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DREW & NAPIER LLC

# LEGAL UPDATE

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## LEGISLATION UPDATE

### AMENDMENTS TO SGX-ST RULES, CDP RULES AND SECURITIES AND FUTURES (PRESCRIBED FUTURES CONTRACTS) REGULATIONS 2005

The Singapore Exchange Limited (the "**SGX**") has announced a number of amendments to the rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST Rules**") and the rules of The Central Depository (Pte) Limited (the "**CDP Rules**"). The new amended rules will come into effect on **3 April 2008**.

On a related note, the Monetary Authority of Singapore (the "**MAS**") has issued the Securities and Futures (Prescribed Futures Contracts) (Amendment No. 2) Regulations 2008 (the "**SF Amendment Regulations**") which amend the Securities and Futures (Prescribed Futures Contracts) Regulations 2005. The SF Amendment Regulations have taken effect on **24 March 2008**.

The combined effect of these amendments is to bring listed structured products based on futures prices under the regulation and supervision of the MAS, and to allow futures contracts (including such structured products) to be traded on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

#### Amendments to SGX-ST Rules and CDP Rules

##### *Trading of Futures Contracts*

The amendments expand the application of the SGX-ST Rules and CDP Rules to allow for the trading of listed structured products based on futures prices. This is done principally by the introduction of the concept of "Futures Contracts" in both sets of rules. A "Futures Contract" under the SGX-ST Rules and the CDP Rules is a futures contract as defined in the Securities and Futures Act (the "**SFA**") and which is approved for listing on the SGX-ST.

Under the SFA, a "futures contract" generally refers to a contract pursuant to which one party agrees to deliver a specified commodity (or a specified quantity thereof) to another party at a specified future time and at a specified price payable at such time or a contract pursuant to which the parties will discharge their obligations by settling the difference between the value of a specified quantity of a specified commodity agreed at the time of the making of the contract and at a specified future time. The definition also includes a futures option transaction and any other contract or class of contracts that the MAS may prescribe.

##### *Other amendments*

All references in the SGX-ST Rules and the CDP Rules to the now inactive Central Limit Order Book system have been replaced with a more general term -- "Trading System".

MAIN OFFICE  
20 Raffles Place  
#17-00 Ocean Towers  
Singapore 048620

t +65 6535 0733  
f +65 6535 4906  
mail@drewnapier.com  
www.drewnapier.com

Co. Reg. No. 200102509E

The definition of “securities” has also been expanded in a number of places to include structured warrants (please refer to SGX-ST Rule 11.7.3(1A) and Rule 11.8.9; please also see CDP Rule 1.2, Rule 5.6.3(1A) and Rule 5.7.9).

### The SF Amendment Regulations

The SF Amendment Regulations designate a structured warrant on an index as a futures contract for the purposes of the SFA.

A “structured warrant on an index” is described in the amended Regulation 2 of the Securities and Futures (Prescribed Futures Contracts) Regulations 2005 as an instrument listed for quotation on the SGX-ST and issued by a financial institution on an index of futures contracts which gives the holder of that instrument the right to buy or sell that index or to receive a cash payment calculated by reference to the movements of that index.

Following its designation as a “futures contract” for the purposes of the SFA, a structured warrant on an index would fall within the purview of the SGX-ST Rules and CDP Rules.

### References

Please click on the references below for further details:

1. [SGX press release \(includes full text of amendments to SGX-ST Rules and CDP Rules\)](#)
2. [SF Amendment Regulations](#)
3. [Securities and Futures \(Prescribed Futures Contracts\) Regulations 2005](#)

If you would like more information about this update or wish to discuss how the amendments may potentially affect you or your business, please feel free to contact the corporate lawyers in Drew & Napier LLC (please refer to the Directors’ Profiles on our [website](#)), or any of the following lawyers:

#### David Ang

Managing Director (Banking & Corporate)  
T: +65 6531 2236  
E: [david.ang@drewnapier.com](mailto:david.ang@drewnapier.com)

#### Gary Pryke

Director (Banking & Corporate)  
T: +65 6531 4104  
E: [gary.pryke@drewnapier.com](mailto:gary.pryke@drewnapier.com)

#### Sin Boon Ann

Director (Banking & Corporate)  
T: +65 6531 2206  
E: [boonann.sin@drewnapier.com](mailto:boonann.sin@drewnapier.com)

#### Petrus Huang

Director (Banking & Corporate)  
T: +65 6531 2208  
E: [petrus.huang@drewnapier.com](mailto:petrus.huang@drewnapier.com)

#### Yeo Wee Kiong

Director (Banking & Corporate)  
T: +65 6531 4864  
E: [weekiong.yeo@drewnapier.com](mailto:weekiong.yeo@drewnapier.com)

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## OUR BUSINESS GROUPS AND PRACTICE AREAS

**BANKING/GENERAL FINANCE**

**David Ang**  
T +65 6531 2236  
F +65 6535 4864  
E david.ang@drewnapier.com

**Valerie Kwok**

T +65 6531 2222  
F +65 6535 4864  
E valerie.kwok@drewnapier.com

**BIOMEDICAL SCIENCES**

**Tony Yeo**  
T +65 6531 2512  
F +65 6220 0324  
E tony.yeo@drewnapier.com

**BUILDING & CONSTRUCTION**

**Tan Liam Beng**  
T +65 6531 4139  
F +65 6533 3591  
E liambeng.tan@drewnapier.com

**CAPITAL MARKETS**

**Sin Boon Ann**  
T +65 6531 2206  
F +65 6535 4864  
E boonann.sin@drewnapier.com

**CHINA BUSINESS GROUP**

**David Chin**  
T +86 21 6335 1628  
F +86 21 6335 0638  
E david.chin@drewnapier.com

**COMPETITION LAW**

**Cavinder Bull, SC (contentious)**  
T +65 6531 2416  
F +65 6533 3591  
E cavinder.bull@drewnapier.com

**Lim Chong Kin (non-contentious)**

T +65 6531 4110  
F +65 6535 4864  
E chongkin.lim@drewnapier.com

**CORPORATE**

**David Ang**  
T +65 6531 2236  
F +65 6535 4864  
E david.ang@drewnapier.com

**Gary Pryke**

T +65 6531 4104  
F +65 6535 4864  
E gary.pryke@drewnapier.com

**Yeo Wee Kiong**

T +65 6531 2500  
F +65 6535 4864  
E weekiong.yeo@drewnapier.com

**CORPORATE INSOLVENCY & RESTRUCTURING**

**Sushil Nair**  
T +65 6531 2410  
F +65 6532 7149  
E sushil.nair@drewnapier.com

**Manoj Sandrasegara**

T +65 65314156  
F +65 65327149  
E manoj.sandra@drewnapier.com

**EMPLOYMENT & IMMIGRATION**

**Indranee Rajah, SC**  
T +65 6531 4100  
F +65 6532 7149  
E indranee.rajah@drewnapier.com

**FAMILY & MATRIMONIAL**

**Randolph Khoo**  
T +65 6531 2418  
F +65 6532 7149  
E randolph.khoo@drewnapier.com

**FUND MANAGEMENT, REIT & PRIVATE EQUITY**

**Petrus Huang**  
T +65 6531 2208  
F +65 6533 0694  
E petrus.huang@drewnapier.com

**TELECOMMUNICATIONS, MEDIA & TECHNOLOGY**

**Lim Chong Kin**  
T +65 6531 4110  
F +65 6535 4864  
E chongkin.lim@drewnapier.com

**INSURANCE & REINSURANCE**

**Gary Pryke**  
T +65 6531 4104  
F +65 6535 4864  
E gary.pryke@drewnapier.com

**INTELLECTUAL PROPERTY**

**Morris John (Patents)**  
T +65 6531 2503  
F +65 6533 0694  
E mj@drewnapier.com

**Redar Singh Gill (Trade Marks)**

T +65 6531 2507  
F +65 6533 0694  
E dedar.singh@drewnapier.com

**LITIGATION & DISPUTE RESOLUTION**

**Jimmy Yim, SC**  
T +65 6531 2504/2505  
F +65 6533 3591  
E jimmy.yim@drewnapier.com

**PROJECT FINANCE**

**Gary Pryke**  
T +65 6531 4104  
F +65 6535 4864  
E gary.pryke@drewnapier.com

**PROPERTY**

**Chua Bee Lan**  
T +65 6531 2302  
F +65 6535 1952  
E beelan.chua@drewnapier.com

**SHIPPING & INTERNATIONAL TRADE**

**Ian Koh**  
T +65 6531 2436  
F +65 6533 3591  
E ian.koh@drewnapier.com

**TAX, TRUSTS, ESTATE PLANNING & PROBATE**

**Teoh Lian Ee**  
T +65 6531 2248  
F +65 6535 4864  
E lianee.teoh@drewnapier.com

**TRANSNATIONAL & CROSS-BORDER WORK**

**Julian Kwek**  
T +65 6531 2485  
F +65 6532 7149  
E julian.kwek@drewnapier.com

**OTHER OFFICES**

**Shanghai Office**  
#2501 Office Tower  
Bund Center  
222 Yan An Road East  
Shanghai 200002  
China  
T +86 21 6335 1628  
F +86 21 6335 0638  
E china@drewnapier.com

**Drewmarks Patents & Designs (Malaysia) Sdn Bhd**  
9th floor  
Bangunan Getah Asli (Menara)  
148 Jalan Ampang  
50450 Kuala Lumpur, Malaysia  
T +603 2162 2522/2162 2529  
F +603 2162 2804  
E drewmark@tm.net.my

**PT Drewmarks Konsultama**  
Correspondence address:  
20 Raffles Place  
#17-00 Ocean Towers  
Singapore 048620  
T +65 6531 2503/6531 2504  
F +65 6533 0694  
E ip@drewnapier.com

**DrewCorp Services Pte Ltd**  
20 Raffles Place  
#09-01 Ocean Towers  
Singapore 048620  
ROC No. 200102492H  
T +65 6531 2266  
F +65 6533 1542/6533 7649  
E services@drewcorpservices.com