

**PROPOSED AMENDMENTS TO CDP CLEARING RULES**

CDP CLEARING RULES

CURRENT RULE	NEW RULE
<b>CHAPTER 6: CLEARING AND SETTLEMENT</b>	<b>CHAPTER 6: CLEARING AND SETTLEMENT</b>
<p><b>6.3 Set-off of Payment Obligations under Novated Contracts</b></p> <p>[.]</p> <p>6.3.2 In respect of any Clearing Member, its payment obligations arising under the Novated Contracts which are due for settlement on any Settlement Day shall be set-off so that the total of all amounts that such Clearing Member is obliged to pay CDP on that Settlement Day shall be set off against the total of all amounts that such Clearing Member is entitled to receive from CDP on that Settlement Day. The resultant net amount shall be known as the “Net Inter-Broker Settlement Balance”. CDP shall issue to the Clearing Member the “Daily Settlement of Account with CDP” by 9.30 a.m. on any Settlement Day to notify the Clearing Member of its Net Inter-Broker Settlement Balance.</p>	<p><b>6.3 Set-off of Payment Obligations under Novated Contracts</b></p> <p>[.]</p> <p>6.3.2 In respect of any Clearing Member, its payment obligations arising under the Novated Contracts which are due for settlement on any Settlement Day shall be set-off so that the total of all amounts that such Clearing Member is obliged to pay CDP on that Settlement Day shall be set off against the total of all amounts that such Clearing Member is entitled to receive from CDP on that Settlement Day. The resultant net amount shall be known as the “Net Inter-Broker Settlement Balance”. CDP shall issue to the Clearing Member the “Daily Settlement of Account with CDP” by <del>9.30 a.m.</del> <a href="#">such time as set out in Appendix 1</a> on any Settlement Day to notify the Clearing Member of its Net Inter-Broker Settlement Balance.</p>
<p>6.3.3 For any Settlement Day, the Net Inter-Broker Settlement Balance shall:</p> <ul style="list-style-type: none"> <li>(1) be further set-off against any net amount owing by CDP to the Clearing Member or any net amount owing to CDP by the Clearing Member for Exchange Trades cleared and settled through CDP under DVP Settlement pursuant to the DVP Rules; and</li> <li>(2) not include the amount owing by CDP to the Clearing Member in respect of every security which is not available in accordance with Rule 6.5.2A and which the Clearing Member has not delivered.</li> </ul>	<p>6.3.3 For any Settlement Day, the Net Inter-Broker Settlement Balance shall:</p> <ul style="list-style-type: none"> <li>(1) be further set-off against any net amount owing by CDP to the Clearing Member or any net amount owing to CDP by the Clearing Member for Exchange Trades cleared and settled through CDP under DVP Settlement pursuant to the DVP Rules; and</li> <li>(2) not include the amount owing by CDP to the Clearing Member in respect of every security which is not available in accordance with Rule 6.5.2A and which the Clearing Member has not delivered.</li> </ul>

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<p>The resultant net amount (the “Final Settlement Balance”) shall be payable to CDP by, or payable by CDP to, the Clearing Member on any Settlement Day. The Final Settlement Balance shall be notified to the Clearing Member by on-line transmission (the “On-Line Transmission”) to the Clearing Member’s terminal by 3.00 p.m. on each Settlement Day.</p>	<p>The resultant net amount (the “Final Settlement Balance”) shall be payable to CDP by, or payable by CDP to, the Clearing Member on any Settlement Day. The Final Settlement Balance shall be notified to the Clearing Member by on-line transmission (the “On-Line Transmission”) to the Clearing Member’s terminal by <del>3.00 p.m.</del> <a href="#">such time as set out in Appendix 1</a> on each Settlement Day.</p>
<p><b>6.4 Settlement of Payment Obligations between Clearing Members and CDP</b></p> <p>6.4.1 Unless otherwise notified by CDP to the Clearing Members, settlement of the Final Settlement Balance for each Settlement Day between the Clearing Members and CDP shall be effected between 3.00 p.m. and 4.00 p.m. on that Settlement Day.</p> <p><a href="#">New Rule</a></p>	<p><b>6.4 Settlement of Payment Obligations between Clearing Members and CDP</b></p> <p>6.4.1 Unless otherwise notified by CDP to the Clearing Members, settlement of the Final Settlement Balance for each Settlement Day between the Clearing Members and CDP shall be effected <del>between 3.00 p.m. and 4.00 p.m.</del> <a href="#">by such time as set out in Appendix 1</a> on that Settlement Day.</p> <p><a href="#">6.4.1A</a> <a href="#">If CDP is of the opinion that settlement of the Final Settlement Balance is unlikely to commence at the scheduled time, CDP shall inform Clearing Members of the following matters:</a></p> <p style="padding-left: 40px;">(1) <a href="#">that settlement of the Final Settlement Balance is unlikely to commence at the scheduled time; and</a></p> <p style="padding-left: 40px;">(2) <a href="#">the estimated time at which the delayed settlement will commence.</a></p> <p style="padding-left: 40px;"><a href="#">CDP shall provide adequate time for Clearing Members to make payment and Clearing Members shall effect settlement of the Final Settlement Balance by such time as stipulated by CDP.</a></p> <p>[.]</p> <p>6.4.3 CDP shall be entitled to charge interest on any amount owing to CDP <del>under the Final Settlement Balance</del> which remains</p>

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<p>[.]</p> <p>6.4.3 CDP shall be entitled to charge interest on any amount owing to CDP under the Final Settlement Balance which remains unpaid by 4.00 p.m. on any Settlement Day at such rate as may be determined by CDP.</p>	<p><u>outstanding unpaid</u> by <del>4.00 p.m.</del> <u>such relevant time as set out in Appendix 1</u> on any Settlement Day at such rate as may be determined by CDP.</p>

## APPENDIX 1

The settlement of payment schedule for Clearing Members in respect of all currencies is as follows:

<u>Event</u>	<u>On Due Date</u>	
	<u>Full Day</u>	<u>Half Day*</u>
<u>CDP to issue Daily Settlement of Account Statement to Clearing Members<sup>#</sup></u>	<u>By 10.00am</u>	<u>By 10.00am</u>
<u>Settlement Run</u>	<u>12.00pm to 2:00pm</u>	<u>9.00am to 10:15am</u>
<u>CDP to issue Online Transmission of Final Settlement Balances to Clearing Members<sup>^</sup></u>	<u>2.30pm</u>	<u>10.45am</u>
<u>Clearing Members to pay debit Final Settlement Balances to CDP</u>	<u>By 3.30pm</u>	<u>By 11.45am</u>
<u>CDP to pay credit Final Settlement Balances to Clearing Members</u>	<u>By 4.30pm</u>	<u>By 12.45pm</u>

\* Half day refers to CDP's half working days on the eve of Christmas, New Year and Chinese New Year

# Clearing Members must have sufficient money balance and/or credit lines with their settlement banks to enable the settlement banks to confirm CDP instructions for AUD and HKD trades within an hour of issuance of these instructions by CDP

^ Clearing Members must have sufficient money balance and/or credit lines with their settlement banks to enable the settlement banks to confirm CDP instructions for SGD and USD trades within an hour of issuance of these instructions by CDP