



News Release

13 March 2018

SGX proposes to refine members' Derivatives Clearing Fund requirements

Singapore Exchange (SGX) is proposing refinements to enhance the robustness of the SGX-Derivatives Clearing (SGX-DC) Clearing Fund. These will result in each member contributing to the Clearing Fund an amount that more accurately reflects the risk it poses to SGX-DC.

The proposed amendments include (i) a methodology change such that members' contribution requirements are directly determined by potential stress test losses that SGX-DC might suffer in the event of a default of a Clearing Member(s), and (ii) combining exchange-traded derivatives and over-the-counter (OTC) commodity derivatives into a single contract class for risk management purposes.

With these changes, SGX-DC members will have better capital efficiency and greater clarity of their contribution requirements. The proposed changes would also ensure that members' contributions for the combined contract class are managed in line with the margining for these contract classes.

"We are proposing several refinements which simplify the SGX-DC Clearing Fund for members and allow the Fund to be more nimble when responding to changes in stress test losses. The recalibration of the Clearing Fund requirement is a result of our constant review of our management of risk, and is in line with global practices," said Agnes Koh, Chief Risk Officer of SGX.

The public can submit feedback on the proposed amendments to the rules till 3 April 2018. Subject to regulatory clearance, SGX intends to introduce the refinements in the third quarter of 2018.

Full details of the public consultation including the questions SGX posed are found [here](#). Feedback can be sent to:

| Mode | Correspondence Details |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Email | Rules@sgx.com |
| Mail | Singapore Exchange Regulation 11 North Buona Vista Drive #06-07, The Metropolis Tower 2 Singapore 138589 (Attention: Regulatory Development & Policy) |

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About Singapore Exchange (SGX)

Singapore Exchange is Asia's leading and trusted market infrastructure, operating equity, fixed income and derivatives markets to the highest regulatory standards. As Asia's most international, multi-asset exchange, SGX provides listing, trading, clearing, settlement, depository and data services, with about 40% of listed companies and 75% of listed bonds originating outside of Singapore.

SGX is the world's most liquid offshore market for the benchmark equity indices of China, India, Japan and ASEAN and offers commodities and currency derivatives products. Headquartered in AAA-rated Singapore, SGX is globally recognised for its risk management and clearing capabilities. For more information, please visit www.sgx.com.

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