

**Publication Date:**

30 April 2018

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## MAS requires reporting of commodity and equity derivatives contracts with effect from 1 October 2018

With effect from 1 October 2018, the Monetary Authority of Singapore ("MAS") will extend the reporting requirements of over-the-counter ("OTC") derivatives contracts set out in the Securities and Futures Act ("SFA") to commodity and equity derivatives contracts booked and/or traded in Singapore by banks and merchant banks. In addition, the types of information to be reported for the OTC derivatives contracts will be extended to data fields related to booking location and trader location.

Other changes to and exemptions from the reporting obligations for non-bank financial institutions ("FIs") or significant derivatives holders will be implemented in phases in October 2019 and October 2020.

### *In brief*

The provisions in the SFA and its subsidiary legislation relating to the reporting requirements on OTC derivatives contracts were amended to, among other things:

- extend the reporting requirements to commodity and equity derivatives contracts;
- require reporting of interest rate, credit, foreign exchange, equity and commodity derivatives contracts by certain non-bank FIs and significant derivatives holders;
- require reporting of additional information on booking location and trader location; and
- set out exemptions from reporting requirements for certain non-bank FIs and transactions with retail investors.

### 1. Background information

The reporting requirements with regard to OTC derivatives contracts are set out in Part VIA of the SFA and the Securities and Futures (Reporting of Derivatives Contracts) Regulations 2013 ("**Reporting Regulations**"). A "specified person" who is a party to a "specified derivatives contract" is required to report certain prescribed information to a licensed trade repository or licensed foreign trade repository.

With effect from 1 April 2018, the Reporting Regulations were amended to extend the definition of "specified derivatives contract" to any commodity derivatives contract or equity derivatives contract which is traded or booked in Singapore, in addition to any interest rate, credit or foreign exchange derivatives contract which is traded or booked in Singapore.

A “specified person” under the SFA refers to any:

- bank and merchant bank regulated in Singapore;
- subsidiary of a Singapore incorporated bank, finance company and insurer regulated in Singapore, approved trustee referred to in section 289 of the SFA and capital markets services licence (“**CMSL**”) holder under the SFA (collectively, “**Non-bank FIs**”); or
- Significant Derivatives Holder (namely, a person who is resident in Singapore and where the aggregate gross notional amount, for the year ending on the last day of a quarter, of the “specified derivatives contracts” to which it is a party and which are booked and/or traded in Singapore exceeds S\$8 billion).

Currently, banks and merchant banks are required to report interest rate, credit and foreign exchange derivatives contracts booked and/or traded in Singapore. Non-bank FIs and Significant Derivatives Holders are required to report interest rate and credit derivatives contracts booked in Singapore.

MAS conducted a public consultation from 18 January 2016 to 15 February 2016 on its proposal to extend the reporting requirements to equity and commodity derivatives contracts in the MAS Consultation Paper on Proposed Amendments to the Securities & Futures (Reporting of Derivatives Contracts) Regulations (“**2016 Consultation**”). On 28 March 2018, MAS released its Response to the feedback received on the 2016 Consultation together with amendments to the Reporting Regulations to implement the new reporting requirements, taking into account the feedback received.

## **2. Reporting requirements for specified derivatives contracts by specified persons to be implemented in phases**

With effect from 1 October 2018, banks and merchant banks will be required to report commodity and equity derivatives contracts booked and/or traded in Singapore.

With effect from 1 October 2019, the following entities will be required to report interest rate and credit derivatives contracts traded in Singapore:

- finance companies regulated in Singapore;
- subsidiaries of a Singapore incorporated bank, insurers regulated in Singapore and CMSL holders, with annual aggregate gross notional amount of specified derivatives contracts of more than S\$5 billion; and
- Significant Derivatives Holders.

With effect from 1 October 2020, the following entities will be required to report foreign exchange, commodity and equity derivatives contracts booked and/or traded in Singapore:

- finance companies regulated in Singapore;
- subsidiaries of a Singapore incorporated bank, insurers regulated in Singapore and CMSL holders, with annual aggregate gross notional amount of specified derivatives contracts of more than S\$5 billion; and
- Significant Derivatives Holders.

### **3. Reporting of additional information on booking location and trader location**

New fields to identify the booking location and location of the trader desk will be included for reporting for all specified derivatives contracts with effect from 1 October 2018.

### **4. Exemptions from reporting requirements for certain non-bank FIs**

In the 2016 Consultation, MAS proposed subjecting active non-bank FIs of at least S\$5 billion annual aggregate gross notional amount to the reporting requirements with regard to OTC derivatives contracts under the SFA. MAS will proceed to implement this proposal.

All approved trustees and licensed trust companies are exempted from the reporting requirements with regard to OTC derivatives contracts.

### **5. Exemptions from reporting requirements for transactions with retail investors**

The 2016 Consultation proposed to exempt a CMSL holder or a bank from reporting derivatives transactions where the counterparties are retail investors (namely, investors who are not accredited or institutional investors). MAS is scoping the exemption so that it applies to CMSL holders for practical implementation.

### **Reference materials**

The Securities and Futures (Reporting of Derivatives Contracts) Regulations 2013 are available on the Singapore Statutes Online website [sso.agc.gov.sg](http://sso.agc.gov.sg). To access the Reporting Regulations, please click [here](#).

Please click [here](#) to access the MAS Response to feedback received on the consultation paper on “Proposed Amendments to the Securities & Futures (Reporting of Derivatives Contracts) Regulations” which is available on the MAS website [www.mas.gov.sg](http://www.mas.gov.sg). For a summary of the 2016 Consultation, please click [here](#) to read the article titled “MAS consults on extending OTC derivatives reporting regime to commodity and equity derivatives contracts and other revisions to complete implementation of reporting regime” that was featured in a previous issue of Allen & Gledhill Financial Services Bulletin (February 2016).

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