

AMENDMENTS TO THE SGX-ST TRADING RULES

RULE	CURRENT RULES	NEW / AMENDED RULES
8.6	Errors	Errors
8.6.1	<p>An error trade refers to a transaction effected on the Trading System as follows:</p> <ol style="list-style-type: none"> (1) as a result of an error in the entry the volume of an order; or (2) as a result of an error in the entry of the price of an order; or (3) where SGX deems the transaction to be an error trade. 	<p>An error trade refers to a transaction effected on the Trading System as follows:</p> <ol style="list-style-type: none"> (1) as a result of an error in the entry the volume of an order; or (2) as a result of an error in the entry of the price of an order; or (3) where SGX deems the transaction to be an error trade.
8.6.2	<p>If an error trade occurs:—</p> <ol style="list-style-type: none"> (1) the Trading Member who made the error must immediately contact the counterparty Trading Member and seek its agreement to cancel the trade; (2) both Trading Members must immediately take all necessary actions to minimise any potential market impact caused by the error trade; and (3) both Trading Members must inform SGX-ST of the error as follows: <ol style="list-style-type: none"> (a) by telephone within thirty (30) minutes from the time the error trade occurred; and (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. 	<p>If an error trade occurs:—</p> <ol style="list-style-type: none"> (1) the Trading Member who made the error must immediately contact the counterparty Trading Member and seek its agreement to cancel the trade; (2) both Trading Members must immediately take all necessary actions to minimise any potential market impact caused by the error trade; and (3) both Trading Members must inform SGX-ST of the error as follows: <ol style="list-style-type: none"> (a) by telephone within thirty (30) minutes from the time the error trade occurred; and (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.

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RULE	CURRENT RULES	NEW / AMENDED RULES
8.6.3	<p>Where the Trading Members cannot agree to the cancellation of an error trade, a Trading Member may request SGX-ST to review the error trade. The following procedures apply:</p> <ol style="list-style-type: none"> (1) the matter must be referred to SGX-ST within sixty (60) minutes from the time the error trade occurred or before 18:00 hours on that trading day, whichever is earlier; and (2) the requesting Trading Member must inform the counterparty Trading Member that it has referred the matter to SGX-ST. 	<p>Where the Trading Members cannot agree to the cancellation of an error trade, a Trading Member may request SGX-ST to review the error trade. The following procedures apply:</p> <ol style="list-style-type: none"> (1) the matter must be referred to SGX-ST within sixty (60) minutes from the time the error trade occurred or before 18:00 hours on that trading day, whichever is earlier; and (2) the requesting Trading Member must inform the counterparty Trading Member that it has referred the matter to SGX-ST.
8.6.3A	-	<p><u>Notwithstanding Rules 8.6.2(3) and 8.6.3(1), SGX-ST may in its discretion allow such extension of time for the submitting of information or requests relating to error trades as it deems appropriate, taking into account:</u></p> <ol style="list-style-type: none"> <u>(1) the number of error trades referred to SGX-ST pursuant to Rule 8.6.3;</u> <u>(2) the complexity of the circumstances surrounding the error trade(s); and</u> <u>(3) any other factors which SGX-ST considers relevant.</u>
8.6.4	<p>SGX-ST will not review error trade referred to it by a Trading Member, where the trade loss to the requesting Trading Member is less than \$5,000.</p>	<p>SGX-ST will not review <u>an</u> error trade referred to it by a Trading Member, where <u>the error trade falls at or within the upper and lower limits of a no-cancellation range applied pursuant to Rule 8.6.4A</u> the trade loss to the requesting Trading Member is less than \$5,000.</p>
8.6.4A	-	<p><u>Subject to Rule 8.6.4B, a no-cancellation range will be applied to the following instruments:</u></p> <ol style="list-style-type: none"> <u>(1) structured warrants; and</u> <u>(2) all other securities and Futures Contracts, excluding bonds.</u>
8.6.4B		<p><u>SGX-ST retains the discretion to apply or remove no-cancellation</u></p>

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		ranges from instruments listed for trading on SGX-ST.
8.6.5	<p>The trade loss 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>(1) in the case of an error in the entry of the volume of the order, the value of a trade for the actual intended volume, at the price at which the order was entered;</p> <p>(2) in the case of an error in the entry of the price of a security or Futures Contract other than a structured warrant, the value of a trade for the volume of the order which was entered at:</p> <p>(a) the last traded price immediately preceding the error trade, where such preceding trade was executed on the same trading day as the error trade; or</p> <p>(b) the best bid or best offer price at the time of the execution of the first share of the error trade; or</p> <p>(3) in the case of an error in the entry of the price of a structured warrant, the value of a trade for the volume of the order which was entered, at the Reference Price as determined in accordance with Rule 8.6.14.</p>	<p>[Deleted.] The trade loss 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>(1) in the case of an error in the entry of the volume of the order, the value of a trade for the actual intended volume, at the price at which the order was entered;</p> <p>(2) in the case of an error in the entry of the price of a security or Futures Contract other than a structured warrant, the value of a trade for the volume of the order which was entered at:</p> <p>(a) the last traded price immediately preceding the error trade, where such preceding trade was executed on the same trading day as the error trade; or</p> <p>(b) the best bid or best offer price at the time of the execution of the first share of the error trade; or</p> <p>(3) in the case of an error in the entry of the price of a structured warrant, the value of a trade for the volume of the order which was entered, at the Reference Price as determined in accordance with Rule 8.6.14.</p>
8.6.6	SGX-ST may review error trades referred to it, for which the trade loss may not be determined in accordance with Rule 8.6.5.	[Deleted.] SGX-ST may review error trades referred to it, for which the trade loss may not be determined in accordance with Rule 8.6.5.
8.6.7	The requesting Trading Member must pay a trade review fee of \$500 for each referral accepted for review by SGX-ST, regardless of the outcome of the review.	The requesting Trading Member must pay a trade review fee of <u>\$500</u> \$1,000 for each referral accepted for review by SGX-ST, regardless of the outcome of the review.
8.6.8	Notwithstanding Rule 8.6.7, SGX-ST may grant a waiver of the trade review fee where it deems appropriate.	Notwithstanding Rule 8.6.7, SGX-ST may grant a waiver of the trade review fee where it deems appropriate.

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RULE	CURRENT RULES	NEW / AMENDED RULES
8.6.9	Notwithstanding Rule 8.6.3 and Rule 8.6.4, SGX-ST may review the validity of any transaction effected on the Trading System where SGX-ST deems that the cancellation of the error trade is necessary for the proper maintenance of a fair and orderly market.	Notwithstanding Rule 8.6.3 and Rules 8.6.4, <u>8.6.13, 8.6.13A and 8.6.13B</u> , SGX-ST may review the validity of any transaction effected on the Trading System where SGX-ST deems that the cancellation of the error trade is necessary for the proper maintenance of a fair and orderly market.
8.6.10	Upon receipt of a request to review an error trade, 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 following: (1) Rule 8.6.12, where the error trade involves any security or Futures Contract other than a structured warrant; or (2) Rule 8.6.13, where the error trade involves a structured warrant.	[Deleted] Upon receipt of a request to review an error trade, 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 following: (1) Rule 8.6.12, where the error trade involves any security or Futures Contract other than a structured warrant; or (2) Rule 8.6.13, where the error trade involves a structured warrant.
8.6.11	SGX-ST will notify the Trading Members who are counterparties to the error trade of its determination by telephone and in writing.	[Deleted] SGX-ST will notify the Trading Members who are counterparties to the error trade of its determination by telephone and in writing.
8.6.12	SGX-ST may consider the following factors when deciding whether to cancel an error trade under Rule 8.6.10: (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; (4) the monetary loss involved if the trade is or is not cancelled;	SGX-ST may consider the following factors when deciding whether to cancel an error trade under Rule 8.6.10 <u>Rules 8.6.13, 8.6.13A and 8.6.13B</u> : (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;

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	<p>(5) the difference between the time the erroneous order was entered and the time it was matched;</p> <p>(6) the number of counterparty customers involved;</p> <p>(7) whether the force key was used when entering the erroneous order into the Trading System;</p> <p>(8) the reason(s) given for the error; and</p> <p>(9) any other factors which SGX-ST considers relevant.</p>	<p>(4) the monetary loss involved if the trade is or is not cancelled; <u>Refer to Practice Note 8.6.12(4).</u></p> <p>(5) the difference between the time the erroneous order was entered and the time it was matched;</p> <p>(6) the number of counterparty customers involved;</p> <p>(7) whether the force key was used when entering the erroneous order into the Trading System;</p> <p><u>(7A) the impact on the settlement process;</u></p> <p><u>(7B) in the case of bonds, the rating, interest rate, coupon rate, maturity date and yield curve;</u></p> <p>(8) the reason(s) given for the error; and</p> <p>(9) any other factors which SGX-ST considers relevant.</p>
8.6.13	<p>SGX-ST will not consider requests to cancel error trades in structured warrants listed for trading on SGX-ST if the error trade falls at or within the upper and lower limits of a no-cancellation range. The no-cancellation range for structured warrants is determined as the wider of the following:</p> <p>(1) a lower limit of twenty (20) minimum bid sizes less than the Reference Price, and an upper limit of twenty (20) minimum bid sizes higher than the Reference Price; or</p> <p>(2) a lower limit of 75% of the Reference Price, and an upper limit of 125% of the Reference Price.</p> <p>For the avoidance of doubt, upon receiving a request to review an error trade involving a structured warrant, SGX-ST will cancel the error trade where it falls outside the upper and lower limits of the no-cancellation range.</p>	<p>SGX-ST will not consider requests to cancel error trades in structured warrants listed for trading on SGX-ST if the error trade falls at or within the upper and lower limits of a no-cancellation range. Error trades in structured warrants that are referred to SGX-ST will be reviewed in accordance with the following Rules:</p> <p><u>(1) For the purposes of Rule 8.6.4A, the</u> The no-cancellation range for structured warrants is determined as the wider of the following:</p> <p><u>(1a)</u> a lower limit of twenty (20) minimum bid sizes less than the Reference Price, and an upper limit of twenty (20) minimum bid sizes higher than the Reference Price; or</p> <p><u>(1b)</u> a lower limit of 75% of the Reference Price, and an upper limit of 125% of the Reference Price.</p> <p><u>(2) The Reference Price of the no-cancellation range for structured warrants will be determined as follows:</u></p>

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		<p><u>(a) the average of the last quoted bid price and the last quoted offer price for the structured warrant immediately preceding the error trade; or</u></p> <p><u>(b) the average of the market prices as quoted by at least three (3) Designated Market-Makers of structured warrants. The Designated Market-Makers will be selected randomly by SGX-ST, but will not include any Designated Market-Maker who is involved in the error trade which is under review.</u></p> <p><u>(3) Where SGX-ST is of the view that no appropriate or reliable Reference Price is available, SGX-ST will not establish a no-cancellation range for that error trade.</u></p> <p><u>(4) Upon receiving a request to review an error trade involving structured warrants, 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.</u></p> <p><u>(5) For the purposes of this Rule 8.6, "structured warrants" includes any 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.</u></p> <p>For the avoidance of doubt, upon receiving a request to review an error trade involving a structured warrant, SGX-ST will cancel the error trade where it falls outside the upper and lower limits of the no-cancellation range.</p>
8.6.13A	-	<p><u>Error trades in all other securities or Futures Contracts, excluding bonds, will be reviewed in accordance with the following Rules:</u></p> <p><u>(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:</u></p>

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RULE	CURRENT RULES	NEW / AMENDED RULES
		<p>(a) <u>a lower limit of twenty (20) minimum bid sizes less than the Reference Price, and an upper limit of twenty (20) minimum bid sizes higher than the Reference Price; or</u></p> <p>(b) <u>a lower limit of 95% of the Reference Price, and an upper limit of 105% of the Reference Price.</u></p> <p>(2) <u>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.</u></p> <p>(3) <u>SGX-ST may, in its discretion, use an alternative price as the Reference Price for the no-cancellation range if:</u></p> <p>(a) <u>the price of the last good trade is not available; or</u></p> <p>(b) <u>SGX-ST deems the price of the last good trade to be unreliable or inappropriate as a Reference Price.</u></p> <p><u>Refer to Practice Note 8.6.13A.</u></p> <p>(4) <u>Where SGX-ST is of the view that no appropriate or reliable Reference Price is available, SGX-ST will not establish a no-cancellation range for that error trade.</u></p> <p>(5) <u>Upon receiving a request to review an error trade involving the security or Futures 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.</u></p>
<u>8.6.13B</u>	-	<u>Upon receipt of a request to review an error trade in bonds, 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 in Rule 8.6.12.</u>
8.6.14	<p>The Reference Price will be determined as follows:</p> <p>(1) the average of the last quoted bid price and the last quoted offer</p>	<p>[Deleted.] The Reference Price will be determined as follows:</p> <p>(1) the average of the last quoted bid price and the last quoted offer</p>

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	<p>price for the structured warrant immediately preceding the error trade; or</p> <p>(2) the average of the market prices as quoted by at least three (3) Designated Market-Makers of structured warrants.</p> <p>(3) the Designated Market-Makers will be selected randomly by SGX-ST, but will not include any Designated Market-Maker who is involved in the error trade which is under review.</p>	<p>price for the structured warrant immediately preceding the error trade; or</p> <p>(2) the average of the market prices as quoted by at least three (3) Designated Market-Makers of structured warrants.</p> <p>(3) the Designated Market-Makers will be selected randomly by SGX-ST, but will not include any Designated Market-Maker who is involved in the error trade which is under review.</p>
8.6.15	Notwithstanding Rule 8.6.13, SGX-ST retains the discretion to cancel an error trade in respect of a structured warrant within the no-cancellation range if it is considered necessary for the operation of a fair and orderly market.	[Deleted.] Notwithstanding Rule 8.6.13, SGX-ST retains the discretion to cancel an error trade in respect of a structured warrant within the no-cancellation range if it is considered necessary for the operation of a fair and orderly market.
8.6.16	For the purposes of this Rule 8.6, "structured warrants" includes any 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.	[Deleted.] For the purposes of this Rule 8.6, "structured warrants" includes any 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.
<u>8.6.17</u>	-	<p><u>SGX-ST will:</u></p> <p>(1) <u>notify the market of error trades reported to SGX-ST and whether an error trade remains valid or has been cancelled; and</u></p> <p>(2) <u>notify the Trading Members who are counterparties to an error trade of its determination pursuant to Rules 8.6.13, 8.6.13A and 8.6.13B by telephone and in writing.</u></p>
<u>8.6.18</u>	-	<u>SGX-ST will not consider any request to review its decision following the notifications under Rule 8.6.17.</u>

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PRACTICE NOTE 8.6.12(4) – COMPUTATION OF MONETARY LOSS

Issue Date	Cross Reference	Enquiries
Issued on [•]	8.6.12(4)	Please contact Enforcement:— E-Mail Address : enforcement@sgx.com

1. Introduction

- 1.1. As set out in Rule 8.6.12(4), SGX-ST may consider the monetary loss involved when deciding whether to cancel an error trade under Rules 8.6.13, 8.6.13A and 8.6.13B.
- 1.2. This Practice Note sets out how monetary loss would be computed under Rule 8.6.12(4).

2. Computation of Monetary Loss

- 2.1. 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:
 - (1) in the case of an error in the entry of the volume of the order, the value of a trade for the actual intended volume, at the price at which the order was entered;
 - (2) in the case of an error in the entry of the price of a structured warrant, the value of a trade for the volume of the order which was entered, at the Reference Price as determined in accordance with Rule 8.6.13(2);
 - (3) in the case of an error in the entry of the price of all other securities or Futures 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
 - (4) in the case of an error in the entry of the price of a bond, the value of a trade for the volume of the order which was entered, at:
 - (a) the last traded price immediately preceding the error trade, where such preceding trade was executed on the same trading day as the error trade; or
 - (b) the best bid or best offer price at the time of the execution of the first share of the error trade.
- 2.2. Where an erroneous order results in more than one (1) error trades, monetary loss will be the aggregate monetary loss of all such error trades executed at prices outside the upper and lower limits of the no-cancellation range applied pursuant to Rule 8.6.4A, which are referred to SGX-ST for review under Rule 8.6.3.

PRACTICE NOTE 8.6.13A(3): ALTERNATIVE REFERENCE PRICE FOR NO-CANCELLATION RANGE

Issue Date	Cross Reference	Enquiries
Issued on [•]	8.6.13A(3)	Please contact Enforcement:— E-Mail Address : enforcement@sgx.com

1. Introduction

- 1.1. Rule 8.6.13A(3) provides that SGX-ST may, in its discretion, use an alternative price as the Reference Price for the no-cancellation range if (a) the price of the last good trade is not available; or (b) SGX-ST deems the price of the last good trade to be unreliable or inappropriate as a Reference Price.
- 1.2. In normal market conditions, the price of the last good trade is adopted as the Reference Price. However, SGX-ST has considered that there may be situations where the price of the last good trade is not available or not appropriate. In such situations, SGX would seek to establish a Reference Price from alternative sources.
- 1.3. This Practice Note sets out the alternative prices that SGX-ST may consider in establishing the Reference Price when the price of the last good trade is inappropriate.

2. Alternative Prices

- 2.1. The table below sets out the alternative prices that SGX-ST may consider in establishing the Reference Price to determine the no-cancellation range.

Instrument	Alternative prices that may be adopted as the Reference Price
Extended Settlement Contracts	<ul style="list-style-type: none"> ▪ The previous closing price. ▪ The price of the last good trade in the underlying stock.
American Depository Receipts	<ul style="list-style-type: none"> ▪ The previous closing price of the underlying stock in home market. ▪ The previous closing price of the ADR in the US market.
Exchange Traded Funds	<ul style="list-style-type: none"> ▪ The average of the last quoted bid price and the last quoted offer price for the Exchange Traded Fund immediately preceding the error trade. The selection will not include the quotes provided by the Designated Market-Maker who is involved in the error trade which is under review. ▪ The Indicative Net Asset Value.
Exchange Traded Notes	<ul style="list-style-type: none"> ▪ The average of the last quoted bid and the last quoted offer price for the Exchange Traded Note immediately preceding the error trade. The selection will not include the quotes provided by the Designated Market-Maker who is involved in the error trade which is under review. ▪ The price of other debt papers with a similar credit rating.

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APPENDIX B

Instrument	Alternative prices that may be adopted as the Reference Price
All other securities (excluding bonds and structured warrants)	<ul style="list-style-type: none">▪ The previous closing price.▪ The average of the last quoted bid price and the last quoted offer price for the security immediately preceding the error trade. The selection will not include the quotes provided by the parties who are involved in the error trade which is under review.

3. Alternative Prices Unsuitable

- 3.1. Where SGX-ST determines that an appropriate Reference Price cannot be established, it will not establish a no-cancellation range.