Amendments to the SGX-DC Clearing Rules

Amendments are marked in red.

Chapter 9 Definitions and Interpretation

9.01   Definitions

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~~"clearing"~~	~~The process administered by the Clearing House by which all trades executed on or subject to the rules of the Exchange or any Relevant Market or executed pursuant to any Non-Relevant Market Transaction are confirmed and settled daily until each is liquidated by offset or until delivery takes place, or settled by such other means as provided in this Rules.~~

Practice Note 2.28A.1.3 — Pre-Execution Checks

1.   Introduction

1.1   This Practice Note provides further details on the ~~explains the parameters and functions which~~ pre-execution checks ~~may contain as~~ contemplated in Rule 2.28A.1.3.

2.   Pre-Execution Checks

2.1   Rule 2.28A.1.3 requires a Clearing Member, in order to clear the trades of a Trading Member, to satisfy the Clearing House that it has in place automated pre-execution credit control checks to monitor the Trading Member's trades and manage its risk exposure to such trades. The purpose of this is to prevent overtrading and for credit risk management purposes. As such, the checks must be appropriately set to effectively limit the firm's risk exposure to Trading Members to prevent the taking on of excessive risk. ~~The parameters of such pre-execution checks and filters may include but are not limited to:~~

~~(a)   total quantity limit (taking into account the total long and short positions, including all resting orders and executed orders);~~

~~(b)   maximum long per contract (taking into account the total long positions, including resting long orders and net executed orders);~~

~~(c)   maximum short per contract (taking into account the total short positions, including resting short orders and net executed orders);~~

~~(d)   total maintenance margin requirements for the absolute worst positions (i.e. the higher of absolute maximum long and absolute maximum short), computed by using the margin rate~~

~~prescribed by the Exchange; and~~

~~(e)   net exposure limit (taking into account net long and short positions).~~

2.2   [This paragraph is deleted.] ~~By way of illustration, pre-execution risk management control functions may include the following:~~

~~(a)   the ability to adjust credit or quantity limits in real time during a trading session;~~

~~(b)   the ability to set permission levels (e.g. access to selected products/ instruments) and suspend the Trading Member during the trading session on a real time basis; and~~

~~(c)   the ability to intercept orders that exceed credit limits and trigger error-prevention alerts on a real-time basis.~~

2.3   Clearing Members will be able to meet the requirement in Rule 2.28A.1.3 by using the appropriate Exchange-hosted pre-execution checks, or by ~~being able to~~ directly setting and controlling the appropriate pre-determined automated limits in the Trading Member's system, having automated alerts whenever such limits are altered, and by conducting regular post-execution reviews of trades. Clearing Members should assess and continue to ensure that the pre-execution risk management control checks are robust on an ongoing basis.

Practice Note 7.11.1.2 — Daily Settlement Price Methodology

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2.3   ~~**Contracts Traded On the Singapore Commodities Exchange.**~~ [This paragraph is deleted.]

~~In respect of Contracts traded on the Singapore Commodity Exchange ("SICOM"), the Clearing House shall use the Daily Settlement Price as derived by SICOM (or its clearing house).~~