

**OPENING ADDRESS BY  
MR TED TAN, DEPUTY CEO, IE SINGAPORE  
AT SGX ASIACLEAR 1<sup>ST</sup> ANNIVERSARY  
ON WEDNESDAY 6 JUNE, 7.20 PM  
AT ASIAN CIVILISATIONS MUSUEM**

Ladies and Gentlemen, good evening.

It is my pleasure to be part of the 1<sup>st</sup> Anniversary celebrations of SGX AsiaClear.

1. Singapore has maintained its long-standing position as an oil hub, despite its lack of natural resources. Not only is Singapore the world's third-largest oil refining centre, she is also Asia's leading hub for oil trading, achieving approximately US\$300 billion worth of physical trades in 2006. From the maritime angle, Singapore continues to be a leading port of call. Recently, Singapore was recognised as the "Best Seaport in Asia" by industry players – the 19<sup>th</sup> time that Singapore has received this award<sup>1</sup>. These positions have no doubt been supported by a host of ancillary infrastructure as well as Singapore's geographical location.
  
2. While much has been said about the physical supporting infrastructure to bolster Singapore's leadership in the above areas, enhancing the derivatives market to offer risk management solutions to industry has also been a priority for

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<sup>1</sup> Shipping lines, terminal operators, freight forwarders and shippers from across Asia have once again voted to give Singapore the "Best Seaport in Asia" award at the 21st Asian Freight and Supply Chain Awards (AFSCA) in late April 2007, organised by Cargonews Asia, a leading transport publication.

Singapore. International Enterprise Singapore – the lead agency promoting international trade – and other government agencies have thus supported initiatives such as SGX AsiaClear. SGX AsiaClear is Asia's first and only Over-the-Counter (OTC) clearing platform for oil swaps and forward freight agreements. Through the facility, companies are offered real time OTC clearing in Asian time, as well as access to a wider base of counterparties with reduced credit risks.

3. Since its inception in May 2006, SGX AsiaClear has achieved several important milestones. It has secured over 100 counterparty accounts for the AsiaClear network. These counterparties include investment banks, major oil traders, commodities traders, shipping companies and hedge funds. I also note that many of these are Asian names – a number of which are completely new to the market. For instance, new Chinese companies have set up offices in Singapore in order to use SGX AsiaClear's services and to engage in the trading of paper oil swaps and physical oil. With these Asian names, I understand that European players are now interested in joining the SGX AsiaClear network to trade. This growth in counterparties looks set to continue.
4. To support the use of SGX AsiaClear, IE Singapore has enhanced the Global Trader Programme or GTP. Transactions by GTP companies in OTC or exchange-traded commodity derivatives enjoy concessionary tax rates, if conducted with qualifying counterparties. With effect from 24

May 2007, all qualifying OTC trades conducted through SGX AsiaClear, have also been included as qualifying transactions under the Global Trader Programme.

5. SGX AsiaClear is an important component in the overall strategy to develop Singapore as an Asian risk management hub, as it provides credit risk mitigation to the oil, commodity trading and shipping industries. It is also especially relevant now in view of the increased volatility in the global commodity markets which has led to a greater need and use of OTC clearing houses.
6. In closing, I wish SGX AsiaClear continued success, and encourage the trading and shipping communities in Singapore to tap on its services. Have a very pleasant evening.