

Amendments to SGX-ST Rules

Rule amendments are marked in brown.

Sample: Rule insertion

~~Sample~~: Rule deletion

Amendments to the SGX-ST Rules	
Definitions and Interpretation	
The following terms have the following meanings unless the context requires otherwise:--	
...	
Term, Meaning	
<u>B</u>	
...	
	<u>"broker-linked balance"</u>
	<u>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.</u>
...	
<u>C</u>	
	<u>"Cash Settlement Amount"</u>
	<u>The meaning ascribed to it in Rule 9.4.2B.</u>
...	
	<u>"CDP Settlement Facility"</u>
	<u>The settlement facility operated by CDP for settlement pursuant to the CDP Settlement Rules.</u>
...	
	<u>"CDP Settlement Rules"</u>
	<u>CDP Settlement Rules as the same may be amended, modified, supplemented or replaced from time to time.</u>
...	
<u>I</u>	
...	
	<u>"Intended Settlement Day"</u>
	<u>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.</u>
...	
<u>M</u>	
...	
	<u>"main balance"</u>
	<u>The balance in a Securities Account maintained directly with CDP that is not a broker-linked balance.</u>

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S

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"Securities Account"

In relation to any person, an account maintained directly with CDP or through a Depository Agent or the CPF Board for holding securities for or on behalf of that person.

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Section C — Market Structure

Chapter 8 — Trading

...

8.4 Trading Basis of Securities

8.4.1

Unless otherwise indicated, trading of securities is on a "cum" basis.

8.4.2

All securities ~~which that~~ are designated by CDP as eligible for ~~clearance or settlement on a book entry basis~~ clearing will be traded on an "ex" basis for ~~3~~ two Market Days before and up to the ~~book closing~~ books closure date for an entitlement. ~~All other securities will be traded on an "ex" basis 5 Market Days (if there is a branch register in Singapore) or 7 Market Days before and up to the book closing date for an entitlement.~~

8.4.3

A buyer (seller) of securities on an "ex" ("cum") basis has no right to that entitlement.

8.4.4

A buyer (seller) of securities on a "cum" ("ex") basis who has not received that entitlement may claim the entitlement from the seller (buyer).

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Chapter 9 — Settlement

9.1 Mode of Settlement for Trades Cleared by CDP

9.1.1

Unless otherwise specified by SGX-ST, delivery ~~and of securities for~~ settlement ~~for of~~ trades in securities or deliverable futures contracts which are designated by CDP as eligible for ~~clearance or settlement on a book entry basis~~ are 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 contracts ~~which that~~ are designated by CDP as eligible for ~~clearance clearing or settlement on a book entry basis~~.

9.1.3

A ~~s~~Securities ~~a~~Account must be maintained with CDP by or for customers who trade in securities or deliverable futures contracts ~~which that~~ are designated by CDP as eligible for ~~clearing clearance or settlement on a book entry basis~~ and by or for each Trading Members who trades in such securities or futures contracts for their own account. The ~~s~~Securities ~~a~~Account may be maintained directly with CDP or ~~with 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 ~~on the date of settlement~~.

9.1A Settlement Basis and Eligibility for Clearing by CDP

9.1A.1

Unless otherwise stated by SGX-ST and subject to Rule 9.1A.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:

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<u>Ready market (for securities other than wholesale corporate bonds)</u>	<u>T+2</u>	<u>Eligible for clearing by CDP</u>
<u>Market for Marginable Futures Contracts</u>	<u>LTD+2</u>	<u>Eligible for clearing by CDP</u>
<u>Market for wholesale corporate bonds</u>	<u>T+2</u>	<u>Not eligible for clearing by CDP</u>
<u>Unit share market (for securities other than wholesale corporate bonds)</u>	<u>T+2</u>	<u>Eligible for clearing by CDP</u>
<u>Buying-in market</u>	<u>T+1</u>	<u>Eligible for clearing by CDP</u>

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

9.1A.2

SGX-ST may change the trading period and settlement date.

9.1A.3

If the day indicated in Rule 9.1A.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.

9.1B Mode of Settlement for Trades Not Cleared by CDP

9.1B.1

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

9.2 Relationship Between Trading Member and Selling Customer

9.2.1

A selling customer must look only to ~~the~~ its Trading Member, who executes the trade, in relation to all obligations in connection with that trade, including payment of sale proceeds.

9.2.2 [This rule is deleted]

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

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9.2.2A

Unless a selling 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.

9.2.3

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 deliver, buying-in will be instituted against the selling customer according to the Clearing Rules.

9.3 Relationship Between Trading Member and Clearing Member

This Rule 9.3 applies only to trades that are cleared with CDP.

9.3.1

A selling Trading Member must look only to ~~the its~~ Clearing Member who qualifies it in relation to all obligations in connection with ~~its~~ trades that the selling Trading Member executes, including payment of sale proceeds.

9.3.2

A buying Trading Member must look only to ~~the its~~ Clearing Member who qualifies it in relation to all obligations in connection with ~~its~~ trades that the buying Trading Member executes, including ~~for~~ delivery of securities or in the case of a deliverable futures contract, the relevant underlying.

9.3.3

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 or losses incurred by the Clearing Member in relation to the buying-in.

9.3.4

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:

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(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.

9.4 Settlement Dates Relationship Between Trading Member and Buying Customer

9.4.1 [This rule is deleted]

~~The normal timetable for settlement of trades is as follows:—~~

~~< See Table 2 below. >~~

~~Where T is the trade date and LTD is the Last Trading Day as defined in Chapter 19 (and hence, T+3/LTD+3 is the third Market Day after trade date/Last Trading Day).~~

9.4.2 [This rule is deleted]

~~SGX-ST may change the trading period and settlement date for Immediate Bargains and ready market trades.~~

9.4.2A

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.

9.4.2B

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.

9.4.3

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 action 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 A Trading Member may withhold delivery ~~to a buying customer 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.

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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.

9.4.3A

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 by CDP.

See Practice Note 9.4.3A(b).

9.4.3B

Subject to Rules 9.4.4, if a buying customer fails to meet any of the timelines in Rule 9.4.3A, the Trading Member shall force-sell the securities of the buying customer on the following Market Day.

9.4.4

~~The normal timetable for force sale against a customer will not apply if:—~~

~~(1) A-If the Trading Member reasonably expects full payment from the buying customer. In such a case, the Trading Member may defer force-sale for up to 4 Market Days (for DVP Settlement) or 2 two Market Days. (for other trades; or~~

~~(2) A-Rule 9.4.3B does not apply if the Trading Member has allowed a-the buying customer to effect a corresponding sale position after the purchase but not later than the due date Intended Settlement Day of the purchase contract.~~

9.4.5

A Trading Member exercising its discretion under Rule 9.4.4 must not engage in imprudent credit practices.

9.4.6

The following rules apply to all force-sales by a Trading Member ~~(whether effected under the normal timetable or under Rule 9.4.4):—~~

(1) A-The Trading Member has discretion as to the price, and volume put up for sale, at any time;

(2) A-The Trading Member need not give notice of the force-sale to the buying customer;

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(3) ~~A-The~~ Trading Member is not liable to the buying customer for any loss or damage arising out of the exercise of its discretion; and

(4) ~~A-The~~ Trading Member may recover the losses and expenses incurred in the force-sale from the buying customer.

9.4.7 ~~[This rule is deleted]~~

~~A Trading Member may withhold payment to a selling customer until delivery has been made.~~

9.5 ~~Trades Under Physical Delivery [Rule has been deleted.]~~

9.5.1

~~[Rule has been deleted.]~~

9.5.2

~~[Rule has been deleted.]~~

9.5.3

~~Contracts in Singapore Government securities and Asian Currency Bonds are settled as agreed between the parties.~~

9.5.4

~~Contracts with a member of an overseas securities exchange are settled as agreed between the parties.~~

9.6 ~~Delivery Versus Payment ("DVP") Settlement [Rule has been deleted.]~~

9.6.1

~~DVP settlement is subject to the DVP Rules issued by CDP.~~

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12.18A Broker-linked balances

12.18A.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.

12.18A.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.

12.18A.3

Subject to Rule 12.18A.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 12.1.1, a Trading Member must maintain proper, complete and accurate records of each customer's requests and its response to such requests.

12.18A.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.

12.18A.5

A Trading Member that does not approve a customer's request for release of any securities must:

(a) by the end of the Market Day following the day on which it receives the customer's request, inform the customer that the request has been rejected and the securities will not be released;

(b) provide the reason(s) for not releasing the securities, including details of the obligation(s) which 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 12.1.1, a Trading Member must maintain proper, complete and accurate records of each customer's requests and its response to such requests.

12.18A.6

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

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(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.

12.18A.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.

Amendments to the SGX-ST Rules

Chapter 12A — Position Accounts

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12A.5 Holding trades for different customers in a Position Account and warehousing of trades

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12A.5.2

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 ~~2~~ one Market Days, unless under exceptional circumstances. In such cases, the Trading Member must document the reasons for the extension of time.

Refer to Practice Note 12A.4.1, 12A.5.2.

Amendments to Practice Notes of SGX-ST Rules

Practice Note 12A.4.1, 12A.5.2 — Position Account Allocation

1. Rule 12A.4.1 requires each TPC_Trading Member to instruct its qualifying Clearing Member to allocate the position of each trade executed by the Trading Member to the Trading Member's Position Account 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 the relevant trade into the intended Securities Account. This Practice Note provides guidance on the timelines within which such allocation is to be completed by in various circumstances.

2. With the exception of warehoused trades, each Trading Member shall instruct its qualifying Clearing Member to allocate the position of each trade cleared by the Clearing Member for the Trading Member to a specified Position Account immediately upon the trade being cleared, or at the latest by the end of the next Market Day immediately following the trade date. ~~If there is a delay, the Trading Member shall ensure that there are valid reasons to explain the delay. An example of a valid reason for delay is when an overseas customer has failed to provide the necessary allocation instructions in time for the Trading Member to instruct its qualifying Clearing Member to allocate the position by the end of the next Market Day immediately following the trade date, due to time zone differences.~~

3. For warehoused trades under Rule 12A.5.2, each Trading Member must ensure that no customer's trade is warehoused for more than ~~2~~one Market Days, unless under exceptional circumstances. The Trading Member shall instruct its qualifying Clearing Member to allocate the position of each trade to a specified Position Account immediately after the order is completed, or at the latest by the end of the Market Day on which the order is completed. ~~If there is a delay, the Trading Member shall ensure that there are valid reasons to explain the delay. An example of a valid reason for delay is when an overseas customer has failed to provide the necessary allocation instructions in time for the Trading Member to instruct its qualifying Clearing Member to allocate the position by the end of the Market Day on which the order is completed, due to time zone differences.~~

Practice Note 8A — Obligations of Trading Members to Mark Sell Orders

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3. Definition of a Short Sell Order

3.1 A person shall be deemed to have an interest in a Specified Capital Market Product if the person is deemed to have an interest in the Specified Capital Markets Product under section 137ZH of the Securities and Futures Act. Some examples of interest in a Specified Capital Markets Product are set out below:

- (a) An investor purchases shares on T. He subsequently sells the same quantity of the shares ~~two-one~~ days later (i.e., on T+~~21~~) with settlement obligation accordingly due on T+~~53~~. ~~On T + 3, the security which shares that he purchases is credited into his depository account maintained with CDP.~~ The order to sell the shares is a normal sell order.
- (b) [deleted]
- (c) An investor, ~~whose shares in Company A are loaned out under a securities lending agreement, sells those shares on T. sells shares of Company A on T and his~~ His settlement obligations are accordingly due on T+~~32~~. Under the terms of the securities lending agreement, the borrower is to return the shares to the investor before the time that the investor is to deliver the shares. On the same day (i.e. T), he recalls the shares, which he had lent under a securities lending agreement. Under the terms of the securities lending agreement, the borrower must return the shares by 12:00 hours on T+3. The order to sell the shares is a normal sell order.

New Practice Note

<u>Practice Note 9.4.3A(b)—Money Received on Account of Customer</u>		
<u>Issue Date</u>	<u>Cross Reference</u>	<u>Enquiries</u>
<u>Added on 10 December 2018</u>	<u>Rule 9.4.3A(b)</u>	<u>Please contact Member Supervision:</u> <u>E-Mail</u> <u>Address: membersup@sgx.com</u>
<p>1. <u>Rule 9.4.3A(b) states that a buying customer, who is not a buying customer specified in Rule 9.4.3A(a), must pay the Trading Member for its trade on Intended Settlement Day, regardless of whether securities have been delivered by CDP.</u></p> <p>2. <u>For the avoidance of doubt, where securities have not been delivered by CDP on Intended Settlement Day, the payment by the customer provided in Rule 9.4.3A(b) shall be treated as money received on account of its customer for the purposes of SFR (Licensing and Conduct of Business). The Trading Member must therefore still comply with Rules 12.11 and 12.12 in relation to any money paid by the buying customer to the Trading Member, including, where relevant, the requirement to deposit the money received on account of its customer in a trust account no later than such time as required in the SFR (Licensing and Conduct of Business). The Trading Member is permitted to withdraw such money from the trust account for the purpose of making payment to CDP for the customer's trade when such payment is due.</u></p> <p>3. <u>This Practice Note does not preclude the Trading Member from applying the payment towards permitted uses as set out in the SFR (Licensing and Conduct of Business) and/or relevant law.</u></p>		

