



## Circular Derivatives

05 Oct 2018

Circular No. **DC/AM - 51 of 2018**

### Changes to various SGX rulebooks

Effective 8 October 2018, SGX will make changes to the following rulebooks to align them with, or otherwise take into account, changes to the Securities and Futures Act ("SFA") that will come into effect on the same day:

- (a) SGX-ST Rules;
- (b) CDP Clearing Rules;
- (c) Delivery Versus Payment Rules;
- (d) CDP Depository Rules;
- (e) Futures Trading Rules; and
- (f) SGX-DC Clearing Rules.

The changes to the rulebooks will:

- (a) make clear the definition of terms used in the rulebooks compared to the definition of the same terms used in the amended SFA;
- (b) reflect or otherwise take into account, where appropriate, the terminology introduced or modified in the new SFA; and
- (c) reflect or otherwise take into account, where appropriate, the obligations introduced or modified in the new SFA.

The changes to the rulebooks are set out in [Appendix A](#).

For further clarification, please contact your respective officer in charge.

Grace Mok  
Head, Member Supervision  
Singapore Exchange Regulation  
*For and on behalf of SGX-DC*

Attachment(s):

- 1. Appendix A.pdf

**Singapore Exchange Derivatives Clearing Limited**

Company Reg No. 200005878M

(a wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589

main: +65 6236 8888 fax: +65 6535 0775

[www.sgx.com](http://www.sgx.com)

# 1) Amendments to the SGX-ST Rules

Amendment
<b>Definitions and Interpretation</b>
...
<b>Term, Meaning</b>
<p>"Circuit Breaker"</p> <p>in relation to a security or <del>F</del>utures <del>C</del>contract refers to such maximum allowable price advance or decline from a reference price for the security or <del>F</del>utures <del>C</del>contract during the Trading Phase. The maximum allowable price advance or decline from a reference price and the reference price shall be determined by SGX-ST.</p>
<p><u>"collective investment scheme"</u></p> <p><u>The meaning ascribed to it in the Securities and Futures Act;</u></p>
<p>"Cooling-Off Period"</p> <p>means a period prescribed by SGX-ST during which trading in a particular security or <del>F</del>utures <del>C</del>contract will be restricted in a manner prescribed by SGX-ST.</p>
<p>"Connected Person"</p> <p><del>(a) A person's spouse, son, adopted son, step son, daughter, adopted daughter, step daughter, father, mother, brother or sister; or</del></p> <p><del>(b) A firm, Corporation or company in which any of the persons mentioned in (a) above is in a position to control not less than 20% of the voting power in the firm, Corporation or company, whether such control is exercised individually or jointly</del><u>The meaning ascribed to it in the Securities and Futures Act;</u></p>
<p><u>"derivatives contracts"</u></p> <p><u>The meaning ascribed to it in the Securities and Futures Act;</u></p>
<p>"Designated <del>Futures Contract Instrument</del>"</p> <p>Shall have the meaning ascribed to it in Rule 8.8.1;</p>
<p>"Designated <del>Security Instrument</del>"</p>

Shall have the meaning ascribed to it in Rule 8.8.1;
<p>"Discretionary Account"</p> <p>An account carried on the books of a Trading Member in which the customer gives a Trading Representative discretion, which may be absolute or with limits, to purchase or sell securities or trade in or <del>F</del><u>f</u>utures <del>C</del><u>c</u>ontracts. The discretion may extend to selection, timing terms and price;</p>
<p><u>"Expert Investor"</u></p> <p><u>The meaning ascribed to it in the Securities and Futures Act;</u></p>
<p>"Marginable Futures Contract"</p> <p><del>Refers to a</del> <del>A</del> <del>F</del><u>f</u>utures <del>C</del><u>c</u>ontract approved for listing on SGX-ST and <del>which that</del> is subject to margin requirements;</p>
<p>"Market Day"</p> <p>A day on which SGX-ST is open for trading in securities and/or <del>F</del><u>f</u>utures <del>C</del><u>c</u>ontracts;</p>
<p><u>"organised market"</u></p> <p><u>The meaning ascribed to it in the Securities and Futures Act;</u></p>
<p><del>"Prescribed Security Instrument"</del></p> <p><del>Shall have the</del> <del>The</del> meaning <u>as</u> ascribed to it <del>in under</del> Rule 8.2A.1;</p>
<p><u>"product financing"</u></p> <p><u>The meaning ascribed to it in the Securities and Futures Act;</u></p>
<p>"Remisier"</p> <p>A Trading Representative who has a business arrangement with a Trading Member that holds a Capital Markets Services Licence for dealing in securities or trading in <del>F</del><u>f</u>utures <del>C</del><u>c</u>ontracts. A Remisier is not an employee of a Trading Member;</p>
<p><u>"securities"</u></p> <p>(a) <u>shares, units in a business trust or any instrument conferring or representing a legal or beneficial ownership interest in a corporation, partnership or limited liability partnership;</u></p> <p>(b) <u>debentures;</u></p> <p>(c) <u>units in a collective investment scheme;</u></p>

<p><a href="#">(d) derivative contracts that are not futures contracts and of which the underlying instrument or any of the underlying instruments are any of the instruments set out in (a), (b) or (c) or an index on any of those instruments; or</a></p> <p><a href="#">(e) any other product or class of products as SGX-ST or CDP may prescribe;</a></p> <p><a href="#">whether or not they are classified as “securities” under the SFA, but excludes:</a></p> <p><a href="#">(i) bills of exchange;</a></p> <p><a href="#">(ii) certificates of deposit issued by a bank or finance company, whether situated in Singapore or elsewhere; or</a></p> <p><a href="#">(iii) any product or class of products as SGX-ST or CDP may prescribe.</a></p> <p><a href="#">For the avoidance of doubt, “securities” include (but are not limited to) warrants, transferrable subscription rights, options to subscribe for stocks or shares, convertibles, depository receipts and exchange traded funds;</a></p>
<p>"Specified Securities"</p> <p>Securities, <a href="#">F</a>utures <a href="#">C</a>ontracts or classes of securities or Futures Contracts that SGX-ST prescribes for trading by a Designated Market- Maker;</p>
<p><a href="#">"Specified Product"</a></p> <p><a href="#">The meaning ascribed to it in the Securities and Futures Act;</a></p>
<p>"Trading Representative"</p> <p>A person who is employed by or acts for or by arrangement with a Trading Member to deal in securities or trade in <a href="#">F</a>utures <a href="#">C</a>ontracts;</p>
<p><b>2.4.1</b></p> <p>...</p> <p>(3)(a) the result of trading on <a href="#">organised</a> markets provided by SGX-ST, or the suspension, interruption, cancellation or closure of trading, on those <a href="#">organised</a> markets,</p> <p>...</p>
<p><b>2.6.1</b></p> <p>SGX-ST may request a Trading Member to provide information or records for the discharge of SGX-ST's duties or the protection of investors and public interest. Such information or records include the terms and circumstances of, and parties to any dealings in securities or trades in <a href="#">F</a>utures <a href="#">C</a>ontracts by a Trading Member's customers or former customers, and the terms of employment or contract and</p>

duties of a person acting for a Trading Member. The information or records must not contain untrue statements, be misleading or omit material statements.

### **3.1.3**

SGX-ST's powers include:—

(1) imposing sanctions prescribed in the SGX-ST Listing Manual on a listed company or any Director of such company in respect of any breach of the SGX-ST Listing Manual;

(2) transferring any entity from the Official List of SGX Catalist to the Official List of SGX Mainboard in accordance with the SGX-ST Listing Manual and vice versa; and

(3) imposing conditions or restrictions prescribed in these Rules or the SGX-ST Listing Manual, on the trading of securities or [F](#)[futures](#) [C](#)[contracts](#) listed on SGX Mainboard or SGX Catalist, including:

(a) the classes of investors or persons who are allowed to trade in particular classes of securities or [F](#)[futures](#) [C](#)[contracts](#);

(b) moratoria on the trading of particular classes of securities or [F](#)[futures](#) [C](#)[contracts](#) for such periods of time as prescribed by SGX-ST; and

(c) such other conditions or restrictions as SGX-ST prescribes for the maintenance of a fair, orderly and transparent market.

### **3.3.1**

SGX-ST may operate a futures market and list [F](#)[futures](#) [C](#)[contracts](#) for trading on the Trading System.

### **4.5.1**

A Trading Member has access to [organised](#) markets established or operated by SGX-ST or such [organised](#) markets as SGX-ST specifies.

### **4.5.3**

Subject to Rule 4.5.4, a Trading Member may deal in securities or [F](#)[futures](#) [C](#)[contracts](#) for 1 or more of the following:—

(1) customers;

(2) its proprietary accounts; and

(3) proprietary accounts of its related corporations or Associated Corporations.

#### 4.5.4

A Trading Member that holds a licence specified in Rule 4.1.1(1)(b) shall not deal in securities or ~~F~~utures ~~C~~contracts for customers domiciled in Singapore.

#### 4.6.9 Reporting

A Trading Member must inform SGX-ST in writing immediately if it or any of its Directors, Officers, Trading Representatives, employees, or agents:—

(1) breaches the Securities and Futures Act or Securities and Futures Regulations or any other relevant applicable laws and regulatory requirements relating to the regulation of organised markets and licenced entities;

...

#### 4.6.13 Trading Representatives

A Trading Member must:—

(1) register with SGX-ST persons who deal in securities or trade in ~~F~~utures ~~C~~contracts as Trading Representatives (unless exempted by SGX-ST);

...

#### 4.6.15 Other Businesses

...

(5) If an engagement or shareholding, in SGX-ST's opinion, is detrimental to the financial integrity, reputation or interests of SGX-ST, the Trading Member concerned, or organised markets established or operated by SGX-ST, SGX-ST may require the Trading Member to end it.

...

#### 4.6.16 Register of Securities

(1) A Trading Member that holds a Capital Markets Services Licence must maintain a register of securities in accordance with the Securities and Futures Act. The register must include ~~F~~utures ~~C~~contracts.

...

#### 4.9.1

A Trading Member's access to organised markets established or operated by SGX-ST ceases if:—

...
<p><b>4.9.2</b></p> <p><u>When a Trading Member's right to access organised markets established or operated by SGX-ST has ceased</u>, SGX-ST will notify all Trading Members of the effective date of cessation and the date of reinstatement <u>of access rights</u> (if applicable).</p>
<p><b>4.9.3</b></p> <p>A Trading Member whose access to <u>organised</u> markets established or operated by SGX-ST has ceased must continue to comply with the relevant Rules, and any Directives.</p>
<p><b>5.7.1</b></p> <p>SGX-ST may suspend or restrict the activities of a Designated Market-Maker for such period as SGX-ST specifies if the Designated Market-Maker:—</p> <p>...</p> <p>(5) defaults on any trade in Specified Securities or any other securities or <u>F</u>utures <u>C</u>ontracts;</p> <p>...</p>
<p><b>7.5.5 Register of Securities</b></p> <p>(1) A Trading Representative sponsored by a Trading Member that holds a Capital Markets Services Licence must maintain a register of securities in accordance with the Securities and Futures Act. The register must include <u>F</u>utures <u>C</u>ontracts.</p> <p>(2) If asked by SGX-ST, a Trading Representative must produce the register for inspection.</p> <p>(3) A Trading Representative must permit SGX-ST to take extracts of the register.</p>
<p><b>8.1.1</b></p> <p>A security or <u>F</u>utures <u>C</u>ontract listed or quoted on SGX-ST must be traded through the Trading System or as otherwise allowed under this Chapter.</p>
<p><b>8.2A Closing Price of Prescribed <del>Securities Instrument</del></b></p>
<p><b>8.2A.1</b></p> <p>A “Prescribed <del>Security Instrument</del>” refers to such security, <u>or</u> <u>F</u>utures <u>C</u>ontract or product or class of securities, Futures Contracts or products that SGX-ST may prescribe.</p> <p><i>Refer to Practice Note 8.2A.2.</i></p>



**8.2A.2**

The closing price of a Prescribed [Security Instrument](#) shall be determined in accordance with the relevant formula and procedures applicable to each Prescribed Security, as determined by SGX-ST from time to time. In arriving at such formula and procedure, SGX-ST may take into account factors, including but not limited to:

- (1) the last traded price;
- (2) prevailing bids and offers during the trading phase and/or closing routine; and/or
- (3) price data derived from pricing models, as selected or established by SGX-ST from time to time.

*Refer to Practice Note 8.2A.2.*

**8.2A.3**

Notwithstanding the foregoing, SGX-ST shall reserve the right to amend the closing price of any Prescribed [Security Instrument](#) if it so deems necessary.

**8.3.3**

...

Stocks (excluding preference shares), Real Estate Investment Trusts (REITS), business trusts, company warrants and any other class of securities or [Futures Contracts](#) not specified in this Rule 8.3.3

...

For the avoidance of doubt, the minimum bid sizes above apply to securities and [Futures Contracts](#) denominated in all currencies, except the Hong Kong Dollar ("HKD"), Renminbi ("RMB") or Japanese Yen ("JPY"). For securities and [Futures Contracts](#) traded in HKD, RMB and JPY, the minimum bid sizes shall as far as practicable be aligned to the minimum bid sizes applicable in Hong Kong and Japan respectively.

**8.3.4**

Each order entered into the Trading System must specify the Position Account code, the Trading Account code and the price and quantity of the security or [Futures Contract](#).

**8.6.2**

If an error trade occurs:—

...

- (3) both Trading Members must inform SGX-ST of the error as follows:

...

(b) in writing on the same day that the error trade occurred. Written notification must include details of the security or [Futures](#) [Contract](#) name, price, volume, trade number and time of the error trade. The Trading Member who made the error must also provide reasons for the error.

#### **8.6.4A**

Subject to Rule 8.6.4B, a no-cancellation range will be applied to the following instruments:

- (1) structured warrants; and
- (2) all other securities and [Futures](#) [Contracts](#), excluding bonds.

#### **8.6.12**

SGX-ST may consider the following factors when deciding whether to cancel an error trade under Rules 8.6.13, 8.6.13A and 8.6.13B:

- (1) the difference between the price at which the error trade was done and the preceding traded price of the security or [Futures](#) [Contract](#);
- (2) the market liquidity in the security or [Futures](#) [Contract](#) at the time the error trade occurred;
- (3) where the trade involves a [Futures](#) [Contract](#), the trading behaviour of the underlying security;

...

#### **8.6.13A**

Error trades in all other securities or [Futures](#) [Contracts](#), excluding bonds, will be reviewed in accordance with the following Rules:

- (1) For the purposes of Rule 8.6.4A, the no-cancellation range for the security or [Futures](#) [Contract](#) is determined as the wider of the following:

...

- (2) Subject to Rule 8.6.13A(3), the Reference Price of the no cancellation range for the security or [Futures](#) [Contract](#) will be the price of the last good trade.

...

(5) Upon receiving a request to review an error trade involving the security or ~~F~~utures ~~C~~contract, SGX-ST will consider the validity of the error trade. SGX-ST may, in its discretion, make a determination that the error trade is to be cancelled, having regard to the factors set out in Rule 8.6.12.

#### **8.7.1**

A Trading Member may only execute Direct Business that is:—

(1) at least:—

(a) 50,000 units of securities or ~~F~~utures ~~C~~contracts, or in the case of Marginable Futures Contracts, 50,000 units of the underlying; or

...

#### **8.7.6**

SGX-ST may suspend Direct Business on any or all securities or ~~F~~utures ~~C~~contracts. SGX-ST may specify conditions under which Direct Business is permitted for securities or ~~F~~utures ~~C~~contracts.

### **8.8 Designated ~~Securities and Futures Contracts Instruments~~**

#### **8.8.1**

The Board may declare publicly a listed or quoted security or ~~F~~utures ~~C~~contract to be a "Designated ~~Security~~" or "~~Designated Futures Contract Instrument~~" if, in its opinion, there has been manipulation of the security or ~~F~~utures ~~C~~contract (or its underlying), excessive speculation in the security or ~~F~~utures ~~C~~contract (or its underlying), or it is otherwise desirable in the interests of organised markets established or operated by SGX-ST.

[Refer to Practice Note 8.8.1.](#)

#### **8.8.2**

The Board may impose any conditions it thinks fit on dealing ~~in a Designated Security~~ or trading in a Designated ~~Futures Contract Instrument~~. A condition applies from the date of declaration to all contracts of the Designated ~~Security or Designated Futures Contract Instrument~~ entered into on or after the date of declaration, or as indicated by the Board. For-avoidance of doubt, the conditions may include:—

(1) a requirement that Trading Members obtain margins from each customer in respect of the customer's dealing or trading in the Designated ~~Security or trading in a Designated Futures Contract Instrument~~;

(2) [deleted];

(3) a restriction on dealing ~~in a Designated Security~~ or trading in a Designated ~~Futures Contract Instrument~~ by a Trading Member if its outstanding contracts ~~in that Designated Security~~ exceed 5% of the ~~paid-up capital total issued shares or units~~ of the ~~company relevant Issuer~~ whose ~~securities shares or units~~ are designated or, ~~in underlies the case of a~~ Designated ~~Futures Contract~~, of the company ~~whose securities comprise the underlying Instrument~~, or any other percentage the Board prescribes; or

(4c) a prohibition on any sale unless the seller holds the Designated ~~Security or Designated Futures Contract Instrument~~, or in the case of a Designated ~~Futures Contract Instrument that is a futures contract~~, the underlying. A seller holds ~~the a~~ security or ~~Ffutures Ccontract~~, or underlying if, at the time of sale, he has the security, ~~Ffutures Ccontract~~, or underlying in an account maintained with CDP ~~(if scripless)~~, or delivers the share certificates and executed transfer forms to the Trading Member.

### 8.8.3

If asked, a Trading Member must give SGX-ST particulars of all its dealings ~~in Designated Securities~~ or trades in Designated ~~Futures Contracts Instruments~~ and of the customers involved. The Trading Member must do so by the next business day after being asked or as required.

### 8.9.2

The Board may impose any conditions it thinks fit on existing ready market or ~~Ffutures Ccontracts~~ on a cornered security or on dealing in a cornered security. For avoidance of doubt, the conditions may include:—

...

### 8.9.8

The fair settlement price determined by the Board is final and binding on all parties to any outstanding ready market or ~~Ffutures Ccontract~~ on the cornered security.

### 8.10.1

SGX-ST may suspend or restrict trading in any or all listed or quoted securities or ~~Ffutures Ccontracts~~. It may do so for 1 or more markets or 1 or more trading sessions or any part of a trading session. It may do so in any of the following circumstances:—

...

### 8.10.3

Securities or ~~Ffutures Ccontracts~~ which have been suspended from trading cease to be traded on the Trading System. Except with SGX-ST's approval, a Trading Member must not execute any transactions in a suspended security or ~~Ffutures Ccontract~~.

*Refer to Practice Note 8.10.3.*

<p><b>8.10.4</b></p> <p>Unmatched orders in a security or Ffutures Ccontract in the Trading System may lapse in the event of a suspension of that security or Ffutures Ccontract, as determined by SGX-ST.</p> <p><i>Refer to Practice Note 8.10.1.</i></p>
<p><b>8.10.5</b></p> <p>Where SGX-ST has suspended or restricted trading in all listed or quoted securities or Ffutures Ccontract in 1 or more markets, SGX-ST may extend a trading session for the market when trading recommences.</p>
<p><b>8.10.6</b></p> <p>Securities or Ffutures Ccontracts subject to suspension will be placed in Adjust Phase for a minimum of 15 minutes before trading recommences.</p>
<p><b>8.10A.1</b></p> <p>SGX-ST may prescribe, for certain securities and Ffutures Ccontracts, Circuit Breakers which are designed to temporarily restrict trading in these securities and Ffutures Ccontracts.</p>
<p><b>8.10A.2</b></p> <p>SGX-ST shall impose a Cooling-Off Period on such security or Ffutures Ccontract referred to in Rule 8.10A.1 if an incoming order seeks to be matched, either partially or fully, with an existing order in the Trading System at a price outside the Circuit Breaker.</p>
<p><b>8.11.1A</b></p> <p>A trading halt may be imposed by SGX-ST on a security or Ffutures Ccontract when its underlying, or such instrument on the same underlying as SGX-ST may prescribe, is subject to a Cooling-Off Period pursuant to Rule 8.10A.2.</p>
<p><b>8.11.7</b></p> <p>Securities or Ffutures Ccontracts which are subject to a trading halt cease to be traded on the Trading System. Except with SGX-ST's approval, a Trading Member must not execute any transactions in a security or Ffutures Ccontract subject to a trading halt.</p> <p><i>Refer to Practice Note 8.10.3.</i></p>
<p><b>8.12.1</b></p>

SGX-ST may prohibit or limit a Trading Member from entering orders on the Trading System for a period not exceeding 14 days if the Trading Member:—

...

(2) defaults on any transaction in securities or [F](#)futures [C](#)contracts on SGX-ST; or

...

#### **9.1.1**

Unless otherwise specified by SGX-ST, delivery and settlement for trades in securities or [F](#)futures [C](#)contracts which are designated by CDP as eligible for clearance or settlement on a book entry basis are by book entry at CDP.

#### **9.1.2**

Delivery of physical certificates is not accepted for trades in securities or [F](#)futures [C](#)contracts which are designated by CDP as eligible for clearance or settlement on a book entry basis.

#### **9.1.3**

A securities account must be maintained with CDP by customers who trade in securities or [F](#)futures [C](#)contracts which are designated by CDP as eligible for clearance or settlement on a book entry basis and Trading Members who trade in such securities or [F](#)futures [C](#)contracts for their own account. The securities account may be maintained directly with CDP or with a depository agent.

#### **9.2.2**

A buying customer must look only to the Trading Member, who executes the trade, in relation to all obligations in connection with that trade, including delivery of securities or in the case of a deliverable [F](#)futures [C](#)contract, the relevant underlying. A buying customer must pay the Trading Member who executes the trade.

#### **9.3.2**

A buying Trading Member must look only to the Clearing Member who qualifies it in relation to all obligations in connection with its trades, including for delivery of securities or in the case of a deliverable [F](#)futures [C](#)contract, the relevant underlying.

#### **9.4.1**

Ready Market for securities and [F](#)futures [C](#)contracts cleared by CDP

#### **11.8.4**

For the purpose of Rule 11.8.1, "exposure to a single security" means:—

(1) the amount of the single security underwritten or sub-underwritten by or placed with a Trading Member, after deducting the amount which the Trading Member has sub-underwritten or placed with:—

...

(e) the holder of a Capital Markets Services Licence under the Securities and Futures Act ~~to deal in securities, or trade in futures contracts~~ for dealing in capital markets products for fund management;

...

#### **11.9.1**

Subject to the margin financing requirements of this Rule, a Trading Member who is licensed to conduct ~~securities margin product~~ financing may extend credit facilities to ~~approved~~ customers for ~~securities~~ transactions in Specified Products.

#### **11.9.3**

A If a Trading Member seeks to mortgage, pledge or hypothecate the Specified Products or property of any customer who operates a margin financing account (such account being an account carried on the books of the Trading Member) shall authorise the Trading Member to mortgage, pledge or hypothecate the customer's securities or property for a sum not exceeding the debit balance in the margin financing account and without obligation to retain in its possession or control ~~securities~~ Specified Products of like character. The Trading Member shall also be given the discretion to sell or dispose of any or all the ~~securities~~ Specified Products in any manner in order to meet with the prescribed margin financing requirements.

#### **11.9.4**

A Trading Member shall not cause or permit any new transaction made in a customer's margin financing account (such account being an account carried on the books of the Trading Member) unless the resulting equity in the account is not less than 140% of the debit balance, or the Trading Member has required the customer to deposit margin in the margin financing account within 2 Market Days from the date of ~~securities~~ the Specified Products transaction to bring the equity to not less than 140% of the debit balance.

#### **11.9.5**

A Trading Member who provides margin financing must obtain margin from each customer in respect of any margin financing account (such account being an account carried on the books of the Trading Member) and in respect of any credit facility provided to the customer for Specified Products transactions. The margin deposited by customers with the Trading Member shall be in the form of acceptable collateral and such other instruments as SGX-ST may from time to time prescribe.

#### **11.9.6**

...

(2) Where the equity in a customer's margin financing account falls to or below 110% of the debit balance in his margin financing account, and that the customer has failed to provide additional margin to increase the equity in his margin financing account to more than 110% of the debit balance in his margin financing account within the prescribed time frame referred to in Rule 11.9.6(1), a Trading Member shall have discretion, including, where appropriate, liquidating [the Specified Products purchased via](#) the margin financing account including the acceptable collateral deposited to bring the equity to more than 110% of the debit balance without notice to the customer.

#### **11.9.8**

A Trading Member shall review all margin financing accounts carried on the books of the Trading Member to ensure that credit is not over-extended beyond the approved facility and that the margin financing requirements prescribed above are met at all times. For the purpose of computing margin financing requirements in a margin financing account, the last done price of the ~~security~~ [Specified Product](#) on the preceding Market Day, or in the case of a Prescribed ~~Security Instrument~~, the closing price of the Prescribed ~~Security Instrument~~ on the preceding Market Day, shall be used. All transactions done on the same day shall be combined on a transaction date basis and the total cost of purchase or the net proceeds of sale including any commission charged and other expenses shall be taken into account for computing margin financing requirements.

#### **11.9.10**

A customer may withdraw cash or ~~securities~~ [Specified Products](#) from his margin financing account carried on the books of his Trading Member provided that the equity in his account does not fall to 140% of the debit balance or less.

#### **11.9.11**

A Trading Member shall not cause or permit:—

...

(2) the aggregate of the margin exposures in the margin financing accounts of all customers in respect of ~~securities~~ [Specified Products](#), other than ~~securities~~ [Specified Products](#) quoted on SGX-ST, to exceed 100%, or such other percentage as SGX-ST may allow, of its free financial resources; and

(3) the debit balance in each customer's margin financing account to exceed 20%, or such other percentage as SGX-ST may allow, of its free financial resources.

#### **11.9.14**

In computing the market value of ~~securities~~ [Specified Products](#) bought and carried in a customer's margin financing account (such account being an account carried on the books of the Trading Member) and the market value of securities deposited as collateral by the margin customer, the Trading Member shall apply such applicable discounts as SGXST may prescribe from time to time.



### 11.11.2

A Trading Member shall, within 5 months after the close of the financial year, furnish to SGX-ST the following information:

...

(3) a Certificate, signed by the auditor appointed by the Trading Member to carry out an annual financial audit, stating, at a minimum:—

(a) whether, in the opinion of the auditor, the Trading Member has complied with the relevant applicable laws and regulatory requirements relating to the regulation of [organised](#) markets and licenced entities, or in the case of a Trading Member that holds a Capital Markets Services Licence, financial requirements as set out in the SGX-ST Rules and SFR (Financial and Margin Requirements);

(b) whether, in the opinion of the auditor, the Trading Member's books of accounts and records are those usual in a business of that nature and appear to have been kept in a proper manner in accordance with the provisions of the SGX-ST Rules relevant applicable laws and regulatory requirements relating to the regulation of [organised](#) markets and licenced entities, or in the case of a Trading Member that holds a Capital Markets Services Licence, and the SFA;

...

### 11.11.3

Where, in the performance of his duties, the Trading Member's auditor becomes aware:—

...

(2) of any matter which in his opinion constitute or may constitute a contravention breach of any provision of the SFA or any other relevant applicable laws and regulatory requirements relating to the regulation of [organised](#) markets and licenced entities, or an offence involving fraud or dishonesty,

...

### 12.3.2 Corporate Customer Account

Before opening a corporate customer account on its books, a Trading Member must:—

...

(3) obtain either:—

(a) a copy of the directors' resolution of the customer approving the opening of a corporate customer account with the Trading Member and empowering specific directors and officers to:—

(i) trade in securities or ~~F~~futures ~~E~~contracts for the corporate customer account; and

...

### 12.3.6 Risk Acknowledgement Statement

~~(1) Unless otherwise permitted by the Securities and Futures Act or any other relevant applicable laws and regulatory requirements relating to the regulation of markets and licenced entities, a~~ Trading Member must ensure that the customer is aware of and must obtain a written acknowledgement from ~~a the~~ customer that the customer is aware of and understands the risks associated with holding and trading ~~of~~ securities and ~~F~~utures ~~C~~contracts. ~~This Rule does not apply to a customer who is an Accredited Investor or Institutional Investor trading only in securities. in accordance with:~~

~~(2) The written acknowledgement shall:~~

~~(a)~~ in the case of a Trading Member that holds a Capital Markets Services Licence, ~~contain such requirements as contemplated under the Securities and Futures Act Regulation 47DA of the SFR (Licensing and Conduct of Business); and~~

~~(b)~~ in the case of a Trading Member that holds a licence specified in Rule 4.1.1(1)(b), contain such requirements as may be prescribed by the Relevant Regulatory Authority. The Trading Member shall immediately notify SGX-ST on any changes to such requirements. Notwithstanding the foregoing, SGX-ST shall have the discretion to prescribe additional requirements.

### 12.5.1

Unless SGX-ST decides otherwise, the commission rate chargeable for the purchase or sale of securities or ~~F~~utures ~~C~~contracts is negotiable.

### 12.6.1

A Trading Member must send its customer a contract note for the purchase or sale of securities or ~~F~~utures ~~C~~contracts.

*Refer to Practice Note 12.6.1.*

### 12.7.1

A Trading Member must send its customer ~~(including Trading Representatives) a~~ statements of account on a regular basis, ~~as may be required under the Securities and Futures Act, or any Regulation made thereunder in accordance with:~~

### ~~12.7.2~~

~~A statement of account shall:~~

~~(1a)~~ in the case of a Trading Member that holds a Capital Markets Services Licence, Regulation 40 of the SFR (Licensing and Conduct of Business) ~~contain the information specified in Regulation 40(2) of the Securities and Futures (Licensing and Conduct of Business) Regulations and any other information that SGX-ST prescribes. Before issuing statements of account in electronic form, the Trading Member~~

~~must obtain the customer's prior revocable and informed consent. The Trading Member must retain evidence of the customer's consent. To constitute an informed consent, a customer must be told of the manner of delivery and retrieval of the electronic record and any costs that may be incurred; and~~

(2b) in the case of a Trading Member that holds a licence specified Rule 4.1.1(1)(b), ~~comply with~~ such requirements as may be prescribed by the Relevant Regulatory Authority, including requirements relating to a customer's statement of account in electronic form. The Trading Member shall immediately notify SGX-ST on any changes to such requirements. Notwithstanding the foregoing, SGX-ST shall have the discretion to prescribe additional requirements.

#### **12.15.1**

All purchases and sales of securities or ~~F~~utures ~~C~~ontracts by a Trading Member for its proprietary account must be made under a separate Stock Account of the Trading Member.

#### **12.17.4**

A Trading Member must not knowingly buy or sell securities or ~~F~~utures ~~C~~ontracts for a Director, Officer, Trading Representative or employee of another Trading Member, except with the prior written approval of the other Trading Member.

#### **12.17.5**

A Trading Member must have in place procedures to ensure that agents who are privy to confidential information relating to dealing in securities or trading in ~~F~~utures ~~C~~ontracts, do not use such information to trade for their own benefit.

#### **12.19.2**

A Trading Member that holds a licence specified in Rule 4.1.1(1)(b) shall not direct any advertising or publicity to deal in securities or ~~F~~utures ~~C~~ontracts on SGX-ST to customers domiciled in Singapore or to the extent that it may be acted upon by customers in Singapore.

#### **13.2.1**

When acting as agent, a Trading Member and its Trading Representative must:—

...

(4) act in the best interests of customers, and comply with any obligation for best execution as set out in applicable laws and regulations;

...

#### **13.4.1**

A Trading Member or a Trading Representative must not deal in securities or trade in Futures Contracts for his or her own account or for a Prescribed Person's account if the Trading Representative has an unexecuted order on the same terms from a customer. However, this Rule does not apply if:—

...

#### **13.8.1**

A Trading Member or a Trading Representative must not engage in, or knowingly act with any other person in, any act or practice that will or is likely to:—

(1) create a false or misleading appearance of active trading in any securities or Futures Contracts; or

(2) lead to a false market in respect of any securities or Futures Contracts. For avoidance of doubt, a false market includes a market in which:—

...

#### **13.8.2**

The following factors are relevant when considering whether an act or practice may breach Rule 13.8.1:—

(1) whether the proposed transaction will be inconsistent with the history of, or recent trading in, the security or Futures Contract;

(2) whether the proposed transaction will or may cause or contribute to a material change in the market for or the price of the security or Futures Contract, and whether the person involved or another person with whom the first person is collaborating may directly or indirectly benefit from alterations in the market or price;

...

(7) whether the proposed transaction will or may cause the price of the security or Futures Contract to increase or decrease, but following which the price is likely to immediately return to about its previous level;

...

(11) whether the proposed buy (sell) order forms part of a series of orders that successively and consistently increase (decrease) the price of the security or Futures Contract; and

...

**13.8.3**

A Trading Member or a Trading Representative must not enter a buy order or a sell order on the Trading System if there is an existing opposite order from that same Trading Member or Trading Representative in the same security or [Futures Contracts](#) for the same price. This Rule does not apply if:—

...

**13.8.4**

A Trading Member or a Trading Representative must not directly or indirectly deal in securities which involve no change of beneficial ownership as defined in Section 197(5) of the Securities and Futures Act, or knowingly execute, or hold himself out as having executed, an order for the bona fide purchase or sale of [Futures Contracts](#) without having effected a bona fide purchase or sale of Futures Contracts as defined in Section 207(1) of the Securities and Futures Act. It is a defence if the Trading Member or Trading Representative can show that it, or he or she had no reason to suspect, or no reasonable Trading Member or Trading Representative ought to have suspected or known, that the transaction was a wash sale.

**13.8.5**

A Trading Member or a Trading Representative must not deal in securities or trade in [Futures Contracts](#) in a manner that will or may affect or maintain the price of the securities, [Futures Contracts](#) or their underlying, with intent to induce other persons to subscribe for, buy or sell the securities or [Futures Contracts](#). This Rule does not apply to stabilising action carried out in accordance with Regulation 3 of the Securities and Futures (Market Conduct) (Exemptions) Regulations.

**13.8.7**

A Trading Member or a Trading Representative must not participate in any prohibited market conduct in securities or [Futures Contracts](#) or in any insider trading, or knowingly assist a person in such conduct.

**13.10.2**

A Trading Member must ensure that the order entry person does not:—

(1) deal in securities or trade in [Futures Contracts](#);

...

**14.12.3 Action Against Defaulters**

...

(3) A Trading Member's access to [organised](#) markets established or operated by SGX-ST ceases if it is declared a defaulter. The access may be reinstated by SGX-ST. The Trading Member remains liable to SGX-ST, other Trading Members and its customers for all obligations incurred before its access ceased.

...

#### **14.12.5**

If, in SGX-ST's opinion, it is necessary to protect the financial integrity, reputation or interests of SGX-ST, or [organised](#) markets established or operated by SGX-ST, it may exercise its powers under this Rule without prior notice to the Trading Member, Approved Executive Director or Trading Representative. SGX-ST will notify the Trading Member, Approved Executive Director or Trading Representative in writing after it has exercised the powers.

#### **15.1.1**

The research department of a Trading Member must engage only in the following activities:—

(1) research or analysis of securities or [Futures](#) [Contracts](#) (including recommendations, if any); or

...

#### **15.7.1**

A Trading Member and a research analyst must disclose:—

(1) any interest at the date of the dissemination of the research report or investment recommendation in the subject of the report or recommendation. "Interest" includes direct or indirect ownership of securities or [Futures](#) [Contracts](#) (excluding the amount of securities or [Futures](#) [Contracts](#) owned), directorships, trustee positions, customer of the Trading Member or any other relationship that may be regarded as creating a potential conflict of interest with the Trading Member's responsibility under Rule 15.5.1(2); and

...

#### **15.8.1**

A Trading Member and a research analyst must not:—

(1) knowingly buy or sell a security or [Futures](#) [Contract](#) if the Trading Member or research analyst has material information not generally available to the public in relation to the security or Futures Contract;

(2) except on instructions from a customer, knowingly buy or sell a security or [Futures](#) [Contract](#) if the transaction may create a conflict of interest in relation to the Trading Member's duty to its customers;

(3) procure any person to buy or sell a security or [Futures](#) [Contract](#) if the Trading Member or research analyst is prohibited under Rules 15.8.1(1) and (2) from doing so; and

(4) buy or sell a security or ~~F~~utures ~~C~~contract contrary to the most recent research report published by the Trading Member unless 3 Market Days have passed since the report was issued. This trading restriction does not apply if:—

...

(c) the research analyst is in financial difficulty and must sell the security or ~~F~~utures ~~C~~contract. The Trading Member must ensure that the research analyst obtains prior written approval of a senior management staff independent of research, dealing or corporate finance for each trade. The Trading Member must also maintain documentation of the financial condition and the decision for 7 years.

## **Chapter 17 — Securities Borrowing and Lending of Specified Products**

### **17.2.1**

~~Subject to Rule 17.2.2, b~~Before engaging in ~~securities~~ borrowing or lending transactions in Specified Products, a Trading Member must enter into a written agreement with the borrower or lender in accordance with Regulation 45(54) ~~or, if the Trading Member borrows Specified Products from an Accredited Investor, Expert Investor or Institutional Investor, in accordance with Regulation 45(6), of the Securities and Futures (Licensing and Conduct of Business) Regulations and subject to Rule 17.3.3 which requires. Such agreement shall also provide for the collateral provided or obtained by the Trading Member to be at least 105% of the market value of the securities.~~ matters set out in Rule 17.3.1A.

### **17.2.2**

~~A Trading Member borrowing from an Accredited Investor shall comply with Regulation 45(6) of the Securities and Futures (Licensing & Conduct of Business) Regulations.~~

### **17.3.1A**

~~Except w~~Where a Trading Member ~~borrows securities from an Accredited Investor, if a Trading Member borrows or lends securities~~ Specified Products to any person, it must obtain collateral in accordance with this Rule-17.3 ~~and meet its obligations under Regulation 45(5) of the Securities and Futures (Licensing & Conduct of Business) Regulations.~~

### **17.3.1**

A Trading Member must obtain collateral from a borrower of ~~securities~~ Specified Products by the close of the Market Day before delivering the loaned ~~securities~~ Specified Products to the borrower.

### **17.3.3**

The value of collateral obtained from the borrower must be at least 105% of the market value of the loaned ~~securities~~ Specified Products throughout the period that the ~~securities~~ Specified Products are lent.

**17.3.4**

If the value of collateral falls below 105% of the market value of the loaned ~~securities~~ [Specified Products](#), a Trading Member must, by the next Market Day, notify the borrower to provide additional collateral to bring the value of collateral to at least 105% of the market value of the loaned ~~securities~~ [Specified Products](#) by the close of the second Market Day from the date of notice. A Trading Member must not allow any new borrowings until the value of the collateral is restored to at least 105% of the market value of the loaned ~~securities~~ [Specified Products](#).

**17.3.5**

A Trading Member may, without notice to the borrower, realise the collateral and apply the proceeds to buy back ~~securities~~ [Specified Products](#) to close off the loan position if:—

- (1) the borrower does not provide the additional collateral by the close of the second Market Day from the date of notice; or
- (2) the collateral value falls below 100% of the market value of the loaned ~~securities~~ [Specified Products](#),

whichever occurs earlier.

**17.3.6**

A Trading Member may allow a borrower to withdraw collateral, provided that the remaining collateral value is at least 105% of the market value of the loaned ~~securities~~ [Specified Products](#) after the withdrawal.



## 2) Amendments to the SGX-ST Rules (Practice Notes)

Amendments	
<b>Practice Note 4.6.21; 12.1.1; 12.3.6; 12.6.4; 12.7.2; 12.10A.2: Operational Requirements for Trading Members Who Do Not Conduct Business in Singapore</b>	
<b>1.</b>	<b>Introduction</b>
1.1	<p>SGX-ST requires a Trading Member that does not hold a licence administered by the Monetary Authority of Singapore to meet the following operational requirements set out in the SGX-ST Rules:</p> <ul style="list-style-type: none"><li>(a) maintain complete and accurate records pursuant to Rule 12.1.1(1);</li><li>(b) send its customer a risk disclosure document setting out the risks associated with holding and trading of securities and <del>F</del>futures <del>C</del>contracts pursuant to Rule 12.3.6;</li></ul> <p>...</p>
<b>2.</b>	<b>Factors that SGX-ST considers relevant</b>
...	
2.2	<p><u>Contract note.</u></p> <p>Pursuant to Rule 12.6 the Trading Member referred to in paragraph 1.1 should issue to its customer a contract note which should contain the following information:</p> <ul style="list-style-type: none"><li>(a) name of the customer;</li><li>(b) date on which the purchase or sale of securities or <del>f</del>Futures <del>C</del>contracts is entered into;</li><li>(c) the price, amount and description of the securities or <del>f</del>Futures <del>C</del>contracts;</li></ul> <p>...</p>
2.3	<p><u>Statement of account.</u></p> <p>Pursuant to Rule 12.7, the Trading Member referred to in paragraph 1.1 should send to its customer a statement of account which should contain the following information:</p> <ul style="list-style-type: none"><li>(a) the price, amount and description of the securities or <del>f</del>Futures <del>C</del>contracts;</li></ul> <p>...</p>
2.4	<p><u>Risk disclosure statement</u></p>

Amendments
Pursuant to Rule 12.3.6, the Trading Member referred to in paragraph 1.1 should provide its customer a risk disclosure statement which should clearly state the features of securities and <del>F</del> futures <del>C</del> contracts and risks associated with holding and trading these instruments.
...

Amendments	
<b>Practice Note 8.2.1 —Application of Market Phases and Algorithm</b>	
...	
<b>2</b>	<b>Application of Market Phases</b>
<b>2.4</b>	<b>Adjust Phases</b>
(1)	An Adjust Phase operates upon the lifting of a suspension of a security or <del>f</del> Futures <del>C</del> contract pursuant to Rule 8.10.6, and may also be applied pursuant to Rule 8.10.1A.
...	
...	

Amendments	
<b>Practice Note 8.2A.2 — Closing Price of Prescribed <del>Security</del> <u>Securities</u> <del>Instrument</del> <u>Instruments</u></b>	
<b>1.</b>	<b>Introduction</b>
1.1	<p>Rule 8.2A.2 of the Rules states that the closing price of a Prescribed <del>Security</del> <u>Securities</u> <del>Instrument</del> <u>Instruments</u> shall be determined in accordance with the relevant formula and procedures applicable to each Prescribed <del>Security</del> <u>Securities</u> <del>Instrument</del> <u>Instruments</u>, as determined by SGX-ST from time to time. In arriving at such formula and procedure, SGX-ST may take into account factors, including but not limited to:</p> <ul style="list-style-type: none"> <li>(1) the last traded price;</li> <li>(2) prevailing bids and offers during the trading phase, and/or closing routine; and/or</li> <li>(3) price data derived from pricing models, as selected or established by SGX-ST from time to time.</li> </ul>
<u>1.2</u>	This Practice Note sets out the formulas and procedures used by SGX-ST to determine the closing price of Prescribed Securities as contemplated in the above Rule.
<u>1.23</u>	<p>Unless the context requires otherwise, the following terms shall have the meanings ascribed to them in Practice Note 8.2.1:</p> <ul style="list-style-type: none"> <li>(1) "Closing Routine"; and</li> <li>(2) "Trading Phase".</li> </ul>
<u>1.34</u>	<p>The following securities, <del>F</del><u>f</u>utures <del>C</del><u>c</u>ontracts or products or classes of securities, <del>F</del><u>f</u>utures <del>C</del><u>c</u>ontracts or products shall be a Prescribed <del>Security</del> <u>Securities</u> <del>Instrument</del> <u>Instruments</u> for the purpose of Rule 8.2A.1:</p> <ul style="list-style-type: none"> <li>(1) Exchange traded funds.</li> </ul>
<b>2.</b>	<b>Closing Price of Prescribed <del>Securities</del> <u>Securities</u> <del>Instruments</del> <u>Instruments</u></b>
2.1	<p>Unless otherwise specified, SGX-ST may use any of the following as the closing price of a Prescribed <del>Security</del> <u>Securities</u> <del>Instrument</del> <u>Instruments</u> for a Market Day:</p> <ul style="list-style-type: none"> <li>(1) the single price at which orders are matched at the end of the Closing Routine as set out in Practice Note 8.2.1;</li> <li>(2) the last traded price that occurred in the Closing Range;</li> <li>(3) a price determined by SGX-ST taking into account the bid and offer prices present in the Trading System during the Closing Range;</li> <li>(4) the last traded price that occurred prior to the Closing Range; or</li> </ul>

Amendments	
(5)	the closing price of the previous Market Day.
...	

Amendments	
Practice Note 8.6 — Application of the Forced Order Range	
1.	Introduction
1.2	<p>Unless otherwise determined by SGX-ST, the Forced Order Range of the following products shall be as follows:</p> <p>...</p> <p>Stocks (excluding preference shares), Real Estate Investment Trusts (REITS), business trusts, company warrants and any other class of securities or <del>f</del>Futures <del>C</del>contracts not specified in this Rule 8.3.3</p> <p>...</p>
	...

Amendments	
<b>Practice Note 8.6.12 — Computation of Monetary Loss</b>	
...	
<b>2.</b>	<b>Computation of Monetary Loss</b>
2.1.	<p>Subject to paragraph 2.2, the monetary loss referred to in Rule 8.6.12(4) will be the difference between the value of the Error Trade and the value of the intended trade. The value of the intended trade will be determined as:</p> <p>...</p> <p>(3) in the case of an error in the entry of the price of all other securities or <del>F</del>utures <del>c</del>Contracts, excluding bonds, the value of a trade for the volume of the order which was entered, at the Reference Price in accordance with Rule 8.6.13A(2) or Rule 8.6.13A(3); and</p> <p>...</p> <p>...</p>

Amendments	
<b>Practice Note 8.8.1 — Designated <del>Securities and Futures Contracts</del> Instruments</b>	
<b>1. Introduction</b>	
1.1	This Practice Note explains the circumstances under which the Board may declare a listed or quoted security or <del>F</del> utures <del>C</del> contract to be a "Designated <del>Security Instrument</del> " or " <del>Designated Futures Contract</del> ".
<b>2. Designation as a Regulatory Tool</b>	
2.1.	<p>SGX has three key regulatory tools to support a fair, orderly and transparent market. They are as follows:—</p> <ul style="list-style-type: none"> <li>(a) Query to listed companies — SGX may issue a query to listed companies in situations where there is unusual trading that is not explained by announced developments or industry trends. The query serves to raise investors' awareness that trading activity is unusual;</li> <li>(b) Designation of a security or <del>F</del>utures <del>C</del>contract — SGX may declare a listed or quoted security or <del>F</del>utures <del>C</del>contract to be a "Designated <del>Security Instrument</del>" or "<del>Designated Futures Contract</del>" where, in SGX's judgment, there is possible manipulation or excessive speculation in the security or <del>F</del>utures <del>C</del>contract (or its underlying), or it is otherwise in the interest of the market to do so; and</li> <li>(c) Suspension — SGX may suspend a security or <del>F</del>utures <del>C</del>contract where, in SGX's opinion, the market is not orderly, informed or fair.</li> </ul>
2.2	Designation is a tool that is used sparingly and only in exceptional circumstances which warrant such intervention. Such circumstances may include prolonged trading anomalies observed in the security or <del>F</del> utures <del>C</del> contract, such as order book imbalances and/or prolonged, excessive speculation in a security. The objective of designation is to restore market equilibrium by removing the impact of such anomalies on price formation, and allow the price of the security or <del>F</del> utures <del>C</del> contract to be formed through demand and supply forces in an informed market. Designation would be lifted once, in SGX's opinion trading has returned to normalcy.
<b>3. Conditions that may be <del>i</del>imposed on a Designated <del>Security or a Designated Futures Contract</del> Instrument</b>	
3.1	<p>The conditions imposed on a Designated <del>Security or a Designated Futures Contracts</del> Instrument would depend on the circumstances leading to the designation of the security or <del>F</del>utures <del>C</del>contract. Examples of such conditions are listed below. One or more of these conditions may be imposed in a particular designation situation, and this list is not exhaustive.</p> <ul style="list-style-type: none"> <li>(a) <u>Requirement for collateral to be furnished.</u>— Trading Members may be required to obtain margins from each customer in respect of the customer's dealing in the Designated</li> </ul>



## Amendments

Security or trading in a Designated Futures Contract Instrument. This may also be imposed as a requirement for the Trading Member to obtain partial or full payment for any buy order from a customer, prior to executing the order. Such requirements would be specified in the conditions for the designation;

- (b) Trading restrictions on specific Trading Members.— Trading restrictions may also be imposed on specific Trading Members in relation to a Designated ~~Security or Designated Futures Contract Instrument~~ if the Trading Member has outstanding unsettled positions in the security (or the underlying security of the ~~Futures Contract~~) that is more than 5% (or any percentage that the SGX-ST Board may prescribe) of the paid-up capital of the company whose securities are designated;
- (c) Restrictions on sale.— A prospective seller of a Designated ~~Security or Designated Futures Contract Instrument~~ may be prohibited from placing a sell order unless he is already holding the security (or underlying security of the ~~Futures Contract~~) at the time of sale. The seller may be required to provide evidence that he/she holds the security (or the underlying security of the ~~Futures Contract~~).~~the Designated Security~~. This evidence could be in the form of statements by CDP or a custodian showing that the seller is holding a sufficient quantity of the security. Furthermore, the Trading Member may be required to sight such evidence prior to the execution of the sale order; and
- (d) Other conditions such as prohibitions on short-selling, contra trading or Internet Trading.

## Amendments

### Practice Note 8.10 — Characteristics of Suspension and Trading Halt

This Practice Note explains the characteristics of a suspension and a trading halt.

Characteristic	Suspension	Trading Halt
Initiating party	A suspension can be imposed by SGX-ST under the circumstances stated in Rule 8.10.1. An Issuer may also request a suspension if its request for extension of a trading halt is not approved by SGX-ST.	A trading halt can be imposed by SGX-ST under the circumstances stated in Rules 8.11.1 and 8.11.1A.
Status of unmatched orders	During a market suspension, unmatched orders in the Trading System may lapse, as determined by SGX-ST. SGX-ST will notify Trading Members of the status of their unmatched orders before the lifting of a market suspension.  During a suspension of a single security or <u>F</u> utures <u>C</u> contract, all unmatched orders will lapse.	During a trading halt, all existing orders in the ready and unit share markets remain valid. Orders can still be entered, modified or withdrawn in the ready and unit share markets but are not matched.
Duration of suspension or trading halt	A suspension may persist for a prolonged period.	A trading halt is usually intra-day, with a minimum duration of 30 minutes. SGX-ST may extend the duration of a trading halt beyond 3 Market Days upon the Issuers' request.
Upon lifting of suspension or trading halt	Upon lifting of a suspension, the suspended security or <u>F</u> utures <u>C</u> contract will enter into an Adjust Phase for at least 15 minutes.	Upon lifting of a trading halt, orders that can be matched will be matched at a single price computed based on the algorithm set by SGX-ST. Unmatched orders are carried forward into the respective phase the market is in when the trading halt is lifted.

Amendments	
<b>Practice Note 8.10.3 — Approval of Off Market Trades in a Security or Futures Contract Subject to Suspension or Trading Halt</b>	
<b>1. Introduction</b>	
1.1	This Practice Note explains the rationale and the circumstances under which SGX-ST may approve the trading of a security or Ffutures Ccontract that is the subject of a suspension or trading halt.
1.2	Rule 8.10.3 says securities or Ffutures Ccontract which have been suspended from trading shall not be traded on the Trading System. Except with SGX-ST's approval, a Trading Member must not execute any transactions in a suspended security or Ffutures Ccontract.
1.3	Rule 8.11.7 says securities or Ffutures Ccontracts which are subject to a trading halt shall not be traded on the Trading System. Except with SGX-ST's approval, a Trading Member must not execute any transactions in a security or Ffutures Ccontract subject to a trading halt.
<b>2. Rationale for Rules</b>	
2.1	All market participants should have equal opportunity. The objective of a suspension and trading halt is usually to facilitate proper dissemination of material information to the market place to ensure the operation of a fair market. Hence, SGX-ST Rules 8.10.3 and 8.11.6 stop all trading of a security or Ffutures Ccontract by a Trading Member if the security or Ffutures Ccontract is under suspension or trading halt. However, SGX-ST recognises that there may be circumstances under which off-market trading of the security or Ffutures Ccontract is appropriate.
<b>3. Circumstances Under Which SGX-ST May Approve Off-Market Trades in A Security or Futures Contract Subject to Suspension or Trading Halt</b>	
3.1	<p>SGX-ST may, on a case-by-case basis, approve off-market trades in a security or Ffutures Ccontract that is subject to suspension or trading halt, if the buying customer and selling customer are informed of the reasons for suspension or trading halt and there is a reason for the trade beyond simply wanting to trade. Circumstances under which SGX-ST may approve off-market trades include:—</p> <ol style="list-style-type: none"> <li>(1) A seller, being in financial difficulty, needs to sell a security, or liquidate a Ffutures Ccontract in relation to a security, that may be suspended for an indefinite period.</li> <li>(2) A seller who short-sold a security or Ffutures Ccontract that is subsequently subject to suspension or trading halt, and the clearing house requires the seller to cover the short position within a prescribed period.</li> <li>(3) A security or Ffutures Ccontract is suspended prior to delisting on SGX-ST. The minority shareholders may wish to sell the security or Ffutures Ccontract to the majority shareholders.</li> </ol>

Amendments	
(4)	The trustee of the estate of a deceased investor needs to liquidate a security or <del>F</del> utures <del>C</del> contract that may be suspended for an indefinite period.

Amendments	
Practice Note 8.10A — Circuit Breaker	
<b>1.</b>	<b>Introduction</b>
1.1.	Rule 8.10A.1 states that SGX-ST may prescribe, for certain securities and Ffutures Ccontracts, Circuit Breakers which are designed to temporarily restrict trading in these securities and Ffutures Ccontracts.
1.2.	Rule 8.10A.2 adds that SGX-ST shall impose a Cooling-Off Period on such security or Ffutures Ccontracts referred to in Rule 8.10A.1 if an incoming order seeks to be matched, either partially or fully, with an existing order in the Trading System at a price outside the Circuit Breaker.
<b>2.</b>	<b>Coverage of Circuit Breaker</b>
2.3.	As stated in Rule 8.11.1A, SGX-ST may impose a trading halt on a security or Ffutures Ccontract when its underlying, or such instrument on the same underlying as SGX-ST may prescribe, is subject to a Cooling-Off Period pursuant to Rule 8.10A.2. This includes structured and company warrants. The duration of such halt will be aligned with the Cooling-Off Period.
...	
<b>3.</b>	<b>Characteristics of Circuit Breakers and Cooling-Off Periods</b>
3.1.	A Circuit Breaker will have the following features:
...	
(2)	The Circuit Breaker, takes the form of a price band. Trading in a security or Ffutures Ccontract must be within or at the upper and lower thresholds of the price band. The price band is based on a prescribed percentage threshold from a reference price. The calculation of the price band is described in paragraph 4 below.
...	
(4)	During the Cooling-Off Period, trading in a security or Ffutures Ccontract continues at or within the price band that was established when the Cooling-Off Period was activated. If an incoming order seeks to match against a resting order at a price outside the upper or lower threshold, the incoming order will be rejected and will not be matched at a price outside the upper and lower thresholds. This will not extend the cooling-off period.
(5)	After the Cooling-Off Period ceases, the upper and lower thresholds of the Circuit Breaker will be adjusted. The adjustment of the price band is described in paragraph 4. Trading in a security or Ffutures Ccontract will continue within and at the new price band.
<b>4.</b>	<b>Calculation of the Circuit Breaker</b>

## Amendments

...

4.2. The reference price for the start of the Trading Phase in each trading session is as follows:

- (1) the opening price of the security for that trading session, failing which
- (2) either:
  - (a) (i) in the case of a Prescribed Security Instrument, the last traded price in the morning trading session, failing which, the closing price of the Prescribed Security Instrument on the previous Market Day, and (ii) in the case of any other security, the previous trading session's last traded price, or
  - (b) where a share consolidation or share split has occurred since the price stated in (a), a price derived from a pricing model established by SGX-ST (for example, the last traded price prior to the effective date of the consolidation, adjusted for the consolidation ratio), failing which
- (3) the last available traded price.

...

Amendments	
Practice Note 12.3.1, 12.3.2 — Customer Account	
...	
2.	Customer Account
...	
2.2	Investment objectives of a customer would include:—
...	
	(b) the types of securities or <del>F</del> futures <del>C</del> contracts that the customer may want to trade in, such as: —
	(i) securities or <del>F</del> futures <del>C</del> contracts listed or quoted on SGX-ST, and
...	
...	

Amendments	
Practice Note 12.6.1 — Contract Notes	
1.	Introduction
1.1	Rule 12.6.1 requires a Trading Member to send its customer a contract note for the purchase or sale of securities or <del>f</del> Futures <del>C</del> contracts.
...	



Amendments	
<b>Practice Note 13.4.1 — Customer Orders — Precedence</b>	
<b>1.</b>	<b>Introduction</b>
...	
1.2	Rule 13.4 states that a Trading Member or a Trading Representative must not deal in securities or <del>F</del> futures <del>C</del> contracts for his or her own account or for a Prescribed Person's account if the Trading Representative has an unexecuted order on the same terms from a customer. However, this Rule does not apply if the Trading Representative does not have access to customer's order flow information while executing for his own account or for the Prescribed Person's account.
<b>2.</b>	<b>Application of Rule 13.4.1</b>
2.1	An order includes an order for a single stock futures contract or <del>F</del> futures <del>C</del> contracts.
...	

Amendments	
<b>Practice Note 13.8.1 — Market Manipulation and False Market</b>	
<b>2.</b>	<b>Market Manipulation and False Market</b>
...	
2.1	<p>Rule 13.8.1 says, A Trading Member or a Trading Representative must not engage in, or knowingly act with any other person in, any act or practice that will or is likely to:—</p> <ul style="list-style-type: none"> <li>(1) create a false or misleading appearance of active trading in any securities or Ffutures Cccontracts; or</li> <li>(2) lead to a false market in respect of any securities or Ffutures Cccontracts. For avoidance of doubt, a false market includes a market in which:—</li> </ul> <p>...</p>
<b>3.</b>	<b>Guidance on Rule 13.8.2</b>
3.1	<p><b>3.1.1 Rule 13.8.2(1): Whether the Proposed Transaction Will be Inconsistent with the History of, or Recent Trading in the Security or Futures Contract.</b></p> <p>Trading Members and Trading Representatives would generally be familiar with the patterns of trading in each security or Ffutures Cccontract. They are therefore expected to exercise judgment, based on their experience and knowledge of trading in the security or Ffutures Cccontract, in assessing the likely impact of a proposed transaction on the market for a security or Ffutures Cccontract.</p> <p>The Rule does not prevent a Trading Member or Trading Representative from executing an order simply because it will have an impact on the market for, or the price of, a security or Ffutures Cccontract.</p>
<b>3.1.2</b>	<p><b>Rule 13.8.2(2): Whether the Proposed Transaction will or May Cause or Contribute to a Material Change in the price of, or the Market for the Security or Futures Contract, and Whether the Person Involved or Another Person with Whom the First Person is Collaborating May Directly or Indirectly Benefit From Alterations in the Market Place or Price.</b></p> <p>In the absence of a good reason to buy or sell quickly, customers generally want to obtain the best price. A Trading Member or Trading Representative who receives an order that would materially alter the market for, or price for, the security or Ffutures Cccontract, should consider whether it is genuine or manipulative.</p>

## Amendments

Trading Members and Trading Representatives must also know their customers. Orders placed by a customer or a related party of that customer, who may have an interest in creating a material change in the market for, or price of, a particular security or Ffutures Eccontract, should be closely examined.

### Examples

- (1) Orders placed by a large holder of a particular security or Ffutures Eccontract who may have an interest in inflating the value of that holding (e.g. window dressing for investment performance purposes), or decreasing the price of the security or Ffutures Eccontract (e.g. as a precursor to a takeover bid or for purposes which include lowering a conversion price).

...

### **3.1.4 Rule 13.8.2(4): Whether the Proposed Transaction will Coincide with or is Likely to Influence the Calculation of Reference Prices, Settlement Prices and Valuations.**

A Trading Member or Trading Representative should consider carefully any orders placed with instructions to execute them at or near the close of trading, particularly if a price target is set. A Trading Member or Trading Representative should also be alert to orders placed near the close on the last trading day of the month, quarter or year, or on the expiry dates of options, warrants or Ffutures Eccontracts, which will move the price when executed.

A customer who, to the knowledge of the Trading Member or Trading Representative, declines the opportunity to obtain a better price during the day and prefers to pay a higher (or lower) price near the close should be queried as to the strategy. This is important if the order is to buy or sell a small volume of the security or Ffutures Eccontract, which is likely to move the price and possibly fix the closing price. Further, if the Trading Member or Trading Representative received a series of similar orders over a number of days, each of which generated a price movement near the close of trading, the Trading Member or Trading Representative should be satisfied that the customer is not attempting to create a false or misleading appearance with respect to the price of the security or Ffutures Eccontract.

### Examples

- (1) A fund manager's quarterly performance will improve if the valuation of his portfolio at the end of the quarter in question is higher. By placing a large order to buy relatively illiquid securities and/or Ffutures Eccontracts, which are also components of his portfolio, to be executed at or just before the close, his purpose might be to distort the price in his favour.

...

### **3.1.5 Rule 13.8.2(5): Whether Parties Involved in the Proposed Transaction are Connected.**

## Amendments

A concern here might arise if the security or Ffutures Ccontract is held in the name of a colluding party but the market risk actually remains with the seller. There may effectively be no change in beneficial interest.

### **3.1.7 Rule 13.8.2(7): Whether the Proposed Transaction Will or May Cause the Price of the Security or Futures Contract to Increase or Decrease, but Following Which the Price is Likely to Immediately Return to About its Previous Level.**

The key question in this area is whether there appears to be any logical trading pattern to the price and volume of the security or Ffutures Ccontract, or whether it seems erratic. Trading is manipulative if it is intended to move the price of the security or Ffutures Ccontract.

### **3.1.9 Rule 13.8.2(9): Whether the Volume or Size of the Proposed Transaction is Excessive Relative to Reasonable Expectations of the Depth and Liquidity of the Market at the Time.**

This Rule does not restrict Trading Members and Trading Representatives trading significant volumes where there is a legitimate purpose for the transaction and where the transaction is executed in a proper manner. However, trading significant volumes with the purpose of controlling the price of a security or Ffutures Ccontract will amount to manipulative trading.

#### **Example**

A Trading Representative purchased substantial volume in a thinly traded counter, which accounted for a large proportion of the market volume, to establish a predetermined price. Sometimes, this may be followed by up-ticking the bid despite the absence of bona fide investor demand for the security or Ffutures Ccontract.

### **3.1.11 Rule 13.8.2(11): Whether the Proposed Buy (Sell) Order Forms Part of a Series of Orders that Successively and Consistently Increase (Decrease) the Price of the Security or Futures Contract.**

If a customer places a sell order well above the best ask and one or more buy orders which would increase the price towards the customer's ask price, a Trading Member or Trading Representative should query the customer as to the strategy. It may be that the buy orders are intended to get the price running and facilitate the sale at the higher price. Illiquid securities or Ffutures Ccontracts, in particular, are susceptible to this type of improper trading.

### **3.1.12 Rule 13.8.2(12): Whether There Appears to be a Legitimate Commercial Reason for the Proposed Transaction.**

Many orders for legitimate commercial reasons can change the market for, or the price of, a security or Ffutures Ccontract when executed. Such orders are acceptable despite the price impact, but the Trading Member or Trading Representative must execute the order in an appropriate manner, bearing in mind its or his obligations.

#### **Examples**

## Amendments

- (1) A Trading Member conducting index arbitrage as principal and entering orders in an illiquid security or [Futures Contract](#) may have a material impact on the price of some securities or [Futures Contracts](#), even with small orders. Index arbitrage orders are a legitimate commercial reason for trading, but the Trading Member must exercise sufficient care to ensure that the order did not result in a false or misleading appearance with respect to the price of a security or [Futures Contract](#).
- (2) A Trading Representative accepting orders from a customer seeking to replicate an index at a time when one or more of the security or [Futures Contracts](#) are being included or excluded from the relevant index, or when the size of the portfolio is being increased or decreased, should consider the impact the orders may have. If the Trading Representative attempts to execute a large proportion of the order during the Pre-Close phase, having ignored opportunities earlier in the day, and the order has a material impact on the closing price, it may result in allegations that the Trading Representative created a false or misleading appearance with respect to the price of that security or [Futures Contract](#).
- (3) A Trading Member or Trading Representative trading as principal to hedge an exposure should be alert to the impact its trading may have on the market for, or the price of, a security or [Futures Contract](#).

### 4. Guidance on SGX-ST Rule 13.8.3

#### 4.1 Rule 13.8.3 says,

A Trading Member or a Trading Representative must not enter a buy order or a sell order on the Trading System if there is an existing opposite order from that same Trading Member or Trading Representative in the same security or [Futures Contract](#) for the same price. This Rules does not apply if:

...

#### 4.2 Pursuant to Rule 13.8.3(2), orders entered under the following circumstances will be permitted:

—

- (1) orders from a fund manager whose instructions are intended to switch the security or [Futures Contract](#) from one sub-account to another for legitimate commercial reasons.

...

### 5. Conclusion

- 5.1 Manipulative trading may be inferred from circumstantial evidence, such as an unusual pattern of trading, coupled with a person's interest in affecting trading in the security or [Futures Contract](#). Trading Members and Trading Representatives may not always know if a customer has

## Amendments

a particular interest in a security or ~~F~~utures ~~C~~contract or what it may be. However, a Trading Member or Trading Representative needs to be able to show that, taking into account the circumstances of the order, it should not have reasonably suspected that the purpose of the trading was to create a false or misleading appearance. It is important that a Trading Member or Trading Representative who receives an unusual order is able to establish that it or he has made due enquiries and is satisfied as to the reason for the trading.

### 3) Amendments to the SGX-ST Rules (Schedule A Composition Table)

Rule Violation		Whether composition may be offered	Composition amount which may be offered by SGX-ST, where SGX-ST has determined the Trading Member, Approved Executive Director and/or Trading Representative to be Liable									Mandatory minimum penalty imposable by the Disciplinary Committee	
Rule Chapter / Number	Brief Description of Rule		Trading Members (or Designated Market Maker, where applicable)			Approved Executive Directors			Trading Representatives (or Market Making Representative, where applicable)				
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation		
Chapter 8 – Trading													
8.1	Trading												
8.1.1	Securities and <del>F</del> utures <del>C</del> ontracts to be through the Trading System or as otherwise permitted in this Rules	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$8,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$8,000	N.A.	
8.3	Orders												
8.3.4	Trading Member to specify the Position Account code, Trading Account code and the price and quantity of the security or <del>F</del> utures <del>C</del> ontract for each order entered into the Trading System	Compoundable	\$500	\$1,000	\$2,000	\$250	\$500	\$1,000	\$250	\$500	\$1,000	N.A.	
8.8	<del>Designated Securities and Futures Contracts</del> Instruments												
8.8.2	Compliance with any	Not Compoundable	Not Compoundable									\$30,000	

Rule Violation		Whether composition may be offered	Composition amount which may be offered by SGX-ST, where SGX-ST has determined the Trading Member, Approved Executive Director and/or Trading Representative to be Liable									Mandatory minimum penalty imposable by the Disciplinary Committee
Rule Chapter / Number	Brief Description of Rule		Trading Members (or Designated Market Maker, where applicable)			Approved Executive Directors			Trading Representatives (or Market Making Representative, where applicable)			
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	
	conditions imposed by the Board on dealings <u>or trades</u> in a Designated <del>Security</del> <u>or Designated Futures Contracts Instrument</u>											
8.8.3	Trading Member to provide SGX-ST with the particulars of all its dealings <u>or trades</u> in Designated <del>Securities</del> <u>or trades</u> in <del>Designated Futures Contracts Instruments</del> and its customers involved within the stipulated timeline	Not Compoundable	Not Compoundable						N.A.	N.A.	N.A.	\$10,000
8.9	Corner											



Rule Violation		Whether composition may be offered	Composition amount which may be offered by SGX-ST, where SGX-ST has determined the Trading Member, Approved Executive Director and/or Trading Representative to be Liable									Mandatory minimum penalty imposable by the Disciplinary Committee
Rule Chapter / Number	Brief Description of Rule		Trading Members (or Designated Market Maker, where applicable)			Approved Executive Directors			Trading Representatives (or Market Making Representative, where applicable)			
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	
8.9.2	Compliance with any conditions imposed by the Board on dealing in a cornered security, or a <del>F</del> futures <del>C</del> contract on a cornered security	Not Compoundable	Not Compoundable									\$10,000
8.10	Suspension of Trading											
8.10.3	Trading Member not to execute transactions in a suspended security or <del>F</del> futures <del>C</del> contract without SGX-ST's approval	Not Compoundable	Not Compoundable						N.A.	N.A.	N.A.	\$10,000
8.11	Trading Halts											
8.11.7	Trading Member not to execute transactions in a security or <del>F</del> futures <del>C</del> contract subject to a	Not Compoundable	Not Compoundable						N.A.	N.A.	N.A.	\$10,000

Rule Violation		Whether composition may be offered	Composition amount which may be offered by SGX-ST, where SGX-ST has determined the Trading Member, Approved Executive Director and/or Trading Representative to be Liable									Mandatory minimum penalty imposable by the Disciplinary Committee
Rule Chapter / Number	Brief Description of Rule		Trading Members (or Designated Market Maker, where applicable)			Approved Executive Directors			Trading Representatives (or Market Making Representative, where applicable)			
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	
	trading halt without SGX-ST's approval											
Chapter 11 – Capital and Financial Requirements												
11.9	Margin Rules											
11.9.10	Trading Member not to allow customers to withdraw cash or <del>securities</del> Specified Products from their accounts when the equity is below 140%	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$8,000	N.A.	N.A.	N.A.	N.A.
11.9.11(2)	Trading Member not to cause or permit the aggregate of the margin exposures of all customers in respect of <del>securities</del> Specified Products, other than <del>securities</del> Specified Products quoted on SGX-	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$8,000	N.A.	N.A.	N.A.	N.A.

Rule Violation		Whether composition may be offered	Composition amount which may be offered by SGX-ST, where SGX-ST has determined the Trading Member, Approved Executive Director and/or Trading Representative to be Liable									Mandatory minimum penalty imposable by the Disciplinary Committee
Rule Chapter / Number	Brief Description of Rule		Trading Members (or Designated Market Maker, where applicable)			Approved Executive Directors			Trading Representatives (or Market Making Representative, where applicable)			
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	
	ST, to exceed the stipulated limit											
11.9.14	Trading Member to apply discounts prescribed by SGX-ST in computing the market value of <a href="#">securities Specified Products</a>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$8,000	N.A.	N.A.	N.A.	N.A.
Chapter 12 – Operational Requirements												
12.6	Contract Notes											
12.6.1	Trading Member to send customer a contract note for purchase and sale of securities or <a href="#">Futures Contracts</a>	Not Compoundable	Not Compoundable						N.A.	N.A.	N.A.	N.A.
12.15	Stock Account											
12.15.1	Trading Member to make trades of securities or <a href="#">Futures Contracts</a> for the Trading	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$8,000	N.A.	N.A.	N.A.	N.A.

Rule Violation		Whether composition may be offered	Composition amount which may be offered by SGX-ST, where SGX-ST has determined the Trading Member, Approved Executive Director and/or Trading Representative to be Liable									Mandatory minimum penalty imposable by the Disciplinary Committee
Rule Chapter / Number	Brief Description of Rule		Trading Members (or Designated Market Maker, where applicable)			Approved Executive Directors			Trading Representatives (or Market Making Representative, where applicable)			
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	
	Member's proprietary account under a separate stock account											
12.17	Trading by Employees and Agents											
12.17.4	Trading Member not to buy or sell securities or Futures Contracts for Director, Officer, Trading Representative, employees of another Trading Member without prior written approval of that Trading Member	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$8,000	N.A.	N.A.	N.A.	N.A.
Chapter 13 – Trading Practices and Conduct												
13.4	Customer Orders — Precedence											
13.4.1	Trading Member or Trading Representative not to deal in securities or	Not Compoundable	Not Compoundable									\$10,000

Rule Violation		Whether composition may be offered	Composition amount which may be offered by SGX-ST, where SGX-ST has determined the Trading Member, Approved Executive Director and/or Trading Representative to be Liable									Mandatory minimum penalty imposable by the Disciplinary Committee
Rule Chapter / Number	Brief Description of Rule		Trading Members (or Designated Market Maker, where applicable)			Approved Executive Directors			Trading Representatives (or Market Making Representative, where applicable)			
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	
	trade in <del>F</del> utures <del>E</del> contracts for own account when there is an unexecuted order on the same terms from a customer											
13.8	Market Manipulation and False Market											
13.8.3	Trading Member or Trading Representative not to enter a buy or sell order on the Trading System when there is an existing opposite order from the same Trading Member or Trading Representative in the same security or <del>F</del> utures <del>E</del> contract for the same price	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$8,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$8,000	N.A.

Rule Violation		Whether composition may be offered	Composition amount which may be offered by SGX-ST, where SGX-ST has determined the Trading Member, Approved Executive Director and/or Trading Representative to be Liable									Mandatory minimum penalty imposable by the Disciplinary Committee
Rule Chapter / Number	Brief Description of Rule		Trading Members (or Designated Market Maker, where applicable)			Approved Executive Directors			Trading Representatives (or Market Making Representative, where applicable)			
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	
13.8.4	Trading Member or Trading Representative not to deal in securities or execute an order for the sale and purchase of <del>F</del> utures <del>C</del> ontracts which involve no change in beneficial ownership	Not Compoundable	Not Compoundable									\$30,000
13.8.5	Trading Member or Trading Representative not to deal in securities or trade in <del>F</del> utures <del>C</del> ontracts in a manner which will affect price of the securities with intent to induce others to trade	Not Compoundable	Not Compoundable									\$30,000

Rule Violation		Whether composition may be offered	Composition amount which may be offered by SGX-ST, where SGX-ST has determined the Trading Member, Approved Executive Director and/or Trading Representative to be Liable									Mandatory minimum penalty imposable by the Disciplinary Committee
Rule Chapter / Number	Brief Description of Rule		Trading Members (or Designated Market Maker, where applicable)			Approved Executive Directors			Trading Representatives (or Market Making Representative, where applicable)			
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	
13.8.7	Trading Member or Trading Representative not to participate in any prohibited market conduct in securities or <del>F</del> utures <del>C</del> ontracts or in any insider trading	Not Compoundable	Not Compoundable									\$30,000
13.10	Order Entry Person											
13.10.2(1)	Trading Member to ensure that order entry person does not deal in securities or <del>F</del> utures <del>C</del> ontracts	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$8,000	N.A.	N.A.	N.A.	N.A.
Chapter 15 — Research												
15.8	Trading Restrictions											
15.8.1(1)	Trading Member and research analyst not to knowingly trade in a security or	Not Compoundable	Not Compoundable						N.A.	N.A.	N.A.	\$10,000

Rule Violation		Whether composition may be offered	Composition amount which may be offered by SGX-ST, where SGX-ST has determined the Trading Member, Approved Executive Director and/or Trading Representative to be Liable									Mandatory minimum penalty imposable by the Disciplinary Committee
Rule Chapter / Number	Brief Description of Rule		Trading Members (or Designated Market Maker, where applicable)			Approved Executive Directors			Trading Representatives (or Market Making Representative, where applicable)			
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	
	Futures contract while in possession of non-public material information											
15.8.1(2)	Trading Member and research analyst not to knowingly trade in a security or Futures contract when transaction may create a conflict of interest	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$8,000	N.A.	N.A.	N.A.	N.A.
15.8.1(4)	Trading Member and research analyst not to buy or sell a security or Futures contract contrary to the most recent research report published by the TM within 3	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$8,000	N.A.	N.A.	N.A.	N.A.



Rule Violation		Whether composition may be offered	Composition amount which may be offered by SGX-ST, where SGX-ST has determined the Trading Member, Approved Executive Director and/or Trading Representative to be Liable									Mandatory minimum penalty imposable by the Disciplinary Committee
Rule Chapter / Number	Brief Description of Rule		Trading Members (or Designated Market Maker, where applicable)			Approved Executive Directors			Trading Representatives (or Market Making Representative, where applicable)			
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	
	days of issuance of the report											
Chapter 17 —Securities Borrowing and Lending												
17.3	Collateral											
17.3.1	Trading Member to obtain collateral from borrower before delivering loaned <a href="#">securities Specified Products</a>	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$8,000	N.A.	N.A.	N.A.	N.A.

#### 4) Amendments to the CDP Clearing Rules

Amendments to CDP Clearing Rules	
<b>1.1.1</b>  These Clearing Rules apply to all dealings in securities and Exchange Trades, and all trades in <u>f</u> Futures <u>c</u> Contract which are cleared through. The Clearing Rules operate as a binding contract between CDP and each Clearing Member, and between a Clearing Member and any other Clearing Member.	
<b>1.2 Definitions</b>	
<b>1.2.1</b>  In these Clearing Rules, unless the context otherwise requires: --	
...	
“Exchange”	means SGX-ST or any other <u>organised</u> market or organisation (whether an exchange, association, body corporate or unincorporate or otherwise) <del>responsible for administering a market in securities or Futures Contracts, commodities, options, derivatives or any other financial instrument whose contracts the trades on which</del> are cleared by, or novated to CDP.
“ <u>f</u> Futures <u>c</u> Contract”	<del>means a futures contract, as defined under the SFA, which is approved for listing on SGX-ST</del> <u>has the meaning ascribed to it in the SFA.</u>
“Marginable Futures Contract”	means such <u>f</u> Futures <u>c</u> Contract, as CDP may prescribe, approved for listing on SGX-ST and which is subject to margin requirements.
“ <u>organised market</u> ”	<u>has the meaning ascribed to it in the SFA.</u>
“OTC Contracts”	means contracts that are not listed or quoted for trading on any exchange, market or organisation (whether an exchange, association, corporation or otherwise) responsible for administering <del>a futures, options or stock</del> <u>an organised</u> market.
“ <u>security</u> ” “ <u>securities</u> ”	<del>includes structured warrants, certificates and any other structured products listed under Chapter 5 of the SGX-ST Listing Manual whether or not they are classified as futures contracts under the SFA.</del> <u>means:—</u>  <div style="margin-left: 40px;"> <u>(1) shares, units in a business trust, or any instrument conferring or representing a legal or beneficial ownership interest in a corporation, partnership, or limited liability partnership;</u>   <u>(2) debentures;</u> </div>

## Amendments to CDP Clearing Rules

(3) units in a collective investment scheme;

(4) derivative contracts (as defined in the SFA) that are not futures contracts and of which the underlying instrument or any of the underlying instruments are any of the instruments set out in (1), (2) or (3) or an index on any of those ~~things~~ instruments; or

(5) any other product or class of products as SGX-ST or CDP may prescribe;

whether or not they are classified as “securities” under the Act, but excludes:

(a) bills of exchange;

(b) certificates of deposit issued by a bank or finance company, whether situated in Singapore or elsewhere; or

(c) any product or class of products as SGX-ST or CDP may prescribe.

For the avoidance of doubt, “securities” include (but are not limited to) warrants, transferrable subscription rights, options to subscribe for stocks or shares, convertibles, depository receipts and exchange traded funds.

### 3.1.2 Eligibility Criteria for General Clearing Member

Unless otherwise prescribed by CDP, to be eligible for Clearing Membership as a General Clearing Member, an applicant must satisfy CDP that:—

...

- (5) its managerial or executive staff have a high standard of integrity and a level of knowledge (as may be deemed acceptable by CDP) on the nature, risks and obligations in respect of the organised market or contracts that it wishes to clear;

### 5.7.4

For the purpose of Rule 5.7.1, "exposure to a single security" means:—

- (1) the amount of the single security underwritten or sub-underwritten by or placed with the General Clearing Member, after deducting the amount which the General Clearing Member has sub-underwritten or placed with:—

...

## Amendments to CDP Clearing Rules

- (e) the holder of a Capital Markets Services Licence under the SFA ~~to deal for dealing in securities, or trade in futures contracts~~ capital markets products or for fund management;

...

### 6A.9A.1

Notwithstanding anything to the contrary in the Clearing Rules, in relation to Novated Contracts, CDP may call for additional margins from one or more Clearing Members in the following situations:

- (1) when, in CDP's opinion, unstable conditions exist or market conditions or price fluctuations relating to one or more securities or ~~f~~Futures ~~c~~Contract at any time require that additional margins to maintain an orderly market or to preserve financial integrity or for any other reason;

...

## 5) Amendments to the DVP Rules

Amendments to DVP Rules	
<b>1. Definitions</b>	
<b>1.1</b> In these DVP Rules, unless there is something in the subject or context inconsistent therewith:—	
<u>“securities”</u>	<p><u>means:</u></p> <p>(a) <u>shares, units in a business trust, or any instrument conferring or representing a legal or beneficial ownership interest in a corporation, partnership, or limited liability partnership;</u></p> <p>(b) <u>debentures;</u></p> <p>(c) <u>units in a collective investment scheme;</u></p> <p>(d) <u>derivative contracts (as defined in the Act) that are not futures contracts and of which the underlying instrument or any of the underlying instruments are any of the instruments set out in (a), (b) or (c) or an index on any of those <del>things</del> instruments; or</u></p> <p>(e) <u>any other product or class of products as SGX-ST or CDP may prescribe;</u></p> <p><u>whether or not they are classified as “securities” under the Act, but excludes:</u></p> <p>(i) <u>bills of exchange;</u></p> <p>(ii) <u>certificates of deposit issued by a bank or finance company, whether situated in Singapore or elsewhere; or</u></p> <p>(iii) <u>any product or class of products as SGX-ST or CDP may prescribe.</u></p> <p><u>For the avoidance of doubt, “securities” include (but are not limited to) warrants, transferrable subscription rights, options to subscribe for stocks or shares, convertibles, depository receipts and exchange traded funds.</u></p>

## 6) Amendments to the CDP Depository Rules

Amendments to CDP Depository Rules	
<b>17.1 Definitions</b>	
...	
Act	<del>[deleted] means the Companies Act, Cap. 50 and any amendment, modification, and re-enactment thereof and where the context permits, includes any subsidiary legislation or regulations made pursuant thereto.</del>
securities	has the <del>same</del> meaning <del>as defined in</del> ascribed to it in section 81SF of the Act <u>but shall in any event include any product that is a “security” as defined in the CDP Clearing Rules, regardless of whether that product is classified as a “security” under the Act.</u>
Securities and Futures Act/ <u>Act</u>	means the Securities and Futures Act (Cap 289) <u>or any statutory</u> amendment, modification, <del>and or</del> re-enactment <u>thereof for the time being in force, or any statute that may replace it,</u> and where the context permits, includes any subsidiary legislation or regulations made pursuant thereto.
...	

## 7) Amendments to the Futures Trading Rules

Amendments to Futures Trading Rules	
<b><u>Chapter 4 Listing and Trading of Contracts</u></b>	
...	
<b><u>4. Introduction to Contracts Listed on the Market</u></b>	
...	
<b><u>4.1 Rules Applicable to All Classes of Contracts Listed on Markets</u></b>	
...	
<b><u>4.1.1 MAS Approval for Listing of Contracts</u></b>  Subject to the Act and compliance with the necessary conditions in the Act, tThe Exchange <del>is not authorised to may</del> list or permit the trading of any Contract on the Markets <del>without the prior approval of MAS for the listing and trading of such Contract.</del>	
...	
<b>8.1 Definitions</b>	
Contract	Refers to an instrument, contract or transaction, or class of instruments, contracts or transactions <del>approved by MAS for listing and trading listed or traded</del> on the Markets;
<u>securities</u>	<u>Shall have the meaning ascribed to it in the SGX-ST Rules.</u>
Securities Rules	Refers to the collection of rules governing the organisation and operation of <del>securities</del> <u>organised</u> markets, adopted by SGX-ST, as applied, interpreted and implemented by circular, practice notes and directives issued by SGX-ST.

## 8) Amendments to the SGX-DC Clearing Rules

### Amendments to SGX-DC Clearing Rules

#### 2.22.1

Without prejudice to any other provisions of this Rules, every Clearing Member shall forthwith notify the Clearing House upon, or where practicable, pre-notify the Clearing House of, the happening of all or any of the following events:—

...

2.22.1.7 the engagement or involvement or proposed engagement or involvement in any new business or any change in any of its business(es) or in the case of a Bank Clearing Member, its business governed by this Rules. For the purpose of this Rule 2.22.1.7, examples of such new business or change in business include, without limitation, market making and [securities product](#) financing activities;

#### 2.34.1A

If a Clearing Member has been found guilty of a rule violation or is found to have a record of frequent rule violations and inadequate management, which in the opinion of the Clearing House, places or may place the Clearing House at risk or the financial condition of such Clearing Member is such that it jeopardizes or may jeopardize the integrity of the Clearing House, the Clearing House may carry out one (1) or more of the following against the Clearing Member:—

...

2.34.1A.5 order the Clearing Member to liquidate all or any portion of the open contracts cleared by it which are open contracts under its House Accounts and/or open contracts of its Customers as the Clearing House deems necessary for ensuring a fair and orderly market or for ensuring the integrity of, and proper management of systemic risk in the [futures organised](#) market and/or transfer all or any portion of the open contracts clearing by such Clearing Member to one (1) or more Clearing Members; and

...

#### 4.17.1

For the purposes of this Rule:—

"Reciprocal Arrangement" means any agreement or arrangement between the Clearing House, any Relevant Market and/or any governmental agency or regulatory authority (including, without limitation, a futures exchange, [organised market](#), or clearing house) in Singapore or elsewhere whose functions include the regulation of trading in commodities (in Singapore or elsewhere) which provides for the disclosure of information between the Clearing House, the Relevant Market and/or the other agency or authority relation to dealings in commodities (in Singapore or elsewhere).



Amendments to SGX-DC Clearing Rules	
<b>9.01 Definitions</b>	
<b>9.01.1</b>	
“Market”	shall have the meaning ascribed to “ <del>futures</del> <a href="#">organised</a> market” under the SFA while “market” shall include but not be limited to “Market”.
<a href="#">“securities”</a>	<a href="#">shall have the meaning ascribed to it in the CDP Clearing Rules.</a>