



**OVERVIEW OF MEMBER ADMISSION CRITERIA
AND FINANCIAL REQUIREMENTS**

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Asia Pacific Exchange Pte. Ltd. *Company Reg. No.: 201614123C*

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1 Introduction

This document sets out the key member admission criteria and financial requirements of Asia Pacific Exchange Pte. Ltd. (“APEX” or “the Exchange”) and Asia Pacific Clear Pte. Ltd. (“APEX Clear” or “the Clearing House”) for the sole purpose of engaging with potential members. As the Rulebooks are still undergoing review, the exact requirements set out here may be subject to change.¹

Potential members may find this a useful guide to assess their eligibility for membership. While every effort has been taken to ensure the accuracy and completeness of the information provided in this document, potential members are advised to refer to the respective Rulebooks. The Exchange and Clearing House reserves the rights to accept or reject an application.

Please approach APEX if you have any query on the admission criteria, or if you would like to discuss your membership eligibility.

2 Admission Criteria as an Exchange Member of APEX

2.1 General

Any corporation may apply to be a General Member of APEX, while any person² may apply to be a Trade Member of APEX. An applicant for APEX membership must enter into a clearing arrangement with a Clearing Member of APEX Clear.

(a) A General Member is permitted to transact for its own business and for its customers. An applicant for this category of membership may be based in Singapore or overseas.

The Singapore-based applicant for a General Member must hold a Capital Markets Services (“CMS”) Licence for Trading in Futures Contract under the Securities and Futures Act (“SFA”). Banks that are licenced under Section 4 of the Banking Act in Singapore are also eligible.

This category is also available to a foreign applicant that is based outside Singapore and has no physical presence or business activities in Singapore. The applicant needs to meet the following eligibility conditions:

¹ Information provided is correct as of Sep 2017.

² At the moment, APEX will not consider any application by an individual in his personal capacity to be a Trade Member.

- i. carry on business in a jurisdiction where the relevant regulator has an arrangement with the MAS for information exchange and co-operation in respect of futures contracts;
- ii. be registered, licensed, approved or otherwise regulated in respect of trading in futures contracts by the relevant regulator; and
- iii. not solicit business from persons in Singapore.

(b) A Trade Member is only permitted to transaction for its own business. Any person based in Singapore or overseas may apply to be a Trade Member.

There is no MAS licensing requirement for a person conducting proprietary trading in Singapore. For an overseas applicant, it must ensure and confirm that there is no law in the overseas jurisdiction that prevents it from being a Trade Member on APEX.

2.2 Capital and Financial Requirements of Exchange Members:

(a) Base Capital, Net Head Office Funds, or Net Capital

CMS Licence Holder

An applicant that is a CMS Licence Holder shall maintain a minimum Base Capital of S\$1,000,000 (or its equivalent) if it is incorporated in Singapore. If the CMS Licence Holder is incorporated outside Singapore, it must maintain a minimum Net Head Office Funds of S\$1,000,000.

An applicant that is a CMS Licence Holder, and who restricts its clearing activities to only contracts that meet the definition of “specified commodity futures contracts” as set out in the First Schedule of the Financial and Margin Requirements, shall maintain a minimum Base Capital requirement of S\$500,000 (if incorporated in Singapore) or minimum Net Head Office Funds requirement of S\$500,000 (if incorporated outside Singapore).

Bank Licenced in Singapore

An applicant that is a Bank licensed in Singapore must meet the minimum Base Capital or Net Head Office Funds requirement of S\$1,000,000.

Additionally, a Bank licenced in Singapore must furnish proof that it or its parent bank has:

- a long-term issuer rating of at least B3 from Moody’s Investors Service;
- a long-term issuer rating of at least B- from Standard & Poor’s Corporation;
- a long-term issuer rating of at least B- from Fitch, Inc; or

- an equivalent rating from any other international rating agency deemed acceptable by the Exchange.

Foreign Applicant

For a foreign applicant to be a General Member, it must maintain a net capital at the higher of S\$1,000,000 or the regulatory capital requirements imposed on it by the local regulator.

Trade Member

An applicant for a Trade Member must maintain a net capital at the higher of S\$500,000 or the regulatory capital applicable to the applicant in that jurisdiction if it is incorporated outside Singapore.

(b) Financial Resources

CMS Licence Holder

An applicant that is a CMS Licence Holder must comply with the SF (Financial & Margin Requirements for Holders of CMS Licence) Regulations, in respect of their financial resources. These requirements if fallen below or exceeded (as applicable) would require a notification to MAS and/or the approved Exchange:

- 1) Financial Resources/ Adjusted NHOF < 150% of Total Risk Requirement
- 2) Financial Resources/ Adjusted NHOF < 120% of Total Risk Requirement
- 3) Financial Resources/ Adjusted NHOF < 100% of Total Risk Requirement
- 4) Aggregate Indebtedness > 600% Aggregate Resources
- 5) Aggregate Indebtedness > 1200% Aggregate Resources

Bank Licenced in Singapore

An applicant that is a Bank licensed in Singapore is required to comply with equivalent requirements as set out in the Trading Rulebook:

- 1) Financial Resources/ Adjusted NHOF < 150% of Total Risk Requirement
- 2) Financial Resources/ Adjusted NHOF < 120% of Total Risk Requirement
- 3) Financial Resources/ Adjusted NHOF < 100% of Total Risk Requirement

Foreign Applicant

A foreign applicant for a General Member must comply with all the regulatory capital requirements imposed on it by the local regulator. With respect to APEX, it must notify APEX immediately if:

- 1) Net Capital < 150% of S\$1,000,000 or the requirement
- 2) Net Capital < 120% of S\$1,000,000 or the requirement
- 3) Net Capital < 100% of S\$1,000,000 or the requirement

Trade Member

An applicant for a Trade Member must comply with all the regulatory capital requirements imposed on it by the local regulator. With respect to APEX, it must notify APEX if:

- 1) Net Capital < 150% of S\$500,000 or the requirement
- 2) Net Capital < 120% of S\$500,000 or the requirement
- 3) Net Capital < 120% of S\$500,000 or the requirement

3 Admission Criteria as a Clearing Member of APEX Clear

3.1 General

Only a corporation may apply to be a General Clearing Member or a Special Clearing Member of APEX Clear. The applicant must hold a CMS Licence for Trading in Futures Contract under the SFA. A Bank licenced under Section 4 of the Banking Act in Singapore is also eligible.

APEX Clear Rulebook provides for 2 categories of clearing membership:

- (a) A General Clearing Member** must also be an Exchange Member of APEX and concurrently fulfils all the requirements for admission as an Exchange Member of APEX. This membership category permits the General Clearing Member to clear and settle trades carried by itself as well as by its customers.
- (b) A Special Clearing Member** is only permitted to clear and settle trades on account of customers. This membership category is intended for applicants that do not wish to have a concurrent membership with APEX.

3.2 Capital and Financial Requirements of Clearing Members:

(a) Base Capital or Net Head Office Funds

CMS Licence Holder

An applicant that is a CMS Licence Holder shall maintain a minimum Base Capital of S\$5,000,000 (or its equivalent) if it is incorporated in Singapore. If the CMS Licence Holder is incorporated outside Singapore, it must maintain a minimum Net Head Office Funds of S\$5,000,000.

An applicant that is a CMS Licence Holder, and who restricts its clearing activities to only contracts that meet the definition of “specified commodity futures contracts” as set out in the First Schedule of the Financial and Margin Requirements, shall maintain a minimum Base Capital requirement of S\$1,000,000 (if incorporated in Singapore) or minimum Net Head Office Funds requirement of S\$1,000,000 (if incorporated outside Singapore).

Bank Licenced in Singapore

An applicant that is a Bank licensed in Singapore must meet the minimum Base Capital or Net Head Office Funds requirement of S\$5,000,000. However, at the discretion of the Clearing House, a Bank applicant incorporated outside Singapore may be permitted to place a deposit of S\$5,000,000 to the Clearing House in lieu of its minimum Net Head Office Funds requirement.

Additionally, a Bank licenced in Singapore must furnish proof that it or its parent bank has:

- a long-term issuer rating of at least B3 from Moody’s Investors Service;
- a long-term issuer rating of at least B- from Standard & Poor’s Corporation;
- a long-term issuer rating of at least B- from Fitch, Inc; or
- an equivalent rating from any other international rating agency deemed acceptable by APEX Clear.

(b) Financial Resources

CMS Licence Holder

An applicant that is a CMS Licence Holder must comply with the SF (Financial & Margin Requirements for Holders of CMS Licence) Regulations, in respect of their financial resources. These requirements if fallen below or exceeded (as applicable) would require a notification to MAS and the approved Clearing House:

- 1) Financial Resources/ Adjusted NHOF < 120% of Total Risk Requirement
- 2) Financial Resources/ Adjusted NHOF < 100% of Total Risk Requirement
- 3) Aggregate Indebtedness > 600% Aggregate Resources
- 4) Aggregate Indebtedness > 1200% Aggregate Resources

Bank Licenced in Singapore

An applicant that is a Bank licensed in Singapore is required to comply with equivalent requirements as set out in the Clearing Rulebook:

- 1) Financial Resources/ Adjusted NHOF/ Deposit < 120% of Total Risk Requirement
- 2) Financial Resources/ Adjusted NHOF/ Deposit < 100% of Total Risk Requirement

(c) Contribution to Guaranty Fund

Each Clearing Member is required to contribute an amount of not less than USD500,000 into the Guaranty Fund of the Clearing House, called the **Security Deposit**. The Clearing House may request for higher contribution depending on the risks introduced by the Clearing Member to the Clearing House.