

**SECURITIES AND FUTURES (CLEARING FACILITIES)  
REGULATIONS 2009**

**DISCLAIMER: This version of the Regulations is in draft form and subject to change. It is also subject to review by the Attorney-General's Chambers.**

**SECURITIES AND FUTURES ACT  
(CHAPTER 289, SECTION 81S)**

**DRAFT SECURITIES AND FUTURES (CLEARING FACILITIES)  
REGULATIONS**

**PART I**

**PRELIMINARY**

[.....]

**PART II**

**ESTABLISHMENT AND OPERATION OF CLEARING FACILITIES**

[.....]

**PART III**

**REGULATION OF DESIGNATED CLEARING HOUSES**

**Determination of position limits**

~~15. (1) For the purposes of section 61(2)(a) of the Act, a designated clearing house shall determine, from time to time, based on such criteria or methodology as may be established by the designated clearing house with the approval of the Authority, position limits in respect of any futures contract cleared by a member of the designated clearing house.~~

~~(2) The limits under paragraph (1) may include limits on a person holding or controlling positions, separately or in combination, net long or net short, for the~~

~~purchase or sale of a futures contract or an option for the futures contract on a futures equivalent basis.~~

~~(3) The designated clearing house —~~

~~(a) shall require a person, or any person acting for him pursuant to an express or implied agreement or understanding, who holds or controls net long or net short positions in any futures contract in excess of the position limits determined under paragraph (1) to trade under such conditions and restrictions as the designated clearing house considers necessary to ensure compliance with the position limits determined under that paragraph; and~~

~~(b) may require such person referred to in sub-paragraph (a) to do any one or more of the following actions:~~

~~—(i) cease any further increase in his position;~~

~~—(ii) liquidate his position to comply with the position limits determined under paragraph (1) within such time as may be determined by the designated clearing house; or~~

~~—(iii) be subject to higher margin requirements in respect of his position.~~

~~(4) In paragraph (2), “futures equivalent basis” means the basis by which an option is adjusted by the risk factor or delta coefficient of that option, such risk factor or delta coefficient being calculated at the close of trading on the last day on which that option was traded or at such other time as the Authority may determine.~~

### **Determination of position limits**

15.—(1) For the purposes of section 81S(1A) of the Act, in determining whether a person has exceeded any position limit established or varied by a designated clearing house pursuant to section 61 of the Act in respect of a futures contract, the designated clearing house shall reckon —

(a) any position held by any other person directly or indirectly controlled by the first-mentioned person;

(b) any position held by any other person acting, pursuant to an express or implied agreement or understanding, as if such position were held by the first-mentioned person; and

(c) any position held in respect of options on the futures contract, calculated on a futures equivalent basis.

(2) For the purposes of section 81S(1A) of the Act, a designated clearing house shall require a person who has exceeded any positions limit established or varied by the designated clearing house, or any other person whose position has been included for the purposes of making any determination in accordance with

paragraphs (1)(a) or (b), to trade under such conditions and restrictions as the designated clearing house considers necessary to ensure compliance with any position limit established or varied by the designated clearing house.

(3) In paragraph (1)(c), “futures equivalent basis” means the basis by which an option is adjusted by the risk factor or delta coefficient of that option, such risk factor or delta coefficient being calculated at the close of trading on the last day on which that option was traded or at such other time as the designated clearing house may determine.

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### **Amendment of business rules**

**22.—**(1) For the purposes of section 71(2) of the Act, and subject to paragraph (7), a designated clearing house which intends to amend its business rules shall, prior to making the amendment, notify the Authority of —

- (a) the proposed amendment;
- (b) the purpose of the proposed amendment; and
- (c) the date on which the amendment is proposed to come into force.

(2) The designated clearing house shall, prior to notifying the Authority under paragraph (1), consult its participants on the proposed amendment, unless the proposed amendment would have limited impact on its participants.

(3) Subject to paragraphs (4) and (6), an amendment shall not come into force unless the notification referred to in paragraph (1) is submitted at least 21 days before the date on which the amendment is proposed to come into force.

(4) The Authority may, on its own initiative or on the application of the designated clearing house, by notice in writing to the designated clearing house, allow an amendment to come into force before the expiry of the period of 21 days referred to in paragraph (3).

(5) The Authority may, subject to paragraph (6), within 21 days after the receipt of the notification referred to in paragraph (1), by notice in writing to the designated clearing house, disallow, alter or supplement the whole or any part of the proposed amendment and, thereupon, such whole or part of the proposed amendment, as the case may be —

- (a) where it is disallowed, shall not come into force; or
- (b) where it is altered or supplemented, shall come into force as altered or supplemented accordingly.

(6) The Authority may, in its discretion, by notice in writing to the designated clearing house, vary the period specified in paragraph (5), and where the period in that paragraph is extended, the amendment shall not come into force before the expiry of the extended period.

(7) This regulation shall not apply to any periodic amendment made by a designated clearing house to the initial margin requirement or maintenance margin requirement of a market contract which it imposes on its participants, where such amendment is made in response to a change in the historical or anticipated volatility of, or ~~eo-relation~~ correlation between, of any market contracts.

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#### **PART IV**

#### **MISCELLANEOUS**

[.....]

#### **PART V**

#### **EXTRA-TERRITORIAL APPLICATION OF PART III OF ACT**

[.....]

#### **PART VI**

#### **REVOCAATION**

[.....]

#### **FIRST SCHEDULE**

Regulation 4

#### **FEES**

[.....]

## **SECOND SCHEDULE**

Regulations 16(1), (7) and (12)

### **REGULATION OF CLEARING FEES**

[.....]