

Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) (Amendment) Regulations 2003

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No. S 332

SECURITIES AND FUTURES ACT (CHAPTER 289)

SECURITIES AND FUTURES (FINANCIAL AND MARGIN REQUIREMENTS FOR HOLDERS OF CAPITAL MARKETS SERVICES LICENCES) (AMENDMENT) REGULATIONS 2003

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) Regulations 2003 and shall come into operation on 10th July 2003.

Amendment of regulation 2

2. Regulation 2 of the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations 2002 (G.N. No. S 498/2002) (referred to in these Regulations as the principal Regulations) is amended by deleting the words “Third Schedule” in the definition of “total risk requirement” and substituting the words “Third or Sixth Schedule, as the case may be”.

Amendment of regulation 24

3. Regulation 24 (6) of the principal Regulations is amended by deleting the words “for which the holder of a licence has received full payment from the borrower” in paragraph (b) of the definition of “marginable securities” and substituting the words “which has been fully paid for by a customer of the holder of a licence”.

Amendment of regulation 32

4. Regulation 32 of the principal Regulations is amended —

- (a) by deleting the words “an Exchange” in paragraph (1)(c), and substituting the words “a Futures Exchange”; and
- (b) by deleting the words “futures exchange” in the regulation heading and substituting the words “Futures Exchange”.

Amendment of regulation 33

5. Regulation 33 of the principal Regulations is amended by deleting the words “futures exchange” in the regulation heading and substituting the words “Futures Exchange”.

Amendment of Third Schedule

6. The Third Schedule to the principal Regulations is amended —

- (a) by deleting the word “equities” wherever it appears in paragraph 3(9) and substituting in each case the word “securities”;
- (b) by deleting the words “counterparty to whom it has extended securities financing” in paragraph 3(25) and substituting the words “customer to

whom it has extended securities financing”;

- (c) by deleting the words “counterparty’s margin account” wherever they appear in paragraph 3(25) and substituting in each case the words “customer’s margin account”;
- (d) by deleting the words “to 130% of the debit balance” in paragraph 3(25) (ii) and substituting the words “from 110% to 130% of the debit balance”;
- (e) by inserting, immediately after the word “occurs” in paragraph 3(26), the words “, and such calculation shall not, in any event, exceed the debit balance in the customer’s margin account”;
- (f) by deleting the words “counterparty’s margin account” in the definition “liquidation method” in paragraph 3(27) and substituting the words “customer’s margin account”;
- (g) by deleting sub-paragraph (41) of paragraph 3 and substituting the following sub-paragraph:

“(41) The holder shall calculate a counterparty exposure from the trade date as 100% of the credit equivalent amount of the contract for any over-the-counter derivatives contract for which no specific treatments have been prescribed in this Schedule or for any exchange-traded derivatives contract which is dependent on the issuer for performance.”;
- (h) by deleting the words “sub-paragraph (40)” in paragraph 3(43) and substituting the words “sub-paragraph (41)”;
- (i) by inserting, immediately after the words “sub-paragraphs (11) to (23)” in paragraph 4(10), the words “and (35), (36) and (37)”;
- (j) by inserting, immediately after the words “position in an equity derivative” in paragraph 4(35), the words “(whether or not to the equity derivative has been treated or included as an equity position or equity derivative position)”;
- (k) by deleting the words “the absolute value of” in paragraph 4(77);
- (l) by inserting, immediately after the word “higher” in paragraph 4(81), the words “of the absolute value”;
- (m) by deleting the words “sub-paragraph (77)” in paragraph 4(83) and substituting the words “sub-paragraph (81)”;
- (n) by deleting the words “the net position” in paragraph 5(2) and substituting

the words “the absolute value of the net position”;

- (o) by deleting the words “the net position” in paragraph 5(3) and substituting the words “the absolute value of the net position”;
- (p) by deleting the words “counterparty’s margin account” wherever they appear in paragraph 5(4) and substituting in each case the words “customer’s margin account”; and
- (q) by deleting the words “total debt equity exposure” in paragraph 5(5) and substituting the words “total debt exposure”.

Amendment of Sixth Schedule

7. Paragraph 2 of the Sixth Schedule to the principal Regulations is amended —

- (a) by deleting the word “counterparty” in sub-paragraph (1)(a)(ii) and substituting the word “counterparty”; and
- (b) by deleting the words “referred to in sub-paragraph (1)(a)” in sub-paragraph (2).

Amendment of Seventh Schedule

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

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

| | |
|---|-----------------------------|
| <p>SECURITIES AND FUTURES ACT (CHAPTER 289)</p> <p>SECURITIES AND FUTURES (FINANCIAL AND MARGIN REQUIREMENTS FOR HOLDERS OF CAPITAL MARKETS SERVICES LICENCES) REGULATIONS 2002</p> <p>REGULATION 27 (1) (a), (3) (a) AND (8) (a) AND (d)</p> <p>STATEMENT OF ASSETS AND LIABILITIES</p> | <p>FORM</p> <p>1</p> |
|---|-----------------------------|

Name of the holder of a capital markets services licence: _____

Statement of assets and liabilities as at: _____
(dd/mm/yy)

| | | |
|--|-------|-------|
| | \$ | \$ |
| SHAREHOLDERS' FUNDS/ NET HEAD OFFICE FUNDS | | |
| <i>Paid-up Capital</i> | | |
| Ordinary Shares | | _____ |
| Preference Shares | | _____ |
| (a) Redeemable | _____ | |
| (b) Irredeemable and Cumulative | _____ | |
| (c) Irredeemable and Non-Cumulative | _____ | _____ |
| <i>Share Premium</i> | | _____ |
| <i>Revaluation Reserves¹</i> | | _____ |
| <i>Statutory Reserves</i> | | _____ |
| <i>Unappropriated Profit/Loss</i> | | _____ |
| <i>Other Reserves</i> | | _____ |
| <i>Net Head Office Funds</i> | | _____ |
| Total Shareholders' Funds/Net Head Office Funds | | ===== |

¹ "Revaluation Reserves" should only be used for fixed assets revaluation purposes.