

**REPORT OF
THE RULES CHANGE PANEL (RCP)**

ON

EMC's

**PROPOSED EXPENDITURE AND REVENUE
&
SCHEDULE OF FEES**

FOR

**THE FISCAL YEAR
1 JULY 2024 TO 30 JUNE 2025
(FY2024/2025)**

Dated 11 April 2024

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16 April 2024

The EMC Board of Directors
4 Shenton Way
#03-01 SGX Centre 2
Singapore 068807

Dear Directors of the EMC Board,

RULES CHANGE PANEL'S REPORT ON EMC'S BUDGET AND FEES FOR FY2024/25

The Rules Change Panel (RCP) met on 4 April 2024 to review and comment on EMC's Budget and Fees for FY2024/25 covering a 12-month period from 1 July 2024 to 30 June 2025 and to consider submissions by interested persons on the above, if any.

The review of the Budget and Fees was performed in accordance with the requirements of Chapter 2, Section 10.1.3 of the NEMS Market Rules.

No submissions were received from interested persons prior to the RCP meeting on 4 April 2024.

In accordance with the requirements of Chapter 2, Sections 10.1.4 and 10.1.5 of the NEMS Market Rules, the RCP now submits its report for the EMC Board to consider in finalizing EMC's Budget and Fees for FY2024/25 before submitting the same to the EMA for approval.

We also approve the submission of this report to the EMA and the publication of the report on the EMC public website.

Yours sincerely,



Toh Seong Wah
Chair
Rules Change Panel

Introduction

On 15 March 2024, EMC published the Budget and Fees for FY2024/25 on the EMC public website inviting interested persons to make submissions to the RCP.

No comments were received from interested persons.

On 15 March 2024, EMC submitted its Budget and Fees for FY2024/25 to the Rules Change Panel (RCP) for its review; and

In its meeting on 4 April 2024, the RCP considered EMC's submission of its Budget and Fees for FY2024/25.

EMC's Obligations

Chapter 2 Section 10.1.1 of the Market Rules requires that EMC shall, within 100 days prior to the beginning of each fiscal year (22 March 2024 in this case):

- submit to the RCP for review its proposed expenditure and revenue requirements for, and a schedule of fees that it proposed to charge ("Budget and Fees") during, the fiscal year (covering the period from 1 July 2024 to 30 June 2025 ("FY2024/25") in this case.

Chapter 2, section 10.1.1.1

- publish notice of its Budget and Fees for FY2024/25, inviting interested persons to make submissions on these to the RCP.

Chapter 2, section 10.1.1.2

RCP's Obligations

Under Chapter 2 Section 10.1.3 of the Market Rules,

"The RCP shall review the EMC's Budget and Fees:

10.1.3.1 using such procedures;

10.1.3.1.1 in consultation with such persons; and

10.1.3.2 by means of such meeting

as it considers appropriate."

Following the conclusion of the review mentioned above, the RCP is required under Chapter 2 Section 10.1.4 to submit a written report to the EMC Board and, as prescribed by Chapter 2 Section 10.1.5, within 75 days before the beginning of the EMC new fiscal year (16 April 2024 in this case), indicating:

- the views of the RCP with respect to the Budget and Fees;
- a summary of any material submissions filed by interested persons pursuant to section 10.1.1.2 of Chapter 2.

Attendees at the 140th Meeting of the Rules Change Panel

The Rules Change Panel met to discuss the EMC Budget and Fees on Thursday, 4 April 2024 at 10 am via video-conferencing.

Present: Toh Seong Wah (Chairman)*
Henry Gan*
Andrew Tan
Kevin Fong
Sherman Toh
Calvin Quek
Teo Chin Hau
Koay Yi Jing
Soh Yap Choon
Matthijs Jan Guichelaar
Cheong Zhen Siong
Dr Toh Mun Heng
Fong Yeng Keong
Wong Yew Chung

**Absent with
apologies:** Dallon Kay

In Attendance: Lau Chee Kiong EMC, SVP (Technology)
Anne Goh EMC, VP (Finance)
Paul Barker SGX, VP (Human Resources)

*Note: Messrs. Toh Seong Wah and Henry Gan declared a conflict of interest in the discussion on EMC's Budget and Fees and did not take part directly in the discussion except to answer any questions directed at them.

BUDGET AND FEES FOR FY2024/2025

Submissions by interested parties

EMC published its Budget and Fees on the EMC public website on 15 March 2024 to invite interested persons to make submissions.

The prescribed period set out in the notice for making submissions was 15 March 2024 to 4 April 2024.

No submissions were received.

RCP's comments

The RCP made the following comments:

1. The RCP has taken note of and raised concerns on the attrition rate, which rose to 12% by February 2024, up from 11% in FY22/23 and queried on the steps taken to address the high attrition rate. EMC replied that some of the departure were for personal reasons and not job-related reasons and will continue to monitor, provide engagement and training for staff and conduct regular salary benchmarking to peg staff compensation to market.
2. RCP noted the significant increase in licence fees for April 2024 to March 2025 by 9% as advised by EMA after the budget was published and raised queries on its impact to the FY24/25 budget and subsequent year. EMC has informed RCP that the cost recognition would be in FY24/25, while the cost recovery from market would be in FY25/26. EMC will be seeking EMA's approval to claim the incremental cost from the market.
3. RCP has noticed that there is no CAPEX budgeted for Rule Change Panel projects under FY24/25 Budget. EMC clarified that there were no RCP projects at the point the budget was prepared however should the Panel identifies project which requires CAPEX subsequently, it would be treated separately from the budget.
4. The RCP asked on the exogenous item accounting for \$3.5 million in FY23/24 Forecast NEMS revenue. EMC explained that it is mainly from the lower NEMS variable fees collected as compared to the allowed revenue as the actual volume traded was lower than forecasted in the regime.
5. RCP understands the higher expenditure for NEMS Secure Portal Revamp and NEMS Enhancement in FY24/25, were due to the need to refresh obsolete user interface and middleware of the NEMS secure portal and to ensure the systems' hardware and software are maintained in supported versions .

Conclusion

The Rules Change Panel supports EMC's Budget and Fees for FY2024/25 and presents its views to the EMC Board for consideration in finalizing the Budget and Fees.