

**ANNEX B**

**SECURITIES AND FUTURES  
(TRADING OF DERIVATIVES CONTRACTS)  
REGULATIONS 2018**

*These draft regulations should be read with the amendments set out in the  
Securities and Futures (Amendment) Act 2017.*

**DISCLAIMER: This version of the Regulations is in draft form  
and subject to change. It is also subject to review by the Attorney-  
General's Chambers.**

SECURITIES AND FUTURES ACT  
(CHAPTER 289)  
SECURITIES AND FUTURES  
(TRADING OF DERIVATIVES CONTRACTS)  
REGULATIONS 2018

ARRANGEMENT OF REGULATIONS

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In exercise of the powers conferred by sections 129N, 129O, 337(1) and 341 of the Securities and Futures Act, the Monetary Authority of Singapore hereby makes the following Regulations:

## PART I

### PRELIMINARY

#### **Citation and commencement**

1. These Regulations may be cited as the Securities and Futures (Trading of Derivatives Contracts) Regulations 2018 and shall come into operation on [        ].

#### **Definitions**

2.—(1) In these Regulations, unless the context otherwise requires —

“booked in Singapore”, in relation to a derivatives contract, means the entry of the derivatives contract on the balance sheet or the profit and loss accounts of a person where—

- (a) the person is a party to the derivatives contract;
- (b) the person’s place of business is in Singapore; and
- (c) the balance sheet or the profit and loss account relates to the person’s business in Singapore;

“interest rate derivatives contract” means a derivatives contract related to an interest-bearing financial instrument, or the cash flows of which are determined by reference to interest rates, or another interest rate contract (such as an option on an interest rate futures contract), but does not include an exchange-traded derivatives contract;

“maturity”, in relation to a derivatives contract, means the period remaining until the termination of the derivatives contract;

“multilateral portfolio compression cycle”, in relation to a portfolio of derivatives contract, means a process —

- (a) under which there are three or more participants, other than the independent operator of the process;
- (b) under which some or all of the derivatives contracts in the portfolio are –
  - (i) modified to reduce their notional value; or
  - (ii) terminated and replaced with one or more new derivatives contracts which have the effect of reducing counterparty credit risks, or operational risks, or both, between or among the participants; and
- (c) that is conducted in accordance with the rules of the independent operator and in compliance with the counterparty credit risk tolerance level set by all of the participants in the cycle;

“traded in Singapore”, in relation to a derivatives contract, means the execution of the derivatives contract by a trader —

- (d) whose place of employment is located in Singapore and who conducts, on behalf of a specified person, activities relating to the execution of derivatives contracts in Singapore;
- (e) who —
  - (i) for a period of not less than 30 days immediately before the date of the execution of the derivatives contract, conducts or is authorised to conduct, on behalf of a specified person, activities relating to the execution of derivatives contracts in Singapore; and
  - (ii) is physically in Singapore at the time of the execution of the derivatives contract;

“trading commencement date” means the applicable date set out in the third column of the First Schedule from which a specified person must commence trading in accordance with regulation 5;

“trading threshold amount” means \$20 billion.

(2) Any word or expression used in these Regulations which is defined in section 129I of the Act shall, unless the context otherwise requires, have the same meaning as in that section.

### **Keeping of books and other information**

3. Every specified person shall ensure that all relevant books, and all transaction information and other information as may be required by the Authority for the purposes of the Act, are kept —

- (a) in the case of any relevant book, until at least 5 years after the last date of the expiry or termination of a contract, an agreement or a transaction to which the book relates; or
- (b) in the case of any transaction information or other information, until at least 5 years after the date of the expiry or termination of the contract, agreement or transaction to which the information relates.

## **PART II**

### **TRADING OF SPECIFIED DERIVATIVES CONTRACTS**

#### **Specified derivatives contract**

4.—(1) The derivatives contracts that are specified in the First Schedule and satisfy all of the requirements in paragraph (2), are prescribed under the definition of “specified derivatives contract” in section 129I of the Act, as specified derivatives contracts.

(2) The requirements are as follows in respect of a derivatives contract:

- (a) the derivatives contract is executed on or after the trading commencement date;
- (b) the parties of the derivatives contract are not —
  - (i) a person (A) that entered into the derivatives contract for its own account or for an account

belonging to, and maintained wholly for the benefit of, a related corporation of A; and

- (ii) another related corporation of A;
- (c) the derivatives contract is not a contract that is the result of a multilateral portfolio compression cycle in respect of a portfolio of derivatives contracts other than the derivatives contracts that are specified in the First Schedule.

### **Trading commencement date**

**5.**—(1) Subject to paragraph (2), a specified person referred to in paragraph (a) of the definition of “specified person” in section 129I of the Act must commence the execution, under section 129J of the Act, of a specified derivatives contract, where both parties to the specified derivatives contract are specified persons referred to in paragraph (a) of the definition of “specified person” in section 129I of the Act, on the trading commencement date against that specified derivatives contract under the third column of the First Schedule.

(2) Any person who is a specified person in respect of a specified derivatives contract only after the applicable trading commencement date but was not one on or before that date has a period of 6 months from the date of his becoming a specified person to comply with paragraph (1) in respect of that specified derivatives contract.

### **Exemptions**

**6.**—(1) A person who is a party to a specified derivatives contract is exempted from section 129J of the Act in respect of the specified derivatives contract, if —

- (a) he is a person specified in the Second Schedule; or
- (b) the counterparty to the specified derivatives contract is a person specified in the Second Schedule.

(2) A person specified in the Second Schedule is exempted from regulation 3.

## PART III

### MISCELLANEOUS

#### **Offences**

7.—(3) Any person who contravenes regulation 3 shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part thereof during which the offence continues after conviction.

(4) Section 333(1) of the Act does not apply to any offence referred to in paragraph (1).

## FIRST SCHEDULE

Regulations 4 and 5

### SPECIFIED DERIVATIVES CONTRACTS

<i>First column</i> Class of derivatives contract	<i>Second column</i> Contract Specification				<i>Third column</i> Trading commencement date
Interest rate derivatives contracts	<i>Booking or trading basis</i>	Traded in Singapore	Traded in Singapore	Traded in Singapore	[x]
	<i>Settlement Currency</i>	US Dollar	Euro	Pound Sterling	
	<i>Reference Index</i>	LIBOR (3M or 6M)	EURIBOR (3M or 6M)	LIBOR (3M or 6M)	
	<i>Types</i>	Fixed-to-floating	Fixed-to-floating	Fixed-to-floating	
	<i>Maturity</i>	2, 3, 5, 7, 10 years	2, 3, 5, 7, 10 years	2, 3, 5, 7, 10 years	
	<i>Optionality</i>	No	No	No	
	<i>Notional Type</i>	Constant	Constant	Constant	
	<i>Trade Start Type</i>	Spot (T+2) or IMM (next two IMM dates)	Spot (T+2)	Spot (T+0)	
	<i>Fixed Leg</i>				
	<i>Payment Frequency</i>	Semi-annual or annual	Semi-annual or annual	Quarterly or semi-annual	
	<i>Day Count Convention</i>	30/360 or Actual/360	30/360 or Actual/360	Actual/365F	
	<i>Floating Leg</i>				
	<i>Reset Frequency</i>	Quarterly (USD LIBOR 3M) or semi-annual (USD LIBOR 6M)	Quarterly (EURIBOR 3M) or semi-annual (EURIBOR 6M)	Quarterly (GBP LIBOR 3M) or semi-annual (GBP LIBOR 6M)	
	<i>Day Count Convention</i>	Actual/360	Actual/360	Actual/365F	



## SECOND SCHEDULE

Regulation 6

### EXEMPTED PERSONS

1. The Government
2. Any statutory board established under any written law
3. Any central bank in a jurisdiction other than Singapore
4. Any central government in a jurisdiction other than Singapore
5. Any agency (of a central government in a jurisdiction other than Singapore) that is incorporated or established, in a jurisdiction other than Singapore, for non-commercial purposes
6. Any of the following multilateral agencies, organisations or entities:
  - (a) the African Development Bank
  - (b) the Asian Development Bank
  - (c) the Bank for International Settlements
  - (d) the European Bank for Reconstruction and Development
  - (e) the European Economic Community
  - (f) the European Investment Bank
  - (g) the Inter-American Development Bank
  - (h) the International Monetary Fund
  - (i) the Asian Infrastructure Investment Bank
  - (j) the Caribbean Development Bank
  - (k) the Council of Europe Development Bank
  - (l) the European Investment Fund
  - (m) the Islamic Development Bank
  - (n) the Nordic Investment Bank
  - (o) the International Finance Facility for Immunisation
  - (p) the World Bank Group, including the International Bank for Reconstruction and Development, the International Finance Corporation and the Multilateral Investment Guarantee Agency
7. Any specified person referred to in paragraph (a) of the definition of “specified person” in section 129I of the Act, whose aggregate outstanding gross notional

amount of the total derivatives contracts, but not including exchange-traded derivatives contracts, which are booked in Singapore, as at the last day of each of the past 4 consecutive calendar quarters, does not exceed the trading threshold amount

8. Any specified person referred to in paragraph *(a)* of the definition of “specified person” in section 129I of the Act, who has commenced its business or operations for less than 4 quarters but only until the end of the fourth quarter
9. Any specified person referred to in paragraph *(b)*, *(c)*, *(d)*, *(e)*, and *(f)* of the definition of “specified person” in section 129I of the Act