

PROGRAMME PROSPECTUS
NEW SINGAPORE SFA AND FAA AND OTC DERIVATIVES CONTRACTS
- MARGINING

1. Learning Objectives and Outcomes

Over-the-counter (“**OTC**”) derivatives contracts (“**OTCDs**”) are now regulated in Singapore under the Securities and Futures Act and the Financial Advisers Act.

Margining, clearing, trading and reporting are the four cornerstones of the OTC derivatives regulatory reforms that the G20 countries committed to in 2009.

This programme focuses on the margining requirements for non-cleared OTCDs under MAS’s Guidelines on Margin Requirements for Non-Centrally Cleared OTC Derivatives Contracts (“**Margin Guidelines**”). At the end of the programme, you should understand the rationale for the margin rule, when it applies and how to comply with the margin requirements.

2. Programme Outline

Topic	Summary	Duration
What led to the G-20 OTC derivatives regulatory reforms? Cornerstones of the G-20 OTC derivatives regulatory reforms	<ul style="list-style-type: none"> • What led to the G-20 OTC derivatives regulatory reforms? • What are the cornerstones of the G-20 OTC derivatives regulatory reforms? 	5 minutes
What are the objectives of the margining mandate? New approach to risk management	<ul style="list-style-type: none"> • What are the objectives of the margining mandate? 	5 minutes

Topic	Summary	Duration
When do the margin rules apply?	<ul style="list-style-type: none"> • Who is caught? • Who must the counterparty be? • What transactions are caught? 	10 minutes
<p>Overview of the margining requirements</p> <ul style="list-style-type: none"> • Definitions - Contents <ul style="list-style-type: none"> ○ concentration risk ○ exempted persons ○ exempted transactions ○ Foreign Covered Entity ○ legally enforceable collateral arrangement ○ legally enforceable netting agreement ○ local business day ○ main stock index of a regulated exchange ○ MAS Covered Entity ○ wrong way risk • What are the margining requirements? • Who needs to comply? <ul style="list-style-type: none"> ○ Initial margin (“IM”) average aggregate notional amount (“AANA”) threshold phasing-in schedule ○ Examples 	<ul style="list-style-type: none"> • Definitions: <ul style="list-style-type: none"> ○ What does “concentration risk” mean? ○ Who are “exempted persons”? ○ What are “exempted transactions”? ○ Who is a “Foreign Covered Entity”? ○ What is a “legally enforceable collateral arrangement”? ○ What is a “legally enforceable netting agreement”? ○ What does “local business day” mean? ○ What does “main stock index of a regulated exchange” mean? ○ What is a “regulated exchange”? ○ Who is a “MAS Covered Entity”? ○ What does “wrong way risk” mean? • What are the margining requirements? • Who needs to comply? <ul style="list-style-type: none"> ○ What is the IM AANA threshold phasing-in schedule? ○ Some examples. 	240 minutes

Topic	Summary	Duration
<ul style="list-style-type: none"> • How to margin? <ul style="list-style-type: none"> ○ Eligible collateral ○ Margining methodology ○ Unsecured limits ○ Minimum transfer amount ○ Haircuts <ul style="list-style-type: none"> ▪ Prescribed haircuts 	<ul style="list-style-type: none"> • How to margin? <ul style="list-style-type: none"> ○ Eligible collateral - What may be accepted as collateral? ○ Margining methodology. <ul style="list-style-type: none"> ▪ How do you calculate VM? ▪ How do you calculate IM? ○ Unsecured limits. <ul style="list-style-type: none"> ▪ Can you grant an unsecured limit for variation margin (“VM”) purposes? ▪ Can you grant an unsecured limit for IM purposes? ○ Minimum transfer amount (“MTA”). <ul style="list-style-type: none"> ▪ What is the MTA for? ▪ Why is there a cap on the amount of the MTA? ▪ What is the cap? ○ Haircuts. <ul style="list-style-type: none"> ▪ When must you apply a haircut to the posted collateral? ▪ What are the minimum prescribed haircuts for the different types of eligible collateral – government debt securities, financial institution (“FI”) and non-FI debt and equity securities, gold and units in a collective investment scheme? ▪ What is the FX haircut? ▪ When must you apply a FX haircut to the posted collateral? 	

Topic	Summary	Duration
<ul style="list-style-type: none"> ○ Margin calculation frequency ○ Margin calls and settlement ○ Dispute resolution mechanism ○ Safe-keeping of IM ○ Rehypothecation of IM • Can you margin a broader product set? • Legacy trades 	<ul style="list-style-type: none"> ○ Margin calculation frequency. <ul style="list-style-type: none"> ▪ How often must you calculate VM? ▪ How often must you calculate IM? ○ Margin calls and settlement. <ul style="list-style-type: none"> ▪ What is the deadline for making a margin call? ▪ What is the deadline for meeting a margin call? ○ Dispute resolution mechanism - What are the requirements? ○ Safe-keeping of IM - What are the requirements? ○ When can you rehypothecate IM collateral received by you? • Can you margin a broader product set than required by the margin rule? • What is a legacy trade? <ul style="list-style-type: none"> ○ Can you include a legacy trade together with the mandated trades? ○ If you amend a legacy trade, does that make it subject to the margin rule? ○ If you novate a legacy trade, does that make it subject to the margin rule? ○ Do you need to margin new trades arising from a portfolio compression of legacy trades? 	

Topic	Summary	Duration
<ul style="list-style-type: none"> • Substituted compliance <ul style="list-style-type: none"> ○ BCBS-IOSCO Working Group on Margin Requirements (“WGMR”) member countries 	<ul style="list-style-type: none"> • Does compliance with a foreign jurisdiction’s margin requirements satisfy the Singapore margin rule? <ul style="list-style-type: none"> ○ Who are the WGMR member countries? 	
Total		260 minutes

3. Delivery Method

The programme will be delivered through self-directed E-Learning. The programme will be offered on annual subscription basis through the applicant’s website:

www.nomikos.com.sg

Participants who have questions can raise their questions via e-mail. Over time, the applicant plans to include a blog on its website that will summarise the most commonly raised questions and answers.

Depending on demand, the applicant may also offer participants a live webinar for questions and answers.

4. Assessment

The assessment will consist of 5 multiple choice questions (which will be randomly selected from a pool of 15 questions).

The passing grade will be 80%.

5. Total CPD hours

Upon successful completion of the programme, the participant will have achieved a total of **4.5 CPD hours**, comprised as follows:

	Duration
Programme	260 minutes
Assessment	10 minutes
Total	270 minutes