

Proposed Amendments

CDP Clearing Rules

Rule 1 — Application and Definitions
1.1 Application
<p>1.1.3</p> <p>Except where CDP <u>or SGX RegCo</u> otherwise expressly agrees with or expressly commits itself to any party, the benefit of any performance by CDP of its obligations under these Clearing Rules and/or Clearing Directives is restricted only to Clearing Members. CDP, <u>SGX RegCo, or their respective directors, officers, employees, representatives or agents (the "Relevant Persons")</u> shall have no liability to any other party (including Trading Members). In particular, <u>the Relevant Persons</u> CDP shall have no liability to any party affected or aggrieved by any alleged action or omission of CDP or any of the directors, officers or employees of CDP.</p>
<p>1.1.7</p> <p><u>CDP may delegate, assign or grant authority to exercise any of its rights, powers, authorities and discretions under these Rules, including any right to enforce these Rules, to such person or entity as it may determine in its sole discretion, without consent from any Clearing Member.</u></p> <p><u>Where these Rules provide that any power, authority or discretion is to be exercised by the Board, the Board may delegate, assign or grant authority to exercise such power, authority or discretion to any person or entity. The Board may authorise a delegate to sub-delegate.</u></p>
<p>1.1.8</p> <p><u>SGX RegCo shall have the authority to exercise any rights, powers, authorities and discretions under these Rules, including the right to enforce these Rules. In the exercise of any such rights, powers, authorities and discretions under these Rules, SGX RegCo shall be bound to the same extent as CDP in respect of any obligations arising from the exercise of such rights, powers, authorities and discretions.</u></p>
1.2 Definitions
<p>"Clearing Rules" or "this Clearing Rules": means the rules of CDP, <u>including, save where expressly indicated otherwise, the Directives and Circulars,</u> as set out herein and as amended or supplemented from time to time by CDP.</p>
<p>"Disciplinary Committee": means the committee appointed by the <u>SGX RegCo</u> Board to exercise the powers set out in Rule 11;</p>
<p><u>SGX: means Singapore Exchange Limited;</u></p>
<p><u>SGX RegCo: means Singapore Exchange Regulation Pte. Ltd.;</u></p>
<p><u>SGX RegCo Board: means the board of directors for the time being of SGX RegCo or such number of them as have authority to act for the SGX RegCo Board;</u></p>

Rule 3 — Membership
3.3 Appeals 3.3.1 If CDP rejects an application to be a Clearing Member, the applicant may, within 14 days after it is notified of CDP's decision, appeal in writing to the SGX RegCo Board whose decision shall be final.
Rule 4 — Appointment of Approved Executive Directors and Directors
4.2 Obligations
4.2.3 Other Businesses (1) An Approved Executive Director shall inform CDP in writing at least fourteen (14) days before he or she engages in, or holds any substantial shareholding in, any other business that might potentially conflict with being an Approved Executive Director. The Approved Executive Director shall ensure that the proposed engagement or shareholding is agreed to by his or her Clearing Member. (2) The engagement (and any actions taken under it) or shareholding shall not breach the SFA, SFR, this Clearing Rules, Clearing Directives (where applicable), or any relevant law or regulation. (3) An Approved Executive Director shall supply CDP with any information it requires regarding the engagement or acquisition of shareholding. (4) If CDP objects to the engagement or acquisition of shareholding, an Approved Executive Director shall not proceed with it. CDP may extend the period specified in Rule 4.2.3(1). If extended, the Approved Executive Director shall not proceed with the engagement or acquisition of shareholding before the expiry of the extended period. (5) If an engagement or shareholding, in CDP's opinion, is detrimental to the financial integrity, reputation or interests of CDP, the Clearing Member or its customers, or in the case of a Bank Clearing Member, the Bank Clearing Member's customers in relation to its business governed by this Clearing Rules, CDP may require the Approved Executive Director to end it. (6) If CDP objects to the engagement or acquisition or shareholding or requires an Approved Executive Director to end it, the Approved Executive Director may, within fourteen (14) days after it is notified of CDP's decision, appeal in writing to the SGX RegCo Board whose decision shall be final.
Rule 6 — Clearing and Settlement
6.7A Penalties for the Non-Delivery of Securities in the Ready Market and Buy-In Market
1) Where a short Clearing Member has failed to deliver securities by the end of the Settlement Day in accordance with Rule 6.5.2, CDP may impose upon the short Clearing Member a fine of \$1,000 or 5% of the contract value of the undelivered securities (whichever is higher). For the purposes of this Rule, a Clearing Member is deemed to have failed to deliver securities where such securities have not been obtained through buying-in by the end of the Settlement Day.

(2) Nothing in the foregoing prevents CDP from waiving the fine under Rule 6.7A.1 for:
 (a) market makers of cross-listed exchange traded funds; or
 (b) such class of market participants that ~~SGX~~CDP may determine in its discretion from time to time, if it is in the interests of the market.

Rule 10 — Liabilities ~~of CDP~~

10.1 ~~No Liability CDP not Liable~~ to Clearing Members and Others in Absence of Fraud Etc

10.1.1

Without prejudice to the generality of Rule 1.1.3, except as otherwise expressly provided in these Clearing Rules, ~~CDP~~none of CDP, SGX RegCo, or their respective directors, officers, employees, representatives or agents ("Relevant Persons"), if acting in good faith and in the absence of fraud or negligence on ~~their~~its parts shall ~~not~~ be liable to any Clearing Member or any Third Party in contract, tort or under any other cause of action with respect to any action or omission by ~~any Relevant Person~~it or its officers, employees, representatives or agents in connection with ~~the~~its clearing and settlement of Exchange Trades, and all other matters as contemplated in these Clearing Rules.

10.1.2

Without prejudice to the generality of Rule 1.1.3, ~~the Relevant Persons~~CDP, ~~its officers, employees, representatives and agents~~ shall have no obligation or liability of any kind to a Clearing Member or Third Party, or to any of the Clearing Member's customers in respect of any loss or damage (including consequential loss or damage) which may be suffered or incurred or which may arise directly or indirectly in respect of the exercise ~~by CDP, any of its officers, employees, representatives or agents or any committee constituted by CDP~~ of any discretion or decision making power under the Clearing Rules or Clearing Directive.

10.2 Force Majeure

10.2.1

~~No Relevant Person~~CDP shall ~~not~~ be liable for any action or omission or for any failure, hindrance, suspension, restriction or delay in the provision of services and facilities to clear and settle any Exchange Trade or the performance in whole or in part of ~~its~~CDP's obligations under these Clearing Rules or Clearing Directives if such action, omission, failure, hindrance, suspension, restrictions or delay arises out of causes beyond ~~it~~the Relevant Person's reasonable control.

10.2.2

Such causes may include, but shall not be limited to, acts of God, war, civil disturbances, riots, acts of a civil or military authority, embargoes, fires, floods, explosions, accidents, labour disputes, mechanical breakdowns, computer or system failures or other failures of equipment, failures of or defects in computer or system software, unavailability of or restrictions on any on-line communications system or communication media or facilities, interruptions (whether in whole or in part) of power supplies or other utility or service, any suspension, restriction or closure of any market, any market emergency, failure, interruption or suspension of any depository or custodian, bank or financial institution, any law, decree, regulation or order or directive of any government, competent authority or any court or tribunal, and any other causes beyond ~~the Relevant Person's~~ CDP's reasonable control.

10.2.3

On the happening of any 1 or more of the events or circumstances referred to in Rule 10.2.1 above, CDP and any party affected shall immediately notify the same to the relevant party or parties.

10.2.4

In respect of affected Clearing Members, CDP shall be entitled, at any time after the receipt of such notice by CDP or any relevant party or parties, to exercise the powers under Rules 6A.9A and 6.10.

10.2.5

Without prejudice to the generality of the foregoing, [the Relevant Persons](#)~~CDP~~ shall not be liable for any failure, hindrance or delay in the performance (in whole or in part) of any of ~~CDP's~~ obligations to Clearing Members with regard to any Collateral where such failure, hindrance or delay arises from causes beyond CDP's control, such as but not limited to the failure whether partial or total, interruption or suspension of any depository or custodian or other service ("depository", which expression shall include banks or financial institutions with which such Collateral is placed with) CDP is using, the termination or suspension of CDP's membership or use of the depository or any variation of the depository's operational timetable, whether or not occasioned by action of the depository operator or other party, or any embargo, unavailability or restriction of bank transfer systems or wires, malfunction or overload of the depository or other emergency.

10.3 ~~CDP not Liable~~ No Liability for Acts or Omissions of Clearing Members

10.3.1

[The Relevant Persons](#)~~CDP~~ shall have no liability for:—

- (1) any breach or failure of any Clearing Member to comply with these Clearing Rules; or
- (2) the acts or omissions of any of the Clearing Members.

10.4 Consequential Losses

10.4.1

[The Relevant Persons](#)~~CDP~~ shall not be liable for any special, indirect or consequential losses or damages or for the loss of business, revenue, goodwill, bargain or loss of profit suffered by any Clearing Member, even if [the Relevant Persons](#)~~CDP~~ had been notified of the possibility of these damages being incurred.

10.6 Indemnity ~~to CDP~~

10.6.1

Each Clearing Member indemnifies [each of](#) CDP, [SGX RegCo, and their respective](#) ~~and its~~ directors, officers, employees, representatives and agents ("Indemnified Persons") against any loss or liability reasonably incurred or suffered by the Indemnified Persons where such loss or liability arose out of or in connection with:—

- (1) any breach by the Clearing Member of its obligations under the Clearing Rules and/or Clearing Directives; or
- (2) any wilful, unlawful, reckless or negligent act or omission by the Clearing Member.

10.6.2

Without prejudice to the generality of Rule 10.6.1, in the event that any legal, arbitration or other

proceedings are brought to impose any liability on all or any of the Indemnified Persons for an alleged failure on the part of any Indemnified Person to prevent or to require action by a Clearing Member or any of its directors, officers, employees, representatives or agents, the Clearing Member shall reimburse the relevant Indemnified Person~~CDP~~ for:—

- (1) all expenses and legal fees incurred by or on behalf of the Indemnified Person~~CDP~~ in connection with such proceedings;
- (2) any payment made by or on behalf of the Indemnified Person~~CDP~~ with the approval of the Clearing Member in connection with any settlement of such proceedings; and
- (3) any payment made by or on behalf of the Indemnified Person ~~CDP~~ as a result of any order, award or judgment made in the such proceedings.

The Clearing Member shall render such co-operation as the Indemnified Person~~CDP~~ reasonably requires in respect of such proceedings including without limitation the production of any document or records.

10.6.3

Without prejudice to Rule 10.6.2, the Clearing Member shall pay to an Indemnified Person, if the Indemnified Person so requires, the costs incurred by or on behalf of the Indemnified Person of producing or obtaining, pursuant to a court order or other legal process, records relating to the business or affairs of a Clearing Member or any of its directors, officers, representatives, employees or agents, regardless of the party requiring such production or obtainment~~cost to CDP of producing, pursuant to a court order or other legal process, records relating to the business or affairs of a Clearing Member or its Approved Executive Director may, at the absolute discretion of CDP, be required to be paid to CDP by such Clearing Member, whether such production is required at the instance of such Clearing Member or Approved Executive Director or at the instance of any other party.~~

Rule 11 — Supervisory Rules

11.4 Disciplinary Committee

11.4.1

The Disciplinary Committee comprises persons appointed by the SGX RegCo Board. No director, officer or employee of CDP Singapore Exchange Limited or any of its related corporations may be appointed as a member of Disciplinary Committee.

11.4.2

The SGX RegCo Board determines the Chairman and Deputy Chairman of the committee. In the absence of the Chairman, the Deputy Chairman shall have all the authority of the Chairman.

11.7 Appeals Committee

11.7.1

The Appeals Committee comprises persons appointed by the SGX RegCo Board ~~of Directors of Singapore Exchange Limited ("SGX")~~ and approved by the Authority provided that:—

- (a) no Director, Officer or employee of SGX or any of its related companies may be appointed;
- (b) a majority are not directors, officers or employees of the members of SGX or its subsidiaries; and
- (c) a majority are not substantial shareholders of SGX or directors, officers or employees of any substantial

shareholder of SGX.

11.7.2

The powers of the Appeals Committee include:—

- (1) all the powers of the Disciplinary Committee;
- (2) increasing or reducing penalties, and overturning, varying or upholding any decision of the Disciplinary Committee;
- (3) hearing appeals in accordance with the Clearing Rules; and
- (4) dealing with such other matters as the SGX [RegCo](#) Board gives it (either generally or in a particular case).

Schedules – Schedule A

Rule 10 — Liabilities of CDP

Rule Chapter/Number	Rule Violation Brief Description of Rule	Whether composition may be offered	Composition Amount which may be Offered by CDP, where CDP has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
			1st Violation	2nd Violation	3rd Violation	
Rule 10 — Liabilities of CDP						
10.2	Force Majeure					
10.2.3	Clearing Member to notify CDP and any other relevant party upon the occurrence of any event of Force Majeure	Not Compoundable	Not Compoundable			\$10,000
10.6	Indemnity to CDP					
10.6.2	Clearing Member to reimburse the relevant Indemnified Person CDP for the specified payments	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.
	Clearing Member to render cooperation to the relevant Indemnified Person CDP in respect of any legal, arbitration or other regulatory proceedings.	Not Compoundable	Not Compoundable			\$10,000

**For information:
Amendment to Practice Notes**

Practice Note 3.9.2A, 3.9.3 Procedures to Suspend Qualification of a Trading Member

2 Procedures for Suspending A Trading Member

Designated Officers

2.2 For each Designated Officer, the Clearing Member shall submit to [SGX's](#) Market Control the Designated Officer's name, identification number, contact details, and a sealed envelop containing authentication information stipulated by Market Control. (For security reasons, the required authentication information will not be published in this Practice Note. Clearing Members are to contact Market Control regarding the required information.)

Practice Note 6A.9A — Additional Margins

4 Credit risk add-on

4.1 CDP may impose a credit risk add-on if there are concerns regarding the liquidity, solvency or credit-worthiness of a Clearing Member. Indicators of potential heightened credit risk posed by a Clearing Member includes, without limitation:

...

(e) other specific issues or concerns relating to the Clearing Member, which may arise from [SGX's CDP's](#) on-site inspection, the Authority's audit findings; or frequent rule violations committed by the Clearing Member.

CDP Depository Rules

Proposed Rule Change
1 Application
1.1 Application of CDP Rules
<p>1.1.2</p> <p>Except where the Depository <u>or SGX RegCo</u> otherwise expressly agrees with or expressly commits itself to any party, the benefit of any performance by the Depository of its obligations under (i) these CDP Rules, or (ii) Directives, Circulars or Practice Notes issued by the Depository, is restricted to only Depository Agents and Account Holders.</p> <p>The Depository, <u>SGX RegCo, or their respective directors, officers, employees, representatives or agents (the "Relevant Persons")</u> shall have no liability to any other party. In particular, the <u>Depository Relevant Persons</u> shall have no liability to any party affected or aggrieved by any alleged action or omission of the Depository or any of the directors, officers or employees of the Depository.</p>
<p><u>1.1.4</u></p> <p><u>The Depository may delegate, assign or grant authority to exercise any of its rights, powers, authorities and discretions under these Rules, including any right to enforce these Rules, to such person or entity as it may determine in its sole discretion, without consent from any Depository Agent.</u></p> <p><u>Where these Rules provide that any power, authority or discretion is to be exercised by the Board, the Board may delegate, assign or grant authority to exercise such power, authority or discretion to any person or entity. The Board may authorise a delegate to sub-delegate.</u></p>
<p><u>1.1.5</u></p> <p><u>SGX RegCo shall have the authority to exercise any rights, powers, authorities and discretions under these Rules, including the right to enforce these Rules. In the exercise of any such rights, powers, authorities and discretions under these Rules, SGX RegCo shall be bound to the same extent as CDP in respect of any obligations arising from the exercise of such rights, powers, authorities and discretions.</u></p>
13 Liability
13.2 Force Majeure
<p><u>None of t</u>The Depository, its<u>SGX RegCo, or their respective</u> directors, officers, employees, representatives or agents <u>(the "Relevant Persons")</u> shall not be liable for any losses or damages that may be suffered, incurred or sustained by any Depository Agent or any Account Holder or Sub-Account Holder, nor and shall not be responsible for failure to comply or delay in complying with any duty or obligation under or pursuant to these CDP Rules arising as a direct or indirect result of any reason, cause or contingency beyond <u>the Relevant Person's</u> reasonable control, including (without limitation) natural disasters, act of God, industrial action, computer breakdown or sabotage, currency restrictions, war or terrorism, or the failure, suspension or disruption of any relevant stock exchange, clearance system or market.</p>

<p>13.3 No Liability</p> <p>The Depository <u>A Relevant Person</u> shall not be responsible for any loss or damage suffered by the Depositors as a result of or in connection with the Depository's performance or non-performance <u>by any Relevant Person</u> of its duties unless the same results from an act of negligence or fraud on the part of <u>that Relevant Person</u> the Depository; in which event the Depository shall promptly replace any Deposited Securities which have been lost, stolen or destroyed. Where such replacement of lost, stolen or destroyed Deposited Securities is not possible, the <u>collective</u> liability of the Depository <u>Relevant Persons</u> in connection with any Deposited Securities shall not exceed the lower of the market value of the Deposited Securities to which such loss or damage relates at the time of discovery of such negligence or fraud or at the time of proposed replacement.</p> <p>In no event shall the Depository <u>any Relevant Person</u> be responsible for any loss or damage suffered by a Sub-Account Holder as a result of the Depository performing its duties to a Depository Agent under these CDP Rules.</p>
<p>13.8 No Liability For Consequential Damages</p> <p>Notwithstanding the foregoing, in no event shall the Depository <u>Relevant Persons</u> be liable to the Depositors and Sub-Account Holders for indirect, special or consequential damages, even if advised of the possibility of such damages.</p>
<p>13.9 No Breach of Laws</p> <p>Nothing in these CDP Rules shall obligate the Depository <u>Relevant Persons</u> to perform any obligation or to allow, take or omit taking any action which will breach any law, rule, regulation or generally accepted market practice of any relevant government, stock exchange, clearance system, self-regulatory organization or market.</p>
<p>13.10 No Liability for Third Parties</p> <p>The Depository <u>Relevant Persons</u> shall not be responsible or liable for the acts or omissions, default or insolvency of any:</p> <p>13.10.1 depository, sub-custodian and custodian appointed in respect of Foreign Securities unless the Depository has failed to take reasonable care in their selection; or</p> <p>13.10.2 issuer of Eligible Securities.</p>
<p>14 Indemnity to Depository</p>
<p>14.1 Indemnity</p> <p>Each Depository Agent <u>indemnifies each of</u> shall indemnify the Depository, <u>SGX RegCo, and their respective</u> its officers, directors, employees, representatives and agents ("Indemnified Persons") and hold them harmless against all costs, fees (including legal fees on a solicitor and client basis), expenses, liabilities, taxes, assessments, losses, fines, penalties, losses and damages suffered or incurred by any of them directly or indirectly arising from or in connection with the following matters, except when the losses and damages are directly caused by the Depository's failure to act in good faith, or by an act of negligence or fraud, <u>on</u> the part of the Depository:</p> <p>14.1.1 any breach by the Depository Agent of its obligations under the Depository Agent Terms;</p>

14.1.2 any wilful, unlawful or negligent act or omission by [thea](#) Depository Agent;

14.1.3 any legal proceedings or dispute resolution proceedings of any nature which the Depository Agent is a party to or required to take part in, and which requires the [Depository's](#) Indemnified Persons' involvement ("Proceedings"), including production of information or documents, whether at the request of the Depository Agent or otherwise;

14.1.4 the actions or omissions by the Indemnified Persons in reliance on instructions or communications believed in good faith by any of them to have been given by or on behalf of the Depository Agent or the failure of the Depository Agent to give instructions to the Depository; and

14.1.5 any action by the Indemnified Persons in respect of the Deposited Securities, taken in good faith to comply with any law, regulation or order of any government, competent authority or any court or tribunal.

17 Definitions and Interpretation

"CDP Rules": means the rules as set out herein, [including, save where expressly indicated otherwise, Directives and Circulars](#), as the same may be varied, amended or supplemented from time to time

[SGX RegCo](#): means [Singapore Exchange Regulation Pte. Ltd.](#)

[SGX RegCo Board](#): means [the board of directors for the time being of SGX RegCo or such number of them as have authority to act for the SGX RegCo Board.](#)