

**ADDITION TO APPENDIX 1 OF SGX-DC CLEARING RULES  
- FINAL SETTLEMENT PRICE**

<b>Product</b>	<b>Visco Spread</b>
<b>Contract</b>	Fuel Oil 180cst Swap vs Fuel Oil 380cst Swap Differential
<b>Final Settlement Price</b>	FSP of Fuel Oil 180cst Swap minus FSP of Fuel Oil 380cst Oil Swap

<b>Product</b>	<b>Regrade Spread</b>
<b>Contract</b>	Kerosene vs Gasoil Swaps Differential
<b>Final Settlement Price</b>	FSP for Kerosene Swap FOB Singapore minus FSP for Gasoil Swap FOB Singapore

## AMENDMENT TO PRACTICE NOTE 7.11.1.1 OF SGX-DC CLEARING RULES

### DAILY SETTLEMENT PROCEDURES FOR ELIGIBLE OTC CONTRACTS

Issue Date	Cross Reference	Enquires
01/06/2010	Clearing Rules Rule 7.11.1.1	Please contact  <b>Operations, Clearing and Depository</b> Email: otclear@sgx.com Clearing Hotline Tel: (65) 6236 5319  <b>SGX OTC Clearing Business</b> Email: sgxotc@sgx.com

#### 1. Introduction

- 1.1 This Practice Note describes the procedures for determining Daily Settlement Prices for Eligible OTC Contracts.
- 1.2 Daily Settlement Price is the official daily closing price of a Contract determined in accordance with SGX-DC Clearing Rule 7.11.1.1. An Eligible OTC Contract is any OTC Contract accepted by the Clearing House for clearing, subject to SGX-DC Clearing Rules, as prescribed by the Clearing House from time to time.
- 1.3 The procedures in this Practice Note shall only be applicable for determining the Daily Settlement Price of an Eligible OTC Contract from the first trading day to one day before last trading day.
- 1.4 The formulas for the computation of Daily Settlement Prices on the last trading day, otherwise also known as Final Settlement Prices, are provided in Appendix 1 of SGX-DC Clearing Rules.

#### 2. Procedures

- 2.1 The following procedures shall apply in relation to the determination of the Daily Settlement Price for each Eligible OTC Contract which is not a spread:
  - 2.1.1 Clearing House shall prescribe a list of Price Contributors for each Eligible OTC Contract.
  - 2.1.2 Clearing House shall obtain daily price assessments for each Eligible OTC Contract from each Price Contributor.
  - 2.1.3 The Daily Settlement Price for a contract month shall be the weighted average price assessments provided by each Price Contributor, whose weight shall be decided by Clearing House. Clearing House may discard the lowest or highest assessments before averaging.

2.1.4 In the event that no price assessment is obtained for a contract month, the Daily Settlement Price for that contract month shall be interpolated using the following but not limited to:

- a) available price assessments for preceding months and following months;
- b) current month's spot assessments;
- c) prices of registered transactions.

2.2 The determination of the Daily Settlement Price for each Eligible OTC Contract which is a spread, shall be:

- a) in accordance with the procedures set out in 2.1.1 to 2.1.4; or
- b) based on the difference between the Daily Settlement Prices of the two underlying Contracts, where the Eligible OTC Contract is based on the difference between the two underlying Contracts.

### **3. Price Contributors**

3.1 The Price Contributors for each Eligible OTC Contracts group are:

#### **Oil Swaps**

- a) Platts
- b) Forward Market Curve Limited
- c) Market Participants

#### **Freight Forward Contracts**

- a) The Baltic Exchange Limited

#### **Iron Ore Swaps**

- a) Market Participants

(DC005/2009)

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