

**Securities and Futures (Margin Requirements for Exempt Financial Institutions)
Regulations 2018**

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**THE SCHEDULE Minimum margin requirements for contracts for differences
or spot foreign exchange contracts for the purposes of leveraged foreign
exchange trading**

No. S 666

**SECURITIES AND FUTURES ACT
(CHAPTER 289)**

**SECURITIES AND FUTURES
(MARGIN REQUIREMENTS
FOR EXEMPT FINANCIAL INSTITUTIONS)
REGULATIONS 2018**

In exercise of the powers conferred by sections 100(1) and 341 of the Securities and Futures Act, the Monetary Authority of Singapore makes the following Regulations:

Citation and commencement

1. These Regulations are the Securities and Futures (Margin Requirements for Exempt Financial Institutions) Regulations 2018 and come into operation on 8 October 2018.

Definitions

2. In these Regulations, unless the context otherwise requires —

“broad-based index” means an index that satisfies all the following conditions:

- (a) the index contains shares of at least 20 corporations;
- (b) the weighting of the largest constituent share is not greater than 20% of the index;
- (c) the total weighting of the largest 5 constituent shares is not greater than 60% of the index;

“contract for differences” means any over-the-counter derivatives contract which is traded on a margin basis, the purpose or purported purpose of which is to secure a profit or avoid a loss by reference to fluctuations in —

- (a) the value or amount of one or more underlying things;
- (b) the value or price of any group of underlying things; or
- (c) an index of one or more underlying things,

and which does not involve the actual taking or physical delivery of any of the underlying things;

“customer”, in relation to an exempt financial institution, means a person —

- (a) on whose behalf the exempt financial institution carries on or will carry on any regulated activity; or
- (b) with whom the exempt financial institution enters or will enter into a transaction as principal for the sale or purchase of capital markets products,

but does not include an accredited investor, an expert investor or an institutional investor;

“debt security” includes any debenture stock, bond and note;

“exempt financial institution” means a person who is exempted under section 99(1)(a), (b) or (c) of the Act from the requirement to hold a capital markets services licence;

“market index of a recognised group A exchange” means a broad-based index of shares listed on a recognised group A exchange;

“recognised group A exchange” means an overseas exchange regulated by a financial services regulatory authority of a country or territory specified under the heading “*Country or Territory of Group A Exchanges*” in Table 4 of the Fourth Schedule to the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations (Rg 13).

Margin requirements

3.—(1) Subject to paragraph (2), an exempt financial institution dealing in contracts for differences or spot foreign exchange contracts for the purpose of leveraged exchange trading must obtain from its customers margin that meets the minimum margin requirements in respect of each contract for differences or spot foreign exchange contract for the purpose of leveraged exchange trading (as the case may be) that it enters into with its customers.

(2) An exempt financial institution that was carrying on business in dealing in contracts for differences or spot foreign exchange contracts for the purpose of leveraged exchange trading (as the case may be) immediately before 8 October 2018 need not comply with paragraph (1) but must on and after 8 October 2019 obtain from its customers margin that meets the minimum margin requirements in respect of each contract for differences or spot foreign exchange contract for the purpose of leveraged exchange trading (as the case may be) that the exempt financial institution enters into with a customer —

(a) before 8 October 2019 and which remains in force on or after that date; or

(b) on or after 8 October 2019.

(3) The minimum margin requirements required under paragraphs (1) and (2) must be in the form of acceptable collateral.

(4) An exempt financial institution that is required to obtain margin from a customer under paragraph (1) or (2) must, if the current market value of acceptable collateral in the customer’s trading account falls below the minimum margin requirements, contact that customer immediately and inform the customer to provide additional acceptable collateral to make good the shortfall in value within 2 business days after being so informed by the exempt financial institution.

(5) In this regulation, unless the context otherwise requires —

“acceptable collateral”, in relation to the margin obtained by the exempt financial institution, means —

(a) cash;

- (b) gold;
- (c) a share or convertible bond listed on the Singapore Exchange Securities Trading Limited;
- (d) a share or convertible bond listed on a recognised group A exchange that is —
 - (i) in the case of a share, included in a market index of that recognised group A exchange; or
 - (ii) issued by a corporation with shareholders' funds of not less than \$200 million or its equivalent in any foreign currency;
- (e) a debt security —
 - (i) issued by a government or public entity of any country or territory, or a recognised multilateral agency specified in Table 3 of the Fourth Schedule to the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations, with a long-term rating of —
 - (A) not less than BB-minus by Fitch Ratings;
 - (B) not less than Ba3 by Moody's Investor Services; or
 - (C) not less than BB-minus by Standard & Poor's;
 - (ii) issued by any other entity with a long-term rating of —
 - (A) not less than BBB-minus by Fitch Ratings;
 - (B) not less than Baa3 by Moody's Investor Services; or
 - (C) not less than BBB-minus by Standard & Poor's;
 - (iii) being a short-term debt instrument with a rating of —
 - (A) not less than F3 by Fitch Ratings;
 - (B) not less than P3 by Moody's Investor Services; or
 - (C) not less than A3 by Standard & Poor's; or
 - (iv) listed on the Singapore Exchange Securities Trading Limited or a recognised group A exchange if, and only if,