



JOINT MEDIA RELEASE

Vice President of the European Commission for Financial Stability, Financial Services and Capital Markets Union, Valdis Dombrovskis, and the Deputy Prime Minister of Singapore and Chairman of the Monetary Authority of Singapore, Tharman Shanmugaratnam: a common approach on certain derivatives trading venues

SINGAPORE, BRUSSELS, 20 February 2019. The European Commission (EC) Vice President for Financial Stability, Financial Services and Capital Markets Union, Valdis Dombrovskis, and the Deputy Prime Minister of Singapore and Chairman of the Monetary Authority of Singapore (MAS), Tharman Shanmugaratnam, today announced a common approach for European Union ('EU') and Singapore derivatives trading venues to support the G20 reforms for standardised derivatives to be traded on trading platforms (the 'trading obligation').

Commission Vice-President Dombrovskis said: "The European Union remains open for business. Today's announcement confirms how global cooperation can bring tangible benefits to EU market participants. European firms will be able to continue trading interest rate and credit default derivatives on Singapore's trading platforms, and engaging with local counterparts in Asia. Singaporean firms will also be able to use EU platforms. This will facilitate trade and economic exchanges between the EU and Singapore. I want to thank Chairman Shanmugaratnam and his team for working with us towards this mutually beneficial outcome."

Tharman Shanmugaratnam, Deputy Prime Minister of Singapore and MAS Chairman said "Today's announcement is another step towards deeper economic interlinkages, and comes a week after the European Parliament's approval of the EU-Singapore Free Trade Agreement and Investment Protection Agreement. With the mutual recognition of each other's trading platforms, EU and Singapore businesses will be able to hedge risks across our derivatives markets more efficiently."

The approach

The aim of the common approach is to facilitate EU financial counterparties' ability to comply with the EU derivatives trading obligation under Article 28 of the Markets in Financial Instruments Regulation ('MiFIR') by executing swaps transactions on organised

markets authorised in Singapore. Likewise, Singapore counterparties can engage with EU counterparts on the EU's Multilateral Trading Facilities ('MTF') or Organised Trading Facilities ('OTF') in compliance with Singapore's derivatives trading obligation. The trading obligation would cover interest rate swaps denominated in several currencies such as US Dollar, Euro and Pound Sterling.

Vice-President Dombrovskis intends to propose that the EC adopts an equivalence decision to recognise a list of organised markets established in Singapore, operated by an approved exchange ('AE') or a recognised market operator ('RMO'), as platforms eligible for the execution of derivatives subject to the EU "on-venue" trading obligation, provided the requirements of MiFIR are met. Before the EC can adopt an equivalence decision, Member State authorities must vote in favour of the draft decision in the European Securities Committee.

MAS intends to propose the adoption of regulations to exempt EU MTFs and OTFs from the requirement to be an AE or a RMO under section 7(1) of the Securities and Futures Act ('SFA'). The same list of EU MTFs and OTFs will also be prescribed under section 129J(1)(a) of the SFA as facilities which can be used to satisfy Singapore's trading obligations.

The list of venues covered by the MAS exemptions and by the EC equivalence decision may be amended or updated depending on changes or developments in the markets, including future authorisation of trading venues on both sides.

Next steps

MAS and Commission services intend to work together to ensure that the common approach is put in place and followed in a coordinated manner, and will continuously monitor the impact to assess whether any further action is appropriate.

MAS expects to notify the Commission services of its list of eligible AEs and RMOs while the Commission services expect to notify MAS of its list of trading venues under the Markets in Financial Instruments Directive and Regulation ('MiFIDII/MiFIR') eligible for exemption and prescription by the MAS.