

**DRAFT AMENDMENTS TO
THE SECURITIES AND FUTURES (MARKETS) REGULATIONS**

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

PART I
PRELIMINARY

Definitions

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

“annual report” means the audited profit and loss accounts, audited balance-sheet and auditors’ report, by whatever named called, of an approved exchange or a recognised market operator;

“accounting standards” means the accounting standards made or formulated by the Accounting Standards Council under Part III of the Accounting Standards Act (Cap. 2B);

“associate”, in relation to an entity (referred to in this definition as the first entity), means –

(a) any entity in which the first entity controls the composition of the board of directors or such corresponding officers as may be prescribed;

(b) any entity in which the first entity controls more than half of the voting power or such measure corresponding to voting power as may be prescribed;

(c) any entity in which the first entity holds more than half of the total number of issued shares or such corresponding interest as may be prescribed;

(d) a subsidiary of any other entity which is an associate by reason of paragraph (a), (b) or (c);

(e) any entity (referred to in this paragraph as the second entity) in which —

(i)the first entity; or

(ii)any entity which is an associate by reason of paragraph (a), (b), (c) or (d); or

has, or the entities in subparagraphs (i) and (ii) together have, an interest in shares entitling the beneficial owners thereof the right to cast (whether by proxy or in person) not less than 20% but not more than 50% of the total votes able to be cast at a general meeting of the second entity, or such corresponding interest as may be prescribed; or

(f) any entity (not being one which is an associate by reason of paragraph (a), (b), (c), (d) or (e)) the policies of which —

(i)the first entity; or

(ii) any entity which is an associate by reason of paragraph (a), (b), (c), (d) or (e),

or the entities in subparagraphs (i) and (ii) together are able to control or influence materially;

“group”, in relation to an approved exchange or recognised market operator, means a group of entities comprising the approved exchange or recognised market operator and —

(a) any of its associates; and

(b) any other entity treated as part of the approved exchange or recognised market operator’s group of companies according to the accounting standards applicable to the approved exchange or recognised market operator.

“position”, in relation to a futures contract, means a futures contract which is outstanding and which has not been liquidated —

(a) by an off-setting transaction;

(b) by delivery of the commodity underlying the futures contract;

(c) through settlement of the futures contract in accordance with the business rules or practices of a futures market, as the case may be; or

(d) by substituting the futures contract for a cash commodity.

[...]

PART III

REGULATION OF APPROVED EXCHANGES

Division 1 – Obligations and Matters relating to

Approved Exchanges

Obligation to notify Authority of certain matters

~~9.—(1) For the purposes of section 17(1) of the Act, an approved exchange shall, as soon as practicable after the occurrence of any of the following circumstances, notify the Authority of such circumstance:~~

~~(a) any civil or criminal legal proceeding instituted against the approved exchange, whether in Singapore or elsewhere;~~

~~(b) any disciplinary action taken against the approved exchange by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;~~

~~(c) any significant change to the regulatory requirements imposed on the approved exchange by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;~~

~~(d) [Deleted by S 178/2010 wef 29/03/2010]~~

~~(e) any disruption of, delay in, or suspension or termination of any trading procedure or trading practice of the approved exchange including those resulting from any system failure.~~

(1) For the purposes of section 17(1) of the Act, an approved exchange shall immediately inform the Authority when the approved exchange becomes aware:

(a) that it has contravened or is likely to contravene, any provision of any Acts administered, or requirements imposed, by the Authority;

(b) of any development that has occurred, or is likely to occur, which the approved exchange has reasonable grounds to believe has materially affected adversely or is likely to materially affect adversely —

(i) the financial soundness or reputation of the approved exchange;

(ii) the financial soundness or reputation of any entity in the group of the approved exchange where such development affects the approved exchange; or

(iii) such other factors as the Authority may specify by notice in writing.

(c) that a person who holds an office or appointment under section 28(1) of the Act, is, in accordance with the guidelines issued by the Authority under the Act, no longer a fit and proper person to hold that office or appointment;

(d) that a person approved under section 27 is, in accordance with the guidelines issued by the Authority under the Act, not a fit and proper person;

(e) having regard to the likely influence of a person approved under section 27(1), the approved exchange is not likely to be able to conduct its business prudently and comply with the provisions of the Act and directions made thereunder;

(f) any change to the regulatory requirements imposed on the approved exchange by any regulatory authority, whether in Singapore or elsewhere, other than the Authority, that will have an impact on the approved exchange;

(g) any disruption of, delay in, or suspension or termination of any trading procedure or trading practice of the approved exchange including those resulting from any system failure.

(2) Where a circumstance under paragraph (1)(a), (b), ~~(d)(f)~~ or ~~(e)(g)~~ has occurred, the approved exchange shall, in addition to the notice required under paragraph (1), within 14 days after the occurrence of the circumstance or such longer period as the Authority may permit, submit a report to the Authority of the circumstances relating to the occurrence, the remedial actions taken at the time of the occurrence, and the subsequent follow-up actions that the approved exchange has taken or intends to take.

(3) An approved exchange shall, within a reasonable period of time prior to entering into negotiations to establish a trading linkage, clearing arrangement or co-operative arrangement with the person establishing or operating an overseas market or clearing facility, notify the Authority of such intent to enter into negotiations.

(4) In paragraph (3), “co-operative arrangement” shall not include —

- (a) any joint development of products and services;
- (b) any joint marketing efforts between the approved exchange and the person operating an overseas market or clearing facility in promoting the services of either entity; or
- (c) any memoranda of understanding for the exchange of information.

[...]

Obligation to notify Authority of certain matters

~~23.—(1) For the purposes of section 38 of the Act, a recognised market operator shall, as soon as practicable after the occurrence of any of the following circumstances, notify the Authority of such circumstance:~~

- ~~(a) any civil or criminal legal proceeding instituted against the recognised market operator, whether in Singapore or elsewhere, which may have a material impact on the operations or finances of the recognised market operator;~~
- ~~(b) any disciplinary action taken against the recognised market operator by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;~~
- ~~(c) any material change to the regulatory requirements imposed on the recognised market operator by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;~~

~~(d) [Deleted by S 168/2013 wef 28/03/2013]~~

~~(e) any material disruption of, delay in, or suspension or termination of any trading procedure or trading practice of the recognised market operator, including those resulting from any system failure;~~

~~(f) the recognised market operator becoming aware of any acquisition or disposal by any person of a substantial shareholding in the recognised market operator.~~

~~(g) [Deleted by S 178/2010 wef 29/03/2010]~~

~~(2) [Deleted by S 178/2010 wef 29/03/2010]~~

(1) For the purposes of section 38 of the Act, a recognised market operator shall immediately inform the Authority when the recognised market operator becomes aware:

(a) that it has contravened or is likely to contravene, any provision of any Acts administered, or requirements imposed, by the Authority;

(b) of any development that has occurred, or is likely to occur, which the recognised clearing house has reasonable grounds to believe has materially affected adversely or is likely to materially affect adversely —

(i) the financial soundness or reputation of the recognised market operator;

(ii) the financial soundness or reputation of any entity in the group of the recognised clearing operator where such development affects the recognised market operator; or

(iii) such other factors as the Authority may specify by notice in writing.

(c) that a person who holds an office or appointment as chairman, chief executive officer or director of the recognised market operator is, in accordance with the guidelines issued by the Authority under the Act, no longer a fit and proper person to hold that office or appointment;

(d) that a person approved under section 41B is, in accordance with the guidelines issued by the Authority under the Act, not a fit and proper person;

(e) having regard to the likely influence of a person approved under section 41B(1), the recognised market operator which is incorporated in Singapore is not likely to be able to conduct its business prudently and comply with the provisions of the Act and directions made thereunder;

- (f) any change to the regulatory requirements imposed on the recognised market operator by any regulatory authority, whether in Singapore or elsewhere, other than the Authority, that will have a material impact on the recognised market operator;
- (g) any material disruption of, delay in, or suspension or termination of any trading procedure or trading practice of the recognised market operator, including those resulting from any system failure;
- (h) the recognised market operator becoming aware of any acquisition or disposal by any person of a substantial shareholding in the recognised market operator.