement date of the first leg for these transactions will be on the same day (“T”) for Eligible Counterparty who has securities or sukuk custodised directly in their account or their local agent’s account with CDP, and the next Business Day (“T+1”) for Eligible Counterparty who has securities or sukuk custodised in their account with an ICSD. The following criteria have to be satisfied for the securities to be used in a repurchase transaction for obtaining SGD:
- (a) the securities shall be denominated in S\$;
 - (b) the securities shall be issued by Singapore statutory boards and AAA-rated or AA-rated PSEs, Supranationals, sovereigns, sovereign guaranteed companies or non-financial companies;
 - (c) the securities issued by the AAA-rated or AA-rated PSEs (excluding Singapore statutory boards), Supranationals, sovereigns, sovereign-guaranteed companies and non-financial companies shall have a minimum issue rating of AA- by Standard & Poor’s or Aa3 by Moody’s³; and
 - (d) in the case of debt securities, the debt securities shall have a minimum issue size of S\$50 million.

¹ Refer to Clause 18.3 of the Agreement.

² Refer to Clause 18.3 of the Agreement.

³ Where the securities are rated by Standard & Poor’s and Moody’s, the lower of the two credit ratings will apply. If a bond issue is assigned both long term and short term ratings, the lower rating will apply.

- 1.5 Only plain vanilla bonds or sukuk will be accepted. While a combination of different issues of debt securities or sukuk can be used for transactions to obtain SGD, every such issue proposed to be used by the Eligible Counterparty shall have a nominal value of at least S\$10 million.
- 1.6 The repurchase transaction shall be transacted on the previous Business Day's closing prices of the securities, as published on Bloomberg and when such prices are unavailable, to be determined by the Authority.
- 1.7 A haircut shall be imposed on the repurchase transactions. Please contact the Authority at the official dealing lines⁴ for the applicable haircut.
- 1.8 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 securities or sukuk will be through the Authority's and the Eligible Counterparty's securities or sukuk accounts in either CDP or an ICSD according to the pre-established SSIs.
- 2.2 The formulae used to calculate the first and second leg settlement amounts for securities or sukuk as collateral are as follows:
 - Settlement amount in the first leg (to 2 decimal places) = (Nominal amount of securities or sukuk /100) * Effective Price (to 2 decimal places),
 - Effective price (to 2 decimal places) = (Initial dirty price)*(1 – Haircut);
 - Accrued interest/distribution per S\$100 face value (AID) shall be calculated as at the date of the repurchase transaction, AID = (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 dirty price (to 2 decimal places) = P + AID,
 - P is the previous Business Day's closing clean price as published on Bloomberg "SGDC1" and when such prices are unavailable, to be determined by the Authority; and
 - Settlement amount in the second leg (to 2 decimal places) = [(Settlement amount in the first leg) * (SF Borrowing Rate/100) * (No.

⁴ Refer to Clause 18.3 of the Agreement.

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 confirmation⁵ of transaction details to the Finance Department of the Authority is 4.00 pm on the same day (“T”). Failure to send correct confirmations prior to the cut-off time may result in cancellation of the transactions.

For Eligible Counterparty with Securities or Sukuk Custodised directly in their account or local agent’s account with CDP

- 2.4 The Eligible Counterparty shall submit an instruction through CDP’s SGX PTS system by 4.00 pm on the same day (“T”) for the transfer of securities or sukuk from the Eligible Counterparty’s CDP account to the Authority’s CDP account.
- 2.5 After the Finance Department of the Authority has received notification that the securities or sukuk have 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 securities or sukuk fails to be transferred to the Authority or the Authority receives notification of the successful transfer after 6.35pm on T, the transaction may be cancelled and any security or 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 12.00 pm on T+1 for settlement of the second leg of the transaction.
- 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 SGX PTS system for the transfer of securities or sukuk from the Authority’s CDP account to the Eligible Counterparty’s CDP account.

For Eligible Counterparty with Securities or Sukuk Custodised in their account with an ICSD

- 2.8 The Eligible Counterparty shall submit an instruction to its nominated ICSD on the same day (“T”) for the transfer of securities or sukuk from the Eligible Counterparty’s ICSD account to the Authority’s account with CDP. The Authority expects notification of the successful transfer of the securities or sukuk to its account with CDP , as the case may be, by 6.35pm on T+1.

⁵ A fax/email confirmation and a MT320 for the S\$ borrowing is required. Refer to Clause 18.7 and 18.8 of the Agreement. Note that all Primary Dealers should send confirmation of transaction details via email only.

- 2.9 After the Finance Department of the Authority has received notification of the successful transfer on T+1, the SGD will be released into the Eligible Counterparty's RTGS Account with the Authority on T+1. If the full amount of the securities or sukuk fails to be transferred to the Authority or the Authority receives notification of the successful transfer after 6.35pm on T+1, the transaction may be cancelled and any security or sukuk which has been transferred will be returned to the Eligible Counterparty.
- 2.10 The Eligible Counterparty shall have SGD available in its RTGS Account with the Authority by 12.00 pm on T+2 for settlement of the second leg of the transaction.
- 2.11 Upon confirmation of receipt of SGD, the Finance Department of the Authority shall submit an instruction to CDP for the transfer of securities or sukuk from the Authority's account with CDP to the Eligible Counterparty's ICSD account.

3 Sample Confirmation Template to Obtain SGD Using a S\$10 Million Nominal Amount of S\$ Debt Securities and Sukuk Issued by Singapore Statutory Boards and AAA-rated or AA-rated Public Sector Entities, Supranationals, Sovereigns, Sovereign-guaranteed Companies and Non-financial Companies

