



Monetary Authority of Singapore

Response to Feedback Received
[P004 - 2022] – [8 September 2023]

Response to Public Consultation on Proposed Exemptions for Approved Exchanges and Recognised Market Operators that provide certain Clearing and Settlement Services



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1. Preface

- 1.1. On 8 July 2022, the Monetary Authority of Singapore (“MAS”) issued a consultation paper on the proposed exemption for an approved exchange (“AE”) or recognised market operator (“RMO”) that provides certain clearing and settlement services, from being regulated as an approved clearing house (“ACH”) or recognised clearing house (“RCH”) under the Securities and Futures Act 2001 (“SFA”).
- 1.2. The consultation closed on 9 September 2022. MAS received responses from a few respondents on the proposed exemption. All respondents had requested confidentiality of their identity and feedback.
- 1.3. MAS thanks all respondents for their feedback. MAS has carefully considered the feedback received and made revisions to the proposals where appropriate.



2. Proposed Exemption for AEs and RMOs

Exemption for offering trade verification and/or calculation of obligation services

- 2.1. MAS had proposed to exempt AEs and RMOs that provide post-trade services of verifying the transactions conducted on the organised markets that they operate and/or calculating the obligations of parties under those transactions, from regulation as ACHs or RCHs, by way of a class exemption under Section 49(6) of the SFA (“Proposed Regulations”). This is because MAS had assessed that as long as the AE or RMO did not act as a central counterparty and clear or settle trades on a centralised basis, it would not pose systemic risks to wider financial system. MAS had also assessed that any marginal risks that may arise from such post-trade services could be addressed through MAS’ supervision of these entities as AEs or RMOs, and it is not MAS’ intent to impose additional regulatory obligations on AEs or RMOs for the performance of such services.
- 2.2. Under the Proposed Regulations, the exemption applies to an AE or a RMO that establishes or operates a clearing facility, if every transaction that is to be cleared or settled by that clearing facility is: (i) executed on an organised market that is established or operated by the AE or RMO; (ii) not routed to an ACH or RCH; and (iii) only cleared or settled on the AE or RMO’s clearing facility by trade verification and/or calculation of obligation.
- 2.3. Most respondents supported the proposed exemption, agreeing that the provision of such post-trade services by AEs and RMOs would not increase systemic risk in the wider financial system and did not warrant additional regulatory obligations.
- 2.4. In the Proposed Regulations, MAS had also proposed that an AE or a RMO must notify MAS in writing of the fact that it has established or commenced operation of a clearing facility that provide such post-trade services and its reliance on the proposed exemption (“Proposed Notification Requirement”). Some respondents sought to clarify whether the Proposed Notification Requirement would apply to existing RMOs.



MAS' Response

- 2.5. MAS will proceed with the proposed exemption, as set out under the Proposed Regulations.
- 2.6. In relation to the clarification on the Proposed Notification Requirement, MAS intends for the Proposed Notification Requirement to apply to all AEs and RMOs, including existing RMOs, that avail themselves of the proposed exemption.
- 2.7. The published Regulations can be found on Singapore Statutes Online through the following link – *Securities and Futures (Clearing Facilities of Approved Exchanges or Recognised Market Operators) (Exemption) Regulations 2023*.