



Monetary Authority of Singapore

**SECURITIES AND FUTURES ACT
(CAP. 289)**

**NOTICE ON LISTING, DE-LISTING OR TRADING OF
RELEVANT PRODUCTS ON AN ORGANISED MARKET OF
AN APPROVED EXCHANGE OR A RECOGNISED MARKET
OPERATOR INCORPORATED IN SINGAPORE**

Notice No.: SFA 02-N01
Issue Date: 5 October 2018

NOTICE ON LISTING, DE-LISTING OR TRADING OF RELEVANT PRODUCTS ON AN ORGANISED MARKET OF AN APPROVED EXCHANGE OR A RECOGNISED MARKET OPERATOR INCORPORATED IN SINGAPORE

1 Introduction

- 1.1 This Notice is issued pursuant to section 45(1) of the Securities and Futures Act (Cap. 289) (“SFA”).
- 1.2 This Notice applies to an exchange which operates an organised market on which any relevant product will be listed, or is listed or permitted for trading, but does not apply to an exchange in respect of any excluded warrants (as defined in this Notice) listed, or is listed or permitted for trading.
- 1.3 For the purposes of sections 29 and 41 of the SFA, this Notice sets out the ongoing and notification requirements relating to the listing, de-listing or trading of relevant products, other than excluded warrants, on an organised market.
- 1.4 This Notice takes effect on 8 October 2018.

2 Definitions

- 2.1 For the purposes of this Notice —

“alternative product” means a relevant product other than a futures contract or excluded warrant;

“conversion ratio”, in relation to a warrant, means the formula that determines the number or value of the underlying things to which each warrant relates;

“appropriate price limit”, in relation to a futures contract or a class of futures contracts, means a price limit imposed by an exchange in respect of the futures contract or class of futures contracts (as the case may be), for the purpose of ensuring the orderly trading of the futures contract or class of futures contract (as the case may be);

“daily leverage certificate” means an exchange-traded certificate that changes in value based on the following formula:

$$A \times B$$

where –

“A” is the change in the value of:

- (a) shares of a corporation, units in a business trust, units in a collective investment scheme, that are listed on a specified exchange; or
- (b) a securities index;

as the case may be, since the commencement of the trading day; and

“B” is the leverage factor that is specified in the offer document for the certificate, being –

- (a) where the underlying thing of the certificate is any share of a corporation, unit in a business trust or unit in a collective investment scheme, that is listed on a specified exchange, a leverage factor of not more than 5 times; and
- (b) where the underlying thing of the certificate is any securities index, a leverage factor of not more than 7 times;

“detailed announcement”, in relation to a document mentioned in paragraph 4.4, means an announcement made by an exchange that contains a detailed description of a relevant product and the intended date of listing of the relevant product;

“exchange” means –

- (a) an approved exchange; or
- (b) a recognised market operator that is incorporated in Singapore;

“excluded warrant” means –

- (a) a warrant of which the underlying thing is –
 - (i) any share or debenture of a corporation that is listed on a specified exchange;
 - (ii) any unit in a business trust that is listed on a specified exchange;
 - (iii) any unit of a collective investment scheme that is listed on a specified exchange; or

- (iv) any securities index comprising shares or units mentioned in paragraph (i), (ii) or (iii) above; or
- (b) a daily leverage certificate of which the underlying thing is –
 - (i) any share of a corporation that is listed on a specified exchange;
 - (ii) any unit in a business trust that is listed on a specified exchange;
 - (iii) any unit of a collective investment scheme that is listed on a specified exchange; or
 - (iv) any securities index comprising shares or units mentioned in paragraph (i), (ii) or (iii) above;

“futures equivalent basis”, in relation to an exchange-traded derivatives contract mentioned in paragraph (b) of the definition of a “futures contract” in section 2(1) of the SFA, means the basis by which the option is adjusted by the risk factor or delta coefficient of that option, such risk factor or delta coefficient being calculated at the close of trading on the last day on which that option was traded on an exchange, or at such other time as the exchange may determine;

“futures exchange” means an exchange that operates an organised market on which futures contracts are listed or permitted for trading;

“position” means a futures contract which is outstanding and has not been liquidated —

- (a) by an offsetting transaction;
- (b) by delivery of the commodity underlying the futures contract;
- (c) through settlement of the futures contract in accordance with the business rules or practices set by the exchange; or
- (d) by substituting the futures contract for a cash commodity;

“position accountability threshold”, in relation to a futures contract or class of futures contracts, means a value set by an exchange in respect of the futures contract or class of futures contracts, and that, when the position held by any person is in excess of the value set, it will trigger reporting obligations to the exchange;

“position limit”, in relation to a futures contract, means the maximum position that is either net long or net short, which is determined by an exchange and held

or controlled by any party to the futures contract;

“price limit”, in relation to a futures contract, means the limit set by an exchange in relation to the fluctuation of the price of the futures contract, which when exceeded, results in the exchange placing constraints on the trading of the futures contract;

“relevant product” has the same meaning as in section 29(8) and 41(8) of the SFA;

“relevant product exchange” means an exchange that operates an organised market on which relevant products are listed or permitted for trading, or will be listed or permitted for trading;

“sharp price movement”, in relation to a futures contract, means an increase or decrease in price between any two points in time, T and T-1, that is not commonly seen for the futures contract where –

“T” is the point in time at which the comparison in the price of futures contract takes place; and

“T-1” is a point in time before T, but at or after the time at which the daily settlement price of the last trading day was calculated;

“securities index” means an index comprising shares or debentures of a corporation, units in a business trust, or units in a collective investment scheme, that are listed on a specified exchange;

“specified exchange” means –

- (a) an approved exchange specified in Appendix 1; or
- (b) a recognised market operator that is incorporated in Singapore and specified in Appendix 1; or
- (c) a corporation declared by the Authority to be a recognised securities exchange in the Securities & Futures (Recognised Securities Exchange) Order 2005;

“warrant” means an exchange-traded derivatives contract under which —

- (a) one party has the right, but not the obligation, to buy from or sell to another party, specified securities or specified units in a collective investment scheme on or before a specified future time and at a specified price payable at that future time; or

(b) the parties will discharge their obligations by settling in cash, on or before a specified date, the amount determined by the formula specified in paragraph 2.3.

2.2 For purposes of this Notice –

(a) “futures contract”, in relation an exchange, means a futures contract that is listed or permitted for trading on an organised market that the exchange operates; and

(b) “class of futures contracts”, in relation an exchange, means a class of futures contracts that is listed or permitted for trading on an organised market that the exchange operates.

2.3 For the purposes of paragraph (b) of the definition of “warrant”, the specified formula is as follows:

$A \times (B - C) = D$, in the case of a call warrant; and

$A \times (C - B) = D$, in the case of a put warrant;

where –

“A” is the conversion ratio in respect of the warrant;

“B” is –

(a) where the underlying thing of the warrant is any specified securities or units in a collective investment scheme, the value of the specified securities or units of the collective investment scheme (as the case may be) at a specified future time; and

(b) where the underlying thing of the warrant is any securities index, the value of the securities index at a specified future time;

“C” is –

(a) where paragraph (a) of the definition of “B” applies, the exercise price of the warrant; and

(b) where paragraph (b) of the definition of “B” applies, the value of the securities index at the time when the warrant was entered into;

“D” is the amount mentioned in paragraph (b) of the definition of “warrant”.

2.4 The expressions used in this Notice, except where expressly defined in this Notice or where the context requires, have the same meanings as in the SFA.

3 Ongoing requirements in respect of relevant products, other than excluded warrants, listed or permitted for trading

Requirements in relation to futures contracts

- 3.1 A futures exchange must ensure that the risks of disorderly trading arising from sharp price movements are mitigated for futures contracts.
- 3.2 A futures exchange may mitigate the risks of disorderly trading arising from sharp price movements for futures contracts through the imposition of appropriate price limits or otherwise, in relation to any futures contract or class of futures contracts.
- 3.3 Where a futures exchange imposes appropriate price limits in relation to any futures contract or class of futures contracts, the futures exchange must ensure that the appropriate price limits do not affect the orderly trading of the future contract or class of futures contracts (as the case may be).
- 3.4 A futures exchange must in respect to a futures contract or class of futures contracts –
 - (a) put in place position limits or position accountability thresholds that are effective in mitigating the risks of market manipulation –
 - (i) in the organised market on which the futures contract or class of futures contracts (as the case may be) are listed or permitted for trading; and
 - (ii) in the market on which the underlying thing or underlying things (as the case may be) of the futures contract or class of futures contracts (as the case may be) is traded;
 - (b) ensure that the position limits are not exceeded by any party to the futures contract or any futures contract that belongs to the class of futures contracts (as the case may be) through the acquisition of additional positions; and
 - (c) require the following information to be reported as part of the reporting obligation when a position accountability threshold is exceeded –
 - (i) the reason why such a large position is being held;
 - (ii) how the holding of said position furthers the person's trading strategy; and
 - (iii) how the position is being used for hedging and the relevant contracts being hedged against (where applicable).

- 3.5 The Authority, in determining whether a futures exchange's position limit or position accountability threshold is effective in mitigating the risk of market manipulation, will consider (amongst other factors) if –
- (a) the position limit or position accountability threshold can materially reduce the likelihood of the accumulation of the open interest in any futures contract by one or more parties to the futures contract;
 - (b) the position limit or position accountability threshold can materially reduce the likelihood of one or more parties to any futures contract (whether individually or collectively) being able to influence the price of the futures contract; and
 - (c) the position limit or position accountability threshold reduces the likelihood of one or more parties to any futures contract (whether individually or collectively) influencing the price or value of one or more underlying things of the futures contract.
- 3.6 A futures exchange must, in determining whether any position limit or position accountability threshold in respect of any futures contract or class of futures contracts, has been exceeded by any party to the futures contract or any futures contract that belongs to the class of futures contracts (as the case may be) (called in this Notice the “specified party”), take into account—
- (a) any position held by any other person directly or indirectly controlled by the specified party;
 - (b) any position held by any other person acting, pursuant to an express or implied agreement or understanding, as if such position were held by the specified party; and
 - (c) any position held in respect of an option on the futures contract, calculated on a futures equivalent basis.
- 3.7 A futures exchange must have the capabilities to determine whether a specified party has exceeded any position limit or position accountability threshold set in respect of any futures contract in accordance to paragraph 3.6.
- 3.8 Where a futures exchange determines that a specified party has exceeded any position limit, the futures exchange must subject the specified party or any party specified in paragraph 3.6 (a) and (b) to one or more of the following conditions so as to correct the specified party's position limit —
- (a) to cease any further increase in his or their positions;

- (b) to liquidate his or their positions to comply with the position limit within such time as the futures exchange may determine;
 - (c) to be subject to higher margin requirements as the futures exchange may impose, in respect of his or their positions; or
 - (d) to trade under such conditions and restrictions as the futures exchange may consider necessary to ensure his or their compliance with that position limit.
- 3.9 A futures exchange must ensure that each futures contract it lists or permits the trading of, has a methodology to set the daily settlement price that—
- (a) reliably reflects prevailing market conditions; and
 - (b) is not susceptible to manipulation.
- 3.10 A futures exchange must ensure that each futures contract it lists or permits the trading of, has a methodology to set the final settlement price that —
- (a) is not susceptible to manipulation; and
 - (b) ensures the final settlement price accurately reflects the price or value of the underlying thing or underlying things of the futures contract.
- 3.11 Where a futures contract allows for physical delivery, a futures exchange must have in place delivery procedures that ensures that the underlying thing or underlying things of the futures contract is delivered from the seller to the buyer of the futures contract in a safe, reliable and timely manner.

Requirement in relation to alternative products

- 3.12 An exchange that operates an organised market on which alternative products are listed or permitted for trading must demonstrate to the Authority on an ongoing basis that it has a framework to comprehensively identify and address all of the risks pertaining to each alternative product.
- 3.13 For the purposes of section 20(b)(i)(C) and 38(b)(i)(C) of the Act, an exchange must furnish to the Authority upon the Authority's request, written details of its inquiries into and assessment of all the risks posed by each alternative product, and how such risks are mitigated pursuant to the framework referred to in paragraph 3.12 above.

Requirements in relation to relevant products, other than excluded warrants

- 3.14 A relevant product exchange must not list or permit the trading of relevant products whether individually or collectively, that will –
- (a) have a materially adverse impact on the fair, orderly and transparent functioning of the organised markets that the relevant product exchange operates;
 - (b) have a materially adverse impact on the efficient functioning of the organised markets, that the relevant product exchange operates, to allocate capital and transfer risks; or
 - (c) materially increase the systemic risk in Singapore.
- 3.15 A relevant product exchange must not list or permit the trading of any relevant product that does not have any economic utility.
- 3.16 A relevant product exchange must make an assessment of the reputational risks, legal risks and operational risks, that it faces on an ongoing basis and take the appropriate steps to mitigate such risks.
- 3.17 A relevant product exchange must –
- (a) have in place processes to identify the occurrence of any significant event that might result in any non-compliance with any requirement in this Notice; and
 - (b) notify the Authority as soon as practicable after becoming aware of any resulting non-compliance with any relevant requirement in this Notice, and provide details as to the steps taken or to be taken by the relevant product exchange to rectify the non-compliance.
- 3.18 A relevant product exchange must certify to the Authority , in the form and manner as the Authority may specify, in a document that is not false or misleading, and signed by its chief executive officer, or any such officer that he delegates his authority to that is approved by the Authority, in respect of every relevant product listed or permitted for trading on the organised market which the relevant product exchange operates, that nothing has come to the attention of the relevant product exchange that would change its assessment of its compliance with the relevant requirements of this Notice, by not later than the following dates —

- (a) where the relevant product was listed or permitted to trade by the relevant product exchange on a date which is before 8 October 2018 (called in this paragraph the listing date) –
 - (i) the date which is twelve months from the listing date; and
 - (ii) every subsequent date which is twelve months from the date mentioned in sub-paragraph (a)(i);
 - (b) where the relevant product will be listed or permitted to trade by the relevant product exchange on a date which is on or after the listing date –
 - (i) the date which is twelve months from the listing date; and
 - (ii) every subsequent date which is twelve months from the date mentioned in sub-paragraph (b)(i).
- 3.19 For the purposes of section 20(b)(i)(C) and 38(b)(i)(C) of the Act, a relevant product exchange must furnish to the Authority upon the Authority’s request, information supporting the certification in any document submitted by the relevant product exchange pursuant to paragraph 3.18 over the past five years.
- 3.20 A relevant product exchange that seeks to make changes to the specifications of a relevant product must –
- (a) inform MAS no later than one week, before making a detailed announcement on the change, or one week before the changes are effected, whichever is the earlier; and
 - (b) ensure that the relevant product still complies with the requirements of this Notice before allowing the changes to take effect

Requirements in relation to the de-listing of futures contracts

- 3.21 A relevant product exchange must before the de-listing of a futures contract –
- (a) ensure that there remains no open interest in the futures contract;
 - (b) ensure there will be no open interest in the futures contract at the point of the de-listing; and
 - (c) ensure that the de-listing of the futures contract is not in breach of any legal obligation that the relevant product exchange is subject to.

Requirements in relation to the de-listing of alternative products

- 3.22 An exchange that operates an organised market on which alternative products are listed or permitted for trading must before de-listing an alternative product –
- (a) ensure that there remains no outstanding investor positions in the alternative product that is to be de-listed;
 - (b) satisfy itself that the de-listing of the alternative product will not cause any disruption to any other market; and
 - (c) ensure that the de-listing of the alternative product is not in breach of any legal obligation applicable to the exchange.

4 Notification requirements in respect of relevant products, other than excluded warrants, listed or permitted for trading

Notification requirements pertaining to futures contracts

- 4.1 A futures exchange must, prior to the listing or trading of a futures contract, in the form and manner as the Authority may specify, notify the Authority in a document signed by its chief executive officer, or any such officer that he delegates his authority to that is approved by the Authority, that —
- (a) appropriate price limits, if any, consistent with the requirements in paragraphs 3.1, 3.2 and 3.3 have been set;
 - (b) appropriate position limits or position accountability thresholds consistent with the requirements in paragraphs 3.4, 3.5 and 3.6 have been set;
 - (c) it has the capabilities to determine that a specified person has exceeded any position limit or position accountability threshold set in respect of that futures contract;
 - (d) it has the powers to direct any person exceeding any position limit set by the exchange in the manner set out in paragraph 3.8;
 - (e) it has established methodologies to determine the daily settlement prices and final settlement prices that are consistent with the requirements in paragraphs 3.9 and 3.10; and
 - (f) it has in place a set of delivery procedures that ensures any underlying thing to be delivered pursuant to the terms of the futures contract will be delivered from the seller to the buyer in a safe, reliable and timely manner.

Notification requirements pertaining to alternative products

- 4.2 An exchange that operates an organised market on which alternative products are listed or permitted for trading must, before the listing or trading of an alternative product¹, in the form and manner as the Authority may specify, notify the Authority in a document signed by its chief executive officer, or any such officer that he delegates his authority to that is approved by the Authority, that —
- (a) it has a framework to comprehensively identify and mitigate all risks to the alternative product; and
 - (b) it will be able to demonstrate the efficacy of such a framework to the Authority on an ongoing basis.

Notification requirements pertaining to all relevant products, other than excluded warrants

- 4.3 In addition to the notification requirements in paragraphs 4.1 or 4.2 (as the case may be), a relevant product exchange must, before the listing or trading of a relevant product, notify the Authority, in the form and manner as the Authority may specify, in a document signed by its chief executive officer, or any such officer that he delegates his authority to that is approved by the Authority, that —
- (a) it has satisfied itself that the listing or permitting of trading of the relevant product will satisfy the requirements set out in paragraph 3.14 above;
 - (b) it has satisfied itself that the relevant product serves an economic purpose;
 - (c) it has made an assessment of the reputational risks, legal risks and operational risks posed by the relevant product, and taken the appropriate steps to mitigate these risks;
 - (d) it has satisfied itself that it has and will continue to have the capabilities to —
 - (i) provide the signed document as specified in paragraph 3.19;
 - (ii) monitor for significant events pertaining to the relevant product as set out in paragraph 3.17; and
 - (iii) track compliance with the relevant requirements in this Notice pertaining to the relevant product; and

¹ If any exchange has any doubt as to the requirements or risks of any alternative product, such exchange is encouraged to seek the Authority's views on such alternative product as soon as possible before submitting its notification pursuant to this paragraph 4.2.

(iv) comply with the requirements in paragraph 3.20 should the exchange make changes to the specifications of a relevant product.

4.4 A relevant product exchange must submit each document mentioned in paragraphs 4.1, 4.2 and 4.3 of this Notice to the Authority –

(a) in the event that an announcement will be made, by no later than one week before a detailed announcement in respect of the relevant product is made to the public or to the members of the relevant product exchange, and not earlier than twelve weeks before the product is listed; or

(b) in the event that no announcement will be made, by no later than one week before the relevant product is listed, but not earlier than twelve weeks before the product is listed.

5 Notification requirements in respect of the de-listing of relevant products

Notification requirements pertaining to the de-listing of any futures contracts

5.1 A relevant product exchange must, not earlier than twelve weeks before the de-listing of a futures contract notify the Authority, in the form and manner as the Authority may specify, in a document signed by its chief executive officer, or any such officer that he delegates his authority to that is approved by the Authority, that it has taken measures to comply with the requirements set out in paragraph 3.21 above.

Notification requirements pertaining to the de-listing of alternative products

5.2 An exchange that operates an organised market on which alternative products are listed or permitted for trading must, not earlier than twelve weeks before the de-listing of an alternative product notify the Authority, in the form and manner as the Authority may specify, in a document signed by its chief executive officer, or any such officer that he delegates his authority to that is approved by the Authority, that it has taken measures to comply with the requirements set out in paragraph 3.22 above.

Appendix 1

1. Singapore Exchange Securities Trading Limited

RESPONSE TO FEEDBACK RECEIVED

OCTOBER 2018

Draft Notice on Listing, De- Listing or Trading of Products for Approved Exchanges and Recognised Market Operators

MAS

Monetary Authority of Singapore

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1 Preface

1.1 On 22 May 2018, MAS issued a Consultation Paper on Draft Notice for Product Notification Regime which sets out the criteria and process for the listing, de-listing or trading of derivatives products on approved exchanges and locally-incorporated recognised market operators (collectively, “exchanges”). The consultation period closed on 22 June 2018.

1.2 MAS would like to thank all respondents for their contributions. The respondents are listed in Annex A, and their detailed submissions are in Annex B.

1.3 MAS has carefully considered the feedback received, and will incorporate them where it has agreed with the feedback. Comments that are of wider interest, together with MAS’ responses, are set out below.

1.4 The finalised Notice on Listing, De-Listing or Trading of Relevant Products on an Organised Market of an Approved Exchange or a Recognised Market Operator Incorporated in Singapore SFA 02-N01 is published on the MAS website. The Notice will come into effect concurrently with the commencement of the Securities and Futures (Amendment) Act 2017 on 8 October 2018.

2 Implementation of the Product Notification Regime

2.1 Respondents were supportive of the shift from an approval regime to a notification regime for exchange-traded derivatives products. While respondents broadly agreed with the proposed key risks that have to be addressed as part of the self-certification process, they have sought clarifications on certain specific requirements that are expected of exchanges. These are elaborated in the subsequent paragraphs.

3 Setting of position limits and position accountability thresholds

Mitigating the risk of market manipulation arising from large positions

3.1 A respondent gave the view that the use of position limits and position accountability thresholds to mitigate the risk of market manipulation is only effective for physically-settled contracts as their only purpose is to prevent market corners and delivery squeezes. The respondent felt that position limits and position accountability thresholds are therefore not relevant for cash-settled products as corners and squeezes are not present for such contracts. Instead, the emphasis should be in ensuring that the final settlement price is not susceptible to manipulation. Concerns were also raised about

the ability of the exchange to assess if the limits or thresholds are effective in mitigating the risk of market manipulation.

MAS' Response

3.2 While MAS agrees that the integrity of the final settlement price is a critical tool in deterring market manipulation, MAS also believes that position limits and position accountability thresholds can act as deterrents in mitigating the risk of market manipulation for both physically-settled and cash-settled contracts. Under our framework, position limits are required for contracts which the exchanges have assessed may have a high risk of market manipulation, while position accountability are required for contracts with a low risk of market manipulation.¹ MAS believes that restrictions or monitoring of the acquisition of a large position in a futures contract will stymie a potential manipulator's ability to affect the price of the futures contract, as well as his ability to benefit from a manipulation of the underlying of the futures contract while holding a large position in that futures contract. Position accountability provides a deterrent effect on potential market manipulators as they would have to account why they need to hold such large positions and be subject to reporting requirements. It also signals to market players that large positions will come under closer scrutiny by the exchange.

3.3 In respect of the factors that MAS will take into account when assessing whether the limits or thresholds set by the exchanges are effective in mitigating the risk of market manipulation, we would consider whether the exchanges have imposed an arbitrarily high limit or threshold that would be clearly ineffective. MAS does not expect that these risks can be completely eliminated through the use of position limits or position accountability and will allow a fair degree of latitude in assessing compliance with these requirements, as long as reasonable thresholds are set.

Breach of position limits thresholds

3.4 Some respondents have sought clarity on whether the position limits and position accountability thresholds can be breached. One respondent gave the view that the Notice suggests that the requirement to ensure that position limits are adhered to is not a strict one, as the Notice sets out strictures for exchanges to follow if these limits are

¹ For contracts with low risk of market manipulation, exchanges are not required but may choose to impose position limits if they wish to, as position limits are more stringent than position accountability.

breached. One respondent also noted that the new requirements in the Notice on how position limit breaches are to be treated by the exchanges are stricter than the existing requirements, which allow the exchanges a degree of flexibility in how it treats position limit breaches.

MAS' Response

3.5 Under the new regime, position limits are required for products with high risk of market manipulation. Position limits represent a hard cap on the amount of open interest in a particular futures contract that a person or member can accumulate. Given that the risk of market manipulation for such products are high, position limits must be adhered to. However, if an exchange chooses to impose additional position limits below the ones indicated in its notification to MAS, derogations from these additional lower limits may be allowed as long as the higher limit is adhered to.

3.6 The strictures in the Notice governing cases where position limits have been breached refers to cases arising not from the active acquisition by a participant, but through passive means. For example, this could be in a case where the overall open interest may have declined, leading the person to have a position that is in excess of the allowable proportion of open interest under the position limits set by the exchange. We have amended the Notice to reflect that position limits should not be breached through the acquisition of additional positions.

3.7 As some exchanges currently allow for derogations from its position limits thresholds upon request by members, exchanges should write in to MAS to apply for a transition period if needed for compliance with the requirements of the Notice.

Exceeding position accountability thresholds

3.8 Some respondents have also highlighted that the phrasing of position accountability thresholds in the draft Notice suggests that it cannot be exceeded, which contradicts the need for reporting requirements to be triggered when the position accountability thresholds are breached. A respondent further proposed that MAS accords exchanges with the discretion to assess the need for triggering reporting obligations when position accountability thresholds are exceeded.

MAS' Response

3.9 For contracts with low risk of market manipulation, position limits need not be imposed, and position accountability can be adopted instead. Position accountability represents a soft cap that allows the acquisition of the open interest, but requires

additional reporting by holders of positions in excess of the position accountability threshold, together with the reasons why such a large position needs to be held. We have amended the Notice to reflect that position accountability thresholds may be exceeded.² However, MAS will maintain our requirement for reporting obligations to be triggered when these thresholds are exceeded as it is fundamental to the concept of a position accountability threshold that positions in excess of that threshold are determined to have been of a size that warrants further scrutiny. Requiring participants and members to account for positions that are unusually large provides a deterrent effect on potential market manipulators. Exchanges, however, may have the discretion to determine how frequent such reporting needs to be made. For example, if a position holder has already provided reasons why a large position needs to be held, an exchange has the discretion not to request for additional repeated reporting so long as there are no significant changes to the nature of the position holder's (large) position. As with position limits, exchanges have the discretion to set additional monitoring thresholds below the ones indicated in its notification to MAS that do not trigger reporting obligations, as long as reporting obligations are triggered when the higher limits are exceeded.

Setting of thresholds

3.10 A respondent added that the Notice seemed to indicate an approval regime for position limits and position accountability thresholds as the Notice specified factors that MAS would consider in determining whether the thresholds set by the exchanges are effective in mitigating the risk of market manipulation.

MAS' Response

3.11 The requirements set out in the Notice does not mean that MAS will ex-ante approve the position limits and position accountability thresholds set by the exchanges. Instead, these provisions set out the expectations and standards that MAS will adopt when performing ex-post supervision on the exchanges to assess its compliance with the Notice.

Identification of persons trading in futures contracts

3.12 A respondent noted that the requirement under the draft Notice to monitor and track the positions in the futures contracts differed from the existing requirements in

² Exchanges have the discretion to determine how position accountability thresholds should be measured e.g. absolute position size, change in absolute position size, etc.

Regulation 15 of the Securities and Futures (Markets) Regulations (“SF(M)R”), as it required members to disclose more granular information (i.e. whether the person holds on trust for the specified party). There was also an additional requirement to monitor and track the positions of the persons trading in futures contracts. In addition, there was the introduction of a new term “specified party” and it was not clear who the “specified party” referred to.

MAS’ Response

3.13 The intent on the degree of granularity of identification of persons behind specific positions has not changed and is the same as that in Regulation 15 (1) of the existing SF(M)R. The term “specified party” would be the same parties that were required to comply with Regulation 15 of the SF(M)R. The requirement to track and monitor positions of persons trading in futures contracts is not new, as it only makes explicit what was an implicit pre-requisite for compliance with Regulation 15 of the SF(M)R which requires exchanges to determine when a person trading in futures contract has exceeded the position limit set by the exchange. We have amended the Notice to mirror Regulation 15 of the SF(M)R.

4 Other risks to be addressed

Risk of underlying not being delivered in a safe, reliable and timely manner

4.1 In order to obtain comfort that the physical delivery procedures of the exchanges are adequate, the Notice requires exchanges to have delivery procedures that “ensure physical deliveries are conducted in a safe, reliable and timely manner”. A respondent raised concerns that such a requirement would impose unrealistic expectations on physical delivery, and various stakeholders may have to change their market practices on delivery in order to meet these expectations posed by MAS.

MAS’ Response

4.2 MAS is of the view that safe, reliable and timely deliveries are baseline expectations for physical deliveries. MAS would like to reassure exchanges that in determining what constitutes safe, reliable and timely delivery, reference will be taken from market practices.

4.3 MAS would also like to clarify that if the rules of the exchanges allow for parties to a physically delivered contract to opt for an alternative delivery procedure, and both parties mutually agree to do so, this would be done at the parties’ own risk. The exchanges’ involvement in the delivery process ceases when an alternative delivery

procedure is adopted, and the exchange would not have to be responsible for the safety, reliability and timeliness of the alternative delivery procedure.

Risk of disorderly trading arising from sharp change in prices

4.4 A respondent raised concerns on the requirement to mitigate the risk of sharp price movements for all contracts, as sharp price movements are common in certain products such as foreign exchange and interest rates.

MAS' Response

4.5 MAS agrees that sharp price movements are common in certain products. MAS' intent is for exchanges to mitigate the risk of disorderly trading arising from sharp price movements, instead of the risk of sharp price movements itself. We have amended the Notice to reflect our intent.

Risk of manipulation of daily settlement price and final settlement price

4.6 In relation to daily and final settlement price, a respondent suggested for the requirement to be on establishing mechanisms for the prices to be appropriate as opposed to establishing the appropriateness of the prices itself, as the prices are often determined by the market. A respondent also felt that it is not practical for exchanges to ensure that daily settlement price is accurate as there is no objective reference unlike final settlement price. The respondent further added that the final settlement price of certain products may not necessarily reflect the spot price of the underlying thing on the last trading day, as it could reflect the average of the values over the expiring contract month.

MAS' Response

4.7 We agree with the respondents' feedback and have amended the Notice to require that the mechanisms used to establish daily and final settlement prices are appropriate. We have also removed the requirement on daily settlement price to be accurate, but retained the requirement for the daily settlement price to reliably reflect prevailing market conditions. In respect of the final settlement price, for contracts with underlying representing the average of index values over the expiring contract month, it suffices to ensure that the final settlement price accurately reflects this average value.

Legal, operational, and reputation risks

4.8 A respondent felt that it would be impractical to assess all legal, operational and reputational risks arising from the listing of a product. The respondent also queried if a separate assessment is needed for each and every product.

MAS' Response

4.9 MAS would like to clarify that for legal, operational and reputational risk, exchanges should make an assessment on an ongoing basis on probable risks, and to take the appropriate steps to mitigate the risks identified. The assessment, whether on a product-by-product basis or on a class basis, is left to the discretion of the exchange.

5 Risk management approach for clearing of listed products

5.1 Some respondents sought clarity on the risk management requirements and whether separate regulatory approvals or notifications are required before their associated clearing houses are allowed to clear new products. The respondents felt that the benefits of the notification regime for products would be stymied if it were not accompanied by the corresponding streamlining of the risk management models by the associated clearing houses that clear those products.

MAS' Response

5.2 MAS agrees that the benefits of the notification regime (i.e. shorter time-to-market) would be stymied if it were not accompanied by the corresponding streamlining of MAS' review of the clearing risk posed by the clearing of these products. However, MAS will not be contemplating a corresponding move to a notification regime for the clearing of these products as the risk management models of clearing houses concerns the prudential health of the clearing houses, and could also have implications on the systemic stability and macro-prudential safety of the financial system.

5.3 Under the existing regime, new products which utilise existing margin methodologies and risk management practices that have already been approved by MAS would not have to obtain separate approval for these methodologies. However, the clearing house would have to demonstrate that the existing margin methodologies and risk management practices are appropriate for these products. In order to facilitate the time to market of these products, MAS will streamline and set out clearly its expectations on how clearing houses should demonstrate the appropriateness of its existing risk management practices for the new products in a checklist. Clearing houses will submit the checklist certifying the compliance with MAS' expectations, accompanied by specific pieces of evidence supporting the certifications. This will help to expedite MAS' approval process.

5.4 For new products which utilize different margin methodologies and risk management practices, MAS will conduct a more in-depth review before approving the

new margin methodology and risk management practices. Clearing houses are encouraged to seek MAS' approval early, especially if a substantially different methodology is used.

6 Alternative products

6.1 A respondent sought clarity on the products that would fall under the definition of alternative products and the expectations of the framework required to mitigate the risks of such alternative products.

MAS' Response

6.2 As set out under the Notice, alternative products are relevant products³ that are not futures contracts or excluded warrants. This covers derivatives contracts, which may not yet be listed on or offered by exchanges in Singapore. Each such product may pose different types of risk to its issuer, the target investors, and the exchange on which it is listed. As these products are new and may present new risk characteristics different from existing products, it is not possible for MAS to set out exhaustively and in detail the framework required to mitigate the risks of such products.

6.3 Accordingly, if an exchange intends to list or offer an alternative product, it should identify the risks and put in place measures to mitigate the risks associated with the listing and trading of the product. Exchanges are encouraged to engage the Authority in advance before the notification period on the risks posed by the listing and trading of the alternative product in question and the framework that it proposes to mitigate such risks, given that more consultation and discussions may be needed for such novel products.

7 Notification and Self-Certification Process

Timing of Notification Requirements

7.1 Some respondents sought clarity on the timing of notification requirements. One respondent wanted to confirm that an industry consultation to gather feedback on contract specifications would not trigger notification requirements. Another respondent welcomed the one-week timeline for notification before exchanges make a detailed

³ Relevant products have the same meaning as in section 29(8) and 41(8) of the SFA.

announcement on the product to the public or its members, and suggested further clarity be provided on the notification timeline relative to the launch of the product as well.

MAS' Response

7.2 MAS would like to confirm that an industry consultation to gather feedback on contract specifications and indication of interests on proposed products would not trigger notification requirements. Notification requirements are only triggered before exchanges make announcements on finalised product launches.

7.3 With respect to the notification timeline, we have amended the Notice to clarify that exchanges will have to notify MAS at least one week before the announcement of the product launch or the listing of the product, whichever is earlier. Exchanges who wish to time its announcement shortly before its launch may do so, as long as it provides for the minimum notification time period to MAS.

Template for notification to MAS

7.4 Respondents also queried if there would be a standard template for notification to MAS and suggested that this would be necessary to ensure uniform treatment across all exchanges. One respondent also sought confirmation that certifications in different paragraphs of the Notice could be submitted as a single document.

MAS' Response

7.5 MAS agrees with the suggestions and would also like to clarify that the certification and notification will have to be done in the form and manner specified by MAS. The certification for a product encompassing different paragraphs of the Notice is to be submitted as a single document, and this will be made clear in the document that MAS will specify for this purpose.

Signing authority

7.6 One respondent sought clarification on whether the Chief Executive Officer ("CEO") refers to the CEO of the Approved Holding Company or the Approved Exchange, and to whom this responsibility can be delegated to.

MAS' Response

7.7 MAS would like to clarify that the CEO refers to the CEO of the Approved Exchange or Recognised Market Operator, instead of the Approved Holding Company. In order to ensure sufficient oversight, the signing authority of the certification and

notification should be done by a key management officer who is sufficiently senior. The CEO may delegate this responsibility to someone of a stature that is equivalent to a Chief Risk Officer or a Chief Regulatory Officer, but that person should not have direct oversight over business functions, so as to avoid conflict of interests. If the signing authority is not the CEO, exchanges should write in to MAS for approval of the delegate.

Resubmission

7.8 In respect of the resubmission of the notification that has exceeded the maximum 12-week period without launch, one respondent proposed for a resubmission only if there are material changes to the self-certification after the end of the 12-week period. The respondent further gave feedback that a resubmission of the same certification as a fresh notification to MAS may unnecessarily delay the time-to-market.

MAS' Response

7.9 In relation to the re-submission of a product that has exceeded the maximum 12-week period, MAS disagrees with the suggestion that a resubmission is not necessary if there is no material change. If the exchange can ascertain that there has been no material change to the matters set out in the product submission and certification, it should have no issue in re-signing the documents again and making the submissions to MAS. Hence, MAS will maintain our requirement for a resubmission, as this would affirm that the certification remains valid.

Class self-certification

7.10 One respondent has proposed for a **class self-certification** for products launched as a class with almost the same set of contract specifications or features.

MAS' Response

7.11 We agree that a class self-certification would facilitate the process. An exchange, when submitting its notification, should specify clearly the class of product that the checklists are applicable to.

Consultation of members

7.12 One respondent has given feedback that for contracts (e.g. over-the-counter derivatives) where members do not participate in the transaction, the exchange will not consult the members, but will instead consult affected market participants such as inter-dealer brokers, customers and panellists.

MAS' Response

7.13 Under Regulation 19 of the existing SF(M)R, exchanges are required to consult all participants on the proposed amendments to its business rules, which will be required for every relevant product launch, unless the impact to participants is limited.⁴ MAS would like to clarify that over-the-counter derivatives which are not listed on the exchanger *per se* will not come under the scope of the Notice. However, exchanges are required to consult members for all *listed* derivatives contracts unless the impact to members is limited.

8 Delisting criteria

8.1 Some respondents sought clarification on whether there is a minimum or maximum notification period for the de-listing of products.

MAS' Response

8.2 We have amended and specified in the Notice that the maximum notification period is 12 weeks before delisting. There will be no minimum notification period, and exchanges may provide the notification of the delisting shortly before the delisting of the contract.

8.3 We would like to also clarify that in the event that exchanges need to provide notice to the market of an impending de-listing while there is still existing open interest (e.g. in the event of a licence termination with the index provider), the exchange can proceed to notify the market of its intentions, and subsequently send the formal notification of the de-listing to MAS after all open interest has been closed off.

9 Business rule amendments

9.1 Some respondents sought confirmation on how the new self-certification process would interact with the current requirement to notify MAS of changes in the business rules that are consequential amendments, in relation to the final settlement price, price limits and position limits, arising from the listing or de-listing of the products. The

⁴ This is because every relevant product will have a price limit, position limit, or final settlement price, all of which are required to be part of the business rules of the exchange.

respondents further queried if all changes to the product specifications would require an accompanying recertification before the changes become effective.

MAS' Response

9.2 Currently, all notification of business rule amendments is subject to a 21-day notification period, with MAS having the powers to lengthen or shorten this period if required. Moving forward, MAS will align the timing for effecting the business rule changes pertaining to the listing and de-listing of products with the timelines adopted for under the product notification regime (i.e. the consequential business rule amendments will be effective on the day the product is listed or de-listed). For business rule changes not pertaining to the listing and de-listing of products, it will follow the current 21-day notification time period. A recertification would not be necessary, but exchanges are nonetheless required to ensure that the relevant product continues to comply with all the requirements in the Notice.

10 Others

Scope of products

10.1 Some respondents sought clarity on the scope of products that would be caught. One respondent queried whether options on futures would be considered as futures contracts for the purposes of meeting the requirements in the Notice. Another respondent queried if there could be flexibility for exemption for certain classes of products, specifically for company warrants and daily leveraged certificates. The respondent also sought clarity as to whether structured warrants based on underlying things listed on foreign securities exchanges recognised by MAS would meet the criteria for exemption under excluded warrants. The respondent further queried if the certification requirements applied to excluded warrants.

MAS' Response

10.2 The definition of futures contract in Section 2 of the Securities and Futures (Amendment) Act 2017 includes options on futures contracts. Hence, options on futures would be considered as futures contracts for the purposes of the requirements in the Notice.

10.3 In relation to the scope of products, all relevant products⁵ not falling within the definition of excluded products in the Notice (i.e. excluded warrants) will have to abide by its requirements. The definition of “excluded warrants” in the Notice will cover:

- (i) existing daily leverage certificates; and
- (ii) structured warrants based on securities, units in a business trust, units in a collective investment scheme, or indices comprising such securities and/or units, which are listed on foreign securities exchanges recognised by the Authority.

Impact on MAS’ Objectives

10.4 One respondent commented that it is not appropriate for exchanges to ensure that a product will or will not have any effect on MAS’ objectives or on its ability to carry them out. The respondent proposed for negative confirmation that it is not aware that any of the objectives in general would be hindered.

MAS’ Response

10.5 MAS would like to clarify that the requirement to ensure that a product will not have any effect on MAS’ objectives is in relation to (i) the fair, orderly and transparent functioning of the organised markets that the relevant products exchange operates, (ii) the efficient functioning of the organised markets that the relevant product exchange operates, (iii) the allocation of capital and transferring risks, and (iv) not materially increasing the systemic risk in Singapore. These principles govern MAS’ regulation and supervision of the exchanges. We have reworded the Notice to make this requirement clear.

Monitoring of significant events

10.6 One respondent sought clarification on MAS’ expectations for the exchanges to “have in place processes to identify the occurrence of any event of its non-compliance with any requirement in this Notice”. The respondent inquired if this requirement for monitoring extended only to significant events that could affect the risks that a product poses, and raised concerns if the monitoring extended to all events.

⁵ Relevant products have the same meaning as in section 29(8) and 41(8) of the SFA.

MAS' Response

10.7 MAS agrees that the monitoring should only be confined to significant events, and have amended the Notice to reflect this.

Ongoing requirements for existing products

10.8 One respondent suggested for existing products that have been approved by MAS to be grandfathered for the purposes of complying with the ongoing requirements of the Notice.

MAS' Response

10.9 One purpose of the shift from an approval regime to a notification regime is to make clear that the responsibility to mitigate the relevant risks lie with the exchanges. As such, we do not agree that the existing products that have been approved by MAS should be grandfathered. Moreover, as markets are not static, exchanges must continue to assess the product risks throughout the product's lifetime, including for products that have been previously approved.

Annex A

**LIST OF RESPONDENTS TO THE CONSULTATION PAPER ON
DRAFT NOTICE FOR PRODUCT NOTIFICATION REGIME**

1. Asia Pacific Exchange Pte. Ltd. and Asia Pacific Clear Pte. Ltd.
2. Cleartrade Exchange Pte Ltd
3. ICE Futures Singapore Pte. Ltd. and ICE Clear Singapore Pte. Ltd.

Note: This list only includes the names of respondents who did not request that their identity be kept confidential.

Annex B

**FULL SUBMISSION FROM RESPONDENTS TO THE CONSULTATION PAPER
ON DRAFT NOTICE FOR PRODUCT NOTIFICATION REGIME**

Note: This list only includes submissions for which respondents did not request confidentiality of their responses.

S/N	Respondent	Full Response from Respondent
1	<p>Asia Pacific Exchange Pte. Ltd. and Asia Pacific Clear Pte. Ltd.</p> <p>(collectively referred to as "APEX")</p>	<p>General comments:</p> <p>APEX is supportive of the proposed change to a product notification regime, and agrees that this is the right approach in keeping with international practices in recognition of the status of exchanges as self-regulatory organisations and their role in developing the financial markets.</p> <p>APEX has the following comment regarding paragraph 6.3 of the consultation paper, where MAS had not posed specific questions on its policy position.</p> <p>We note that the MAS still requires locally incorporated clearing houses ("Clearing Houses") that clear products for Relevant Entities to satisfy MAS that the margin methodology and other risk management practices that it adopts for such products are appropriate and adequate before it will be allowed to clear new products. We would like to feedback that with this requirement remaining in place, Relevant Entities who appoint Clearing Houses to clear their products would not necessarily enjoy the benefit of the reduction of time-to-market for new product launches under the product notification regime. We believe both the timing for product notification by the Relevant Entities and the obtainment of regulatory approval for clearing and settlement of the same product by the Clearing Houses should go hand-in-hand in order to achieve the stated benefits of the proposed product notification regime.</p> <p>APEX would like to make a few suggestions for the MAS's consideration from the Clearing Houses' perspectives with respect to satisfying the MAS that the margin methodology and</p>

		<p>other risk management practices adopted are appropriate and adequate for new products they intend to clear and settle:</p> <ol style="list-style-type: none">1. The requirements to satisfy MAS on margin methodology and other risk management practices should apply for the first futures contract in a new and specific class of futures contracts; for subsequent futures contracts belonging to the same class and where the same margin methodology and other risk management practices are adopted, we suggest that Clearing Houses should be allowed to also operate on a notification regime;2. Where the agreed/approved margin methodology and other risk management practices for an existing class of futures contracts need to be updated or tweaked to accommodate the clearing and settlement of the new product, Clearing Houses should still go for MAS's approval; and3. Clearing Houses may discuss further with MAS and agree on how to determine the classes of futures contracts. <p>Question 1: MAS seeks comments on the key risks that Relevant Entities need to address as part of the self-certification process.</p> <p>The key risks listed in section 4 of the consultation paper are comprehensive. APEX does not have further comments on the key risks that Relevant Entities need to address as part of the self-certification process.</p> <p>Question 2: MAS seeks comments on the notification and self-certification process.</p> <p>APEX would like to confirm that an industry consultation to gather feedback on the contract specifications, which may indicate a tentative launch plan in order to prime the market, would not trigger the notification requirement to MAS no less than one week before the issuance of industry consultation. For example, we may issue a consultation paper on a new product's contract specifications in July 2017 with an indicative launch plan by the fourth quarter of the year.</p> <p>Currently, there are standard templates for the submissions to MAS for product approval. We would like to enquire if MAS will provide templates for the notification and the accompanying self-certification, for the purpose of making the notification to MAS.</p>
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		<p>APEX does not have further comments on the other aspects of the notification and self-certification process.</p> <p>Question 3: MAS seeks comments on the proposed de-listing criteria. APEX does not have comments on the proposed de-listing criteria. However, we would like to clarify if there will be a notification period from the time the relevant product exchange notifies MAS of its intention to de-list a product, to the time the de-listing takes place.</p> <p>Question 4: MAS seeks comments on the proposed Notice. APEX has the following comments regarding the proposed Notice:</p> <ol style="list-style-type: none"> 1. Position Accountability Threshold: The requirements stated in paragraph 3.4(b) and 3.5 of the proposed Notice seem to suggest that position accountability limits operate similarly to position limits, and therefore should not be exceeded. This does not appear to be in line with the definition of position accountability threshold in the same proposed Notice. In the definition, position accountability threshold is defined as a reporting threshold and not a limit which cannot be exceeded. We would like to clarify the drafting intent of paragraphs 3.4(b) and 3.5, in relation to position accountability threshold. 2. Time period for notifications under the Notice: We note that the proposed Notice is silent on the time periods for providing the notification to MAS, under paragraph 5. Further, the proposed Notice is silent on the follow-on requirement for a fresh notification after the twelve-week validity period has expired.
2	Cleartrade Exchange Pte Ltd	<p>General comments:</p> <p>CLTX is highly supportive of the implementation of the Product Notification framework. This framework would allow Exchanges to be able to plan their timeline of their product launches more efficiently and accurately.</p> <p>CLTX will like to seek clarification on whether this new self-certification process will mean that exchanges that will need to</p>

		<p>change their rulebook to accommodate any new approved products through self-certification (including, but not limited to the addition of new product specifications to their rulebook) will still need to seek MAS’s approval to get the rulebook changes approved.</p> <p>CLTX will like to propose for MAS to indicate that such changes to the rulebook do not require a separate MAS approval.</p> <p>Question 1: MAS seeks comments on the key risks that Relevant Entities need to address as part of the self-certification process.</p> <p>CLTX feels that the key risks are sufficient for the self-certification process.</p> <p>Question 2: MAS seeks comments on the notification and self-certification process.</p> <p>Consultation of the public and notification to the Authorities has been part of our new products approval process. No comments</p> <p>Question 3: MAS seeks comments on the proposed de-listing criteria.</p> <p>CLTX supports the criteria on de-listing.</p> <p>Question 4: MAS seeks comments on the proposed Notice.</p> <p>No comments.</p>
3	<p>ICE Futures Singapore Pte. Ltd.</p> <p>ICE Clear Singapore Pte. Ltd.</p> <p>(Collectively referred to as “ICE Singapore”)</p>	<p>General comments:</p> <p>We have no general comments.</p> <p>Question 1: MAS seeks comments on the key risks that Relevant Entities need to address as part of the self-certification process.</p> <p>We have no comments.</p> <p>Question 2: MAS seeks comments on the notification and self-certification process.</p> <p>We have no comments.</p>

		<p>Question 3: MAS seeks comments on the proposed de-listing criteria.</p> <p>We have no comments.</p> <p>Question 4: MAS seeks comments on the proposed Notice.</p> <p>Para 2.1: definition of “relevant product”: We note that the statutory references in this definition are new statutory sections, so we assume the Notice will come into effect after the amended SFA commences.</p> <p>Para 2.2(a): Please insert “or options thereon” after the second instance of “futures contract”.</p> <p>Para 3 seems to go beyond the strict confines of a product design and notification regime and into ongoing obligations of an exchange. Many aspects are already covered in rulebooks that have been subject to MAS scrutiny, so we would be keen to ensure that existing products that have been approved by MAS (including related rules) are grandfathered in for the purposes of having complied with paragraph 3. Otherwise, para 3 is inviting a substantially different discussion other than the subject of this consultation.</p> <p>Para 3.4(b) requires a futures exchange to ensure that the “position accountability threshold” is not exceeded by any party. This requirement appears to contradict the intent of the “position accountability threshold” defined in the Notice which is, in essence, a trigger point for reporting to the exchange information regarding the position. Similarly, in connection with para 3.5(a), the purpose of position accountability thresholds is not primarily to prevent the accumulation of open interest but to gain insight in to them.</p> <p>Para 3.4(b): Please include a concept of alternatively subjecting parties to the remedies set out in paras 3.8 and 3.9 where positions limits have been exceeded. The Notice contemplates that such remedies (forced liquidation, etc.) are legitimate ways of dealing with price limits being exceeded, so the strict “ensure” obligation in 3.4(b) may be inconsistent with that.</p> <p>Para 3.5 appears to be MAS’ consideration for approval of proposed position limits than for product notification.</p>
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		<p>Para 3.14: We do not think it is appropriate for exchanges to ensure that a product will or will not have any effect on the MAS's objectives or its ability to carry them out. However, we think it would be feasible for exchanges to give a negative confirmation it is not aware that any of the objectives in the general (without reference to the MAS carrying them out) would be hindered.</p> <p>Para 3.18(a)(i) and (ii) and (b)(i) and (ii): Please insert "no later than" before "12 months". Exchanges may provide the certification before the anniversary in order that they can coordinate all subsequent certifications to occur simultaneously without exceeding any 12 month period. The current requirement hardcodes a specific date.</p> <p>Para 4.1(e): Please insert "mechanisms for" after "established".</p> <p>Para 4.3(a): Similar to our point on para 3.14, it would be more appropriate for an exchange to provide a generic negative confirmation.</p>
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