

By Email

1 September 2021

Association of Corporate Treasurers (Singapore) (“ACTS”)

To: Ms Felicia Foong, Committee Member, ACTS
Cc: Mr Dennis Koh, Secretariat, ACTS

ASIFMA Letter to ACTS on Regulation 54B of the Securities and Futures (Licensing and Conduct of Business) Regulations and MAS’ Guidelines on Risk Mitigation Requirements for Non-Centrally Cleared Over-the-Counter Derivatives Contracts

Dear Ms Foong

On behalf of the Asia Securities Industry & Financial Markets Association (“**ASIFMA**”) ¹ and our members, we refer to [regulation 54B of the Securities and Futures \(Licensing and Conduct of Business\) Regulations](#) (“**Regulation 54B**”) and the [Guidelines on Risk Mitigation Requirements for Non-Centrally Cleared Over-the-Counter Derivatives Contracts](#) (“**RMR Guidelines**”) issued by the Monetary Authority of Singapore (“**MAS**”), where MAS introduced certain risk mitigation requirements for non-centrally cleared over-the-counter (“**OTC**”) derivatives contracts in Singapore (“**RMRs**”). Effective date of the RMRs is 8 October 2021.

The RMRs apply to licensed banks, merchant banks and finance companies exempt from holding a capital markets services licence under section 99(1)(a), (b) and (c) of the Securities and Futures Act respectively (collectively, the “**In-scope Financial Institutions**”), and the RMRs, in general, apply when In-scope Financial Institutions trade non centrally cleared OTC derivatives contracts with accredited investors, expert investors or institutional investors (collectively, the “**In-scope Trade Counterparties**”), which are booked in Singapore.

In order to comply with RMRs, many of our members which are In-scope Financial Institutions are looking to enter into either of the following agreements with their In-scope Trade Counterparties: (i)

¹ ASIFMA is an independent, regional trade association with over 150 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, professional and consulting firms, and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative, competitive and efficient Asian capital markets that are necessary to support the region’s economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the GFMA alliance with SIFMA in the United States and AFME in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

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a master agreement together with portfolio reconciliation (in the case of FI counterparties only) and dispute resolution wording such as the Singapore-specific [Amendment Agreement relating to Singapore MAS Risk Mitigation Requirements](#) published by the International Swaps and Derivatives Association, Inc. (“**ISDA Agreement**”) which is considered as the industry standard; or (ii) other similar amendment agreements including but not limited to equivalent risk mitigation requirements imposed by their home regulators, for example, requirements under EMIR, Dodd-Frank, APRA or HKMA risk migration requirements (each, an “**RMR Agreement**” and collectively, the “**RMR Agreements**”). The RMR Agreements allow parties to amend their ISDA master agreements to reflect certain trading relationship documentation, valuation, portfolio reconciliation, dispute resolution and trade confirmation obligations imposed by the RMRs.

Based on ASIFMA-facilitated industry discussion among many of our members which are In-scope Financial Institutions, our members are facing considerable difficulties in their client outreach as a number of In-scope Trade Counterparties have yet to indicate their willingness to execute any RMR Agreements.

Considering that many members of ACTS could be In-scope Trade Counterparties, we urge ACTS to encourage your members to sign the requested RMR Agreement when they are approached to do so by their In-scope Financial Institution counterparties, ensuring that non-centrally cleared OTC derivative transactions can continue to be executed without delay in Singapore from 8 October 2021.

Given there is a growing concern amongst ASIFMA members that the industry may not be able to fully implement the RMRs before 8 October 2021, ASIFMA has also made a submission to MAS today proposing a regulatory relief of at least 6 months for In-scope Financial Institutions to continue dealing in non-centrally cleared OTC derivatives contracts with existing non-financial counterparties post 8 October 2021.

ASIFMA would warmly welcome an opportunity to receive any feedback from ACTS. If you have any follow up questions or comments, please do not hesitate to contact Patrick Pang (ppang@asifma.org) and Channette Chan (cchan@asifma.org).

Yours sincerely,



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