

**Securities and Futures (Financial and Margin Requirements for Holders of
Capital Markets Services Licences) (Amendment No. 3) Regulations 2006**

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No. S 677

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

SECURITIES AND FUTURES (FINANCIAL AND MARGIN REQUIREMENTS FOR
HOLDERS OF CAPITAL MARKETS SERVICES LICENCES) (AMENDMENT NO.
3) 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. 3) Regulations 2006 and shall come into operation on 20th December 2006.

Amendment of regulation 7

2. Regulation 7 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 inserting, immediately after paragraph (4), the following paragraph:

“(4A) Where an approved exchange or designated clearing house informs the Authority that the holder of a licence has failed to comply with any direction given to it under paragraph (3), the Authority may, if it thinks necessary or expedient, direct the holder of the licence to comply with that direction, within such time as may be specified by the Authority and subject to such modifications that the Authority may make to the direction.”; and

(b) by deleting the words “paragraph (3) or (4)(b)” in paragraph (6) and substituting the words “paragraph (3), (4)(b) or (4A)”.

Amendment of regulation 17

3. Regulation 17 of the principal Regulations is amended —

(a) by inserting, immediately after paragraph (3), the following paragraph:

“(3A) Where an approved exchange or designated clearing house informs the Authority that the holder of a licence has failed to comply with any direction given to it under paragraph (2), the Authority may, if it thinks necessary or expedient, direct the holder of the licence to comply with that direction, within such time as may

be specified by the Authority and subject to such modifications that the Authority may make to the direction.”; and

- (b) by deleting the words “paragraph (2) or (3)(b)” in paragraph (5) and substituting the words “paragraph (2), (3)(b) or (3A)”.

Amendment of regulation 21

4. Regulation 21 (2) of the principal Regulations is amended —

- (a) by inserting, immediately after the words “preference share”, the words “that is computed as part of the holder’s financial resources under paragraph 1(1) of the Second Schedule”; and
- (b) by deleting the words “one year” in sub-paragraph (a) and substituting the words “3 months”.

Amendment of regulation 25

5. Regulation 25 of the principal Regulations is amended —

- (a) by deleting paragraphs (1) and (2) and substituting the following paragraphs:

“(1) The holder of a licence under regulation 5 shall immediately notify the Authority, and the approved exchange or designated clearing house of which the holder is a member (as the case may be), when any account which the holder is carrying for any customer is under-margined by an amount which exceeds the aggregate resources of the holder.

(2) The holder of a licence under regulation 8 (1) shall immediately notify the Authority when any account which the holder is carrying for any customer is under-margined by an amount which exceeds the adjusted net capital of the holder.”;

- (b) by deleting paragraph (4) and substituting the following paragraph:

“(4) Where the holder of a licence which is a member of an approved exchange or a designated clearing house has, within one business day, failed to meet a margin call or to make other deposits as required by the approved exchange or designated clearing house (as the case may be), the approved exchange or designated clearing house shall immediately —

- (a) inform the Authority of such failure by the

- member; and
- (b) inform the Authority as to whether any action has been taken, and if so, the action taken, by the approved exchange or designated clearing house (as the case may be) in respect of such failure by the member.”;
- (c) by deleting the words “futures exchange or clearing house” wherever they appear in paragraph (5) and substituting in each case the words “approved exchange or designated clearing house”; and
- (d) by deleting the words “to trade in futures contracts or carry out leveraged foreign exchange trading” in the regulation heading.

New Part VIIIA

6. The principal Regulations are amended by inserting, immediately after regulation 28, the following Part:

“PART VIIIA

MISCELLANEOUS

Offences

28A. Any person who contravenes —

- (a) regulation 4 (1) or (2), 6 (1) or (3), 7 (1), (3) or (5)(a), 9 (1) or (2), 10 (1) or (3)(a), 11 (1), (2) or (4)(a), 13 (1) or (2), 14 (1), 16 (1) or (2), 17 (1), (2) or (4)(a), 19 (1), 20, 21 (1) or (2), 22 (1) or (2), 23, 24 (1), (2) or (3), 25 (1), (2) or (4) or 26 (2) or (3); or
- (b) any direction issued by the Authority under regulation 4 (3)(a), 7 (4)(b) or (4A), 10 (2)(a), 11 (3)(a), 14 (2)(a) or 17 (3)(b) or (3A),

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000.”.

Deletion of Part IX

7. Part IX of the principal Regulations is deleted.

Amendment of Second Schedule

8. The Second Schedule to the principal Regulations is amended —

- (a) by deleting paragraph (b) of the definition of “qualifying deposit” in paragraph 1(4) and substituting the following paragraph:

“(b) a deposit with any of the following:

- (i) an approved exchange;
- (ii) a recognised group A exchange;
- (iii) a designated clearing house;
- (iv) a clearing facility appointed by a recognised group A exchange;
- (v) an entity which is a member of any entity referred to in sub-paragraphs (i) to (iv); or
- (vi) such other entity as the Authority may specify in a guideline issued by the Authority;”;

- (b) by deleting the words “(in addition to any other condition or restriction that the Authority, or a securities exchange, futures exchange or clearing house of which the holder is a member, may impose)” in paragraph 4(1);

- (c) by deleting the words “specified by a securities exchange, futures exchange or clearing house of which the holder is a member (if applicable), or in a form that includes the following” in paragraph 4(1) and substituting the words “that includes the following terms and conditions”;

- (d) by deleting the word “and” at the end of paragraph 4(1) (v);

- (e) by inserting, at the end of sub-paragraph (vi) of paragraph 4(1), the word “and”, and by inserting immediately thereafter the following sub-paragraph:

“(vii) such terms and conditions as may be specified in the business rules of an approved exchange or a designated clearing house of which the holder is a member;”;

- (f) by deleting the word “and” at the end of paragraph 4(1); and

- (g) by deleting the full-stop at the end of sub-paragraph (d) of paragraph 4(1) and substituting the word “; and”, and by inserting immediately thereafter