

**SECURITIES AND FUTURES
(CLEARING OF DERIVATIVES CONTRACTS)
REGULATIONS 2015**

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SECURITIES AND FUTURES ACT
(CHAPTER 289)

SECURITIES AND FUTURES
(CLEARING OF DERIVATIVES CONTRACTS)
REGULATIONS 2015

ARRANGEMENT OF REGULATIONS

PART I

PRELIMINARY

Regulation

1. Citation and commencement
2. Definitions
3. Keeping of books and other information

PART II

CLEARING OF SPECIFIED DERIVATIVES CONTRACTS

4. Specified derivatives contract
5. Clearing commencement date
6. Time, form and manner of clearing
7. Exemptions

PART III

MISCELLANEOUS

8. Offences

The Schedules

In exercise of the powers conferred by sections 129G, 129H, 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 (Clearing of Derivatives Contracts) Regulations 2015 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 —

(a) who is a party to the derivatives contract; and

(b) whose place of business for which the balance sheet or the profit and loss account, as the case may be, relates to is in Singapore;

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

“clearing threshold amount” means \$20 billion;

“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);

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

“place of business”, in relation to a party to a specified derivatives contract, means a head or main office, a branch, a representative office or any other office of the party,

(2) Any word or expression used in these Regulations which is defined in section 129B 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

CLEARING OF SPECIFIED DERIVATIVES CONTRACTS

Specified derivatives contract

4. The derivatives contracts set out in the First Schedule and having the following characteristics are prescribed, under the definition of “specified derivatives contract” in section 129B of the Act, as specified derivatives contracts:

- (a) it is executed on or after the clearing commencement date for that specified derivatives contract; and
- (b) it is not entered into between a person who is a party to the specified derivatives contract for his own account, or an account belonging to and maintained wholly for the benefit of a related corporation, and another related corporation.

Clearing commencement date

5.—(1) Subject to paragraph (2), a specified person referred to in paragraph (a) of the definition of “specified person” in section 129B of the Act must commence clearing, under section 129C of the Act, a specified derivatives contract set out in the First Schedule, where both parties to the specified derivatives contract are specified persons referred to in paragraph (a) of the definition of “specified person” in section 129B of the Act, on the clearing commencement date against that specified derivatives contract under the second column.

(2) Any person who is a specified person in respect of a specified derivatives contract only after the applicable clearing commencement date but was not one on or before that date shall have 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.

Time, form and manner of clearing

6.—(1) Where a specified person is required to commence clearing for a specified derivatives contract in accordance with regulation 5, he shall cause the specified derivatives contract to undergo clearing by a clearing facility operated by an approved clearing house or recognised clearing house, in accordance with the business rules of the approved clearing house or recognised clearing house, as the case may be —

(a) within the same day the specified derivatives contract is executed; or

(b) where the specified derivative contract is executed on a day other than a business day, within the next business day.

(2) In this regulation, “business day” means any day in which the approved clearing house or recognised clearing house, as the case may be, for which the specified derivative contract is to be cleared, is open for business.

Exemptions

7.—(2) A person who is a party to a specified derivatives contract shall be exempted from section 129C 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.

(3) A person specified in the Second Schedule shall be exempted from regulation 3.

PART III

MISCELLANEOUS

Offences

8.—(4) 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.

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

FIRST SCHEDULE

Regulations 4 and 5

SPECIFIED DERIVATIVES CONTRACTS TO BE CLEARED

<i>First column</i> <i>Class of derivatives contract</i>	<i>Second column</i> <i>Contract Specification</i>							<i>Third column</i> <i>Clearing commencement date</i>
Interest rate derivatives contracts	Booking or trading basis	Settlement Currency	Reference Index	Types	Maturity	Optionality	Notional Type	
	Booked in Singapore	Singapore Dollar	SOR	Fixed-to-floating	Up to 30 years	No	Constant	
		US Dollar	LIBOR	Fixed-to-floating	Up to 30 years	No	Constant	

SECOND SCHEDULE

Regulation 7

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 Bank for Reconstruction and Development (World Bank)
 - (i) the International Finance Corporation
 - (j) the International Monetary Fund
7. Any specified person referred to in paragraph (a) of the definition of “specified person” in section 129B of the Act, whose aggregate outstanding gross notional amount of the total derivatives contracts booked in Singapore, as at the last day of each of the past 4 consecutive calendar quarters, does not exceed the clearing threshold amount
 8. Any specified person referred to in paragraph (a) of the definition of “specified person” in section 129B 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), (f) and (g) of the definition of “specified person” in section 129B of the Act

Made this day of

RAVI MENON
Managing Director,
Monetary Authority of Singapore.