

Appendix A

Rule amendments	
8.2	Trading Hours
8.2.1	
	The trading hours and the application of the market phases are as published by SGX-ST. SGX-ST may vary the trading hours and application of the market phases.
8.2.2	
	The market phases are as follows:— (1) Pre-Open/Pre-Close This phase allows order entry, reduction in order size and withdrawal of orders but no matching of orders. (2) Non-Cancel No order entry and amendment are allowed in this phase. All existing orders are matched at a single price according to the algorithm set by SGX-ST. All unmatched orders, except at the close of trading, are carried over to the next phase. All unmatched orders following the non-cancel phase at the close of trading will lapse. (3) Trading This phase allows order entry, reduction in order size and withdrawal of orders. All orders are matched <u>in accordance with the order of</u> price priority, <u>subject to Rule 8.10A</u> , followed by time priority. (4) Adjust This phase allows order entry, reduction in order size and withdrawal of orders. At the end of the phase, orders will be matched at a single price based on the algorithm set by SGX-ST. All unmatched orders will be carried over to the next phase.
8.2.3	
	SGX-ST will publish how the algorithm operates.
8.10	Suspension <u>and Restriction</u> of Trading
8.10:1	
	SGX-ST may suspend or restrict trading in any or all listed or quoted securities or Futures Contracts. It may do so for 1 or more markets or 1 or more trading sessions or any part of a trading

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session. It may do so in any of the following circumstances:—

- (1) in SGX-ST's opinion, the market is not orderly, informed or fair or circumstances are about to occur that may result in there not being an orderly, informed or fair market;
- (2) SGX-ST releases an announcement in relation to an Issuer which, in SGX-ST's opinion, is market sensitive;
- (3) an Issuer requests, and SGX-ST agrees to, the suspension;
- (4) access to the Trading System is generally restricted;

(4A) where Rule 8.10A applies:

- (5) any of the circumstances in Rule 1303 of the SGX-ST Listing Manual apply;
- (6) functions of SGX-ST are, or are threatened to be, severely and adversely affected by a physical emergency such as fire, terrorist activities, power failures, communication or transportation breakdowns, or computer malfunctions; or
- (7) in SGX-ST's opinion, it is in the public interest.

8.10A Circuit Breakers and Cooling-Off Periods

8.10A.1

SGX-ST may prescribe, for certain securities and Futures Contracts, Circuit Breakers which are designed to temporarily restrict trading in these securities and Futures Contracts.

8.10A.2

SGX-ST shall impose a Cooling-Off Period on such security or Futures Contract 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.

8.10A.3

Where the Cooling-Off Period is activated pursuant to Rule 8.10A.2, the following will apply:

- (1) the incoming order referred to in Rule 8.10A.2 will not be matched with the existing order in the Trading System at a price outside the Circuit Breaker; and
- (2) such quantity of the incoming order which is not filled at the commencement of the Cooling-Off Period will be rejected by the Trading System.

8.11 Trading Halts

8.11.1

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A trading halt may be imposed by SGX-ST at the request of an Issuer.
<u>8.11.1A</u>
<u>A trading halt may be imposed by SGX-ST on a security or Futures Contract 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.</u>
8.11.2
A trading halt may be lifted by SGX-ST at any time.
8.11.3
A trading halt may be changed to a suspension by SGX-ST at any time.
8.11.4
A trading halt may be imposed for up to 3 Market Days or such other short extension as SGX-ST agrees.
8.11.5
A trading halt is for a minimum duration of 30 minutes or such period SGX-ST prescribes.
8.11.6
A trading halt operates in the same way as an Adjust Phase.
8.11.7
Securities or Futures Contracts 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 Futures Contract subject to a trading halt.
Definitions
The following terms have the following meanings unless the context requires otherwise:—
<u>"Circuit Breaker" in relation to a security or Futures Contract refers to such maximum allowable price advance or decline from a reference price for the security or Futures 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.</u>
<u>"Cooling-Off Period" means a period prescribed by SGX-ST during which trading in a particular security or Futures Contract will be restricted in a manner prescribed by SGX-ST.</u>

Practice Note 8.10A — Circuit Breaker

<u>Issue Date</u>	<u>Cross Reference</u>	<u>Enquiries</u>
<u>Issued on xx</u>	<u>Rule 8.10A</u>	<u>Please contact Securities Market Control:—</u> <u>Email: securities.mc@sgx.com</u>

1. Introduction

- 1.1. Rule 8.10A.1 states that SGX-ST may prescribe, for certain securities and Futures Contracts, Circuit Breakers which are designed to temporarily restrict trading in these securities and Futures Contracts.
- 1.2. Rule 8.10A.2 adds that SGX-ST shall impose a Cooling-Off Period on such security or Futures Contract 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.
- 1.3. The Cooling-Off Period can guard against disorderly situations in the face of rapid and unchecked market movements, by allowing the market and regulators a pause to take stock of the situation.
- 1.4. It is not intended to halt price movement. A fundamental role of a capital market is timely and accurate price discovery; as such, the market should be allowed to determine its own prices so long as it remains fair and orderly. Where large price movements are justified, what the circuit breaker facilitates is a more measured market movement enabled by the imposition of pauses which allow the market to analyse market conditions and all available information before resuming. By moderating the pace of big price movements, the circuit breaker prevents alarm to the market and averts contagion risk to other markets.

2. Coverage of Circuit Breaker

- 2.1. Circuit Breakers will apply to the following instruments:
 - (1) Stocks and unit trusts that are components of the Straits Times Index or the MSCI Singapore Free Index;
 - (2) Stocks, stapled securities, Real Estate Investment Trusts, business trusts, funds, exchange-traded funds and exchange-traded notes that have a reference price at the start of the Market Day of 0.50 or more in the underlying currency that Market Day. In the case of Yen-denominated instruments, Circuit Breakers are applied if the reference price at the start of the Market Day is ¥500 (denoted as “0.50” in the Trading System) or more that Market Day; and
 - (3) Marginable Futures Contracts with underlying instruments falling within (1) or (2) above.

- 2.2. The instruments are assessed against the criteria set out in paragraph 2.1 above on a daily basis to determine if Circuit Breakers will apply that Market Day.
- 2.3. As stated in Rule 8.11.1A, SGX-ST may impose a trading halt on a security or Futures Contract 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.

3. Characteristics of Circuit Breakers and Cooling-Off Periods

3.1. A Circuit Breaker will have the following features:

- (1) The Circuit Breaker is in operation during the Trading Phase.
 - (2) The Circuit Breaker, takes the form of a price band. Trading in a security or Futures Contract 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.
 - (3) When an incoming order seeks to match against a resting order at a price outside the upper or lower threshold, a Cooling-Off Period is activated. The incoming order is rejected and will not be matched at a price outside the upper and lower thresholds. An incoming order may have been partially matched against other orders up to the price band, beyond which the outstanding order would be rejected. The trades that were executed at or within the price band will not be affected by activation of the Cooling-Off Period, and only the outstanding volume of the incoming order will be rejected.
 - (4) During the Cooling-Off Period, trading in a security or Futures Contract 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 Futures Contract will continue within and at the new price band.
- 3.2. When a Cooling-Off period is activated, the affected instrument(s) will have "CIRB" indicated in the Rmk column on the SGX website for the duration of the cooling-off period. The change in session state will also be broadcast to Trading Members.
- 3.3. The duration of the Cooling-Off Period is five minutes. The Cooling-Off Period will cease upon the commencement of any of the following, even if five minutes has not elapsed:
- (1) Pre-close phase;

- (2) Suspension; and
 - (3) Trading Halt.
- 3.4. The Equilibrium Price at the end of the Opening Routine, Closing Routine or Adjust Phase will not activate a Cooling-Off Period (refer to SGX-ST Practice Note 8.2.1 for details on the Opening Routine, Closing Routine and Adjust Phase).
- 4. Calculation of the Circuit Breaker**
- 4.1. The upper threshold is 10% above the reference price and the lower threshold is 10% below the reference price:
- 4.2. The reference price for the start of the Market Day is as follows:
- (1) the opening price of the security, failing which
 - (2) the previous Market Day's last traded price, failing which
 - (3) the last available traded price.
- 4.3. The reference price at the start of the Market Day is applicable to the first five minutes of the Trading Phase of each Market Day. The reference price for the rest of the Market Day is as follows:
- (1) the last traded price as of five minutes prior to each potential trade, failing which
 - (2) the reference price at the start of the Market Day.
- 4.4. If there are trades done during the Cooling-Off Period, the reference price following the Cooling-Off Period will be as described in paragraph 4.3 above. If there are no trades done during the Cooling-Off Period, the first trade after the Cooling-Off Period will not be subject to the Circuit Breaker. The price of the first trade will then serve as the reference price for the five minutes following the trade. Thereafter, the reference price will be as described in paragraph 4.3 above.
- 4.5. In the event that an instrument is suspended or halted, the reference price immediately upon the lifting of a halt/suspension for a security will be as follows:
- (1) the Equilibrium Price, failing which
 - (2) the last traded price in the Trading phase preceding the halt/suspension, failing which
 - (3) the reference price at the start of the Market Day.
- 4.6. The reference price of a Marginable Futures Contract is the reference price of its underlying instrument at all times.

5. Illustration of Circuit Breaker operation

Blue underlined – additions to the rules
Blue struckthrough – deletions to the rules

Scenario 1

- 5.1. Security A has an opening price of \$1.00. The Circuit Breaker will apply to Security A on that Market Day.
- 5.2. No trades are executed after the market opens.
- 5.3. At 11:00:00a.m, an incoming buy order for one lot of Security A at \$1.20 attempts to match against a resting sell order for five lots of Security A at \$1.20.
- 5.4. The reference price of Security A at 11:00:00a.m is \$1.00 because there have been no trades in the Trading phase, and the opening price is \$1.00. Therefore, the upper limit of Security A's Circuit Breaker at 11:00:00a.m is:

 $\$1.00 + (10\% \times \$1.00) = \$1.10:$

The lower limit is:
 $\$1.00 - (10\% \times \$1.00) = \$0.90.$
- 5.5. As the incoming buy order, if matched, would result in a trade outside the upper limit of the Circuit Breaker, it is rejected, and the Cooling-Off Period begins. The Cooling-Off Period is in place from 11:00:00a.m to 11:05:00a.m, during which trading can occur within the price band i.e. at or between \$0.90 and \$1.10: If a buy order for one lot of Security A at \$1.20 is re-entered at this time, it is rejected.
- 5.6. No trades occur during the Cooling-Off Period. The first trade after the Cooling-Off Period will not be subject to the Circuit Breaker. If the incoming buy order for one lot of Security A \$1.20 is re-entered at this time (and the resting sell order for five lots at \$1.20 is still in the order book), it will result in a traded price of \$1.20. \$1.20 will then be the new reference price for at least the next five minutes of trading.

Scenario 2

- 5.7. Security B has an opening price of \$1.00. The Circuit Breaker will apply to Security B on that Market Day. At 10:00:00a.m, the last traded price as of five minutes ago (i.e. at 9:55:00a.m) is \$0.90. This is therefore the reference price at 10:00:00a.m.
- 5.8. At 10:00:00a.m, two incoming sell orders are simultaneously placed for Security B at \$0.82 (five lots) and \$0.80 (five lots). The resting buy orders in terms of price priority are a resting buy order for five lots of Security B at \$0.82, and another resting buy order for three lots of Security B at \$0.80.

As the reference price of Security B at 10:00:00a.m is \$0.90, the lower limit of Security B's price band is:

$\$0.90 - (10\% \text{ of } \$0.90) = \$0.81.$

The upper limit is:

$\$0.90 + (10\% \text{ of } \$0.90) = \$0.99.$

- 5.9. The incoming sell order will be matched at \$0.82 (five lots) against the resting buy order for five lots at \$0.82. The remaining sell order of \$0.80 (five lots) will then attempt to match against the resting buy order for three lots of Security B at \$0.80.
- 5.10. As the incoming sell order for \$0.80, if matched, will result in a trade outside the lower limit of the price band,) the order is rejected, and the Cooling-Off Period begins. The Cooling-Off Period is in place from 10:00:00a.m to 10:05:00a.m, during which trading can occur within the price band i.e. at or between \$0.81 and \$0.99.
- 5.11. A buy market order comes in at 10:01.00a.m for five lots at \$0.83, and a sell order for five lots at \$0.83 is entered at 10:02:00a.m. This results in a matched trade for five lots of Security B at 10:02:00a.m.
- 5.12. The reference price immediately after the Cooling-Off Period ends at 10:05:00a.m is \$0.82, reflecting the traded price five minutes ago just prior to the start of the Cooling-Off Period. At 10:07:00a.m, the reference price becomes \$0.83, reflecting the traded price five minutes ago at 10:02:00a.m.

6. Exemption of New Listings from circuit breaker

- 6.1. SGX-ST will exempt New Listings from the circuit breaker on the first day of trading. This is because the offer price of a New Listing may potentially differ significantly from market valuation. Applying the circuit breaker on the first day of trading may unnecessarily impede the price discovery process.
- 6.2. New Listings refer to the following instruments that are newly listed, regardless of whether they are subject to an initial public offering or is placed out:
 - (1) Stocks;
 - (2) Stapled securities;
 - (3) Real Estate Investment Trusts;
 - (4) Business trusts;
 - (5) Funds;
 - (6) Exchange-traded funds; and
 - (7) Exchange-traded notes.
- 6.3. New Listings will include stocks of companies that have been previously delisted but have gone through the listing process again.
- 6.4. New Listings will also include stocks/units that are created by distribution of dividends in-specie.
- 6.5. New Listings will not include any instruments that are created as a result of stock consolidation, stock splits and other similar actions which result in the replacement of

existing counters. This is because the last traded price of the existing counters prior to delisting act as indicators which will allow market participants to adequately approximate the price of these new instruments. New Listings will therefore also not include temporary odd-lot instruments that are created as a result of corporate actions or rights issues, and will also exclude schemes of arrangement.