

AMENDMENTS TO THE FUTURES TRADING RULES

Amendments are marked in *red*

Rule Amendments

Appendix 1 to Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27 Operational Procedures for Electronic Reporting and Submission of Information

1. Rule 3.3.17: Reporting of Account Identity (Form BC4A)

1.1 General

1.1.1 A Member shall submit to the Exchange, using Form BC4A, details of any new account, within three (3) Business Days after the account has commenced trading (T + 3). If the account holder is an individual Trading Member or a Trading Representative of a SGX-ST member, who also executes trades on the Markets for his own account, Form BC4A must be submitted by the Member at least one (1) Business Day before it commences trading. This is to ensure accurate processing of clearing fee rebates. This requirement also applies to Trading Members (Individual) and Trading Representatives* who are changing their qualifying Clearing Members.

* Trading Representatives are dealers' representatives who are trading for their own account on SGX Quest via the SESOPS Link.

1.1.2 If there are any changes to information stated in a BC4A account that has been submitted previously, the Exchange must be notified as soon as is practicable, within the next business day.

1.1.3 Members should notify the Exchange when an account is closed in their system as soon as is practicable, to prevent unauthorised trading in the account.

1.1.4 A Member is required to submit Form BC4A for each account (including sub-account(s) of a disclosed omnibus account), which is used for trading and/or carrying of trades done on the Exchange, other exchanges and over-the-counter. As Form BC4A serves as identification for the holder of the account, no single account number should be assigned to more than one customer, even when the account has been closed. For Members, all accounts submitted via Form BC4A (i.e. BC4A account) will automatically be created in the SGXCLEAR system.

1.1.5 If Members create trading accounts directly in the SGXCLEAR system, they are not required to submit Form BC4A, but must ensure that such trading accounts created in the SGXCLEAR system are linked to valid BC4A accounts.

1.1.6 Any account number used in position reporting must correspond exactly to the account number reported in Form BC4A.

1.1.7 If an account used to register trades in ~~the Trade Registration System-eNLT or TRS~~ is not a BC4A account or trading account created in the SGXCLEAR system, it will be considered an invalid account. Trades belonging to an invalid account will automatically be held in the Clearing Member's Holding

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Account in the SGXCLEAR system. Holding Accounts bear the account numbers "S999 DEFAULT", where "S999" denotes the Member's firm code. Clearing Members are not allowed to close/delete the Holding Accounts.

1.1.7A If an account specified in the orders routed to QUEST-DT is not a trading account created in SGXCLEAR under the order management system, it will be considered an invalid account. The resultant trades will automatically be held in the Member's Holding Account under the order management system in the SGXCLEAR system. Holding Accounts under an order management system bears the account number "OS999 DEFAULT", where "OS999" denotes the ID assigned to the order management system. Members are not allowed to close/delete Holding Accounts.

1.1.8 The Form BC4A must be submitted through the SGX Data Submission Website (<https://esub.sgx.com>), which includes the following features:

- (a) creation of new BC4A account;
- (b) closure of BC4A account;
- (c) BC4A account amendment;
- (d) reinstatement of BC4we A account; and
- (e) deletion of BC4A account.

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Regulatory Notice 4.1.11 – Negotiated Large Trades

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2. Minimum Volume Thresholds

2.1 The minimum volume thresholds for NLTs are set out in Appendix A.

Refer to Appendix A of Regulatory Notice 4.1.11.

2.2 A trade consisting of multiple legs ~~Ww~~ within the same Underlying, ~~a NLT~~ is deemed to be in accordance with the minimum volume threshold if at least one (1) of the legs meets the minimum volume threshold applicable to that leg (see examples below).

2.3 Trades which are not in accordance with the minimum volume threshold will not be accepted for registration as NLTs and will be rejected.

Example: Minimum volume threshold for NK Futures = 100 lots
 Minimum volume threshold for NK Options = 25 lots

(a) The following trade NLT will be in accordance with the minimum volume threshold as one (1) of the legs (NK Options Jan 06 Call 14000) meets the NK Options minimum volume threshold of 25 lots:

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Contract	Qty	Price
NK Futures Mar 06	19 lots	@ 14200
NK Options Jan 06 Call 14000	13 lots	@ 300
NK Options Jan 06 Call 14000	12 lots	@ 301
NK Options Feb 06 Put 13750	2 lots	@ 610

(b) ~~The following trade will also be in accordance with the minimum volume threshold as one (1) of the legs (NK Futures Mar 06) meets the NK Futures minimum volume threshold of 100 lots:~~

<u>Contract</u>	<u>Qty</u>	<u>Price</u>
<u>NK Futures Mar 06</u>	<u>100 lots</u>	<u>@ 14200</u>
<u>NK Options Jan 06 Call 14000</u>	<u>11 lots</u>	<u>@ 300</u>
<u>NK Options Jan 06 Call 14000</u>	<u>12 lots</u>	<u>@ 301</u>
<u>NK Options Feb 06 Put 13750</u>	<u>2 lots</u>	<u>@ 610</u>

3. General Policy

3.1 Trading Hours

3.1.1 ~~The NLT facility shall be available twenty-four (24) hours a day.~~ All NLTs executed during or before the Contract "T" trading hours shall be "T Trades" while NLTs executed after the Contract "T" trading hours shall be "T+1 Trades".

3.2 ~~Reporting and~~ Registration of NLTs

3.2.1 ~~All NLTs shall be registered in accordance with the Clearing Rules. All NLTs must be reported to the Exchange. Registration of all NLTs via submission through one of the following modes of registration:~~

~~a. — the eNLT system (Electronic Negotiated Large Trade — a web-based system). The submission can be done by either party to the trade, with mutual agreement.~~

~~b. — The Trade Report Application Programming Interface functionality. The submission can be done by either party to the trade, with mutual agreement, or by both parties to the trade.~~

~~c. — The Trade Registration System and any enhancements, updates and variations to such system from time to time.~~

~~Entry of the details of the NLT through the aforementioned modes of registration may be done by either the party to the trade, or any authorised personnel of their respective Clearing Members and its affiliates on their behalf.~~

3.2.2 ~~[This rule has been deleted.] NLTs submitted for registration must be also approved prior to submission, by the relevant Clearing Members for both the buying and selling Customers.~~

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3.2.3 ~~[This rule has been deleted.] Clearing Members are required to ensure that all "T Trades" and "T+1 Trades" are submitted for registration via the eNLT system in a timely manner. All "T Trades" are required to be registered no later than thirty (30) minutes after the relevant "T" session closes and all "T+1 Trades" no later than thirty (30) minutes after the next Trading Day's "T" session closes.~~

3.3 NLT Execution

3.3.1 ~~For the purpose of Rule 3.4.9, Members shall ensure that NLTs are not transacted for Customers who have the same beneficial interest in both sides of the transactions.~~ Members may submit NLT orders from two (2) separate Customers under the same Omnibus Account, provided that the Members' record keeping and audit trails are able to demonstrate the separate beneficial ownership.

3.3.2 A Member shall ensure that its Customers are aware of and have given their approval for the execution of the Customers' orders via the NLT facility. Where a Member receives a Customer's order that is not a NLT order but meets the requirements of the NLT facility, such Member may execute the Customer's order via the NLT facility provided that such Member has obtained the prior approval from the Customer, either specifically for the transaction or as a general blanket approval (and such blanket approval has not been terminated by the Customer). If a Customer's approval is obtained verbally, the Member shall ensure that a tape recording of the conversation where the Customer's approval was obtained is retained for record keeping purposes. A Member shall also inform its Customers if the Member may be or is a counterparty to the Customer's NLT and obtain the Customer's prior written approval.

3.3.3 Members may obtain a general blanket approval from their Customers provided the conditions below are met. Members shall disclose to their Customers all NLTs executed pursuant to the general blanket approval ~~in the contract notes sent to their Customers~~. The conditions for obtaining a general blanket approval from the Customer are as follows:

- (a) Members shall inform the Customer that the general blanket approval is subject to compliance with the rules, laws and regulations in the Customer's country of domicile;
- (b) the general blanket approval shall be in writing and shall provide details on the nature and scope of the general blanket approval given;
- (c) Members shall highlight to the Customer the risks and liabilities that the Customer may be exposed to in giving such general blanket approval. In particular, the Member shall highlight that in some instances, NLT orders may not be executed at the best possible price and that the timeliness of order execution may be compromised. The Customer must also be informed that the Customer is obligated to accept all NLTs executed pursuant to the general blanket approval; and
- (d) the Customer shall acknowledge that it has read, understood, and received a copy of the signed general blanket approval.

3.3.4 In order to ensure that Customers' interests are not compromised, the Members shall, unless their Customers specifically request for a trade to be done through the NLT facility, place all Customers' orders on QUEST for execution. After the Customers' orders have been placed on QUEST for execution,

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Members' employees may then seek their Customers' approval to accept the order as an NLT. However, Members may only withdraw an order from QUEST for subsequent execution as a NLT if the price for the NLT is at least equal to or better than the prevailing bid/offer quoted in QUEST at the time the order is withdrawn, unless otherwise instructed by Customers.

3.3.5 Members shall not combine individual Customers' orders in order to meet the NLT minimum volume threshold requirements. Members shall not combine separate Customers' orders of different Contracts to create an inter-commodity spread or strategy transaction. However, individual orders greater than or equal to the minimum volume threshold may be combined by Members to match a larger NLT counter bid/offer, subject to the condition that the NLTs should, upon execution, be individually reported.

3.3.6 Various price combinations within the same NLT, or within the same leg of an NLT in the case of spreads or combinations, may be used to set an 'average' price, provided that the trade is for the same entity and that each respective price must meet the minimum tick for NLTs as set out in Appendix B.

Refer to Appendix B of Regulatory Notice 4.1.11.

3.3.7 ~~[This rule has been deleted.] Upon execution, a Member may give up an NLT to another Clearing Member or different Clearing Members via the SGXCLEAR system or any other system prescribed by the Exchange for allocation(s) to various Customer Accounts maintained with that other Clearing Member(s). The allocated number of Contracts to each such account may be less than the minimum volume threshold for the Contract in question provided that the NLT was executed for fund managers, commodity trading advisors etc. who may at times be required to allocate in part to 'sub-funds', high net worth individuals/investors, etc. who may maintain their own accounts with the other Clearing Member(s).~~

3.3.8 The Exchange shall have the sole and absolute discretion to cancel or adjust the price of any NLT, even after the registration of the NLT.

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3.6 ~~[This rule has been deleted.] Deterrence Fees~~

3.6.1 ~~[This rule has been deleted.] Clearing Members are required to register their NLTs within the period specified in paragraph 3.2 above. A flat deterrence fee of S\$5000 per trade will be imposed for all late reporting~~

3.6.2 ~~[This rule has been deleted.] The Exchange may, in its absolute discretion, waive the imposition of the deterrence fee for the late registration of an NLT.~~

3.7 ~~[This rule has been deleted.] Use of NLT Facility in Event of Interrupted Access to modes of NLT registration~~

3.7.1 ~~[This rule has been deleted.] In the event of any technical fault that prevents or inhibits access and/or use of the stipulated modes of NLT registration by any Clearing Member(s), the Exchange may, in~~

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~~its absolute discretion, and in circumstances which it deems appropriate, allow for registration of NLTs via manual submission of Form CH31, duly filled up and signed by their authorised personnel on behalf of their Customers, to the Exchange.~~

~~3.7.2 [This rule has been deleted.] If the Exchange exercises its discretion pursuant to paragraph 3.7.1:~~

~~(a) The Exchange will inform all Clearing Members of this decision by issuance of a circular;~~

~~(b) The Exchange may vary or waive the time periods for reporting of NLT trades set out in paragraph 3.2 above; and~~

~~(c) The Exchange shall impose a deterrence fee for any NLT submitted for registration that does not have at least one (1) leg that meets the required minimum volume threshold. The deterrence fee will be charged separately for each leg in the NLT and be equal to S\$20 multiplied by the relevant minimum volume threshold.~~

~~3.7.3 [This rule has been deleted.] The Exchange may, in its absolute discretion, waive the imposition of any deterrence fees.~~

~~3.7.4 [This rule has been deleted.] Any loss or inhibition of access and/or use of the eNLT system, which is due to any technical faults arising from or caused by a Clearing Member's own equipment, system, device or market facility will not be considered as a sufficient ground for the Exchange to exercise its discretion under paragraph 3.7.1.~~

~~3.7.5 [This rule has been deleted.] Factors which the Exchange may consider in the exercise of its discretion include:~~

~~a) the number of Clearing Members which are affected by the technical fault;~~

~~b) the estimated length of time required to resolve the technical fault;~~

~~c) the impact of the technical fault on the ability of the Exchange to operate a fair, orderly and transparent market; and/or~~

~~d) any other factor which the Exchange deems relevant.~~

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Schedule A

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Exchange, where the Exchange has Determined the Member, Approved Trader and/or Registered Representative to be Liable									Mandatory minimum penalty imposed by the DC
Rule Chapter/ Number	Brief Description of Rule		Members			Approved Traders			Registered Representatives			
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	
4.1.11 r/w Regulatory Notice	Member, Approved Trader or Registered Representative to comply with thresholds and the requirements and procedures in relation to the registration of Negotiated Large Trades as provided in the Regulatory Notice and the Clearing Rules.	Compound-able	\$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.