

**Proposed amendments to  
SGX-DC Clearing Rules**

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<b>Chapter 1 – APPLICATION OF RULES</b>	<b>Chapter 1 – APPLICATION OF RULES</b>	
<b>1.06 APPLICABLE LAW AND CONFLICT</b>	<b>1.06 APPLICABLE LAW, <del>AND</del> CONFLICT <u>AND JURISDICTION</u></b>	
	<u>1.06.3 Save as provided in Chapter 5 of this Rules, the courts of Singapore shall have exclusive jurisdiction to determine any dispute arising from or in connection with this Rules.</u>	New rule to provide for Singapore courts to have exclusive jurisdiction over all disputes not covered by Chapter 5.
<b>Chapter 5 – ARBITRATION</b>	<b>Chapter 5 – ARBITRATION</b>	
<b>5.01.1 <u>Dispute Resolution Involving Contracts (excluding Contracts traded on the JADE Market)</u></b>	<b>5.01.1 <u>Dispute Resolution Involving Contracts (excluding Contracts traded on the JADE Market)</u></b>	
5.01.1.1 Where any dispute arises in connection with a Contract (excluding Contracts traded on the JADE Market), other than a complaint of a disciplinary nature, the disputing Members shall attempt to settle the dispute through good faith negotiations, failing which the disputing Members may choose to settle the dispute, by such other means they elect, including arbitration before the SIAC in accordance with the rules of the SIAC.	5.01.1.1 Where any dispute arises <u>from or in</u> connection with a Contract (excluding Contracts traded on the JADE Market), other than a complaint of a disciplinary nature, the disputing Members shall attempt to settle the dispute through good faith negotiations, failing which the disputing Members may choose to settle the dispute, by such other means they elect, including arbitration before the SIAC in accordance with the rules of the SIAC.	Amended to clarify that the disputes can relate to contractual disputes as well as those disputes tangential to the Contract.

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<b>Current Rule</b>	<b>Proposed Changes</b>	<b>Reasons</b>
<b>5.01.2</b> <b><u>Dispute Resolution Involving Contracts Traded on the JADE Market</u></b>	5.01.2 <b><u>Dispute Resolution Involving Contracts Traded on the JADE Market</u></b>	
5.01.2.1     Where any dispute arises in connection with a Contract traded on the JADE Market, other than a complaint of a disciplinary nature, the parties shall attempt to settle the dispute, through the claim procedure set forth in the relevant Contract Specifications. In the absence of an applicable claim procedure, the parties shall attempt to settle the dispute through good faith negotiations, failing which, at the election of any disputing Member, the dispute shall be settled by arbitration before the SIAC in accordance with the rules of the SIAC.	5.01.2.1     Where any dispute arises <u>from or in</u> connection with a Contract traded on the JADE Market, other than a complaint of a disciplinary nature, the parties shall attempt to settle the dispute, through the claim procedure set forth in the relevant Contract Specifications. In the absence of an applicable claim procedure, the parties shall attempt to settle the dispute through good faith negotiations, failing which, at the election of any disputing Member, the dispute shall be settled by arbitration before the SIAC in accordance with the rules of the SIAC.	Amended to clarify that the disputes can relate to contractual disputes as well as those disputes tangential to the Contract.
<b>Chapter 6 – DELIVERY AND RELATED MATTERS</b>	<b>Chapter 6 – DELIVERY AND RELATED MATTERS</b>	
<b>6.02A</b> <b><u>CLEARING HOUSE MERELY FACILITATES DELIVERY</u></b>	<b>6.02A</b> <b><u>CLEARING HOUSE MERELY FACILITATES DELIVERY</u></b>	
6.02A.6 <b><u>No Physical Delivery Obligations on Clearing House</u></b>  Except as otherwise provided in this Rules, the Clearing House accepts no and is to	6.02A.6 <b><u>No Physical Delivery Obligations on Clearing House</u></b>  Except as otherwise provided in this Rules, the Clearing House accepts no and	Lifted from Rule 6.02A.7 and inserted here in order to consolidate provisions

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<p>have no liability either to effect or ensure or guarantee the discharge or satisfactory discharge of any obligation under a delivery contract. For the avoidance of doubt, Rule 7.04 does not apply to any delivery contract.</p>	<p>is to have no liability either to effect or ensure or guarantee the discharge or satisfactory discharge of any obligation under a delivery contract. <u>The obligations of the Clearing House with respect to the delivery contract shall be limited only to the discharge of its escrow obligations (where applicable) in accordance with this Rules and/or the relevant Contract Specifications.</u> For the avoidance of doubt, Rule 7.04 does not apply to any delivery contract.</p>	<p>on the Clearing House's role in physical delivery.</p>
<p>6.02A.7 <b><u>Matching and Re-novation</u></b></p> <p>The obligations of the Clearing House shall be limited only to effecting any required matching by reference to a Seller and a Buyer through their respective Members or matching of a Seller or Buyer for whom an insolvent Member acts and the opposite counterparty through its Member, for the performance as between such matched parties and the discharge of the Clearing House's escrow obligations (if any) with respect to the Contract and delivery contract in accordance with this Rules. Upon the effecting of any such matching, the contract between the Selling Member or Buying Member and the Clearing House</p>	<p>6.02A.7 <b><u>Matching and Re-novation</u></b></p> <p><u>6.02A.7.1 The contract between a Selling Member or Buying Member and the Clearing House shall be novated and a new contract shall arise between the Seller and Buyer to whom it is matched, through their respective Members (such process being described as "re-novation") upon the later of the following events:</u></p> <p>a. <u>the Clearing House effecting matching by reference to the Seller and the Buyer through their respective Members, or matching of the Seller or Buyer for whom an insolvent</u></p>	<p>Amended as in the Contract Specifications for the Crude Palm Oil futures contract, Clearing House's role as a central counterparty continues after the matching process in Rule 6.02A.7 and ends upon the posting of Performance Deposits by both parties.</p>

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<p>shall be novated and a new contract shall arise between the Seller and Buyer to whom it is matched, through their respective Members (such process being described as “re-novation”). This new contract shall simultaneously discharge and replace pro tanto the Contract between the Selling Member or Buying Member and the Clearing House.</p>	<p><u>Member acts and the opposite counterparty through its Member, for the performance of delivery obligations as between such matched parties. Matching shall take place at such time as provided in the relevant Contract Specifications; or</u></p> <p><u>b. the posting of Performance Deposits (where applicable) by the Selling Member and the Buying Member.</u></p> <p><u>The new contract arising from the re-novation shall simultaneously discharge and replace pro tanto the Contract between the Selling Member or Buying Member and the Clearing House, and the Clearing House shall be released from its obligations as a central counterparty. For the avoidance of doubt, re-novation only applies to open positions relating to lot sizes equal to or more than the minimum size prescribed under the relevant Contract Specifications for physical delivery.</u></p> <p><u>The obligations of the Clearing House shall be limited</u></p>	

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Current Rule	Proposed Changes	Reasons
	<p><del>only to effecting any required matching by reference to a Seller and a Buyer through their respective Members or matching of a Seller or Buyer for whom an insolvent Member acts and the opposite counterparty through its Member, for the performance as between such matched parties and the discharge of the Clearing House's escrow obligations (if any) with respect to the Contract and delivery contract in accordance with this Rules. Upon the effecting of any such matching, the contract between the Selling Member or Buying Member and the Clearing House shall be novated and a new contract shall arise between the Seller and Buyer to whom it is matched, through their respective Members (such process being described as "re-novation"). This new contract shall simultaneously discharge and replace pro tanto the Contract between the Selling Member or Buying Member and the Clearing House.</del></p>	
	<p><u>6.02A.7A</u> <b><u>Cash Settlement</u></b></p> <p><u>Without prejudice to Rule 6.09, unless otherwise provided in the relevant Contract Specifications, matched positions of lot sizes less than the</u></p>	<p>Amended as in the Contract Specifications for the Crude Palm Oil futures contract, Members are required to cash-settle lot sizes less</p>

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Current Rule	Proposed Changes	Reasons
	<p><u>minimum size prescribed under the relevant Contract Specifications for physical delivery existing after the matching process in Rule 6.02A.7 has been effected, shall be cash-settled in accordance with the relevant Contract Specifications.</u></p>	<p>than the minimum size prescribed under the relevant Contract Specifications for physical delivery, after the matching process in Rule 6.02A.7 has been effected.</p>
<p>6.02A.11 <b><u>Cessation of Collection of Margins</u></b></p> <p>The Clearing House shall cease to collect margins for a Contract after the matching and re-novation process referred to in Rule 6.02A.7 has occurred.</p>	<p>6.02A.11 <b><u>Cessation of Collection of Margins</u></b></p> <p>The Clearing House shall cease to collect margins for a Contract after <u>such time as it ceases to act as a central counterparty.</u> <del>the matching and re-novation process referred to in Rule 6.02A.7 has occurred</del></p>	<p>Amended as in the Contract Specifications for the Crude Palm Oil futures contract, collection of margins continues after the matching process in Rule 6.02A.7 has been effected.</p>
<p>6.02A.13 <b><u>Clearing House does not Verify Authenticity of Documents or Check Commodity</u></b></p> <p>The Clearing House shall have no responsibility or liability to any person:</p>	<p>No change</p>	
<p>6.02A.13.1 to investigate, verify or guarantee the authenticity, validity, accuracy, or completeness of any form or document required by it for the required matching of a Seller and Buyer through their respective Members or matching of a Seller or Buyer for whom an insolvent Member acts and</p>	<p>6.02A.13.1 to investigate, verify or guarantee the authenticity, validity, accuracy, or completeness of:-</p> <p>(a) any form or document required by it for the required matching of a Seller and</p>	<p>Amended to exclude Clearing House's liability to investigate, verify or guarantee the authenticity, validity, accuracy, or completeness of the Title Documents received by it under the Contract Specifications.</p>

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<b>Current Rule</b>	<b>Proposed Changes</b>	<b>Reasons</b>
<p>the opposite counterparty through its Member, to effect delivery as between such matched parties as are consistent with the Delivery Rules. Nonetheless, the Clearing House reserves the right at its discretion and in good faith to reject any form or accompanying documents submitted by a Member for such matching purposes if in its good faith view, the form or accompanying documents (or, where relevant, payment) as submitted are not in compliance with its stated requirements or otherwise indicate that the delivery to be effected or accepted are not in compliance with the Delivery Rules;</p>	<p>Buyer through their respective Members or matching of a Seller or Buyer for whom an insolvent Member acts and the opposite counterparty through its Member; <u>or</u></p> <p><u>(b) any Title Documents received by the Clearing House under the relevant Contract Specifications,</u></p> <p>to effect delivery as between such matched parties as are consistent with the Delivery Rules. Nonetheless, the Clearing House reserves the right at its discretion and in good faith to reject any form or accompanying documents submitted by a Member for such matching, <u>delivery or any other</u> purposes if in its good faith view, the form or accompanying documents (or, where relevant, payment) as submitted are not in compliance with its stated requirements or otherwise indicate that the delivery to be effected or accepted are not in compliance with the Delivery Rules;</p>	

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<b>Current Rule</b>	<b>Proposed Changes</b>	<b>Reasons</b>
<p>6.02A.14 <b><u>Clearing House does not Check and is not Liable for Approved Delivery Facility</u></b></p>	<p>6.02A.14 <b><u>Clearing House does not Check and is not Liable for <del>Approved-Designated</del> Delivery Facility</u></b></p>	
<p>The Clearing House shall have no responsibility or liability to any person:</p> <p>6.02A.14.1 to check the availability, suitability or quality of any approved delivery facility, producer, factory, port, grader, surveyor, sampler, analyst or any other organization that may be involved with delivery of any Commodity as identified in the relevant Contract Specifications; and</p> <p>6.02A.14.2 for the acts, omissions, default or insolvency of any approved delivery facility, producer, factory, port, grader, surveyor, sampler, analyst or any other organization that may be involved with delivery of any Commodity as identified in the relevant Contract Specifications.</p>	<p>The Clearing House shall have no responsibility or liability to any person:</p> <p>6.02A.14.1 to check the availability, suitability or quality of any <del>approved-designated</del> delivery facility, producer, factory, port, grader, surveyor, sampler, analyst or any other organization that may be involved with delivery of any Commodity as identified in the relevant Contract Specifications; and</p> <p>6.02A.14.2 for the acts, omissions, default or insolvency of any <del>approved-designated</del> delivery facility, producer, factory, port, grader, surveyor, sampler, analyst or any other organization that may be involved with delivery of any Commodity as identified in the relevant Contract Specifications.</p>	<p>Amended to clarify that neither the Exchange nor the Clearing House engages in any prior approvals or undertake independent checks on the quality and suitability of delivery facilities, ports, etc. The word "approved" may mislead the public to believe otherwise. Hence, the preferred usage of the word "designated".</p>

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<b>Current Rule</b>	<b>Proposed Changes</b>	<b>Reasons</b>
6.02A.15 <b><u>Disclaimers</u></b>	6.02A.15 <b><u>Disclaimers</u></b>	
<p>6.02A.15.1 <b>Title Documents and Transfer of Title</b></p> <p>The Clearing House disclaims any liability arising from or in connection with the delivery or non-delivery of Title Documents by any Member and any irregularities in the transfer of title in the underlying Commodity from the Seller to the Buyer.</p>	<p>6.02A.15.1 <b>Title Documents and Transfer of Title</b> <b><u>or Possession</u></b></p> <p>The Clearing House disclaims any liability arising from or in connection with the delivery or non-delivery of Title Documents by any Member and any irregularities in the transfer of title <b><u>and/or possession</u></b> in the underlying Commodity from the Seller to the Buyer.</p>	Amended to disclaim liability arising from an irregularity in the transfer of possession.
<b>6.05 CONSOLIDATION OF POSITIONS</b>	<b>6.05 <u>CONSOLIDATION OF POSITIONS AND OTHER POWERS OF THE CLEARING HOUSE</u></b>	
	<p><b><u>6.05.1 Prior to the Last Trading Day of the relevant Contract, each Member shall check with each Seller or Buyer having accounts on its books and ensure that each Seller or Buyer will not have open positions with more than one Member in the Delivery Month and if any Seller or Buyer has open positions with more than one Member, such Seller or Buyer shall:</u></b></p> <p><b><u>6.05.1.1 where it has opposite open positions with more than one Member, take steps to liquidate its positions, or</u></b></p>	New rule to minimize fragmentation of opposite positions for delivery, and to prevent accumulation of offsetting positions not intended for delivery.

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	<p><u>6.05.1.2 transfer all of its positions to one Member,</u></p> <p><u>such that the Seller or Buyer will only have either open long or short positions with no more than one Member upon the termination of trading on the Last Trading Day.</u></p>	
	<p><u>6.05.2 If at any time the Clearing House becomes aware of opposite open positions held by different Members for the account of the same Seller or Buyer, the Clearing House may (but is not obliged to) direct such Members to take steps to liquidate the offsetting positions.</u></p>	<p>New rule to prevent accumulation of offsetting positions not intended for delivery.</p>
<p>6.05.1 Where a Seller or Buyer has open positions with more than one Member after the prescribed time on the first Business Day of the Delivery Month, the Clearing House may (but is not obliged to) consolidate all of the open positions held by all the Members for the same Seller or Buyer in such manner as it deems fit including, without limitation, effecting the following:</p> <p>6.05.1.1 appointing one (1) or more of these Members to whom all such positions shall</p>	<p><del>6.05.13</del> Where a Seller or Buyer has open positions with more than one Member after the prescribed time on the first Business Day of the Delivery Month, the Clearing House may (but is not obliged to) consolidate all of the open positions held by all the Members for the same Seller or Buyer in such manner as it deems fit including, without limitation, effecting the following:</p> <p><del>6.05.13.1</del> appointing one (1) or more of these</p>	<p>Renumbering of the rule.</p>

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<p>be transferred to be handled for such Seller or Buyer, where such appointment shall be binding;</p> <p>6.05.1.2 setting-off any opposite open positions held by the appointed Member(s) for the account of the same Seller or Buyer; and/or</p> <p>6.05.1.3 taking such other actions or giving such other directions to the appointed Member(s) as it deems fit.</p>	<p>Members to whom all such positions shall be transferred to be handled for such Seller or Buyer, where such appointment shall be binding;</p> <p>6.05.<del>13</del>.2 setting-off any opposite open positions held by the appointed Member(s) for the account of the same Seller or Buyer; and/or</p> <p>6.05.<del>13</del>.3 taking such other actions or giving such other directions to the appointed Member(s) as it deems fit.</p>	
<p>6.05.2 Notwithstanding that the Clearing House is entitled to consolidate the open positions of the Members with reference to the account of the Seller or Buyer, nothing in Rule 6.05.1 shall imply or be construed to mean that a Seller or Buyer (who is not a Member) shall have any right against the Clearing House with regard to its open positions which have been so consolidated.</p>	<p>6.05.<del>24</del> Notwithstanding that the Clearing House is entitled to consolidate the open positions of the Members with reference to the account of the Seller or Buyer, nothing in Rule 6.05.1 shall imply or be construed to mean that a Seller or Buyer (who is not a Member) shall have any right against the Clearing House with regard to its open positions which have been so consolidated.</p>	<p>Renumbering of the rule.</p>

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<p><b>6.07 DELIVERIES INVOLVING CLEARING HOUSE AS ESCROW AGENT AND TREATMENT OF PERFORMANCE DEPOSITS</b></p>	<p><b>6.07 DELIVERIES INVOLVING CLEARING HOUSE AS ESCROW AGENT AND TREATMENT OF PERFORMANCE DEPOSITS</b></p>	
<p>6.07.1 A Selling Member or Buying Member in a delivery contract, as the Clearing House may require, shall, unless otherwise provided by the relevant Contract Specifications, prior to the matching and re-novation process referred to in Rule 6.02A.7 cause its respective Seller or Buyer (the “depositing party”) to post with the Clearing House as escrow agent a Performance Deposit or other payment as may be prescribed under the relevant Contract Specifications as security for the benefit of the Buyer or Seller who is the counterparty under the delivery contract for the performance of the depositing party’s obligations under the delivery contract. For the avoidance of doubt, posting of Performance Deposits by the depositing party are to be made without any set-off or withholding.</p>	<p>6.07.1 A Selling Member or Buying Member in a delivery contract, as the Clearing House may require, shall, unless otherwise provided by the relevant Contract Specifications, <del>prior to the matching and re-novation process referred to in Rule 6.02A.7</del> cause its respective Seller or Buyer (the “depositing party”) to post with the Clearing House as escrow agent a Performance Deposit or other payment as may be prescribed under the relevant Contract Specifications, <u>at such time as provided under the relevant Contract Specifications</u>, as security for the benefit of the Buyer or Seller who is the counterparty under the delivery contract for the performance of the depositing party’s obligations under the delivery contract. For the avoidance of doubt, posting of Performance Deposits by the depositing party are to be made without any set-off or withholding.</p>	<p>Amended as in the Contract Specifications for the Crude Palm Oil futures contract, the Performance Deposits are required to be posted after the matching process in Rule 6.02A.7 has been effected.</p>

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	<p><b><u>6.07.9 Release of Escrow Assets Other than Performance Deposits</u></b></p> <p><u>The Clearing House shall release the Escrow Assets other than the Performance Deposits (less any administrative fees payable) to the respective Selling Member and/or Buying Member, as the case may be, only as provided in the relevant Contract Specifications. For the avoidance of doubt, upon the release of such Escrow Assets, the Clearing House shall be released from its obligations as an escrow agent in relation to such Escrow Assets, and from any liabilities in relation thereto.</u></p>	<p>New rule to provide for the release of Escrow Assets other than Performance Deposits in accordance with the relevant Contract Specifications.</p>
<p><b>6.09 ALTERNATIVE DELIVERY PROCEDURE</b></p>	<p><b>6.09 ALTERNATIVE DELIVERY PROCEDURE</b></p>	
<p>6.09.3 Notwithstanding Rule 6.02A.2, the Selling Member and Buying Member shall be released from their respective Delivery Obligations, and the Clearing House from its obligations as an escrow agent, upon the election of an Alternative Delivery Procedure.</p>	<p>6.09.3 Notwithstanding Rule 6.02A.2, the Selling Member and Buying Member shall be released from their respective Delivery Obligations, and the Clearing House from its obligations as <u>a central counterparty and/or</u> an escrow agent, <u>and from any liabilities in relation thereto</u>, upon the election of an Alternative Delivery Procedure.</p>	<p>Amended as in the Contract Specifications for the Crude Palm Oil futures contract, Clearing House's role as a central counterparty continues after the matching process and ends upon the election of Alternative Delivery Procedure.</p>

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<b>9.01 DEFINITIONS</b>	<b>9.01 DEFINITIONS</b>	
9.01.1 Unless the context otherwise requires, the following words and expressions shall be defined as follows:-	To be retained	
“ <b>delivery contract</b> ” means the contract which arises directly between a Seller and a Buyer when the Clearing House effects the matching pursuant to Rule 6.02A.7.	“ <b>delivery contract</b> ” means the contract which arises directly between a Seller and a Buyer, <u>through their respective Members, upon the re-novation process referred to in Rule 6.02A.7,</u> <del>when the Clearing House effects the matching pursuant to Rule 6.02A.7.</del>	Amended as in the Contract Specifications for the Crude Palm Oil futures contract, the Clearing House’s role as a central counterparty continues after the matching process in Rule 6.02A.7 and ends upon the posting of Performance Deposits by both parties.