



ICE Futures Singaporesm Membership Procedures

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1. INTRODUCTION

1.1 These Membership Procedures are 'Procedures' as defined in the ICE Futures Singapore Pte. Ltd. rules (the "**Rules**") and are subject to the Rules, including, without limitation, Rule A.1 and Rule A.1.10. These Membership Procedures, and all non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with Singapore law and any Dispute under these Membership Procedures will be subject to Section H of the Rules.

1.2 [Not Used.]

1.3 These Membership Procedures are without prejudice to the generality of any membership criteria, ongoing obligation, notification requirement, consent requirement or any other requirement applicable to a Member pursuant to the Rules.

2. ADDITIONAL DEFINITIONS

2.1 The term "**Bank**" has the meaning given to the term "bank" in Section 2 of the Banking Act (Chapter 19 of Singapore).

2.2 The term "**Base Capital**" has the meaning given to the term "base capital" in Regulation 2 of the SF(FMR)R. In the case of a Member which is a Bank, Base Capital shall be calculated without reference to any capital held by such Bank pursuant to applicable capital requirements under Applicable Laws for any of its business as a Bank.

2.3 The term "**Net Capital**" means the: (a) the aggregate of equity share capital, preference share capital with a minimum maturity of 5 years, non-convertible debentures with a minimum of 5 years' maturity, and reserves and surpluses (excluding revaluation reserves); less (b) pledged securities and deposits, investments in unlisted securities and in any related corporation (as defined in Section 4(1) of the Companies Act (Chapter 50)), intangible assets, future tax benefits, prepaid expenses, preliminary expenses and assets which cannot be converted into cash in less than 90 days, provided that the Exchange may from time to time by Circular amend the definition of Net Capital.

2.4 The term "**Net Head Office Funds**" has the meaning given to the term "net head office funds" in Regulation 2 of the SF(FMR)R. In the case of a Member which is a Bank, Net Head Office Funds shall be calculated without reference to any capital held by such Bank pursuant to applicable capital requirements under Applicable Laws for any of its business as a Bank.

2.5 The term "**SF(FMR)R**" means the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations.

3. ADDITIONAL MEMBERSHIP CRITERIA AND ONGOING OBLIGATIONS

3.1 A Member must have paid any non-refundable application fee of the Exchange (if applicable) and provided completed membership application forms.

3.2 A Member must have such facilities, equipment, operational capability, personnel, hardware and software systems as are capable of supporting the proper performance of its business as a Member, including such IT links to the Exchange and software as in the judgment of the Exchange are necessary or desirable.

3.3 A Member must have appropriate business continuity arrangements in place to enable it to meet its obligations as a Member (and, where applicable, satisfy any minimum requirements of the MAS and any other Regulatory Authority).

3.4 A Member must have a sufficient level of knowledge about the types of Products that it intends to trade and any risks involved in relation to the same and demonstrate operational competence in respect of the Products that it proposes to trade.

- 3.5 A Member must not be subject to an Insolvency.
- 3.6 A Member must have provided details of an office which is staffed during normal business hours and sufficient for its proposed activities as a Member under the direct supervision and responsibility of an executive officer of the Member to which all notices, orders and other communications from the Exchange may be transmitted or delivered. A Member must be able to continuously monitor communication facilities for receipt of communications from the Exchange.
- 3.7 A Member must, in respect of its relationship with the Exchange, be subject to customer due diligence and know your client measures under MAS Notice to Capital Markets Intermediaries on the prevention of money laundering and countering the financing of terrorism to the Exchange's satisfaction. A Member must, in respect of its relationship with customers, implement customer due diligence and know your client measures which comply with Applicable Laws including, where applicable, MAS Notice 626 which is applicable to Banks or MAS Notice to Capital Markets Intermediaries on the prevention of money laundering and countering the financing of terrorism, to the Exchange's satisfaction.
- 3.8 A Member must have adequate systems and controls in place in order to ensure that its internal affairs are organised and controlled in a responsible and effective manner, including having adequate separation policies to mitigate concentration risk of critical business functions and compliance oversight in place to enable it to meet its obligations as a Member, adequate segregation of front and back office functions and adequate back office and compliance support, as required under Applicable Laws.
- 3.9 A Member must have adequate risk management systems and internal audit processes that are applied appropriately.
- 3.10 A Member must ensure its internal record-keeping is adequate.
- 3.11 A Member must be able to promptly review Circulars and other communications delivered or made available to it by the Exchange.
- 3.12 A Member must keep accurate records showing the details of each trade by or on behalf of such Member and such other information, in such form, as shall be required by the Exchange from time to time and in accordance with Applicable Laws.
- 3.13 A Member must, upon request, inform the Exchange about the criteria and arrangements adopted by it to allow clients access to the Market.
- 3.14 Members shall be deemed to represent and warrant, upon their first date of membership and on each subsequent date that they are a Member, that they meet all of the applicable membership criteria in Rule B.3 and this Paragraph 3 and are in compliance with all of their obligations under the Rules and these Membership Procedures.
- 3.15 In connection with these Rules, all and any Contracts, its membership of the Exchange and its business and activities as a Member, each Member shall at all times:
- (a) comply with these Rules and any agreement with the Exchange;
 - (b) comply with all Applicable Laws relating to its status and performance as a Member;
 - (c) act in good faith in its dealings with the Exchange;
 - (d) respond promptly to any direction, enquiries or requests for information given by the Exchange;
 - (e) pay all fees and other charges when due; and

- (f) if the Exchange at its discretion so directs, allow formal audits or system tests of its operations related to its business with the Exchange during reasonable business hours and on reasonable notice no more than twice annually, at the expense of the Member.

3.16 **Regulatory Restrictions on Members incorporated or organised outside Singapore**

A Member incorporated or organised outside Singapore which does not have a CMS Licence, other than a Bank registered in Singapore, must:

- (a) be incorporated or organised in a jurisdiction where the relevant financial services regulator or regulators are either a party to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information or otherwise enter into a bilateral memorandum of understanding with MAS; and
- (b) in the case of a Member which intends to conduct customer business:
 - (i) not conduct Futures trading or brokerage business on the account of any customer domiciled, resident or established in Singapore;
 - (ii) not carry on any business in Singapore other than complying with these Rules as a Member, complying with the rules of any other approved exchange, approved clearing house or approved trade repository as a member or customer or carrying out a business, maintaining a business presence or having place of business entirely unrelated to trading in any Product or the provision of any financial services;
 - (iii) carry on business in a jurisdiction the relevant financial services regulator or regulators of which have an arrangement with the MAS for information exchange and co-operation in respect of Futures; and
 - (iv) have the relevant Authorisation in such jurisdiction by the regulator referred to in paragraph (iii).

4. FINANCIAL RESOURCE REGIME FOR MEMBERS WHO ARE NOT CMS LICENCE HOLDERS

- 4.1 A Member which does not have a CMS Licence and is not a Bank must have and maintain, at all times, a Net Capital of SGD 1 million. A Member which is a Bank must have and maintain, at all times, Base Capital or Net Head Office Funds of SGD 1 million.
- 4.2 Net Capital requirements may be satisfied in Singapore Dollars or in other currency equivalents, based on the exchange rates from time to time used by the Exchange and published by Circular.
- 4.3 The Exchange may impose additional financial resource requirements on particular Members.

5. ADDITIONAL REGULATORY OBLIGATIONS FOR MEMBERS WHO ARE CMS LICENCE HOLDERS

- 5.1 This Paragraph 5 applies only to a Member who has a CMS Licence, and all references to a Member in this Paragraph 5 shall be construed as a reference to a Member which has a CMS Licence.
- 5.2 Members are subject to the minimum Base Capital or Net Head Office Fund requirement applicable to them pursuant to the First Schedule of the SF(FMR)R. Members are required to notify the Exchange of such minimum Base Capital or Net Head Office Fund requirement applicable to them from time to time as requested by the Exchange. Requirements may be satisfied in Singapore Dollars or in other currency equivalents.

5.3 A Member with any doubt in relation to whether a particular balance sheet item counts as Base Capital or Net Head Office Funds shall raise any queries with the Exchange.

6. ADDITIONAL NOTIFICATION REQUIREMENTS

6.1 Each Member shall notify the Exchange in writing without delay providing full particulars known to it:

- (a) in relation to any change of effective control (as set out in Section 97A(6)(b) of the SFA), as soon as it becomes aware of that change or proposed change of effective control and it is not prevented from disclosing the change of effective control by Applicable Laws;
- (b) if it breaches any Limit notified to it;
- (c) if it ceases to have sufficient Net Capital, Base Capital or Net Head Office Funds as set out in Paragraphs 4 or 5, along with an action plan to bring the Net Capital, Base Capital or Net Head Office Funds to the required minimum;
- (d) if its Net Capital, Base Capital or Net Head Office Fund, as applicable, for any reason is reduced by more than 20% from that shown on the latest financial statement filed by it with the Exchange;
- (e) in the event that it fails to comply with any applicable capital or financial requirements of any Governmental Authority, Regulatory Authority, exchange or clearing organisation.
- (f) of any Insolvency affecting it or any of its affiliates;
- (g) of any possible or actual Event of Default;
- (h) of any breach by it (or any non-frivolous or non-vexatious investigation or allegation of a breach by it) of any Applicable Law relating to its status and performance as a Member or of the Rules, including full particulars of the breach;
- (i) any business continuity event which may affect the performance of its obligations as a Member; and
- (j) of any "early warning" or similar matter required to be notified to any Regulatory Authority under Applicable Law (including without limitation matters required to be notified to the MAS under the SFA or SF(FMR)R or similar matters), within the time and in the manner specified in Applicable Law for such notification to such Regulatory Authority.

6.2 Where a Member holds a CMS Licence, notifications under Paragraph 6.1(a) shall only be required where a change of effective control is notifiable to, or subject to the approval of, the MAS; and in such cases the Member should provide the Exchange contemporaneously with a copy of all submissions sent to the MAS relating to the change of effective control.

6.3 All Members shall provide quarterly financial returns in the formats set out by the Exchange from time to time, within fourteen days after the end of the quarter. Subject to Paragraph 6.5, this must include a quarterly statement of: (a) Net Head Office Funds, Base Capital, or Net Capital, as applicable, signed by the chief executive officer or equivalent of the Member; (b) Adjusted Net Head Office Funds or Financial Resources, and Total Risk Requirement in the case of a CMS Licence holder; and (c) in the case of a General Participant or General Participant ICE Block Member, where applicable: (i) the segregation of customer monies and assets; and (ii) profit and loss.

6.4 All Members shall provide annual audited accounts and financial returns in the formats set out by the Exchange from time to time, within 5 months after the end of their financial year. Subject to Paragraph 6.5, this must include annual audited accounts, an auditor's report and certification complying with Paragraph 6.6, an auditor's report on sufficiency of internal control measures, and, in the case of a General Participant

or General Participant ICE Block Member, where applicable, a statement on the segregation of customer monies and assets.

- 6.5 Members who are CMS Licence holders must comply with Paragraphs 6.3 and 6.4 above by complying with the prescribed formats under the SF(FMR)R.
- 6.6 The auditor's report and certification referred to in Paragraph 6.4 must include an opinion from the auditor that:
- (a) the Member has complied with the applicable minimum capital and financial requirements set out in these Rules and, where applicable, the SFA;
 - (b) the Member's books of accounts and records conform to good industry practice and are kept in a proper manner in accordance with these Rules and, where applicable, the SFA;
 - (c) the auditor has obtained all the necessary information and explanations for the proper conduct of the audit and to enable it to furnish the certificate, and
 - (d) the financial position of the Member is such as to enable it to conduct its business on sound grounds, having regard to the nature and volume of the business transacted during its past financial year as shown by its accounts and records.
- 6.7 Members must submit an annual shareholding pattern showing any changes from the last statement submitted to the Exchange within 5 months after the end of the Member's financial year.

A Member must notify the Exchange immediately of any change to its:

- (a) legal name, legal status or incorporation or registration number;
 - (b) regulatory status or Authorisation;
 - (c) address (registered address, mailing or operations address or address for service in Singapore);
 - (d) contract details of Member (telephone number, fax number or website);
 - (e) contact details of key personnel, emergency contacts, authorised signatories, Responsible Individuals, Member Representatives, including directors and chief executive officer and any change in the identity of any of the aforementioned persons;
 - (f) email address for the delivery of Circulars;
 - (g) clients on the account of which the Member trades or otherwise provides access to the Market;
 - (h) constitutional documents (e.g. articles of association or bylaws);
 - (i) corporate authority, any power of attorney or appointment of agent relevant to the Member entering into and performing its obligations as a Member;
 - (j) membership of Futures and/or options exchanges, securities or commodities exchanges or clearing houses, including any rejection from application, suspension, expulsion or disciplinary proceedings from any of the same.
- 6.8 A Member must notify the Exchange immediately of any event, system related issue or anything else that would prevent it from operating timely and accurately on the Market.