

## **APPENDIX 7 DISCLOSURES, TERMS AND OTHER MATTERS RELATING TO CLEARING ON ASIA PACIFIC CLEAR PTE. LTD.**

This Appendix shall additionally apply to the clearing of transactions on or through Asia Pacific Clear Pte. Ltd. (**APEX Clear**) and all other services and arrangements in relation thereto, provided or granted by Orient Futures (or instructed or requested by the Client to be provided or granted by Orient Futures) to the Client.

### Confidentiality and Data Usage

1. The Client is directed to refer to Rule 209 of the Clearing Rulebook of APEX Clear (in this Appendix, "**Clearing Rules**") in respect of APEX Clear's use of data and confidential information. The Client hereby irrevocably consents to the Client's Confidential Information (as defined in the Clearing Rules) and Personal Data (as defined in the Clearing Rules) being collected, used, disclosed and processed by APEX Clear in accordance with such Rule, and, if not a natural person, procuring such consent from the relevant persons to the extent necessary. The Client further agrees that APEX Clear shall have the right to disclose Personal Data to such Persons (as defined in the Clearing Rules) and for the Purposes (as defined in the Clearing Rules) which shall apply to Personal Data in the same way as it applies to Confidential Information), and APEX Clear and other Persons referred to in Rule 209(b) may transfer Personal Data outside Singapore subject to Applicable Law (as defined in the Clearing Rules).
2. The Client has the right (subject to Applicable Law): (i) on payment of a small fee to APEX Clear, to receive a copy of Personal Data held by APEX Clear; (ii) to have any errors or inaccuracies in such Personal Data rectified; and (iii) to submit questions to APEX Clear in relation to collection, use or disclosure by APEX Clear of Personal Data in relation to the Client. Any request should be addressed to APEX Clear's registered office.

### Margin

3. The Client is directed to refer to Rule 406.7 of the Clearing Rules in respect of the collection of Initial Margin, Variation Margin, Delivery Margin and Special Margin (each as defined in the Clearing Rules) from the Client.
4. The Client agrees and acknowledges that in the event of Orient Futures' failure to obtain Margin (as defined in the Clearing Rules) from the Client as required under Rule 406.7 of the Clearing Rules, Orient Futures may take such necessary action to rectify the deficiency as it deems fit including closing out the Open Positions (as defined in the Clearing Rules) of the Client. The Client also acknowledges and agrees that APEX Clear may also direct Orient Futures to immediately close out all or such part of the Open Positions of the Client so as to rectify the deficiency. APEX Clear and Orient Futures shall not be liable to the Client for any loss sustained by the Client as a result of Orient Futures closing out Open Positions under Rule 406.7 of the Clearing Rules.

### Investment and Use of Collateral

5. The Client is directed to refer to Rule 206.6 of the Clearing Rules in respect of the investment and use of Collateral (as defined in the Clearing Rules) by APEX.
6. Without prejudice to the generality of the provisions in Clause 15.4 of the General Terms and Conditions, the Client hereby waives in favour of Orient Futures its respective rights to all interest and investment earnings from the Collateral held with or otherwise provided to the Clearing House in respect of Client Contracts (as defined in the Clearing Rules), as may be necessary to give effect to APEX Clear's rights in relation to interest and fees under Rule 206.7 of the Clearing Rules.

7. The Client acknowledges that it has been made aware of and agrees to that all Collateral deposited to APEX Clear through Orient Futures shall be subject to the Clearing Rules and MAS Requirements (as defined in the Clearing Rules) pursuant to Rule 206.6(c) (as reproduced below).

**Reproduction of Rule 206.6(c)**

“All Collateral deposited or provided by each Clearing Member to the Clearing House shall be subject to these Rules and MAS Requirements. Each Clearing Member shall ensure that all Collateral deposited or provided to the Clearing House are deposited or provided only on the foregoing basis and shall also ensure that, prior to depositing or providing any Collateral to the Clearing House for the account or for the Contracts of any Person, such Person has been notified of and has accepted the foregoing.”

Deliveries Involving APEX Clear as Escrow Agent and Treatment of Performance

8. If so required under the relevant Contract Terms (as defined in the Clearing Rules), where Orient Futures is a Selling Clearing Member and/or Buying Clearing Member (each as defined in the Clearing Rules) in a Deliverable Contract, the Client (being either the Seller or Buyer (each as defined in the Clearing Rules)) acknowledges that it may be required by Orient Futures to post with APEX Clear as escrow agent a Performance Deposit (as defined in the Clearing Rules) and/or other payment (including but not limited to contract value) as may be prescribed under the relevant Contract Terms (such person responsible for posting the Performance Deposit or other payment being referred to as the “depositing party”), at such time as provided under the relevant Contract Terms, as security for the benefit of the counterparty under the Deliverable Contract (as defined in the Clearing Rules) for the performance of the depositing party's obligations under the Deliverable Contract. For the avoidance of doubt, posting of Performance Deposits or other payments by the depositing party is to be made without any set-off or withholding.
9. Where Orient Futures is the Selling Clearing Member or Buying Clearing Member, the Client shall provide Orient Futures the Performance Deposits, other payments and other Escrow Assets (where applicable) where it is the respective Seller or Buyer within such time as prescribed in the relevant Contract Terms, or by APEX. The Client acknowledges that Orient Futures may collect additional monies or deposits from the Client to secure performance as it sees fit.

Co-operation with Exchange and Regulatory Authorities

10. The Client acknowledges and agrees that, subject to the MAS Requirements (as defined in the Clearing Rules), in exercising its enforcement powers and performing its functions, APEX Clear may co-operate with the Exchange (as defined in the Clearing Rules), the Authority and other Regulatory Authorities and Governmental Authorities (each as defined in the Clearing Rules), in such manner as it deems fit and necessary, and disclose to any of the foregoing persons any information or document regarding Orient Futures and its affairs and/or of the Client, and no such act or disclosure by APEX Clear shall constitute a breach of any confidentiality provisions in the Clearing Rules.

Information Gathering Powers of Clearing House

11. The Client acknowledges that APEX Clear may, among other things, for the purpose of investigating, monitoring and obtaining information about any matter which it considers may relate to the Clearing Rules, Directives or Regulatory Notices (each as defined in the Clearing Rules):
- (a) upon written notice require Orient Futures to procure the interview or physical attendance of the Client and require the Client to answer questions and provide documents, information or explanations and/or give evidence, and such answers, information, explanations and evidence

may be recorded by APEX Clear electronically or otherwise or retained by APEX Clear; and

- (b) upon written notice require the submission by or on behalf of Orient Futures of information or documents related to any person who is to be, is, or has been a Client of Orient Futures.

- 12. The Client shall use its best efforts to co-operate with APEX Clear in respect of the above.

#### Disciplinary Panel Proceedings

- 13. The Client acknowledges and confirms that if it or its clients or any of their representatives are suspected of committing a Violation (as defined in the Clearing Rules) or potential Violation, it or such Persons may be subject to disciplinary proceedings by APEX, in which case Chapter 7 of the Clearing Rules applies. The Client shall cooperate fully with all investigations (whether or not it is the direct subject of such investigation) and without limitation, doing all things set out under Rule 702(f) of the Clearing Rules.
- 14. The Client authorises APEX Clear to request any Clearing Organisation (as defined in the Clearing Rules), exchange, Regulatory Authority or Person, including Clearing Members (such as Orient Futures), to furnish to APEX Clear such information and documents as APEX Clear may request in writing in connection with an investigation. This shall constitute written authorisation to the aforementioned parties to furnish to APEX Clear such information and documents as APEX Clear may request in writing in connection with an investigation.
- 15. Where the Client is the Respondent (as defined in the Clearing Rules), it is entitled to be represented during all stages of any proceeding pursuant to the Clearing Rules by an advocate and solicitor of the Supreme Court of Singapore.
- 16. The Client agrees to, upon request by Orient Futures, attend and provide evidence before the Disciplinary Panel (as defined in the Clearing Rules) at the hearing and produce any books, written material, records, and any information, whether electronic or not, that are in possession, control or custody of the Person relating to any matter of any disciplinary action.

#### Notice of Limitation of Liabilities and Immunities

- 17. The Client acknowledges that it has been made aware of all limitations of liability and immunities available to APEX Clear in the Clearing Rules, or otherwise, including those in the Clearing Rules (as reproduced below), and undertakes to be bound by the same.

#### **Reproduction of Rule 206.8**

##### **"Rule 206.8 Indemnity**

- (a) Any Collateral accepted by Clearing House shall be deposited with the appropriate Settlement Bank(s) or custodian(s) designated by the Clearing House for such purpose in a Clearing House account for Proprietary Contracts or in a Clearing House account for Customer Contracts, as the case may be, and the Clearing House shall retain control over such Collateral.
- (b) The Clearing House shall not have any obligation or responsibility to preserve, protect, collect or realise, and under no circumstances shall the Clearing House be liable for any loss or diminution in value or depreciation in or in connection with, the Collateral maintained pursuant to this Rule 206.8.
- (c) A Clearing Member who maintains Collateral with the Clearing House pursuant to this

Rule shall indemnify and hold the Clearing House harmless from any loss, damage, costs, charges and/or expenses of whatsoever nature and howsoever arising suffered or incurred by the Clearing House (including legal costs on a full indemnity basis) to any designated Settlement Bank(s) or custodian which may result from or arise with respect to:

- (1) any act, delay or omission in connection with Collateral (whether by such Clearing Member or the Clearing House) deposited with such Settlement Bank(s) or designated custodian; or
  - (2) any contract or agreement between the Clearing House and any Settlement Bank(s) or designated custodian, or any representation, warranty or undertaking given by the Clearing House to any Settlement Bank(s) or designated custodian, in relation to or otherwise in connection with Collateral deposited with such Settlement Bank(s) or designated custodian, provided that this indemnity shall not cover any loss, damage, costs, charges and/or expenses and/or liability of whatsoever nature and howsoever arising suffered or incurred by the Clearing House (including legal costs on a full indemnity basis) attributable or referable to the gross negligence or wilful misconduct of the Clearing House or any of the Clearing House's Officers, agents and/or employees.
- (d) If any loss of Collateral occurs, or any Collateral becomes unavailable to the Clearing House, such that any obligation of the Clearing Member under these Rules or as may otherwise be owing to the Clearing House, pursuant to which such Collateral was deposited or provided, cannot be sufficiently met as determined by the Clearing House, the Clearing Member shall deposit with or provide to the Clearing House such additional Collateral as may be required to meet such obligation, within such time as the Clearing House may require."

## **Reproduction of Rule 207**

### **"Rule 207 Limitation and Exclusion of Liability**

- (a) The Clearing House shall have no liability, obligation or duty to any Clearing Member, any of their Customers, Settlement Bank or any third party, including but not limited to, as a result of:
  - (1) any Force Majeure Event;
  - (2) any losses or damages, including consequential losses and damages, which may be incurred by any Clearing Member or any other Person and which may arise directly or indirectly with respect to the activities and functions of or any transactions undertaken by the Clearing House;
  - (3) any failure, omission or error on the part of the Clearing House, including any losses or damages with respect to clearing and settlement on the Clearing House, or suspension, interruption, cancellation or closure or cessation of services of the Clearing House or the Exchange or any market whose contracts are cleared by the Clearing House, or any inoperability or malfunction of equipment, software or any other product operated, supplied or used by the Clearing House or the Exchange;
  - (4) any decision of the Disciplinary or Appeals Panel exercising their powers, or the Clearing House accepting a Clearing Member's resignation, or the Clearing

House's discharge of its regulatory responsibilities or powers, including any decision to reject a potential Clearing Member's application for membership, suspend or terminate the membership of any Clearing Member, or declare any Clearing Member to be a Defaulting Clearing Member; or

- (5) the exercise of, or failure to exercise, any discretion, powers or rights by the Clearing House under these Rules or by the Exchange under the Exchange Rules.
- (b) Without any prejudice to the foregoing, the Clearing House does not make any representation or warranty, express or implied, and shall not have any liability to any Person in connection with or as result of:
  - (1) any failure by the Exchange or the Clearing House to provide any information to or communicate with each other;
  - (2) the accuracy, originality, completeness or timeliness of any information, document or data;
  - (3) the merchantability, satisfactory quality and fitness for a particular purpose of, or use of, any information or data, computer, software or any clearing and settlement system used or operated by the Clearing House; or
  - (4) any direct, indirect, special, punitive, consequential damages or loss of profits.
- (c) The Clearing House, the Exchange and the developer of any trading, clearing and settlement system or of any computer system or software used or operated by the Clearing House in relation to the functions of the Clearing House shall not have any liability in respect of the operation or use of any such systems or software to the fullest extent permitted by law, including but not limited to, any breach of any law, any act or omission, injury, death, damage to physical property, any direct or indirect losses, loss of operation time or loss of equipment or process, economic loss, loss of reputation or losses or damages incidental or consequential to the installation, use or operation of any such system or software. All warranties and conditions including express and implied as to the description, condition, performance, quality, fitness for purpose, durability or otherwise of such system or any component thereof or software are excluded except as required by law. Neither the Clearing House, nor the Exchange warrants or forecasts that such systems or any component thereof or software or any services performed in respect thereof will meet the requirements of any user, or that operation of such systems or software will be uninterrupted or error-free, or that any services performed in respect of such systems or software will be uninterrupted or error-free. Nothing in these Rules, including this Rule 207(c) shall, in any way, limit any liability of a developer of such systems or software to the Clearing House.
- (d) Without prejudice to any of the foregoing, the Clearing House does not make any representation or warranty, express or implied, and shall not have any liability to any Person in connection with or as result of the accuracy, originality, completeness or timeliness of, or the merchantability, satisfactory quality and fitness for a particular purpose of, or use of, any indices, used by the Clearing House. This exemption of liability available to the Clearing House shall also extend to any developer(s) of such indices. Notwithstanding the foregoing, nothing in these Rules shall in any way limit any liability of a developer of such indices to the Clearing House.
- (e) In the event that an obligation of the Clearing House must be performed by or prior to a

particular time but does not occur on or before that time, the Clearing House shall not be in violation of these Rules provided that it performs the relevant obligation within a reasonable timeframe thereafter.

- (f) No power conferred on the Clearing House by these Rules (including but not limited to, any power to close out Open Positions or to transfer or call Margin or Daily Settlement Amounts) shall impose any duty on the Clearing House to exercise such power or to exercise such power in a particular way, and no Person shall have any claim against the Clearing House in relation to any decision made in good faith to exercise or refrain from exercising such powers, or exercising them in any particular manner.
- (g) The Clearing House shall have no implied duties or obligations of any kind, and is only responsible for the performance of those obligations that are expressly required by MAS Requirements and these Rules.
- (h) The Clearing House and its Officers, employees, contractors and/or agents (including members of any committees established under these Rules, whether past or present) shall not be liable for anything done (including any statement made) or omitted to be done in good faith and in the course of, the performance or purported performance of, or the discharge or purported discharge of, the functions or in the exercise of any power under MAS Requirements or these Rules.”

#### **Reproduction of Rule 208**

##### **“Rule 208 Indemnity**

- (a) Every Clearing Member shall indemnify and keep indemnified the Clearing House and its Officers and employees against any and all losses, costs, expenses, damages, injuries and liabilities (including legal costs on a full indemnity basis) whatsoever incurred or suffered by the Clearing House and its Officers and employees where such losses, costs, expenses, damages, injuries and liabilities arise out of, or in connection with, any violation by the Clearing Member (including its Officers, employees, Representatives, agents, contractors or Customers, past or present) of its obligations under these Rules or violation of any Applicable Laws, or any unlawful, wilful, reckless or negligent act or omission of the Clearing Member (including its Officers, employees, Representatives, agents, contractors or Customers, past or present).
- (b) Without prejudice to sub-paragraph (a) above, each Clearing Member shall indemnify and hold the Clearing House harmless for the full amount of any judgment, award or settlement paid by the Clearing House in respect of any legal or administrative proceeding brought against the Clearing House as a result of an alleged Violation of any Applicable Laws or these Rules, or any Regulatory Notices or Directives by such Clearing Member (including its Officers, employees, Representatives, agents, contractors or Customers, past or present).”

#### **Reproduction of Rule 211(b) and (c)**

##### **“Rule 211 Force Majeure**

- (b) Notwithstanding anything contained in sub-paragraph (a) above, any failure on the part of the Clearing House which is caused by conditions beyond its control shall not in any way reduce, alter, limit or affect the liability of a Clearing Member in respect of any Contract or transaction entered into or executed through the systems of the Clearing

- House by such Clearing Member.
- (c) In the event the Clearing House identifies or suspects the development or possible development of a Force Majeure Event, it shall forthwith refer the matter to a panel (the "Force Majeure Panel") being a minimum of three (3) people comprising: (i) the Chief Executive Officer of the Clearing House, or his or her designee, (ii) the Chief Regulatory Officer of the Clearing House, or his or her designee and (iii) the Chief Executive Officer of the Exchange, or his or her designee. If the aforesaid panel determines, in the good faith exercise of its sole discretion, that a Force Majeure Event exists and action is warranted, it shall be entitled, notwithstanding anything contained in sub-paragraph (a) and (b) above, to require any Clearing Member to take such actions, including but not limited to, close out all or any of the Contracts, as it may decide in respect of Contracts or transactions affected by the Force Majeure Event and/or require immediate settlement of such Contracts or transactions."

#### **Reproduction of Rule 309.4**

##### **"Rule 309.4 Consequences of Resignation, Suspension or Termination**

- (a) A Clearing Member who has resigned, is suspended or whose membership is terminated shall be liable to the Clearing House for all pending obligations and liabilities incurred by it under these Rules during the period of its membership and shall continue to be subject to the disciplinary powers of Clearing House, the Disciplinary Panel and the Appeals Panel for any act or omission committed by it during its membership.
- (b) A resigning, suspended or terminated Clearing Member shall cooperate with and assist the Clearing House in all matters arising out of such resignation, suspension or termination, including but not limited to, (if so permitted by the Clearing House) transferring its Open Positions to other Clearing Members or closing out or liquidating the same in such manner as may be directed by the Clearing House.
- (c) A resigning, suspended or terminated Clearing Member shall complete all pending Contracts unless otherwise decided by the Clearing House at its absolute discretion.
- (d) The Clearing House may publish the resignation, suspension and termination of a Clearing Member and notify the MAS, other Clearing Members and third parties. For this purpose, this Rule 309.4(d) shall operate as the irrevocable consent given by the Clearing Member to the Clearing House, and the Clearing House shall not be liable in any way for publishing such details under this Rule 309.4(d).
- (e) The Clearing House shall immediately notify the Exchange of the resignation, suspension or termination of a Clearing Member.
- (f) The Clearing Member who resigned, is suspended or whose membership is terminated is not entitled to a refund of its membership, annual or other fees paid.
- (g) All costs and expenses sustained by the Clearing House in connection with anything done by the Clearing House under Rule 309 (including any losses incurred) in respect of a Clearing Member shall be borne by, and be promptly paid to the Clearing House by, that Clearing Member."

#### **Reproduction of Rule 403**

##### **"Rule 403 Limitation of Liability**

Without prejudice to any other limitation or exclusion of liability in these Rules:

- (a) in the event of a Declared Default, the liability of the Clearing House shall be limited to net losses to the Clearing Members resulting from the substitution of the Clearing House by way of novation in respect of the Contracts between Clearing Members; and
- (b) except as expressly provided in Rule 402, the Clearing House shall not have any liability or obligation to any Customer of a Clearing Member or any person that such Customer may be liable or has any obligation to, nor shall the Clearing House be liable for any obligations or liabilities of a Clearing Member to any person (including any non-Clearing Members), or any obligations of a Clearing Member to any other Clearing Member other than liabilities of the Clearing House as a central counterparty described in Rule 402 above.”

#### **Reproduction of Rule 406.1(d)**

“Rule 406.1(d) (General)

- (d) All assets provided to the Clearing House as Margin shall be free of, and shall remain free of, any Security Interest whatsoever, subject only to MAS Requirements. The Clearing Member shall be liable to the Clearing House for any cost or liability incurred by the Clearing House as a result of the Clearing House possessing, holding, perfecting the title to or otherwise being associated with, any asset provided to it by that Clearing Member by way of Margin. A Clearing Member shall take any action reasonably requested by the Clearing House that may be necessary or desirable to create, preserve, perfect or validate the right, title or interests of the Clearing House in Margin or contributions to the Guaranty Fund intended to be created under these Rules, or to enable the Clearing House to exercise or enforce any of its rights with respect thereto.”

#### **Reproduction of Rule 406.7(g)**

“Rule 406.7(g) Margin from Customers

- (g) In the event of a Clearing Member’s failure to obtain Margin from the relevant Customers as required under this Rule 406.7, a Clearing Member may take such necessary action to rectify the deficiency as it deems fit including closing out the Open Positions of such Customer. The Clearing House may also direct such Clearing Member to immediately close out all or such part of the Open Positions of such Customers so as to rectify the deficiency. The Clearing House and the Clearing Member shall not be liable to the Customer for any loss sustained by the Customer as a result of that Clearing Member closing out Open Positions under this Rule 406.7.”

#### **Reproduction of Rule 406.8(c) and (d)**

“Rule 4.06.8 (c) and (d) Powers of the Clearing House

- (c) In the event of the failure of a Clearing Member to deposit any Margin or to comply with the order of transfer of Open Positions or to effect the required reduction in Open Positions within such time as may be directed by the Clearing House or to deposit additional funds as required under this Rule 406, the Clearing House may direct (and the Clearing Member shall in such event forthwith comply with any such direction) that the Clearing Member forthwith liquidate all or part of the Open Positions on its books.
- (d) Any Clearing Member whose trades are thus liquidated shall be liable to pay the Clearing



House for any losses arising from the liquidation.”

#### **Reproduction of Rule 407.1**

##### **“Rule 407.1 Position Limits**

- (a) The Clearing House and/or the Exchange may, at its absolute discretion and at any time prescribe Position Limits in the Contract Terms with respect to any Contract.
- (b) If a Clearing Member or any of its Customers exceeds any imposed Position Limits, the Clearing House is entitled to require the Exchange to restrict the trading of such Clearing Member and/or its Customer(s) on the Exchange, advise the Clearing Member to close out Open Positions or may itself close out such Open Positions on behalf of the Clearing Member and/or its Customer(s) or impose higher Margin requirements on the Clearing Member or take such other measures including withdrawal of clearing facility as deemed fit by the Clearing House.
- (c) The Clearing House shall not be responsible for any loss or liability arising out of or in connection with the close out of the Open Positions and the Clearing Member shall be liable for settlement of any such loss or liability incurred, if any, in respect of such actions taken by the Clearing House on behalf of the Clearing Member and/or any of its Customers.”

#### **Reproduction of Rule 408(d) and (e)**

##### **“Rule 408(d) and (e) Exposure Limits**

- (d) If a Clearing Member exceeds any imposed Exposure Limits, the Clearing House is entitled to require the Exchange to restrict the trading of such Clearing Member and/or its Customer(s) on the Exchange, require the Clearing Member to close out Open Positions or may itself close out such Open Positions on behalf of the Clearing Member and/or its Customer(s) or impose higher Margin requirements on the Clearing Member or take such other measures including withdrawal of clearing facility as deemed fit by the Clearing House. If the Clearing Member fails to comply with any requirement imposed on it above, it shall be in Violation of these Rules.
- (e) The Clearing House shall not be responsible for any loss or liability arising out of or in connection with the close out of the Open Positions and the Clearing Member shall be liable for settlement of any such loss or liability incurred, if any, in respect of such actions taken by the Clearing House on behalf of the Clearing Member.”

#### **Reproduction of Rule 414.6**

##### **“Rule 414.6 No Liability for Settlement Banks or Custodians**

The Clearing House shall not in any way be liable for the defaults, negligence, actions or omissions of any designated Settlement Banks or custodians, or for any loss of or diminution in value or depreciation in or in connection with any Margin, assets or monies in any accounts maintained with such designated Settlement Banks or custodians.”

#### **Reproduction of Rule 504(b)**

##### **“Rule 504(b) Delivery Process**

(b) Alternate Delivery Process

- (1) Subject to the relevant Contract Terms, the Clearing Members may opt to effect delivery in respect of a Contract using an alternate delivery process, which may be effected only upon delivery of a notice of alternative delivery process to the Clearing House (the “ADP Notice”) in advance, and only if the Clearing House has no objection to such alternate delivery process.
- (2) Each ADP Notice shall be in such form, and delivered to the Clearing House in such manner, as required by the Delivery Procedures and/or the Contract Terms. If the Clearing House has no objection to the alternate delivery process specified in an ADP Notice, the Clearing House will communicate such non-objection to the Clearing Members by the relevant deadline specified in the Delivery Procedures and/or the Contract Terms. As non-communication of any objection or non-objection by the Clearing House in respect of an ADP Notice is ambiguous, such non-communication shall not be regarded as a non-objection to the alternate delivery process specified in the ADP Notice. If for any reason the Clearing Members do not receive any communication from the Clearing House as to its objection or non-objection by the relevant deadline specified in the Delivery Procedures and/or the Contract Terms, the Clearing Members shall contact the Clearing House within the relevant deadline specified in the Delivery Procedures and/or the Contract Terms for confirmation as to the Clearing House’s non-objection before proceeding with the alternate delivery process.
- (3) Upon communication or confirmation by the Clearing House of its non-objection to the alternate delivery process specified in an ADP Notice in respect of a Contract as aforesaid, the Clearing Members designated to make or take delivery as may be specified in the ADP Notice shall be solely responsible for completing delivery in accordance with the ADP Notice in respect of the Contract.
- (4) Upon communication or confirmation by the Clearing House of its non-objection to the alternate delivery process specified in an ADP Notice in respect of a Contract as aforesaid, the Clearing House shall be released from its obligations as a central counterparty and from any liabilities in relation to such Contract.
- (5) In executing such alternate delivery process, the Clearing Members designated to respectively make and take delivery as may be specified in the ADP Notice shall jointly and severally indemnify the Clearing House and/or the Exchange against any liability, costs or expense it may incur for any reason as a result of the execution, delivery or performance of any agreement reached between such Clearing Members, or such persons designated to respectively make and take delivery as may be prescribed in the ADP Notice, or any breach thereof or default thereunder.”

**Reproduction of Rule 506**

“Rule 506 Liability of the Clearing House

- (a) Without any prejudice of the rights of the Clearing House under these Rules, the Clearing House shall ensure the financial settlement of transactions executed on the

Exchange and accepted by the Clearing House for clearing and settlement. Unless otherwise provided under these Rules, the Clearing House accepts no liability either to effect, or ensure or guarantee the discharge or satisfactory discharge of an obligation to deliver or accept delivery under any Deliverable Contract and shall effect cash settlement in discharge of its obligation.

- (b) The Clearing House shall have no liability with respect to any forgery or irregularity in any Commodity or document delivered by a Clearing Member to the other Clearing Member pursuant to these Rules and the sole recourse of the other Clearing Member receiving such forged or irregular Commodity or document shall be to the first mentioned Clearing Member which delivered or caused to be delivered that forged or irregular Commodity or document to the other Clearing Member or the Clearing House.
- (c) The Clearing House shall have no liability with respect to any Deliverable Contracts in the case of failure or Insolvency of any bank, financial institution, depository or custodian.
- (d) The Clearing House does not, and shall not be deemed to, guarantee the delivery, title, genuineness, quality, fitness for purpose, compliance with specifications or validity of any goods or any documents transmitted by one Clearing Member to another Clearing Member through the Clearing House.
- (e) The Clearing House shall not be liable under any circumstances to make deliveries to or take deliveries from a Customer of Clearing Members or in any way become obligated to a Customer by reason of any Contract or otherwise.
- (f) The Clearing House retains the discretion to accept delivery of any title documents in either physical or electronic format and subject to such safeguards as it deems fit.
- (g) The Clearing House shall have no responsibility or liability to any person:
  - (1) to investigate, verify or guarantee the authenticity, validity, accuracy, or completeness of:
    - (i) any form or document required by it for the matching of any Seller and Buyer;
    - (ii) any title documents received by the Clearing House under the relevant Contract Terms, to effect delivery as between such matched parties as are consistent with these Rules, any Regulatory Notices or Directives. Nonetheless, the Clearing House reserves the right (at its discretion) to reject any form or accompanying documents submitted by a Clearing Member for such matching, delivery or any other purposes if in its good faith, it is of the opinion that the form or accompanying documents (or, where relevant, payment) submitted are not in compliance with its stated requirements or otherwise indicate that the delivery to be effected or accepted are not in compliance with these Rules, any Regulatory Notices or Directives; and
  - (2) to check any Commodity received from or delivered through a Clearing Member in relation to the quantity or quality or suitability or fitness of the Commodity under a Deliverable Contract.

- (h) The Clearing House shall have no responsibility or liability to any person:
  - (1) to check the availability, suitability or quality of any designated delivery facility, producer, factory, port, grader, surveyor, sampler, analyst or any other organisation that may be involved with delivery of any Commodity as identified in the relevant Contract Terms; and
  - (2) for the acts, omissions, default or Insolvency of any designated delivery facility, producer, factory, port, grader, surveyor, sampler, analyst or any other organisation that may be involved with delivery of any Commodity as identified in the relevant Contract Terms.
- (i) The Clearing House disclaims any liability arising from or in connection with the delivery or non-delivery of any title documents by any Clearing Member and any irregularities in the transfer of title and/or possession in the underlying Commodity from the Seller to the Buyer.
- (j) In no event shall the Clearing House be liable for releasing any payment in exchange for documents that appear bona fide on their faces.”

#### **Reproduction of Rule 510**

##### **“Rule 510 Passing of Property and Risk**

Property and risk in relation to an underlying Commodity in any Deliverable Contract shall pass in accordance with the provisions in the relevant Contract Terms and these Rules. For the avoidance of doubt, at no time will property and risk in any underlying Commodity in any Deliverable Contract pass to the Clearing House.”

#### **Reproduction of Rule 513(d)**

##### **“Rule 513 Deliveries Involving Clearing House as Escrow Agent and Treatment of Performance Deposits, Other Payments and Other Escrow Asset**

- (d) When under these Rules, the Clearing House becomes the escrow agent of any Escrow Assets in connection with the delivery of the underlying Commodity, the following shall apply:
  - (1) the Clearing House holds such Escrow Assets solely as escrow agent on behalf of the depositing party subject to these Rules or the relevant Contract Terms. As escrow agent, the Clearing House shall act solely as a stakeholder for the convenience of the depositing party and in accordance with the terms for such escrow holding as may be set out in these Rules or the relevant Contract Terms; and
  - (2) none of the Clearing House, any of its Officers, agents or employees shall be liable to any party for any loss or damage arising out of or in connection with any act or omission with respect to the delivery and/or payment obligations of the depositing party during the period that the Clearing House is the escrow agent for such Escrow Assets or with respect to the non-release or delay in release of the Escrow Assets in accordance with the terms of the escrow unless the loss or damage is caused directly as a result of wilful breach or breach in bad faith of the terms of the escrow.”

### **Reproduction of Rule 513 (i)**

“Rule 513 Deliveries Involving Clearing House as Escrow Agent and Treatment of Performance Deposits, Other Payments and Other Escrow Asset

- (i) The Clearing House shall release the Escrow Assets and other payments posted to it (less any administrative fees payable) to the respective Clearing Members of the Seller and/or Buyer, as the case may be, only as provided in the relevant Contract Terms. For the avoidance of doubt, upon the release of such Escrow Assets, the Clearing House shall be released from its obligations as an escrow agent in relation to such Escrow Assets, and from any liabilities in relation thereto.”

### **Reproduction of Rule 712(a)**

“Rule 712(a) Publication of Findings

- (a) The Disciplinary Panel shall give such publicity as it considers appropriate to any finding of, or any sanction imposed or other order made by a Disciplinary Panel or by an Appeals Panel, or any offer of settlement accepted by the Disciplinary Panel under Rule 706(b), including notifying MAS or any other relevant Regulatory Authority, provided that if the Disciplinary Panel shall determine that no publicity shall be given as aforesaid, they shall record in the minutes of their meeting the reasons for the said determination. These Rules shall operate as the irrevocable consent of a Clearing Member for the Disciplinary Panel to disclose the finding of, or any sanction imposed or other order made by a Disciplinary Panel or by an Appeals Panel, or any ratified settlement. The consent remains valid and effective notwithstanding that the person ceases to be a Clearing Member. The Clearing House (including members of the Disciplinary Panel and Appeals Panel) shall not be liable in any way for anything referable to such disclosure.”

### **Reproduction of Rule 802**

“Rule 802 Declared Default

- (a) The Clearing House shall, at its absolute discretion, determine whether it shall treat an Event of Breach as a “Declared Default” and shall determine the date and time of such Declared Default. The Clearing Member with respect to whom the Declared Default has occurred shall be declared a “Defaulter” or a “Defaulting Clearing Member”.
- (b) The Clearing House shall notify, in writing, the Defaulting Clearing Member as well as other Clearing Members of the Declared Default and its date and timing (as well as any steps taken pursuant to Rule 803). The Clearing House may inform any relevant Regulatory Authority of a Declared Default prior to declaring a Declared Default and disclose such information to such Regulatory Authority as it sees fit.
- (c) Without prejudice to the generality of these Rules, the Clearing House shall not be liable to any Clearing Member or any third party in respect of any loss, damage, costs, charges and/or expenses and/or liability of whatsoever nature and howsoever arising suffered or incurred by such Clearing Member or third party, arising out of or in connection with the declaration or non-declaration of a “Declared Default” by the Clearing House.

- (d) Without prejudice to the generality of the indemnities in these Rules, the Defaulting Clearing Member, acting for its own account as principal, shall indemnify, hold harmless and be liable to the Clearing House in respect of all the loss, damage, costs, charges and/or expenses and/or liability of whatsoever nature suffered or incurred (including legal costs on a full indemnity basis) by the Clearing House arising out of the Defaulting Clearing Member's conduct (whether such conduct took place prior to or after declaration of the Declared Default) or in connection with the Declared Default."

## **Reproduction of Rule 1101**

### **"Rule 1101 Emergency Powers of the Clearing House**

- (a) Whenever the Clearing House considers that there is an emergency (being without limitation any threatened or actual market manipulation or cornering including any act of any government or any international organisation or any institution or agency thereof, any major market disturbance which affects the market, or any undesirable situation or practice that the Clearing House deems to be an emergency), or crisis in the nature of manipulation, squeeze, bear raid, or wherever it appears to the Clearing House that the Contracts are executed for the purpose of inducing a false or artificial appearance of activity, or upsetting the price equilibrium, or that the business is being conducted in a manner prejudicial to the interests of the trade or the interests of the Clearing House, or in the case of any unusual or unforeseeable events or adverse circumstances, or it is expedient, necessary or desirable for ensuring a fair and orderly market or for ensuring a safe and efficient clearing facility, or for ensuring the integrity of the market or for proper management of systemic risk in the market, or it is in the general interests of the Clearing House to do so, notwithstanding anything to the contrary contained in these Rules, Regulatory Notices or Directives or Contract Terms, the Clearing House may, at its absolute discretion, subject to any MAS Requirements: effect alternative settlement or delivery of outstanding
- (1) effect alternative settlement or delivery of outstanding Contracts;
  - (2) close out a Contract at a price determined by the Clearing House and with effect from such date as may be determined by the Clearing House;
  - (3) impose Special Margin;
  - (4) amend or delete or add to these Rules and Regulatory Notices made thereunder; and/or
  - (5) take such other measures or require one or more Clearing Members to take such measures as it deems necessary or desirable.
- (b) The Clearing House may also take any and all action as directed by the Authority as the Authority considers necessary to maintain or restore the safe and efficient operation of the Clearing House.
- (c) Without prejudice to the rest of these Rules, the Clearing House shall not be liable to any Clearing Member or any third party in respect of any loss, damage, costs, charges and/or expenses and/or liability of whatsoever nature and howsoever arising suffered or incurred by such Clearing Member or third party (including legal costs on a full indemnity basis), arising out of or in connection with the exercise or non- exercise by

the Clearing House of its powers under Rule 1101(a), the determination by the Clearing House of the satisfaction or non-satisfaction of any condition for the exercise of such powers or the taking of any action directed by the Authority under Rule 1101(b).

- (d) The Authority shall be notified of such actions taken by the Clearing House under this Rule 1101 as soon as practicable. Nothing in these Rules shall in any way limit the authority of the Board or any other committee to act in an emergency situation in accordance with these Rules."