

Appendix 1 (Draft for Consultation)

Chapter 54

SGX FTSE/Xinhua China A50 Index Futures

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Chapter 54

SGX FTSE/Xinhua China A50 Index Futures

5400 INTELLECTUAL PROPERTY RIGHTS AND DISCLAIMERS.

A. FTSE/XINHUA Index Limited Disclaimer

The Exchange has entered into a license agreement with FTSE/XINHUA Index Limited (“FXI”) to use the FTSE/Xinhua China A50 Index. FXI owns rights in FTSE/Xinhua China A50 Index and the proprietary data contained therein.

“Xinhua” and “新華” are service marks and trademarks of the Xinhua Financial Network Limited and are used by FXI under license. “FTSE” is a trademark of the London Stock Exchange Plc and the Financial Times Limited and is used by FXI under licence.

Neither FXI nor its licensors in any way sponsors, endorses or is otherwise involved in the issuance and offering of the SGX FTSE/Xinhua China A50 Index Futures. SGX-DT, FXI and its licensors disclaim any liability to any party for any inaccuracy in the data on which the FTSE/Xinhua China A50 Index is based, for any mistakes, errors or omissions in the calculation and/or dissemination of the FTSE/ Xinhua China A50 Index or for the manner in which it is applied in connection with the issue and offering of derivatives instruments derived from the FTSE/Xinhua China A50 Index or the trading of the FTSE/ Xinhua China A50 Index.

B. Exchange Disclaimer

The Exchange makes no warranty, express or implied, as to the accuracy or completeness of, or the results to be obtained by any person or any entity from the use of, the FTSE/Xinhua China A50 Index, any intra-day proxy related thereto or any data included therein in connection with the trading of any contracts, or for any other use. The Exchange makes no express or implied warranties of merchantability or fitness for a particular purpose with respect to the FTSE/Xinhua China A50 Index or any intra-day proxy related thereto or any data included therein.

C. Customer Consent to Disclaimers.

No Member may open or continue to operate an account for a Customer for trading in Contracts based on the FTSE/Xinhua China A50 Index unless the Member receives from such Customer a signed and dated acknowledgement (which may be part of an account opening form) that such Customer understood and accepted the disclaimer statements provided for in the two immediately preceding paragraphs.

D. Indemnity

A Member shall hold the Exchange, and their respective directors, officers, employees and agents (collectively the “Beneficiaries” and each a “Beneficiary”) harmless from and against any loss, liability, judgement, claim, damage, cost or expense (including legal costs on an indemnity basis, failing which on a solicitor and client basis) arising from or in connection with any action, proceeding or, claim made or brought by any Customer of a Member where such Member had failed to secure the Customer’s acknowledgement of the disclaimer document as required above. Members shall also recognise that notwithstanding the preceding indemnity and in recognition that any response to such claim, action or proceeding may have been knock-on consequences for the Exchange, the Beneficiaries (or any Beneficiary) shall have full control over the defence and/or settlement any such claim, action or proceeding without the need for prior clearance with the indemnifying Member. For the avoidance of doubt this Rule is in addition to Rule 100.

5401. SCOPE OF CHAPTER.

The rules herein below are limited in application to trading in the SGX FTSE/Xinhua China A50 Index futures contract (“Contract”). Any matters not specifically covered herein shall be governed by the Rules.

5402. DEFINITIONS.

For the purpose of this Chapter, “China business day” shall mean a day on which both Shanghai Stock Exchange and Shenzhen Stock Exchange are open for trading.

5403. COMMODITY SPECIFICATIONS.

Each Contract shall be valued in accordance with the Trading Unit.

5404. FUTURES CALL.

A. Contract Months and Trading Hours

The Contract shall be listed for such Contract Months and scheduled for trading during such hours as may be determined by the Board.

B. Trading Unit

The trading unit shall be US\$10 multiplied by the FTSE/Xinhua China A50 Index.

C. Minimum Fluctuations

Bids and offers shall be quoted in terms of the FTSE/Xinhua China A50 Index. The minimum fluctuation of the Contract shall be one index point, equivalent to US\$10 per contract.

D. Position Limits

A person shall not own or control more than 5,000 contracts net long or net short in all Contract Months combined, unless otherwise separately approved by the Exchange.

E. Accumulation of Positions

For the purposes of this Rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated and deemed to be positions of each of such persons as if each owned or controlled all cumulated positions individually.

F. Exemptions

The Exchange may from time to time provide exemptions to the foregoing position limits.

G. Termination of Trading

1. Subject to Rule 5404:G.2. and Rule 5404:G.3., futures trading shall terminate on the second last China business day of the Contract Month. The day on which futures trading terminate as aforesaid shall be referred to as the "Last Trading Day" of the Contract Month. If the Last Trading Day is scheduled to be a China Holiday, the preceding day on which the underlying market is open for trading shall be the Last Trading Day.
2. If, at any time in the course of or after the close of trading on the day preceding what should in the normal course of business be the penultimate trading day (the "NPTD") with respect to a Contract Month, or anytime thereafter, it comes to the knowledge of the Exchange that either of the 2 days in that Contract Month which was expected in the ordinary course of business to have been respectively the last and penultimate China business days for that Contract Month will not in fact be a China business day, then the Last Trading Day shall be the next China business day that follows the NPTD which is also a China business day
3. If, at any time in the course of or after the close of trading on the day preceding the NPTD, or anytime thereafter, it becomes known to the Exchange that both of the days erstwhile expected in the ordinary course of business to have been respectively the penultimate and the last China business days will not be China business days of the Contract Month, then the Last Trading Day shall be the next China business day following the NPTD which is also a China business day.

H. Contract Modifications

Subject always to the Board's powers to prescribe amendments and/or modifications, specifications shall be fixed as of the first day of trading of a Contract. All deliveries shall conform to government regulations in force at the time of delivery provided that if any national or international agency or body issues an order, ruling, directive or law that conflicts with or adds to the requirements of rules in this Chapter, such order, ruling, directive, unless the Board otherwise determines (to the extent permitted by law), take precedence over and become part of the Rules, and all existing Contracts and new Contracts shall be subject to such order, ruling, directive or law.

I. Daily Price Limits

1. For the purpose of this Rule 5404.I. and unless the context otherwise requires:-
 - a. “Cooling-Off Period” means a period of 10 minutes or such other period as the Board may from time to time prescribe during which each Contract may only continue to be traded at or within its price limits for the time being in force;
 - b. “initial upper limit” for any Contract means a price of 10% or such other amount as the Board may prescribe from time to time above the previous trading session’s Settlement Price for such Contract;
 - c. “initial lower limit” for any Contract means a price of 10% or such other amount as the Board may prescribe from time to time below the previous trading session’s Settlement Price for such Contract;
 - d. “final upper limit” for any Contract means a price of 15% or such other amount as the Board may prescribe from time to time above the previous trading session’s Settlement Price for such Contract; and
 - e. “final lower limit” for any Contract means a price of 15% or such other amount as the Board may prescribe from time to time below the previous trading session’s Settlement Price for such Contract.
2. If in the course of any day on which the Exchange is open for trading in the Contract, the price for any such Contract reaches either its initial upper limit or initial lower limit, the SGX Market Control Official will signal a Cooling-Off Period.
3. If after the Cooling-Off Period signalled pursuant to Rule 5404.I.2. the price for any such Contract reaches either the final upper limit or final lower limit, the SGX Market Control Official will signal a further Cooling-Off Period. After such Cooling-Off Period, there shall be no price limits for the remainder of such China business day.
4. Notwithstanding any provision in Rule 5404.I., there shall be no price limits on the Last Trading Day for the expiring Contract.
5. The initial price limits provided in Rule 5404.I.2. shall be deemed to have been reached upon the making of either the first unsatisfied bid at the initial upper limit in part or in whole or the first unsatisfied offer at the initial lower limit in part or in whole. Such unsatisfied bid/offer shall be determined and initiated by a message being sent out by the SGX Market Control Officials.
6. The final price limits provided in Rule 5404.I.3. shall be deemed to have been reached upon the making of either the first unsatisfied bid at the final upper limit in part or in whole or the first unsatisfied offer at the final lower limit in part or in whole. Such unsatisfied bid/offer shall be determined and initiated by a message being sent out by the SGX Market Control Officials.

5405. DELIVERY.

Delivery under the Contract shall be by cash settlement.

A. Final Settlement Price

The Final Settlement Price shall be the official closing price of the FTSE/Xinhua China A50 Index rounded to 2 decimal places on the last trading day.

Notwithstanding the foregoing, the Board may, where the Final Settlement Price prescribed in the foregoing is not available, resolve that the Final Settlement Price shall be determined by other means. For purposes of this Rule, the decision of the Board as aforesaid and the price determined by such other means shall be binding upon all parties to the Contract.

B. Final Settlement

Clearing Members holding open positions in the Contract at the time of termination of trading in that Contract shall make payment to or receive payment from the Clearing House in accordance with normal variation margin procedures based on a Settlement Price equal to the Final Settlement Price.

5406. EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT.

If delivery or acceptance or any precondition or requirement of either delivery or acceptance is prevented by a strike, fire, accident, action of government or act of God, or other emergency, the Clearing Member making delivery or the Clearing Member accepting delivery shall immediately notify the President. Whether or not the President is so notified by such Clearing Member, if the President determines that emergency action may be necessary, he shall call a special meeting of the Board or the Clearing House Committee and arrange for the presentation of evidence relating to the emergency condition. If the Board or the Clearing House Committee determines that an emergency exists, it shall take such action as it deems necessary under the circumstances and its decision shall be binding upon all parties to the Contract.

5407. FAILURE TO PERFORM.

If the Clearing Member with a delivery commitment fails to perform all acts required by this Chapter, then that Clearing Member shall be deemed as failing to perform, which may be punishable as a major violation. A Clearing Member shall be liable to the Clearing Member to whom it was matched on the failing transaction for any loss sustained. The Board shall determine and assess losses sustained taking into account the Settlement Price, interest foregone, and such other factors as it deems appropriate. The Board may also assess such penalties as it deems appropriate in addition to damages.

(End of Chapter 54)

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