

ADDENDUM TO SECOND PHASE OF THE FUTURES INCENTIVE SCHEME (“2nd FIS”) FINAL DETERMINATION PAPER

Date of Addendum: 11 November 2019

The information published in the 2nd FIS Final Determination Paper dated 26 Sep 2019 shall be updated as follows:

1. The duration and contract tenure of the 2nd FIS shall be 17 months, from 1 February 2020 to 30 June 2021.
2. The row describing “Cumulative Contract Duration” in Table 2: Market making obligations for the 2nd FIS, shall be deleted and replaced with the following:

Parameters	Existing Obligations for 1 st FIS		Final Obligations for 2 nd FIS		Rationale for Proposed Changes
	Quarterly Base Load Electricity Futures	Monthly Base Load Electricity Futures	Quarterly Base Load Electricity Futures	Monthly Base Load Electricity Futures	
Cumulative Contract Duration	Not less than 2 years (8 full quarters, plus the balance of the current quarter)	4 – 6 consecutive contract months starting with the current contract month. A new quarter (3 months) will be listed upon expiry of the nearest quarter ¹	<p><u>Option 1 (First Forward Capacity Market (FCM) delivery period is assumed to be from Q2 2023)</u></p> <p>Feb 2020 to Mar 2021: 8 full quarters, plus the balance of the current quarter</p> <p>Apr to Jun 2021: 7 full quarters, plus the balance of the current quarter (until and including the Mar 2023 contract)</p> <p style="text-align: center;">OR</p> <p><u>Option 2 (First FCM delivery period is assumed to be from Q3 2022)</u></p>	No change.	The cumulative contract duration of the Quarterly Base Load Electricity Futures will be reduced accordingly so that the last futures contracts listed by market makers (i.e. Mar 2023 contract in Option 1 or Jun 2022 contract in Option 2) will expire before start of the FCM ² .

¹ The number of contracts varies depending on the month, based on quarters ending on the last day of March, June, September and December. For example, MMs are required to put up 6 contracts in April 2020 (April to September 2020) but 5 contracts in May 2020 (May to September 2020).

² The first FCM delivery period is assumed to be from Q2 2023 under Option 1, and from Q3 2022 under Option 2.

Parameters	Existing Obligations for 1 st FIS		Final Obligations for 2 nd FIS		Rationale for Proposed Changes
	Quarterly Base Load Electricity Futures	Monthly Base Load Electricity Futures	Quarterly Base Load Electricity Futures	Monthly Base Load Electricity Futures	
			<p>Feb to Jun 2020: 8 full quarters, plus the balance of the current quarter</p> <p>Jul to Sep 2020: 7 full quarters, plus the balance of the current quarter (until and including the Jun 2022 contract)</p> <p>Oct to Dec 2020: 6 full quarters, plus the balance of the current quarter (until and including the Jun 2022 contract)</p> <p>Jan to Mar 2021: 5 full quarters, plus the balance of the current quarter (until and including the Jun 2022 contract)</p> <p>Apr to Jun 2021: 4 full quarters, plus the balance of the current quarter (until and including the Jun 2022 contract)</p>		

3. Paragraph 4.5 and Table 3 shall be deleted and replace with the following:

4.5. Offers to be Submitted

4.5.1. Each Applicant shall submit a total of ten bids expressed in S\$ per month for the two options of cumulative contract duration (refer to Table 2 on “Cumulative Contract Duration”) to provide market making services for the two products (i.e. quarterly and monthly base load electricity futures contracts) over the contract tenure.

4.5.2. EMA would take into account the bids submitted to determine the number of awarded Applicants and the cumulative contract duration (i.e. Option 1 or Option 2) to be imposed on all awarded Applicants.

4.5.3. An indicative form of submission of bids is as per Table 3.

Table 3: Indicative Form of Submission of Bids

Number of awarded Applicants	Option 1 of Cumulative Contract Duration	Option 2 of Cumulative Contract Duration
	Offer Price in S\$ per month to 2 decimal places (S\$) ³	
3		
4		
5		
6		
7		

³ Excluding Goods and Services Tax (GST).