Post-trade Custody Model

Modernisation of Singapore's Post-Trade Custody Model: SGX RegCo Amendments

On 30 January 2026, Singapore Exchange Regulation (**SGX RegCo**), on behalf of The Central Depository (Pte) Limited (**CDP**), Singapore Exchange Securities Trading Limited (**SGX-ST**) and Singapore Exchange Limited (**SGX**), issued a consultation paper entitled "Modernisation of Singapore's post-trade custody model" (**Consultation**), which sought views on:

(a) Enabling omnibus sub-accounts for all instruments custodised with CDP (**SGX securities**);

(b) Supporting measures for a smooth transition to a broker custody model, including business and operational requirements for depository agents, requirements to facilitate the exercise of shareholder rights, and enhanced powers for CDP; and

(c) Consequential amendments to the CDP Depository Rules (**Rules**) and the SGX-ST Rules.

Following broad support for its proposals, SGX RegCo will proceed to implement all of them, in a number of cases with adjustments and clarifications. The rule amendments will take effect on **15 July 2026**.

These custody changes form part of a broader set of enhancements to market structure and mechanics to be implemented in stages, as announced by SGX in its media release dated 1 July 2026. Other enhancements that will take effect include:

(a) As from 5 October 2026, changes to board lot sizes; and

(b) As from 15 July 2026, changes to the minimum bid sizes for HKD-, RMB- and JPY-denominated securities contracts listed on SGX-ST.

SGX has noted that the first change to take effect will be rule amendments allowing depository agents to hold SGX securities on behalf of clients in omnibus broker custody accounts, starting from 15 July 2026. The adoption of broker custody accounts continues to rise, with six such accounts opened for every direct account opened with CDP over the period from October 2024 to April 2026. This change aligns Singapore's custody structure with global practice and is expected to make Singapore more attractive for international intermediaries and provide investors with more choices.

We set out below the key decisions and clarifications as highlighted in SGX RegCo's response (**Response**) dated 1 July 2026, together with a summary of the key amendments to the Rules and the SGX-ST Rules.

Executive Summary

Topic	SGX RegCo's decision
Individual segregation requirement	Proceed to remove the individual segregation requirement, enabling brokers to use omnibus sub-accounts. Rule 6.1 will be amended accordingly.
Business and operational requirements	Implement the new business and operational requirements for depository agents, and the tightened admission criteria, with adjustments and clarifications.
Shareholder rights	Implement the new requirements for depository agents and brokers who are SGX-ST trading members (**DATMs**) to facilitate the exercise by individual clients of shareholder rights, as a baseline standard of service.
Oversight and discipline	Expand disciplinary powers, and introduce inspection and investigation powers, over depository agents. Disciplinary proceedings will be conducted before an independent disciplinary committee, with appeals before an independent appeals committee.
Other regulatory powers	Implement the Rules providing for the other regulatory powers of CDP over depository agents.
Implementation	The amendments to the Rules and the SGX-ST Rules will take effect on 15 July 2026. DATMs who require more time to comply with the requirements to facilitate clients' exercise of shareholder rights may seek an extension of time, which SGX may grant on a case-by-case basis, with no extension beyond December 2026.

Removal of Individual Segregation Requirement

Consultation proposal:

Removal of the individual segregation requirement under Rule 6.1, i.e., the requirement for depository agents to open and maintain a separate sub-account for each client to hold that client's SGX securities, to enable brokers to use omnibus sub-accounts.

SGX RegCo's decision:

(a) SGX RegCo will proceed to remove the individual segregation requirement. Rule 6.1 will be amended accordingly.

(b) Direct accounts remain available as a custody option for retail investors. If a retail investor moves to a sub-account, SGX RegCo would expect his depository agent to inform him of the differences between a direct account and a sub-account.

(c) Protection of client assets remains paramount. Although commingling in an omnibus account will now be permitted, a depository agent must still segregate its proprietary assets from its clients' assets, ringfencing client assets against the depository agent's insolvency (an existing requirement under Regulation 6(a) of the Securities and Futures (Central Depository System) Regulations 2015 and under Rule 6.1.4 of the Rules).

(d) The process for exercising shareholder rights as a sub-account holder differs from that as a direct account holder. New requirements for DATMs to facilitate the exercise of shareholder rights are set out under "Requirements to Facilitate Exercise of Shareholder Rights" below.

Introduction of Operational and Business Requirements for Depository Agents

Consultation proposal:

Introduce business requirements (disclosure of custody structure to retail clients, compliance with the Securities and Futures (Licensing and Conduct of Business) Regulations for safeguarding clients' monies, record-keeping, daily reconciliation with CDP's records, regular statements of account, transaction notifications) and operational requirements (business continuity, internal control systems, outsourcing arrangements, adverse event reporting), and tighten admission criteria for depository agents which are nominee companies (**NCDAs**).

SGX RegCo's decision:

SGX RegCo will implement the business and operational requirements and tightened admission criteria, with adjustments, as summarised below.

Requirement	Persons to whom it applies	Notes
Business requirements other than Rule 6.1A (Rules 6.1B to 6.1E and 6.2)	All direct clients, regardless of client profile	Equally to segregated or omnibus sub-accounts; do not apply to indirect clients.
Rule 6.1A (disclosure of custody structure)	Direct retail clients only	Refers to customers (corporate or individual) who are not accredited investors, expert investors or institutional investors for the purposes of the Securities and Futures Act 2001 (**SFA**)
Operational requirements (Rules 6.9 to 6.12)	All depository agents	Regardless of client type; enables CDP to directly supervise compliance and take enforcement action

SGX RegCo will also make the following adjustments:

(a) **Authorisation**: Rule 6.1C.1 amended to remove the requirement for "express" authorisation. Securities held for a client may be used only to settle that client's obligations, unless Rule 6.1C.2 is satisfied.

(b) **Daily reconciliation**: New Rule 6.2.2 introduced, which applies to all SGX securities in all sub-accounts. A depository agent must notify CDP of any discrepancy between its record of aggregate holdings in an omnibus sub-account and CDP's record.

(c) **Audit certification**: Rule 6.4 scope expanded to include the new requirements. Certification from any independent auditing body (independent internal audit function or external auditor) would suffice.

(d) **NCDAs**: Rule 2.4 amended to allow an NCDA structure where the serviced entity (**Regulated Entity**) is regulated by the Monetary Authority of Singapore (**MAS**) and provides a letter of undertaking to be liable for the NCDA's outstanding obligations. The new requirements apply to NCDAs.

Requirements to Facilitate Exercise of Shareholder Rights

Consultation proposal:

New requirements that DATMs facilitate the exercise of shareholder rights by clients who are individuals (**individual clients**): disseminate notices of all meetings and corporate action events, appoint clients as proxies, submit voting instructions or corporate action elections, represent proxy votes fully, assist clients in requisitioning meetings, provide sufficient time for instructions, and disclose all fees chargeable to individual clients.

SGX RegCo's decision:

(a) **Implementation**: SGX RegCo will implement the new requirements (Rules 6.8.2 to 6.8.5) as a baseline standard of service. Beyond the baseline, DATMs are free to design their service offerings and are encouraged to attend to a smooth user experience.

(b) **Application**: The requirements apply only to direct individual clients, i.e., individual persons, whether or not "accredited investors" or "expert investors" under the SFA (not corporate entities), with a direct contractual relationship with the DATM. The term "Individual Sub-Account Holder" will be introduced. An existing general requirement (Rule 6.8.1) to pass down shareholder rights applies to all clients. Requirements apply equally to segregated or omnibus sub-accounts.

(c) **Application to Trading Members**: A new SGX-ST Rule 4.35A applies Rule 6.8 of the Rules to Trading Members in the manner stated therein. Rule 4.35A does not apply to a Remote Trading Member.

(d) **Opt-out**: Individual clients may opt out of receiving notices of meetings and/or elective corporate action events (amended Rule 6.8.2).

(e) **Corporate action entitlements**: DATMs should, as far as possible, submit one instruction per direct client, even for clients in an omnibus sub-account (Rule 6.8.1(a)).

(f) **Proxies**: Singapore-incorporated issuers must already allow "relevant intermediaries" to appoint multiple proxies. Where foreign incorporated issuers do not allow this, Rules 6.8.2(a) and 6.8.2(c) will not apply.

(g) **Aggregate votes**: DATMs must reflect the aggregate value of votes "for" and "against" (new Rule 6.8.4).

(h) **Non-DATM intermediaries**: The new requirements (Rules 6.8.2 to 6.8.5 and SGX-ST Rule 4.35A) do not extend to financial intermediaries who are not DATMs. SGX RegCo has conveyed this concern to MAS for its review.

SGX has noted that the minimum service standards for brokers and depository agents to facilitate the exercise of shareholder rights, covering matters such as handling of corporate actions and assisting attendance at shareholder meetings, must be in place by no later than December 2026.

Powers of Oversight and Discipline

Consultation proposal:

Expansion of disciplinary powers, and introduction of inspection and investigation powers, over depository agents (adding powers to issue a warning letter and impose a financial penalty to the existing powers of reprimand, restrictions/conditions and termination).

SGX RegCo's decision:

(a) SGX RegCo will proceed with the expansion of disciplinary powers, and the introduction of inspection and investigation powers, over depository agents.

(b) **Due process**: Disciplinary proceedings before an independent disciplinary committee, with appeals to an independent appeals committee (new Rules 12A.5 to 12A.11), similar to the SGX-ST Rules and the CDP Clearing Rules.

(c) **Composition and penalty framework**: A new Schedule A has been introduced to the Rules (and corresponding amendments made to Schedule A of the SGX-ST Rules), setting out the composition and penalty framework for breaches. CDP retains the power to issue a warning or make an offer of composition (e.g., for operational breaches) instead of referring a matter to the Disciplinary Committee (Rule 12A.3).

(d) **Inspection fees**: Not typically imposed for routine inspections; the power to charge is retained for out-of-the-ordinary circumstances (Rule 12A.7.1). Reasonable notice will be provided, though CDP reserves the right to inspect at any time.

(e) **Scope**: Information required on inspection is limited to information relating to the depository agent's business governed by the Rules (Rule 12A.2.3).

(f) **Enforcement**: Mitigating circumstances, such as voluntary notification of a breach, will be taken into account (Rule 12A).

Other Regulatory Powers

Consultation proposal:

Rules providing for other CDP regulatory powers over depository agents, e.g., powers to require assistance, information or action in relation to sub-account holders where there are regulatory reasons to do so.

SGX RegCo's decision:

(a) SGX RegCo will proceed to implement the Rules providing for the other regulatory powers over depository agents.

(b) Rule 6.3 is drafted broadly. Depository agents will be expected to put in place arrangements to comply with CDP's requests for information relating to indirect clients. Rule 1.7.2 requires disclosure to be pursuant to necessary consent or, absent consent, as permitted under law.

Other Comments

SGX RegCo's decision:

(a) **Transfer of client securities**: Rule 10.3.3 already gives CDP flexibility to depart from the general rule requiring transfer of client assets when a depository agent is terminated or restricted. Prior to resigning, a depository agent must ensure client assets are properly transferred out.

(b) **Investor compensation**: An investor compensation fund under the SFA is available for loss from a defalcation by an SGX-ST trading member; depending on the facts, it could be available for losses caused by depository agents. Powers have been introduced for the Disciplinary Committee to order compensation for any breach of the Rules. The feedback received has been shared with MAS.

(c) **Transition**: The new business and operational requirements are similar to existing SFA requirements to which depository agents (directly or, for NCDAs, through the Regulated Entity) are already subject; depository agents would therefore already be compliant.

Implementation

The amendments to the Rules and Chapter 4 of the SGX-ST Rules, as set out in Appendices B and C to the Response, will take effect on 15 July 2026.

DATMs who require more time to comply with the requirements to facilitate clients' exercise of shareholder rights may apply to SGX for an extension of time for compliance, which SGX may grant on a case-by-case basis. No extension beyond December 2026 will be granted.

Summary of Key Rule Amendments

Reform	Key rule reference(s)
Removal of individual segregation requirement	Rule 6.1 (Segregation of Deposited Securities)
Disclosure of account structure; client monies; transactions; notifications; statements of account	Rules 6.1A to 6.1E
Records and daily reconciliation	Rule 6.2 (including new Rule 6.2.2)

Reform	Key rule reference(s)
Facilitation of shareholder rights	Rules 6.8.1 to 6.8.5; Rule 6.8.6 (applying Rule 6.8 to SGX-ST Trading Members); SGX-ST Rule 4.35A (applying to Trading Members other than Remote Trading Members)
Operational requirements (business continuity, outsourcing, internal control systems, adverse event reporting)	Rules 6.9 to 6.12
Other regulatory powers (disclosure/assistance/action)	Rule 6.3 (and Rule 1.7.2)
Admission criteria for nominee company depository agents (NCDAs)	Rule 2.4
Transfer of client securities on resignation, restriction or termination	Rules 3.3 and 10.3.3
Powers of oversight and discipline (inspection, investigation, disciplinary and appeals committees; composition)	Rule 12A and Schedule A; corresponding SGX-ST Rules Schedule A

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