



Asia Pacific Clear Pte. Ltd. Clearing Procedures

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Asia Pacific Clear Pte. Ltd.
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1 APEX CLEAR SYSTEM

1.1 General

1.1.1 These Clearing Procedures are the “**Clearing Procedures**” as defined in the Asia Pacific Clear Pte. Ltd. Clearing Rulebook (the “**Clearing Rules**”) and are subject to the Clearing Rules. These Clearing Procedures, and all non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with Singapore law and any Clearing House Dispute arising under these Clearing Procedures will be subject to Rule 1201. Unless otherwise defined in these Clearing Procedures, all capitalised terms in these Clearing Procedures shall bear the meanings as ascribed to them in the Clearing Rules.

1.1.2 The “**Clearing Processing System**” consists of:

- (i) “**APEX Clear System**”, the clearing system operated by the Clearing House, which is connected to the Trading Facilities of the Exchange (which includes the “**Exchange Trading Platform**” and the “**APEX Block Trade and EFRP Facility**”), for the performance of post-trade administration, clearing and settlement, and treasury functions in relation to the Contracts; and
- (ii) “**APEX Delivery System**”, the delivery system operated by the Clearing House, as may be made available from time to time, for the processing of physical deliveries in respect of Deliverable Contracts traded on the Exchange and cleared through the Clearing House.

1.1.3 Clearing Members will also be provided with access to the “**APEX Member and Customer Management System**” for the registration of Customers, Proprietary Position accounts and Customer Position accounts.

1.1.4 Clearing Members should immediately inform the Clearing House of any event, system-related or otherwise, that would prevent them from timely and accurate operation on the Clearing House. Clearing Members shall, at all times, ensure that they are able to continuously monitor communication facilities for receipt of communications from the Clearing House. In the event of any system errors or other systemic issues connected with the Clearing House systems or any processing errors or error in communications with the Clearing House, Clearing Members should contact the Clearing House’s Operations department.

1.2 Clearing Processing System Access

1.2.1 Access by a Clearing Member to the Clearing Processing System may only be obtained during the hours determined by the Clearing House from time to time.

1.2.2 A Clearing Member may access the APEX Clear System by using the graphical user interface (“**GUI**”) provided by the Clearing House. Any software developed by the

Clearing Member or provided by an independent software vendor (“**ISV**”), which is used or to be used to access the APEX Clear System, must satisfy all conformance criteria for connectivity to the APEX Clear System as determined and approved by the Clearing House from time to time (the “**Conformance Criteria**”).

To access the APEX Clear System, a Clearing Member shall nominate at least two Representatives as user administrators (the “**CM Administrators**”), who will be issued a unique user ID to log on to the APEX Clear System.

The CM Administrator shall be responsible for controlling the recording and distribution of user access to the APEX Clear System.

- 1.2.3 Access to the APEX Delivery System, when made available by the Clearing House, shall be granted on such terms as prescribed by the Clearing House from time to time.
- 1.2.4 A Clearing Member shall provide a contact list to the Clearing House to facilitate communication between the Clearing Member and the Clearing House. The Clearing Member shall keep such contact list updated at all times.

2 CLEARING AND SETTLEMENT

2.1 Transmission of Trade Details to APEX Clear System

- 2.1.1 Details of trades executed on the Exchange (the “**On-Exchange Trades**”) are transmitted from the Exchange Trading Platform into the APEX Clear System and recorded once the Trade has been matched and executed on the Exchange.
- 2.1.2 Details of Block Trades and EFRP transactions which have been duly reported and confirmed in the APEX Block Trade and EFRP Facility, are transmitted from the APEX Block Trade and EFRP Facility into the APEX Clear System, after the necessary checks have been performed and the Block Trades and EFRP transactions have been approved by the Exchange, in accordance with the Trading Procedures.

2.2 Acceptance of Trades by APEX Clear System

- 2.2.1 All On-Exchange Trades, Block Trades and EFRP transactions (collectively the “**Trades**”, and each a “**Trade**”) shall be accepted by the Clearing House for clearing and settlement in accordance with Rule 401 and this Clearing Procedure 2.2.
- 2.2.2 The Clearing House may, at its absolute discretion, at any time accept or decline a Block Trade or an EFRP Trade for clearing and settlement in accordance with Rule 401(b) and the Clearing House shall notify the relevant party as specified in Rule 401(b).

- 2.2.3 Where any Trade is not accepted by the Clearing House for clearing and settlement and is to be treated as an affected Contract pursuant to Rule 401(d), the Clearing House shall notify the relevant parties as specified in Rule 401(e).
- 2.2.4 Unless otherwise specified in the Clearing Rules or these Clearing Procedures, a Trade shall be deemed accepted by the Clearing House for clearing and settlement for the purposes of Rule 401(a) upon the recording of such Trade in the APEX Clear System.
- 2.2.5 The Clearing Processing System receives Trade details in real-time and allows Clearing Members and their Representatives to perform the following functions:
- (i) give up or split Trades to other Clearing Members as permitted under Clearing Rule 417;
 - (ii) accept Trades given up or split by other Clearing Members as permitted under Clearing Rule 417;
 - (iii) transfer or split Trades between different Position Accounts (as defined in Clearing Procedure 3.1.2 below) under the same Clearing Member;
 - (iv) view trading history and status of Trades;
 - (v) monitor Open Positions;
 - (vi) close out Open Positions;
 - (vii) process physical delivery in respect of Deliverable Contracts; and
 - (viii) review Margin requirements.

3 ACCOUNT MANAGEMENT

3.1 Account Structure and Position-Keeping

- 3.1.1 Within the APEX Clear System, there are two types of Member Units mapped to each Clearing Member – Proprietary and Customer. The “**Proprietary Member Unit**” will hold all accounts belonging to the Clearing Member and its Related Customers, whereas the “**Customer Member Unit**” will hold all accounts belonging to the Clearing Member’s Customers. The following Table A sets out a summary of the account structure for each of the Proprietary Member Unit and the Customer Member Unit on the APEX Clear System:

Table A

Member Unit	Position Account Type	Position & Margin	Collateral Account	Bank Account
Proprietary	Proprietary Net	Net	Proprietary	Proprietary
	Proprietary Default	Gross		
Customer	Customer Net	Net	Customer	Customer
	Customer Omnibus	Gross		

3.1.2 A Clearing Member may maintain several accounts (each, a “**Position Account**”) under its respective Proprietary Member Unit and the Customer Member Unit for the holding of Open Positions.

The Proprietary Member Unit includes:

- (i) a Proprietary Default account (“**PD Account**”), which will be automatically created for each Clearing Member. Positions in the PD Account are maintained on a gross basis;
- (ii) a Proprietary Net Account (“**PN Account**”), which is the account for the recording of the Clearing Member’s Proprietary Positions and those of its Related Customers which shall be maintained on a net basis; and
- (iii) such other Proprietary Accounts as may be made available by the Clearing House, from time to time, to Clearing Members.

The Customer Member Unit includes:

- (i) a Customer Net Account (“**CN Account**”), being an account for the recording, on an individual Customer basis, of Trades and positions of a Customer of a Clearing Member and which shall be maintained on a net basis. The Clearing Member shall ensure that all Trades and positions maintained in this CN Account belong to a Customer who shall be the sole beneficial owner of all such Trades and positions therein; and
- (ii) a Customer Omnibus Account (“**CO Account**”), being an account for the recording, on an omnibus basis, of Trades and positions of two or more Customers of a Clearing Member collectively and which shall be maintained on a gross basis.

3.1.3 Clearing Members may maintain separate Position Accounts for each Exchange Member for whom they provide clearing services.

3.1.4 Clearing Members shall register all new Position Accounts to the Clearing House through the APEX Member and Customer Management System. Registration of new Position Accounts shall be submitted at least two (2) Business Days before the intended effective start date of trading or clearing in this Position Account. All Position Account updates and closure requests shall be submitted through the APEX Member and Customer Management System. Provided that no Event of Breach has been declared as a Declared Default by the Clearing House pursuant to Rule 802, a Clearing Member who wishes to close a Position Account shall close out or transfer all Open Positions held in that Account before the closure request can be processed by the Clearing House. The Clearing House, may in its absolute discretion, accept or reject any new Position Account registration, update or closure request.

3.2 Open Positions and Close Outs

3.2.1 The PN Account and CN Account shall hold Proprietary Positions and Customer Positions respectively on a net basis.

3.2.2 The PD Account and CO Account, and such other Omnibus Accounts as may be permitted by the Clearing House, hold gross positions, showing all sell and all buy positions that have not been netted or closed out. The Clearing House will consider all positions in such PD Account and CO Account as Open Positions unless the Clearing Member has instructed the Clearing House to close out Open Positions through the submission of instructions in the APEX Clear System.

3.2.3 Rule 402.2 permits Clearing Members in certain circumstances to close out opposite Contracts that are held on a gross basis. In order to ensure a true representation of Open Positions, the Clearing House may require Clearing Members to perform position close outs in the PD Accounts and CO Accounts where gross Open Positions are maintained, in accordance with the Clearing Rules. Clearing Members are responsible for submitting any required close out instructions in relation to such Position Accounts.

3.2.4 All close outs should be performed in a fashion and at a time in accordance with Section 4 of these Clearing Procedures.

3.2.5 A position transfer application shall be submitted before the desired transfer time specified in the position transfer application in order to be reflected in time as a transferred Open Position.

3.2.6 Other than the positions recorded in the Position Accounts, the Clearing House will not recognise any other positions or arrangements that has not been reported to the Clearing House.

3.3 Collateral Accounts

- 3.3.1 While Open Positions may be held in different Position Accounts through the APEX Clear System, the margining of Open Positions will take place as follows:
- (i) all Open Positions in the PN Account will be margined on a net basis;
 - (ii) all Open Positions in the PD Account will be margined on a gross basis;
 - (iii) all Open Positions in the CN Account will be margined on a net basis; and
 - (iv) all Open Positions in the CO Account will be margined on a gross basis.
- 3.3.2 The Clearing House maintains for each Clearing Member different types of collateral accounts in the APEX Clear System for recording of Collateral movement transactions between the Clearing Member and the Clearing House. These collateral accounts are registered in the name of the Clearing Member and are respectively identified as the Clearing Member's "**Proprietary Collateral Account**" or "**Customer Collateral Account**". The Position Accounts under the Proprietary Member Unit will be mapped to the relevant Proprietary Collateral Account while the Position Accounts under the Customer Member Unit will be mapped to the relevant Customer Collateral Account, as per the account structure presented in Table A.
- 3.3.3 Each separate Position Account, even if mapped to the same Member Unit as aforesaid, will be subject to calculations for Margins separately from other Position Accounts. However, Margin calls will be generated at a Member Unit level. The Clearing Processing System does not permit Clearing Members to effect transfers or offsets of Margins between Member Units or otherwise contrary to the MAS Requirements.
- 3.3.4 Unless otherwise specified by the Clearing House or a Clearing Member, all cash and non-cash Collateral paid or delivered by the Clearing Member to the Clearing House will be recorded in the Clearing Member's respective Proprietary Collateral Account or Customer Collateral Account and will be eligible for use and applied to meet the Clearing Member's Margin liabilities and outstanding debit owing to the Clearing House in accordance with the Clearing Rules and MAS Requirements.

4 POST TRADE MANAGEMENT

4.1 Responsibility of Clearing Members

- 4.1.1 In the course of monitoring the Market, the Clearing House will direct all queries relating to Trades executed and Open Positions recorded under a Position Account to the respective Clearing Member. In this respect, all Clearing Members shall ensure that the execution of Customers' post-trade instructions is done in a timely and accurate manner.

4.2 Trade Transfer

- 4.2.1 The APEX Clear System allows Clearing Members to transfer or split Trades between different Position Accounts, provided that these Position Accounts are opened under the Proprietary Member Unit or Customer Member Unit of the same Clearing Member.

For a Trade executed or deemed executed on a given Trading Day before the relevant Trade transfer cut-off time of that given Trading Day, the transfer of such Trade can be performed at any time prior to such cut-off time. Transfer of such a Trade will not be permitted after its Trade transfer cut-off time for that given Trading Day.

Transfer of a Trade can be performed directly in the APEX Clear System or through a file upload (in the format prescribed by the Clearing House) into the APEX Clear System.

4.3 Give-Up Trade

- 4.3.1 Pursuant to Rule 417, prior to performing any Give-up in the APEX Clear System, both the Executing Member and Accepting Clearing Member shall ensure that the Customer of the Executing Member has entered into an agreement with the Accepting Clearing Member and an agreement with the Executing Member. Each of the Executing Member and the Accepting Clearing Member shall make available to the Clearing House any such information relating to the relevant agreement as the Clearing House may reasonably request from time to time.
- 4.3.2 For a Trade executed or deemed executed on a given Trading Day before the relevant Give-up cut-off time of that given Trading Day, the Executing Member may initiate the Give-up of such Trade at any time prior to such cut-off time. The Accepting Clearing Member must accept the Trade into the correct Position Account in its Customer Member Unit before such cut-off time, failing which the Give-up shall be deemed to be unsuccessful and/or not accepted by the Accepting Clearing Member for the purposes of Rule 417(e). Give-up of such a Trade will not be permitted after its Give-up cut-off time for that given Trading Day.
- 4.3.3 In the event that Give-up is unsuccessful for a Trade executed or deemed executed on a given Trading Day, the Executing Member shall submit a Position Transfer Request Form after such Trading Day through its Clearing Member to the Clearing House's Operations department, in accordance with Clearing Procedure 4.4.2, to transfer the Open Position related to the unsuccessful Give-up Trade to the correct Position Account of the Accepting Clearing Member. All such requests shall be submitted within three (3) Trading Days from that given Trading Day when the Give-up was first initiated.

4.4 Position Transfer

- 4.4.1 The APEX Clear System allows Clearing Members to transfer Open Positions held in Position Accounts registered or maintained within the Customer Member Unit or Proprietary Member Unit of a Clearing Member, as well as transfer Open Positions held in the name of a Clearing Member to another Clearing Member. Where such Open Positions to be transferred are Customer Positions, the Clearing Member shall ensure that such transfers are in accordance with the relevant Customer's instructions.
- 4.4.2 All requests to transfer Open Positions for any given Trading Day shall be submitted by the Transferor Clearing Member to the Clearing House's Operations department before the relevant cut-off time prescribed by the Clearing House in respect of that Trading Day. The Clearing Members must complete a Position Transfer Request Form with the details of the relevant Open Positions to be transferred, which must be duly executed by the authorized signatories of both Transferor Clearing Member and Transferee Clearing Member. All requests submitted to transfer Open Positions will be subject to the Clearing House's review and approval in accordance with Rule 404.
- 4.4.3 Any discrepancies or errors found in the Position Transfer Request Form will result in the Clearing House rejecting the request to transfer the specified Open Positions in the Position Transfer Request Form. Notwithstanding the foregoing, the Clearing House reserves the right to approve or reject such request at any time at its sole discretion.
- 4.4.4 In the absence of a Declared Default, a transfer of any Open Position from the Transferor Clearing Member to the Transferee Clearing Member shall be subject to the following conditions:
- (i) such transfer of Open Position from the Transferor Clearing Member to the Transferee Clearing Member must be in accordance with Applicable Law, the Trading Rules and the Clearing Rules, and, to the extent permitted thereunder, any applicable agreement between the Transferor Clearing Member and the relevant Customer;
 - (ii) if such transfer of Open Position from the Transferor Clearing Member to the Transferee Clearing Member is at the instruction of a Customer, it shall be the responsibility of the relevant Customer to identify and appoint a Transferee Clearing Member, and subject to the acceptance by the Transferee Clearing Member of such appointment, the Customer shall notify the Transferor Clearing Member of such arrangement;
 - (iii) if such transfer is due to a merger or an amalgamation of Clearing Members, or due to a winding down or resignation or termination of membership of a Clearing Member, it shall be the responsibility of the Transferor Clearing Member to enter into a legally valid, binding and enforceable agreement with a Transferee Clearing Member setting out, among other things, the transfer details of any Open Positions and the acceptance of such transfer by the Transferee

Clearing Member, and to provide adequate notification to all affected Customers and the Clearing House; and

- (iv) the Clearing House has approved such transfer, and the Transferor Clearing Member and Transferee Clearing Member have satisfied such other conditions as the Clearing House may have specified.

4.4.5 If the conditions in Clearing Procedure 4.4.4 are satisfied, upon approval of the transfer of Open Position from the Transferor Clearing Member to the Transferee Clearing Member by the Clearing House, the Clearing House shall:

- (i) cancel the Open Contract between the Transferor Clearing Member and the Clearing House and update the records of the Open Positions in the relevant account of the Transferor Clearing Member to reflect the transfer of Open Position;
- (ii) create a new Open Contract between the Transferee Clearing Member and the Clearing House on the same terms as the cancelled Open Contract in 4.4.5(i) by updating the records of the Open Positions in the relevant account of the Transferee Clearing Member to reflect the transfer of the position; and
- (iii) update the Margin requirements of the relevant Position Accounts of the Transferor Clearing Member and the Transferee Clearing Member pursuant to the transfer of Open Position.

4.4.6 It shall be the responsibility of the Clearing Members to arrange for the re-allocation of Margins following from or in relation to such transfer of Open Position pursuant to Clearing Procedure 4.4 to satisfy and comply with the Margin requirements after the transfer.

4.4.7 Notwithstanding anything to the contrary in these Clearing Procedures, no Clearing Member shall be obliged to accept a transfer of any position as a Transferee Clearing Member unless the written consent of such Clearing Member has been obtained.

4.4.8 Notwithstanding anything to the contrary herein, if an Event of Breach is declared as a Declared Default with respect to the Transferor Clearing Member pursuant to Chapter 8 of the Rules prior to the transfer of an Open Position from the Transferor Clearing Member to the Transferee Clearing Member in the APEX Clear System, such transfer may be rejected at the discretion of the Clearing House in accordance with Rule 803(b) and be of no effect and the Clearing House will not adjust the related Open Positions pursuant to Clearing Procedure 4.4.5.

4.5 Position Closing out and Re-Opening

4.5.1 For the purposes of Rule 402.2, a Clearing Member may submit instructions for closing out Open Positions in each of its PD Account, CO Account and such other omnibus

account as may be permitted by the Clearing House which are maintained on a gross basis, provided that the long and short positions to be closed out are within the same position account and belong to the same beneficiary owner.

The Clearing House will consider all positions in each of the PD Account, CO Account and such other omnibus account as may be permitted by the Clearing House as Open Positions unless the Clearing Member instructs the Clearing House otherwise.

4.5.2 Position close out instructions can be submitted directly, or through a file upload, into the APEX Clear System. Position close out instructions may be submitted within such time as prescribed by the Clearing House.

4.5.3 Clearing Members who wish to re-open positions must submit the request to the Clearing House's Operations department in writing no later than two (2) Trading Days after the position close out has been performed.

Each Clearing Member making a position re-opening request shall provide to the Clearing House such information as it may require relating to the position re-opening, including the reason therefor. All position re-opening requests are subject to the Clearing House's review and approval.

Notwithstanding the foregoing, the Clearing House reserves the right to accept or reject any request at any time at its sole discretion.

4.6 Invoice Back

4.6.1 **"Invoice Back"** is the process of offsetting an existing Contract or Open Position by the Clearing House as described in this Clearing Procedure 4.6. Any Contracts that are subject to Invoice Back will be terminated in accordance with such other terms or prices as are determined by the Clearing House and effected through the APEX Clear System.

4.6.2 Existing Contract or Open Position may be subjected to Invoice Back when:

- (i) there has been a Delivery Default;
- (ii) there has been a Declared Default;
- (iii) there has been a Force Majeure Event; or
- (iv) the Exchange and/or Clearing House determines there has been an occurrence of any unlawful event that affects the legality or validity of the existing Contract or Open Position or the lawful operations of the Exchange and/or Clearing House.

4.6.3 The Clearing House may effect an Invoice Back:

- (i) at the most recent Daily Settlement Price or Final Settlement Price, as applicable, published by the Clearing House for the relevant Contract or at such price as the Clearing House determines to be reasonably appropriate in the circumstances; and
 - (ii) in such manner as the Clearing House considers to be appropriate in the circumstances, including on a pro-rata basis (calculated as the proportion of gross opposite positions of each non-Defaulting Clearing Members relative to the aggregate value of such Open Positions held by all non-defaulting Clearing Members).
- 4.6.4 All the Clearing House's actions in exercising the Invoice Back, including the timing of the invoicing back and the price determined by the Clearing House shall be final and binding on all affected Clearing Members, and shall not be subject to challenge by any Person except in the case of manifest error, negligence or fraud. Clearing Members will be notified of Contracts subject to Invoice Back by the Clearing House's Operations department. Each such event will be notified through email. Any disputes by Clearing Members on the grounds of manifest error, negligence or fraud mentioned in this Clearing Procedure 4.6.4 must be made to the Clearing House's Operations department in writing stating the reasons for dispute in detail within two (2) Trading Days upon issuance of the aforesaid notification by the Clearing House.

5 MARGIN PROCEDURES

5.1 General

- 5.1.1 The Margin requirements described in this Section 5 will be recorded by the Clearing House through the APEX Clear System and will form part of the Clearing House's daily Margin calculation processes. Margin requirements will determine whether cash or such other types of assets or properties that the Clearing House may prescribe in accordance with Rule 406.1(e), are to be paid to, delivered by or received from, the relevant Clearing Member as Margin. Any Margin payable arising from a Margin call shall be paid through the Clearing House's Settlement Banks and any other non-cash assets deliverable pursuant to a Margin call shall be delivered to a Depository Institution (as defined in Clearing Procedure 6.1 below) that participates in the APEX Clear System.
- 5.1.2 The Clearing House may, at its sole discretion, decide and impose conditions on the proportion of or composition of the various assets accepted as Margin. Such conditions may be imposed on any Clearing Member or any group or class of Clearing Members, as the Clearing House deems fit. The Clearing House may specify or vary the quantum of Margin and the applicability of the same from time to time in respect of any existing or new Open Positions of any Clearing Member in accordance with Rule 406.1(o). The Clearing Member should refer to the Clearing House reports for details of the Margin requirements calculated by the Clearing House.

5.2 Initial Margin

- 5.2.1 The Clearing House calculates Initial Margin separately for each Position Account belonging to a Clearing Member. For the avoidance of doubt, no Initial Margin offset is permitted across any of these Position Accounts.
- 5.2.2 Initial Margin calculations for a PN Account or CN Account will be based on the net positions. Initial Margin calculations for a PD Account or CO Account, or such other omnibus account as may be permitted by the Clearing House, will be based on the sum of the gross positions.

5.3 Delivery Margin / Performance Deposit

- 5.3.1 Where the Clearing House performs the role of a central counterparty, as may be provided for in the Contract Terms and/or Delivery Procedures of Deliverable Contracts, the Clearing House will impose Delivery Margin on Clearing Members, as may be provided for in the Contract Terms and/or Delivery Procedures of Deliverable Contracts, to protect against the risk of a Delivery Default. The Delivery Margin will be imposed based on the schedule specified in the Contract Terms and/or Delivery Procedures. For the avoidance of doubt, no Delivery Margin offset is permitted across any of these Position Accounts.
- 5.3.2 Where the Clearing House takes on a limited role of an escrow agent during the delivery process, as may be provided for in the Contract Terms and/or Delivery Procedures of Deliverable Contracts, the Clearing House will specify the amount of Performance Deposits to be posted with the Clearing House under the Contract Terms and/or Delivery Procedures of such Deliverable Contracts. The Selling Clearing Member and the Buying Clearing Member shall post or cause its respective Buyer and Seller to post with the Clearing House such Performance Deposit at such time as may be specified in the Contract Terms and/or Delivery Procedures of the Deliverable Contracts.

5.4 SPAN® Margin Parameters

- 5.4.1 Initial Margin and Delivery Margin requirements will be calculated for all Position Accounts in the Proprietary Member Unit and the Customer Member Unit, using the SPAN® algorithm. The parameters for SPAN® algorithm may include:
- (i) Price Scanning Range;
 - (ii) Intra-Commodity Spread Charge;
 - (iii) Inter-Commodity Spread Credit; and
 - (iv) Delivery Charge Add-on.

5.4.2 The SPAN® parameters are set by the Clearing House. The Clearing House will notify Clearing Members of any change to Initial Margin and Delivery Margin parameters by Regulatory Notice no later than the day before Margin calls are made based on the new parameters. For routine changes, which will generally take place once a month, the Clearing House will provide five (5) Trading Days' advance notice of changes to Margin parameters, unless another period is specified in the relevant Regulatory Notice.

5.5 Variation Margin

5.5.1 All Open Positions are marked to market at each Clearing Cycle. For intra-day and ad hoc clearing cycles, this is based on the latest available market price for the relevant Contract. For the end-of-day Clearing Cycle, this is based on the latest available Daily Settlement Prices or Final Settlement Prices (as the case may be) for the relevant Contract. During the end-of-day Clearing Cycle, profits and losses are credited to or deducted from the Clearing Member's respective Proprietary Collateral Account or Customer Collateral Account maintained in the APEX Clear System.

5.5.2 The Clearing House shall aggregate the Variation Margin applicable to all Position Accounts within a Member Unit at the end of the Trading Day, and:

- (i) the net gain will be added to the cash balance in the Clearing Member's respective Proprietary Collateral Account or Customer Collateral Account maintained in the APEX Clear System, or
- (ii) the net loss will be subtracted from the cash balance in the Clearing Member's respective Proprietary Collateral Account or Customer Collateral Account maintained in the APEX Clear System.

Variation Margin shall be provided in the currency prescribed in the Contract Terms.

5.6 Special Margin

5.6.1 The Clearing House may impose Special Margins from time to time as the Clearing House may deem to be necessary in accordance with Rule 406.6. A Clearing Member will be notified by the Clearing House on the imposition of Special Margin that is applicable to the Clearing Member. The circumstances under which the Clearing House may impose Special Margin may include but are not limited to the following:

- (i) **Special Margin for Position Concentration:**
The Clearing House may impose Special Margin for position concentration concerns when a Clearing Member holds a significant portion of Open Positions for a Contract in the Market, as it might adversely affect the ability to liquidate such positions in the Market or the market of the Underlying.
- (ii) **Special Margin for Large Exposure:**

The Clearing House may impose Special Margin for large exposure concerns when the potential stress loss of a Clearing Member after netting off against its Initial Margin and Delivery Margin has exceeded a certain percentage of the Guaranty Fund size, which percentage shall be determined by the Clearing House in its discretion.

(iii) **Special Margin for Liquidity:**

The Clearing House may impose Special Margin for liquidity concerns when a Clearing Member's liquidity resources are deemed insufficient to meet potential Margin calls.

(iv) **Special Margin for Credit**

The Clearing House may impose Special Margin for credit concerns when a Clearing Member, its Affiliates or its parent company has its credit rating downgraded below a certain threshold, which threshold shall be determined by the Clearing House in its discretion, or if there are adverse market information/indicators that the Clearing House in its discretion deems to be sufficiently material or substantial to be capable of affecting the Clearing Member's credit standing.

(v) **Special Margin for Delivery:**

The Clearing House may impose Special Margin for delivery concerns whenever the Clearing House in its discretion determines that the price of a Deliverable Contract's Underlying has deviated materially or substantially from the Contract's Daily Settlement Price or Final Settlement Price. Such Special Margin may be imposed before the Deliverable Contract has been settled through Delivery.

(vi) **Special Margin for Price Limit:**

The Clearing House may impose Special Margin for price limit concerns when the Daily Settlement Price in respect of a Contract is at the price limit.

When the Daily Settlement Price of a Contract is at the upper (or lower) limit, the Special Margin may be imposed on the short (or long) Open Positions of the Contract.

More guidance on the conditions and scenarios under which the Clearing House may impose Special Margin will be published on APEX's website.

6 COLLATERAL MANAGEMENT

6.1 Eligible Collateral & Currencies

The Clearing House shall determine the form of monies and assets (the “**Eligible Assets**”) that will be acceptable for provision to the Clearing House as Collateral and when any such form will cease to be acceptable as Eligible Assets.

- (i) Monies in Eligible Currencies will be collected through a direct debit from the Clearing Member’s relevant Member Settlement and Margin Account or Customer Settlement and Margin Account and credited into the Clearing House Member Settlement and Margin Accounts or Clearing House Customer Settlement and Margin Account as the case may be, as Collateral (“**Eligible Cash Collateral**”).
- (ii) Non-cash assets that qualify as Eligible Assets shall be delivered by the Clearing Member to a depository institution or other intermediary designated or approved by the Clearing House (the “**Depository Institution**”), which will hold such non-cash assets as Collateral (“**Eligible Non-Cash Collateral**”) to the order of the Clearing House. If the title to a relevant Eligible Non-Cash Collateral is prescribed by a Depository Institution to be based on or evidenced by such relevant entry in a record, register or account maintained by or on behalf of an Depository Institution, the Clearing Member shall cause such Eligible Non-Cash Collateral to be credited to the account held in the name of the Clearing House (or the custodian, securities system operator or nominee acting for or appointed by the Clearing House) at such Depository Institution. All of a Clearing Member's rights, title and interest in and to any Eligible Non-Cash Collateral (together with all accretions and accruals thereto) provided by that Clearing Member as Collateral shall be subject to such Security Interests as may be effected by security documents acceptable to the Clearing House.
- (iii) Any change to the list of Eligible Assets, their applicable haircut rates and effective dates for such change will be announced through a Circular issued to all Clearing Members and updated on APEX’s website. Details and procedures relating to the withdrawal and deposit of Eligible Cash Collateral and the delivery of Eligible Non-Cash Collateral will be covered in Section 8 of these Clearing Procedures.

6.2 Valuation & Haircuts

- 6.2.1 All relevant considerations, such as foreign exchange rates, interest rates and market values applicable to the Collateral may be used by the Clearing House in the valuation of the Collateral. The Clearing House shall at such time as the Clearing House may deem appropriate or necessary during each Trading Day, determine the latest rates and market values that it shall use.

- 6.2.2 A haircut will be applied to the valuations of Collateral to address the exposure arising from fluctuations in market values and foreign exchange rates of or applicable to such Collateral. The respective haircut rates can be found on APEX's website.
- 6.2.3 Eligible Cash Collateral which is not in the same currency as the liability to be secured by the Clearing Member, will be valued, for Collateral valuation purposes, on such basis and subject to haircut referred to in Clearing Procedure 6.2.2 or other adjustments, as may be determined by the Clearing House from time to time.
- 6.2.4 Eligible Non-Cash Collateral will be valued, for Collateral valuation purposes, on such basis and subject to haircut as prescribed in Clearing Procedure 6.2.2 or other adjustments, as may be determined by the Clearing House from time to time. If the Eligible Non-Cash Collateral is denominated or expressed to be in a currency which is not in the same currency as the liability to be secured by the Clearing Member, the Clearing House will apply a further cross-currency haircut for Collateral valuation purposes.

7 PAYMENT ACCOUNTS

7.1 Settlement and Margin Accounts

- 7.1.1 Each Clearing Member shall maintain the following accounts with a Settlement Bank:
- (i) a Member Settlement and Margin Account denominated in USD and one Member Settlement and Margin Account for each such other Eligible Currency in which payment may be made; and
 - (ii) a Customer Settlement and Margin Account denominated in USD and one Customer Settlement and Margin Account for each such other Eligible Currency in which payment may be made.
- 7.1.2 The Clearing House shall maintain the following accounts with each of the Settlement Banks:
- (i) a Clearing House Member Settlement and Margin Account for each Eligible Currency in which payments may be made for Margins in respect of and for the settlement of Proprietary Positions and for such other purposes as permitted or required under the Rules and (where applicable) the MAS Requirements; and
 - (ii) a Clearing House Customer Settlement and Margin Account for each Eligible Currency in which payments may be made for Margins in respect of and for the settlement of Customer Positions and for such other purposes as permitted or required under the Rules and (where applicable) the MAS Requirements.

7.1.3 For convenient reference herein, each of the accounts referred to in Clearing Procedures 7.1.1 and 7.1.2 is hereafter referred to as a “**Settlement and Margin Account**”.

7.1.4 Every Clearing Member shall submit instructions through the APEX Clear System relating to the transfer of funds between the Clearing House and the Clearing Member itself. The Clearing House shall be entitled and deemed to be authorised to act upon instructions submitted by the Clearing Member through the APEX Clear System. The accounts described in each of Clearing Procedures 7.1.1 and 7.1.2 respectively are the only accounts that may be used for day-to-day transfer of funds to and from the Clearing House.

7.2 Other Accounts

7.2.1 The Clearing House will maintain a Guaranty Fund account with one or more Settlement Banks for the purpose of holding the Clearing House’s Guaranty Fund, and the Security Deposits and any additional Guaranty Fund contributions from the Clearing Members.

8 PAYMENT PROCEDURES AND CLEARING CYCLE

8.1 General

8.1.1 Pursuant to Rule 414.2(c), each Clearing Member shall ensure that it has an irrevocable direct debit mandate in writing in place at all times with its Settlement Bank authorising the Clearing House to debit funds from its Settlement and Margin Accounts maintained with such Settlement Bank. Such direct debit mandate shall be established in such form and upon such terms as the Clearing House and such Settlement Bank may by mutual agreement prescribe (“**Third Party Authority Form**”). The Settlement Banks shall be authorised to act upon any instructions received from the Clearing House for the purpose of debiting the Clearing Member’s Settlement and Margin Accounts in accordance with such direct debit mandate without any further reference to, or authority from, a Clearing Member.

8.1.2 For any changes in the details of any of the Clearing Member’s Settlement and Margin Accounts, the Clearing Member must notify the Clearing House Operations department in writing at least ten (10) Business Days in advance of the intended effective date of change. The Clearing House Operations department may require the Clearing Member to provide relevant supporting documents or evidence in respect of such changes. The Clearing House may determine whether to update the changes in the APEX Clear System according to the details and effective date stipulated by the Clearing Member or, if the Clearing House determines in its sole and absolute discretion that the changes are not in compliance with the requirements of the Rules or otherwise incompatible or inconsistent with the procedures or operations of the Clearing House, reject any change in the details. If there is a change in Settlement Bank, it is the responsibility of each

Clearing Member to ensure that the Third Party Authority Form with the new Settlement Bank is executed and in effect.

- 8.1.3 Each Clearing Member shall also ensure that it has sufficient funds in its Settlement and Margin Accounts to fulfil all cash payments required under the Rules. No Clearing Member shall instruct a Settlement Bank to reverse any payment from or to a Clearing House account without prior authorisation from the Clearing House evidenced in writing.

8.2 Deposit and Withdrawal of Eligible Cash Collateral

- 8.2.1 Clearing Members may deposit Eligible Cash Collateral with the Clearing House and all instructions in respect thereof shall be submitted directly in the APEX Clear System at any time prior to the relevant APEX Clear System input cut-off time. All deposits shall be for same day value.

- 8.2.2 If the Clearing Member's Eligible Cash Collateral exceeds its applicable Margin requirements, the Clearing Member may request for withdrawal of excess Eligible Cash Collateral through the APEX Clear System. All Eligible Cash Collateral withdrawal requests shall be submitted directly in the APEX Clear System at any time prior to the relevant APEX Clear System input cut-off time, and are subject to the approval of the Clearing House. All such withdrawal requests shall be processed according to the value date specified by the Clearing Member, subject to Currency Holiday (defined below in Clearing Procedure 8.6).

- 8.2.3 All deposits and withdrawals of Eligible Cash Collateral will take place between the relevant accounts described in Clearing Procedures 7.1.1 and 7.1.2.

8.3 Clearing Cycles

- 8.3.1 In respect of each given Trading Day, there will be 2 routine clearing cycles, being 1 intra-day clearing cycle and 1 end-of-day clearing cycle (each a "**Clearing Cycle**"). Margin calls, if any, will be issued at the end of each Clearing Cycle.

- 8.3.2 In respect of each given Trading Day (T):

- (i) the intra-day Clearing Cycle for that Trading Day will commence at 12:30hr; and
- (ii) the end-of-day Clearing Cycle for that Trading Day will commence at or after 19:00hr, but subject to the completion of post-trade activities.

- 8.3.3 In addition to the foregoing, the Clearing House may, from time to time at its sole discretion, run one or more additional clearing cycles at any time between 09:00hr and 18:00hr on a Trading Day and issue Margin calls on an ad hoc basis accordingly.

8.4 Payment Confirmation and Settlement Finality

8.4.1 All transfer of funds shall follow the timelines set out in Table C below:

Table C: Payment and Settlement Timelines (for a Trading Day)

Type of Instruction	Time of Instruction	Settlement Time (Receipt of confirmation by Clearing House)
Intra-day Margin call	On or after 12:30hr on T	Within one hour of instruction on T
End-of-day Margin call	On or after 19:00hr on T	Before 10:00hr on T+1
Ad hoc Margin call	On or after 09:00hr and before 18:00hr on T	Within one hour of instruction on T
Eligible Cash Collateral Deposit for T	Before the APEX Clear System input cut-off time on T	By 18:00hr on T
Eligible Cash Collateral Withdrawal for T		After 10:30hr and by 23:59hr on T

“T” means a given Trading Day.

In the event a given Trading Day falls on public holiday (within the meaning of the Holidays Act (Chapter 126 of Singapore)) in Singapore, the following will apply:

1. Collateral deposit and Collateral withdrawal will not be allowed.
2. If the settlement time of a Margin call falls on such public holiday, the Clearing House shall at its sole discretion determine whether to issue that Margin call. Margin requirements will be recalculated in the following Clearing Cycle.

8.4.2 Payments will be executed as an intra-bank book transfer from the relevant Settlement and Margin Account of the Clearing Member to the relevant Settlement and Margin Account of the Clearing House at the same Settlement Bank, and vice versa. However, if insufficient funds are available within the relevant Settlement and Margin Account of the Clearing House at that Settlement Bank, the remaining balance may be transferred from a Settlement and Margin Account of the Clearing House at another Settlement Bank.

8.4.3 The Clearing House and Clearing Members will be notified of debits from or credits to their respective Settlement and Margin Accounts by the standard SWIFT confirmations of debit and credit (MT900 and MT910 respectively) or otherwise in accordance with arrangements established by the Clearing Member or the Clearing House with the Settlement Banks in respect of their respective Settlement and Margin Accounts. The Clearing House will not issue any confirmation to the Clearing Members directly for

payment of funds. The Clearing Member may instead check the APEX Clear System for status of such payments.

- 8.4.4 All payments between the Clearing House and each Clearing Member are irrevocable and settlement shall be considered final and settled upon the Clearing House's receipt of such SWIFT confirmation from the Settlement Banks (as the Clearing House and the Settlement Banks may agree). In the event the communication of such SWIFT confirmation is not made due to unforeseen circumstances, then the settlement shall be considered final and settled upon the Clearing House's receipt of such other written confirmation from the relevant Settlement Bank via email, facsimile or courier, or such other means of communication, in accordance with such arrangements as may be established between the Clearing House and the Settlement Banks.
- 8.4.5 Notwithstanding Clearing Procedure 8.1, it shall remain the responsibility of the Clearing Member to ensure that its Settlement Bank makes all required payments to the Clearing House's Settlement and Margin Accounts at that Settlement Bank within the time periods specified in Table C.
- 8.4.6 For payments to the Clearing House, in the event that no confirmation is received by the Clearing House from the Settlement Bank in respect of any given payment due from a Clearing Member, the Clearing House will be permitted to treat the relevant funds as not received and thereon take such actions as necessary, desirable or expedient or as otherwise permitted under the Rules, including, where appropriate, the declaration of a Declared Default in respect of such Clearing Member. Notwithstanding the foregoing, the Clearing House will first use reasonable means to determine the cause in the event that the Clearing House fails to be in receipt of such SWIFT confirmation with the relevant Settlement Bank. However, the payment of funds remains the responsibility of the Clearing Member at all times.
- 8.4.7 In the event of a failure of a Settlement Bank to effect payment or the insolvency of a Settlement Bank, if payment confirmation has not been received by the Clearing House from the Settlement Bank in respect of any given payment due from a Clearing Member, the Clearing Member shall still be liable to pay the relevant amount due under the Rules through alternative methods or a different Settlement Bank in order to discharge the Clearing Member's liabilities.
- 8.4.8 Subject to the Rules, payments between the Clearing House and a Clearing Member may be combined, set off and consolidated into intra-day, end-of-day or ad hoc payments to be paid to/from the relevant Settlement and Margin Accounts of that Clearing Member. This may include delivery-related amounts, fees, fines, interests or other amounts payable under the Rules, these Clearing Procedures and/or the relevant Contract Terms.

8.5 Types of Payment

8.5.1 The types of payment that may be consolidated and combined in a cash transfer between the Clearing House and Clearing Members are as follows:

- (i) **Margin** – Margin in respect of all Open Positions will be recalculated at each Clearing Cycle. Payments for Variation Margin shall be made in the currency of the relevant Contract while payments for all other Margin shall be paid in USD. All payments shall be settled by the settlement times prescribed in Table C.

The Clearing House may issue Margin calls during each Clearing Cycle or on an ad hoc basis. All Margin calls shall be met via a direct debit from the Member's Settlement and Margin Accounts at a Settlement Bank.

- (ii) **Guaranty Fund** – The amount of required Guaranty Fund contribution of each Clearing Member is reviewed, revalued and revised periodically by the Clearing House. Each Clearing Member will be notified of its Guaranty Fund contribution requirements by email. Each payment to meet any such Guaranty Fund contribution requirements shall be made by 10:00hr Singapore time on the next Business Day following issuance of such email by the Clearing House.

8.6 Currency Holidays

8.6.1 Before the start of each calendar year, the Clearing House will publish details of bank/public holidays relevant to the currencies known to the Clearing House in different jurisdictions (each, a "**Currency Holiday**"), and such details may thereafter be updated or revised by the Clearing House from time to time.

8.6.2 Notwithstanding a Currency Holiday, each Clearing Member shall promptly furnish Margin according to the value date of each Margin call.

8.6.3 Withdrawal of Eligible Cash Collateral by the Clearing Member shall not be allowed on the Currency Holiday of the relevant currency in which such Eligible Cash Collateral is denominated.

9 FEES AND REBATES

9.1 Calculation and Billing of Fees

9.1.1 All trading fees, clearing fees, post-trade management fees, delivery fees and any other fee payable to the Exchange and/or the Clearing House will be calculated and billed to, or collected through, the Clearing Member on a daily basis, and payable to the Clearing House on a monthly basis, unless otherwise specified in the relevant Contract Terms.

9.1.2 All fees shall be payable by each Clearing Member on the first Trading Day after the end of each month, unless otherwise specified in the relevant Contract Terms.

9.2 Rebates, Fee Discounts and Incentive Programmes

- 9.2.1 The Clearing House may make available a rebate, fee discount or any other incentive programme to its Clearing Members from time to time. The terms and conditions, participation criteria and amounts of a rebate, fee discount or any other incentive programme may be revised by the Clearing House at its sole discretion at any time.
- 9.2.2 Applicable rebates, fee discounts and incentive programme payments will be calculated and credited to the Clearing Member's Member Settlement and Margin Account according to the terms and conditions of the applicable programme, as such rebates, fee discounts and incentive programme payments accrue.

9.3 Fee Report and Statement of Account

- 9.3.1 A daily fee report shall be made available after the end-of-day Clearing Cycle and a monthly fee report will also be made available to the Clearing Members in the APEX Clear System on the first Trading Day after the end of each month.
- 9.3.2 A statement of account showing fees paid by a Clearing Member to the Clearing House for a given month will be issued to each Clearing Member by the fifth (5th) Business Day after the end of that month. Clearing Members who have any queries on a statement of account should contact the Clearing House's Finance department no later than the close of business on the tenth (10th) Business Day of that relevant month, after which, if no such query is received, the statement of account shall be deemed accepted by the Clearing Member. Any amendments consequent to such queries shall be reflected in the next billing cycle. If the Clearing House's Finance department is not contacted by a Clearing Member in respect of any error in the Clearing Member's statement of account, the Clearing House shall be entitled to regard the statement of account as correct and, in the absence of manifest error, treat the same as binding and conclusive as against the Clearing Member.

10 RISK MANAGEMENT

10.1 Contacting APEX Risk Management

Clearing Members should contact the Clearing House's Risk Management Department to discuss any issues relating to Margins, Collateral, Guaranty Fund contributions, related risk reports, or any unusual circumstances or events. The Risk Management Department can be contacted at Risk@asiapacificex.com. The Risk Management Department may require Clearing Members to follow up on certain matters formally in writing by sending a printed hard copy addressed to the Risk Management Department of the Clearing House.

10.2 General Information Request

10.2.1 Each Clearing Member shall promptly provide such information and documents as may be requested by the Clearing House for the Clearing House's assessment of the financial/credit standing of the Clearing Member and to facilitate the Clearing House's risk monitoring process.

10.2.2 Information required to be submitted in writing by each Clearing Member to the Clearing House include:

- (i) information on all available credit facilities (including details as to credit limit etc.) granted by banks and financial institutions to the Clearing Member, to be provided within fourteen (14) calendar days after the end of the year and after changes of such credit facilities are effected. In addition, information on the latest available unutilised credit lines is to be provided within fourteen (14) calendar days after the end of the month;
- (ii) latest credit ratings of the Clearing Member, to be provided within fourteen (14) calendar days after the end of the year and after changes of such credit ratings are effected;
- (iii) information on any credit enhancer (such as guaranty from parent holding company) in respect of the Clearing Member, to be provided on a quarterly basis within fourteen (14) calendar days after the quarter end;
- (iv) information on any material changes to the background information of the Clearing Member, such as business strategy, expansion plan, risk management and loss experience, segmental information, market-making activities, client base, market position in various markets it operates, etc., to be provided within fourteen (14) calendar days after the day that such changes occur or are made;
- (v) information on any adverse developments in respect of the Clearing Member or its parent holding company, to be provided within fourteen (14) calendar days from the date of occurrence of such adverse developments; and
- (vi) any information or document as notified by the Risk Management Department, from time to time, to be provided within such time or on such regular basis as the Risk Management Department may specify.

10.3 Specific Information Request

10.3.1 In addition to Clearing Procedure 10.2 above, Clearing Members shall promptly provide such information as may be required by the Clearing House from time to time, including but not limited to, information on the following:

- (i) any economically similar positions at other Clearing Organisations or exchanges or in over-the-counter positions; and/or

- (ii) details on plans to close out or reduce any Open Positions.

The Clearing House shall be entitled to require written responses and may make further or follow up requests.

10.4 Staff Availability

10.4.1 Without prejudice to the generality of Rule 604(a)(3), Clearing Members may be required from time to time to make available staff with adequate knowledge, expertise and training to attend meetings, called by the Clearing House at reasonable notice:

- (i) in order to assess the Clearing Member's compliance with the Rules;
- (ii) in order to assess risks to which the Clearing House or the Clearing Member is exposed; or
- (iii) for any other purpose related to (i) and (ii) above.

10.5 Risk Advisory Panel

The Clearing House may establish a Risk Advisory Panel to advise the Clearing House on its risk management framework and practices. Representation in the Risk Advisory Panel will be determined by the Clearing House at its sole discretion. The Clearing House may convene a meeting of the Risk Advisory Panel from time to time as the Clearing House deems necessary.

10.6 Exposure Limit

The Clearing House monitors the Margin requirements of all Clearing Members every Trading Day. Where the Clearing House determines that a Clearing Member has exceeded the limits set by the Clearing House, the Clearing House may, at its discretion, require that the Clearing Member close out some or all of its Open Positions, provide additional Collateral to the Clearing House, or take such other measures as the Clearing House may deem necessary.

11 GUARANTY FUND

11.1 General

11.1.1 Chapter 10 of the Rules sets out the basis and principal terms upon which the Clearing House will establish and maintain the Guaranty Fund.

Without prejudice to the Clearing House's rights under Rule 1001(b), the following provisions summarise how the Clearing House calculates and collects the Guaranty Fund contributions of each Clearing Member.

11.2 Calculation Methodology for Guaranty Fund Contributions

- 11.2.1 The Guaranty Fund comprises of contributions from Clearing Members as well as the Clearing House.
- 11.2.2 The Clearing House shall calculate for each Clearing Member the potential stress losses arising across all of its Position Accounts (including the Position Accounts in the Proprietary Member Unit and Customer Member Unit), using such historical and theoretical market scenarios as the Clearing House may deem appropriate.
- 11.2.3 The Clearing House may apply an additional multiplier to increase the amount of Guaranty Fund contribution required of a Clearing Member computed pursuant to Clearing Procedures 11.2.1 and 11.2.2, to buffer against any future increases in stress test losses in between Guaranty Fund computations or re-computations.
- 11.2.4 The amount of the Guaranty Fund contribution to be collected from each Clearing Member as Security Deposit shall be US\$500,000, or such other amount as determined by the Clearing House based on the assessment of the aforesaid stress test results, whichever is higher.

11.3 Guaranty Fund Adjustments

- 11.3.1 The Guaranty Fund will be reviewed daily and re-computed on a monthly basis. In the event of a Declared Default, the Clearing House may also re-compute the Guaranty Fund after the resolution of the Declared Default.
- 11.3.2 When the Guaranty Fund is deemed insufficient by the Clearing House, the Clearing House may require that the Clearing Members provide additional Guaranty Fund contributions.
- 11.3.3 Any increase in Guaranty Fund contribution to be made by a Clearing Member will be advised in a member-specific "**Guaranty Fund Report**" which will be issued at the end of a Trading Day.
- 11.3.4 All Guaranty Fund contributions shall be paid in US Dollars to the Clearing House no later than 10:00hr Singapore time on the effective date specified by the Clearing House. Payment of the Guaranty Fund contribution shall be made separately from any payment of Margins.

11.4 Release of Guaranty Fund Contributions

11.4.1 A Clearing Member may submit a request to the Clearing House for the release of any excess Guaranty Fund contributions. At all times, a Clearing Member's Guaranty Fund contribution shall not fall below the minimum Guaranty Fund contribution of US\$500,000. All requests for release of excess Guaranty Fund contributions will be reviewed by the Clearing House and if approved, shall be paid in US Dollars to the relevant Clearing Member. The Clearing House may, at its sole discretion, approve or deny a request for the release of any part of the Guaranty Fund contributions. For the avoidance of doubt, the request for release and the release of any excess Guaranty Fund contributions of a Clearing Member under this Clearing Procedure 11.4 shall be subject to Rule 1003.

12 DEFAULT MANAGEMENT PROCEDURES

12.1 Participation in Default Management Exercise

The Clearing House shall have the right to require Clearing Members to participate, and cooperate with the Clearing House, in the testing and operation of its default management procedures. All Clearing Members shall participate in default management exercises co-ordinated by the Clearing House to simulate the various Declared Default scenarios chosen by the Clearing House under the default management procedures. These exercises will be held at least once a year.

12.2 Declaration of Default

12.2.1 If the Clearing House determines at its absolute discretion to declare and treat an Event of Breach as a Declared Default (the “**Declaration of Default**”), it will inform the Defaulter or Defaulting Clearing Member (hereafter referred to as the “**Defaulter**”) as well as other Clearing Members of its decision and such relevant details in accordance with Rule 802.

12.3.2 The Declaration of Default will be:

- (i) notified to each Clearing Member; and
- (ii) published on APEX's website.

12.3.3 The Declaration of Default will include:

- (i) the name of the Defaulter;
- (ii) the date and time that the Declaration of Default comes into effect; and
- (iii) any steps taken pursuant to Rule 803.

12.3 Default Management Procedures

12.3.1 The Clearing House may initiate its default management procedures in the case of a Declared Default. Without prejudice to the Rules, such default management procedures in general may include but are not limited to the use of the following tools:

- (i) impose Special Margins on the Defaulter to increase the available financial resources of the Defaulter to mitigate the losses arising from such Default;
- (ii) suspend excess Margin withdrawals by the Defaulter;
- (iii) suspend the Defaulter's access to the Clearing Processing System and notify the Exchange of the same;
- (iv) reject any pending off-exchange trades from the Defaulter or otherwise to restrict the Defaulter from taking on additional positions or increasing its risk exposures;
- (v) freeze all funds and assets of the Defaulter for the time being held by the Clearing House;
- (vi) perform reconciliation of all positions between the Defaulter and Clearing House;
- (vii) close out the Defaulter's Open Positions in the Position Accounts under the Defaulter's Proprietary Member Unit;
- (viii) transfer and/or close out all or any Open Positions of the Customers of the Defaulter in the Position Accounts under the Defaulter's Customer Member Unit;
- (ix) utilise the Defaulter's Collateral and Guaranty Fund contributions, as permitted under the Rules; and
- (x) cancel any order or transaction of the Defaulter.

12.4 Transfer of Customer Positions

12.4.1 In the event of a Declared Default, each of the Customers of the Defaulter may choose to liquidate their respective existing Open Positions or transfer these existing Open Positions to another non-defaulting Clearing Member (the "**Designated Member**"), provided that the agreement of the Designated Member is first obtained.

12.4.2 The Defaulter shall notify the Clearing House of the Customer's preference to liquidate or to transfer the Customer's existing Open Positions (including the Customer's preference of a non-defaulting Clearing Member to whom such Customer's existing Open Positions are to be transferred to) within twenty-four (24) hours of the Declared Default. If the Clearing House does not receive any notification of the Customer's preference from the Defaulter within the aforesaid time, the Clearing House shall, in its absolute discretion, close out such Open Positions of the Customer. The Defaulter shall have processes in place to inform its Customers of the timeline for indicating their preferences and the consequences for failing to do so (including the foregoing right and power of the Clearing House to close out such Open Positions of the Customer if the Clearing House does not receive any notification of the Customer's preference).

12.4.3 The Clearing House shall transfer the Open Positions held by the Customers of the Defaulter only if:

- (i) the Designated Member agrees to accept the transfer of such Open Positions; and
- (ii) the Clearing House assesses the Designated Member to be in a satisfactory condition to accept such Open Positions.

Failing the foregoing, the Clearing House may, in its absolute discretion, close out such Open Positions.

12.5 Liquidation

12.5.1 The Clearing House will assess the portfolio of the Defaulter and any Customer Positions and Collateral maintained in its Customer Accounts that are not, and will not be, transferred to another non-defaulting Clearing Member, and the Clearing House shall take such steps that the Clearing House considers necessary or appropriate to reduce the exposure of the portfolio of the Defaulter.

12.5.2 The Clearing House may utilise liquidation brokers and collateral agents in order to execute any Trades with non-defaulting Clearing Members to liquidate Open Positions and Collateral if necessary. Such Trades will typically be executed by placing orders at current market prices.

12.5.3 The Clearing House may reduce its risk associated with the Defaulter's Positions as far as reasonably practicable by liquidating these exposures with non-defaulting Clearing Members. Any proceeds, losses or costs resulting from the liquidation process may be allocated to the relevant Position Account of the Defaulter at the Clearing House's discretion.

12.5.4 The Clearing House may also reduce its exposure risks associated with the Defaulter's Proprietary Positions by setting such off against the Proprietary Positions of any other Member that is also, at the relevant time, a Defaulter.

- 12.5.5 As part of the Clearing House's default management procedures, the Clearing House may take such steps as it deems necessary to prevent Proprietary Positions of a Defaulter from going to physical delivery during the Default Period. In the event that the Clearing House takes such steps as aforesaid, the Clearing House shall notify the Clearing Members via publication of a Regulatory Notice.
- 12.5.6 The Clearing House may sell or otherwise dispose of any non-cash Collateral provided by the Defaulter if and when the Clearing House deems appropriate. The priority of sale or disposal of such Collateral shall be determined by the Clearing House, taking into account the market conditions at the time of sale or disposal.

13 CLEARING REPORTS

13.1 Daily Clearing Reports

- 13.1.1 Clearing reports will be generated by the Clearing House and made available to Clearing Members after the end-of-day Clearing Cycle¹. All such clearing reports will be made available to the Clearing Members through the APEX Clear System and an FTP server for download.
- 13.1.2 All clearing reports shall be deemed delivered to and received by each Clearing Member when made available by the Clearing House for the Clearing Member's retrieval or download in the APEX Clear System and the aforesaid FTP server. Each Clearing Member shall download and review all clearing reports in a timely manner.
- 13.1.3 Pursuant to Rule 413(b), should there be any error, omission or discrepancy or such other similar issue in any clearing report produced by the Clearing House, the Clearing Member shall inform the Clearing House's Operations department via email no later than 17:00hr Singapore time on the next Trading Day after such clearing report was deemed delivered to and received by the Clearing Member as aforesaid, failing which, the contents of such clearing report shall be conclusive and binding as against the Clearing Member.

14 CLEARING MEMBER'S REPORTING REQUIREMENTS

14.1 Daily Reporting Requirements

- 14.1.1 Each Clearing Member shall submit the following reports to the Clearing House's Operations department through the FTP server on each Trading Day as prescribed below:

¹ The daily end-of-day Clearing Cycle will commence upon completion of post-trade activities at approximately 8 p.m. (Singapore time).

- (i) **Open Position Report** – This report shall include the gross Open Positions in all of the Clearing Member’s PD and CO Accounts, and such other Omnibus Accounts as may be permitted by the Clearing House, maintained by the Clearing Member. The Open Positions in such Open Position Report should be detailed at Sub-Account levels for all aforementioned accounts. The Open Position Report shall be in the format prescribed by the Clearing House and submitted to the Clearing House’s Operations department on each Trading Day before 10:00hr Singapore time.
- (ii) **Large Positions Report** – Each Clearing Member shall submit to the Clearing House a daily report of all Open Positions held by a person and/or in a Position Account of reportable status and the identity of the owner(s) of each such Open Position. An Open Position is of reportable status if the Open Position is at or above the relevant reporting level prescribed by the Clearing House. The Large Positions Report shall be in the format prescribed by the Clearing House and submitted to the Clearing House’s Operations department on each Trading Day before 10:00hr Singapore time. In addition to identifying each Open Position and the owner(s) thereof, the relevant Clearing Member shall accurately identify the controllers, controlled accounts and trading strategies of the relevant Position Account within three (3) Business Days from the first day that such Open Position in question becomes of reportable status.
- (iii) **Position Accountability Report** – Each Clearing Member shall submit to the Clearing House a report of Open Positions held by a person and/or in a Position Account of the Clearing Member at or above the accountability levels prescribed by the Clearing House. The Position Accountability Report shall be in the format prescribed by the Clearing House and submitted to the Clearing House’s Operations department on each Trading Day before 10:00hr Singapore time. In addition to the inclusion of the same type of details as required in Clearing Procedure 14.1.1(ii) above, each Clearing Member shall also accurately identify for each such Position Account, the nature of the owner’s related cash and futures positions, purpose of exposure and the owner’s assets and liabilities in the underlying market, within three (3) Business Days from the day that the person and/or Position Account in question is at or above the accountability levels.

14.1.2 Except where special identification is permitted by the Clearing House under Rule 306.2(e), it shall be the responsibility of each Clearing Member to obtain information regarding the ownership and control (including ultimate ownership and control) of positions within each Omnibus Account and each Sub-Account of such Omnibus Account maintained with the Clearing Member and all such necessary information to satisfy the requirements in Clearing Procedure 14.1.1. Clearing Members may instruct the respective Position Account holders to submit, and such Position Account holders shall submit, this information directly to the Clearing House’s Operations department via email as prescribed by the Clearing House.

14.1.3 The prevailing reporting levels and accountability levels for the time being prescribed by the Clearing House for purposes of this Clearing Procedure 14.1 will be published on APEX's website.

15 SETTLEMENT PRICES

15.1 Daily Settlement Price

15.1.1 The Daily Settlement Price (the “**DSP**”) for each Contract will be determined by the Clearing House in accordance with the formulae and procedures prescribed in the Contract Terms for such Contract. The DSP shall be a price consistent with the minimum tick increment for the Contract; if the calculated settlement price is not a standard tick increment, it will be rounded to the nearest tick, unless otherwise specified in the relevant Contract Terms.

15.1.2 Prices of EFRP and Block Trades will not be used in the determination of the DSP.

15.1.3 Notwithstanding Clearing Procedures 15.1.1 and 15.1.2, if the Clearing House determines that a DSP for any Contract as derived by the normal application of the formulae and procedures prescribed in its Contract Terms, is inconsistent with orders entered and/or Trades executed in other Contracts during the time window before the end of the last trading session as determined by the Clearing House, or other relevant market information; or if there is no relevant market activity, the Clearing House may establish a settlement price that best reflects the true market valuation at the time of the determination of the DSP based on the considerations below, not necessarily in this sequence:

- (i) When a Contract is considered liquid –
 - (a) the closing price for that Contract established by a pre-closing routine before the end of the last trading session;
 - (b) the volume-weighted average of the traded prices for that Contract within a time window before the end of the last trading session as determined by the Clearing House;
 - (c) the average of the high and low traded prices for that Contract within a time window before the end of the last trading session as determined by the Clearing House; or
 - (d) the average of best bid price and best offer price for that Contract on the Exchange's order book at the end of a given Trading Day for that Contract.
- (ii) When a Contract is considered illiquid –

- (a) calendar spread, where the DSP of such Contract will be derived from another Contract that is considered liquid, by adding the previous Trading Day's price differential (i.e. calendar spread) between such Contract and the other Contract to the current Trading Day's DSP of the other Contract;
- (b) the last-traded price of such Contract;
- (c) the theoretical price using the price of such Contract's Underlying and such other parameters as the Clearing House may deem appropriate;
- (d) a price derived from such reference market as may be determined by the Clearing House;
- (e) a price derived from the prices contributed by the Clearing House's appointed price panel, which shall comprise persons who are independent from each other and are familiar with the market conditions for the Underlying of such Contract;
- (f) a price derived from the prices on relevant markets as collected and published by independent market data vendors; or
- (g) the previous Trading Day's DSP for such Contract.

15.2 Final Settlement Price

15.2.1 The Final Settlement Price (the "FSP") for each Contract will be determined by the Clearing House in accordance with the formulae and procedures prescribed in the Contract Terms for such Contract. The FSP shall be a price consistent with the minimum tick increment for the Contract; if the calculated settlement price is not a standard tick increment, it will be rounded to the nearest tick, unless otherwise specified in the relevant Contract Terms.

15.2.2 Prices of EFRP and Block Trades will not be used in the determination of the FSP.

15.2.3 Notwithstanding Clearing Procedures 15.2.1 and 15.2.2, if the Clearing House determines that an FSP for any Contract as derived by the normal application of the formulae and procedures prescribed in its Contract Terms, is inconsistent with orders entered and/or Trades executed in other Contracts during the time window before the end of the last trading session as determined by the Clearing House, or other relevant market information; or if there is no relevant market activity, the Clearing House may establish a settlement price that best reflects the true market valuation at the time of the determination of the FSP, by taking into account any of the relevant considerations listed in Clearing Procedure 15.1.3. The Clearing House will make the final decision as to the determination of the FSP.

15.3 Final Settlement of Contracts

- 15.3.1 At its maturity, a Contract may give rise either to cash settlement or delivery obligations.
- 15.3.2 Where cash settlement is applicable in respect of a given Contract, the cash settlement for that Contract will be determined by the difference between the FSP of that Contract and (i) the price at which such Contract was bought or sold on the Trading Day; or (ii) the DSP for such Contract on the previous Trading Day, as the case may be.
- 15.3.3 Details relating to deliveries for Contracts are set out in the respective Contract Terms and/or Delivery Procedures.

16 FINANCIAL AND CAPITAL REPORTING AND OTHER NOTIFICATION REQUIREMENTS

16.1 General

- 16.1.1 Pursuant to Rule 307.2, each Clearing Member shall file its quarterly financial returns, in the format prescribed by the Clearing House from time to time, with the Clearing House within fourteen (14) calendar days after the end of the calendar quarter to which such returns relate. Such returns shall include a quarterly statement of: (i) the Net Head Office Funds or Base Capital, as applicable, of the Clearing Member; and (ii) the Adjusted Net Head Office Funds or Financial Resources, and Total Risk Requirement, as applicable, of the Clearing Member. For the purpose of this Clearing Procedure 16.1.1, Clearing Members who are CMS Licence holders shall comply with the prescribed formats under the Financial and Margin Regulations.
- 16.1.2 Pursuant to Rule 307.2, each Clearing Member shall file its annual audited accounts and financial returns in the format prescribed by the Clearing House from time to time, within five (5) months after the end of the Clearing Member's financial year. Such filing shall include annual audited accounts, an auditor's report and certification in accordance with Clearing Procedure 16.1.3, and an auditor's report on the sufficiency of internal control measures. For the purpose of this Clearing Procedure, Clearing Members who are CMS Licence holders shall comply with the prescribed formats under the Financial and Margin Regulations.
- 16.1.3 The auditor's report and certification referred to in Clearing Procedure 16.1.2 shall include an opinion from the auditor that:
- (i) the Clearing Member has complied with the applicable minimum capital and financial requirements set out in the Clearing Rules and, where applicable, the SFA;

- (ii) the Clearing Member's books of accounts and records conform to good industry practice and are kept in a proper manner in accordance with the Clearing Rules and, where applicable, the SFA;
- (iii) the auditor has obtained all the necessary information and explanation for the proper conduct of the audit and to enable it to furnish the certificate; and
- (iv) the financial position of the Clearing Member is such as to enable it to conduct its business on sound grounds, having regard to the nature and volume of the business transacted during its past financial year as shown by its accounts and records.

16.1.4 Each Clearing Member shall submit a pictorial representation of its shareholding structure to the Clearing House, showing any changes from the last pictorial representation submitted to the Clearing House, within five (5) months after the end of the Clearing Member's financial year.

16.1.5 Clearing Members that are licenced, authorised, or regulated by a Regulatory Authority shall submit a copy of all financial returns, reports, statements and notices provided to the relevant Regulatory Authority as soon as provided and, if any such material is other than a routine periodic financial return, statement or report required under Applicable Laws, a written statement setting out (to the extent known) the reasons why such Clearing Member is filing it.

16.1.6 A Clearing Member shall ensure it has adequate processes to monitor the events specified in Rule 306.1 and Rule 306.3 and notify the Clearing House without delay in writing providing full particulars known to it of any occurrence of such events.

16.1.7 Notwithstanding the notification requirements specified in Rule 306.1 and Rule 306.3, a Member shall additionally notify the Clearing House in writing without delay providing full particulars known to it of any change in:

- (i) its legal name, legal status or incorporation or registration number;
- (ii) its regulatory status or authorisation (in its country of origin, Singapore and any other jurisdiction in which it conducts business);
- (iii) its address (registered address, mailing or operations address or address for service in Singapore);
- (iv) its contact details (telephone number, fax number or website);
- (v) the contact details of its key personnel, emergency contacts, authorised signatories, representatives, including directors and chief executive officer, and any change in the identity of any of the aforementioned persons;

- (vi) its email address for the delivery of Clearing House communication, including Circulars;
- (vii) its constitutional documents (e.g. articles of association or by-laws);
- (viii) the corporate authority, any power of attorney or appointment of any agent relevant to the Clearing Member entering into and performing its obligations as a Clearing Member; and
- (ix) its membership in any other exchanges or clearing houses, including any rejection from application, suspension, expulsion or disciplinary proceedings from any of the same.

16.1.8 A Clearing Member shall notify the Clearing House immediately of any event, system-related issue or otherwise that would prevent it from participating in the clearing facilities operated by the Clearing House.