

Rule modification title	Performance Bonds Regime
Submitted By: Date:	Energy Market Authority (EMA) 25 January 2024
Rules Version/ Chapter/ Section	<p><u>Market Rules</u> (Version 1 January 2023):</p> <ul style="list-style-type: none"> • Chapter 7 sections 7.1, 7.6, 7.9, 7.10, 7.11, 9.2, 9.3, 9.4, 9.5, 9.8 • Chapter 3, section 7.3 • Chapter 8 <p><u>Market Manuals</u> (Version 21 October 2020):</p> <ul style="list-style-type: none"> • Market Administration – Registration and Authorisation: Part 1 <p><u>Market Manuals</u> (Version 1 February 2024):</p> <ul style="list-style-type: none"> • Market Operations – Performance Bonds (Chapter 2 Market Rules)
Description of Market Rules	<p>Please refer to Annex 1 for the proposed modifications to the market rules.</p> <p>Please refer to Annex 2 and Annex 3 for the proposed modifications to the market manuals.</p>
Reasons for amendment	<p>The EMA is launching the Performance Bonds Regime as part of its Enhancements to the Regulatory Regime for Electricity Retailers. The relevant Final Determination Paper(s) can be found here¹.</p> <p>Modifications to the Market Rules and Market Manuals are proposed to facilitate the implementation of this Performance Bonds Regime.</p>
Impact of proposed amendment on MPs, MO, PSO and general public	As part of the enhanced regulatory regime for retailers, retailers would be required to provide performance bonds to cover their projected residual unhedged load quantities, and additional performance bonds should the retailer's forecasted retail load differ significantly from its actual load.
EMC's Comments	<p>The proposed modifications are made pursuant to the EMA's directive made under Section 46(3)(b) of the Electricity Act 2001.</p> <p>The EMA approved the proposed modifications on 25 January 2024. The modifications will take effect on 1 February 2024.</p>

¹ <https://www.ema.gov.sg/partnerships/consultations/2023/enhancements-to-the-regulatory-regime-for-electricity-retailers>

Appendix: Proposed Rule Modifications

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<u>CHAPTER 2</u>	<u>CHAPTER 2</u>	
<u>7 PRUDENTIAL REQUIREMENTS</u>	<u>7 PRUDENTIAL REQUIREMENTS</u>	
<p data-bbox="259 600 857 676">7.1 <u>PURPOSE AND GENERAL MARKET PARTICIPANT OBLIGATION</u></p> <p data-bbox="376 727 405 743">...</p> <p data-bbox="221 786 954 1145">7.1.4 This section 7 applies to a <i>market support services licensee</i> that has been granted authorisation to participate by the <i>EMC</i> pursuant to section 3 and, for such purposes, all references in this section 7 to a <i>market participant</i> shall be deemed to include references to a <i>market support services licensee</i>, provided that specific provisions in respect of a <i>market support services licensee</i> shall prevail if there is any conflict with such deemed references.</p>	<p data-bbox="1043 600 1816 676">7.1 <u>PURPOSE AND GENERAL MARKET PARTICIPANT OBLIGATION</u></p> <p data-bbox="1160 727 1189 743">...</p> <p data-bbox="1005 786 1805 1110">7.1.4 This section 7 applies to a <i>market support services licensee</i> that has been granted authorisation to participate by the <i>EMC</i> pursuant to section 3 and, for such purposes, all references in this section 7 to a <i>market participant</i> shall be deemed to include references to a <i>market support services licensee</i>, provided that specific provisions in respect of a <i>market support services licensee</i> shall prevail if there is any conflict with such deemed references.</p> <p data-bbox="1005 1153 1816 1329">7.1.5 <u>This section 7 sets forth the nature of <i>performance bonds</i> and <i>additional performance bonds</i> that must be provided by the <i>retail electricity licensee</i> class of <i>market participants</i> as required by the <i>Code of Conduct for Retail Electricity Licensees</i>.</u></p>	<p data-bbox="1839 568 2018 1185">To set forth that section 7 includes provisions on the performance bonds regime that encompasses the provision of performance bonds and additional performance bonds.</p>

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<p>7.6 <u>OBLIGATION TO PROVIDE CREDIT SUPPORT</u></p> <p>...</p> <p>7.6.3.3 <i>credit support</i> provided in accordance with section 7.6.2.3 and section 7.6.2.4 shall:</p> <ol style="list-style-type: none"> a. constitute valid and binding unsubordinated obligations to pay to the <i>EMC</i> amounts in accordance with its terms which relate to the obligations of the relevant <i>market participant</i> under the <i>market rules</i>; b. be accompanied by an assignment by the <i>market participant</i> to the <i>EMC</i> of all of the <i>market participant's</i> present and future right, title and interest in and to such <i>credit support</i> as general and continuing security and as a pledge to secure all indebtedness, obligations and liabilities of any kind, 	<p>7.6 <u>OBLIGATION TO PROVIDE CREDIT SUPPORT</u></p> <p>...</p> <p>7.6.3.3 <i>credit support</i> provided in accordance with section 7.6.2.3 and section 7.6.2.4 shall:</p> <ol style="list-style-type: none"> a. constitute valid and binding unsubordinated obligations to pay to the <i>EMC</i> amounts in accordance with its terms which relate to the obligations of the relevant <i>market participant</i> under the <i>market rules</i>; b. be accompanied by an assignment by the <i>market participant</i> to the <i>EMC</i> of all of the <i>market participant's</i> present and future right, title and interest in and to such <i>credit support</i> as general and continuing security and as a pledge to secure all indebtedness, obligations and liabilities of any kind, direct or indirect, absolute or contingent, joint or several, of the <i>market participant</i> to the <i>EMC</i> in respect of the <i>market participant's</i> 	<p>To clarify that funds for credit support shall be made to the applicable EMC bank account.</p>

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<p>direct or indirect, absolute or contingent, joint or several, of the <i>market participant</i> to the <i>EMC</i> in respect of the <i>market participant's</i> transactions in the <i>real-time markets</i>;</p> <p>c. if cash, be reflected in a written instrument; and</p> <p>d. if Treasury Bills, permit drawings or claims by the <i>EMC</i> on demand up to the amount of the Treasury Bills.</p>	<p>transactions in the <i>real-time markets</i>;</p> <p>c. if cash, be reflected in a written instrument <u>and be made to the applicable <i>EMC bank account</i></u>; and</p> <p>d. if Treasury Bills, permit drawings or claims by the <i>EMC</i> on demand up to the amount of the Treasury Bills.</p>	
<p>7.6.6 If <i>credit support</i> for the time being held by the <i>EMC</i> in respect of a <i>market participant</i> pursuant to this section 7 (the <i>existing support</i>) is due to expire or terminate and, upon expiry or termination of the <i>existing support</i> the total <i>credit support</i> held by the <i>EMC</i> in respect of that <i>market participant</i> will be less than the <i>market participant's credit support value</i> then, at least thirty-five (or thirty, in the case of a <i>market support services licensee</i>) prior to the time at which the <i>existing support</i> is due to expire or terminate, the <i>market participant</i> must provide to</p>	<p>7.6.6 If <i>credit support</i> for the time being held by the <i>EMC</i> in respect of a <i>market participant</i> pursuant to this section 7 (the <i>existing support</i>) is due to expire or terminate and, upon expiry or termination of the <i>existing support</i> the total <i>credit support</i> held by the <i>EMC</i> in respect of that <i>market participant</i> will be less than the <i>market participant's credit support value</i> then, at least thirty-five (or thirty, in the case of a <i>market support services licensee</i>) <u>days</u> prior to the time at which the <i>existing support</i> is due to expire or terminate, the <i>market participant</i> must provide to the <i>EMC</i> a replacement <i>credit support</i> as defined in accordance with section</p>	<p>Minor amendment to insert a missing word.</p>

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<p>the <i>EMC</i> a replacement <i>credit support</i> as defined in accordance with section 7.6.2, which will become effective no later than the expiry or termination of the <i>existing support</i>, such that the total <i>credit support</i> provided is at least equal to the <i>market participant's credit support value</i>.</p>	<p>7.6.2, which will become effective no later than the expiry or termination of the <i>existing support</i>, such that the total <i>credit support</i> provided is at least equal to the <i>market participant's credit support value</i>.</p>	
<p>7.6.7 Where:</p> <p>...</p> <p>the <i>market participant</i> must immediately so notify the <i>EMC</i>. The <i>market participant</i> shall provide to the <i>EMC</i>, (i) within two <i>business days</i> of the date on which the <i>EMC</i> is notified, or (ii) at least thirty-five (or thirty, in the case of a <i>market support services</i> licensee) days prior to the date on which the <i>existing support</i> or any part thereof ceases or shall cease to be current or valid, whichever is later, a replacement <i>credit support</i> as defined in accordance with section 7.6.2, such that the total <i>credit support</i> provided is at least equal to the <i>market participant's credit support value</i>.</p>	<p>7.6.7 Where:</p> <p>...</p> <p>the <i>market participant</i> must immediately so notify the <i>EMC</i>. The <i>market participant</i> shall provide to the <i>EMC</i>, (i) within two <i>business days</i> of the date on which the <i>EMC</i> is notified, or (ii) at least thirty-five (or thirty, in the case of a <i>market support services</i> licensee) days prior to the date on which the <i>existing support</i> or any part thereof ceases or shall cease to be current or valid, whichever is later, a replacement <i>credit support</i> as defined in accordance with section 7.6.2, such that the total <i>credit support</i> provided is at least equal to the <i>market participant's credit support value</i>.</p>	<p>Minor amendment to delete an additional word.</p>

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[New Section]	7.9 <u>OBLIGATION TO PROVIDE PERFORMANCE BONDS FOR THE RETAIL ELECTRICITY LICENSEE CLASS OF MARKET PARTICIPANTS</u>	<p>To set out the obligation of retail electricity licensee class of MPs to provide performance bonds and additional performance bonds to EMC, including the value and the terms and conditions that apply for such performance bonds and additional performance bonds.</p> <p>To set out that the enforcement on the</p>
	<p>Explanatory Note: As specified in the Authority’s Final Determination Paper on Proposed Modifications to the Code of Conduct for Retail Electricity Licensees Pertaining to the Enhanced Regulatory Regime for Electricity Retailers dated 25 October 2023, to increase the resilience of retailers during periods of market volatility, retail electricity licensees would be required to provide performance bonds and additional performance bonds for any unhedged load. Such performance bonds and additional performance bonds shall be provided to the EMC, as a designated person for the management of the performance bond regime by the Authority.</p>	
	<p>7.9.1 <u>Each retail electricity licensee class of market participant shall provide to the EMC and shall at all times maintain, to the extent required by and in accordance with the Code of Conduct for Retail Electricity Licensees, adequate performance bonds and additional performance bonds in a form permitted by section 7.9.2.</u></p> <p>7.9.2 <u>A retail electricity licensee class of market participant’s performance bonds and additional performance bonds value as required by the Code of</u></p>	

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	<p><u>Conduct for Retail Electricity Licensees must be met through the provision to the EMC and the maintenance of performance bonds and additional performance bonds in one or more of the following forms:</u></p> <p>7.9.2.1 <u>a irrevocable, unconditional and on-demand guarantee provided in relation to or on behalf of the retail electricity licensee class of market participant issued in favour of the EMC, in accordance with the Code of Conduct for Retail Electricity Licensees, that must be in the form defined in section 7.9.3.1; or</u></p> <p>7.9.2.2 <u>cash deposits made with or assigned to the EMC by or on behalf of the retail electricity licensee class of market participant.</u></p> <p>7.9.3 <u>The following terms and conditions shall apply in respect of the performance bonds and additional performance bonds provided by a retail electricity licensee class of market participant pursuant to section 7.9.2:</u></p> <p>7.9.3.1 <u>Performance bonds and additional performance bonds provided in accordance with section 7.9.2.1 shall:</u></p> <p>a. <u>Be an obligation in writing;</u></p>	<p>obligation of retailers to provide performance bonds and additional performance bonds will be done by the Authority.</p>

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	<p>b. <u>Be governed by the laws of Singapore;</u></p> <p>c. <u>Where the performance bonds and additional performance bonds is in the form of a guarantee, be executed as a deed substantially in the manner as set out in the applicable market manual, permit demand(s) made by the EMC for payment up to the full amount stated in the performance bonds or additional performance bonds:</u></p> <p>7.9.3.2 <u>Performance bonds and additional performance bonds provided in accordance with section 7.9.2.2 shall</u></p> <p>a. <u>constitute valid and binding unsubordinated obligations to pay to the EMC amounts in accordance with its terms which relate to the obligations of the relevant market participant under the market rules and the Code of Conduct for Retail Electricity Licensees;</u></p> <p>b. <u>be accompanied by an assignment by the retail electricity licensee class of market participant to the EMC of all of the market participant's present and future</u></p>	

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	<p style="text-align: center;"> right, title and interest in and to such <i>performance bonds</i> and <i>additional performance bonds</i> as general and continuing security and as a pledge to secure all indebtedness, obligations and liabilities of any kind, direct or indirect, absolute or contingent, joint or several, of the <i>retail electricity licensee</i> class of <i>market participant</i> to the <i>EMC</i> in respect of the <i>retail electricity licensee</i> class of <i>market participant's</i> transactions in the <i>real-time markets</i>; </p> <p style="text-align: center;"> c. be reflected in a written instrument and be made to the applicable <i>EMC bank account</i>. </p> <p>7.9.4 <u>For each month, a <i>retail electricity licensee</i> class of <i>market participant</i> shall:</u></p> <p style="padding-left: 40px;">7.9.4.1 <u>provide to the <i>EMC performance bonds</i> at least equal to the amount the <i>retail electricity licensee</i> class of <i>market participant</i> is required to provide in accordance with the <i>Code of Conduct for Retail Electricity Licensees</i>; and</u></p>	

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	<p style="text-align: center;">7.9.4.2 provide such <i>performance bonds</i> to the <i>EMC</i> no later than 5:00 pm on the last <i>business day</i> of the third week of that month.</p> <p>7.9.5 <u>As and when required in the <i>Code of Conduct for Retail Electricity Licensees</i>, a <i>retail electricity licensee</i> class of <i>market participant</i> shall:</u></p> <p style="text-align: center;">7.9.5.1 <u>provide to the <i>EMC</i> <i>additional performance bonds</i> at least equal to the amount the <i>Authority</i> indicates the <i>retail electricity licensee</i> class of <i>market participant</i> is required to provide in accordance with the <i>Code of Conduct for Retail Electricity Licensees</i>; and</u></p> <p style="text-align: center;">7.9.5.2 <u>provide such <i>additional performance bonds</i> to the <i>EMC</i> no later than 5:00 pm on the last <i>business day</i> of the third week of the month where such indication from the <i>Authority</i> in section 7.9.5.1 is made. However, should the indication from the <i>Authority</i> in section 7.9.5.1 be made in the last week of that month, such <i>additional performance bonds</i> shall be provided to the <i>EMC</i> no later than 5:00 pm on the last <i>business day</i> of</u></p>	

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	<p style="text-align: center;"><u>the third week of the following month instead.</u></p> <p>7.9.6 <u>If the <i>retail electricity licensee</i> class of <i>market participant</i> is notified by the <i>EMC</i> in accordance with section 7.11.1.2 that the <i>performance bonds</i> or <i>additional performance bonds</i> value is less than to the amount indicated by the <i>Authority</i> is required for that instance or month, the <i>retail electricity licensee</i> class of <i>market participant</i> shall provide, within 2 <i>business days</i> of such notification, <i>performance bonds</i> and <i>additional performance bonds</i> to the extent required for that month as indicated by the <i>Authority</i>.</u></p> <p>7.9.7 <u>Unless otherwise stated by the <i>Authority</i>, if <i>performance bonds</i> or <i>additional performance bonds</i> for the time being held by the <i>EMC</i> in respect of a <i>retail electricity licensee</i> class of <i>market participant</i> pursuant to this section 7 (the <i>existing performance bonds</i>) is due to expire or terminate and, upon expiry or termination of the <i>existing performance bonds</i> the total <i>performance bonds</i> and <i>additional performance bonds</i> held by the <i>EMC</i> in respect of that <i>retail electricity licensee</i> class of <i>market participant</i> will be less than the <i>market participant's performance bonds</i> and <i>additional performance bonds</i> value as required by the <i>Code of Conduct for Retail Electricity Licensees</i> then, at least thirty-five days prior to the time at which the <i>existing performance bonds</i> is due to expire or terminate, the <i>retail electricity</i> class of <i>market participant</i> must provide</u></p>	

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	<p>to the <i>EMC</i> a replacement <u><i>performance bonds</i></u> or <u><i>additional performance bonds</i></u> as defined in accordance with section 7.9.2, which will become effective no later than the expiry or termination of the <i>existing performance bonds</i>, such that the total <u><i>performance bonds</i></u> and <u><i>additional performance bonds</i></u> provided is at least equal to the value required of the <u><i>retail electricity licensee class of market participant in the Code of Conduct for Retail Electricity Licensees</i></u>.</p> <p>7.9.8 <u>Where:</u></p> <p>7.9.8.1 <u>Any part of the <i>performance bonds</i> and <i>additional performance bonds</i> held by the <i>EMC</i> in respect of a <i>retail electricity licensee class of market participant</i> otherwise ceases to be or shall cease to be current or valid for any reason.</u></p> <p>7.9.8.2 <u>it becomes unlawful for a <i>retail electricity licensee class of market participant's performance bonds provider</i> to comply with any of its obligations under the <i>performance bonds</i> and <i>additional performance bonds</i> supplied by it or any other obligation owed to the <i>EMC</i>, or it is claimed to have become so by the <i>performance bonds provider</i>;</u></p>	

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	<p>7.9.8.3 a licence, permit or other authorisation necessary to enable a of <i>retail electricity licensee</i> class of <i>market participant's performance bonds provider</i> to carry on its principal business or activities is suspended, revoked or otherwise ceases to be in full force and effect;</p> <p>7.9.8.4 the <i>retail electricity licensee</i> class of <i>market participant's performance bonds provider</i> ceases or threatens to cease to carry on its business or a substantial part of its business;</p> <p>7.9.8.5 the <i>retail electricity licensee</i> class of <i>market participant's performance bonds provider</i> enters into or takes any action to enter into an arrangement, composition or compromise with, or an assignment for the benefit of, all or any class of its creditors or members or a moratorium involving any of them;</p> <p>7.9.8.6 the <i>retail electricity licensee</i> class of <i>market participant's performance bonds provider</i> states that it is unable to pay from its own money its debts when they fall due for payment;</p>	

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	<p data-bbox="1205 280 1816 1273">7.9.8.7 a receiver, receiver and manager, judicial manager or person having a similar or analogous function under the laws of any relevant jurisdiction is appointed in respect of any property of a retail electricity licensee class of market participant's performance bonds provider which is used in or relevant to the performance by the retail electricity licensee class of market participant or the retail electricity licensee class of market participant's performance bonds provider of their respective obligations under the market rules, a market manual, the system operation manual, an Code of Conduct for Retail Electricity Licensees, an electricity licence issued to the retail electricity licensee class of market participant or performance bonds and additional performance bonds provided by the retail electricity licensee class of market participant or the retail electricity licensee class of market participant's performance bonds provider, as the case may be;</p> <p data-bbox="1205 1294 1816 1361">7.9.8.8 <u>an administrator, liquidator, trustee in bankruptcy or person having a similar</u></p>	

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	<p><u>or analogous function under the laws of any relevant jurisdiction is appointed in respect of a <i>retail electricity licensee class of market participant's performance bonds provider</i>, or any action is taken to appoint such person;</u></p> <p>7.9.8.9 <u>an application is made for the winding up or dissolution or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of a <i>retail electricity licensee class of market participant's performance bonds provider</i>;</u></p> <p>7.9.8.10 <u>the <i>retail electricity licensee class of market participant's performance bonds provider</i> is wound up or dissolved, unless the notice of winding up or dissolution is discharged; or</u></p> <p>7.9.8.11 <u>the <i>retail electricity licensee class of market participant's performance bonds provider</i> is taken to be insolvent or unable to pay its debts under any applicable legislation,</u></p> <p><u>the <i>retail electricity licensee class of market participant</i> must immediately notify the EMC.</u> <u>The <i>retail electricity licensee class of market</i></u></p>	

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	<p style="text-align: center;"><u>participant shall provide to the EMC, prior to the date on which the performance bonds and additional performance bonds or any part thereof ceases or shall cease to be current or valid, whichever is later, replacement performance bonds or additional performance bonds in accordance with and to the extent required by and in accordance with the Code of Conduct for Retail Electricity Licensees.</u></p> <p>7.9.9 <u>For the purposes of this section 7.9, notwithstanding section 7.1.2 of Chapter 3, enforcement of compliance with the market rules shall be conducted by the Authority.</u></p>	
[New section]	<p style="text-align: center;"><u>7.10 EXERCISE OF RIGHTS TO PERFORMANCE BONDS</u></p> <p>7.10.1 <u>Subject to section 9.2.2 of this chapter and to section 7.3.3, 7.3.3A and 7.3.3B of Chapter 3, and the Code of Conduct for Retail Electricity Licensees, upon:</u></p> <p style="padding-left: 40px;">a. <u>the occurrence of an event of default by or in relation to a retail electricity licensee class</u></p>	To establish that EMC can exercise its rights to a retailer's performance bonds and additional performance bonds in full should a retailer incur

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	<p style="text-align: right;"><u>of market participant;</u> <u>and</u></p> <p style="text-align: right;">b. <u>where the <i>credit support</i> held in respect of the obligations of the <i>retail electricity licensee</i> class of market participant claimed by the <i>EMC</i> is insufficient to cover the full amount due by that <i>retail electricity licensee</i> class of market participant on a market participant payment date;</u></p> <p><u>The <i>EMC</i> shall, without prejudice to any other rights and remedies that the <i>EMC</i> may have under these <i>market rules</i> or <i>applicable law</i> or in equity, be entitled to:</u></p> <p>7.10.1.1 <u>make demand(s) under all guarantees provided pursuant to section 7.9.2.1 and pursue all rights and remedies under <i>applicable law</i> or in equity against any such guarantor; and</u></p> <p>7.10.1.2 <u>set off and apply any and all <i>performance bonds</i> and <i>additional performance bonds</i> held in the form of cash against the indebtedness,</u></p>	<p>an event of default where the retailer's credit support is insufficient to cover the amount it owes to the market.</p>

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	<p style="text-align: center;"><u>obligations and liabilities referred to in section 7.9.3.2(b). :</u></p> <p>7.10.2 <u>Each of the rights and remedies referred to in section 7.10.1 is intended to be a separate right and remedy and in no way is a limitation on or substitute for any one or more of the other rights and remedies otherwise available to the EMC. The rights and remedies referred to in section 7.10.1 shall be cumulative and not exclusive, and such rights and remedies may be exercised concurrently or individually without the necessity of any election.</u></p> <p>7.10.3 <u>A retail electricity licensee class of market participant shall pay to the EMC forthwith on demand all costs, charges, expenses and fees, including legal fees on a solicitor and client basis, of or incurred by or on behalf of the EMC in:</u></p> <p style="padding-left: 40px;">7.10.3.1 <u>the enforcement or recovery of payment of any amounts owing to the EMC by the retail electricity class of market participant in respect of its transactions in the real-time markets; and</u></p> <p style="padding-left: 40px;">7.10.3.2 <u>the realisation of the performance bonds and additional performance bonds provided by the retail electricity class of market participant.</u></p> <p>7.10.4 <u>The costs, charges, expenses and fees referred to in section 7.10.3 shall be secured by the performance</u></p>	

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	<p><u>bonds and additional performance bonds provided by the retail electricity licensee class of market participant.</u></p> <p>7.10.5 <u>Except as may otherwise be provided in section 9.8, all monies received by the EMC in respect of the realisation of the performance bonds and additional performance bonds provided by a retail electricity licensee class of market participant may, notwithstanding any appropriation by the retail electricity licensee class of market participant or any other person, be appropriated by the EMC to such parts of the component parts of the retail electricity licensee class of market participant's estimated net exposure, any interest thereon owing pursuant to these market rules or any costs, charges, expenses and fees referred to in section 7.10.3 and in such order as the EMC determines appropriate.</u></p> <p>7.10.6 <u>If, as a result of the EMC exercising its rights under performance bonds and additional performance bonds provided by a retail electricity licensee class of market participant in accordance with this section 7.10 and section 7.3.3 of Chapter 3, the remaining performance bonds and additional performance bonds held by the EMC in respect of that retail electricity licensee class of market participant is less than the retail electricity licensee class of market participant's performance bonds and additional performance bonds value as required by the Code of Conduct for Retail Electricity Licensees, the retail electricity licensee class of market participant must, no later than 5:00 pm on the last business day of</u></p>	

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
	<p><u>the third week of the following month, or within the period as directed by the Authority, provide the EMC with supplementary performance bonds and additional performance bonds such that the total performance bonds and additional performance bonds provided is at least equal to the retail electricity licensee class of market participant's performance bonds and additional performance bonds value as required by the Code of Conduct for Retail Electricity Licensees.</u></p> <p>7.10.7 <u>For the avoidance of doubt, the EMC shall be entitled to all rights, in respect of any and all performance bonds and additional performance bonds previously provided by a person, whose registration as a market participant has expired pursuant to section 4.1.4 or who is a terminated market participant, and retained by the EMC in accordance with the market rules after the expiration or termination of such person's registration as a market participant. In this regard, a non-payment by such person of any sums due and payable by it under section 9 of this Chapter or under section 5.8.6 of Chapter 7 shall for the purposes of the market rules be deemed to be an event of default by or of that person as a market participant notwithstanding the expiration or termination of its registration as a market participant.</u></p> <p>7.10.8 <u>Where the EMC is satisfied that a person whose registration as a retail electricity licensee class of market participant has expired pursuant to section 4.1.4 has no remaining financial obligations or</u></p>	

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
	<p><u>liabilities under the <i>market rules</i>, and where there is remaining <i>performance bonds</i> or <i>additional performance bonds</i> held by the <i>EMC</i> in respect of such person, the <i>EMC</i> shall take appropriate actions as may be directed by the <i>Authority</i>.</u></p>	
[New section]	<p><u>7.11 OBLIGATIONS OF THE EMC IN ADMINISTRATING AND MANAGING THE PERFORMANCE BONDS REGIME</u></p> <p>7.11.1 <u>The obligations of the <i>EMC</i>, as a designated person under the <i>Code of Conduct for Retail Electricity Licensees</i> in connection with the administration and management of the performance bonds regime, shall include the following:</u></p> <p style="padding-left: 40px;">7.11.1.1 <u>collecting the <i>performance bonds</i> and <i>additional performance bonds</i> that the <i>retail electricity licensee class of market participants</i> are required to provide as indicated to <i>EMC</i> by the <i>Authority</i>, in accordance with section 7.9 and the <i>Code of Conduct for Retail Electricity Licensees</i>;</u></p> <p style="padding-left: 40px;">7.11.1.2 <u>verifying that the value of the <i>performance bonds</i> and/or <i>additional performance bonds</i> collected from the</u></p>	To set out EMC's obligations as the administrator and manager of the performance bonds regime.

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
	<p><u>retail electricity licensee class of market participants in accordance with section 7.11.1.1 is at least equal to the amount indicated by the Authority;</u></p> <p>7.11.1.3 <u>notifying the retail electricity licensee class of market participants should the value of the provided performance bonds and/or additional performance bonds be different to the amount indicated by the Authority in accordance with section 7.11.1.1;</u></p> <p>7.11.1.4 <u>reporting to the Authority on the compliance of retail electricity licensee class of market participants in their provision of performance bonds and additional performance bonds in accordance with section 7.9 and the Code of Conduct for Retail Electricity Licensees on a monthly basis; and</u></p> <p>7.11.1.5 <u>reporting to the Authority on any realised performance bonds and additional performance bonds, subject to section 7.10.1.</u></p>	

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<p>9 <u>DEFAULT LEVY</u></p>	<p>9 <u>DEFAULT LEVY</u></p>	
<p>9.2 <u>NOTICE OF FIRST DEFAULT LEVY</u></p> <p>9.2.1 Where a <i>market participant</i> has failed to remit to the <i>EMC settlement clearing account</i> the full amount due by that <i>market participant</i> by the <i>close of banking business</i> of the bank at which the <i>EMC settlement clearing account</i> is held on a <i>market participant payment date</i>:</p> <p style="padding-left: 40px;">9.2.1.1 the <i>EMC</i> shall, within one <i>business days</i> of the <i>market participant payment date</i>, issue a <i>default notice</i> to the <i>defaulting market participant</i> in accordance with section 7.3.3 of Chapter 3;</p> <p style="padding-left: 40px;">9.2.1.2 the <i>EMC</i> shall take such steps as may be required to enable the <i>EMC</i> to realise, under section 9.2.2.2, any <i>credit support</i> held in respect of the <i>defaulting market participant</i>; and</p>	<p>9.2 <u>NOTICE OF FIRST DEFAULT LEVY</u></p> <p>9.2.1 Where a <i>market participant</i> has failed to remit to the <i>EMC settlement clearing account</i> the full amount due by that <i>market participant</i> by the <i>close of banking business</i> of the bank at which the <i>EMC settlement clearing account</i> is held on a <i>market participant payment date</i>:</p> <p style="padding-left: 40px;">9.2.1.1 the <i>EMC</i> shall, within one <i>business days</i> of the <i>market participant payment date</i>, issue a <i>default notice</i> to the <i>defaulting market participant</i> in accordance with section 7.3.3 of Chapter 3;</p> <p style="padding-left: 40px;">9.2.1.2 the <i>EMC</i> shall take such steps as may be required to enable the <i>EMC</i> to realise, under section 9.2.2.2, any <i>credit support</i>, <u>and subject to section 7.10.1, any performance bonds, and additional performance bonds</u> held in respect of the <i>defaulting market participant</i>; and</p>	<p>To authorize EMC to take steps to realise performance bonds and additional performance bonds held in respect of a defaulting market participant incurring an event of default and who failed to remedy the event of default, subject to section 7.10.1.</p>

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<p>9.2.1.3 the <i>EMC</i> may take such steps as may be permitted by section 5.12.4 of Chapter 7.</p> <p>9.2.2 Where a <i>defaulting market participant</i> has failed to remit to the <i>EMC settlement clearing account</i> the full amount due by that <i>market participant</i> within the time specified in the <i>default notice</i>, the <i>EMC</i> shall:</p> <p>9.2.2.1 issue a first <i>notice of default levy</i> in accordance with section 9.2.3; and</p> <p>9.2.2.2 take such steps as may be required to realise any <i>credit support</i> held in respect of the <i>defaulting market participant</i>, within the same <i>business day</i>.</p> <p>9.2.3 A first <i>notice of default levy</i> shall be issued to each <i>non-defaulting market participant</i> that transacted in the <i>real-time markets</i> during the <i>trading day</i> to which such default relates and shall identify:</p> <p>...</p> <p>9.2.3.5 the value of all <i>credit support</i>, held in respect of the <i>defaulting market participant</i>;</p>	<p>9.2.1.3 the <i>EMC</i> may take such steps as may be permitted by section 5.12.4 of Chapter 7.</p> <p>9.2.2 Where a <i>defaulting market participant</i> has failed to remit to the <i>EMC settlement clearing account</i> the full amount due by that <i>market participant</i> within the time specified in the <i>default notice</i>, the <i>EMC</i> shall:</p> <p>9.2.2.1 issue a first <i>notice of default levy</i> in accordance with section 9.2.3; and</p> <p>9.2.2.2 take such steps as may be required to realise any <i>credit support</i>, <u>and subject to section 7.10.1, all performance bonds, and additional performance bonds</u> held in respect of the <i>defaulting market participant</i>, within the same <i>business day</i>.</p> <p>9.2.3 A first <i>notice of default levy</i> shall be issued to each <i>non-defaulting market participant</i> that transacted in the <i>real-time markets</i> during the <i>trading day</i> to which such default relates and shall identify:</p> <p>...</p> <p>9.2.3.5 the value of all <i>credit support</i>, <u>performance bonds, and additional</u></p>	<p>To allow <i>EMC</i> to reflect the value of any realised performance bonds and additional performance bonds in the first notice of default levy.</p>

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<p>9.2.3.6 the estimated amount of any second default levy that may have to be imposed pursuant to section 9.4 in the event of the inability <i>by</i> the <i>EMC</i> to realise all of the <i>credit support</i> referred to in section 9.2.3.5 prior to the time noted in section 9.4.1;</p> <p>...</p>	<p><i>performance bonds</i> held in respect of the <i>defaulting market participant</i>;</p> <p>9.2.3.6 the estimated amount of any second default levy that may have to be imposed pursuant to section 9.4 in the event of the inability <i>by</i> the <i>EMC</i> to realise all of the <i>credit support</i>, <u><i>performance bonds</i></u>, and <u><i>additional performance bonds</i></u> referred to in section 9.2.3.5 prior to the time noted in section 9.4.1;</p> <p>...</p>	
<p>9.3 <u>CALCULATION OF DEFAULT AMOUNT AND FIRST DEFAULT LEVY</u></p> <p>...</p> <p>9.3.2 The amount of the first <i>default levy</i> shall be:</p> <p>9.3.2.1 the aggregate of:</p> <p>a. the <i>defaulting market participant's default amount</i>,</p>	<p>9.3 <u>CALCULATION OF DEFAULT AMOUNT AND FIRST DEFAULT LEVY</u></p> <p>...</p> <p>9.3.2 The amount of the first <i>default levy</i> shall be:</p> <p>9.3.2.1 the aggregate of:</p>	<p>To set off the amount of realised performance bonds and additional performance bonds from the calculated amount of the</p>

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<p>calculated in accordance with section 9.3.1; and</p> <p>b. any costs and expenses reasonably incurred to the date of issuance of the first <i>notice of default levy</i> by the <i>EMC</i> in investigating the default in payment to which the <i>default levy</i> relates, in realising on any applicable <i>credit support</i> held in respect of the <i>defaulting market participant</i> and in implementing the <i>default levy</i>;</p> <p>9.3.2.2 less the aggregate of:</p> <p>a. claimed or drawn dollar amount of all <i>credit support</i> held in respect of the default in payment of the <i>defaulting market participant</i>; and</p> <p>b. unclaimed or undrawn dollar amount of all <i>credit support</i> held in respect of the <i>defaulting market participant</i>.</p>	<p>a. the <i>defaulting market participant's default amount</i>, calculated in accordance with section 9.3.1; and</p> <p>b. any costs and expenses reasonably incurred to the date of issuance of the first <i>notice of default levy</i> by the <i>EMC</i> in investigating the default in payment to which the <i>default levy</i> relates, in realising on any applicable <i>credit support</i>, <u><i>performance bonds</i></u>, and <u><i>additional performance bonds</i></u> held in respect of the <i>defaulting market participant</i> and in implementing the <i>default levy</i>;</p> <p>9.3.2.2 less the aggregate of:</p> <p>a. claimed or drawn dollar amount of all <i>credit support</i>, <u><i>performance bonds</i></u>, and <u><i>additional performance bonds</i></u> held in respect of the default in payment of the <i>defaulting market participant</i>; and</p> <p>b. unclaimed or undrawn dollar amount of all <i>credit support</i>, <u><i>performance bonds</i></u>, and <u><i>additional performance bonds</i></u></p>	<p>first default levy.</p>

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<p>9.3.2A If the amount of the first <i>default levy</i> calculated in accordance with section 9.3.2 is negative, the amount of the first <i>default levy</i> shall be considered as zero.</p> <p>9.3.3 The first <i>default levy</i> shall be apportioned amongst and invoiced to <i>non-defaulting market participants</i> in accordance with sections 9.6.1 and 9.6.2.</p>	<p>held in respect of the <i>defaulting market participant</i>.</p> <p>9.3.2A If the amount of the first <i>default levy</i> calculated in accordance with section 9.3.2 is negative, the amount of the first <i>default levy</i> shall be considered as zero.</p> <p>9.3.3 The first <i>default levy</i> shall be apportioned amongst and invoiced to <i>non-defaulting market participants</i> in accordance with sections 9.6.1 and 9.6.2.</p>	
<p>9.4 <u>NOTICE OF SECOND DEFAULT LEVY</u></p> <p>9.4.1 The <i>EMC</i> shall, on the seventh <i>business day</i> following the issuance of invoices imposing the first <i>default levy</i>, issue a second <i>notice of default levy</i> in accordance with section 9.4.2 if:</p> <p>9.4.1.1 the <i>EMC</i> has failed to realise the unclaimed or undrawn dollar amount of the <i>credit support</i> referred to in section 9.3.2.2(b)</p>	<p>9.4 <u>NOTICE OF SECOND DEFAULT LEVY</u></p> <p>9.4.1 The <i>EMC</i> shall, on the seventh <i>business day</i> following the issuance of invoices imposing the first <i>default levy</i>, issue a second <i>notice of default levy</i> in accordance with section 9.4.2 if:</p> <p>9.4.1.1 the <i>EMC</i> has failed to realise the unclaimed or undrawn dollar amount of the <i>credit support</i>, <u><i>performance bonds</i></u>, and <u><i>additional performance bonds</i></u> referred to in section 9.3.2.2(b)</p>	<p>To account for, in the notice of the second default levy, any performance bonds and additional performance bonds that EMC failed to realise within 7 business days after the</p>

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<p>within seven <i>business days</i> following the issuance of invoices imposing the first <i>default levy</i>; and/or</p> <p>9.4.1.2 any costs and expenses have been reasonably incurred by the <i>EMC</i> after the issuance of the first <i>notice of default levy</i> in investigating the default in payment to which the <i>default levy</i> relates, in realising any applicable <i>credit support</i> held in respect of the <i>defaulting market participant</i> and in implementing the <i>default levy</i>.</p> <p>9.4.2 The second <i>notice of default levy</i> shall be issued to each <i>non-defaulting market participant</i> on whom a first <i>default levy</i> has been imposed and shall identify:</p> <p>...</p> <p>9.4.2.5 the amount of any credit support held in respect of the defaulting market participant that has been realised;</p>	<p>within seven <i>business days</i> following the issuance of invoices imposing the first <i>default levy</i>; and/or</p> <p>9.4.1.2 any costs and expenses have been reasonably incurred by the <i>EMC</i> after the issuance of the first <i>notice of default levy</i> in investigating the default in payment to which the <i>default levy</i> relates, in realising any applicable <i>credit support</i>, <u><i>performance bonds</i></u>, and <u><i>additional performance bonds</i></u> held in respect of the <i>defaulting market participant</i> and in implementing the <i>default levy</i>.</p> <p>9.4.2 The second <i>notice of default levy</i> shall be issued to each <i>non-defaulting market participant</i> on whom a first <i>default levy</i> has been imposed and shall identify:</p> <p>...</p> <p>9.4.2.1 the amount of any credit support, <u><i>performance bonds</i></u>, and <u><i>additional performance bonds</i></u> held in respect of the defaulting market participant that has been realised;</p> <p>9.4.2.2 the amount of any <i>credit support</i>, <u><i>performance bonds</i></u>, and <u><i>additional</i></u></p>	<p>first default levy, and any expenses and costs incurred by EMC in realizing any performance bonds and additional performance bonds.</p>

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<p>9.4.2.6 the amount of any <i>credit support</i> held in respect of the <i>defaulting market participant</i> that remains to be realised;</p> <p>...</p>	<p><u><i>performance bonds</i></u> held in respect of the <i>defaulting market participant</i> that remains to be realised;</p> <p>...</p>	
<p>9.5 <u>CALCULATION OF RESIDUAL DEFAULT AMOUNT AND SECOND DEFAULT LEVY</u></p> <p>...</p> <p>9.5.1.2 less the aggregate of:</p> <ul style="list-style-type: none"> a. the amount of the first <i>default levy</i>; and b. any claimed or drawn dollar amount of all <i>credit support</i> held in respect of the default in payment of the <i>defaulting market participant</i> since the <i>market participant payment date</i> referred to in section 9.2.1. <p>9.5.2 The amount of the second <i>default levy</i> shall be the aggregate of:</p>	<p>9.5 <u>CALCULATION OF RESIDUAL DEFAULT AMOUNT AND SECOND DEFAULT LEVY</u></p> <p>...</p> <p>9.5.1.2 less the aggregate of:</p> <ul style="list-style-type: none"> a. the amount of the first <i>default levy</i>; and b. any claimed or drawn dollar amount of all <i>credit support</i>, <u><i>performance bonds</i></u>, and <u><i>additional performance bonds</i></u> held in respect of the default in payment of the <i>defaulting market participant</i> since the <i>market participant payment date</i> referred to in section 9.2.1. <p>9.5.2 The amount of the second <i>default levy</i> shall be the aggregate of:</p>	<p>To net off, from the second default levy amount, any <i>performance bonds</i> and <i>additional performance bonds</i> drawn down between the imposition of the first and second default levy.</p>

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<p>9.5.2.1 the <i>defaulting market participant's residual default amount</i>, calculated in accordance with section 9.5.1; and</p> <p>9.5.2.2 any costs and expenses reasonably incurred by the <i>EMC</i> in investigating the default in payment to which the <i>default levy</i> relates, in realising any applicable <i>credit support</i> and in implementing the <i>default levy</i> since the <i>market participant payment date</i> referred to in section 9.2.1.</p> <p>9.5.2A If the amount of the second <i>default levy</i> calculated in accordance with section 9.5.2 is negative, the amount of the second <i>default levy</i> shall be considered as zero.</p> <p>9.5.3 The second <i>default levy</i> shall be apportioned and invoiced to <i>non-defaulting market participants</i> in accordance with sections 9.6.1 and 9.6.2.</p>	<p>9.5.2.1 the <i>defaulting market participant's residual default amount</i>, calculated in accordance with section 9.5.1; and</p> <p>9.5.2.2 any costs and expenses reasonably incurred by the <i>EMC</i> in investigating the default in payment to which the <i>default levy</i> relates, in realising any applicable <i>credit support</i>, <u><i>performance bonds</i></u>, and <u><i>additional performance bonds</i></u> and in implementing the <i>default levy</i> since the <i>market participant payment date</i> referred to in section 9.2.1.</p> <p>9.5.2A If the amount of the second <i>default levy</i> calculated in accordance with section 9.5.2 is negative, the amount of the second <i>default levy</i> shall be considered as zero.</p> <p>9.5.3 The second <i>default levy</i> shall be apportioned and invoiced to <i>non-defaulting market participants</i> in accordance with sections 9.6.1 and 9.6.2.</p>	

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<p>9.8 <u>OTHER RECOVERY OF DEFAULT AMOUNTS</u></p> <p>9.8.1 Notwithstanding the imposition of a <i>default levy</i>, the <i>EMC</i> shall subject to section 9.9 take all reasonable steps to recover from the <i>defaulting market participant</i>, including by means of the realisation of any <i>credit support</i> held in respect of a <i>defaulting market participant</i> that has not been realised as at the date of calculation of a second <i>default levy</i>, all amounts owing to the <i>EMC</i> under the <i>market rules</i> in respect of the <i>defaulting market participant's</i> default in payment and any costs and expenses incurred by the <i>EMC</i> in connection with or in relation to the recovery of such amounts owing by the <i>defaulting market participant</i> (including but not limited to costs and expenses incurred by the <i>EMC</i> in investigating the default in payment, in realising any applicable <i>credit support</i>, in implementing the <i>default levy</i> or <i>multiple default levy</i>, and in taking any steps under this section 9.8.1). The <i>EMC</i> may, but shall not be obliged to, follow the dispute resolution process set forth in section 3 of Chapter 3 for the purpose of obtaining such recovery.</p>	<p>9.8 <u>OTHER RECOVERY OF DEFAULT AMOUNTS</u></p> <p>9.8.1 Notwithstanding the imposition of a <i>default levy</i>, the <i>EMC</i> shall subject to section 9.9 take all reasonable steps to recover from the <i>defaulting market participant</i>, including by means of the realisation of any <i>credit support</i>, and subject to section 7.10.1, <u>performance bonds, and additional performance bonds</u> held in respect of a <i>defaulting market participant</i> that has not been realised as at the date of calculation of a second <i>default levy</i>, all amounts owing to the <i>EMC</i> under the <i>market rules</i> in respect of the <i>defaulting market participant's</i> default in payment and any costs and expenses incurred by the <i>EMC</i> in connection with or in relation to the recovery of such amounts owing by the <i>defaulting market participant</i> (including but not limited to costs and expenses incurred by the <i>EMC</i> in investigating the default in payment, in realising any applicable <i>credit support</i>, <u>performance bonds, or additional performance bonds</u>, in implementing the <i>default levy</i> or <i>multiple default levy</i>, and in taking any steps under this section 9.8.1).</p> <p>9.8.2 The <i>EMC</i> may, but shall not be obliged to, follow the dispute resolution process set forth in section 3 of Chapter 3 for the purpose of obtaining such recovery.</p>	<p>To authorise EMC to take steps to realise any performance bonds and additional performance bonds held by a defaulting MP that had yet been realised at the calculation of the second default levy.</p>

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<u>CHAPTER 3</u>	<u>CHAPTER 3</u>	
<u>7 ENFORCEMENT</u>	<u>7 ENFORCEMENT</u>	
<p>7.3 <u>SUSPENSION ORDERS</u></p> <p>...</p> <p>7.3.3 Where an <i>event of default</i> (other than an <i>event of default</i> referred to in sections 7.3.1.4, 7.3.1.6, 7.3.1.15 and 7.3.1.16) has occurred in relation to a <i>market participant</i>, the <i>EMC</i> shall take one or more of the following actions:</p> <p style="text-align: center;">...</p> <p style="padding-left: 40px;">7.3.3.2 make claim upon any <i>credit support</i> held in respect of the obligations of the <i>market participant</i> for such amount as the <i>EMC</i> determines represents the amount of any money actually or contingently owing</p>	<p>7.3 <u>SUSPENSION ORDERS</u></p> <p>...</p> <p>7.3.3 Where an <i>event of default</i> (other than an <i>event of default</i> referred to in sections 7.3.1.4, 7.3.1.6, 7.3.1.15 and 7.3.1.16) has occurred in relation to a <i>market participant</i>, the <i>EMC</i> shall take one or more of the following actions:</p> <p style="text-align: center;">...</p> <p style="padding-left: 40px;">7.3.3.2 make claim upon any <i>credit support held</i> in respect of the obligations of the <i>market participant</i> for such amount as the <i>EMC</i> determines represents the amount of any money actually or contingently owing by the <i>market participant</i> to the <i>EMC</i> under the <i>market rules</i>, <u>and, subject to</u></p>	<p>To authorize EMC to draw down on all performance bonds and additional performance bonds when an event of default occurred with respect to a market participant, where the credit support held in respect of that market</p>

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<p>by the <i>market participant</i> to the <i>EMC</i> under the <i>market rules</i>;</p>	<p><u>section 7.10.1 of Chapter 2, upon all performance bonds and additional performance bonds;</u></p>	<p>participant is insufficient as per section 7.10.1 of Chapter 2.</p>
<p>7.3.10 Notwithstanding that an <i>event of default</i> may have been remedied by the <i>market participant</i>, the <i>EMC</i> may, where it considers that it is in the interests of preserving the integrity of the <i>wholesale electricity markets</i>, impose such conditions on the <i>market participant's</i> registration as a <i>market participant</i> as the <i>EMC</i> deems appropriate, including the conditions noted in sections 7.3.15.1 and 7.3.15.2.</p> <p>If an <i>event of default</i> is not remedied within the time specified in the <i>default notice</i>, the <i>EMC</i> shall take one or more of the following actions:</p> <p>7.3.10.1 if it has not already done so, make claim upon all <i>credit support</i> held in respect of the <i>market participant</i>; and/or</p>	<p>7.3.10 Notwithstanding that an <i>event of default</i> may have been remedied by the <i>market participant</i>, the <i>EMC</i> may, where it considers that it is in the interests of preserving the integrity of the <i>wholesale electricity markets</i>, impose such conditions on the <i>market participant's</i> registration as a <i>market participant</i> as the <i>EMC</i> deems appropriate, including the conditions noted in sections 7.3.15.1 and 7.3.15.2.</p> <p>If an <i>event of default</i> is not remedied within the time specified in the <i>default notice</i>, the <i>EMC</i> shall take one or more of the following actions:</p> <p>7.3.10.1 if it has not already done so, make claim upon all <i>credit support</i> and, subject to <u>section 7.10.1 of Chapter 2, upon all performance bonds and additional performance bonds</u> held in respect of the <i>market participant</i>; and/or</p>	<p>To authorize <i>EMC</i> to draw down on all performance bonds and additional performance bonds when an event of default occurred with respect to a market participant, and was left unremedied, where the credit support held in respect of that market participant is insufficient as per section</p>

Existing Market Rules (1 January 2023)	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
		7.10.1 of Chapter 2.

<u>CHAPTER 8</u>	<u>CHAPTER 8</u>	
<u>1 DEFINITIONS</u>	<u>1 DEFINITIONS</u>	
[New sections]	<p>1.1.1 <u>Additional performance bonds means the performance bonds a retail electricity licensee class of market participant is required to provide when the positive difference between the aggregate Actual Retail Contract Quantity and the aggregate Projected Retail Contract Quantity for any Assessment Period is equal to or more than a threshold as may be reasonably determined by the Authority, in accordance with the Code of Conduct for Retail Electricity Licensees. For avoidance of doubt, this shall be in addition to any performance bonds already provided by the retail electricity licensee class of market participant.</u></p> <p>1.1.2 <u>Code of Conduct for Retail Electricity Licensees means the code of practice that sets forth minimum standards of performance in accordance with which a Retail Electricity Licensee is required to conduct its retail activities with respect to all consumers (residential and non-residential).</u></p> <p>1.1.3 <u>Performance bonds means with respect to a retail electricity licensee class of market participant, the performance bonds provided by the retail</u></p>	To set forth new definitions

	<p><u>electricity licensee class of market participant as required under and in accordance with section 7.9.2 of Chapter 2.</u></p> <p>1.1.4 <u>Performance bond provider means a person that has provided performance bonds or additional performance bonds in relation to or on behalf of a retail electricity licensee class of market participant.</u></p>	
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Proposed Changes to the Market Manuals (Annex 2 and Annex 3)

(Please note that only modified or new sections/appendices are highlighted.)

Annex 2: Proposed Market Manual Modifications

Existing Market Manuals	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<p><u>MARKET ADMINISTRATION MARKET</u> <u>MANUAL</u> <u>(PART 1 OF 5)</u></p>	<p><u>MARKET ADMINISTRATION MARKET</u> <u>MANUAL</u> <u>(PART 1 OF 5)</u></p>	
<p>[Application form for Market Participant Registration, Appendix 2A, Page 14, paragraph 1]</p> <p>1. Pursuant to your obtaining an electricity licence authorising you to operate any wholesale electricity market in Singapore and your entering into the Market Rules under the Electricity Act, Chapter 89A of Singapore (the “Rules”) which set out and govern the trading of electricity in Singapore, we, [<i>name of guarantor financial institution</i>], having our registered office at [<i>address</i>], hereby guarantee and undertake unconditionally and irrevocably to you the due payment of any and all sum or sums payable under the Rules by [<i>name of market participant</i>] (the “Principal”) and will pay to you immediately on your first written demand in respect of each such sum demanded provided that our total liability under this Guarantee shall not exceed in aggregate SINGAPORE DOLLARS [<i>state amount in words</i>] (the “Maximum Sum”).</p>	<p>[Application form for Market Participant Registration, Appendix 2A, Page 14, paragraph 1]</p> <p>1. Pursuant to your obtaining an electricity licence authorising you to operate any wholesale electricity market in Singapore and your entering into the Market Rules under the Electricity Act, Chapter 89A of Singapore <u>Electricity Act 2001 of Singapore</u> (the “Rules”) which set out and govern the trading of electricity in Singapore, we, [<i>name of guarantor financial institution</i>], having our registered office at [<i>address</i>], hereby guarantee and undertake unconditionally and irrevocably to you the due payment of any and all sum or sums payable under the Rules by [<i>name of market participant</i>] (the “Principal”) and will pay to you immediately on your first written demand in respect of each such sum demanded provided that our total liability under this Guarantee shall not exceed in aggregate SINGAPORE DOLLARS [<i>state amount in words</i>] (the “Maximum Sum”).</p>	<p>To update the relevant legislation references.</p>
<p>[Application form for Market Participant Registration, Appendix 2A, Page 15, paragraph 9]</p> <p>9. A person who is not a party to this Guarantee has</p>	<p>[Application form for Market Participant Registration, Appendix 2A, Page 15, paragraph 9]</p> <p>9. A person who is not a party to this Guarantee has no right</p>	

Existing Market Manuals	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<p>no right under the Contracts (Rights of Third Parties) Act (Chapter 53B) to enforce any term of this Guarantee.</p>	<p>under the Contracts (Rights of Third Parties) Act (Chapter 53B) <u>Contracts (Rights of Third Parties) Act 2001</u> to enforce any term of this Guarantee.</p>	
<p>[Application form for Market Participant Registration, Appendix 2B, Page 16, paragraph 1]</p> <p>1. Pursuant to your obtaining an electricity licence authorising you to operate any wholesale electricity market in Singapore and your entering into the Market Rules under the Electricity Act, Chapter 89A of Singapore (the “Rules”) which set out and govern the trading of electricity in Singapore, we, [<i>name of issuing financial institution</i>], having our registered office at [<i>address</i>], hereby issue in your favour this irrevocable Standby Letter of Credit for the due payment of any and all sum or sums payable under the Rules by [<i>name of market participant</i>] (the “Applicant”) and authorises you, the beneficiary, to draw on this Standby Letter of Credit for up to the aggregate stated amount of SINGAPORE DOLLARS [<i>state amount in words</i>] (the “Maximum Sum”).</p>	<p>[Application form for Market Participant Registration, Appendix 2B, Page 16, paragraph 1]</p> <p>1. Pursuant to your obtaining an electricity licence authorising you to operate any wholesale electricity market in Singapore and your entering into the Market Rules under the Electricity Act, Chapter 89A of Singapore <u>the Electricity Act 2001 of Singapore</u> (the “Rules”) which set out and govern the trading of electricity in Singapore, we, [<i>name of issuing financial institution</i>], having our registered office at [<i>address</i>], hereby issue in your favour this irrevocable Standby Letter of Credit for the due payment of any and all sum or sums payable under the Rules by [<i>name of market participant</i>] (the “Applicant”) and authorises you, the beneficiary, to draw on this Standby Letter of Credit for up to the aggregate stated amount of SINGAPORE DOLLARS [<i>state amount in words</i>] (the “Maximum Sum”).</p>	
<p>[Application form for Market Participant Registration, Appendix 2B, Page 17, paragraph 10]</p> <p>10. A person who is not a party to this Standby Letter of Credit has no right under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of this Standby Letter of Credit.</p>	<p>[Application form for Market Participant Registration, Appendix 2B, Page 17, paragraph 10]</p> <p>10. A person who is not a party to this Standby Letter of Credit has no right under the Contracts (Rights of Third Parties) Act (Chapter 53B) <u>Contracts (Rights of Third Parties) Act 2001</u> of Singapore to enforce any term of this Standby Letter of Credit.</p>	

Existing Market Manuals	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<p>[Application form for Authorisation of Market Support Services Licensee (MSSL), Appendix 2A, Page 33, paragraph 1]</p> <p>1. Pursuant to your obtaining an electricity licence authorising you to operate any wholesale electricity market in Singapore and your entering into the Market Rules under the Electricity Act, Chapter 89A of Singapore (the “Rules”) which set out and govern the trading of electricity in Singapore, we, <i>[name of guarantor financial institution]</i>, having our registered office at <i>[address]</i>, hereby guarantee and undertake unconditionally and irrevocably to you the due payment of any and all sum or sums payable under the Rules by <i>[name of market participant]</i> (the “Principal”) and will pay to you immediately on your first written demand in respect of each such sum demanded provided that our total liability under this Guarantee shall not exceed in aggregate SINGAPORE DOLLARS <i>[state amount in words]</i> (the “Maximum Sum”).</p>	<p>[Application form for Authorisation of Market Support Services Licensee (MSSL), Appendix 2A, Page 33, paragraph 1]</p> <p>1. Pursuant to your obtaining an electricity licence authorising you to operate any wholesale electricity market in Singapore and your entering into the Market Rules under the Electricity Act, Chapter 89A of Singapore <u>Electricity Act 2001 of Singapore</u> (the “Rules”) which set out and govern the trading of electricity in Singapore, we, <i>[name of guarantor financial institution]</i>, having our registered office at <i>[address]</i>, hereby guarantee and undertake unconditionally and irrevocably to you the due payment of any and all sum or sums payable under the Rules by <i>[name of market participant]</i> (the “Principal”) and will pay to you immediately on your first written demand in respect of each such sum demanded provided that our total liability under this Guarantee shall not exceed in aggregate SINGAPORE DOLLARS <i>[state amount in words]</i> (the “Maximum Sum”).</p>	
<p>[Application form for Authorisation of Market Support Services Licensee (MSSL), Appendix 2A, Page 34, paragraph 9]</p> <p>9. A person who is not a party to this Guarantee has no right under the Contracts (Rights of Third Parties) Act (Chapter 53B) to enforce any term of this Guarantee.</p>	<p>[Application form for Authorisation of Market Support Services Licensee (MSSL), Appendix 2A, Page 34, paragraph 9]</p> <p>9. A person who is not a party to this Guarantee has no right under the Contracts (Rights of Third Parties) Act (Chapter 53B) <u>Contracts (Rights of Third Parties) Act 2001</u> to enforce any term of this Guarantee.</p>	

Existing Market Manuals	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<p>[Application form for Authorisation of Market Support Services Licensee (MSSL), Appendix 2B, Page 35, paragraph 1]</p> <p>1. Pursuant to your obtaining an electricity licence authorising you to operate any wholesale electricity market in Singapore and your entering into the Market Rules under the Electricity Act, Chapter 89A of Singapore (the “Rules”) which set out and govern the trading of electricity in Singapore, we, <i>[name of issuing financial institution]</i>, having our registered office at <i>[address]</i>, hereby issue in your favour this irrevocable Standby Letter of Credit for the due payment of any and all sum or sums payable under the Rules by <i>[name of market participant]</i> (the “Applicant”) and authorises you, the beneficiary, to draw on this Standby Letter of Credit for up to the aggregate stated amount of SINGAPORE DOLLARS <i>[state amount in words]</i> (the “Maximum Sum”).</p>	<p>[Application form for Authorisation of Market Support Services Licensee (MSSL), Appendix 2B, Page 35, paragraph 1]</p> <p>1. Pursuant to your obtaining an electricity licence authorising you to operate any wholesale electricity market in Singapore and your entering into the Market Rules under the Electricity Act, Chapter 89A of Singapore <u>the Electricity Act 2001 of Singapore</u> (the “Rules”) which set out and govern the trading of electricity in Singapore, we, <i>[name of issuing financial institution]</i>, having our registered office at <i>[address]</i>, hereby issue in your favour this irrevocable Standby Letter of Credit for the due payment of any and all sum or sums payable under the Rules by <i>[name of market participant]</i> (the “Applicant”) and authorises you, the beneficiary, to draw on this Standby Letter of Credit for up to the aggregate stated amount of SINGAPORE DOLLARS <i>[state amount in words]</i> (the “Maximum Sum”).</p>	
<p>[Application form for Authorisation of Market Support Services Licensee (MSSL), Appendix 2B, Page 36, paragraph 10]</p> <p>10. A person who is not a party to this Standby Letter of Credit has no right under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of this Standby Letter of Credit.</p>	<p>[Application form for Authorisation of Market Support Services Licensee (MSSL), Appendix 2B, Page 36, paragraph 10]</p> <p>10. A person who is not a party to this Standby Letter of Credit has no right under the Contracts (Rights of Third Parties) Act (Chapter 53B) <u>Contracts (Rights of Third Parties) Act 2001</u> of Singapore to enforce any term of this Standby Letter of Credit.</p>	

Annex 3: Proposed Market Manual Modifications

Existing Market Manuals	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
<p align="center"><u>MARKET OPERATIONS MARKET MANUAL PERFORMANCE BONDS (CHAPTER 2 MARKET RULES)</u></p>	<p align="center"><u>MARKET OPERATIONS MARKET MANUAL PERFORMANCE BONDS (CHAPTER 2 MARKET RULES)</u></p>	
<p>[New section]</p>	<p><u>1 DEFINITIONS</u></p> <p>1.1 <u>All terms in italics used in this <i>market manual</i> shall have the same meanings as ascribed to them under the <i>market rules</i>.</u></p>	<p>To set forth that definitions in italics in the market manuals have the same meanings as ascribed in the Market Rules.</p>
<p>[New section]</p>	<p><u>2 Standards and Template for Banker's Guarantee for Performance Bonds</u></p> <p>2.1 <u>Criteria to be satisfied by a financial institution providing <i>performance bonds</i> and <i>additional performance bonds</i></u></p> <p><u>The financial institution must be (i) a local bank or (ii) a foreign bank licensed to carry on banking business in Singapore and acting through its office in Singapore, rated "A" or better by Standard & Poor's (S&P). (S&P Website: www.standardandpoors.com)</u></p> <p>2.2 <u>Banker's Guarantee Template</u></p> <p><u><i>Performance bonds</i> and <i>additional performance bonds</i></u></p>	<p>To establish the standards for the Banker's Guarantees provided as Performance Bonds and Additional Performance Bonds.</p>

Existing Market Manuals	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
	<p><u>provided by a retail electricity licensee class of market participant in the form of a guarantee must be executed as a deed and in the form and terms set out below.</u></p> <p>7</p> <hr/>	
[New section]	<p style="text-align: center;"><u>BANKER'S GUARANTEE TEMPLATE</u></p> <p style="text-align: center;"><u>[On the letterhead of the guarantor financial institution]</u></p> <p>DATE: [_____]</p> <p><u>ENERGY MARKET COMPANY PTE LTD</u> <u>4 Shenton Way</u> <u>#03-01 SGX Centre 2</u> <u>Singapore 068807</u></p> <p><u>Dear Sirs,</u></p> <p><u>BANKER'S GUARANTEE NO. [number] FOR S\$[state amount in numbers]</u></p>	To set forth the letter head for the Banker's Guarantee.
[New section]	<p>1. <u>Pursuant to your obtaining an electricity licence authorising you to operate any wholesale electricity market in Singapore and your entering into the Market Rules under the Electricity Act 2001 of Singapore (the "Rules") which set out and govern the trading of electricity in Singapore, we, [name of guarantor financial institution], having our registered office at [address], hereby guarantee and</u></p>	To set forth the guarantee and undertaking provided by the guarantor financial

Existing Market Manuals	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
	<p><u>undertake unconditionally and irrevocably to you the due payment of any and all sum or sums payable under the Rules and the Code of Conduct for Retail Electricity Licensees by [name of market participant] (the “Principal”) and will pay to you immediately on your first written demand in respect of each such sum demanded provided that our total liability under this Guarantee shall not exceed in aggregate SINGAPORE DOLLARS [state amount in words] (the “Maximum Sum”).</u></p>	<p>institution up to the Maximum Sum.</p>
[New section]	<p>2. <u>Any written demand made hereunder must (a) state the amount claimed; and (b) contain a statement certifying that the demand is made to satisfy the hedging and security requirements mandated under the Market Rules and/or the Code of Conduct for Retail Electricity Licensees.</u></p>	<p>To set forth that manner in which any demand made under this Guarantee is made to satisfy the requirements under the Performance Bonds regime. For clarity, EMC shall be able to draw up to the full amount of the Guarantee when the requirements to do so are met.</p>
[New section]	<p>3. <u>We agree that any written demand furnished by you to us under clause 2 shall be conclusive evidence that the said sum or sums referred to therein is/are payable to you by the Principal.</u></p>	
[New section]	<p>4. <u>This Guarantee shall not be affected by any time, arrangement or other indulgence which you may grant to the Principal, or with any other person which might operate to diminish or discharge the liability of or otherwise provide a defence to a surety.</u></p>	
[New section]	<p>5. <u>You shall have the right to make a demand for payment at any time under this Guarantee. You may make more than one demand under this Guarantee. If a demand exceeds the amount available under this Guarantee, but the presentation otherwise complies, we undertake to pay the amount available, provided always that our total liability under this Guarantee shall not, in any case, exceed the Maximum Sum.</u></p>	

Existing Market Manuals	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
[New section]	<p>6. <u>Without prejudice to the provisions in clauses 1 to 5 above, upon presentation of your written demand for payment as aforementioned, we shall:-</u></p> <p>a. <u>in respect of any demand received on or before 12.00 noon Singapore time at our office on any banking day, accept and honour your demand on or before 3.00 pm, Singapore time of the same day;</u></p> <p>b. <u>in respect of any demand received after 12.00 noon Singapore time at our office but on or before 5.00 pm Singapore time at our office, accept and honour your demand on or before 11.00 am Singapore time of the next banking day following presentation of your demand;</u></p> <p><u>by paying you in immediately available funds. All payments under this Guarantee shall be made in Singapore Dollars.</u></p>	To set forth the relevant schedules for payment under this Guarantee.
[New section]	<p>7. <u>This Guarantee shall be effective and remain in full force and effect from [date] (the "Start Date") to [date] (the "Expiry Date"), where the Expiry Date shall be at least 1 year after the Start Date. Demands, if any, must be made in writing and received by us at our [Banker's Guarantee Section] at [address] on or before the Expiry Date. Thereafter, our obligations under this Guarantee shall automatically cease with no further liability on our part, whether or not this Guarantee is returned to us for cancellation, except for any demand which has been validly presented under this Guarantee on or before the Expiry Date and remains unpaid.</u></p> <p><u>OR</u></p>	To set forth the Start and Expiry Dates of the Guarantee, and the provisions for automatic renewal of the Guarantee.

Existing Market Manuals	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
	<p><u>This Guarantee shall be effective and remain in full force and effect from [date] (the "Start Date") to [date] (the "Expiry Date"), where the Expiry Date shall be at least 1 year after the Start Date and shall thereafter be automatically renewed, without amendment except as to the Expiry Date, for successive periods of 1 year or [X year(s)], whichever is greater (such new expiry date being the "Renewed Expiry Date"), unless we have given written notice to you at least thirty-eight days prior to the Expiry Date or (as the case may be) the Renewed Expiry Date of our intention not to renew this Guarantee. Demands, if any, must be made in writing and received by us at our [Banker's Guarantee Section] at [address] on or before the Expiry Date or (as the case may be) the Renewed Expiry Date. Thereafter, our obligations under this Guarantee shall automatically cease with no further liability on our part, whether or not this Guarantee is returned to us for cancellation, except for any demand which has been validly presented under this Guarantee on or before the Expiry Date or (as the case may be) the Renewed Expiry Date and remains unpaid.</u></p>	
[New section]	8. <u>This Guarantee shall not be assigned or transferred.</u>	To set forth that the Guarantee shall not be assigned or transferred, the parties that have no right to the Guarantee, and that the Guarantee is governed by the laws of Singapore.
[New section]	9. <u>A person who is not a party to this Guarantee has no right under the Contracts (Rights of Third Parties) Act 2001 to enforce any term of this Guarantee.</u>	
[New section]	10. <u>This Guarantee shall be governed by and construed in all respects in accordance with the laws of the Republic of Singapore and all parties agree to submit to the exclusive jurisdiction of the courts of the Republic of Singapore.</u>	
[New section]	<u>SIGNED, SEALED AND DELIVERED for and on behalf of the GUARANTOR</u>	To require the signatures of the relevant parties.

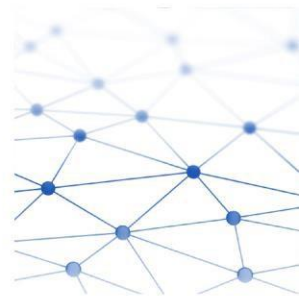
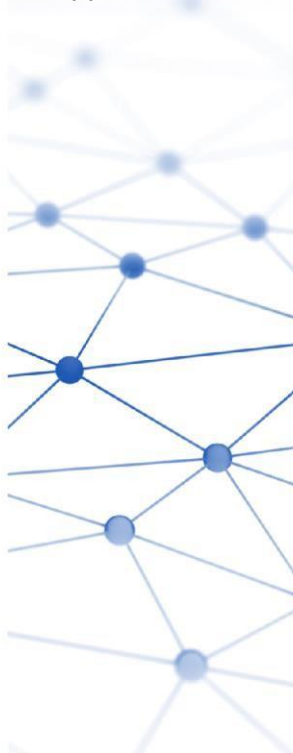
Existing Market Manuals	Proposed Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Change
	<p><u><i>[name of guarantor financial institution in capital letters]</i></u> <u>by its Attorney(s):</u></p> <p><u>[name]</u> _____ <u>[name]</u> <u>[designation]</u> _____ <u>[designation]</u></p> <p><u>acting under a Power of Attorney dated [date] (a copy of which was deposited in the Registry, Supreme Court, Singapore on the [] day of [] [20] and registered as No.[registration number] of [20])</u></p> <p><u>in the presence of:</u></p> <p><u>[Signature]</u> _____ _____</p> <p><u>[Name of witness]</u></p> <p><u>[Address]</u></p>	

MARKET ADMINISTRATION MARKET MANUAL (Part 1 of 5)

REGISTRATION AND AUTHORISATION

This market manual contains the following application forms –

- Application form for Market Participant Registration
- Application form for Authorisation of Market Support Services Licensee



Application form for Market Participant Registration

including explanatory notes

APPENDIX 2A

BANKER'S GUARANTEE TEMPLATE

[On the letterhead of the guarantor financial institution]

DATE: [_____]

ENERGY MARKET COMPANY PTE LTD
4 Shenton Way
#03-01 SGX Centre 2
Singapore 068807

Dear Sirs,

BANKER'S GUARANTEE NO. [number] FOR S\$[state amount in numbers]

1. Pursuant to your obtaining an electricity licence authorising you to operate any wholesale electricity market in Singapore and your entering into the Market Rules under ~~the Electricity Act, Chapter 89A of Singapore Electricity Act 2001 of Singapore~~ (the "Rules") which set out and govern the trading of electricity in Singapore, we, [name of guarantor financial institution], having our registered office at [address], hereby guarantee and undertake unconditionally and irrevocably to you the due payment of any and all sum or sums payable under the Rules by [name of market participant] (the "Principal") and will pay to you immediately on your first written demand in respect of each such sum demanded provided that our total liability under this Guarantee shall not exceed in aggregate SINGAPORE DOLLARS [state amount in words] (the "Maximum Sum").
2. Every such of your written demand shall be accompanied by your signed statement reading as follows:

"WE, ENERGY MARKET COMPANY PTE LTD, hereby certify to you that the amount of S\$ [state amount in numbers] represents and covers the current outstanding obligations due and payable to us by [name of market participant] pursuant to the Rules."
3. We agree that any written demand furnished by you to us under clause 2 shall be conclusive evidence that the said sum or sums referred to therein is/are due and payable to you by the Principal.
4. This Guarantee shall not be affected by any time, arrangement or other indulgence which you may grant to the Principal, or with any other person which might operate to diminish or discharge the liability of or otherwise provide a defence to a surety.
5. You shall have the right to make a demand for payment at any time under this Guarantee. You may make more than one demand under this Guarantee. If a demand exceeds the amount available under this Guarantee, but the presentation otherwise complies, we undertake to pay the amount available, provided always that our total liability under this Guarantee shall not, in any case, exceed the Maximum Sum.
6. Without prejudice to the provisions in clauses 1 to 5 above, upon presentation of your written demand for payment as aforementioned, we shall:-
 - a. in respect of any demand received on or before 12.00 noon Singapore time at our office on any banking day, accept and honour your demand on or before 3.00 pm, Singapore time of the same day;
 - b. in respect of any demand received after 12.00 noon Singapore time at our office but on or before 5.00 pm Singapore time at our office, accept and honour your demand on or before 11.00 am Singapore time of the next banking day following presentation of your demand;

by paying you in immediately available funds. All payments under this Guarantee shall be made in Singapore Dollars.

7. This Guarantee shall be effective and remain in full force and effect from [date] to [date] (the "Expiry Date"). Demands, if any, must be made in writing and received by us at our [Banker's Guarantee Section] at [address] on or before the Expiry Date. Thereafter, our obligations under this Guarantee shall automatically cease with no further liability on our part, whether or not this Guarantee is returned to us for cancellation, except for any demand which has been validly presented under this Guarantee on or before the Expiry Date and remains unpaid.

OR

This Guarantee shall be effective and remain in full force and effect from [date] to [date] (the "Expiry Date") and shall thereafter be automatically renewed, without amendment except as to the Expiry Date, for successive periods of [X year(s) or month(s)] (such new expiry date being the "Renewed Expiry Date"), unless we have given written notice to you at least thirty-eight days prior to the Expiry Date or (as the case may be) the Renewed Expiry Date of our intention not to renew this Guarantee. Demands, if any, must be made in writing and received by us at our [Banker's Guarantee Section] at [address] on or before the Expiry Date or (as the case may be) the Renewed Expiry Date. Thereafter, our obligations under this Guarantee shall automatically cease with no further liability on our part, whether or not this Guarantee is returned to us for cancellation, except for any demand which has been validly presented under this Guarantee on or before the Expiry Date or (as the case may be) the Renewed Expiry Date and remains unpaid.

8. This Guarantee shall not be assigned or transferred.

9. A person who is not a party to this Guarantee has no right under the ~~Contracts (Rights of Third Parties) Act (Chapter 53B)~~ **Contracts (Rights of Third Parties) Act 2001** to enforce any term of this Guarantee.

10. This Guarantee shall be governed by and construed in all respects in accordance with the laws of the Republic of Singapore and all parties agree to submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

SIGNED, SEALED AND DELIVERED for and on behalf of the GUARANTOR
[name of guarantor financial institution in capital letters]

by its Attorney(s):

[name]
[designation]

[name]
[designation]

acting under a Power of Attorney dated [date] (a copy of which was deposited in the Registry, Supreme Court, Singapore on the [] day of [] [20] and registered as No.[registration number] of [20])

in the presence of:

[Signature]

[Name of witness]

[Address]

APPENDIX 2B

STANDBY LETTER OF CREDIT TEMPLATE

[On the letterhead of the issuing financial institution]

DATE: [_____]

ENERGY MARKET COMPANY PTE LTD
4 Shenton Way
#03-01 SGX Centre 2
Singapore 068807

Dear Sirs,

STANDBY LETTER OF CREDIT NO. [number] FOR S\$[state amount in numbers]

1. Pursuant to your obtaining an electricity licence authorising you to operate any wholesale electricity market in Singapore and your entering into the Market Rules under ~~the Electricity Act, Chapter 89A of Singapore~~ ~~the Electricity Act 2001 of Singapore~~ (the "Rules") which set out and govern the trading of electricity in Singapore, we, [name of issuing financial institution], having our registered office at [address], hereby issue in your favour this irrevocable Standby Letter of Credit for the due payment of any and all sum or sums payable under the Rules by [name of market participant] (the "Applicant") and authorises you, the beneficiary, to draw on this Standby Letter of Credit for up to the aggregate stated amount of SINGAPORE DOLLARS [state amount in words] (the "Maximum Sum").
2. Drawings under this Standby Letter of Credit are to be made by means of a draft on us at sight. Each draft for payment shall be marked "Drawn under [name of issuing financial institution] Standby Letter of Credit No. [number] dated [•]", and be accompanied by a certificate signed by you stating as follows:

"WE, ENERGY MARKET COMPANY PTE LTD, hereby certify to you that [name of market participant] has failed to pay sums due under the Rules and the amount of S\$ [state amount in numbers] represents and covers the current outstanding obligations due and payable to us by [name of market participant] pursuant to the Rules. We are entitled to payment of such amount as of the date of this certificate."
3. We agree that any draft drawn by you under clause 2 shall be conclusive evidence that the said sum or sums referred to therein is/are due and payable to you by the Applicant.
4. This Standby Letter of Credit shall not be affected by any time, arrangement or other indulgence which you may grant to the Applicant, or with any other person which might operate to diminish or discharge the liability of or otherwise provide a defence to a surety.
5. You shall have the right to demand payment at any time under this Standby Letter of Credit. Partial and multiple drawings may be made under this Standby Letter of Credit and will reduce the available amount of this Standby Letter of Credit accordingly. If a demand exceeds the amount available under this Standby Letter of Credit, but the presentation otherwise complies, we undertake to pay the amount available, provided always that our total liability under this Standby Letter of Credit shall not, in any case, exceed the Maximum Sum.
6. Without prejudice to the provisions in clauses 1 to 5 above, upon your draft for payment as aforementioned, we shall:-
 - a. in respect of any demand received on or before 12.00 noon Singapore time at our office on any banking day, accept and honour your demand on or before 3.00 pm Singapore time of the same day;
 - b. in respect of any demand received after 12.00 noon Singapore time at our office but on or before 5.00 pm Singapore time at our office, accept and honour your demand on or before 11.00 am Singapore time of the next banking day following presentation of your demand;

by paying you in immediately available funds. All payments under this Standby Letter of Credit shall be made in Singapore Dollars.

7. Our liability under this Standby Letter of Credit shall be effective from [date] to [date, which must be at least one year from the start date] (the "Expiry Date"). We hereby undertake to honour each draft drawn under this Standby Letter of Credit, provided that all drafts, if any, must be received by us at our [Letter of Credit Section] at [address] on or before the Expiry Date. Thereafter, our obligations under this Standby Letter of Credit shall automatically cease with no further liability on our part, whether or not this Standby Letter of Credit is returned to us for cancellation, except for any draft drawn under this Standby Letter of Credit on or before the Expiry Date that remains unpaid.

OR

Our liability under this Standby Letter of Credit shall be effective from [date] to [date] (the "Expiry Date") and shall thereafter be automatically renewed, without amendment except as to the Expiry Date, for successive [state renewal period in number of months or years] periods (such new expiry date being the "Renewed Expiry Date"), unless we have given written notice to you at least thirty-eight days prior to the Expiry Date or (as the case may be) the Renewed Expiry Date of our intention not to renew this Standby Letter of Credit. We hereby undertake to honour each draft drawn under this Standby Letter of Credit, provided that all drafts, if any, must be received by us at our [Letter of Credit Section] at [address] on or before the Expiry Date or (as the case may be) the Renewed Expiry Date. Thereafter, our obligations under this Standby Letter of Credit shall automatically cease with no further liability on our part, whether or not this Standby Letter of Credit is returned to us for cancellation, except for any draft drawn under this Standby Letter of Credit on or before the Expiry Date or (as the case may be) the Renewed Expiry Date that remains unpaid.

8. This Standby Letter of Credit shall not be assigned or transferred.
9. Except to the extent it is inconsistent with the express terms of this Standby Letter of Credit, this Standby Letter of Credit is subject to [the International Standby Practices ISP 98, International Chamber Of Commerce Publication No. 590 OR the Uniform Customs and Practice for Documentary Credits, 2007 Revision, International Chamber Of Commerce Publication No. 600].
10. A person who is not a party to this Standby Letter of Credit has no right under the ~~Contracts (Rights of Third Parties) Act (Chapter 53B)~~ **Contracts (Rights of Third Parties) Act 2001** of Singapore to enforce any term of this Standby Letter of Credit.
11. This Standby Letter of Credit shall be governed by and construed in all respects in accordance with the laws of the Republic of Singapore and all parties agree to submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

SIGNED, SEALED AND DELIVERED for and on behalf of the ISSUING BANK

[name of issuing financial institution in capital letters]

by its Attorney(s):

[name]
[designation]

[name]
[designation]

acting under a Power of Attorney dated [date] (a copy of which was deposited in the Registry, Supreme Court, Singapore on the [] day of [] [20] and registered as No.[registration number] of [20])

in the presence of:

[Signature]

[Name of witness]

[Address]

Application form for Authorisation of Market Support Services Licensee (MSSL)

including explanatory notes

APPENDIX 2A

BANKER'S GUARANTEE TEMPLATE

[On the letterhead of the guarantor financial institution]

DATE: [_____]

ENERGY MARKET COMPANY PTE LTD
4 Shenton Way
#03-01 SGX Centre 2
Singapore 068807

Dear Sirs,

BANKER'S GUARANTEE NO. [number] FOR S\$[state amount in numbers]

1. Pursuant to your obtaining an electricity licence authorising you to operate any wholesale electricity market in Singapore and your entering into the Market Rules under the ~~the Electricity Act, Chapter 89A of Singapore~~ **Electricity Act 2001 of Singapore** (the "Rules") which set out and govern the trading of electricity in Singapore, we, [name of guarantor financial institution], having our registered office at [address], hereby guarantee and undertake unconditionally and irrevocably to you the due payment of any and all sum or sums payable under the Rules by [name of market support services licensee] (the "Principal") and will pay to you immediately on your first written demand in respect of each such sum demanded provided that our total liability under this Guarantee shall not exceed in aggregate SINGAPORE DOLLARS [state amount in words] (the "Maximum Sum").
2. Every such of your written demand shall be accompanied by your signed statement reading as follows:

"WE, ENERGY MARKET COMPANY PTE LTD, hereby certify to you that the amount of S\$ [state amount in numbers] represents and covers the current outstanding obligations due and payable to us by [name of market support services licensee] pursuant to the Rules."
3. We agree that any written demand furnished by you to us under clause 2 shall be conclusive evidence that the said sum or sums referred to therein is/are due and payable to you by the Principal.
4. This Guarantee shall not be affected by any time, arrangement or other indulgence which you may grant to the Principal, or with any other person which might operate to diminish or discharge the liability of or otherwise provide a defence to a surety.
5. You shall have the right to make a demand for payment at any time under this Guarantee. You may make more than one demand under this Guarantee. If a demand exceeds the amount available under this Guarantee, but the presentation otherwise complies, we undertake to pay the amount available, provided always that our total liability under this Guarantee shall not, in any case, exceed the Maximum Sum.
6. Without prejudice to the provisions in clauses 1 to 5 above, upon presentation of your written demand for payment as aforementioned, we shall:-
 - a. in respect of any demand received on or before 12.00 noon Singapore time at our office on any banking day, accept and honour your demand on or before 3.00 pm, Singapore time of the same day;
 - b. in respect of any demand received after 12.00 noon Singapore time at our office but on or before 5.00 pm Singapore time at our office, accept and honour your demand on or before 11.00 am Singapore time of the next banking day following presentation of your demand;

by paying you in immediately available funds. All payments under this Guarantee shall be made in Singapore Dollars.

7. This Guarantee shall be effective and remain in full force and effect from [date] to [date] (the "Expiry Date"). Demands, if any, must be made in writing and received by us at our [Banker's Guarantee Section] at [address] on or before the Expiry Date. Thereafter, our obligations under this Guarantee shall automatically cease with no further liability on our part, whether or not this Guarantee is returned to us for cancellation, except for any demand which has been validly presented under this Guarantee on or before the Expiry Date and remains unpaid.

OR

This Guarantee shall be effective and remain in full force and effect from [date] to [date] (the "Expiry Date") and shall thereafter be automatically renewed, without amendment except as to the Expiry Date, for successive periods of [X year(s) or month(s)] (such new expiry date being the "Renewed Expiry Date"), unless we have given written notice to you at least thirty-three days prior to the Expiry Date or (as the case may be) the Renewed Expiry Date of our intention not to renew this Guarantee. Demands, if any, must be made in writing and received by us at our [Banker's Guarantee Section] at [address] on or before the Expiry Date or (as the case may be) the Renewed Expiry Date. Thereafter, our obligations under this Guarantee shall automatically cease with no further liability on our part, whether or not this Guarantee is returned to us for cancellation, except for any demand which has been validly presented under this Guarantee on or before the Expiry Date or (as the case may be) the Renewed Expiry Date and remains unpaid.

8. This Guarantee shall not be assigned or transferred.
9. A person who is not a party to this Guarantee has no right under the ~~Contracts (Rights of Third Parties) Act (Chapter 53B)~~ **Contracts (Rights of Third Parties) Act 2001** to enforce any term of this Guarantee.
10. This Guarantee shall be governed by and construed in all respects in accordance with the laws of the Republic of Singapore and all parties agree to submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

SIGNED, SEALED AND DELIVERED for and on behalf of the GUARANTOR

[name of guarantor financial institution in capital letters]

by its Attorney(s):

[name]
[designation]

[name]
[designation]

acting under a Power of Attorney dated [date] (a copy of which was deposited in the Registry, Supreme Court, Singapore on the [] day of [] [20] and registered as No.[registration number] of [20])

in the presence of:

[Signature]

[Name of witness]

[Address]

APPENDIX 2B

STANDBY LETTER OF CREDIT TEMPLATE

[On the letterhead of the issuing financial institution]

DATE: [_____]

ENERGY MARKET COMPANY PTE LTD
4 Shenton Way
#03-01 SGX Centre 2
Singapore 068807

Dear Sirs,

STANDBY LETTER OF CREDIT NO. [number] FOR S\$[state amount in numbers]

1. Pursuant to your obtaining an electricity licence authorising you to operate any wholesale electricity market in Singapore and your entering into the Market Rules under ~~the Electricity Act, Chapter 89A of Singapore~~ **the Electricity Act 2001 of Singapore** (the "Rules") which set out and govern the trading of electricity in Singapore, we, [name of issuing financial institution], having our registered office at [address], hereby issue in your favour this irrevocable Standby Letter of Credit for the due payment of any and all sum or sums payable under the Rules by [name of market support services licensee] (the "Applicant") and authorises you, the beneficiary, to draw on this Standby Letter of Credit for up to the aggregate stated amount of SINGAPORE DOLLARS [state amount in words] (the "Maximum Sum").
2. Drawings under this Standby Letter of Credit are to be made by means of a draft on us at sight. Each draft for payment shall be marked "Drawn under [name of issuing financial institution] Standby Letter of Credit No. [number] dated [•]", and be accompanied by a certificate signed by you stating as follows:

"WE, ENERGY MARKET COMPANY PTE LTD, hereby certify to you that [name of market support services licensee] has failed to pay sums due under the Rules and the amount of S\$ [state amount in numbers] represents and covers the current outstanding obligations due and payable to us by [name of market support services licensee] pursuant to the Rules. We are entitled to payment of such amount as of the date of this certificate."

3. We agree that any draft drawn by you under clause 2 shall be conclusive evidence that the said sum or sums referred to therein is/are due and payable to you by the Applicant.
4. This Standby Letter of Credit shall not be affected by any time, arrangement or other indulgence which you may grant to the Applicant, or with any other person which might operate to diminish or discharge the liability of or otherwise provide a defence to a surety.
5. You shall have the right to demand payment at any time under this Standby Letter of Credit. Partial and multiple drawings may be made under this Standby Letter of Credit and will reduce the available amount of this Standby Letter of Credit accordingly. If a demand exceeds the amount available under this Standby Letter of Credit, but the presentation otherwise complies, we undertake to pay the amount available, provided always that our total liability under this Standby Letter of Credit shall not, in any case, exceed the Maximum Sum.
6. Without prejudice to the provisions in clauses 1 to 5 above, upon your draft for payment as aforementioned, we shall:-
 - a. in respect of any demand received on or before 12.00 noon Singapore time at our office on any banking day, accept and honour your demand on or before 3.00 pm Singapore time of the same day;

- b. in respect of any demand received after 12.00 noon Singapore time at our office but on or before 5.00 pm Singapore time at our office, accept and honour your demand on or before 11.00 am Singapore time of the next banking day following presentation of your demand;

by paying you in immediately available funds. All payments under this Standby Letter of Credit shall be made in Singapore Dollars.

7. Our liability under this Standby Letter of Credit shall be effective from [date] to [date, which must be at least one year from the start date] (the "Expiry Date"). We hereby undertake to honour each draft drawn under this Standby Letter of Credit, provided that all drafts, if any, must be received by us at our [Letter of Credit Section] at [address] on or before the Expiry Date. Thereafter, our obligations under this Standby Letter of Credit shall automatically cease with no further liability on our part, whether or not this Standby Letter of Credit is returned to us for cancellation, except for any draft drawn under this Standby Letter of Credit on or before the Expiry Date that remains unpaid.

OR

Our liability under this Standby Letter of Credit shall be effective from [date] to [date] (the "Expiry Date") and shall thereafter be automatically renewed, without amendment except as to the Expiry Date, for successive [state renewal period in number of months or years] periods (such new expiry date being the "Renewed Expiry Date"), unless we have given written notice to you at least thirty-three days prior to the Expiry Date or (as the case may be) the Renewed Expiry Date of our intention not to renew this Standby Letter of Credit. We hereby undertake to honour each draft drawn under this Standby Letter of Credit, provided that all drafts, if any, must be received by us at our [Letter of Credit Section] at [address] on or before the Expiry Date or (as the case may be) the Renewed Expiry Date. Thereafter, our obligations under this Standby Letter of Credit shall automatically cease with no further liability on our part, whether or not this Standby Letter of Credit is returned to us for cancellation, except for any draft drawn under this Standby Letter of Credit on or before the Expiry Date or (as the case may be) the Renewed Expiry Date that remains unpaid.

8. This Standby Letter of Credit shall not be assigned or transferred.
9. Except to the extent it is inconsistent with the express terms of this Standby Letter of Credit, this Standby Letter of Credit is subject to [the International Standby Practices ISP 98, International Chamber Of Commerce Publication No. 590 OR the Uniform Customs and Practice for Documentary Credits, 2007 Revision, International Chamber Of Commerce Publication No. 600].
10. A person who is not a party to this Standby Letter of Credit has no right under the ~~Contracts (Rights of Third Parties) Act (Chapter 53B)~~ **Contracts (Rights of Third Parties) Act 2001** of Singapore to enforce any term of this Standby Letter of Credit.
11. This Standby Letter of Credit shall be governed by and construed in all respects in accordance with the laws of the Republic of Singapore and all parties agree to submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

SIGNED, SEALED AND DELIVERED for and on behalf of the ISSUING BANK
[name of issuing financial institution in capital letters]

by its Attorney(s):

[name]
[designation]

[name]
[designation]

acting under a Power of Attorney dated [date] (a copy of which was deposited in the Registry, Supreme Court, Singapore on the [] day of [] [20] and registered as No.[registration number] of [20])

in the presence of:

[Signature]

[Name of witness]

[Address]

MARKET OPERATIONS MARKET MANUAL

PERFORMANCE BONDS (Chapter 2 Market Rules)

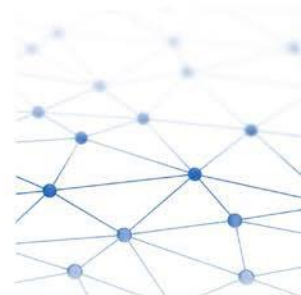
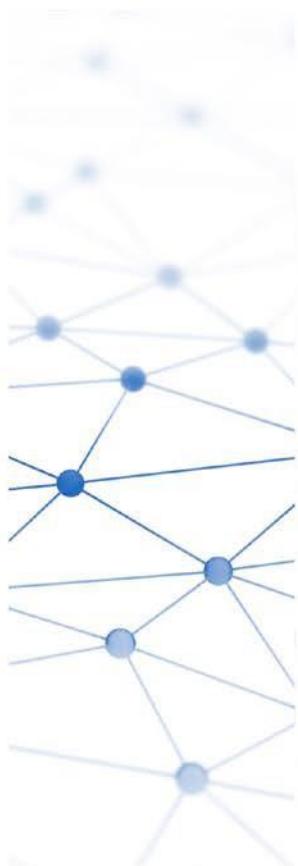


Table of Contents

1	Definitions	3
2	Standards and Template for Banker’s Guarantee for Performance Bonds	4
2.1	Criteria to be satisfied by a financial institution providing <i>performance bonds</i> and <i>additional performance bonds</i>	4
2.2	Banker’s Guarantee Template	4

1 Definitions

- 1.1 All terms in italics used in this *market manual* shall have the same meanings as ascribed to them under the *market rules*.

2 Standards and Template for Banker's Guarantee for Performance Bonds

2.1 Criteria to be satisfied by a financial institution providing *performance bonds* and *additional performance bonds*

The financial institution must be (i) a local bank or (ii) a foreign bank licensed to carry on banking business in Singapore and acting through its office in Singapore, rated "A" or better by Standard & Poor's (S&P). (S&P Website: www.standardandpoors.com/)

2.2 Banker's Guarantee Template

Performance bonds and *additional performance bonds* provided by a *retail electricity licensee* class of *market participant* in the form of a guarantee must be executed as a deed and in the form and terms set out below.

BANKER'S GUARANTEE TEMPLATE

[On the letterhead of the guarantor financial institution]

DATE: [_____]

ENERGY MARKET COMPANY PTE LTD
4 Shenton Way
#03-01 SGX Centre 2
Singapore 068807

Dear Sirs,

BANKER'S GUARANTEE NO. [number] FOR S\$[state amount in numbers]

1. Pursuant to your obtaining an electricity licence authorising you to operate any wholesale electricity market in Singapore and your entering into the Market Rules under the Electricity Act 2001 of Singapore (the "Rules") which set out and govern the trading of electricity in Singapore, we, [name of guarantor financial institution], having our registered office at [address], hereby guarantee and undertake unconditionally and irrevocably to you the due payment of any and all sum or sums payable under the Rules and the Code of Conduct for Retail Electricity Licensees by [name of market participant] (the "Principal") and will pay to you immediately on your first written demand in respect of each such sum demanded provided that our total liability under this Guarantee shall not exceed in aggregate SINGAPORE DOLLARS [state amount in words] (the "Maximum Sum").
2. Any written demand made hereunder must (a) state the amount claimed; and (b) contain a statement certifying that the demand is made to satisfy the hedging and security requirements mandated under the Market Rules and/or the Code of Conduct for Retail Electricity Licensees.
3. We agree that any written demand furnished by you to us under clause 2 shall be conclusive evidence that the said sum or sums referred to therein is/are payable to you by the Principal.
4. This Guarantee shall not be affected by any time, arrangement or other indulgence which you may grant to the Principal, or with any other person which might operate to diminish or discharge the liability of or otherwise provide a defence to a surety.
5. You shall have the right to make a demand for payment at any time under this Guarantee. You may make more than one demand under this Guarantee. If a demand exceeds the amount available under this Guarantee, but the presentation otherwise complies, we undertake to pay the amount available, provided always that our total liability under this Guarantee shall not, in any case, exceed the Maximum Sum.
6. Without prejudice to the provisions in clauses 1 to 5 above, upon presentation of your written demand for payment as aforementioned, we shall:-
 - a. in respect of any demand received on or before 12.00 noon Singapore time at our office on any banking day, accept and honour your demand on or before 3.00 pm, Singapore time of the same day;
 - b. in respect of any demand received after 12.00 noon Singapore time at our office but on or before 5.00 pm Singapore time at our office, accept and honour your demand on or before 11.00 am Singapore time of the next banking day following presentation of your demand;

by paying you in immediately available funds. All payments under this Guarantee shall be made in Singapore Dollars.

7. This Guarantee shall be effective and remain in full force and effect from [date] (the "Start Date") to [date] (the "Expiry Date"), where the Expiry Date shall be at least 1 year after the Start Date. Demands, if any, must be made in writing and received by us at our [Banker's Guarantee Section] at [address] on or before the Expiry Date. Thereafter, our obligations under this Guarantee shall automatically cease with no further liability on our part, whether or not this Guarantee is returned to us for cancellation, except for any demand which has been validly presented under this Guarantee on or before the Expiry Date and remains unpaid.

OR

This Guarantee shall be effective and remain in full force and effect from [date] (the "Start Date") to [date] (the "Expiry Date"), where the Expiry Date shall be at least 1 year after the Start Date and shall thereafter be automatically renewed, without amendment except as to the Expiry Date, for successive periods of 1 year or [X year(s)], whichever is greater (such new expiry date being the "Renewed Expiry Date"), unless we have given written notice to you at least thirty-eight days prior to the Expiry Date or (as the case may be) the Renewed Expiry Date of our intention not to renew this Guarantee. Demands, if any, must be made in writing and received by us at our [Banker's Guarantee Section] at [address] on or before the Expiry Date or (as the case may be) the Renewed Expiry Date. Thereafter, our obligations under this Guarantee shall automatically cease with no further liability on our part, whether or not this Guarantee is returned to us for cancellation, except for any demand which has been validly presented under this Guarantee on or before the Expiry Date or (as the case may be) the Renewed Expiry Date and remains unpaid.

8. This Guarantee shall not be assigned or transferred.
9. A person who is not a party to this Guarantee has no right under the Contracts (Rights of Third Parties) Act 2001 to enforce any term of this Guarantee.
10. This Guarantee shall be governed by and construed in all respects in accordance with the laws of the Republic of Singapore and all parties agree to submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

**SIGNED, SEALED AND DELIVERED for and on behalf of the
GUARANTOR [*name of guarantor financial institution in capital
letters*]**

by its Attorney(s):

[*name*]
[*designation*]

[*name*]
[*designation*]

acting under a Power of Attorney dated [*date*] (a copy of which was deposited in the Registry,
Supreme Court, Singapore on the [] day of [] [20] and registered as No.[*registration
number*] of [20])

in the presence of:

[Signature]

[Name of witness]

[Address]