

SGX-ST Rules (clean version)

Chapter 1 – General

1.1 Application of Rules

- 1.1.1 The Rules operate as a binding contract between SGX-ST and each Registered Person, and between each Trading Member and every other Trading Member.
- 1.1.2 A Trading Member is deemed to be bound by the Rules upon approval of the Trading Member's admission as a Trading Member by SGX-ST.
- 1.1.3 A Registered Person, other than a Trading Member, is deemed to be bound by the Rules upon registration with SGX-ST.
- 1.1.4 In interpreting the Rules, the intention and purpose behind the specific Rule and the Rules generally shall be taken into consideration. The Rules operate to ensure fair, orderly and transparent trading, to maintain an efficient and reputable market, to reduce systemic risk to participants in the market and to protect the investing public.
- 1.1.5 A person who is not a party to the Rules has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce or enjoy the benefit of the Rules, regardless of whether such person has been identified by name, as a member of a class or as answering a particular description.

1.2 Waivers or Variation

- 1.2.1 SGX-ST may waive or vary a Rule to suit the circumstances of a particular case, unless the Rule specifies that SGX-ST will not waive or vary it. SGX-ST may grant a waiver or variation subject to such conditions as it considers appropriate. A waiver or variation is only effective if the conditions are satisfied. If a waiver or variation is granted, SGX-ST will notify affected Registered Persons of the waiver or variation as soon as practicable, provided that any non-notification will not affect the validity of the waiver or variation.
- 1.2.2 No failure by SGX-ST to exercise or enforce any rights conferred upon it by the Rules shall be deemed to be a waiver of any such rights or operate so as to bar the exercise or enforcement thereof at any subsequent time or times. A Registered Person shall not be entitled to rely on a delay in the exercise or non-exercise of a right arising from a breach or non-performance of the Rules or on a default under the Rules as constituting a waiver of that right.

1.3 Rules, Directives and Regulatory Notices

- 1.3.1 SGX-ST may from, time to time, issue Directives and Regulatory Notices to supplement the Rules.

- 1.3.2 The Rules, including any Directives or Regulatory Notices, may be unilaterally issued, amended or revoked by SGX-ST, subject to the provisions of the Securities and Futures Act and the approval of the Board, and shall be effective at such time as may be specified by SGX-ST.

1.4 Practice Notes

- 1.4.1 SGX-ST may issue, amend or revoke Practice Notes to provide guidance on the interpretation and application of any Rule. A Practice Note does not bind SGX-ST in the application of a Rule.

1.5 Transitional Arrangements

- 1.5.1 SGX-ST may publish transitional arrangements in relation to any amended or new Rule or Practice Note.

1.6 Order of Precedence

- 1.6.1 Unless expressly provided otherwise, in the event of any conflict between the provisions of the following instruments, the provisions of an instrument with a higher level of precedence shall prevail over the provisions of an instrument with a lower level of precedence. The order of precedence, in descending order, of the instruments is as follows:

- (a) written law;
- (b) Rules, other than Directives and Regulatory Notices;
- (c) Directives;
- (d) Regulatory Notices; and
- (e) Practice Notes.

1.7 Delegation and Assignment

- 1.7.1 SGX-ST may delegate, assign or grant authority to exercise any of its rights, powers, authorities and discretions under the Rules, including any right to enforce the Rules, to such person or entity as it may determine in its sole discretion, without consent from any Registered Person. In the exercise of any such rights, powers, authorities and discretions under these Rules, such person or entity shall be bound to the same extent as the Exchange in respect of any obligations arising from the exercise of such rights, powers, authorities and discretions.
- 1.7.2 Where the Rules provide that any power, authority or discretion is to be exercised by the Board, the Board may delegate, assign or grant authority to exercise such power, authority or discretion to any person or entity. The Board may authorise a delegate to sub-delegate.

1.8 SGX RegCo's authority

- 1.8.1 SGX RegCo shall have the authority to exercise any rights, powers, authorities and discretions under the Rules, including the right to enforce the Rules.

1.9 Limitation of Liability

1.9.1 None of SGX-ST, its related companies, SGX RegCo, any person or entity referred to under Rule 1.7, or their respective Directors, Officers, employees or agents (“Relevant Persons”) shall be liable to any person for any loss or damage (including consequential or indirect loss or damage even if advised of the possibility of such loss or damage), however caused or arising, including but not limited to any loss or damage arising directly or indirectly from or in connection with the following or any thing done or not done as a direct or indirect consequence of the following:

- (a) any failure, error, delay or malfunction of the Trading System howsoever caused and whether or not identified or identifiable;
- (b) the access to, use of or inability to use the Trading System;
- (c) any thing done (including any statement made) or omitted to be done in the course of, or in connection with, the discharge or purported discharge of SGX-ST’s obligations or rights under the SFA, any other applicable law, or under the Rules;
- (d) the trading on organised markets provided by SGX-ST or the suspension (whether temporary or a longer suspension), interruption, cancellation, restriction or closure of trading on those organised markets howsoever caused;
- (e) any failure, security breach, inoperability or malfunction of equipment, software or any other product supplied to a Trading Member howsoever caused, or in respect of its installation, maintenance or removal;
- (f) the exercise of a decision-making or regulatory power or discretion under the Rules;
- (g) any decision whether or not to cancel an Error Trade pursuant to Chapter 11;
- (h) the acceptance of a Trading Member's resignation or any decision or ruling of the Disciplinary Committee or Appeals Committee exercising their powers;
- (i) any virus or other destructive, malicious, or corrupting program, code, agent, script or macro;
- (j) any errors, inaccuracy, omissions or delay in the calculation, determination or dissemination of prices for any security or futures contract;
- (k) the originality, accuracy, adequacy, timeliness or completeness of the Trading System or any content, information, materials, images, sounds, graphics, video and other materials displayed therein or any functionalities or applications, programs or services provided therein (collectively “Content”);
- (l) any reliance on the Content or any part thereof; or

- (m) any information transmitted or received by or on behalf of SGX-ST or a Trading Member, including through the Trading System, or the interception of or access to such information by unauthorised persons.
- 1.9.2 Without prejudice to the generality of Rule 1.9.1, none of the Relevant Persons (i) makes any warranty, express or implied, or (ii) shall be liable to any person in respect of, or in connection with, any of the following:
- (a) the originality, accuracy, adequacy, timeliness or completeness of an index or price;
 - (b) results to be obtained from the use of an index or price, in respect of any product linked or related to the index or price whether in the form of contracts or options;
 - (c) the merchantability and fitness for a particular purpose of, or use of, an index or price;
 - (d) any direct, special, punitive, indirect or consequential damages (including lost profits), even when notified of the possibility of such damages;
 - (e) any errors, omissions or delays in calculating or disseminating an index or price; and
 - (f) trading of any product linked or related to the index or price, whether in the form of contracts or options.
- 1.9.3 For the purposes of Rule 1.9.2, a reference to an index includes administering, making, calculating, disseminating or compiling the index, or any intra-day proxies related or referable thereto, or any information or data included in or referable thereto.
- 1.9.4 Each Trading Member shall ensure that its customers agree to and are bound by the limitation of liabilities under this Rule 1.9, either by way of inclusion in the contracts granting access to SGX-ST or such other similar manner.

1.10 Indemnity

- 1.10.1 Each Registered Person indemnifies each of SGX-ST, its related companies, SGX RegCo, any person or entity referred to under Rule 1.7, and their respective Directors, Officers, employees and agents ("Indemnified Persons") against any loss or liability incurred or suffered by an Indemnified Person where such loss or liability arose out of or in connection with:
- (a) any breach by the Registered Person of its obligations under the Rules; or
 - (b) any wilful, unlawful, reckless or negligent act or omission by the Registered Person.
- 1.10.2 Without prejudice to the generality of Rule 1.10.1, in the event that any legal, arbitration or other proceedings are brought to impose any liability on all or any of the Indemnified Persons for an alleged failure on the part of any Indemnified Person to prevent or to require action by a Registered Person or any of its Directors, Officers, representatives (including without limitation Trading Representatives), employees or agents, the Registered Person shall reimburse the relevant Indemnified Person for:

- (a) all expenses and legal fees incurred by or on behalf of the Indemnified Person in connection with such proceedings;
- (b) any payment made by or on behalf of the Indemnified Person with the approval of the Registered Person in connection with any settlement of such proceedings; and
- (c) any payment made by or on behalf of the Indemnified Person as a result of any order, award or judgment made in such proceedings,

and the Registered Person shall render such co-operation as the Indemnified Person reasonably requires in respect of such proceedings including without limitation the production of any document or records.

- 1.10.3 Without prejudice to Rule 1.10.2, the Registered Person shall pay to an Indemnified Person, if the Indemnified Person so requires, the costs incurred by or on behalf of the Indemnified Person of producing or obtaining, pursuant to a court order or other legal process, records relating to the business or affairs of a Registered Person or any of its Directors, Officers, representatives (including without limitation Trading Representatives), employees or agents, regardless of the party requiring such production or obtainment.

1.11 Provision of Information

- 1.11.1 Each Registered Person shall, upon SGX-ST's request, provide any information or records as SGX-ST requires to discharge any of SGX-ST's duties, including to ensure fair, orderly and transparent trading, to maintain an efficient and reputable market, to reduce systemic risk to participants in the market, to protect the investing public, to make authorised disclosures or perform any other act described in Rule 1.12, or to investigate compliance with or enforce any Rule, from time to time ("Purposes"). SGX-ST and any of its related corporations may use all such information and records for such Purposes. The information or records requested for may include the terms and circumstances of, and parties to any transactions by a Registered Person's customers or former customers, and the terms of employment or contract and duties of persons acting for a Registered Person. Registered Persons must ensure that any information or records provided do not contain untrue statements, are not misleading and include rather than omit any material statements.

- 1.11.2 Where a Registered Person provides personal data on any individual (as defined under the Personal Data Protection Act 2012), the Registered Person undertakes that it has obtained consent from the individual concerned for it to disclose such personal data to SGX-ST, and for SGX-ST to collect, use and disclose such personal data, for the Purposes.

- 1.11.3 The Registered Person must provide all information or records to SGX-ST as SGX-ST may require under the Rules.

1.12 Disclosure of Information by SGX-ST

- 1.12.1 SGX-ST will take all reasonable measures to protect information provided to it by or on behalf of a Registered Person under the Rules from unauthorised use or disclosure.

1.12.2 Disclosure of information by SGX-ST is authorised use or disclosure if it:

- (a) is approved by the Authority and is to any governmental agency or regulatory authority (in or out of Singapore) that requests that SGX-ST provide the information for the proper exercise of powers relating to:
 - (i) the governance of Registered Persons; or
 - (ii) trading of securities and futures contracts (in or out of Singapore);
- (b) is required under any law (in or out of Singapore) or any order of any court or regulatory authority (each in or out of Singapore);
- (c) is publicly available at the time of disclosure to or by SGX-ST;
- (d) is in connection with the discharge of its regulatory obligations under the Securities and Futures Act or when compelled under applicable laws to do so or pursuant to any cross-border regulatory sharing arrangement subject to its obligation to maintain confidentiality under the Securities and Futures Act;
- (e) is in relation to the enforcement of the Rules or adjudication of a matter;
- (f) is to any of SGX-ST's related corporations;
- (g) is authorised by the Authority to be disclosed or furnished under the Securities and Futures Act; or
- (h) constitutes authorised use or disclosure of information at common law.

1.13 Registers

1.13.1 SGX-ST will maintain the following registers and such other registers as it may in its sole discretion require:

- (a) Register of Trading Members;
- (b) Register of Designated Market-Makers;
- (c) Register of market-making representatives;
- (d) Register of Chief Executive Officers; and
- (e) Register of Trading Representatives.

1.13.2 A corresponding entry in a Register will be deleted by SGX-ST when a relevant person ceases membership or registration.

1.14 Fidelity Fund

1.14.1 SGX-ST will establish and administer a fidelity fund in accordance with Part XI of the Securities and Futures Act.

1.15 Governing Law and Jurisdiction

1.15.1 The Rules shall be governed by, and interpreted in accordance with, the laws of Singapore. Each party to the Rules hereby submits to the exclusive jurisdiction of the courts of Singapore.

Chapter 2 – Admission and Registration of Trading Members, Chief Executive Officers and Trading Representatives

2.1 Trading Member Admission Criteria

2.1.1 To be eligible for admission as a Trading Member, an applicant must:

- (a) unless otherwise exempted, hold a Capital Markets Services Licence for the regulated activity in which it will engage as a Trading Member;
- (b) be qualified by a Clearing Member (unless it is admitted as a Clearing Member);
- (c) satisfy the capital and financial requirements that SGX-ST prescribes;
- (d) upon admission appoint and register a Chief Executive Officer with SGX-ST in accordance with Rule 2.6;
- (e) have facilities and staff adequate for expeditious and orderly trading, operations and activities.

2.1.2 An applicant that is exempted from holding a Capital Markets Services Licence pursuant to Regulations 2(3) and/or 2(4) of the Securities and Futures (Exemption from Requirement to Hold Capital Markets Services Licence) Regulations may be admitted only as a Remote Trading Member. If SGX-ST is of the view that the regulatory requirements of the Relevant Regulatory Authority of a prospective Remote Trading Member are not comparable to those contemplated under the Securities and Futures Act and/or the Rules, it shall have the discretion to prescribe additional requirements.

2.2 Application Procedures

2.2.1 To become a Trading Member, an applicant must apply to SGX-ST in the form and manner that SGX-ST prescribes, and provide such information to SGX-ST as it may in its discretion require in connection with the application.

2.2.2 The applicant must inform SGX-ST in writing of the Clearing Member who has agreed to qualify it (unless it is admitted as a Clearing Member). The applicant must submit to SGX-ST the agreement documenting the qualification of the applicant by the Clearing Member.

2.2.3 SGX-ST may, in its absolute discretion, approve or reject an application to be a Trading Member, having due regard to, among other things, the appropriateness, financial condition, and fitness and propriety of the applicant, its substantial shareholders, Chief Executive Officer and Directors.

2.2.4 Without derogating from Rule 2.2.3, the factors that SGX-ST may consider when approving an application to be a Trading Member include but are not limited to the following:

- (a) whether the applicant or its substantial shareholders, is in the course of being wound up, or a resolution to do so is passed by shareholders, or a court order is made, to wind it up, whether in or out of Singapore;

- (b) whether execution against the applicant or its substantial shareholders, in respect of a judgment debt has been returned unsatisfied in whole or in part, whether in or out of Singapore;
- (c) whether the applicant or its substantial shareholders, has entered into an arrangement or composition with its creditors that is still in operation, whether in or out of Singapore;
- (d) whether a receiver, a receiver and manager, judicial manager or such other person having similar powers and duties, has been appointed, whether in or out of Singapore, in relation to any property of the applicant or its substantial shareholders;
- (e) whether SGX-ST is not satisfied with the financial standing of the applicant or its substantial shareholders;
- (f) whether SGX-ST is not satisfied with the manner in which the applicant's business is to be conducted;
- (g) whether the applicant, or any of its substantial shareholders, Chief Executive Officer or Directors is convicted of an offence involving fraud or dishonesty or is found by a court of law to have acted fraudulently or dishonestly, whether in or out of Singapore;
- (h) whether the applicant, or any of its substantial shareholders, Chief Executive Officer or Directors has been convicted of an offence under the Securities and Futures Act or any other relevant applicable laws and regulatory requirements relating to the regulation of markets and licenced entities;
- (i) whether the applicant, or any of its substantial shareholders, Chief Executive Officer or Directors is the subject of an investigation involving an allegation of fraud or dishonesty, whether in or out of Singapore;
- (j) whether SGX-ST is not satisfied as to the educational or other qualification or experience of the Chief Executive Officer or Directors of the applicant;
- (k) whether SGX-ST is not satisfied with the applicant's record of past performance;
- (l) whether SGX-ST is not satisfied that the applicant, any of its Chief Executive Officer or Directors are able to satisfy such experience and competency requirements as SGX-ST may prescribe;
- (m) whether SGX-ST has reason to believe that the applicant or any of its Chief Executive Officer or Directors may not perform their functions efficiently, honestly and fairly;
- (n) whether SGX-ST has reason to believe that the applicant may not act in the best interests of its customers; and
- (o) whether in SGX-ST's opinion, it would be contrary to the interests of the public to admit the applicant as a Trading Member.

2.2.5 SGX-ST may approve an application subject to such conditions or restrictions as it may in its absolute discretion deem appropriate (the "Approval Conditions") including but not limited to restrictions on the applicant's scope of business and operations. SGX-ST shall inform the applicant of the imposition or withdrawal of any Approval Condition in writing. A breach of the Approval Conditions shall constitute a breach of this Rule.

2.2.6 SGX-ST may, in its absolute discretion at any time, by notice in writing, vary or lift any Approval Condition or impose such further Approval Conditions as it may think fit.

2.3 Appeals

2.3.1 If SGX-ST rejects an application to be a Trading Member, the applicant may, within 14 days after it is notified of SGX-ST's decision, appeal in writing to the SGX RegCo Board whose decision will be final.

2.4 Register of Trading Members

2.4.1 An applicant approved by SGX-ST as a Trading Member will have its name entered in the Register of Trading Members. SGX-ST will notify all Trading Members of the effective date of admission of a Trading Member.

2.5 Trading Rights

2.5.1 A Trading Member has access to organised markets established or operated by SGX-ST and/or such organised markets as SGX-ST specifies, unless such access is restricted under the Rules or by SGX-ST in writing.

2.5.2 A Trading Member does not have the right to clear and settle contracts concluded on SGX-ST.

2.5.3 Subject to Rule 2.5.4, a Trading Member may deal in securities or futures contracts that are listed or quoted on SGX-ST for any of the following:

- (a) customers;
- (b) its proprietary accounts; and
- (c) proprietary accounts of its related corporations or Associated Corporations.

2.5.4 A Remote Trading Member shall not deal in securities or futures contracts for customers resident in Singapore.

2.6 Appointment and Registration of Chief Executive Officer

2.6.1 A Trading Member that holds a Capital Markets Services Licence must appoint one person as a Chief Executive Officer and register that person with SGX-ST as its Chief Executive Officer. The Chief Executive Officer must be approved by the Authority in accordance with the Securities and Futures Act.

- 2.6.2 A Remote Trading Member must appoint one person as a Chief Executive Officer and register that person with SGX-ST as its Chief Executive Officer. The Chief Executive Officer must be a fit and proper person that is in the employment of, or acting for or by arrangement with, the Remote Trading Member and is principally responsible for the management and conduct of that part of the Remote Trading Member's business that is regulated by the Relevant Regulatory Authority.
- 2.6.3 A Trading Member shall notify SGX-ST at least seven days prior to the appointment of a Chief Executive Officer.
- 2.6.4 SGX-ST may in its discretion refuse the registration of a Chief Executive Officer.
- 2.6.5 If SGX-ST refuses the registration of a Chief Executive Officer, the applicant may, within 14 days after it is notified of SGX-ST's decision, appeal in writing to the SGX RegCo Board whose decision will be final.

2.7 De-Registration of Chief Executive Officer

- 2.7.1 A Chief Executive Officer will be deemed to be de-registered, and the Trading Member shall immediately notify SGX-ST, if the Chief Executive Officer:
- (a) becomes of unsound mind;
 - (b) is made bankrupt, whether in or out of Singapore;
 - (c) is disqualified from holding office as a Chief Executive Officer or director under the Securities and Futures Act, the Companies Act or any other relevant law or regulation;
 - (d) ceases to be the Chief Executive Officer of the Trading Member, or gives or is given notice that he will cease to be the Chief Executive Officer of the Trading Member (whichever is the earlier);
 - (e) is subject to a compromise or scheme of arrangement with his creditors, whether in or out of Singapore;
 - (f) has execution in respect of a judgment debt returned unsatisfied in whole or in part; or
 - (g) is convicted of an offence involving fraud or dishonesty or is found by a court of law to have acted fraudulently or dishonestly, in each case whether in or out of Singapore.
- 2.7.2 A Chief Executive Officer who is deemed de-registered will have his name deleted from the Register of Chief Executive Officers upon the date of deemed de-registration.

2.8 Appointment and Registration of Trading Representatives

- 2.8.1 A Trading Member must register with SGX-ST persons who deal in securities or futures contracts on SGX-ST as Trading Representatives, unless exempted by SGX-ST.
- 2.8.2 To be eligible for registration as a Trading Representative, an applicant must:

- (a) be at least 21 years old;
- (b) be a fit and proper person, in accordance with the Authority's Guidelines on Fit and Proper Criteria;
- (c) possess a good track record of business conduct (if applicable);
- (d) comply with the requirements of his Relevant Regulatory Authority for acting as a representative of his Trading Member in respect of the relevant regulated activities;
- (e) not be a person who has previously been disallowed by an exchange or a regulatory body, whether in or out of Singapore, from acting as a representative in respect of the relevant regulated activities; and
- (f) not be an undischarged bankrupt, whether in or out of Singapore.

2.8.3 A Trading Representative may be entered into the Register of Trading Representatives only if his Trading Member has confirmed in writing to SGX-ST that the Trading Representative satisfies the registration criteria prescribed in Rule 2.8.2. The Trading Member shall maintain records evidencing the Trading Representative's satisfaction of the registration criteria in Rule 2.8.2 and shall provide all information that SGX-ST may require in the registration process.

2.8.4 SGX-ST may in its discretion refuse the registration of a Trading Representative.

2.8.5 If SGX-ST refuses the registration of a Trading Representative, the applicant may, within 14 days after it is notified of SGX-ST's decision, appeal in writing to the SGX RegCo Board whose decision will be final.

2.8.6 Only Trading Representatives who have been registered by SGX-ST and entered into the Register of Trading Representatives may deal in securities or futures contracts on SGX-ST. A Trading Representative may begin to do so only upon his Trading Member being notified by SGX-ST that he or she has been entered into the Register of Trading Representatives.

2.8.7 A Trading Representative must act for only one Trading Member, unless exempted by SGX-ST.

2.9 De-Registration of Trading Representative

2.9.1 A Trading Representative will be deemed to be de-registered, and the Trading Member shall immediately notify SGX-ST, if the Trading Representative:

- (a) becomes of unsound mind;
- (b) is made bankrupt, whether in or out of Singapore;
- (c) is subject to a compromise or scheme of arrangement with his creditors, whether in or out of Singapore;
- (d) has execution in respect of a judgment debt returned unsatisfied in whole or in part;

- (e) is convicted of an offence involving fraud or dishonesty or is found by a court of law to have acted fraudulently or dishonestly, whether in or out of Singapore;
- (f) ceases to comply with the requirements of his Relevant Regulatory Authority for acting as a representative of his Trading Member in respect of the relevant regulated activities or is disallowed by the Relevant Regulatory Authority from so acting; or
- (g) ceases to act as a Trading Representative for the Trading Member, or gives or is given notice that he will cease to be a Trading Representative of the Trading Member (whichever is the earlier).

2.9.2 A Trading Representative who is deemed de-registered will have his name deleted from the Register of Trading Representatives upon the date of deemed de-registration.

2.10 Compliance

2.10.1 Trading Member

- (a) A Trading Member shall at all times comply with the Rules and continue to satisfy the admission criteria, any Approval Conditions, and any other conditions or restrictions imposed by SGX-ST from time to time.
- (b) A Remote Trading Member shall comply with principles of good business practice in relation to the areas covered by those Rules that have been expressed to not apply to Remote Trading Members.

2.10.2 Chief Executive Officer

- (a) A Chief Executive Officer entered into the Register of Chief Executive Officers shall comply with the Rules where relevant and will be responsible for ensuring that the Trading Member complies with the Rules.
- (b) A Chief Executive Officer may be liable for disciplinary action if he or the Trading Member breaches the Rules.

2.10.3 Trading Representative

A Trading Representative shall comply with the Rules at all times and continue to satisfy the registration criteria and any conditions or restrictions imposed by SGX-ST from time to time.

2.11 Payment

2.11.1 Trading Members, Chief Executive Officers and Trading Representatives must pay SGX-ST all fees, levies and charges that SGX-ST prescribes, within such time as SGX-ST prescribes. SGX-ST may reduce or waive any fee, levy or charge.

2.12 Constitutional Documents

- 2.12.1 A Trading Member must inform SGX-ST in writing at least seven days before any change to its Constitution or equivalent constitutional documents takes effect.

2.13 Business Name/Contact Details

- 2.13.1 A Trading Member must inform SGX-ST in writing at least seven days before it effects any change in its business name or contact details.
- 2.13.2 A Trading Representative shall inform his Trading Member in writing of any change in his residential or mailing address or contact numbers within seven days of the change.
- 2.13.3 A Trading Member shall inform SGX-ST in writing of any change notified to it by its Trading Representatives under Rule 2.13.2 within seven days of such notification.

2.14 Board of Directors

- 2.14.1 A Trading Member must inform SGX-ST in writing of a change in the composition of its board of Directors within seven days of the change.
- 2.14.2 A Trading Member may appoint a Director of an SGX-ST listed company as a non-executive Director, but not as an executive Director.

2.15 Directorship of SGX-ST listed company

- 2.15.1 A Chief Executive Officer or a Trading Representative may be appointed as a non-executive director of an SGX-ST listed company (but not as an executive director) subject to the following:
- (a) The Chief Executive Officer or Trading Representative must inform SGX-ST of the proposed appointment in writing at least 14 days before the effective date of appointment.
 - (b) The Chief Executive Officer or Trading Representative must furnish SGX-ST at least seven days before the effective date of appointment with:
 - (i) an explanation of how conflicts of interest that may arise from the dual appointments have been addressed; and
 - (ii) an undertaking to disclose to customers the directorship as and when necessary for the discharge of the Chief Executive Officer's or Trading Representative's responsibilities.
 - (c) The Trading Member must inform SGX-ST in writing at least seven days before the effective date of appointment that it is aware of the directorship and is satisfied that conflicts of interest have been sufficiently addressed.
- 2.15.2 Possible conflicts of interest that the Chief Executive Officer or Trading Representative may need to consider and address include but are not limited to:

- (a) how the Chief Executive Officer or Trading Representative would ensure unbiased advice and full disclosure to a customer of the Trading Member where the Chief Executive Officer or Trading Representative is in a position to influence the trading decision of the customers of the Trading Member; and
- (b) how the Chief Executive Officer or Trading Representative would fulfil his obligations to the SGX-ST listed company and the Trading Member where the Chief Executive Officer or Trading Representative possesses information about the SGX-ST listed company that is not generally available to the public and is in a position to influence research recommendations or corporate finance activities of the Trading Member.

2.16 Change in Control

2.16.1 A Trading Member must inform SGX-ST in writing as soon as it becomes aware of a formal decision to undertake or proceed with:

- (a) any transaction that will or may result in a change in the legal or beneficial ownership of 20% or more of the Trading Member's issued share capital, and any subsequent increase of 5% or more of the Trading Member's issued share capital; or
- (b) any change that will or may have the effect of altering control of the Trading Member.

2.16.2 If control of a Trading Member changes, SGX-ST may impose conditions or restrictions on the Trading Member or revoke the Trading Member's trading rights in its absolute discretion, having due regard to, among other things, the financial condition and the fitness and propriety of the Trading Member as described under Rule 2.2.3.

2.16.3 If SGX-ST revokes the Trading Member's trading rights, the Trading Member may, within 14 days after it is notified of SGX-ST's decision, appeal in writing to the SGX RegCo Board whose decision will be final.

2.17 Other Businesses

2.17.1 A Trading Member must inform SGX-ST in writing at least 14 days before engaging in, or acquiring or holding any substantial shareholding in, any other business.

2.17.2 A Chief Executive Officer must inform SGX-ST in writing at least 14 days before engaging in, or acquiring or holding any substantial shareholding in, any other business that might potentially conflict with being a Chief Executive Officer.

2.17.3 A Chief Executive Officer must ensure that any proposed engagement or shareholding is agreed to by his Trading Member.

2.17.4 A Trading Member or Chief Executive Officer must ensure that any proposed engagement (and any actions taken under it) or shareholding does not breach the Securities and Futures Act, the Rules or any applicable law or regulation.

- 2.17.5 A Trading Member or Chief Executive Officer must supply SGX-ST with any information SGX-ST requires regarding the engagement or acquisition or holding of shareholding.
- 2.17.6 SGX-ST may, at its discretion, object to any such engagement or acquisition of shareholding, in which event the Trading Member or Chief Executive Officer must not proceed with the engagement or acquisition of shareholding.
- 2.17.7 SGX-ST may, at its discretion, impose conditions and restrictions on any engagement or acquisition of shareholding, including without limitation, a condition requiring that the Trading Member or Chief Executive Officer not proceed with the engagement or acquisition of shareholding before the expiry of such period as SGX-ST may specify.
- 2.17.8 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 impose or vary conditions connected with the engagement, or require the Trading Member or Chief Executive Officer to terminate the engagement or divest the shareholding.
- 2.17.9 A Trading Member or Chief Executive Officer may, within 14 days after it is notified of SGX-ST's decision under this Rule 2.17, appeal in writing to the SGX RegCo Board whose decision will be final.
- 2.17.10 A Trading Member must have in place controls and processes to ensure that its Trading Representatives do not engage in, or acquire or hold any substantial shareholding in, any other business that:
- (a) involves a breach of the Securities and Futures Act, the Rules or any applicable law or regulation; or
 - (b) 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.

2.18 Reporting of Adverse Events

- 2.18.1 Save as provided in Rule 2.18.2, a Trading Member must inform SGX-ST immediately if it or any of its Chief Executive Officer, Directors, Officers, Trading Representatives, employees or agents:
- (a) breaches the Securities and Futures Act, any law, regulation or requirement of the Relevant Regulatory Authority or any other relevant applicable laws and regulatory requirements relating to the regulation of organised markets and licensed entities;
 - (b) breaches the Rules;
 - (c) breaches any relevant law or regulation that governs that person's other business activities;
 - (d) breaches the rules of any other exchange;

- (e) has been alleged or found to have breached director's duties under common law or applicable statute;
- (f) is the subject of a written complaint or investigation involving an allegation of fraud or dishonesty, is convicted of an offence involving fraud or dishonesty or is found by a court of law to have acted fraudulently or dishonestly, whether in or out of Singapore;
- (g) is the subject of any disciplinary action by the Trading Member involving suspension, termination, withholding of commissions, fines or any other significant limitation of activities;
- (h) is experiencing an emergency or potentially debilitating situation that threatens its operations (e.g. a cyber threat or terrorist attack);
- (i) engages in conduct that has the effect of circumventing the Securities and Futures Act, any relevant law, regulation or requirement of the Relevant Regulatory Authority, any other relevant applicable laws and regulatory requirements relating to the regulation of organised markets and licensed entities or the Rules;
- (j) has had its licence or relevant approval to conduct the relevant regulated activities suspended, revoked or expired, or in the case where it is exempted from holding a licence or obtaining approval, the Relevant Regulatory Authority withdraws the exemption or imposes conditions or restrictions in respect of the relevant regulated activities;
- (k) engages in conduct that is inconsistent with the principles of good business practice;
- (l) engages in conduct detrimental to the financial integrity, reputation or interests of SGX-ST, or organised markets established or operated by SGX-ST;
- (m) is insolvent or wound-up, or has had an insolvency or winding-up application presented, or an order made by a court of competent jurisdiction, or any step is taken or a resolution passed, for its winding-up, dissolution, judicial management or administration; or
- (n) has had any attachment, distress, execution or legal process instituted against its assets, or has had any liquidator, receiver or any similar person appointed (or an application has been made for the appointment of such person) in respect of any of its assets.

2.18.2 In the case of an emergency or potentially debilitating situation under Rule 2.18.1(h), the Trading Member may inform SGX-ST as soon as practicable, but in any case no later than one hour, after its discovery of the situation.

2.18.3 SGX-ST may require a Trading Member to inform SGX-ST in respect of any other matters and in such form as SGX-ST determines.

2.19 Voluntary Liquidation

2.19.1 A Trading Member must not commence voluntary liquidation without the prior written approval of SGX-ST.

2.20 Cessation of Trading Rights

2.20.1 A Trading Member's right to access organised markets established or operated by SGX-ST will cease and it shall not enter any orders on such markets if:

- (a) a resolution is passed by its shareholders, or a court order is made, to wind it up, or any judicial manager or similar official is appointed in respect of it;
- (b) an arrangement or composition is entered into with its creditors under any law relating to bankruptcy or insolvency;
- (c) its Capital Market Services Licence lapses, or it no longer meets the requirements to be or is no longer exempted from holding a Capital Market Services Licence, as the case may be;
- (d) it is not qualified by a Clearing Member or its qualification by a Clearing Member has been suspended;
- (e) it is declared a defaulter pursuant to Rule 2.21; or
- (f) it is suspended under the Rules, including under Rule 2.22.

2.20.2 When a Trading Member's right to access organised markets established or operated by SGX-ST has ceased, SGX-ST will notify all Trading Members of the effective date of cessation and the date of reinstatement of access rights (if applicable).

2.20.3 A Trading Member whose right to access organised markets established or operated by SGX-ST has ceased must continue to comply with the relevant Rules. The Trading Member remains liable for all obligations incurred in connection with its activities on SGX-ST before its access right ceased.

2.21 Action against Defaulters

2.21.1 SGX-ST may declare a Trading Member to be a defaulter if, in its opinion, the Trading Member:

- (a) has failed, is unable or is unwilling, to fulfil its obligations to SGX-ST or its customers; or
- (b) is apparently insolvent, is or is presumed or deemed insolvent or unable to pay its debts.

2.21.2 A Trading Member that commits an act that may result in it being declared a defaulter under Rule 2.21.1 must inform SGX-ST immediately. A Trading Member against whom any such act is committed must also inform SGX-ST immediately.

2.21.3 A Trading Member's access to organised markets established or operated by SGX-ST will cease pursuant to Rule 2.20.1 if it is declared a defaulter. Such access may be reinstated by SGX-ST in its absolute discretion.

2.21.4 SGX-ST will notify all Trading Members of the declaration of default and the reinstatement (if applicable).

2.21.5 SGX-ST may allow an open transaction with a defaulter to be closed as SGX-ST directs.

2.21.6 Any action taken under this Rule 2.21 is in addition to any other action that SGX-ST is entitled to take against the Trading Member.

2.22 Suspension and Restriction of Activities

2.22.1 SGX-ST may, in its discretion, suspend, or otherwise impose restrictions or conditions on the activities of a Trading Member, Chief Executive Officer or Trading Representative (as applicable) if:

- (a) the Trading Member, Chief Executive Officer or Trading Representative has been charged with or is the subject of an investigation for any offence:
 - (i) under the Securities and Futures Act;
 - (ii) involving fraud or dishonesty, whether in or out of Singapore;
 - (iii) relating to director's duties; or
 - (iv) under any relevant law or regulation that governs that person's other business activities;
- (b) the Trading Member at any time fails to continue to satisfy any admission criteria, Approval Condition or any other requirement that is necessary to be complied with for subsistence of its membership;
- (c) the Trading Member is, in SGX-ST's opinion, in financial or operating difficulty, including but not limited to having insufficient capital for the conduct of its business or being in breach of any of the requirements set out in Rules 3.2 to 3.6;
- (d) the Trading Member defaults on any transaction in securities or futures contracts on SGX-ST;
- (e) the Trading Member breaches any term, condition or restriction imposed by SGX-ST pursuant to its powers under the Rules;
- (f) the Trading Member is, in SGX-ST's opinion, engaging in conduct that is inconsistent with just and equitable principles of trading;
- (g) the Trading Member is, in SGX-ST's opinion, conducting its activities in a manner detrimental to the financial integrity, reputation or interests of SGX-ST, or organised markets established or operated by SGX-ST;

- (h) in SGX-ST's opinion, a review should be carried out in respect of the Trading Member's management policies or business conduct in the interests of the Trading Member, SGX-ST, or organised markets established or operated by SGX-ST; or
 - (i) it is necessary or desirable in the interests of maintaining a fair and orderly market or for ensuring a safe and efficient clearing facility, or for ensuring the integrity of the market or for proper management of systemic risk, or for investor protection, or it is directed by any authority.
- 2.22.2 The suspension or restriction shall be for such duration as SGX-ST determines, save that in the case of a suspension or restriction by reason of the grounds under Rule 2.22.1(a), the suspension or restriction shall end when the Trading Member, Chief Executive Officer or Trading Representative is acquitted, the charge is not proceeded with, or no further action is taken in respect of the investigation.
- 2.22.3 During the time a Trading Member is suspended, the Trading Member and its Trading Representatives:
- (a) must not enter into a new transaction without the approval of SGX-ST; and
 - (b) remains liable to complete all contracts outstanding at the time of suspension. However, it must not deliver on any transaction or settle any transaction without the approval of SGX-ST.
- 2.22.4 Other than suspending the Trading Member, the restrictions and conditions that SGX-ST may impose on the activities of a Trading Member include the following:
- (a) requiring the Trading Member immediately to take or not take any action as SGX-ST in its discretion may determine;
 - (b) requiring any Director or Chief Executive Officer to step down from day-to-day conduct of the business affairs of the Trading Member, and/or require the Trading Member to not appoint any further or other Director or Chief Executive Officer without the prior approval of the SGX-ST; and
 - (c) appointing one or more persons as Manager, on such terms and conditions as the SGX-ST may specify, to:
 - (i) advise the Trading Member on the proper management of such of the business of the Trading Member as the SGX-ST may determine, and/or
 - (ii) take custody or control of the relevant business of the Trading Member as the SGX-ST may determine and/or
 - (iii) manage the business of the Trading Member.

SGX-ST will determine the remuneration of the Manager, which must be paid by the Trading Member. The Trading Member is solely responsible for the Manager's acts and defaults. The Manager must carry out directions given by SGX-ST in relation to the business of the Trading Member, including carrying on the business of the Trading Member in accordance with the instructions of SGX-ST. The appointment of such Manager may be revoked by the SGX-ST at any time if the SGX-ST is satisfied that the reasons for the appointment have ceased to exist or on any other ground. Upon such revocation, the Manager shall cease to act as such.

- 2.22.5 The Trading Member shall comply with any of SGX-ST's directions issued under Rule 2.22.4 and any failure to do so will constitute a breach of the Rules.

2.23 Termination of Membership

- 2.23.1 SGX-ST may terminate the membership of any Trading Member if the Trading Member's right to access organised markets established or operated by SGX-ST has ceased by reason of any of the grounds set out in Rule 2.20.1.
- 2.23.2 Additionally, SGX-ST may terminate the membership of any Trading Member if the Trading Member:
- (a) is dormant on SGX-ST for more than two consecutive years; or
 - (b) has failed to pay fees for more than two consecutive years.
- 2.23.3 If a Trading Member's membership is terminated, the Trading Member's name will be deleted from the Register of Trading Members upon the effective date of termination.

2.24 Notification and appeal

- 2.24.1 Subject to Rule 2.24.2, SGX-ST will notify the relevant Trading Member, Chief Executive Officer or Trading Representative in writing:
- (a) at least 14 days before it exercises its powers under Rule 2.21 or 2.22; and
 - (b) at least 30 days before it exercises its powers under Rule 2.23.
- 2.24.2 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 Rule 2.21 or 2.22 without prior notice to the Trading Member, Chief Executive Officer or Trading Representative. SGX-ST shall notify the Trading Member, Chief Executive Officer or Trading Representative in writing after it has exercised the powers.
- 2.24.3 A Trading Member, Chief Executive Officer or Trading Representative may, within 14 days of being notified of SGX-ST's exercise of powers under Rule 2.21, 2.22 or 2.23.1, appeal in writing to the Appeals Committee.

2.24.4 SGX-ST may announce such particulars as SGX-ST thinks fit, of any of its powers exercised under Rule 2.21, 2.22 or 2.23.

2.25 Voluntary Suspension of Business

2.25.1 A Trading Member may request SGX-ST to suspend its membership temporarily. A Trading Member shall provide reasons for its request for voluntary suspension. SGX-ST may grant to the requesting Trading Member a temporary suspension for a period of up to 24 months, upon such terms and conditions as SGX-ST deems fit. Upon expiry of such period, the Trading Member must recommence business in Singapore.

2.25.2 During the period of temporary suspension:

- (a) the Trading Member's right to access organised markets established or operated by SGX-ST ceases and it shall not enter any orders on such markets;
- (b) the Trading Member must not hold itself out or engage in any act that may give the impression that it is an active Trading Member.

2.25.3 SGX-ST will waive continuing compliance of Rules 2.1.1(a) and (e) during the temporary suspension period.

2.26 Resignation

2.26.1 If a Trading Member intends to resign, it must:

- (a) give SGX-ST at least 30 days' written notice, stating the proposed date of resignation. SGX-ST may vary or waive the notice period. If the resignation is accepted, SGX-ST will notify all Trading Members of the effective date of resignation;
- (b) not enter into any contract seven Market Days from the date of notice except with the written approval of SGX-ST;
- (c) satisfy SGX-ST that it has taken, or will take, steps for the orderly winding down of its business with SGX-ST; and
- (d) satisfy SGX-ST that it has fulfilled or is able to fulfil:
 - (i) its obligations to SGX-ST; and
 - (ii) its obligations to all its customers as SGX-ST may specify.

2.26.2 SGX-ST shall have the absolute discretion to accept the resignation, postpone the effective date of the resignation and/or without prejudice to the courses of action available to SGX-ST, take such measures as it may determine appropriate before or after the resignation takes effect. Notwithstanding the foregoing, the SGX-ST may in its absolute discretion refuse to accept the resignation of a Trading Member if it is:

- (a) conducting an investigation under the Rules, investigating a complaint or has initiated disciplinary proceedings against the Trading Member; or
- (b) not satisfied that the Trading Member has fulfilled or is able to fulfil:
 - (i) its obligations to SGX-ST; and
 - (ii) its obligations to all its customers as SGX-ST may specify.

2.26.3 If SGX-ST accepts a Trading Member's resignation, the Trading Member's name will be deleted from the register of Trading Members upon the effective date of resignation.

2.26.4 A Trading Member must continue to comply with the Rules until the effective date of resignation.

2.27 Obligations of a Former Trading Member, Former Chief Executive Officer and Former Trading Representative

2.27.1 A former Trading Member remains liable to SGX-ST and its customers for any liabilities incurred in connection with the Rules during the period of its membership. The former Trading Member also remains subject to disciplinary actions for any breach of the Rules committed during the period of its membership.

2.27.2 A former Chief Executive Officer or former Trading Representative remains liable to SGX-ST for any liabilities incurred under or in connection with the Rules during the period of his registration. The former Chief Executive Officer or Trading Representative also remains subject to disciplinary actions for any breach of the Rules committed during the period of his registration.

2.27.3 The following Rules shall continue to apply to a former Trading Member, a former Chief Executive Officer and a former Trading Representative – Rule 1.9 (Limitation of Liability), Rule 1.10 (Indemnity), Rule 1.11 (Provision of Information), Rule 1.12.2 (Disclosure of Information by SGX-ST), Chapter 12 (Supervision and Enforcement), this Rule 2.27, and any other Rules that contemplate and are capable of operation after the termination of a Trading Member's membership, or after the cessation or de-registration of a Chief Executive Officer or a Trading Representative, whether pursuant to this Rule 2.27 or otherwise.

Chapter 3 – Capital and Financial Requirements

3.1 Interpretation

- 3.1.1 Unless otherwise specified or the context requires otherwise, where the terms used in this Chapter are defined in relation to a holder of a Capital Markets Services Licence, such definitions shall, with the necessary modifications, apply to a Trading Member, as they apply to a holder of a Capital Markets Services Licence, whether or not that Trading Member holds a Capital Markets Services Licence.

3.2 Base Capital Requirement

- 3.2.1 (a) A Trading Member that holds a Capital Markets Services Licence shall not cause or permit:
- (i) where the Trading Member is incorporated in Singapore, its base capital; or
 - (ii) where the Trading Member is incorporated outside Singapore, its net head office funds,
- to fall below the base capital requirement.
- (b) A Remote Trading Member shall not cause or permit its base capital to fall below the base capital requirement specified in this Rule 3.2, or such other base capital requirement as SGX-ST may impose.
- 3.2.2 The base capital requirement of:
- (a) a Trading Member (whether concurrently a member of SGX-DT or not) shall be at least S\$1 million; and
 - (b) a Trading Member that is also a member of CDP shall be at least S\$5 million.
- 3.2.3 If a Trading Member fails to comply or becomes aware that it will fail to comply with the base capital requirement prescribed under Rule 3.2, or such other base capital requirement as SGX-ST may have imposed, it shall immediately notify SGX-ST.
- 3.2.4 It shall be a breach of the Rules by the Trading Member if the base capital, or as the case may be, net head office funds fall(s) below such base capital requirement, whether or not the Trading Member makes or has made the notification specified in Rule 3.2.3.

3.3 Financial Resources Requirement

- 3.3.1 This Rule applies only to Trading Members that hold a Capital Markets Services Licence.
- 3.3.2 A Trading Member shall not cause or permit:
- (a) where it is incorporated in Singapore, its financial resources; or

(b) where it is incorporated outside Singapore, its adjusted net head office funds, to fall below its total risk requirement.

3.3.3 In the Rules, financial resources, adjusted net head office funds and total risk requirement shall be computed in the same manner as prescribed in the SFR (Financial and Margin Requirements), read together with the RBC Notice.

3.3.4 It shall be a breach of the Rules by the Trading Member if its financial resources, or as the case may be, adjusted net head office funds falls below its total risk requirement, whether or not the Trading Member makes or has made the notification specified in Rule 3.3.5.

3.3.5 Notification of Failure to Comply with Rule 3.3

If a Trading Member fails to comply or becomes aware that it will fail to comply with the financial resources requirement prescribed under this Rule 3.3, or such other financial resources requirement as SGX-ST may impose, it shall immediately notify SGX-ST.

3.3.6 First warning of impending failure to comply with Rule 3.3

A Trading Member shall immediately notify SGX-ST if:

- (a) in the case where the Trading Member is incorporated in Singapore, its financial resources; or
- (b) in the case where the Trading Member is incorporated outside Singapore, its adjusted net head office funds,

fall below 150% of its total risk requirement or such other percentage as SGX-ST may impose.

3.3.7 If SGX-ST is notified by a Trading Member under Rule 3.3.6 or becomes aware (whether or not there has been any notification by the Trading Member under Rule 3.3.6) that the Trading Member's financial resources or adjusted net head office funds, as the case may be, have fallen or will fall below 150% of its total risk requirement, or such other percentage as SGX-ST may impose, SGX-ST shall be entitled to require the Trading Member to:

- (a) submit the statements of assets and liabilities, financial resources, total risk requirement, aggregate indebtedness, and such other statements as required by SGX-ST at such interval and for such time frame as determined by SGX-ST; and
- (b) operate its business in such manner and on such conditions as SGX-ST may impose.

3.3.8 Second Warning of Impending Failure to Comply with Rule 3.3

A Trading Member shall immediately notify SGX-ST if:

- (a) in the case where the Trading Member is incorporated in Singapore, its financial resources; or

- (b) in the case where the Trading Member is incorporated outside Singapore, its adjusted net head office funds,

fall below 120% of its total risk requirement or such other percentage as SGX-ST may impose.

- 3.3.9 If SGX-ST is notified by a Trading Member under Rule 3.3.8 or becomes aware (whether or not there has been any notification by the Trading Member under Rule 3.3.8) that the Trading Member's financial resources or adjusted net head office funds, as the case may be, have fallen or will fall below 120% of its total risk requirement, or such other percentage as SGX-ST may impose, SGX-ST shall be entitled to require the Trading Member to comply with any or all of the directions prescribed under Regulation 7(3) of the SFR (Financial and Margin Requirements).

3.4 Aggregate Indebtedness Requirement

- 3.4.1 This Rule applies only to Trading Members that hold a Capital Markets Services Licence.

- 3.4.2 A Trading Member shall not cause or permit its aggregate indebtedness to exceed 1,200% of its aggregate resources, or such other aggregate indebtedness requirement as SGX-ST may impose. It shall be a breach of the Rules by the Trading Member if its aggregated indebtedness exceed(s) such prescribed percentage of its aggregate resources, whether or not the Trading Member makes or has made the notification specified in Rule 3.4.3.

- 3.4.3 Notification of Failure to Comply with Rule 3.4

If a Trading Member fails to comply or becomes aware that it will fail to comply with the aggregate indebtedness requirement prescribed under Rule 3.4, or such other percentage of aggregate indebtedness over aggregate resources as SGX-ST may impose, it shall immediately notify SGX-ST.

- 3.4.4 Early Warning of Impending Failure to Comply with Rule 3.4

A Trading Member shall immediately notify SGX-ST if its aggregate indebtedness exceeds 600% of its aggregate resources or such other percentage as SGX-ST may impose.

- 3.4.5 If SGX-ST is notified by a Trading Member under Rule 3.4.4 or becomes aware (whether or not there has been any notification by the Trading Member under Rule 3.4.4) that the Trading Member's aggregate indebtedness has exceeded or will exceed 600% of its aggregate resources, or such other percentage as SGX-ST may impose, SGX-ST shall be entitled to require the Trading Member to comply with any or all of the directions prescribed under Regulation 17(2) of the SFR (Financial and Margin Requirements).

- 3.4.6 Qualifying Letter of Credit

- (a) For the purpose of Rule 3.4, a Trading Member may include one or more qualifying letter(s) of credit in its calculation of aggregate resources, except that where the total amount payable under the qualifying letter(s) of credit exceeds 50% of the Trading Member's total risk requirement, the amount in excess shall not be taken into account for determining the Trading Member's aggregate resources.

- (b) For the purpose of Rule 3.4.6(a), a qualifying letter of credit is a legally enforceable and irrevocable letter of credit that is:
 - (i) in the case of a Trading Member that is not a Clearing Member, made in favour of SGX-ST;
 - (ii) in the case of a Trading Member that is also a Clearing Member, made in favour of CDP; and
 - (iii) issued by a bank approved by, and in a form acceptable to SGX-ST or CDP, as the case may be,but does not include any letters of credit provided by a Clearing Member to satisfy Rule 7 of the Clearing Rules or any other requirement imposed by CDP.
- (c) SGX-ST shall reserve the right to call on any of the qualifying letter(s) of credit made in favour of SGX-ST pursuant to Rule 3.4.6 and apply the proceeds thereof in respect of the Trading Member's default to SGX-ST.

3.5 Powers to Impose Other Requirements

- 3.5.1 SGX-ST may at its absolute discretion prescribe for any specific Trading Member, or one or more Trading Members, capital, financial and other requirements in excess of the minimum prescribed in this Chapter 3 based on such criteria as SGX-ST may determine at its absolute discretion, including but without limitation, volume, risk exposure of positions carried, risk concentration, margin policies and/or nature of business conducted or to be conducted or its membership in any exchange or organised market.

3.6 Exposure to Single Customer

- 3.6.1 This Rule applies only to Trading Members that hold a Capital Markets Services Licence.
- 3.6.2 A Trading Member shall immediately notify SGX-ST if the Trading Member's exposure to a single customer exceeds 20% of its average aggregate resources. To reduce the Trading Member's risk exposure to a single customer, SGX-ST shall have the right to impose on the Trading Member such risk management measures as it deems necessary.
- 3.6.3 The full amount of the qualifying letter(s) of credit or any part thereof deposited pursuant to Rule 3.4.6 may be taken into account for the calculation of aggregate resources under this Rule.
- 3.6.4 "Exposure to a single customer" means the sum of the following:
 - (a) in the case of securities carried in a customer's account (other than a margin financing account operated under Rule 3.10) carried on the books of a Trading Member:
 - (i) for purchase contracts that remain unpaid:

- (I) where the securities purchased have not been delivered to the customer, the excess of the contracted price of the securities purchased by the single customer over the aggregate market value of the securities purchased and such other collateral, as prescribed by SGX-ST, that is held by the Trading Member less any amount due and payable by the Trading Member to him; and
 - (II) where the securities purchased have been delivered to the customer, the excess of the contracted price of the securities purchased by the single customer over the aggregate market value of all his collateral, as prescribed by SGX-ST, that is held by the Trading Member less any amount due and payable by the Trading Member to him;
- (ii) for sale contracts for which delivery has not been made, the excess of the amount of the market value of the securities sold by the single customer over the aggregate of the market value of any of his collateral, as prescribed by SGX-ST, that is held by the Trading Member and the contracted sale price less any amount due and payable by the Trading Member to him;
- (iii) where the contracts referred to in Rule 3.6.4(a)(i) or (ii) have been offset by a transaction on or before the due date, the exposure shall not include those amounts specified in Rule 3.6.4(a)(i) or (ii) in respect of such contracts but shall instead include the amount of the loss, if any, arising from the offsetting transaction, on the date on which the offsetting transaction takes effect; and
- (iv) where the contracts referred to in Rule 3.6.4(a)(i) or (ii) have been offset by a force-sale or buying-in transaction after the due date, the exposure shall not include those amounts specified in Rule 3.6.4(a)(i) or (ii) in respect of such contracts but shall instead include the amount of the loss, if any, arising from the force-sale or buying-in transaction, on the date on which the transaction takes effect;
- (b) the amount of margin deficiency in the single customer's margin financing account carried on the books of the Trading Member as determined in accordance with the margin requirements specified by SGX-ST;
- (c) the amount of margin deficiency in the single customer's options margin account carried on the books of the Trading Member as determined in accordance with the option margin requirements specified by SGX-ST;
- (d) the excess of the amount owed by the single customer in his options trading account carried on the books of the Trading Member over the market value of options held;
- (e) the amount of any unsecured interest owed by the single customer;
- (f) the amount of any unsecured loan, advance and credit facility granted to the single customer;

- (g) where the Trading Member has lent securities to the single customer or is acting as guarantor for the return of securities lent to the single customer, the excess of the amount of the market value of the securities lent to the single customer over the amount of the market value of collateral and cash deposited by the single customer;
- (h) where the Trading Member has deposited collateral with the single customer in respect of securities lent by the single customer or is acting as guarantor for the return of collateral deposited with the single customer in respect of any securities lent by him, the excess of the amount of the market value of collateral and cash deposited with the single customer over the amount of the market value of the securities lent by him; and
- (i) the amount of deficiency in relation to margins required in any account of the single customer carried on the books of the Trading Member as determined in accordance with the margin requirements prescribed by the relevant exchange, clearing house or other such relevant financial institution.

3.6.5 For the purposes of this Rule, a security or futures contract is deemed to be carried in a customer's account (other than a margin financing account) carried on the books of the Trading Member on the contract date specified in the contract note in respect of the transaction in that security or futures contract or on the exercise date specified in the exercise notice in respect of an option in that security that has been exercised.

3.6.6 "Single customer" in relation to a customer who is:

- (a) a person, means that person and such group of persons who the first-mentioned person is able to control or influence;
- (b) a Corporation, means that Corporation and any other Corporation or group of Corporations that is related, as specified in the Companies Act, to the first-mentioned Corporation; or
- (c) a person, means that person and:
 - (i) any Corporation whose issued share capital is 50% or more owned by those persons mentioned in Rule 3.6.6(a) or any other Corporation or group of Corporations that is related, as specified in the Companies Act to the first-mentioned Corporation; or
 - (ii) any Corporation whose composition of board of directors is controlled by those persons mentioned in Rule 3.6.6(a); and for this purpose the composition of the board of directors shall be deemed to be controlled by those persons, if they, by the exercise of some power exercisable by them without the consent or concurrence or any other person, can appoint or remove all or a majority of the directors of that Corporation,

but shall not include the Trading Member itself.

3.7 Remote Trading Member: Exposure to Single Customer

- 3.7.1 A Remote Trading Member shall set appropriate thresholds to monitor its exposure to a single customer.
- 3.7.2 The Remote Trading Member shall immediately notify SGX-ST if its exposure to a single customer exceeds its internal threshold.
- 3.7.3 For the purposes of this Rule, "single customer" and "exposure to a single customer" shall have the meaning ascribed to it in Rule 3.6.

Refer to Practice Note 3.7 and 3.9.

3.8 Exposure to Single Security

- 3.8.1 This Rule applies only to Trading Members that hold a Capital Markets Services Licence.
- 3.8.2 A Trading Member shall immediately notify SGX-ST of its exposure to a single security:
- (a) in the case where the security is quoted on SGX-ST or any recognised group A securities exchange, if its exposure to that security (whether in relation to the quantity that is already quoted or to the quantity that is approved for quotation but not yet quoted), exceeds 300% of its average aggregate resources;
 - (b) in all other cases where the security is quoted, if its exposure to that security exceeds 100% of its average aggregate resources;
 - (c) in the case where the security is approved for quotation on SGX-ST or any recognised group A securities exchange but has not, as yet, been so quoted, if its exposure to that security:
 - (i) exceeds 100% of its average aggregate resources if its aggregate resources is less than S\$75 million; or
 - (ii) exceeds 150% of the average aggregate resources of the Trading Member if its aggregate resources is S\$75 million or more;
 - (d) in the case where the security is not quoted, and not approved for quotation on SGX-ST or any recognised group A securities exchange, if its exposure to that security exceeds 10% of its average aggregate resources. This notification requirement does not apply to any security issued by:
 - (i) any subsidiary of the Trading Member that is established solely for the purpose of providing research, nominee, custodian or trustee services; or
 - (ii) any other company that SGX-ST may approve.
- 3.8.3 To reduce a Trading Member's risk exposure to a single security, SGX-ST shall have the right to impose on the Trading Member such risk management requirements as it thinks fit.

3.8.4 The full amount of the qualifying letter(s) of credit or any part thereof deposited pursuant to Rule 3.4.6 may be taken into account for the calculation of aggregate resources under this Rule.

3.8.5 "Exposure to a single security" means the sum of the following:

- (a) the amount of the single security underwritten or sub-underwritten by or placed with a Trading Member, after deducting the amount that the Trading Member has sub-underwritten or placed with:
 - (i) a bank licensed under the Banking Act, Chapter 19 of Singapore;
 - (ii) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act, Chapter 186 of Singapore;
 - (iii) a finance company licensed under the Finance Companies Act, Chapter 108 of Singapore;
 - (iv) a company or co-operative society that is licensed under the Insurance Act, Chapter 142 of Singapore to carry on insurance business as an insurer;
 - (v) the holder of a Capital Markets Services Licence under the Securities and Futures Act for dealing in capital markets products or for fund management;
 - (vi) a financial institution outside Singapore that is licensed or regulated by a financial services regulatory authority in the country in which it is domiciled, and has a long-term credit rating of investment grade; and
 - (vii) any other person, provided that:
 - (I) full payment has been received by the Trading Member for the sub-underwritten, placed, sold or allotted amount; or
 - (II) the sub-underwritten, placed, sold or allotted amount can be offset against collateral received by the Trading Member under a netting agreement;
- (b) the book value of the single security carried long, or the market value of the single security carried short in a Trading Member's own account carried on the books of the Trading Member;
- (c) for outstanding options in the single security carried in a Trading Member's own options trading account carried on the books of the Trading Member:
 - (i) the book value of options bought for the account;
 - (ii) the excess of the market value of the underlying securities over the exercise price of uncovered call options written for the account; and

- (iii) the excess of the exercise price of put options written for a Trading Member's own account over the market value of the underlying securities;
- (d) in relation to the single security carried in a customer's cash account carried on the books of the Trading Member, the contract value of the single security to the extent that such amounts have not been paid for, or the market value of the single security to the extent that such security has not been delivered, whichever is the higher;
- (e) for outstanding options in the single security carried in a customer's options trading account carried on the books of the Trading Member:
 - (i) the contract value of the options bought by the customer to the extent that such amounts have not been paid for;
 - (ii) the excess of the market value of the underlying securities over the exercise price of uncovered call options written by the customer; and
 - (iii) the excess of the exercise price of put options written by the customer over the market value of the underlying securities;
- (f) the net amount of the single security borrowed or lent, as the case may be, by a Trading Member;
- (g) in relation to the single security bought or carried, or deposited as collateral in the margin financing accounts carried on the books of the Trading Member, the margin exposure of a Trading Member to the single security as determined in accordance with the margin financing requirements prescribed by SGX-ST;
- (h) the amount of interest receivable secured by the single security;
- (i) the amount of loans and advances secured by the single security; and
- (j) the amount under subscription by a Trading Member for its own account carried on the books of the Trading Member in relation to the single security that is approved for quotation on SGX-ST or any recognised group A securities exchange but has not, as yet, been so quoted; and

shall not include exposure arising from a Trading Member's arbitrage transactions.

3.8.6 For the purposes of this Rule:

- (a) a security is deemed to be carried in a customer's cash account or a Trading Member's own account (such account being an account carried on the books of the Trading Member) on the contract date specified in the contract note in respect of the transaction in that security or on the exercise date specified in the exercise notice in respect of an option in that security that has been exercised;

- (b) "security" does not include any security issued by the Singapore government or any public authority in Singapore;
 - (c) in calculating exposure to any particular security, all outstanding options exercisable into that security shall be included in such computation;
 - (d) in calculating exposure in any particular security under Rule 3.8.5(b) and Rule 3.8.5(d), all futures contracts with that security as an underlying shall be included in such computation.
- 3.8.7 Where a security quoted on SGX-ST or any recognised group A securities exchange has been suspended for more than 30 consecutive days, a Trading Member shall not permit its exposure to the security to increase in monetary value above the level subsisting on the 30th consecutive day of suspension until such time that the suspension has been lifted.

3.9 Remote Trading Members: Exposure to Single Security

- 3.9.1 A Remote Trading Member shall set appropriate thresholds to monitor its exposure to a single security.
- 3.9.2 The Remote Trading Member shall immediately notify SGX-ST if its exposure to a single security exceeds its internal threshold.
- 3.9.3 For the purposes of this Rule, "single security" and "exposure to a single security" shall have the meaning ascribed to it in Rule 3.8.

Refer to Practice Note 3.7 and 3.9.

3.10 Margin Financing

- 3.10.1 Subject to the margin financing requirements of this Rule, a Trading Member who is licensed to conduct product financing may extend credit facilities to customers for transactions in Specified Products.
- 3.10.2 SGX-ST may exempt a Remote Trading Member from compliance with Rules 3.10.3 to 3.10.16, subject to any other requirements that SGX-ST may impose, if SGX-ST is of the view that the Remote Trading Member is subject to requirements of its Relevant Regulatory Authority that are comparable to the requirements in those Rules.
- 3.10.3 Margin financing arrangements shall be evidenced in the form of a written agreement executed between the Trading Member and the customer.
- 3.10.4 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) with it, it shall obtain authorisation of such customer to do so, and only in respect of a sum not exceeding the debit balance in the margin financing account and without obligation to retain in its possession or control Specified Products of like character. The Trading Member shall also ensure that it is given the discretion to sell or dispose of any or all

the Specified Products in any manner in order to meet with the prescribed margin financing requirements.

- 3.10.5 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.
- 3.10.6 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 additional margin in the margin financing account within two Market Days from the date of the Specified Products transaction to bring the equity to not less than 140% of the debit balance.
- 3.10.7 A Trading Member shall not cause or permit the equity in a customer's margin financing account (such account being an account carried on the books of the Trading Member) to fall to or below 110% of the debit balance in the customer's margin financing account. Where the equity in a customer's margin financing account falls to or below 110% of the debit balance in his margin financing account, the Trading Member must immediately require the customer to provide additional margin in the margin financing account within two Market Days from the date of the notice to increase the equity in the customer's margin financing account to more than 110% of the debit balance in the customer's margin financing account.
- 3.10.8 Where the customer fails to provide additional margin as required by the Trading Member under Rule 3.10.7, the Trading Member shall have the discretion to take such action as it may deem appropriate, including, liquidating the Specified Products purchased via the margin financing account and/or liquidating all or any acceptable collateral deposited to bring the equity to more than 110% of the debit balance without notice to the customer.
- 3.10.9 A Trading Member shall review all margin financing accounts carried on the books of the Trading Member daily to ensure that credit is not over-extended beyond the approved facility limits 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 Specified Product on the preceding Market Day, or in the case of a Prescribed Instrument, the closing price of the Prescribed 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.
- 3.10.10 A Trading Member shall have the discretion to impose higher margin financing requirements on any of its customers and/or to prescribe more stringent provisions on its customers than the provisions of this Rule 3.10.

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

3.10.12 A Trading Member shall not cause or permit:

- (a) the aggregate of the margin exposures in the margin financing accounts of all customers (such accounts being accounts carried on the books of the Trading Member) to exceed 300%, or such other percentage as SGX-ST may allow, of its free financial resources;
- (b) the aggregate of the margin exposures in the margin financing accounts of all customers in respect of Specified Products, other than Specified Products quoted on SGX-ST, to exceed 100%, or such other percentage as SGX-ST may allow, of its free financial resources; and
- (c) 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.

3.10.13 All transactions in a margin financing account carried on the books of the Trading Member shall be on a ready basis. The margin financing account shall not be used to meet margin requirements in respect of Marginable Futures Contracts.

3.10.14 In computing the market value of 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 acceptable collateral, the Trading Member shall apply such applicable haircuts as SGX-ST may prescribe from time to time.

3.10.15 SGX-ST shall have the absolute discretion upon notice to the Trading Members to vary any or all of the margin financing requirements stipulated in this Rule 3.11 or any of the haircuts in Rule 3.10.14, and impose such other requirements for margin financing transactions from time to time as it deems fit and appropriate.

3.10.16 For the purposes of this Rule, the terms "acceptable collateral", "debit balance", "equity", "free financial resources" and "margin exposure" each has the meaning ascribed to them in Regulation 24(6) of the SFR (Financial and Margin Requirements).

3.11 Borrowing and Lending of Specified Products

3.11.1 This Rule shall not apply to Remote Trading Members, who shall instead comply with such requirements established by the Relevant Regulatory Authority and any additional requirements that may be imposed by SGX-ST, and observe the principles of good business practice, in relation to the areas set out in this Rule.

3.11.2 Before engaging in 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(4) 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 SFR (Licensing and Conduct of Business). Such agreement shall also provide for the matters set out in Rule 3.11.3.

3.11.3 Collateral

- (a) Where a Trading Member lends Specified Products to any person, it must obtain collateral in accordance with this Rule 3.11.3.
- (b) A Trading Member must obtain collateral from a borrower of Specified Products by the close of the Market Day before delivering the loaned Specified Products to the borrower.
- (c) The collateral must be in the form as specified in Regulation 45(9) of the SFR (Licensing and Conduct of Business).
- (d) The value of collateral obtained by the Trading Member from the borrower must be at least 105% of the market value of the loaned Specified Products throughout the period that the Specified Products are lent. For the purpose of this Rule 3.11.3, "market value" shall have the same meaning as set out in Regulation 45(9) of the SFR (Licensing and Conduct of Business).
- (e) If the value of collateral falls below 105% of the market value of the loaned 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 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 Specified Products.
- (f) A Trading Member may, without notice to the borrower, realise the collateral and apply the proceeds to buy back Specified Products to close off the loan position if:
 - (i) the borrower does not provide the additional collateral by the close of the second Market Day from the date of notice; or
 - (ii) the collateral value falls below 100% of the market value of the loaned Specified Products,whichever occurs earlier.
- (g) 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 Specified Products after the withdrawal.
- (h) SGX-ST may vary the percentages set out in this Rule 3.11.3 and/or specify the haircuts to be applied by Trading Members to the value of collateral.
- (i) A Trading Member may require additional collateral from the borrower over and above the requirements set out in this Rule 3.11.3.

- (j) A Trading Member may apply haircuts to the value of the collateral that are higher than any specified by SGX-ST.

3.12 Submission of Returns

3.12.1 A Trading Member shall submit to SGX-ST such financial returns and statements, each in the format and by the time specified by SGX-ST, as SGX-ST may from time to time require, including but not limited to the following:

- (a) in the case of a Trading Member that holds a Capital Markets Services Licence, submit by the 14th calendar day of each month statements of assets and liabilities, base capital, financial resources, total risk requirement, aggregate indebtedness, profit and loss, exposures to a single security and a single customer and margin exposure; and
- (b) in the case of a Remote Trading Member, submit by such time specified by SGX-ST financial returns based on such computation methodology and in the form prescribed by SGX-ST.

Refer to SGX Data Submission Website (<https://esub.sgx.com>) for the submission template.

3.12.2 There shall be imposed upon the Trading Member a late fee of S\$100 for each day that the statements are not submitted after the prescribed time or such extended time as SGX-ST may grant.

3.12.3 Requests for extension of time shall be submitted to SGX-ST at least three Market Days prior to the due date for submission of the statements.

3.12.4 A Trading Member shall be required to resubmit the statements and documents prescribed under Rule 3.12.1 and take such other steps as SGX-ST may require if the statements and documents are inaccurate or incomplete.

3.13 Annual Financial Audit

3.13.1 A Trading Member shall:

- (a) in the case of a Trading Member that holds a Capital Markets Services Licence, obtain the written approval of SGX-ST in the event of any change of its existing external auditor; and
- (b) in the case of a Remote Trading Member, notify SGX-ST at least seven days prior to any change of its existing external auditor. The Remote Trading Member shall appoint external auditors that are accepted by its Relevant Regulatory Authority.

3.13.2 If SGX-ST is not satisfied with the performance of duties by an external auditor appointed by a Trading Member in relation to the Trading Member's activities on SGX-ST, it may:

- (a) at any time direct the Trading Member to remove the external auditor; and

- (b) direct the Trading Member, as soon as practicable thereafter, to appoint another external auditor.

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

- (a) relevant forms in respect of its annual financial audit that the Trading Member is required to lodge with its Relevant Regulatory Authority, translated into English (if necessary), and as prescribed by SGX-ST. In the case of a Trading Member that holds a Capital Markets Services Licence, the forms shall be in the prescribed format under Regulation 27(9) of the SFR (Financial and Margin Requirements);
- (b) audited accounts of the Trading Member and its subsidiaries;
- (c) a certificate in respect of its annual financial audit signed by the auditor appointed by the Trading Member to carry out such audit and stating in such form prescribed the Relevant Regulatory Authority.

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

- (a) of any matter that in his opinion adversely affects or may adversely affect the financial position of the Trading Member to a material extent;
- (b) of any matter that in his opinion constitute or may constitute a breach of the Securities and Futures Act, 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;
- (c) of any irregularity that has or may have a material effect upon the accounts, including irregularities that jeopardise the monies or other assets of any customer of the Trading Member; or
- (d) that the accounting system, internal accounting control and procedures for safeguarding monies or other assets are inadequate and the inadequacies have a material effect on the accounts,

the auditor shall, and the Trading Member shall procure that the auditor shall, immediately report the matter to SGX-ST.

3.13.5 A fee of S\$200 may be imposed for each day that the statements are not submitted after the prescribed time or such extended time as SGX-ST may grant.

3.13.6 Requests for extension of time shall be submitted to SGX-ST at least three Market Days prior to the due date.

3.14 Provision in Annual Accounts

3.14.1 A Trading Member that is incorporated in Singapore shall make such provisions in its annual accounts as SGX-ST may from time to time require.

3.15 Other Financial Requirements

3.15.1 Rules 3.15.2 to 3.15.5 shall not apply to a Remote Trading Member.

3.15.2 A Trading Member that is incorporated in Singapore shall not reduce its paid-up ordinary share capital or paid-up irredeemable and non-cumulative preference share capital without the prior written approval of SGX-ST.

3.15.3 Preference Shares

- (a) A Trading Member that is incorporated in Singapore shall notify SGX-ST prior to the issue of any preference share.
- (b) A Trading Member that is incorporated in Singapore shall not repay the principal of any preference share (other than any paid-up irredeemable and non-cumulative preference share capital) that is computed as part of its financial resources, through repurchase or redemption:
 - (i) unless the Trading Member notifies SGX-ST within such time before the proposed date of repurchase or redemption as prescribed by the SFR (Financial and Margin Requirements);
 - (ii) if at the date of repurchase or redemption:
 - (I) its financial resources is less than 150% of its total risk requirement; or
 - (II) its aggregate indebtedness exceeds 600% of its aggregate resources;
 - (iii) if such repurchase or redemption will cause an event in Rule 3.15.3(b)(ii) above to occur; or
 - (iv) if SGX-ST has prohibited in writing such a repurchase or redemption.

3.15.4 Qualifying Subordinated Loan

- (a) A Trading Member shall obtain the prior approval of SGX-ST if it enters a subordinated loan agreement in a format other than the format prescribed by SGX-ST from time to time.
- (b) Where a Trading Member draws down a qualifying subordinated loan, the Trading Member shall notify SGX-ST no later than the date of draw down of the qualifying subordinated loan.
- (c) A Trading Member shall not repay, whether in part or in full, any subordinated loan principal before the maturity date without the prior approval of SGX-ST.

- (d) A Trading Member shall not repay, whether in part or in full, any subordinated loan principal that has matured:
 - (i) unless the Trading Member notifies SGX-ST at least one Market Day before the date of repayment;
 - (ii) if its financial resources is less than 150% of its total risk requirement;
 - (iii) if its aggregate indebtedness exceeds 600% of its aggregate resources;
 - (iv) if such a repayment will cause an event in Rule 3.15.4(d)(ii) or (iii) to occur; or
 - (v) if SGX-ST has prohibited in writing such a repayment.

3.15.5 A Trading Member shall not, without the prior written approval of SGX-ST, make any unsecured loan or advance, pay any dividend or director's fees or increase any director's remuneration if:

- (a) in the case where the Trading Member is incorporated in Singapore:
 - (i) its base capital is less than the base capital requirement as prescribed in Rules 3.2 and 3.5;
 - (ii) its financial resources is less than 150% of its total risk requirement;
 - (iii) its aggregate indebtedness exceeds 600% of its aggregate resources; or
 - (iv) such a loan, advance, payment or increase will cause an event in Rule 3.15.5(a)(i), (ii) or (iii) to occur; or
- (b) in the case where the Trading Member is incorporated outside Singapore:
 - (i) its net head office funds is less than the base capital requirement as prescribed in Rules 3.2 and 3.5;
 - (ii) its adjusted net head office funds is less than 150% of its total risk requirement;
 - (iii) its aggregate indebtedness exceeds 600% of its aggregate resources; or
 - (iv) such a loan, advance, payment or increase will cause an event in Rule 3.15.5(b)(i), (ii) or (iii) to occur.

3.15.6 A Remote Trading Member shall notify SGX-ST immediately of any actions taken relating to:

- (a) any reduction in paid-up ordinary share capital;
- (b) any issue of any preference share;

- (c) the entry into a subordinated loan agreement in a format other than the format prescribed by SGX-ST from time to time, drawing down on a qualifying subordinated loan or repayment whether in part or in full, any subordinated loan principal before or upon maturity;
- (d) any matter that has or may have a financial or capital impact on the Remote Trading Member and is or may be required to be reported to the Relevant Regulatory Authority.

3.15.7 A Trading Member that holds a Capital Markets Services Licence must not issue or allot partly paid shares.

Chapter 4 – Operational Requirements

4.1 Member Systems

4.1.1 A Trading Member must ensure that:

- (a) its systems and connections to the Trading System operate properly at all times and have adequate redundancy and scalable capacity to accommodate current and anticipated trading volume levels; and
- (b) it complies with the terms and conditions, and any other requirements imposed by SGX-ST, for accessing the Trading System or in relation to order management systems or for any other purpose.

Refer to Regulatory Notice 4.1.

4.2 Direct Market Access and Sponsored Access

4.2.1 A Trading Member may authorise Direct Market Access (including Sponsored Access) for its customers in respect of organised markets established by or operated by SGX-ST or such organised markets as SGX-ST specifies, subject to such conditions and requirements as may be specified in the Rules or prescribed by SGX-ST from time to time.

Refer to Practice Note 4.2.

4.2.2 A Trading Member that authorises Sponsored Access for its customers must maintain a register recording the identity and address of all customers with Sponsored Access, and produce such register to SGX-ST at its request.

4.2.3 A Trading Member that authorises Direct Market Access (including Sponsored Access) for a customer must enter into a legally binding agreement with the customer setting out the terms and conditions for such Direct Market Access. The agreement must include requirements, and the Trading Member must have measures in place, for:

- (a) the customer to meet minimum standards including standards on financial standing, credit history and criminal records, adverse records or pending court proceedings relating to prohibited market conduct;
- (b) the customer to have appropriate procedures in place to assure that all relevant persons:
 - (i) are familiar with and comply with the Rules;
 - (ii) have knowledge and proficiency in the use of the order management system;
- (c) the customer to be provided information concerning its access to the Trading System and applicable laws;

- (d) the customer to have security arrangements in place to ensure that unauthorised persons are denied such Direct Market Access;
- (e) the customer to assist SGX-ST promptly in any investigation into potential violations of the Rules and applicable laws, including the provision of information to SGX-ST relating to the identity and address of any person who may be responsible for the execution of an order or trade;
- (f) the customer to comply with Rules 4.1 and 4.13 (in a case where the customer is given Sponsored Access);
- (g) the customer to be permitted to delegate, and any other person to be permitted to delegate, Sponsored Access only if the delegating person is:
 - (I) regulated by a recognised regulatory authority in respect of any regulated activity; or
 - (II) a Trading Member of SGX-ST in which event it may only delegate Sponsored Access to its related corporations;

for the purpose of this Rule 4.2.3(g), "recognised regulatory authority" refers to a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information, and "regulated activity" shall have the same meaning as in the Securities and Futures Act;

- (h) the customer to ensure, and any other person delegating Sponsored Access to ensure, that all persons given Sponsored Access are included in the register referred to in Rule 4.2.2; and
 - (i) the customer to ensure, and any other person delegating Direct Market Access to ensure, that all persons given Direct Market Access are subject to the requirements in this Rule 4.2.3.
- 4.2.4 SGX-ST may require a Trading Member to provide to SGX-ST a report by an independent reviewer on the Trading Member's compliance with Rules 4.2 and 4.3.2.

4.3 Suspension and Termination of Direct Market Access

- 4.3.1 SGX-ST may without prior notice suspend or terminate or direct a Trading Member to suspend or terminate immediately a person's Direct Market Access:
- (a) where the person has failed to assist SGX-ST with an investigation in accordance with Rule 4.2.3(e);
 - (b) in the interest of a fair, orderly and transparent market; or

- (c) where the person or Trading Member has breached any of the Rules or any applicable laws.

4.3.2 A Trading Member must have the ability to immediately suspend or terminate a person's Direct Market Access when necessary for the fulfilment of its duties under the Rules or any other reason.

4.4 Control of Access

4.4.1 A Trading Member must ensure that there are adequate security arrangements in place to ensure that unauthorised persons are denied access to the organised markets established by or operated by SGX-ST and/or such organised markets as SGX-ST specifies.

4.5 Responsibility to SGX-ST

4.5.1 A Trading Member is responsible to SGX-ST for:

- (a) any liability to SGX-ST of its Directors, Officers, Trading Representatives, employees and agents; and
- (b) the acts and omissions of its Directors, Officers, Trading Representatives, employees and agents.

4.6 Training and Supervision

4.6.1 A Trading Member must ensure that each of its Trading Representatives undergoes adequate education and training, including such continuing education and training as SGX-ST may prescribe, as may be necessary for the Trading Representative to discharge his duties and obligations.

4.6.2 A Trading Member must supervise its Trading Representatives, employees and agents.

4.6.3 A Trading Member must:

- (a) establish and maintain procedures and systems to prevent any breach of the Rules by its Directors, Officers, Trading Representatives, employees or agents; and
- (b) ensure that its Trading Representatives, employees, agents or any other person carrying out or enforcing its procedures and systems reasonably discharges his or her duties and obligations.

4.7 Compliance Review

4.7.1 A Trading Member must carry out checks from time to time to ensure its and its Directors', Officers', Trading Representatives', employees' and agents' compliance with:

- (a) the regulatory requirements of the Relevant Regulatory Authority;
- (b) the Rules and any Approval Conditions; and

(c) its policies and procedures.

4.7.2 The checks must be carried out by internal audit or the compliance department or a person whose reporting line is independent of dealing, sales and operations.

4.8 Good Business Practice

4.8.1 Trading Members and Trading Representatives must adhere to the principles of good business practice in the conduct of their business affairs.

4.9 Control of Operations

4.9.1 A Trading Member must establish and maintain adequate internal control systems, commensurate with the nature, scale and complexity of the business of the Trading Member.

4.9.2 A Trading Member must, where appropriate, establish internal policies and procedures to restrict the flow of material non-public information between persons and departments within the Trading Member.

4.9.3 A Trading Member must have processes in place to minimise and manage any conflicts of interest, including but not limited to separating its front and back office functions.

Refer to Practice Note 4.9.3.

4.10 Risk Management and Financial Controls

4.10.1 A Trading Member must have written policies and procedures on risk management control and demonstrate compliance in the following areas:

- (a) monitoring the credit risks arising from the acceptance of all orders, on at least a daily basis;
- (b) ensuring that:
 - (i) adequate pre-execution risk management control checks are conducted, including automated credit control checks on every order and trading limits for each Trading Representative; and
 - (ii) there are appropriate internal controls and assessments conducted for the setting and modification of any parameters of such pre-execution risk management control checks;

Refer to Practice Note 4.10.1(b).

- (c) having error-prevention alerts to bring attention to possible erroneous entries of price, order size and other data fields; and

Refer to Practice Note 4.10.1(c).

- (d) defining and managing the Trading Member's sources of liquidity to ensure that there are sufficient liquidity facilities to meet settlement obligations.

4.10.2 A Trading Member must have automated processes and procedures in place to monitor at the firm level if the Trading Member is at risk of breaching capital and financial requirements and prudential limits on exposures to a single customer and a single security, so as to restrict trading activity, inject additional capital or take such steps as are necessary to prevent such breach.

Refer to Practice Note 4.10.2.

4.11 Outsourcing Conditions

4.11.1 A Trading Member that outsources any of its operations must:

- (a) comply with any guidelines or requirements on outsourcing as prescribed by the Relevant Regulatory Authority. A Remote Trading Member shall immediately inform SGX-ST of any changes to such requirements and comply with such additional requirements as SGX-ST may prescribe;
- (b) have in place adequate audit trails of the activities performed by the service provider;
- (c) ensure that the service provider provides SGX-ST with any information, including records of the work done by the service provider and any other records maintained by the service provider, that SGX-ST requests within SGX-ST's prescribed timeline;
- (d) ensure that the service provider provides SGX-ST access to all relevant records and systems and that SGX-ST is able to perform on-site inspections of the outsourced operations in the same way as if the outsourced operations were residing in the Trading Member and without any costs to SGX-ST;
- (e) inform SGX promptly of any disciplinary actions taken against the service provider, or any issues raised by internal or external auditors or any authority that regulates the service provider pertaining to the activities outsourced to the service provider; and
- (f) ensure that the internal audit requirements prescribed by SGX-ST are also complied with in relation to the outsourced operations.

4.11.2 If activities that a Trading Member would ordinarily have carried out during SGX operative hours are outsourced, the Trading Member must ensure that the service provider is operative whenever SGX-ST is open for trading.

4.12 Business Continuity Requirements

- 4.12.1 A Trading Member must assess its business and operational risks and maintain adequate business continuity arrangements. Such business continuity arrangements must be documented in a business continuity plan, and must be reviewed and tested regularly.
- 4.12.2 A Trading Member's senior management shall be responsible for the Trading Member's business continuity plan. Sufficient awareness of the risks, mitigating measures and state of readiness must be demonstrated by way of an attestation to the Trading Member's board of Directors. A Remote Trading Member shall comply with such requirements established by the Relevant Regulatory Authority, if any, and principles of good business practice in relation to business continuity planning.
- 4.12.3 A Trading Member must appoint emergency contact persons, and furnish the contact information of such persons to SGX-ST. The Trading Member's emergency contact persons must be contactable at all times, and must immediately notify SGX-ST in the event of emergencies.

Refer to Practice Note 4.12.

4.13 Records for Compliance

- 4.13.1 A Trading Member and its Trading Representatives must:

- (a) maintain proper, complete and accurate records and audit trails, including a complete audit trail of transactions, whether entered into for itself or the Trading Member's customers, from the receipt of an order to its settlement, to evidence compliance with the Rules in accordance with:
 - (i) in the case of a Trading Member that holds a Capital Markets Services Licence, the requirements in the Securities and Futures Act and the Rules; and
 - (ii) in the case of a Remote Trading Member, such requirements as may be prescribed by the Relevant Regulatory Authority and the Rules. The Remote Trading Member shall immediately notify SGX-ST of any changes to the requirements prescribed by the Relevant Regulatory Authority. Notwithstanding the foregoing, SGX-ST shall have the discretion to prescribe additional requirements;

Refer to Regulatory Notice 4.13.1 and Regulatory Notice 4.13, 4.16, 4.24, 4.25 and 4.29.

- (b) not make, or cause to be made, any false or misleading entries in any books, records, slips, documents, or statements relating to the business, affairs, transactions, conditions, assets or accounts of the Trading Member (whether such documents are in hardcopy or electronic form) (the "Documents");
- (c) make or cause to be made all relevant entries in each of the Documents; and
- (d) not alter, conceal or destroy or cause to be altered, concealed or destroyed any of the Documents without a valid reason.

- 4.13.2 A Trading Member and its Trading Representative must ensure the integrity, security and confidentiality in the transmission and storage of all records. A Trading Member must keep data and records such that they are easily retrievable by authorised personnel and are stored securely such that no tampering occurs. Backups of records must be kept at a location separate from the original records. A Trading Member must check data and records for quality and accuracy on an on-going basis and correct any quality or accuracy defects detected.
- 4.13.3 A Trading Member must make records available to SGX-ST at such time as SGX-ST prescribes or otherwise requires. The Trading Member must obtain the necessary customer consent for such disclosure, prior to such disclosure being made.

Refer to Regulatory Notice 4.13, 4.16, 4.24, 4.25 and 4.29.

4.14 Confidentiality of Customer's Information

- 4.14.1 A Trading Member and its Trading Representative must maintain confidentiality of a customer's information, except where required or permitted under applicable law or under the Rules, or in accordance with the prior consent of the customer for the disclosure of such information.
- 4.14.2 A Trading Member must ensure that a person to whom it discloses a customer's information maintains confidentiality of such information.

4.15 Opening of Customer Accounts

- 4.15.1 This Rule shall not apply to a Remote Trading Member.
- 4.15.2 Prior to opening a customer account, a Trading Member shall satisfy itself that it has:
- (a) obtained adequate particulars of each customer;
 - (b) verified the identity of each customer, and in the case of a non-individual customer verified that it is validly constituted and that the person opening the account has the requisite authority to do so, and in the case of an agency customer, verified the identity of the principal and the customer's authority to trade for its principal;
 - (c) agreed with the customer procedures for the communication of trading instructions to guard against unauthorised trading (if applicable); and
 - (d) understood each customer's risk appetite and investment objectives (if applicable),
- in accordance with applicable know-your-customer laws and regulatory requirements.

Refer to Practice Note 4.15.2(a) and (b) and Practice Note 4.15.2(d).

- 4.15.3 Before opening a customer account for a customer under the age of 21, a Trading Member shall assess the customer's suitability to trade and disclose the risks of trading to the customer.

Refer to Practice Note 4.15.3.

4.15.4 Joint Customer Account

- (a) A Trading Member may allow customers to open a joint account carried on its books only if:
 - (i) a joint securities account with CDP is opened by the joint account holders;
 - (ii) each joint account holder is at least 18 years old; and
 - (iii) no joint account holder is an undischarged bankrupt.
- (b) A joint customer account may be operated by not more than two individual customers. However, if it is an estate account, it may be operated by all personal representatives acting on behalf of the estate of the deceased.
- (c) In addition to the matters set out in Rule 4.15.2, a Trading Member must obtain the following information:
 - (i) the names of persons authorised to give trading orders and settlement instructions to, and receive scrip from, the Trading Member;
 - (ii) the names of persons to whom payments by the Trading Member are to be made; and
 - (iii) details of any customer accounts carried on the books of the Trading Member held in an individual capacity by a joint customer account holder.
- (d) A Trading Member must require each joint customer account holder to specify whether the joint customer account holder is jointly, severally, or jointly and severally liable for all debts incurred in a joint customer account.

4.15.5 Approval of Customer Accounts

- (a) At least one member of senior management or delegate staff (whether of the Trading Member or the Trading Member's related corporation or otherwise) independent of the Trading Member's sales or dealing, must approve the opening of a customer account carried on the books of the Trading Member.
- (b) The approval must:
 - (i) be given before the execution of the first trade for the customer;
 - (ii) be in writing (which includes secured electronic record); and
 - (iii) form part of the permanent records of the Trading Member.

4.16 Risk Disclosure

4.16.1 A Trading Member must ensure that its customer is aware of and must obtain a written acknowledgement from the customer that the customer is aware of and understands the risks associated with holding and trading securities and futures contracts, and it informs its customer whether the Trading Member is acting as a principal or an agent for the customer in accordance with:

- (a) in the case of a Trading Member that holds a Capital Markets Services Licence, Regulation 47DA of the SFR (Licensing and Conduct of Business); and
- (b) in the case of a Remote Trading Member, such requirements as may be prescribed by the Relevant Regulatory Authority. The Remote Trading Member shall immediately notify SGX-ST of any changes to such requirements. Notwithstanding the foregoing, SGX-ST shall have the discretion to prescribe additional requirements.

Refer to Regulatory Notice 4.13, 4.16, 4.24, 4.25 and 4.29.

4.17 Separate Trading Accounts and Account Designation

4.17.1 A Trading Member must maintain separate Trading Accounts for each customer or each group of joint customers (as the case may be) whose customer account is carried on the books of the Trading Member.

4.17.2 Each Trading Account must be identified and designated by the full name of the customer(s) whose customer account is carried on the books of the Trading Member and by a unique Trading Account code, both of which must be reported to SGX-ST before the Trading Account is used to send in any orders.

4.18 Customer Education

4.18.1 This Rule shall not apply to a Remote Trading Member.

4.18.2 Save for Accredited Investors, Institutional Investors and Expert Investors, a Trading Member must provide its Internet Trading customers with adequate information, guidance and training on:

- (a) prohibited trading practices;
- (b) potential limitations and risks of Internet Trading;
- (c) system functionalities and order management procedures; and
- (d) market conventions such as minimum bid sizes and board lot sizes.

4.18.3 With respect to Accredited Investors, Institutional Investors and Expert Investors, a Trading Member's obligation relates solely to the provision of adequate information in relation to prohibited trading practices.

Refer to Practice Note 4.18.

4.19 Trading by Employees and Agents

- 4.19.1 A Trading Member must have in place procedures to ensure that its Directors, Officers, Trading Representatives, employees and agents who are privy to confidential information relating to dealing in securities or futures contracts do not use such information to trade for their own benefit.
- 4.19.2 A Trading Member must have in place procedures to monitor the trading activities of its Directors, Officers, Trading Representatives, employees and agents whether those trading activities are conducted through the Trading Member or another Trading Member.

4.20 Arrangements with Remisiers

- 4.20.1 A Trading Member must inform SGX-ST in writing at least seven days before a Dealer converts to a Remisier or vice versa, provided that SGX-ST may vary or waive the notice period at its discretion.
- 4.20.2 Where it engages a Remisier, a Trading Member shall:
- (a) enter into a written agency arrangement setting out all terms of its relationship with the Remisier;
 - (b) conduct a credit assessment of the Remisier;
 - (c) assign trading or other limits to such Remisier to restrict the Remisier's volume of business, such limits to take into account the credit assessment, and security deposit required, of the Remisier; and
 - (d) require that the Remisier place a security deposit in the form of cash, acceptable collateral or a guarantee from a bank or financial institution operating in Singapore, of an amount determined by the Trading Member, taking into account the credit assessment of, and trading limit imposed on, the Remisier.

4.21 Remisiers Working in Teams

- 4.21.1 A Trading Member may allow the Remisiers that it appoints as Trading Representatives to work in teams where Remisiers in the same team may enter orders for one another's customers.
- 4.21.2 A Trading Member must:
- (a) maintain a list of Remisiers working in teams, according to the teams they work in;
 - (b) establish in writing the terms and conditions of each team arrangement with its Remisiers. The terms and conditions must include:

- (i) how possible disputes amongst Remisiers working in teams are to be resolved; and
 - (ii) that Remisiers working in a team shall be jointly and severally liable for losses incurred by customers serviced by the team where such losses are not recovered;
 - (c) ensure that Remisiers working in teams will not compromise their compliance with all relevant legislation and regulations; and
 - (d) monitor team operations to ensure there is no overtrading, and that irregularities do not occur.
- 4.21.3 Trading Members must keep customers informed of the team arrangements, and give customers the option not to be serviced by Remisiers working in teams. Trading Members should also keep their customers informed of any changes to team compositions.
- 4.21.4 If a customer's order is passed along a chain of Remisiers in a team, each Remisier must record from and to whom he receives and transmits the order, and the time of such receipt and transmission.

4.22 Trading Authority

- 4.22.1 This Rule shall not apply to a Remote Trading Member.
- 4.22.2 Before accepting any orders for a customer's account from a third party, a Trading Member must obtain written authorisation from the customer authorising the third party to trade for the customer's account carried on the books of the Trading Member.

4.23 Brokerages and Charges

- 4.23.1 Unless SGX-ST decides otherwise, the commission rate chargeable for the purchase or sale of securities and futures contracts may be determined by the Trading Member in its discretion.
- 4.23.2 All charges and expenses, including any fees imposed by CDP and/or SGX-ST, stamp duty and Goods and Services Tax, to be borne by the customer (whether included as part of the brokerage or otherwise) must be accurately disclosed to the customer and agreed between the customer and the Trading Member.

4.24 Contract Notes

- 4.24.1 A Trading Member must send its customer a contract note for any purchase or sale of securities or futures contracts.

Refer to Regulatory Notice 4.24.1.

- 4.24.2 The contract note must state that the contract is subject to the Rules if the trade is:

- (a) transacted on or through the Trading System; or

- (b) reported to SGX-ST.

4.24.3 In the case of a Trading Member that holds a Capital Markets Services Licence:

- (a) the contract note must comply with the requirements of the Securities and Futures Act and must show separately, where applicable:
 - (i) brokerage charged by the Trading Member;
 - (ii) stamp duty;
 - (iii) Goods and Services Tax;
 - (iv) any other fees in addition to the brokerage charged by the Trading Member; and
 - (v) any other fees in addition to the brokerage charged that are charged by any other party (including CDP and/or SGX-ST) and borne by the customer;
- (b) the contract note must clearly distinguish charges levied by the Trading Member from charges levied by SGX-ST and/or CDP; and
- (c) before issuing contract notes in electronic form, the Trading Member must obtain the customer's prior revocable and informed consent for receipt of contract notes in electronic form. The Trading Member must retain evidence of the customer's consent. To constitute 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.

Refer to Practice Note 4.24.3(c).

4.24.4 In the case of a Remote Trading Member, a contract note must comply with such requirements as may be prescribed by the Relevant Regulatory Authority, including requirements relating to a customer's contract note in electronic form. The Remote Trading Member shall immediately notify SGX-ST of any changes to such requirements. Notwithstanding the foregoing, SGX-ST shall have the discretion to prescribe additional requirements.

Refer to Regulatory Notice 4.13, 4.16, 4.24, 6 and 4.29.

4.24.5 If asked by SGX-ST, a Trading Member must produce a copy or record of the contract notes in substantially the same form and containing the same trading information as were given to customers.

4.25 Statements of Account to Customers

4.25.1 A Trading Member must send its customers statements of account on a regular basis in accordance with:

- (a) in the case of a Trading Member that holds a Capital Markets Services Licence, Regulation 40 of the SFR (Licensing and Conduct of Business); and
- (b) in the case of a Remote Trading Member, such requirements as may be prescribed by the Relevant Regulatory Authority. The Remote Trading Member shall immediately notify SGX-ST of any changes to such requirements. Notwithstanding the foregoing, SGX-ST shall have the discretion to prescribe additional requirements.

Refer to Regulatory Notice 4.13, 4.16, 4.24, 4.25 and 4.29.

- 4.25.2 If asked by SGX-ST, a Trading Member must produce a copy or record of the statements of account in substantially the same form and containing the same information as given to customers.

4.26 Amendment of Contract

- 4.26.1 This Rule shall not apply to a Remote Trading Member.
- 4.26.2 In the event that a Trading Member seeks to amend a contract, including but not limited to changes to price, quantity or account number, approval of senior management (or delegate staff) independent of the sales or dealing function of the Trading Member must be obtained prior to any such amendment. Such senior management (or delegate staff) should consider whether there is a valid reason for the amendment.

4.27 Communication with Customers

- 4.27.1 This Rule shall not apply to a Remote Trading Member.
- 4.27.2 A Trading Member must communicate directly with its customers in respect of statements, contract notes or all other information, whether in writing or electronically, unless the customer has authorised otherwise in writing.
- 4.27.3 To guard against unauthorised trading, contract notes and statements must be sent to the customer's residential address or any other address authorised by the customer. If the customer chooses for contract notes and statements to be sent to a "care of" address or the Trading Representative's address, the Trading Member must explain the risk of unauthorised trading to the customer, obtain the customer's written authorisation for such an arrangement, and monitor the customer's accounts for any unauthorised trading activities.
- 4.27.4 A Trading Member must not allow any person other than the customer to collect any cash, share certificates, contract notes, credit or debit notes, cheques or statements, unless the customer has authorised that person in writing.

4.28 Payment to Customers

- 4.28.1 This Rule shall not apply to a Remote Trading Member.
- 4.28.2 All cheques to customers must be crossed, unless:

- (a) the payee customer requests otherwise in writing; and
- (b) a senior management staff (or his delegate) of a Trading Member who is independent of sales or dealing, or a senior management staff (or his delegate) of a related corporation of that Trading Member charged with the payment function, authorises the request in writing.

4.28.3 A Trading Member must not accept a house cheque (a crossed cheque issued by the Trading Member in favour of a customer) from a customer unless:

- (a) the customer is the payee of the cheque; and
- (b) the cheque is used to settle an amount owing by the customer to the Trading Member or is deposited into a trust account under Rule 4.31, as directed by the customer.

4.29 Segregation of Customer's and Remisier's Monies and Assets

4.29.1 A Trading Member must:

- (a) segregate monies and assets of customers (including Remisiers) from the Trading Member's monies and assets;
- (b) deposit monies and assets of customers (including Remisiers) in trust or custody accounts; and
- (c) separately account for the monies and assets of each customer (including each Remisier).

4.29.2 A Trading Member that holds a Capital Markets Services Licence must comply with such requirements prescribed in Rules 4.30 and 4.31.

4.29.3 A Remote Trading Member must comply with such requirements as may be prescribed by the Relevant Regulatory Authority. The Remote Trading Member shall immediately notify SGX-ST of any changes to such requirements. Notwithstanding the foregoing, SGX-ST shall have the discretion to prescribe additional requirements.

Refer to Regulatory Notice 4.13, 4.16, 4.24, 4.25 and 4.29.

4.29.4 A "customer" for the purposes of Rules 4.29, 4.30 and 4.31 does not include (a) any Officer, Director, employee or representative of the Trading Member; or (b) a related corporation of the Trading Member with respect to an account belonging to and maintained wholly for the benefit of that related corporation; but includes a Remisier of the Trading Member.

4.30 Segregation of Customer's and Remisier's Monies and Assets – Monies

4.30.1 This Rule shall not apply to a Remote Trading Member.

4.30.2 A Trading Member must comply with Part III, Divisions 2 and 4 of the SFR (Licensing and Conduct of Business) on customer's monies in respect of any money received by the Trading Member on

account of any customer (including a Remisier) save that Regulation 16(1)(b) of the SFR (Licensing and Conduct of Business) does not apply to a Remisier and a Trading Member must deposit all money received on account of a Remisier in a trust account.

- 4.30.3 A Trading Member must designate the accounts maintained with a financial institution specified in Regulation 17 of the SFR (Licensing and Conduct of Business) for a customer (other than a Remisier) or a Remisier as a trust account, or as a customer (other than a Remisier) or Remisier account, as the case may be.
- 4.30.4 A Trading Member must deposit money received on account of its customers (other than Remisiers) in a separate trust account from money received on account of its Remisiers.
- 4.30.5 A Trading Member must not commingle money received on account of its customers (including its Remisiers) with its own funds. However, a Trading Member may deposit its own funds into a trust account under the circumstances specified in Regulation 23(1) of the SFR (Licensing and Conduct of Business).
- 4.30.6 A Trading Member must not withdraw a Remisier's money from a trust account except to:
- (a) pay the Remisier;
 - (b) meet any amount due and payable by the Remisier to the Trading Member;
 - (c) reimburse the Trading Member for any money advanced to the trust account, and any interest and returns that the Trading Member is entitled to, provided the withdrawal does not result in the trust account becoming under-margined or under-funded; or
 - (d) make a payment or withdrawal that is authorised by law.
- 4.30.7 A Trading Member must notify the Remisier of any withdrawal under Rule 4.30.6 by the next Market Day.

4.31 Segregation of Customer's and Remisier's Monies and Assets – Assets

- 4.31.1 This Rule shall not apply to a Remote Trading Member.
- 4.31.2 A Trading Member must comply with Part III, Divisions 3 and 4 of the SFR (Licensing and Conduct of Business) on customer's assets in respect of any assets received by the Trading Member to be held on account of a customer (including a Remisier), or as collateral for any amount owed by the customer (including a Remisier) to the Trading Member, save that Regulations 30, 33 and 34 of the SFR (Licensing and Conduct of Business) do not apply to a Remisier.
- 4.31.3 A Trading Member must designate the accounts maintained with a financial institution specified in Regulation 27 of the SFR (Licensing and Conduct of Business) for a customer (other than a Remisier) or Remisier as a trust account, or customer (other than a Remsier) or Remisier account, as the case may be.

- 4.31.4 A Trading Member must deposit assets of its customers (other than Remisiers) in a separate custody account from assets of its Remisiers.
- 4.31.5 A Trading Member must not commingle the assets of a customer (including a Remisier) with its own assets.
- 4.31.6 A Trading Member must not withdraw a Remisier's assets from a custody account except to:
- (a) return the assets to the Remisier;
 - (b) use the assets to meet any amount due and payable by the Remisier to the Trading Member; or
 - (c) make a transfer or withdrawal that is authorised by law.
- 4.31.7 A Trading Member must notify the Remisier of any withdrawal under Rule 4.31.6 by the next Market Day.

4.32 Reporting of Delinquent Accounts

- 4.32.1 This Rule shall not apply to Remote Trading Members.
- 4.32.2 A Trading Member must inform SGX-ST (or any designated third party) of the particulars of any customer account carried on the books of the Trading Member that it considers to be delinquent. SGX-ST (or the designated third party) may disseminate such information that it receives to all other Trading Members that hold a Capital Markets Services Licence.

4.33 Stock Account

- 4.33.1 This Rule shall not apply to a Remote Trading Member.
- 4.33.2 All purchases and sales of securities or futures contracts by a Trading Member for its proprietary account must be made under a separate Stock Account of the Trading Member.
- 4.33.3 A Stock Account must be operated by a person who is licensed to trade, as designated, pursuant to a delegation of authority, by a member of senior management or delegate staff who is independent of the member's proprietary desk. The Trading Member shall procure that the senior management or an independent delegate appointed by senior management shall oversee the operation of the Stock Account by the designate.

4.34 Position Accounts

- 4.34.1 In this Rule:

"Authorised Trading Member" means a Trading Member who has been duly authorised by its qualifying Clearing Member to open and maintain Position Accounts or to open, maintain and allocate positions to Position Accounts, as the case may be.

"Authorised Account" means the Position Account (of the Authorised Trading Member or of the Authorised Trading Member's customer) that an Authorised Trading Member is authorised by its qualifying Clearing Member to open and maintain, or to open, maintain and allocate positions to.

4.34.2 The Clearing Rules relating to Position Accounts shall, where relevant and with the necessary modifications, apply to an Authorised Trading Member in respect of each Authorised Account as they apply to a Clearing Member.

4.34.3 Authorised Accounts carrying positions for more than one beneficial owner

- (a) Subject to Rule 4.34.3(b), an Authorised Trading Member shall identify any underlying beneficial owner and/or any controlling party of any Authorised Account or ensure that such information is available to SGX-ST. This shall be provided upon request by SGX-ST within such time as SGX-ST may require.
- (b) If the Authorised Account holder does not want the identity of any underlying beneficial owner and/or any controlling party of such account to be disclosed to its Trading Member, the Authorised Account holder may apply to SGX-ST, through its Trading Member, to provide such information as SGX-ST may require directly to SGX-ST.

4.34.4 Where a Trading Member is not authorised to allocate positions to an Authorised Account:

- (a) The Trading Member shall instruct its qualifying Clearing Member to allocate the position of each trade executed by the Trading Member to the Trading Member's Position Account(s) or, where the position is of a trade executed for a customer, in accordance with that customer's instructions, as soon as practicable, and in any event no later than such time as may be required for timely and orderly settlement of such trade into the intended Securities Account.

Refer to Regulatory Notice 4.34.4 and 4.34.5.

- (b) A customer's Position Account must only be used for that customer's positions. However, a Trading Member may instruct its qualifying Clearing Member to sub-allocate a position carried in a Position Account to another Position Account, provided that:
 - (i) (I) such sub-allocation is in accordance with the instructions of the account holders (or person(s) authorised to instruct on their behalf) of both Position Accounts; and (II) the Trading Member receives the booking instruction only after the position has been allocated to the originating Position Account; or
 - (ii) such sub-allocation is made to remedy an error.

4.34.5 Holding trades for different customers in a Position Account and warehousing of trades

- (a) A Position Account in the name of a Trading Member may be used to hold positions of trades for different customers, provided that the Trading Member has procedures to ensure fair allocation to the customers.

- (b) If a customer's order is unlikely to be completed during a Market Day, the Trading Member may warehouse the customer's trades until the order is completed. The Trading Member must ensure that no customer's trade is warehoused for more than one Market Day, unless under exceptional circumstances. In such cases, the Trading Member must document the reasons for the extension of time.

Refer to Regulatory Notice 4.34.4 and 4.34.5.

4.35 Broker-linked Balances

- 4.35.1 A Trading Member linked to a broker-linked balance must have a written agreement with the holder of the broker-linked balance setting out (a) the circumstances under which the Trading Member may cause securities to be delivered or transferred into the broker-linked balance; and (b) the conditions to which the Trading Member's rights over the securities in the broker-linked balance are subject. The Trading Member must provide the written agreement to SGX-ST for inspection if requested.
- 4.35.2 The Trading Member shall act in accordance with the written agreement, the Rules and the Act, save that nothing in the Rules shall prevent a Trading Member from releasing securities from the broker-linked balance linked to it into the customer's main balance.
- 4.35.3 Subject to Rule 4.35.4, a Trading Member must approve the release of securities from the broker-linked balance linked to it by the end of the Market Day following the day on which it receives the customer's request for such release. SGX-ST may, at its discretion, waive or vary this timeline. In accordance with Rule 4.13.1, a Trading Member must maintain proper, complete and accurate records of each customer's requests and its response to such requests.
- 4.35.4 A Trading Member may withhold approval for the release of any securities from a broker-linked balance linked to it only to the extent necessary to secure an obligation owed to it by the holder of the broker-linked balance.
- 4.35.5 A Trading Member that does not approved a customer's request for release of any securities must:
 - (a) by the end of the Market Day following the day in which it receives the customer's request, inform the customer that the request has been rejected and securities will not be released;
 - (b) provide the reason(s) for not releasing the securities, including details of the obligation(s) that is owed by the customer to the Trading Member, including the value thereof, if so requested by the customer, by the Market Day following the day on which it receives the customer's request for reason(s) and/or details; and;
 - (c) provide the customer with such information and by such time as SGX-ST may prescribe from time to time.

SGX-ST may, at its discretion, waive or vary any of the timelines in this Rule.

In accordance with Rule 4.13.1, a Trading Member must maintain proper, complete and accurate records of each customer's requests and its response to such requests.

4.35.6 SGX-ST may, in respect of any Securities Account that is maintained directly with it:

- (a) transfer securities out of a broker-linked balance into the main balance, notwithstanding that the Trading Member linked to the broker-linked balance has not approved the transfer, if SGX-ST is of the view that the Trading Member has failed to comply with the Rules;
- (b) refuse to transfer securities into a broker-linked balance if the Trading Member linked to the broker-linked balance has had its trading rights ceased, is suspended or has been terminated under the Rules.

4.35.7 A resigning Trading Member must, in respect of each customer that has a broker-linked balance linked to it, release all securities in the broker-linked balance into the customer's main balance by the effective date of resignation.

4.36 Advertising

4.36.1 A Trading Member must ensure that any advertising or publicity:

- (a) is accurate;
- (b) is not misleading;
- (c) does not contain claims that are not externally verifiable;
- (d) does not contain any predictions or projections of investment performance unless accompanied by the supporting basis; and
- (e) does not tend to bring SGX or its related corporations, or other Trading Members, into disrepute.

4.36.2 A Remote Trading Member shall not direct any advertising or publicity to deal in securities or futures contracts on SGX-ST to customers resident in Singapore or to the extent that it may be acted upon by customers in Singapore.

4.37 Use of Office Premises

4.37.1 A Trading Member must not allow any unauthorised person to use, or operate out of, its office premises.

4.38 Soft Dollar Commissions

4.38.1 A Trading Member and its Trading Representatives may receive goods and services from a broker for directing business to the broker if:

- (a) the goods and services can reasonably be expected to assist in the provision of services to the customer;
- (b) records of the goods and services received are maintained; and
- (c) there are appropriate internal controls and procedures for such arrangements.

Refer to Practice Note 4.38.

4.38.2 A Trading Member may pay for goods and services to customers for directing business to the Trading Member if:

- (a) records of such payments are maintained;
- (b) there are procedures to control such arrangements; and
- (c) the arrangements do not violate any law, regulation or professional code of ethics on the part of the recipients.

Refer to Practice Note 4.38.

4.39 Research and Corporate Finance Activities

4.39.1 This Rule shall not apply to a Remote Trading Member.

4.39.2 Permissible Activities

- (a) A Trading Member must inform SGX-ST at least 14 days before engaging in research or corporate finance activities.
- (b) The research department of a Trading Member may engage only in the following types of activities:
 - (i) research and analysis on securities or futures contracts (including recommendations, if any); or
 - (ii) such other activities as SGX-ST approves.
- (c) The corporate finance department of a Trading Member may engage only in the following types of activities:
 - (i) management, underwriting and placement of initial public offering or rights issues of securities;
 - (ii) advice on acquisition and disposal of securities and assets;
 - (iii) advice on corporate or debt restructuring; or

- (iv) advice on take-over offers, if the Trading Member has relevant expertise and experience; or
 - (v) any other activity as SGX-ST may approve.
- (d) A Trading Member and its staff undertaking research or corporate finance activities must procure and maintain any applicable licences and notify SGX-ST prior to engaging in the relevant activities, and shall maintain such licences while undertaking those activities, unless otherwise exempt from licensing.
 - (e) SGX-ST may limit the scope, or direct the cessation, of the Trading Member's research or corporate finance activities if the Trading Member fails to comply with this Rule 4.39 or if, in SGX-ST's opinion, the relevant activities are detrimental to the financial integrity, reputation or interests of, or organised markets established or operated by, SGX-ST. The Trading Member may, within 14 days of being notified of SGX-ST's decision, appeal in writing to the SGX RegCo Board, whose decision will be final.
 - (f) A Trading Member must supply SGX-ST with any information that SGX-ST requires regarding its research or corporate finance activities.

4.39.3 Supervision of Staff

- (a) A Trading Member must:
 - (i) supervise its staff undertaking research or corporate finance activities;
 - (ii) implement written supervisory procedures to ensure that its staff undertaking research or corporate finance activities comply with this Rule 4.39; and
 - (iii) implement any procedure or recommendation issued by SGX-ST.
- (b) A Trading Member shall be responsible for the acts or omissions of its staff undertaking the relevant activities.
- (c) SGX-ST may limit the scope of activity of a staff member undertaking research or corporate finance activities or direct a Trading Member to replace the staff member if the person:

- (i) causes the Trading Member to breach the Rules;
 - (ii) engages in conduct detrimental to the financial integrity, reputation or interests of SGX-ST, or organised markets established or operated by SGX-ST;
 - (iii) is convicted of an offence involving fraud or dishonesty or is found by a court of law to have acted fraudulently or dishonestly, in each case whether in or out of Singapore; or
 - (iv) is the subject of an investigation involving fraud or dishonesty whether in or out of Singapore.
- (d) A Trading Member may, within 14 days after it is directed by SGX-ST to replace a staff member, appeal in writing to the SGX RegCo Board whose decision will be final.

4.39.4 Effective Controls and Segregation of Duties

- (a) A Trading Member must ensure effective controls and segregation of duties and separation between its research department and its corporate finance department and between each of them and its dealing and back office departments. Separation between departments means at least having the following:
- (i) separate reporting lines in place for each of the different departments;
 - (ii) adequate restriction of communication and information flow, particularly non-public information, between the different departments;
 - (iii) adequate processes and procedures to identify, avoid, minimise, manage or mitigate any conflict of interest or potential conflict of interest between the different departments;
 - (iv) bonus, salary or other forms of compensation to a research staff member not being based on any corporate finance or dealing transaction; and
 - (v) access into the corporate finance department being restricted only to corporate finance staff members and any other authorised staff member.
- (b) SGX-ST may require the Trading Member to implement controls and procedures to ensure proper segregation under Rule 4.39.4.

4.39.5 Staffing

A Trading Member shall ensure that its staff undertaking the research or corporate finance activities have an adequate headcount and possess relevant expertise and experience.

4.39.6 Setting of Limits

A Trading Member's underwriting commitment limits must be set by its senior management staff independent of the corporate finance and dealing departments.

4.39.7 Investment Recommendations

A Trading Member and its staff undertaking research activities must:

- (a) have an adequate basis, supported by research, for making an investment recommendation;
- (b) maintain independence and objectivity in producing a research report or making an investment recommendation; and
- (c) not issue a research report or make an investment recommendation that is not consistent with its relevant staff's actual views regarding a subject company.

4.39.8 Records

A Trading Member must maintain records of its research report or investment recommendation for seven years.

4.39.9 Disclosure

A Trading Member and its staff undertaking research activities must disclose:

- (a) 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 4.39.7(b); and
- (b) any monetary compensation (excluding salary and bonuses) or other benefits receivable in respect of the research report or investment recommendation.

4.39.10 Trade Restrictions for Trading Member Undertaking Research

A Trading Member and its staff undertaking research activities must not:

- (a) knowingly buy or sell a security or futures contract if the Trading Member or its staff has material information not generally available to the public in relation to the security or futures contract;
- (b) 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;

- (c) procure any person to buy or sell a security or futures contract if the Trading Member or its staff is prohibited under Rules 4.39.10(a) or (b) from doing so; and
- (d) buy or sell a security or futures contract contrary to the most recent research report published by the Trading Member, unless sufficient time has passed since the report's publication for the market to react to the information. This trading restriction does not apply:
 - (i) to the Trading Member if the Trading Member is acting on a customer's express instructions;
 - (ii) to the Trading Member and its staff undertaking research activities if significant news is announced that would change the research report or investment recommendation; or
 - (iii) to a staff member undertaking research activities if the staff member is in financial difficulty and must sell the security or futures contract. The Trading Member must maintain documentation of the staff member's financial condition;
 - (iv) to the Trading Member if the proprietary desk of the Trading Member had no knowledge of the report and its contents before it was issued.

4.39.11 Trade Restrictions for Trading Member Undertaking Corporate Finance

- (a) A Trading Member undertaking corporate finance activities must maintain a restricted list of securities on which its corporate finance department is working.
- (b) A security must be moved onto the restricted list no later than the date the deal is mandated.
- (c) If circulated, the restricted list may be circulated to only the following persons:
 - (i) corporate finance staff and the person to whom the head of corporate finance reports; and
 - (ii) Trading Representatives who are authorised to deal for the Trading Member's accounts and the head to whom these Trading Representatives report.
- (d) Staff who are privy to the restricted list must not deal in securities listed therein, or in any derivative of such securities, either for the Trading Member's account, their own accounts or accounts over which they have control and influence.

4.40 Application of Chapter 4 to Remote Trading Member

- 4.40.1 A Remote Trading Member shall comply with such requirements established by the Relevant Regulatory Authority, if any, and principles of good business practice in relation to the areas covered by the Rules in Chapter 4 that have been expressed to not apply to Remote Trading Members.

Chapter 5 - Trading Practices and Conduct

5.1 Principal to other Trading Member

- 5.1.1 A Trading Member acts and contracts as principal with regard to the other Trading Member in each transaction it undertakes or reports to on SGX-ST.

5.2 Contracts

- 5.2.1 A Trading Member is bound by, and shall honour the terms of, each contract:

- (a) entered by or through it on the Trading System; and
- (b) entered into by it via Direct Business and reported to SGX-ST.

- 5.2.2 A Trading Member agrees that each such contract is subject to the Rules and the Clearing Rules.

5.3 Qualification by a Clearing Member

- 5.3.1 A Trading Member cannot execute any contracts on SGX-ST unless it is qualified by a Clearing Member or is itself admitted as a Clearing Member.

- 5.3.2 A Trading Member must be qualified by no more than one Clearing Member at any time.

- 5.3.3 A Trading Member must inform SGX-ST in writing prior to it:

- (a) ceasing to be qualified by a Clearing Member; or
- (b) replacing a qualifying Clearing Member with another Clearing Member. In such an event, the Trading Member must submit to SGX-ST a copy of the written agreement between the new qualifying Clearing Member and itself.

- 5.3.4 A Trading Member must ensure all contracts concluded on or reported to SGX-ST are submitted to its qualifying Clearing Member for clearing.

5.4 Acting as Principal to Customer

- 5.4.1 This Rule 5.4 shall not apply to a Remote Trading Member.

- 5.4.2 Subject to Rule 8.1.1, if a Trading Member or its Trading Representative wants to trade as principal (as defined under Regulation 47B of the SFR (Licensing and Conduct of Business)) with a customer who is not a holder of a Capital Markets Services Licence, the Trading Member (where the Trading Member is the one so trading) or the Trading Representative (where the Trading Representative is the one so trading) must inform the customer that the Trading Member or the Trading Representative is acting in the transaction as principal and not as agent.

- 5.4.3 Any contract note relating to the above transaction must show that the Trading Member or Trading Representative acted as principal.

5.4.4 This Rule 5.4 does not apply to trades that are matched on the Trading System without the Trading Member's or Trading Representative's knowledge.

5.5 Acting as Agent to Customer

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

- (a) carry out the customer's instructions;
- (b) exercise skill, care and diligence;
- (c) act in good faith;
- (d) act in the best interests of customers, and comply with any obligation for best execution as set out in applicable laws and regulations;
- (e) if asked, disclose all circumstances and risks that could reasonably be expected to affect a customer's decision;
- (f) if asked, inform the customer of the current best bid and offer prices on the Trading System;
- (g) disclose the commission and any benefit directly or indirectly receivable on the transaction;
- (h) not enter into a transaction that may conflict with a duty owed to the customer, unless the customer is informed of the conflict and consents to the transaction; and
- (i) not disclose a customer's order unless:
 - (i) the prior written consent of the customer for the disclosure of the information is obtained;
 - (ii) the disclosure is for the effective execution of the customer's order;
 - (iii) the disclosure is necessary for the risk management or operations of the Trading Member if these functions have been outsourced by the Trading Member; or
 - (iv) the disclosure is required or permitted under applicable law or under the Rules; and
- (j) ensure that the person to whom it discloses the customer's order under Rule 5.5.1(i)(ii) and 5.5.1(i)(iii) maintains confidentiality of such information.

5.6 Separation of Customer and Proprietary Trading Activities

- 5.6.1 A Trading Member must have procedures to effectively prevent any conflict of interest between its customer trading activities and proprietary trading activities.

5.7 Precedence of Customer Orders

- 5.7.1 Neither a Trading Member nor a Trading Representative shall deal in securities or futures contracts for its 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 5.7 does not apply if:

- (a) the Trading Member or the Trading Representative does not have access to customer's order flow information while executing for its own account or for the Prescribed Person's account;
- (b) the customer has prescribed that the order be executed under specified conditions and the Trading Member or Trading Representative is unable to execute the customer's order by reason of those conditions; or
- (c) the transaction is entered into in circumstances prescribed by SGX-ST.

Refer to Practice Note 5.7.

- 5.7.2 In this Rule 5.7:

- (a) "Prescribed Person" means:
 - (i) the Trading Representative's Trading Member;
 - (ii) a Director of the Trading Member;
 - (iii) an employee, Trading Representative or agent of the Trading Member;
 - (iv) a person, a group of persons, a Corporation or a group of Corporations, or family trusts, whom the Trading Member, or any Director, Officer, Trading Representative, employee or agent of the Trading Member is associated with or connected to.
- (b) "own account" means an account in which the Trading Member or the Trading Representative has a beneficial interest; and
- (c) a reference to a person associated with another person shall have the meaning set out in section 3 of the Securities and Futures Act.

Refer to Practice Note 5.7.

5.8 Arrangement with Customers

- 5.8.1 A Trading Member or its Trading Representative must not:

- (a) accept a share in the profits of a customer's account carried on the books of the Trading Member or have any arrangement with a customer to share in the profits of that account;
- (b) have any arrangement with a third party to allocate profits or losses to a customer's account carried on the books of the Trading Member; or
- (c) lead a customer to believe that the customer will not suffer loss as a result of opening an account or dealings.

5.9 Customer Margin Management for Trading Members

5.9.1 Where a Trading Member collects margins from a customer in connection with trades executed on SGX-ST, regardless of whether such margin is required to under the Rules, the following shall apply:

- (a) subject to Rule 10.9.5, nothing in the Rules prohibits the Trading Member from imposing margin requirements, haircut rates or discounts, payment periods for customers to deposit collateral, and valuations of positions and collateral, and from making calls for additional margins, as it sees fit; and
- (b) where a customer fails to meet a margin call, the Trading Member shall have the discretion to take such action as it may deem appropriate, without giving notice to the customer, to reduce its exposures to the customer. Such actions may include liquidating all or any part of the customer's collateral deposited with the Trading Member, or taking action to liquidate or offset all or any part of the customer's positions. SGX-ST may also order such Trading Member to immediately take such action to offset all or such part of the positions of the customer to rectify the deficiency.

5.10 Unauthorised Trading

5.10.1 A Trading Representative must not:

- (a) execute his personal trades in the account of a customer;
- (b) execute a customer's trades in his personal account; and
- (c) use a customer's account for the trades of any third party without the customer's prior written authorisation.

5.11 Excessive Trading

5.11.1 A Trading Member or a Trading Representative, when acting as agent, must not encourage transactions with the primary object of generating commission.

5.12 Prohibited Trading Conduct

5.12.1 A Trading Member or a Trading Representative must not engage in any course of conduct that is likely to create a false or misleading appearance:

- (a) of active trading in any security or futures contract; or
- (b) with respect to the market for, or the price of, any security or futures contract.

Refer to Practice Note 5.12.

5.12.2 SGX-ST's determination of whether a course of conduct is likely to create a false or misleading appearance will be made on an objective basis. The factors that SGX-ST will take into account when making that determination include but are not limited to the following:

- (a) whether the execution of the transaction is inconsistent with the recent trading activity in the security or futures contract, taking into account prevailing market conditions;
- (b) whether the execution of the transaction is likely to 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 or price;
- (c) whether the execution of the transaction involves the placing of multiple buy and sell orders at various prices higher or lower than the market price, or the placing of buy and sell orders that give the appearance of increased volume;
- (d) whether the execution of transaction is likely to coincide with or influence the calculation of reference prices, settlement prices and valuations;
- (e) whether parties involved in the transaction are connected or associated with each other;
- (f) whether the order or orders for the purchase (or sale) of a security or futures contract is or are entered with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price, for the sale (or purchase) of the security or futures contract has been or will be entered by or for the same or different parties (excluding Direct Business);
- (g) whether the execution of the transaction is likely to 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;
- (h) whether the bid (or offer) is higher (or lower) than the previous bid (or offer) but is withdrawn or amended to avoid execution;
- (i) whether the volume or size of the order or transaction is excessive relative to reasonable expectations of the depth and liquidity of the market at the time;
- (j) whether the buy (or sell) order is likely to trade with the entire best offer (or bid) volume and part of the offer (or bid) at the next price level;

- (k) whether the buy (or sell) order forms part of a series of orders that successively and consistently increase (or decrease) the price of the security or futures contract; and
- (l) whether there appears to be a legitimate commercial reason for the transaction.

Refer to Practice Note 5.12.

- 5.12.3 A Trading Member or a Trading Representative must not effect, take part in, be concerned in, or carry out, directly or indirectly, any transaction to purchase or sell a security or futures contract, being a transaction that does not involve any change in the beneficial ownership of the security or futures contract as defined in Section 197(5) of the Securities and Futures Act. It is a defence if the Trading Member or Trading Representative can show that the purpose or purposes for which it or he purchased or sold the security or futures contract was not, or did not include, the purposes of creating a false or misleading appearance with respect to the market for, or the price of, the security or futures contract.

Refer to Practice Note 5.12.3.

- 5.12.4 A Trading Member or a Trading Representative must not knowingly execute, or hold himself out as having executed, an order for the purchase or sale of futures contracts without having effected in good faith a purchase or sale of that futures contract in accordance with the order or with the business rules and practices of an organised market on which the derivatives contract is to be purchased or sold.
- 5.12.5 A Trading Member or a Trading Representative must not deal in a security or futures contract in a manner that will or may have the effect of raising, lowering, maintaining or stabilising the price of the security or futures contract or its underlying (where applicable), with intent to induce other persons to subscribe for, purchase or sell the security or futures contract. This Rule 5.12.5 does not apply to stabilising action carried out in accordance with Regulations 3A or 3B of the Securities and Futures (Market Conduct) (Exemptions) Regulations 2006.
- 5.12.6 A Trading Member or a Trading Representative must not disseminate information that is false or misleading if the Trading Member or Trading Representative:
- (a) knows or ought reasonably to have known that the information was false or misleading in a material particular; or
 - (b) does not care whether the information is true or false.
- 5.12.7 A Trading Member or a Trading Representative must not participate in any prohibited market conduct, including any insider trading, in securities or futures contracts under the Rules or any applicable law or regulations, or knowingly assist a person in such conduct.
- 5.12.8 A Trading Member or a Trading Representative must immediately inform SGX-ST if it or he reasonably suspects, or knows of, any attempted market manipulation, insider trading, or any other prohibited trading conduct.

- 5.12.9 A Trading Member must have in place processes to review orders and trades for the purpose of detecting suspicious trading behaviour.

Refer to Practice Note 5.12.9.

5.13 Record of Orders

- 5.13.1 A Trading Member or a Trading Representative must ensure that a daily record of orders received from customers is maintained. The record must show the identity of the Trading Representative, account identification of each customer, the specific order, date and the time the order was received, transmitted, amended and executed or cancelled. The record may be electronically stored.
- 5.13.2 A Trading Member must have adequate security measures in place to prevent unauthorised access to and/or tampering of the audit trail of orders entered into the Trading System.

5.14 Dealing Assistant

- 5.14.1 A Trading Member may appoint a dealing assistant to enter orders on the Trading System on instructions given by a Trading Representative or team of Trading Representatives. A Trading Member must ensure that a Trading Representative is supported by no more than one dealing assistant. A dealing assistant who supports a Trading Representative must be appointed by a Trading Member.
- 5.14.2 A Trading Member must ensure that a dealing assistant solely performs an order entry role, and does not perform any regulated activity. Without limiting the generality of the foregoing, a dealing assistant shall not be permitted to:
- (a) deal in securities or futures contracts, including but not limited to soliciting or inducing trades or otherwise deal in securities or futures contracts;
 - (b) exercise any discretion over the entry of orders;
 - (c) give investment advice or make recommendations to customers;
 - (d) accept instructions from customers;
 - (e) communicate with customers regarding settlement; or
 - (f) collect cash, cheques or share certificates on behalf of the Trading Member, designated Trading Representative(s) or customers.
- 5.14.3 A Trading Member must notify SGX-ST of the appointment of any dealing assistant and provide SGX-ST with the name and identity card or passport number of the dealing assistant appointed.
- 5.14.4 A Trading Member must inform SGX-ST in writing, and where practicable at least seven days in advance, if a dealing assistant ceases to act.

5.15 Responsibility for Orders

- 5.15.1 A Trading Member is responsible for the accuracy of all orders entered into the Trading System by its Trading Representatives and any dealing assistant.
- 5.15.2 A Trading Representative is responsible for the accuracy of orders entered into the Trading System by or on behalf of the Trading Representative.
- 5.15.3 Orders must be entered in accordance with any procedures SGX-ST prescribes.
- 5.15.4 A Trading Member must have in place controls to prevent unauthorised changes to order information entered into the Trading System, including Trading Representative identification numbers.

5.16 Identification and Password

- 5.16.1 Each Trading Representative must have a unique identification number of not more than three characters and a password to enter orders into the Trading System. A Trading Member and its Trading Representatives must maintain confidentiality of the Trading Representatives' identification numbers and passwords.
- 5.16.2 A Trading Member must submit, upon admission, a list of Trading Representative identification numbers and names to SGX-ST, and notify SGX-ST of any amendments to the list on an ongoing basis.

5.17 Miscellaneous

- 5.17.1 A Trading Member and a Trading Representative must not knowingly take advantage of a situation arising from:
 - (a) a breakdown or malfunction in any of SGX-ST's procedures or systems; or
 - (b) errors made by SGX-ST or CDP.

Chapter 6 – Designated Market-Makers

6.1 Registration Criteria

- 6.1.1 To be eligible for registration as a Designated Market-Maker, an applicant must be a Corporation that is deemed appropriate by SGX-ST.

6.2 Application Procedures

- 6.2.1 To become a Designated Market-Maker, an applicant must apply to SGX-ST in the form and manner SGX-ST prescribes.
- 6.2.2 SGX-ST may, in its absolute discretion, approve or reject an application to be a Designated Market-Maker, having due regard to, among other things, the appropriateness, financial condition and fitness and propriety of the applicant, its substantial shareholders, Chief Executive Officer and Directors.
- 6.2.3 Without derogating from Rule 6.2.2, the factors that SGX-ST may consider when approving an application to be a Designated Market-Maker include but are not limited to the following:
- (a) whether the applicant or its substantial shareholders, is in the course of being wound up, or a resolution to do so is passed by shareholders, or a court order is made, to wind it up, whether in or out of Singapore;
 - (b) whether execution against the applicant or its substantial shareholders, in respect of a judgment debt has been returned unsatisfied in whole or in part, whether in or out of Singapore;
 - (c) whether the applicant or its substantial shareholders, has entered into an arrangement or composition with its creditors that is still in operation, whether in or out of Singapore;
 - (d) whether a receiver, a receiver and manager, judicial manager or such other person having similar powers and duties, has been appointed, whether in or out of Singapore, in relation to any property of the applicant, or its substantial shareholders;
 - (e) whether SGX-ST is not satisfied with the financial standing of the applicant or its substantial shareholders;
 - (f) whether SGX-ST is not satisfied with the manner in which the applicant's business is to be conducted;
 - (g) whether the applicant, or any of its substantial shareholders, Chief Executive Officer or Directors is convicted of an offence involving fraud or dishonesty or is found by a court of law to have acted fraudulently or dishonestly, whether in or out of Singapore;
 - (h) whether the applicant, or any of its substantial shareholders, Chief Executive Officer or Directors has been convicted of an offence under the Securities and Futures Act or any

other relevant applicable laws and regulatory requirements relating to the regulation of markets and licenced entities;

- (i) whether the applicant, or any of its substantial shareholders, Chief Executive Officer or Directors is the subject of an investigation involving an allegation of fraud or dishonesty, whether in or out of Singapore;
- (j) whether SGX-ST is not satisfied with the applicant's record of past performance;
- (k) whether SGX-ST is not satisfied that the applicant, any of its Chief Executive Officer or Directors are able to satisfy such experience and competency requirements as SGX-ST may prescribe;
- (l) whether SGX-ST has reason to believe that the applicant or any of its Chief Executive Officer or Directors may not perform their functions efficiently, honestly and fairly;
- (m) whether SGX-ST has reason to believe that the applicant may not act in the best interests of its customers;
- (n) whether the applicant, unless exempted, does not have the requisite licence(s) with the Authority;
- (o) whether the applicant, if it does not hold a Capital Markets Services Licence, is not regulated in a jurisdiction with regulatory standards comparable to those contemplated under the Securities and Futures Act and these Rules;
- (p) whether the applicant's regulatory authority does not have an information sharing and co-operation arrangements with the Authority; and
- (q) whether in SGX-ST's opinion, it would be contrary to the interests of the public to register the applicant as a Designated Market-Maker.

6.2.4 SGX-ST may approve an application subject to such conditions or restrictions and for such period as SGX-ST may in its discretion deem appropriate including but not limited to restrictions on the applicant's scope of business and operations. SGX-ST shall inform the applicant of the imposition or withdrawal of any such conditions or restrictions in writing. A breach of any one of such conditions or restrictions shall constitute a breach of the Rules.

6.2.5 SGX-ST may, in its absolute discretion at any time by notice in writing, vary or lift any such conditions or restrictions, or impose such further conditions or restrictions as it may think fit.

6.3 Appeals

6.3.1 If SGX-ST rejects an application to be a Designated Market-Maker, the applicant may, within 14 days after it is notified of SGX-ST's decision, appeal in writing to the SGX RegCo Board whose decision will be final.

6.4 Register of Designated Market-Makers

- 6.4.1 An applicant approved by SGX-ST as a Designated Market-Maker will have its name entered in the Register of Designated Market-Makers. SGX-ST will notify all Designated Market-Makers and Trading Members of the effective date of the Designated Market-Maker's registration.

6.5 Proprietary Accounts

- 6.5.1 A Designated Market-Maker may make a market in Specified Instruments for one or more of the following:

- (a) its proprietary accounts; and
- (b) proprietary accounts of its related corporations or Associated Corporations.

6.6 Obligations of a Designated Market-Maker

6.6.1 Compliance with Rules

- (a) A Designated Market-Maker shall comply with the Rules at all times where relevant and continue to satisfy the registration criteria and any approval conditions or restrictions prescribed by SGX-ST.
- (b) SGX-ST may, in its absolute discretion at the request of a Designated Market-Maker, waive or vary any obligation of the Designated Market-Maker.

6.6.2 Bid and Offer Quotations

- (a) A Designated Market-Maker must provide on the Trading System competitive bid and offer quotations:
 - (i) on a continuous basis or in such other manner as SGX-ST prescribes to provide for an adequately liquid market with suitable disclosure to investors;
 - (ii) within the maximum spread; and
 - (iii) for not less than the minimum quantity that SGX-ST prescribes.
- (b) In the event a Designated Market-Maker ceases to provide bid and offer quotations (whether due to foreseen or unforeseen circumstances), it must, as soon as practicable,:
 - (i) notify SGX-ST of the cessation as well as the reasons for it; and
 - (ii) make a public announcement of the cessation.
- (c) Upon resumption, the Designated Market-Maker must similarly notify SGX-ST and make a public announcement as soon as practicable. At the appropriate juncture, the Designated Market-Maker must make a public announcement of the reasons for cessation of market-making.

6.6.3 Adequate Internal Control Systems

- (a) A Designated Market-Maker must establish and maintain adequate internal control systems to ensure smooth operation of its market-making activities.
- (b) A Designated Market-Maker shall pre-notify SGX-ST of any change to its internal control systems that may affect the carrying out of its obligations stipulated under this Chapter 6.
- (c) SGX-ST reserves the right to review current or impose additional requirements if it is not satisfied with the internal control systems of the Designated Market-Maker.
- (d) Where a Designated Market-Maker is also performing regulated activities, the Designated Market-Maker must establish adequate segregation between their market-making activities and regulated activities.

6.6.4 Execution of Trades

If a Designated Market-Maker is not a Trading Member, its trades in any Specified Instruments must be made through a Trading Member.

6.6.5 Market-making Representative

- (a) A Designated Market-Maker must appoint at least one person as its market-making representative to receive and execute orders on its behalf. The person must be registered with SGX-ST as a market-making representative.
- (b) A market-making representative shall comply with the Rules where relevant.

6.6.6 Auditors' Report

A Designated Market-Maker must provide an independent auditors' report to SGX-ST at SGX-ST's request. This is for SGX-ST to review the Designated Market-Maker's performance or suitability as a Designated Market-Maker. The report may relate to the Designated Market-Maker's financial standing, personnel or internal control procedures.

6.6.7 Payment

A Designated Market-Maker must pay all fees, levies and charges SGX-ST prescribes. SGX-ST may reduce or waive any fee, levy or charge.

6.6.8 Notification of Adverse Events

A Designated Market-Maker shall, save as otherwise provided in this Rule 6.6.8, immediately notify SGX-ST if:

- (a) it is unable, or is likely to be unable to satisfy any of the approval conditions or restrictions prescribed by SGX-ST;
- (b) it is unable, or is likely to be unable to satisfy any of its obligations as a Designated Market-Maker under the Rules;
- (c) it or its substantial shareholder, Chief Executive Officer, Director or market-making representative:
 - (i) breaches the Securities and Futures Act, or any other relevant applicable laws and regulatory requirements relating to the regulation of organised markets and licensed entities;
 - (ii) breaches the Rules;
 - (iii) breaches any relevant law or regulation that governs that person's other business activities;
 - (iv) breaches the rules of any other exchange;
 - (v) has been alleged or found to have breached director's duties under common law or applicable statute;
 - (vi) is the subject of a written complaint or investigation involving an allegation of fraud or dishonesty, is convicted of an offence involving fraud or dishonesty, or is found by a court of law to have acted fraudulently or dishonestly, whether in or out of Singapore;
 - (vii) is the subject of any disciplinary action involving suspension, termination, withholding of commissions, fines or any other significant limitation of activities;
 - (viii) is experiencing an emergency or potentially debilitating situation that threatens its operations (e.g. a cyber threat or terror attack);
 - (ix) engages in conduct that has the effect of circumventing the Securities and Futures Act, any other relevant applicable laws and regulatory requirements relating to the regulation of organised markets and licensed entities, or the Rules;
 - (x) has had its licence or relevant approval to conduct the relevant regulated activities suspended, revoked, or expired, or in the case where it is exempted from holding a licence or obtaining approval, the exemption is withdrawn or conditions or restrictions are imposed in respect of the relevant regulated activities;
 - (xi) engages in conduct that is inconsistent with the principles of good business practice;

- (xii) engages in conduct detrimental to the financial integrity, reputation or interests of SGX-ST, or organised markets established or operated by SGX-ST;
- (xiii) is insolvent or wound-up, or has had an insolvency or winding-up application presented, or an order made by a court of competent jurisdiction, or any step is taken or a resolution passed, for its winding-up, dissolution, judicial management or administration; or
- (xiv) has had any attachment, distress, execution or legal process instituted against its assets, or has had any liquidator, receiver or any similar person appointed (or an application has been made for the appointment of such person) in respect of any of its assets.

Notwithstanding this Rule 6.6.8, in the case of an emergency or potentially debilitating situation under Rule 6.6.8(c)(viii), the Designated Market-Maker may inform SGX-ST as soon as practicable, but in any case no later than one hour, after its discovery of the situation. SGX-ST may require a Designated Market-Maker to inform SGX-ST in respect of any other matters and in such form as SGX-ST determines.

6.7 Suspension or Restriction of Trades in Specified Instruments

- 6.7.1 SGX-ST may suspend, restrict or halt trading in any or all Specified Instruments in accordance with the Rules.
- 6.7.2 Except with SGX-ST's approval, a Designated Market-Maker must not make a market in a Specified Instrument that is suspended or subject to a trading halt. SGX-ST may specify conditions under which the Designated Market-Maker is permitted to do so.
- 6.7.3 If SGX-ST imposes restrictions on trades in any Specified Instruments, a Designated Market-Maker must not make a market in Specified Instruments that will breach the restrictions.

6.8 Suspension and Restriction of Activities

- 6.8.1 SGX-ST may suspend or restrict the activities of a Designated Market-Maker for such period as SGX-ST specifies if:
 - (a) the Designated Market-Maker fails to continue to satisfy the registration criteria or any approval condition or restriction prescribed by SGX-ST;
 - (b) the Designated Market-Maker fails to comply with any Rule applicable to Designated Market-Makers, the Securities and Futures Act, or any applicable law;
 - (c) the Designated Market-Maker fails to comply with the Rules in its capacity as a Trading Member (if applicable);
 - (d) the Designated Market-Maker is suspended in its capacity as a Trading Member or its trading access is ceased (if applicable);

- (e) the Designated Market-Maker defaults on any trade in a Specified Instrument or any other securities or futures contracts;
- (f) the Designated Market-Maker, in SGX-ST's opinion, is in financial or operating difficulty, or is unable to perform its obligations as Designated Market-Maker;
- (g) the Designated Market-Maker, in SGX-ST's opinion, engages in conduct detrimental to the financial integrity, reputation or interests of SGX-ST, or organised markets established or operated by SGX-ST;
- (h) the Designated Market-Maker is suspected of or found to be manipulating or distorting the market for a Specified Instrument or attempting to do so;
- (i) the Designated Market-Maker is the subject of a written complaint or investigation involving an allegation of fraud or dishonesty or market misconduct, or is convicted of an offence involving fraud or dishonesty or market misconduct, or is found by a court of law to have acted fraudulently or dishonestly or engaged in market misconduct, whether in or out of Singapore; or
- (j) it is necessary or desirable in the interests of maintaining a fair and orderly market or for ensuring a safe and efficient clearing facility, or for ensuring the integrity of the market or for proper management of systemic risk, or for investor protection, or it is directed by any authority.

6.9 Revocation of Registration

6.9.1 SGX-ST may revoke the registration of a Designated Market-Maker with immediate effect:

- (a) in the circumstances under Rule 6.8.1; or
- (b) if the Designated Market-Maker is expelled as a Trading Member as a result of disciplinary proceedings.

6.10 Notification of Action and Appeal

6.10.1 If SGX-ST intends to take action against a Designated Market-Maker or a market-making representative under Rule 6.8 or Rule 6.9, it will inform the Designated Market-Maker or market-making representative in writing. Such action will be effective on the date specified in the written notice.

6.10.2 If SGX-ST revokes the registration of a Designated Market-Maker under Rule 6.9, the Designated Market-Maker may, within 14 days after it is notified of SGX-ST's decision, appeal in writing to the SGX RegCo Board whose decision will be final.

6.11 Resignation

6.11.1 Procedures

- (a) A Designated Market-Maker who intends to resign from making a market for a Specified Instrument must give at least 30 days' written notice to SGX-ST, stating the proposed date of resignation. SGX-ST may vary or waive the notice period. SGX-ST will notify all Designated Market-Makers and Trading Members of the effective date of resignation.
- (b) A Designated Market-Maker must continue to comply with any Rule applicable to Designated Market-Makers as may be imposed by SGX-ST until the effective date of resignation.

6.11.2 Acceptance of Resignation by SGX-ST

- (a) SGX-ST shall have the absolute discretion to accept the resignation, postpone the effective date of the resignation and/or without prejudice to the courses of action available to SGX-ST, take such measures as it may determine appropriate before or after the resignation takes effect. Notwithstanding the foregoing, SGX-ST may in its absolute discretion refuse to accept the resignation of a Designated Market-Maker if it is:
 - (i) conducting an investigation under the Rules, investigating a complaint, or has initiated disciplinary proceedings against the Designated Market-Maker; or
 - (ii) not satisfied that the Designated Market-Maker has fulfilled or is able to fulfil all its obligations to SGX-ST.
- (b) If SGX-ST accepts a Designated Market-Maker's resignation, the Designated Market-Maker's name will be deleted from the register of Designated Market-Makers upon the effective date of resignation.

6.12 **Obligations of a Former Designated Market-Maker**

- 6.12.1 A former Designated Market-Maker remains liable to SGX-ST and its customers (if applicable) for any liabilities incurred under or in connection with the Rules during the period of its registration in respect of a Specified Instrument. The former Designated Market-Maker also remains subject to disciplinary action for any breach of the Rules committed during the period of its registration.
- 6.12.2 The following Rules shall continue to apply to a former Designated Market-Maker – Rule 1.9 (Limitation of Liability), Rule 1.10 (Indemnity), Rule 1.11 (Provision of Information), Rule 1.12.2 (Disclosure of Information by SGX-ST), Chapter 12 (Supervision and Enforcement), this Rule 6.12, and any other Rules that contemplate and are capable of operation after the cessation or de-registration of a Designated Market-Maker, whether pursuant to this Rule 6.12 or otherwise.

Chapter 7 – Listing and Quotation

7.1 The Official List

- 7.1.1 The official list of SGX-ST consists of companies admitted to (and not removed) from the SGX Mainboard and the SGX Catalist.
- 7.1.2 SGX-ST may impose, or require Trading Members and Trading Representatives to impose, conditions or restrictions prescribed in the Rules or the SGX-ST Listing Manual, on the trading of securities or futures 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 futures contracts;
 - (b) moratoria on the trading of particular classes of securities or futures 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.

7.2 Non-Listed Securities Traded on SGX-ST

- 7.2.1 A Non-Listed Security may be quoted for trading on SGX-ST on such conditions as SGX-ST prescribes.
- 7.2.2 All trades in Non-Listed Securities are subject to the Rules.
- 7.2.3 A Non-Listed Security is quoted in the currency SGX-ST prescribes.
- 7.2.4 SGX-ST may, at its absolute discretion, approve, refuse, suspend or withdraw the quotation of a Non-Listed Security.
- 7.2.5 Without limiting Rule 7.2.4, if a Non-Listed Security is declared a Designated Instrument (or equivalent) or is declared to be cornered (or equivalent) in the foreign exchange on which it is listed, SGX-ST will suspend it (on such terms as SGX-ST deems necessary) as soon as SGX-ST is aware of the declaration.
- 7.2.6 A contract note for a trade in a Non-Listed Security must state that the issuing entity:
- (a) is not listed on SGX-ST, and
 - (b) is not subject to SGX-ST's listing requirements.
- 7.2.7 The settlement of trades in Non-Listed Securities is subject to the Rules in Chapter 9.

7.3 Futures Contracts Traded on SGX-ST

- 7.3.1 SGX-ST may list futures contracts for trading on the Trading System.

Chapter 8 – Trading

8.1 Trading

- 8.1.1 A security or futures contract listed or quoted on SGX-ST must be traded and matched through the Trading System or as otherwise allowed under this Chapter.
- 8.1.2 By entering an order into the Trading System, each Trading Member shall be deemed to have consented to the disclosure of its identity in any trade confirmation message generated by the Trading System to the relevant counterparty Trading Member, and to the provision of such information to any of SGX-ST's related corporations or to any other party for the purposes of facilitating the orderly clearing and settlement of any matched trade.

8.2 Trading Hours, Market Phases and Rules for Trading Matching

- 8.2.1 The trading hours, market phases, application of the market phases, and principles and rules for trade matching, are as published by SGX-ST. SGX-ST may vary the trading hours, market phases, application of the market phases, and principles and rules for trade matching.

Refer to Regulatory Notice 8.2.1.

8.3 Closing Price of Prescribed Instrument

- 8.3.1 A “Prescribed Instrument” refers to such security or futures contract or class of securities or futures contracts that SGX-ST may prescribe under this Rule.

Refer to Regulatory Notice 8.3.

- 8.3.2 The closing price of a Prescribed Instrument shall be calculated in accordance with the formula and procedure determined by SGX-ST. In determining such formula and procedure, SGX-ST may take into account factors, including but not limited to:
- (a) the last traded price;
 - (b) prevailing bids and offers during the trading phase and/or closing routine; and
 - (c) price data derived from pricing models selected or established by SGX-ST.
- 8.3.3 Notwithstanding Rule 8.3.2, SGX-ST may amend the closing price of any Prescribed Instrument at any time as it deems necessary.

8.4 Contingency order withdrawal

- 8.4.1 Upon a Trading Member's request, SGX-ST may assist the Trading Member with the withdrawal of an order if the Trading Member is unable to do so without SGX-ST's assistance, provided that the circumstances, conditions and operational procedures as prescribed by SGX-ST are complied with.

Refer to Regulatory Notice 8.4.

8.5 Orders

8.5.1 Save for the unit share and buying-in market, the minimum order size is one board lot. The number of shares or units in a board lot is as determined by SGX-ST. Orders may be in multiples of a board lot or as otherwise determined by SGX-ST.

8.5.2 SGX-ST may prescribe the minimum bid size of each product.

Refer to Regulatory Notice 8.5.2.

8.5.3 Save as otherwise prescribed by SGX-ST, each order entered into the Trading System must specify the unique Position Account code, the Trading Account code and the price (where relevant) and quantity of the security or futures contract. The Trading Member shall ensure that each order entered into the Trading System is capable of being identified and traced to the relevant customer.

8.6 Trading Basis of Securities

8.6.1 Unless otherwise indicated, trading of securities is on a "cum" basis. A "cum" basis means that where the Issuer has declared an entitlement issue with respect to the security, such security is sold (and bought) with a right to that entitlement.

8.6.2 All securities that are designated by CDP as eligible for clearance will be traded on an "ex" basis for two Market Days before and up to the books closure date for an entitlement.

8.6.3 A buyer or seller of securities on an "ex" or "cum" basis, respectively, has no right to that entitlement.

8.6.4 A buyer or seller of securities on a "cum" or "ex" basis, respectively, who has not received that entitlement, may claim the entitlement from the seller or buyer respectively.

8.7 Marking of Sell Orders

8.7.1 Each sell order for Specified Capital Markets Products shall be marked to indicate to SGX-ST whether it is a Short Sell Order or a normal sell order. The quantity, volume or value of the Specified Capital Markets Product in which a person intends to make or is making a Short Sell Order shall also be indicated.

8.7.2 A Trading Member and its Trading Representative shall not enter a sell order in the Trading System if a customer has not indicated whether the sell order is a Short Sell Order or a normal sell order and/or has not provided the information relating to the quantity, volume or value of the Specified Capital Markets Product in which the customer intends to make or is making a Short Sell Order.

8.7.3 In this Rule:

- (a) A “Specified Capital Markets Product” means any securities or futures contract that is listed or to be listed on SGX-ST that is, or that belongs to a class of capital markets products (as defined in the Securities and Futures Act) that is, prescribed by regulations made under section 137ZM of the Securities and Futures Act.
 - (b) A “Short Sell Order” means any order to sell any Specified Capital Markets Product where the person who makes the order does not, at the time of the order, have an interest in the Specified Capital Markets Product as specified under section 137ZH of the Securities and Futures Act, and “short sell” shall be construed accordingly.
- 8.7.4 The requirement to mark sell orders as set out in this Rule shall include Direct Business reported through the married trade reporting system of the Trading System pursuant to Rule 8.10.
- 8.7.5 A Trading Member shall ensure that the necessary procedures and systems are implemented to facilitate compliance with the obligations set out in this Rule.
- 8.7.6 SGX-ST may, at its discretion, exempt any specific Specified Capital Markets Product from the requirement to mark sell orders as set out in this Rule.
- 8.7.7 SGX-ST may, at its discretion, waive the requirement to mark sell orders for specific classes of market participants.
- 8.7.8 A Trading Member and its Trading Representatives shall not be required to comply with this Rule in respect of sell orders from the market participants for whom SGX-ST has waived the requirement to mark sell orders for or in such Specified Capital Markets Products as exempted by SGX-ST.

Refer to Regulatory Notice 8.7 and 8.9.

8.8 Publication of Report of Short Sell Orders

- 8.8.1 SGX-ST shall report before the start of each Market Day the aggregate volume of Short Sell Orders matched and executed for the preceding Market Day and in respect of each Specified Capital Markets Product for which marking is required.
- 8.8.2 SGX-ST may subsequently report corrections to such aggregate volume of Short Sell Orders matched and executed that have been reported pursuant to Rule 8.8.1.

8.9 Reporting of Erroneously Marked Sell Orders

- 8.9.1 A Trading Member may submit a report of erroneously marked sell orders through such facility that is provided by SGX-ST.
- 8.9.2 A Trading Member shall ensure that the report:
 - (a) adheres to the requirements for submission established by SGX-ST; and
 - (b) is complete and accurate.

Refer to Regulatory Notice 8.7 and 8.9.

8.10 Direct Business

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

- (a) at least:
 - (i) 50,000 units of securities or futures contracts, or in the case of Marginable Futures Contracts, 50,000 units of the underlying; or
 - (ii) S\$150,000 in terms of contract value;
- (b) a book-out trade from an error account to remedy an error; or
- (c) to complete a customer's order that was partially filled in the market, provided the original order met the minimum size in Rule 8.10.1(a) above.

8.10.2 Direct Business may be transacted between:

- (a) two Trading Members;
- (b) two customers of a Trading Member; or
- (c) a Trading Member and its customer.

8.10.3 SGX-ST may vary the minimum size or value of trades under Rule 8.10.1.

8.10.4 Direct Business must be reported through the married trade reporting system of the Trading System. The price, quantity, counterparty and other details as required under Rule 8.7.1 must be reported.

8.10.5 Direct Business must be reported within 10 minutes of execution save that Direct Business executed after market close must be reported in the first 20 minutes of the Opening Routine on the following Market Day.

8.10.6 SGX-ST may suspend Direct Business on any or all securities or futures contracts. SGX-ST may specify conditions under which Direct Business is permitted for securities or futures contracts.

8.11 Designated Instruments

8.11.1 SGX-ST may declare publicly a security or futures contract to be a "Designated Instrument" if, in its opinion, there has been manipulation of the security or futures contract (or its underlying), excessive speculation in the security or futures 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 8.11.1.

8.11.2 SGX-ST may impose any conditions it thinks fit on dealing or trading in a Designated Instrument. A condition applies from the date of declaration to all contracts of the Designated Instrument entered into on or after the date of declaration, or as indicated by SGX-ST. The conditions may include, but are not limited to, the following:

- (a) a requirement that Trading Members obtain margins from each customer in respect of the customer's dealing or trading in the Designated Instrument;
- (b) a restriction on dealing or trading in a Designated Instrument by a Trading Member if its outstanding contracts exceed 5% of the total issued shares or units of the relevant Issuer whose shares or units are designated or underlies the Designated Instrument, or any other percentage or benchmark that SGX-ST prescribes; or
- (c) a prohibition on any sale unless the seller holds the Designated Instrument, or in the case of a Designated Instrument that is a futures contract, the underlying. A seller holds a security, futures contract, or underlying if, at the time of sale, he has the security, futures contract or underlying in an account maintained with CDP, or delivers the share certificates and executed transfer forms to the Trading Member.

8.11.3 A Trading Member must give SGX-ST particulars of all its dealings or trades in Designated Instruments and of the customers involved upon SGX-ST's request. The Trading Member must do so by the next business day after the request is made.

8.11.4 SGX-ST may rescind or vary a declaration made under Rule 8.11.1 at any time. Any rescission or variation by SGX-ST will be made public.

8.12 Corner

8.12.1 SGX-ST may declare a corner in a listed or quoted security if, in its opinion, a single interest or a group has acquired or is likely to acquire sufficient control over the supply of the security such that the security may only be obtained for delivery at prices, or on terms, dictated by the single interest or group, or it is otherwise desirable in the interests of organised markets established or operated by SGX-ST.

8.12.2 SGX-ST may impose any conditions it thinks fit on dealing in a cornered security or in a futures contract on a cornered security. For avoidance of doubt, the conditions may include, but not limited to the following:

- (a) from time to time extending (or further extending) the due date for delivery; or
- (b) declaring that contracts will be cash settled (not delivered). SGX-ST may direct the terms of the cash settlement or apply the following terms (in whole or in part) as it thinks fit:
 - (i) in the case of a seller who contracted to sell for less than the fair settlement price, the seller must pay the buyer the difference between the fair settlement price and the contract price;

- (ii) in the case of a seller who contracted to sell for more than the fair settlement price, the buyer must pay the seller the difference between the contract price and the fair settlement price;
- (iii) in the case of a buyer who contracted to buy for less than the fair settlement price, the seller must pay the buyer the difference between the fair settlement price and the contract price; and
- (iv) in the case of a buyer who contracted to buy for more than the fair settlement price, the buyer must pay the seller the difference between the contract price and the fair settlement price.

8.12.3 If SGX-ST imposes a condition that contracts are to be cash settled, it must establish a Settlement Committee to advise on the fair settlement price.

8.12.4 A Settlement Committee must comprise no less than five persons, including at least:

- (a) two members of the Board;
- (b) one public accountant; and
- (c) one advocate and solicitor.

The quorum of the Settlement Committee is all members when the meeting proceeds to business, but the Settlement Committee may complete the business with any three members present.

8.12.5 A Settlement Committee may include such other persons as SGX-ST thinks fit.

8.12.6 A Settlement Committee may hear evidence as it thinks proper and relevant to the discharge of its functions.

8.12.7 A Settlement Committee must report its findings to SGX-ST. The findings are advisory only and it is for the SGX-ST to decide on the fair settlement price at its discretion having considered the Settlement Committee's recommendation on the fair settlement price. SGX-ST may refer a matter to the Settlement Committee for further consideration, before deciding on the fair settlement price.

8.12.8 The fair settlement price determined by SGX-ST is final and binding on all parties to any outstanding trades in the cornered security or in a futures contract on the cornered security.

8.13 Suspension and Restriction of Trading

8.13.1 SGX-ST may suspend or restrict trading in any or all listed or quoted securities or futures contracts. It may do so for one or more markets, one or more trading sessions or any part of a trading session, and in any of the following circumstances:

- (a) 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;

- (b) SGX-ST releases an announcement in relation to an Issuer which, in SGX-ST's opinion, is market sensitive;
- (c) an Issuer requests, and SGX-ST agrees to, the suspension;
- (d) access to the Trading System is generally restricted;
- (e) where Rule 8.14 applies;
- (f) any of the circumstances in Rule 1303 of the SGX-ST Listing Manual apply;
- (g) functions of SGX-ST are, or are threatened to be, severely and adversely affected by an emergency such as fire, terrorist activities, power failures, communication or transportation breakdowns, or computer malfunctions; or
- (h) in SGX-ST's opinion, it is in the public's interest.

Refer to Practice Note 8.13 and 8.15.

8.13.2 SGX-ST may restrict trading by such means as it considers appropriate, including placing the market into an Adjust Phase.

8.13.3 A suspension or a trading restriction may be lifted by SGX-ST at any time.

8.13.4 Securities or futures contracts that have been suspended from trading shall not be traded on the Trading System for the period of suspension. Except with SGX-ST's approval, a Trading Member must not execute any transactions in a security or futures contract that has been suspended.

Refer to Practice Note 8.13.4 and 8.15.7.

8.13.5 Unmatched orders in a security or futures contract in the Trading System may lapse in the event of a suspension of that security or futures contract, as determined by SGX-ST.

Refer to Practice Note 8.13 and 8.15.

8.13.6 Where SGX-ST has suspended or restricted trading in all listed or quoted securities or futures contracts in one or more markets, SGX-ST may extend a trading session for the market when trading recommences.

8.13.7 Securities or futures contracts subject to suspension will be placed in an Adjust Phase for a minimum of 15 minutes before trading recommences.

Refer to Practice Note 8.13 and 8.15.

8.14 Circuit Breakers and Cooling-Off Periods

- 8.14.1 SGX-ST may prescribe, for certain securities or futures contracts, Circuit Breakers which are designed to temporarily restrict trading in these securities or futures contracts.

Refer to Regulatory Notice 8.14.1.

- 8.14.2 SGX-ST shall impose a Cooling-Off Period on such securities or futures contracts referred to in Rule 8.14.1 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.

- 8.14.3 Where the Cooling-Off Period is activated pursuant to Rule 8.14.2, the following will apply:

- (a) the incoming order will not be matched with the existing order in the Trading System at a price outside the Circuit Breaker; and
- (b) such quantity of the incoming order that is not filled at the commencement of the Cooling-Off Period will be rejected by the Trading System.

8.15 Trading Halts

- 8.15.1 A trading halt may be imposed by SGX-ST at the request of an Issuer.

Refer to Practice Note 8.13 and 8.15.

- 8.15.2 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 8.14.2.

Refer to Practice Note 8.13 and 8.15.

- 8.15.3 A trading halt may be lifted by SGX-ST at any time.

- 8.15.4 A trading halt may be changed to a suspension by SGX-ST at any time.

- 8.15.5 A trading halt is for a minimum duration of 30 minutes or such period SGX-ST prescribes and may be imposed for up to three Market Days or such other extension as SGX-ST agrees.

- 8.15.6 A trading halt operates in the same way as an Adjust Phase.

- 8.15.7 Securities or futures contracts that are subject to a trading halt shall not be traded on the Trading System for the period of the trading halt. Except with SGX-ST's approval, a Trading Member must not execute any transactions in a security or futures contract that is subject to a trading halt.

Refer to Practice Note 8.13.4 and 8.15.7.

8.16 Emergency Powers

- 8.16.1 Where SGX-ST deems it necessary or desirable for ensuring a fair and orderly market or for ensuring a safe and efficient clearing facility, or for ensuring the integrity of the market or for

proper management of systemic risk in the market, SGX-ST may, in relation to one or more Trading Members:

- (a) require that a portion of the positions in respect of Marginable Futures Contracts carried in any account(s) on the books of such Trading Member be transferred to the books of one or more Trading Members;
- (b) require such Trading Member to liquidate any of the positions carried in any account(s) on its books;
- (c) modify any term in any Contract Specifications, which may include bringing forward the Last Trading Day, or modifying the settlement obligations as set out in Chapter 9;
- (d) require such Trading Member to close any accounts;
- (e) impose such additional capital requirements on such Trading Member as SGX-ST deems necessary or desirable;
- (f) impose such limits and/or conditions to control the trading activities of such Trading Member as SGX-ST deems necessary or desirable; and
- (g) take such action or require the Trading Member to take such action as SGX-ST deems necessary or desirable.

8.16.2 SGX-ST shall, as soon as practicable, notify the Authority of any action taken pursuant to Rule 8.16.1.

8.16.3 Nothing in this rule shall limit the authority of SGX-ST, SGX RegCo or any other committee to act in an emergency situation in accordance with the Rules.

Chapter 9 – Settlement

9.1 Mode of Settlement for Trades Cleared by CDP

- 9.1.1 Unless otherwise specified by SGX-ST, delivery of securities for settlement of trades in securities or deliverable futures contracts that are designated by CDP as eligible for clearing is by book entry at CDP.
- 9.1.2 Delivery of physical certificates is not accepted for settlement of trades in securities or deliverable futures contract that are designated by CDP as eligible for clearing.
- 9.1.3 A Securities Account must be maintained with CDP by or for customers who trade in securities or deliverable futures contracts that are designated by CDP as eligible for clearing and by or for each Trading Member who trades in such securities or futures contracts for their own account. The Securities Account may be maintained directly with CDP or through a depository agent.
- 9.1.4 Unless otherwise agreed between a customer and a Trading Member, trades are settled in the currency of quotation at the exchange rate determined by the Trading Member.

9.2 Settlement Basis and Eligibility for Clearing by CDP

- 9.2.1 Unless otherwise stated by SGX-ST and subject to Rule 9.2.2, the Intended Settlement Day and eligibility for clearing of a trade that is executed on the Trading System or reported to SGX-ST is as indicated below:

Market in or for which trade is executed	Intended delivery and settlement day	Eligibility of trade for clearing
Ready market (for securities other than wholesale corporate bonds)	T+2	Eligible for clearing by CDP
Market for Marginable Futures Contracts	LTD+2	Eligible for clearing by CDP
Market for wholesale corporate bonds	T+2	Not eligible for clearing by CDP
Unit share market (for securities other than wholesale corporate bonds)	T+2	Eligible for clearing by CDP
Buying-in market	T+1	Eligible for clearing by CDP

Where T is the date in which the trade is executed and LTD is the Last Trading Day.

- 9.2.2 SGX-ST may change the trading period and settlement date.
- 9.2.3 If the day indicated in Rule 9.2.1 is a holiday for the foreign currency in which a trade is to be settled, the Intended Settlement Day for that trade will be the next common banking day on which CDP is open for business.

In this Rule, “common banking day” means a day on which (a) Singapore banks and (b) the relevant bank transfer clearing system designated by CDP for the foreign currency are both open for settlement.

9.3 Mode of Settlement for Trades Not Cleared by CDP

- 9.3.1 Trades that have not been designated by CDP as eligible for clearing will be settled as agreed between the parties.

9.4 Relationship Between Trading Member and Selling Customer

- 9.4.1 A selling customer must look only to its Trading Member, who executes the trade, in relation to all obligations in connection with that trade, including payment of sale proceeds.
- 9.4.2 Unless a customer has in place arrangements to settle trades with its Trading Member on a delivery-versus-payment basis through the CDP Settlement Facility, the Trading Member must make payment of the sale proceeds to the selling customer on the banking day after the day that CDP makes payment to the Trading Member, save that the Trading Member may withhold payment until the selling customer has made delivery.

In this Rule, “banking day” means a day on which the bank(s) used by the Trading Member for payment to its customer is(are) open for settlement.

- 9.4.3 If a selling customer fails to make securities available on Intended Settlement Day and buying-in is conducted under the Clearing Rules in respect of those securities, the selling customer shall be liable to the Trading Member for any costs or losses incurred by the Trading Member in relation to the buying-in.

9.5 Relationship Between Trading Member and Clearing Member

- 9.5.1 This Rule 9.5 applies only to trades that are cleared with CDP.
- 9.5.2 A selling Trading Member must look only to its Clearing Member who qualifies it in relation to all obligations in connection with trades that the selling Trading Member executes, including payment of all sale proceeds.
- 9.5.3 A buying Trading Member must look only to its Clearing Member who qualifies it in relation to all obligations in connection with trades that the buying Trading Member executes, including delivery of securities or in the case of a deliverable futures contract, the relevant underlying.
- 9.5.4 If a selling Trading Member fails to make securities available on Intended Settlement Day and buying-in is conducted under the Clearing Rules in respect of those securities, the selling Trading Member shall be liable to the Clearing Member for any costs incurred by the Clearing Member in relation to the buying-in.
- 9.5.5 A buying Trading Member must pay its Clearing Member for its trade as follows:

- (a) In the case of a buying Trading Member who has in place arrangements to settle trades with its Clearing Member on a delivery-versus-payment basis through the CDP Settlement Facility, the buying Trading Member must:
 - (i) submit delivery-versus-payment settlement instructions to CDP in time to make payment for the trade on Intended Settlement Day; and
 - (ii) make payment for the trade when required by CDP under the CDP Settlement Rules.
- (b) In the case of any other buying Trading Member, the buying Trading Member must pay the Clearing Member for its trade on Intended Settlement Day, regardless of whether securities have been delivered.

9.6 Relationship Between Trading Member and Buying Customer

- 9.6.1 A buying customer must look only to its 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 deliverable futures contracts, the relevant underlying. A buying customer must pay its Trading Member who executes the trade.
- 9.6.2 A Trading Member shall, if informed by CDP or its Clearing Member that a right to receive securities pursuant to an Exchange Trade is to be replaced with a right to receive a monetary sum ("Cash Settlement Amount") pursuant to the Clearing Rules, immediately inform the relevant buying customer.
- 9.6.3 Unless a buying customer has in place arrangements to settle trades with its Trading Member on a delivery-versus-payment basis through the CDP Settlement Facility, the Trading Member must:
 - (a) deliver securities to the buying customer on the same day that the securities are delivered by CDP; and
 - (b) make payment, of any Cash Settlement Amount, corporate action entitlements or compensation for corporate settlement entitlements pursuant to the Clearing Rules, to the buying customer, on the banking day after the day that CDP makes payment to the Trading Member, save that the Trading Member may withhold delivery of securities or the payment of any Cash Settlement Amount, corporate action entitlements or compensation for corporate action entitlements until payment by the buying customer has been cleared and the proceeds received by the Trading Member.

In this Rule, "banking day" means a day on which the bank(s) used by the Trading Member for payment to its customer is(are) open for settlement.

- 9.6.4 A buying customer must pay its Trading Member for its trade as follows:
 - (a) In the case of a buying customer who has in place arrangements to settle trades with its Trading Member on a delivery-versus-payment basis through the CDP Settlement Facility, the buying customer must:

- (i) submit delivery-versus-payment settlement instructions to CDP in time to make payment for the trade on Intended Settlement Day; and
 - (ii) make payment for the trade when required by CDP under the CDP Settlement Rules.
- (b) In the case of any other buying customer, the buying customer must pay the Trading Member for its trade on Intended Settlement Day, regardless of whether securities have been delivered.

Refer to Practice Note 9.6.4(b).

- 9.6.5 Subject to Rule 9.6.6, if a buying customer fails to meet any of the timelines in Rule 9.6.4, the Trading Member shall force-sell the securities of the buying customer on the following Market Day.
- 9.6.6 If the Trading Member reasonably expects full payment from the buying customer, the Trading Member may defer force-sale for up to two Market Days.
- 9.6.7 Rule 9.6.5 does not apply if the Trading Member has allowed the buying customer to effect a corresponding sale position after the purchase but not later than the Intended Settlement Day of the purchase contract.
- 9.6.8 A Trading Member exercising its discretion under Rules 9.6.6 and 9.6.7 must not engage in imprudent credit practices.
- 9.6.9 The following rules apply to all force-sales by a Trading Member:
 - (a) The Trading Member has discretion as to the price, and volume put up for sale, at any time;
 - (b) A Trading Member need not give notice of the force-sale to the buying customer;
 - (c) A Trading Member is not liable to the buying customer for any loss or damage arising out of the exercise of its discretion; and
 - (d) A Trading Member may recover the losses and expenses incurred in the force-sale from the buying customer.

Chapter 10 – Requirements on Specific Securities and Futures Contracts

Marginable Futures Contracts

10.1 Application

- 10.1.1 The Rules shall, save as otherwise specified, apply to the listing and trading of Marginable Futures Contracts on SGX-ST.

10.2 Listing of Marginable Futures Contracts

- 10.2.1 SGX-ST may list any Marginable Futures Contracts for trading.

10.3 Contract Specifications

- 10.3.1 The Contract Specifications shall set out the commercial and technical terms of Marginable Futures Contracts. In the event of a conflict between the Rules and the Contract Specifications, the Rules shall prevail.
- 10.3.2 SGX-ST may modify the Contract Specifications in response to market developments. In the event of such modification, SGX-ST shall provide all Trading Members with no less than two weeks' prior notice before any modification to Contract Specifications takes effect.

10.4 Adjustments Due to Corporate Actions

- 10.4.1 In the event where the underlying security of a Marginable Futures Contract undergoes a corporate action or such other event that SGX-ST considers relevant, SGX-ST may prescribe the quantity of underlying security to be delivered, contract price, Last Trading Day, underlying securities to be delivered and such other terms covered under the relevant Marginable Futures Contract Specifications, where necessary.
- 10.4.2 As far as practicable, SGX-ST will give prior notice of such adjustments and the effective date.
- 10.4.3 Any adjustment determined in accordance with this Rule 10.4 is final and binding on all parties.

10.5 Selection, Removal and Restrictions on Trading of Marginable Futures Contracts

10.5.1 Nomination of securities

SGX-ST may, from time to time, nominate an underlying security for Marginable Futures Contracts. If SGX-ST decides, for any reason, that a security should no longer be an underlying security for Marginable Futures Contracts, SGX-ST shall:

- (a) not list any new Marginable Futures Contract covering that underlying security;
- (b) have the discretion to prohibit Trading Members from opening, or allowing their customers to open, any new position in Marginable Futures Contracts covering that underlying security; and

- (c) have the discretion to direct Trading Members to take action to offset, or require their customers to offset, any existing positions in Marginable Futures Contracts covering that underlying security.

10.5.2 Removal from Quotation and Restriction of Trading before Last Trading Day

Subject to giving prior notification, SGX-ST may remove any Marginable Futures Contract from quotation before the Last Trading Day if all positions in such Marginable Futures Contract have been offset. If there are positions in such Marginable Futures Contract that are not offset, SGX-ST may require that such positions be cash settled immediately according to the terms as determined by SGX-ST, or restrict trading only to enable those positions to be offset or to the extent that SGX-ST deems such trading to be appropriate in the interests of maintaining a fair and orderly market in such Marginable Futures Contract or in the underlying securities, or otherwise deems advisable in the public interest or for the protection of investors.

10.6 Trading Halt or Suspension of Trading

10.6.1 SGX-ST may halt or suspend trading of any Marginable Futures Contracts if:

- (a) trading in the underlying securities has been halted or suspended; or
- (b) SGX-ST deems it appropriate in the interests of maintaining a fair and orderly market in the Marginable Futures Contracts or in the underlying securities, or advisable in the public interest or for the protection of investors.

10.6.2 Rights to exercise not affected by trading halt or suspension

Unless otherwise decided by SGX-ST, the trading halt or suspension in trading of Marginable Futures Contracts shall not affect the obligations of buyers and sellers of Marginable Futures Contracts during the period of trading halt or suspension.

10.6.3 Resumption of Trading

SGX-ST may resume the trading of Marginable Futures Contracts that have been the subject of a trading halt or suspension if SGX-ST determines that:

- (a) the conditions that led to the trading halt or suspension are no longer present; or
- (b) resumption of trading will promote the maintenance of a fair and orderly market.

10.7 Management of Positions

10.7.1 SGX-ST may impose monitoring thresholds on any account or any single customer. Such monitoring thresholds may include any one or a combination of the following:

- (a) maximum number of lots of long positions that have not been offset, in gross or net, in any Marginable Futures Contract; and

- (b) maximum number of lots of short positions that have not been offset, in gross or net, in any Marginable Futures Contract.

For the purpose of this Rule 10.7, “single customer” shall have the meaning ascribed to it in Rule 3.7.6.

- 10.7.2 A Trading Member must immediately notify SGX-ST of the details of any account carried on its books that exceeds the monitoring thresholds on positions that have not been offset.
- 10.7.3 SGX-ST shall, in the interest of maintaining a fair, orderly and transparent market, monitor the total number of positions that have not been offset, of all accounts opened with all Trading Members in any Marginable Futures Contract on either side (long or short), or both sides of the market, and where appropriate, take action under Rule 10.7.4.
- 10.7.4 To reduce a Trading Member's risk exposure in trading and dealing in any Marginable Futures Contracts, or for the purpose of maintaining a fair, orderly and transparent market, SGX-ST shall have the right to impose on the Trading Member such measures as it deems necessary or desirable. The Trading Member must comply with all measures that are imposed by SGX-ST. These may include:
 - (a) additional margin requirements; and
 - (b) offsetting existing positions.
- 10.7.5 In determining the monitoring thresholds prescribed under Rules 10.7.1 and 10.7.2, and the risk management measures prescribed under Rule 10.7.4, SGX-ST may consider the following factors:
 - (a) matters relating to any position, including the number of issued shares, free float, liquidity or volatility of the underlying;
 - (b) the financial position of the Trading Member;
 - (c) the Trading Member's credit exposure to a single customer; and
 - (d) any such other factors that SGX-ST deems necessary to maintain a fair, orderly and transparent market.
- 10.7.6 In computing positions that have not been offset for the purpose of Rule 10.7, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of any person or persons acting in concert and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be accumulated and deemed to be the positions of each of such persons as if each owned or controlled all the aggregate positions individually.

10.8 Internal Controls

- 10.8.1 A Trading Member must establish and maintain adequate internal control systems to:

- (a) set credit limits or position limits;
- (b) monitor positions to manage market and credit risks, and comply with notification requirements on monitoring thresholds as prescribed by SGX-ST;
- (c) compute and collect margins, including conducting daily valuation of customers' positions and collateral;
- (d) monitor margin calls;
- (e) manage customers' accounts that are in margin deficit;
- (f) manage customers' accounts that may fail to meet settlement obligations;
- (g) define and manage sources of liquidity to ensure that there are sufficient liquidity facilities to meet increased settlement obligations;
- (h) limit the impact of significant market movements through the use of tools such as cash flow projections, stress testing or credit limits; and
- (i) meet such other requirements as SGX-ST may prescribe from time to time.

10.9 Margin Requirements

10.9.1 For the purpose of this Rule 10.9:

Term	Meaning
"Customer Asset Value"	refers to monies and the market value of assets in a customer's account subject to such haircut as specified by SGX-ST.
"Initial Margins"	refers to the minimum amount required to be deposited by customers, as prescribed by CDP, with a Trading Member for positions in Marginable Futures Contracts. This minimum amount is distinct from and in addition to Variation Margins.
"Maintenance Margins"	refers to that component of Required Margins, as determined by CDP, that must be maintained in a customer's account subsequent to the deposit of Initial Margins for that customer's positions in Marginable Futures Contracts.
"Required Margins"	refers to the sum of Maintenance Margins and Variation Margins.
"Valuation Price"	means the official price of Marginable Futures Contracts prescribed by SGX-ST for the purpose of determining Variation Margins.
"Variation Margins"	refers to that component of Required Margins comprising the mark-to-market gains and losses, in relation to the price at which the Marginable Futures Contract was bought or sold, arising from the daily valuation of positions, except that Variation Margins are not required if the Trading Member permits a customer to realise a gain or loss pursuant to executing a trade to offset an existing position.

A net loss increases the Variation Margins and Required Margins amount, and a net profit decreases the Variation Margins and Required Margins amount.

In calculating the mark-to-market losses or gains, a Trading Member must use the Valuation Price as determined by SGX-ST.

- 10.9.2 (a) A Trading Member must procure Initial Margins from its customers and must require the customers to meet the Required Margins for the purpose of meeting margin requirements of Marginable Futures Contracts within two Market Days from the trade date (T+2). Initial Margins and Required Margins must be met in the form of collateral as prescribed by SGX-ST from time to time. Such collateral must be in the form of cash, government securities, selected common stocks, bank certificates of deposit, gold bars, gold certificates or such other instruments as SGX-ST may permit from time to time. Valuation of such collateral must be in accordance with the haircut rates prescribed by SGX-ST.
- (b) Except for a Remote Trading Member, a Trading Member shall not accept as collateral, currency and financial instruments denominated in currencies that are subject to exchange controls such that they are illegal tender outside the currency's home country, or are restricted by any form of capital controls for the purpose of meeting margin requirements of Marginable Futures Contracts.
- 10.9.3 If the Customer Asset Value falls below the Required Margins, the Trading Member must call for additional margins from the customer to bring the Customer Asset Value balance to no less than the sum of Initial Margins and Variation Margins within two Market Days from the date the Customer Asset Value falls below the Required Margins.
- 10.9.4 Except for trades that reduce a customer's Required Margins, a Trading Member must not allow a customer to incur any new trade unless:
- (a) the minimum Initial Margins for the new trade are deposited or the Trading Member has reason to believe that the minimum Initial Margins will be deposited within two Market Days from the trade date (T+2); and
- (b) the Customer Asset Value complies with the Required Margins, or the Trading Member has reason to believe that the additional margins to be deposited pursuant to Rule 10.9.3 will be deposited within two Market Days from the trade date (T+2).
- 10.9.5 Trading Members must not set margin requirements that are less stringent than those prescribed by SGX-ST.
- 10.9.6 Rule 5.9.1 shall apply in respect of margins for Marginable Futures Contracts that the Trading Member may call from the customer.
- 10.9.7 Mark to market gains of a customer may be utilised by the Trading Member to meet Initial Margins for the same customer.

10.9.8 A Trading Member may allow a customer to withdraw Excess Margins provided such withdrawal will not cause the Customer Asset Value to be less than zero. "Excess Margins" refers to the amount of Customer Asset Value that is in excess of the sum of the Initial Margins and Variation Margins.

10.9.9 A Trading Member must comply with such requirements on the computation and monitoring of a customer's margins as SGX-ST may prescribe.

10.9.10 Under-Margined Accounts

- (a) A Trading Member must immediately notify SGX-ST when the Customer Asset Value in any account does not meet the sum of Initial Margins and Variation Margins by an amount that exceeds the Trading Member's aggregate resources or such other thresholds as may be determined by SGX-ST, except that no notification is required for the Trading Member's own Stock Account.
- (b) SGX-ST may require the Trading Member to submit to SGX-ST information pertaining to any matter in such form and within such time as may be stipulated by SGX-ST.

10.9.11 Customer to Comply with Margin Requirements

A Trading Member must require a customer to comply with the margin requirements prescribed under Rule 10.9, even if the customer has entered into an arrangement to meet his delivery obligations in connection with Marginable Futures Contracts.

10.9.12 Prohibition on Margin Financing

A Trading Member must not under any circumstances enter into a financing arrangement with a customer in respect of that customer's margins requirements that would allow the customer to trade without meeting the margin requirements prescribed under Rule 10.9.

10.10 Capital Requirement for Marginable Futures Contracts

10.10.1 For the purpose of calculating counterparty risk requirements under the RBC Notice:

- (a) "margin deficiency" referred to in the RBC Notice is the amount required for the Customer Asset Value to meet the Variation Margin and Maintenance Margin, and in the case where Customer Asset Value is not sufficient to meet Variation Margin, the margin deficiency is the amount of Maintenance Margin; and
- (b) "negative equity" referred to in the RBC Notice is the amount required for the Customer Asset Value to meet the Variation Margin.

10.10.2 A Trading Member shall compute Total Risk Requirement for Marginable Futures Contracts in the same manner as prescribed in the RBC Notice.

10.11 Prohibited Trading Practices

10.11.1 Overtrading

The following provisions apply in relation to overtrading:

- (a) A Trading Member and its Trading Representatives must not execute any trade beyond any limits imposed by SGX-ST, CDP or the Authority. A Trading Member must ensure that its Trading Representatives and its customers do not trade beyond such limits. A Trading Member or its Trading Representative shall be guilty of overtrading if the respective Trading Member or its Trading Representative enters into any trade or trades beyond any limits imposed from time to time by SGX-ST, CDP or the Authority.
- (b) If a Trading Member or Trading Representative is charged with violating this Rule 10.11.1, SGX-ST may at its discretion suspend that Trading Member or Trading Representative from trading until such time as the Disciplinary Committee or the Appeals Committee has completed the hearing in respect of such charge against such Trading Member or Trading Representative.
- (c) Each trade entered into beyond any limits imposed by SGX-ST, CDP or the Authority shall be deemed to be a distinct and separate violation of this Rule and shall be punishable as such. If a Trading Member or Trading Representative is charged by SGX-ST for overtrading, it is not necessary for SGX-ST to show that the Trading Member or Trading Representative intended to overtrade. The act of overtrading is sufficient to constitute an offence under this Rule.

10.12 Settlement of Marginable Futures Contracts

10.12.1 Chapter 9 shall apply to the delivery and settlement of Marginable Futures Contracts.

10.12.2 A Trading Member may allow the use of cash collateral deposited by a buying customer for the settlement of the contract value.

American Depositary Receipts

10.13 Additional Obligations in respect of American Depositary Receipts

10.13.1 A Trading Member must disclose the risks pertaining to trading in American Depositary Receipts quoted on GlobalQuote in media that the Trading Member may produce in relation to American Depositary Receipts for its customers. These media include, but are not limited to:

- (a) investor education programs in relation to American Depositary Receipts organised by the Trading Member;
- (b) websites in relation to American Depositary Receipts created or maintained by the Trading Member; and
- (c) marketing materials in relation to American Depositary Receipts produced by the Trading Member.

10.13.2 To facilitate Trading Members' compliance with this Rule 10.13, SGX-ST will provide Trading Members with a list of risk factors pertaining to trading in American Depositary Receipts.

Chapter 11 – Cancellation of Contracts and Error Trades

11.1 Cancellation of Contracts

11.1.1 A contract made on SGX-ST can only be cancelled in accordance with this Rule 11. A contract will not be cancelled merely because of the occurrence of one or more of the following circumstances:

- (a) delivery fails;
- (b) payment is not made on delivery; or
- (c) the share registrar refuses to register a transfer.

11.1.2 SGX-ST may cancel a contract in any of the following circumstances:

- (a) if the contract arises from an Error Trade (as defined in Rule 11.2.1) and:
 - (i) the Trading Members to the contract agree to the cancellation; or
 - (ii) SGX-ST is satisfied that the contract should be cancelled;
- (b) if there is prima facie evidence of fraud or wilful misrepresentation in relation to the contract; or
- (c) in SGX-ST's opinion, it is desirable to cancel the contract to protect the financial integrity, reputation or interests of the markets established or operated by SGX-ST.

11.1.3 SGX-ST may impose any conditions it thinks appropriate for or in relation to the cancellation of a contract.

11.1.4 SGX-ST may reprimand or impose a fine not exceeding S\$2,000 on a Trading Representative and/or the Trading Member who caused a contract to be cancelled under Rule 11.1.2.

11.1.5 An action under this Rule is in addition to other actions which SGX-ST is entitled to take against the Trading Representative or Trading Member.

11.2 Error Trades

11.2.1 An "Error Trade" refers to a trade that is executed on the Trading System and that results from:

- (a) an erroneous entry in relation to the price and/or the volume of an order; and/or
- (b) an erroneous entry in relation to the name of the securities or futures contracts.

11.3 Procedures for Cancellation

11.3.1 When an Error Trade occurs:

- (a) the Trading Member that caused the Error Trade must:
 - (i) inform SGX-ST of the Error Trade by telephone within 30 minutes from the time the Error Trade took place; and
 - (ii) without delay contact the counterparty Trading Member and seek its agreement to cancel the Error Trade; and
- (b) both Trading Members must take all necessary steps to minimise any likely market impact caused by the Error Trade.

11.3.2 In the event that the Trading Members mutually agree to cancel an Error Trade:

- (a) the Trading Member that caused the Error Trade must inform SGX-ST of the agreement without delay; and
- (b) both Trading Members must submit the necessary trade cancellation request forms to SGX-ST.

11.3.3 In the event that the Trading Members cannot mutually agree to cancel an Error Trade, the Trading Member that caused the Error Trade may, provided that the procedures in Rule 11.3.1 have been complied with, request SGX-ST to review the Error Trade. Save as provided in Rules 11.3.6 and 11.4.1, SGX-ST will not review an Error Trade if the procedures in Rule 11.3.1 have not been complied with.

11.3.4 In making the request to SGX-ST to review an Error Trade, the following procedures shall apply:

- (a) the matter must be referred to SGX-ST within 60 minutes from the time the Error Trade occurred or before 18:00 hours on the day that the Error Trade occurred, whichever is earlier; and
- (b) the Trading Member that caused the Error Trade must notify the counterparty Trading Member that it has referred the matter to SGX-ST.

11.3.5 The requesting Trading Member must pay a trade review fee of S\$1,000 for each referral accepted for review by SGX-ST, regardless of the outcome of the review.

11.3.6 SGX-ST may in its discretion allow an extension of the timelines set out in Rules 11.3.1 and 11.3.4, taking into account:

- (a) the total number of Error Trades referred to SGX-ST;
- (b) the complexity of the circumstances surrounding the Error Trade; or
- (c) any other relevant factors.

Refer to Practice Note 11.3.

11.4 Error Trade Cancellations

11.4.1 Notwithstanding Rules 11.3 and 11.5, SGX-ST reserves the right to review an Error Trade if SGX-ST deems it necessary for the proper maintenance of a fair and orderly market.

11.4.2 SGX-ST may consider any relevant information, including but not limited to the following when deciding whether to cancel an Error Trade:

- (a) the difference between the price at which the trade was done and the preceding traded price of the security or futures contract;
- (b) the market liquidity in the security or futures contract at the time the trade occurred;
- (c) where the trade involves a futures contract, the trading behaviour of the underlying;
- (d) the monetary loss involved if the trade is or is not cancelled;

Refer to Regulatory Notice 11.4.2 (d).

- (e) the difference between the time the erroneous order was entered and the time it was matched;
- (f) the number of counterparty customers involved;
- (g) whether the Force Key was used or any other error prevention alert was triggered when the erroneous order was entered into the Trading System;

Refer to Regulatory Notice 11.4.2 (g).

- (h) the impact on the settlement process;
- (i) in the case of bonds, the rating, interest rate, coupon rate, maturity date and yield curve; and
- (j) the reason(s) given for the error.

11.4.3 The following procedures shall apply when SGX-ST is satisfied that an Error Trade has occurred:

- (a) inform the market of the Error Trade;
- (b) inform the market of the outcome of SGX-ST's review in relation to the Error Trade (i.e. whether the Error Trade remains valid or has been cancelled); and
- (c) notify both Trading Members of the outcome of SGX-ST's decision under Rule 11.4.1 in writing.

11.4.4 SGX-ST will not consider any request to review its decision following the notification under Rule 11.4.3(b).

11.5 No-Cancellation Range

11.5.1 A no-cancellation range will be applied to all securities and futures contracts, excluding bonds, as set out in this Rule 11.5.

11.5.2 Subject to Rule 11.4.1, SGX-ST will not review an Error Trade referred to it by a Trading Member if the Error Trade falls at or within the upper and lower limits of the applicable no-cancellation range.

11.5.3 Notwithstanding Rule 11.5.1, SGX-ST reserves the right to apply or remove a no-cancellation range.

11.5.4 For structured warrants:

- (a) The no-cancellation range will be the wider of the following:
 - (i) a lower limit of 20 minimum bid sizes less than the Reference Price, and an upper limit of 20 minimum bid sizes higher than the Reference Price; or
 - (ii) a lower limit of 75% of the Reference Price, and an upper limit of 125% of the Reference Price.
- (b) The Reference Price of the no-cancellation range for structured warrants will be determined as follows:
 - (i) the average of the last quoted bid price and the last quoted offer price for the structured warrant immediately preceding the Error Trade; or
 - (ii) the average of the market prices as quoted by at least three 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 that is under review.
- (c) 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.

11.5.5 For all other securities or futures contracts, excluding bonds:

- (a) The no-cancellation range will be determined as the wider of the following:
 - (i) a lower limit of 20 minimum bid sizes less than the Reference Price, and an upper limit of 20 minimum bid sizes higher than the Reference Price; or
 - (ii) a lower limit of 95% of the Reference Price, and an upper limit of 105% of the Reference Price.

- (b) Subject to Rule 11.5.5(c), the Reference Price of the no-cancellation range for the security or futures contract will be the price of the last good trade.
- (c) SGX-ST may, in its discretion, use an alternative price as the Reference Price for the no-cancellation range if:
 - (i) the price of the last good trade is not available; or
 - (ii) SGX-ST deems the price of the last good trade to be unreliable or inappropriate as a Reference Price.

Refer to Practice Note 11.5.5(c).

- (d) 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.

Chapter 12 – Supervision and Enforcement

12.1 Investigations by SGX-ST

12.1.1 SGX-ST may conduct an investigation if:

- (a) the investigation involves a possible breach of the Securities and Futures Act, any other relevant applicable laws and regulatory requirements relating to the regulation of organised markets and licensed entities, or the Rules;
- (b) SGX-ST receives a written complaint involving any Registered Person and/or its Director, Officer, employee or agent;
- (c) there is a dispute between Trading Members on a trading matter;
- (d) in SGX-ST's opinion, the circumstances warrant; or
- (e) the Authority directs.

12.1.2 SGX-ST may impose any requirement on any Registered Person that it deems necessary to preserve the integrity of the investigation.

12.1.3 SGX-ST may appoint any person or persons to assist in its investigation (the "Exchange Examiner(s)").

12.1.4 SGX-ST may delegate all or any of its powers under Rule 12.1 to the Exchange Examiner. The Exchange Examiner must report the results of the investigation to SGX-ST.

12.1.5 SGX-ST may refer any investigations to another relevant investigating authority if SGX-ST is of the opinion that the circumstances warrant the referral.

12.1.6 A Registered Person shall, and shall ensure that its Directors, Officers, employees or agents (if any), promptly:

- (a) render all assistance as SGX-ST and/or the Exchange Examiner requires, at SGX-ST's premises or elsewhere; and
- (b) provide SGX-ST and/or the Exchange Examiner with, and give SGX-ST and/or the Exchange Examiner access to such information, books and records that SGX-ST and/or the Exchange Examiner may request that, in SGX-ST's and/or the Exchange Examiner's opinion, may be relevant to the investigation.

12.1.7 A Registered Person must not and shall ensure that its Directors, Officers, employees or agents (if any) do not:

- (a) wilfully furnish or permit the furnishing of any false or misleading information, statement or report to SGX-ST or the Exchange Examiner; or

- (b) wilfully make or permit the making of any false or misleading statement to SGX-ST or the Exchange Examiner or wilfully omit or permit the omission of any entry or information in any report or statement to SGX-ST or the Exchange Examiner.

12.2 Inspections by SGX-ST

12.2.1 SGX-ST may conduct an inspection on a Registered Person at any time. SGX-ST may appoint any person or persons to conduct the inspection (the "Exchange Inspector(s)").

12.2.2 SGX-ST may delegate all or any of its powers under Rule 12.2 to the Exchange Inspector. The Exchange Inspector must report the results of the inspection to SGX-ST.

12.2.3 A Registered Person shall, and shall ensure that its Directors, Officers, employees or agents (if any), promptly:

- (a) render all assistance as SGX-ST and/or the Exchange Inspector requires, at SGX-ST's premises or elsewhere; and
- (b) provide SGX-ST and/or the Exchange Inspector with, and give SGX-ST and/or the Exchange Inspector access to such information, books and records that SGX-ST and/or the Exchange Inspector may request that, in SGX-ST's and/or the Exchange Inspector's opinion, may be relevant to the inspection.

12.2.4 A Registered Person must not, and shall ensure that its Directors, Officers, employees or agents (if any) do not:

- (a) wilfully furnish or permit the furnishing of any false or misleading information, statement or report to SGX-ST or the Exchange Inspector; or
- (b) wilfully make or permit the making of any false or misleading statement to SGX-ST or the Exchange Inspector or wilfully omit or permit the omission of any entry or information in any report or statement to SGX-ST or the Exchange Inspector.

12.2.5 SGX-ST will give a copy of the inspection report to the Registered Person.

12.2.6 SGX-ST may charge a fee for the inspection which is payable by the Registered Person.

12.3 Disciplinary Action

12.3.1 Without prejudice to any other powers that SGX-ST may have under the Rules, SGX-ST may take any of the following forms of disciplinary action, namely:

- (a) to charge the Registered Person before the Disciplinary Committee if SGX-ST is of the opinion that the Registered Person has committed any of the acts for which it may be charged before the Disciplinary Committee as set out in Rule 12.5.1;

- (b) to make an offer of composition to the Registered Person if SGX-ST is of the opinion that there has been a violation of the Rules and if the Rule violation is indicated in the third column of Schedule A as a compoundable Rule violation; or
- (c) to issue a letter of warning to the Registered Person.

12.4 Composition by SGX-ST for Rule Violation

- 12.4.1 SGX-ST may make an offer of composition to a Registered Person if SGX-ST is of the opinion that there has been a violation of the Rules and the Rule violation is indicated in the third column of Schedule A as a compoundable Rule violation. The terms of the offer of composition include payment of a specified sum to SGX-ST and may include the fulfilment of any accompanying terms that SGX-ST may prescribe.
- 12.4.2 Upon payment of the specified sum and fulfilment of the accompanying terms within the stipulated time, no further proceedings shall be taken against that Registered Person for that Rule violation.
- 12.4.3 Acceptance of the offer of composition by the Registered Person amounts to an admission of liability and the Registered Person will be deemed to have committed the conduct described in the offer of composition.
- 12.4.4 SGX-ST retains the discretion to offer composition to a Registered Person of an amount that is lower or higher than the guidelines that are indicated in Schedule A, except that the amount of composition that SGX-ST may offer shall not exceed S\$10,000 for each Rule violation.
- 12.4.5 Notwithstanding that a Rule violation is indicated as being compoundable under Schedule A, SGX-ST retains the discretion not to make an offer of composition to the Registered Person and instead, to charge the said Registered Person before the Disciplinary Committee.
- 12.4.6 If SGX-ST has made an offer of composition, it will not commence disciplinary proceedings against a Registered Person until after the stipulated period for the offer lapses.
- 12.4.7 If the Registered Person does not accept the offer of composition or comply with the terms of the composition within the stipulated time as prescribed by SGX-ST, SGX-ST may charge the Registered Person before the Disciplinary Committee.
- 12.4.8 For the purposes of determining whether a Rule violation is classified as a first, second, third or subsequent offence under Schedule A, only previous violations under the same Rule will be taken into consideration.

12.5 Disciplinary Committee

- 12.5.1 SGX-ST may initiate disciplinary proceedings and charge a Registered Person before the Disciplinary Committee if SGX-ST is of the opinion that the Registered Person has committed, or has caused its Trading Member to commit (where applicable), any of the following:
 - (a) subject to Rules 12.4.2 and 12.4.6, breached the Rules;

- (b) in the case of a Trading Member, a Chief Executive Officer or a Trading Representative:
 - (i) breached the Securities and Futures Act, any relevant laws, regulations or requirements of the Relevant Regulatory Authority, or any other relevant laws and regulatory requirements relating to the regulation of organised markets and licensed entities;
 - (ii) breached any relevant laws or regulations that govern the Registered Person's other business activities;
 - (iii) breached the rules of any other exchange;
 - (iv) engaged in fraud or dishonesty, whether in or out of Singapore;
 - (v) breached any directors' duties;
 - (vi) engaged in conduct that has the effect of circumventing the Rules, the Securities and Futures Act, any laws, regulations or requirements of the Relevant Regulatory Authority, or any other relevant laws and regulatory requirements relating to the regulation of organised markets and licensed entities;
 - (vii) engaged in conduct that is inconsistent with just and equitable principles of trading; or
 - (viii) engaged in conduct that is detrimental to the financial integrity, reputation or interests of SGX-ST, or organised markets established or operated by SGX-ST.

12.5.2 The Disciplinary Committee shall comprise persons appointed by the SGX RegCo Board and shall not have a member who is, or who within three years of the proposed appointment date was, a Director, Officer or employee of:

- (a) SGX; or
- (b) a related corporation of SGX.

12.5.3 The SGX RegCo Board shall appoint the chairman and the deputy chairman of the Disciplinary Committee. In the absence of the chairman, the deputy chairman will have all the powers of the chairman.

12.5.4 The Disciplinary Committee shall, as a tribunal of first instance, hear and determine charges brought by SGX-ST against a Registered Person pursuant to Rule 12.5.1. The Disciplinary Committee may exercise its powers against a Registered Person if it is satisfied, on a balance of probabilities, that the Registered Person has committed any of the matters set out in Rule 12.5.1.

12.5.5 Procedures may be issued in relation to Disciplinary Committee proceedings. The procedures are binding on all the parties to the proceedings and may be varied by the Disciplinary Committee as

provided in the procedures or the Rules. Where any matter is not dealt with by the procedures or the Rules, the Disciplinary Committee may establish its own procedures.

Refer to the [Disciplinary Committee and Appeals Committee Handbook].

12.5.6 The Disciplinary Committee may hear and determine charges against a Registered Person even if the Registered Person is no longer a Registered Person at the time of the Disciplinary Committee hearing, so long as the Registered Person was a Registered Person at the time of the alleged contravention.

12.5.7 The Disciplinary Committee may impose one or more of the following sanctions:

- (a) expelling a Registered Person. The Disciplinary Committee may order a Registered Person to be expelled notwithstanding that he has resigned;
- (b) suspending a Registered Person;
- (c) imposing a fine not exceeding S\$250,000 per charge on a Registered Person, or in the case of multiple charges, not exceeding S\$1,000,000 per hearing;
- (d) reprimanding (publicly or privately) a Registered Person;
- (e) requiring that a Registered Person undertake an education or compliance programme;
- (f) imposing any restrictions or conditions on activities that a Registered Person undertakes;
- (g) requiring a Registered Person to pay reimbursement or compensation;
- (h) ordering payment of fines by instalments, which shall not exceed 12 months from the date of imposition of the fine, unless otherwise permitted by the Disciplinary Committee;
- (i) requiring that any Director or Officer step down from day-to-day conduct of the business affairs of a Trading Member;
- (j) confirming, changing or discharging the appointment of a Manager under Rule 2.22.4(c).

12.5.8 Where a mandatory minimum penalty has been stipulated for a particular Rule violation in the thirteenth column of Schedule A, the Disciplinary Committee:

- (a) shall impose a penalty not lower than such minimum amount; and
- (b) may choose to impose, in addition to the penalty in Rule 12.5.8(a), any one or more of the sanctions set out in Rule 12.5.7.

12.5.9 A failure to comply with any sanction imposed by the Disciplinary Committee constitutes a breach of the Rules.

12.5.10 The Disciplinary Committee may order a stay of the penalty imposed, pending an appeal to the Appeals Committee.

12.5.11 The Disciplinary Committee shall provide its written grounds of decision, which shall include any sanctions imposed against the Registered Person, within a reasonable period after the conclusion of the hearing.

12.5.12 The Disciplinary Committee shall cause its written grounds of decision to be published, unless the sanction imposed involves the issuance of a private reprimand. Where a private reprimand is issued by the Disciplinary Committee, the Disciplinary Committee shall determine whether the written grounds of decision are to be published and if so, whether the written grounds of decision are to be published in part or in whole.

12.5.13 Each Registered Person irrevocably consents to the publication of the Disciplinary Committee's written grounds of decision pursuant to Rule 12.5.12. The consent will remain valid and effective notwithstanding that the Registered Person ceases to be a Registered Person. A Registered Person cannot initiate any action or proceeding against SGX-ST or the Disciplinary Committee for such publication.

12.6 Appeals Committee

12.6.1 The Appeals Committee shall comprise persons appointed by the SGX RegCo Board and approved by the Authority provided that:

- (a) the Appeals Committee shall not have a member who is, or who within three years of the proposed appointment date was, a Director, Officer or employee of:
 - (i) SGX; or
 - (ii) a related corporation of SGX.
- (b) a majority of the Appeals Committee shall not be Directors, Officers or employees of any member of SGX or SGX's subsidiaries; and
- (c) a majority of the Appeals Committee shall not be substantial shareholders of SGX or Directors, Officers or employees of any substantial shareholder of SGX.

12.6.2 The SGX RegCo Board shall appoint the chairman and the deputy chairman of the Appeals Committee. In the absence of the chairman, the deputy chairman will have all the powers of the chairman.

12.6.3 The Appeals Committee shall:

- (a) hear and decide appeals arising from decisions of the Disciplinary Committee; and
- (b) hear and determine appeals brought by a Trading Member, Chief Executive Officer or Trading Representative pursuant to Rule 2.24.3.

12.6.4 The Appeals Committee will determine the appeal by way of rehearing. It will only rehear that part of the decision of the Disciplinary Committee or SGX-ST that is appealed against.

12.6.5 Procedures may be issued in relation to Appeals Committee proceedings. The procedures are binding on all the parties to the proceedings and may be varied by the Appeals Committee as provided in the procedures or the Rules. Where any matter is not dealt with by the procedures or the Rules, the Appeals Committee may establish its own procedures.

Refer to the [Disciplinary Committee and Appeals Committee Handbook].

12.6.6 The Appeals Committee may hear and determine appeals concerning a Registered Person even if the Registered Person is no longer a Registered Person at the time of the Appeals Committee hearing, so long as the Registered Person was a Registered Person at the time of the alleged contravention.

12.6.7 The Appeals Committee may take any of the following actions:

- (a) dismiss the appeal;
- (b) uphold, reverse or vary the decision of the Disciplinary Committee;
- (c) uphold, reverse or vary specific findings of the Disciplinary Committee;
- (d) direct that SGX-ST take a specific course of action;
- (e) vary the sanctions imposed by the Disciplinary Committee; or
- (f) issue any other order that it deems appropriate.

12.6.8 In imposing sanctions, the Appeals Committee shall have all the powers of the Disciplinary Committee under Rule 12.5.7.

12.6.9 A Registered Person may apply to the Appeals Committee for, and the Appeals Committee may grant, an extension of the relevant timelines to comply with the sanctions imposed by the Appeals Committee.

12.6.10 A failure to comply with any sanction imposed by the Appeals Committee constitutes a breach of the Rules.

12.6.11 The Appeals Committee shall provide written grounds of its decision, which shall include any sanctions imposed against the Registered Person, within a reasonable period after the conclusion of the hearing.

12.6.12 The Appeals Committee shall cause its written grounds of decision to be published, unless the sanction imposed involves the issuance of a private reprimand. Where a private reprimand is issued by the Appeals Committee, the Appeals Committee shall determine whether the written grounds of decision are to be published, and if so, whether the written grounds of decision is to be published in part or in whole.

12.6.13 Each Registered Person irrevocably consents to the publication of the Appeals Committee's written grounds of decision pursuant to Rule 12.6.12. The consent will remain valid and effective notwithstanding that the Registered Person ceases to be a Registered Person. A Registered Person cannot initiate any action or proceeding against SGX-ST or the Appeals Committee for such publication.

12.6.14 A decision of the Appeals Committee shall be final and binding on the parties to the appeal.

12.7 Fine

12.7.1 A fine must be paid within 14 days from the date of notice, or such longer time as the chairman of the Disciplinary Committee or the Appeals Committee (as applicable), or his nominee, permits.

12.7.2 If a fine remains unpaid seven days after the deadline, the Trading Member's access to organised markets established or operated by SGX-ST, or the registration of the Chief Executive Officer, the Trading Representative, the Designated Market-Maker or the market-making representative, is suspended (as relevant). The suspension shall end upon full payment of the fine.

12.7.3 Where a fine has been imposed against a Registered Person and the Registered Person does not make payment within the specified period, the outstanding sum shall be a debt payable to SGX-ST. SGX-ST may commence legal action to recover that debt, subject to any subsequent payments made by the Registered Person. SGX-ST shall be entitled to claim reasonable interest, a month after the payment is due, based on the sum outstanding.

12.8 Payment of Costs

12.8.1 The Disciplinary Committee or Appeals Committee may require the Registered Person charged to pay all or part of the costs of the investigation, inspection or hearing.

12.8.2 The Disciplinary Committee or Appeals Committee may order the costs awarded to be paid within 14 days, or such longer time as the chairman of the Disciplinary Committee or the Appeals Committee (as applicable), or his nominee, permits.

12.8.3 Where an order for costs of the proceedings has been imposed against a Registered Person and the Registered Person does not make payment within the specified period, the outstanding sum shall be a debt payable to SGX-ST. SGX-ST may commence legal action to recover that debt, subject to any subsequent payments made by the Registered Person. SGX-ST shall be entitled to claim reasonable interest, a month after the payment is due, based on the sum outstanding.

12.9 Confidentiality

12.9.1 The parties to Disciplinary Committee proceedings or Appeals Committee proceedings, their representatives, their advisors and their legal counsel shall at all times treat all matters and documents relating to the proceedings as confidential except:

- (a) where all parties to the proceedings have given written consent;
- (b) where a party is directed by a competent authority such as the Authority or the police;

- (c) where a party is directed by a court of competent jurisdiction in Singapore;
- (d) where a party is permitted or directed by the Disciplinary Committee or Appeals Committee; or
- (e) where the information is in the public domain.

12.10 Irregularities

12.10.1 No irregularities shall vitiate a decision of the Disciplinary Committee or Appeals Committee unless the irregularity has occasioned a failure of justice.

12.10.2 Where an irregularity has occasioned a failure of justice in respect of a disciplinary proceeding, the Disciplinary Committee or Appeals Committee may set aside any part of the proceedings and make such order dealing with the proceedings generally as it deems fit.

12.11 Exclusion of liability

12.11.1 No liability (whether in contract, tort or otherwise) shall be incurred by the Disciplinary Committee, Appeals Committee, or a Manager for anything done or omitted to be done with reasonable care and in good faith in the course of or in connection with:

- (a) the exercise or purported exercise of any power under the Rules;
- (b) the performance or purported performance of any function or duty under the Rules; or
- (c) the compliance or purported compliance with the Rules.

Chapter 13 – Definitions and Interpretation

13.1 Definitions

The following terms have the following meanings unless the context requires otherwise:

Term	Meaning
A	
“acceptable collateral”	The meaning ascribed to it in Regulation 24(6) of the SFR (Financial and Margin Requirements).
“Accredited Investor”	The meaning ascribed to it in the Securities and Futures Act.
“Adjust Phase”	The trading phase as described in Regulatory Notice 8.2.1.
“adjusted net head office funds”	The meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements).
“aggregate indebtedness”	The meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements).
“aggregate resources”	(1) In the case of a Trading Member incorporated in Singapore, this means the sum of its financial resources (including qualifying letters of credit referred to in Rule 3.5.6) less its total risk requirement; and (2) In the case of a Trading Member incorporated outside Singapore that holds a Capital Markets Services Licence, this means the sum of its adjusted net head office funds (including qualifying letters of credit referred to in Rule 3.5.6) less its total risk requirement.
“American Depositary Receipt”	A U.S. product that represents ownership of shares in an organisation.
“Appeals Committee”	The appeals committee appointed by the SGX RegCo Board to exercise the powers in Chapter 12.
“Approval Conditions”	Any condition or restriction to which SGX-ST subjects an approval of an application to be a Trading Member, and includes any condition or restriction imposed under Rule 2.2.4.
“Associated Corporation”	Any body corporate formed in or out of Singapore in which a Trading Member and its related corporations hold directly or indirectly a beneficial interest of not less than 20% of the issued share capital.
“Authority”	The Monetary Authority of Singapore or other body responsible for the administration of the Securities and Futures Act.
“average aggregate resources”	The average of the aggregate resources on the last day of each of the three months preceding the previous month.
B	
“banking day”	The meaning ascribed to it under Rules 9.4.2 and 9.6.3.
“base capital”	(1) in the case of a Trading Member that holds a Capital Markets Services Licence, the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements). (2) in the case of a Remote Trading Member, this means the sum of its paid-up ordinary share capital and unappropriated profit or loss.
“Board”	Board of Directors of SGX-ST.

“broker-linked balance”	A sub-balance, in a Securities Account maintained directly with CDP, that is linked to a Trading Member and gives the Trading Member such control and rights over the securities contained in the sub-balance as CDP shall specify.
“buying-in market”	The market operated by SGX-ST for the sale and purchase of securities to be bought-in by CDP pursuant to the Clearing Rules.
C	
“Capital Markets Services Licence”	The meaning ascribed to it in the Securities and Futures Act.
“Cash Settlement Amount”	The meaning ascribed to it in Rule 9.6.2.
“CDP”	The Central Depository (Pte) Limited.
“CDP Settlement Facility”	The settlement facility operated by CDP for settlement pursuant to the CDP Settlement Rules.
“CDP Settlement Rules”	CDP Settlement Rules as the same may be amended, modified, supplemented or replaced from time to time.
“Chief Executive Officer”	The meaning ascribed to it in the Securities and Futures Act.
“Circuit Breaker”	In relation to a security or futures contract, 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.
“Clearing Member”	A Clearing Member in accordance with the Clearing Rules.
“Clearing Rules”	CDP Clearing Rules as the same may be amended, modified, supplemented or replaced from time to time.
“collective investment scheme”	The meaning ascribed to it in the Securities and Futures Act.
“common banking day”	The meaning ascribed to it under Rule 9.2.3.
“Companies Act”	Companies Act, Chapter 50 of Singapore.
“Connected Person”	The meaning ascribed to it in the Securities and Futures Act.
“Constitution”	The meaning ascribed to it in the Companies Act.
“Contract Specifications”	The commercial and technical terms of a Marginable Futures Contract, including the contract size, contract month, underlying security, Last Trading Day and settlement basis. Unless otherwise stated, Contract Specifications are not subject to the rule amendment procedures specified under the Securities and Futures Act.
“Cooling-Off Period”	A period prescribed by SGX-ST during which trading in a particular securities or futures contract will be restricted in a manner prescribed by SGX-ST.
“Corporation”	The meaning ascribed to it in the Companies Act.
“customer”	A person whose account is carried on the books of a Trading Member except where such person is the Trading Member itself with respect to the Trading Member's proprietary account.
D	
“Dealer”	A Trading Representative who is employed by a Trading Member or its group of companies to deal in capital markets products.

“Depository Agent”	An entity registered as a Depository Agent with CDP for the purpose of maintaining sub-accounts for its own account and for the account of others.
“derivatives contracts”	The meaning ascribed to it in the Securities and Futures Act.
“Designated Instrument”	The meaning ascribed to it in Rule 8.11.1.
“Designated Market-Maker”	A market-maker registered with SGX-ST.
“Direct Business”	A trade in any security or futures contract listed or quoted on SGX-ST that is executed outside the Trading System, in accordance with the minimum size or value and other procedures prescribed by SGX-ST.
“Directive”	A binding notice directing Trading Members and/or other Registered Persons to take corrective or other actions in the interests of a fair, orderly and transparent market or to address investor protection concerns, as the same may be amended, modified, supplemented or replaced from time to time.
“Direct Market Access”	Direct access to the Trading System, via an SGX-ST provided or SGX-ST approved order management system through which orders are routed to the Trading System. Direct access does not include Internet Trading.
“Director”	The meaning ascribed to it in the Companies Act.
“Disciplinary Committee”	The disciplinary committee appointed by the SGX RegCo Board to exercise the powers in Chapter 12.
<u>E</u>	
“Error Trade”	The meaning ascribed to it in Rule 11.2.1.
“Expert Investor”	The meaning ascribed to it in the Securities and Futures Act.
<u>F</u>	
“financial resources”	The meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements).
“Force Key”	The meaning ascribed to it in Regulatory Notice 11.4.2(g).
“futures contract”	The meaning ascribed to it in the Securities and Futures Act.
<u>G</u>	
“GlobalQuote”	A quotation board operated by SGX-ST.
<u>I</u>	
“Institutional Investor”	The meaning ascribed to it in the Securities and Futures Act.
“Intended Settlement Day”	In relation to a trade that is executed on the Trading System or reported to SGX-ST, the day on which the trade is first due for settlement.
“Internet Trading”	Trading access to SGX-ST through internet broking services provided by a Trading Member.
“irredeemable and non-cumulative preference share capital”	The meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements).
“Issuer”	An entity or a trust that is quoted or listed on SGX-ST.
<u>L</u>	
“Last Trading Day”	The last day on which a Marginable Futures Contract may be traded prior to its expiration.
<u>M</u>	
“main balance”	The balance in a Securities Account maintained directly with CDP that is not a broker-linked balance.

“Manager”	A manager appointed by SGX-ST pursuant to Rule 2.22.4(c).
“Marginable Futures Contract”	A futures contract approved for listing on SGX-ST and that is subject to margin requirements.
“Market Day”	A day on which SGX-ST is open for trading in securities or futures contracts.
<u>N</u>	
“net head office funds”	The meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements).
“Non-Listed Security”	Refers to any security that is not listed on SGX-ST but is approved by SGX-ST for quotation and trading and includes: (a) a security listed on an overseas exchange; or (b) Singapore government securities.
<u>O</u>	
“Officer”	The meaning ascribed to it in the Companies Act.
“organised market”	The meaning ascribed to it in the Securities and Futures Act.
<u>P</u>	
“Position Account”	The same meaning ascribed to it in the Clearing Rules.
“Practice Notes”	Guidelines that seek to explain the application and interpretation of a Rule, as the same may be amended, modified, supplemented or replaced from time to time.
“Prescribed Instrument”	The meaning ascribed to it in Rule 8.3.1.
“Prescribed Person”	The meaning ascribed to it in Rule 5.7.2
“product financing”	The meaning ascribed to it in the Securities and Futures Act.
<u>Q</u>	
“qualification”	The guarantee of a Clearing Member to accept liability for all contracts executed on SGX-ST by a Trading Member that it has qualified.
“qualifying subordinated loan”	The meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements).
<u>R</u>	
“RBC Notice”	Notice on Risk Based Capital Adequacy Requirements for Holders of Capital Markets Services Licences [Notice No. SFA 04-N13] issued by the Authority.
“ready market”	The established principal market operated by SGX-ST wherein bona fide buy and sell orders for securities are made that allow for price discovery and where trade settlement is made within a reasonable period of time.
“recognised group securities exchange”	A An overseas securities exchange regulated by a financial services regulatory authority of a country or territory specified in Table 4 of the Fourth Schedule of the SFR (Financial and Margin Requirements).
“Registered Person”	Each of the Trading Members, Designated Market-Makers and their market-making representatives, Chief Executive Officers of Trading Members and Trading Representatives registered by SGX-ST in accordance with the Rules.
“Regulatory Notice”	A binding notice issued by SGX-ST on regulatory matters regarding the organised markets operated by SGX-ST, as the same may be amended, modified, supplemented or replaced from time to time.

<p>“Relevant Authority”</p> <p>Regulatory</p>	<p>(a) An authority or regulatory body that regulates a Trading Member's or its Trading Representatives' activities in the country where it is carrying on such activities and from which it has applied for membership or registration with SGX-ST; and</p> <p>(b) where the Trading Member or its Trading Representatives are carrying on regulated activities in Singapore, the Authority.</p>
<p>“Remisier”</p>	<p>A Trading Representative who has an agency arrangement with a Trading Member that holds a Capital Markets Services Licence for any regulated activity in Singapore that it engages in.</p>
<p>“Remote Member”</p> <p>Trading</p>	<p>A Trading Member referred to under Rule 2.1.2.</p>
<p>“Rules”</p>	<p>SGX-ST Rules, including Directives and Regulatory Notices, and excluding Practice Notes or any notes or other annotations to the SGX-ST Rules, as the same may be amended, modified, supplemented or replaced from time to time.</p>
<p>S</p>	
<p>“securities”</p>	<p>(a) 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;</p> <p>(b) debentures;</p> <p>(c) units in a collective investment scheme;</p> <p>(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</p> <p>(e) any other product or class of products as SGX-ST or CDP may prescribe;</p> <p>whether or not they are classified as “securities” under the SFA, but excludes:</p> <p>(i) bills of exchange;</p> <p>(ii) certificates of deposit issued by a bank or finance company, whether situated in Singapore or elsewhere; or</p> <p>(iii) any product or class of products as SGX-ST or CDP may prescribe.</p> <p>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.</p>

“Securities Account”	In relation to any person, an account maintained directly with CDP or through a Depository Agent or the Central Provident Fund Board for holding securities for on behalf of that person.
“Securities and Futures Act” or “SFA”	Securities and Futures Act, Chapter 289, or any statutory modification, amendment or re-enactment thereof for the time being in force, or any statute that may replace it, and unless the context otherwise requires, includes any subsidiary legislation or regulations made pursuant thereto.
“Settlement Committee”	The committee referred to in Rule 8.12.3.
“SFR (Financial and Margin Requirements)”	Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations or any statutory modification, amendment or re-enactment thereof for the time being in force, or any regulations that may replace it.
“SFR (Licensing and Conduct of Business)”	Securities and Futures (Licensing and Conduct of Business) Regulations or any statutory modification, amendment or re-enactment thereof for the time being in force, or any regulations that may replace it.
“SGX”	Singapore Exchange Limited.
“SGX Catalist”	The Catalist Board operated by SGX-ST.
“SGX-DT”	Singapore Exchange Derivatives Trading Limited.
“SGX Mainboard”	SGX-ST Mainboard.
“SGX RegCo”	Singapore Exchange Regulation Pte. Ltd.
“SGX RegCo Board”	Board of directors of SGX RegCo.
“SGX-ST”	Singapore Exchange Securities Trading Limited.
“SGX-ST approved order management system”	An order management system that has passed conformance testing and meets appropriate technical specifications as required by SGX-ST.
“Short Sell Order”	The meaning ascribed to it in Rule 8.7.3.
“Specified Capital Markets Products”	The meaning ascribed to it in Rule 8.7.3.
“Specified Instruments”	Securities or futures contracts that SGX-ST prescribes for trading by a Designated Market-Maker.
“Specified Product”	The meaning ascribed to it in the Securities and Futures Act.
“Sponsored Access”	A form of Direct Market Access in which a Trading Member permits its customer and any other persons to use its member ID to transmit orders for execution directly to SGX-ST without using the Trading Member's infrastructure.
“Stock Account”	The Securities Account maintained by a Trading Member to house its proprietary securities.
T	
“total risk requirement”	The meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements).
“Trading Account”	An account used for sending orders to the Trading System through an SGX-ST provided or SGX-ST approved order management system.
“Trading Member”	An entity that has been approved as Trading Member in accordance with the Rules.
“Trading Representative”	A person who is employed by or acts for or by arrangement with a Trading Member to deal in capital markets products on SGX-ST.

“Trading System”	Any electronic trading system for the automatic matching of orders designated and approved by SGX-ST for transactions on SGX-ST.
U	
“unit share market”	The securities market operated by SGX-ST in which an order may be matched in any quantity of less than one board lot.

13.2 Interpretation

13.2.1 Unless the context requires otherwise:

- (a) terms not defined in the Rules have the same meaning as in the Securities and Futures Act or the Companies Act;
- (b) a reference to any Singapore statute or statutory provision is to that statute or provision as so modified, amended or re-enacted or contained in any subsequent Act or regulations. A reference to a Singapore statute shall include the regulations, notices, directives, orders, guidelines, circulars and codes issued thereunder;
- (c) the singular includes the plural and vice versa;
- (d) a reference to currency, whether in word or symbol, is to Singapore dollar;
- (e) a reference to a day is to a calendar day;
- (f) a reference to a time of day is a reference to Singapore time; and
- (g) any word signifying any gender shall include all genders.

13.2.2 Notwithstanding anything to the contrary, any reference in the Rules to “discretion” shall be construed to refer to SGX-ST’s “sole and absolute discretion”; any determination to be made by the SGX-ST or any exercise by the SGX-ST of any rights or entitlement may be made at the SGX-ST’s sole and absolute discretion and, in every case, shall be conclusive and binding. The word “includes” or “including” as used in the Rules shall be construed to mean “includes without limitation” or, as the case may be, “including without limitation”.