

**Securities and Futures (Financial and Margin Requirements for Holders of
Capital Markets Services Licences) (Amendment No. 2) Regulations 2006**

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No. S 507

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

**SECURITIES AND FUTURES (FINANCIAL AND MARGIN REQUIREMENTS FOR
HOLDERS OF CAPITAL MARKETS SERVICES LICENCES) (AMENDMENT NO.
2) REGULATIONS 2006**

In exercise of the powers conferred by sections 86 (3), 100 and 341 of the Securities and Futures Act, the Monetary Authority of Singapore hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) (Amendment No. 2) Regulations 2006 and shall come into operation on 28th August 2006.

Amendment of regulation 2

2. Regulation 2 of the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations (Rg 13) (referred to in these Regulations as the principal Regulations) is amended —

- (a) by deleting the word “and” at the end of paragraph (d) of the definition of “aggregate indebtedness”;
- (b) by inserting, at the end of paragraph (e) of the definition of “aggregate indebtedness”, the word “and”, and by inserting immediately thereafter the following paragraph:
 - “(f) any financial liability that has been included in the computation of financial resources under paragraph 1 of the Second Schedule;”;
- (c) by inserting, at the end of paragraph (a)(ii) of the definition of “base capital”, the word “and”;
- (d) by deleting sub-paragraph (iii) of paragraph (a) of the definition of “base capital”; and
- (e) by renumbering sub-paragraph (iv) of paragraph (a) of the definition of “base capital” as sub-paragraph (iii).

Amendment of regulation 20

3. Regulation 20 of the principal Regulations is amended by deleting the words “or share premium account” and in the regulation heading.

Amendment of regulation 24

4. Regulation 24 of the principal Regulations is amended —

- (a) by deleting the words “cash, Singapore Government securities, marginable

securities” in paragraph (5) and substituting the words “acceptable collateral”;

- (b) by inserting, immediately before the definition of “average adjusted net capital” in paragraph (6), the following definition:

““acceptable collateral”, in relation to securities financing,
means —

- (a) cash;
- (b) a share or convertible bond listed on the Singapore Exchange Securities Trading Limited;
- (c) a share or convertible bond listed on a recognised group A exchange and 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;
- (d) a debt security —
 - (i) issued by a government or public authority of any country or territory, or a recognised multilateral agency specified in Table 3 of the Fourth Schedule, 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, the issuer's shares are listed on that exchange and qualify as a share referred to in paragraph (b) or (c);
- (e) a collective investment scheme —
- (i) authorised by the Authority under section 286 of the Act (other than exchange traded funds and property funds); or
 - (ii) recognised by the Authority under section 287 of the Act (other than exchange traded funds and property funds) —

- (A) for which prices are published daily;
and
 - (B) which invests at least 90% of the deposited property of the collective investment scheme in instruments being any or all of the instruments specified in paragraphs (a) to (k) (including this paragraph);
- (f) an exchange traded fund quoted on the Singapore Exchange Securities Trading Limited or a recognised group A exchange, which tracks an index of, or basket of, stocks quoted on —
- (i) the Singapore Exchange Securities Trading Limited; or
 - (ii) a recognised group A exchange;
- (g) a property fund listed on the Singapore Exchange Securities Trading Limited or a recognised group A exchange;
- (h) any contract traded on —
- (i) the Singapore Exchange Securities Trading Limited; or
 - (ii) a recognised group A exchange, where the shares of the issuer of the contract, and the shares of the issuer of the underlying security, qualify as a share referred to in paragraph (b) or (c);
- (i) in the case of an initial public offer, securities to be listed for quotation or quoted on the Singapore Exchange Securities Trading Limited which have been fully paid for by a customer of the holder of a licence;