

Circular No. MPI 01/2016

22 August 2016

To: All Persons who are exempt from holding a capital markets services licence under section 99(1)(a) or (b) of the Securities and Futures Act

Dear Sir / Madam

MARGIN REQUIREMENTS FOR NON-CENTRALLY CLEARED DERIVATIVES

On 1 October 2015, the Monetary Authority of Singapore (MAS) issued for consultation proposals to implement margin requirements for non-centrally cleared over-the-counter (OTC) derivative trades (uncleared derivatives)¹. As part of the consultation, MAS proposed that margin requirements for uncleared derivatives would be phased in from 1 September 2016. We have since been in close consultations with the industry in Singapore and regional regulators on a coordinated implementation of the margin requirements.

2 MAS, in consultation with the Hong Kong Monetary Authority (HKMA), has re-considered the timeline for implementation of the margin requirements for uncleared derivatives given recently announced changes in the implementation schedules of other major markets. Taking into account cross-border coordination issues as well as the level of industry preparedness, the MAS has concluded that deferring the implementation beyond 1 September 2016 is the most practical way forward at this point in time. This will avoid unintended disruptions to financial markets and allow more time for the industry in Singapore to implement the new requirements.

3 MAS remains committed to the implementation of margin requirements for uncleared derivatives in an internationally coordinated timeframe. MAS will issue the final rules on margin requirements for uncleared derivatives in the coming months and expects financial institutions to continue their preparation for the exchange of margins on uncleared derivatives.

4 MAS will continue to monitor progress in the implementation schedules of other major markets, and will announce a revised phase-in schedule for Singapore in due course.

Yours faithfully
(Sent via MASNET)

NG YAO LOONG
EXECUTIVE DIRECTOR
MARKETS POLICY & INFRASTRUCTURE DEPARTMENT

¹ <http://www.mas.gov.sg/News-and-Publications/Consultation-Paper/2015/Policy-Consultation-on-Margin-Requirements-for-NonCentrally-Cleared-OTC-Derivatives.aspx>