

## **Appendix A**

# **Amendments to Futures Trading Rules**

*Amendments are marked in red.*

## **Chapter 1 General Matters**

### **1. Market Overview**

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### **1.6 Exclusion of Liability, Disclaimer of Warranties & Statutory Immunity**

#### **1.6.1 No Liability for Loss**

Unless otherwise expressly provided in this Rules or in any other agreements to which the Exchange is a party, the Exchange shall not be liable to any Person for any loss (consequential or otherwise, including, without limitation, loss of profit), damage, injury, or delay, whether direct or indirect, arising from:

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(b) any failure or malfunction of Exchange Systems.

"Exchange Systems" refers to any pre-trade, trade or post-trade systems, including the Trading System-QUEST, operated by the Exchange in connection with the Markets.

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## **Chapter 2 Access and Membership**

### **2. Overview of Access and Membership**

Unless otherwise indicated, the Exchange operates wholly electronic Markets. Electronic trading access to the Markets is solely via the Trading System-QUEST. Subject to this Rules, Direct Market Access is available to all customers and is not conditioned on Membership. "Direct Market Access" refers to direct access to the Trading System-QUEST via an Exchange-provided or Exchange-approved OMS. Direct Market Access does not include Internet Trading.

#### **2.1 Access and Trading**

##### **2.1.1 Access to the Trading System-QUEST**

A Member or Customer may access the Trading System-QUEST via:

(a) an Exchange-provided OMS; or

(b) an Exchange-approved OMS developed by a Member or an independent software vendor (commonly referred to as ISVs).

"OMS" refers to an order management system through which orders are routed to the Trading System-QUEST. "Exchange-approved OMS" refers to an OMS that has passed conformance testing and meets appropriate technical specifications as required by the Exchange.

### 2.1.2 Conditions Governing Direct Market Access

(1) With respect to each Customer for which the Member has authorised Direct Market Access, the Member must have measures in place for each Customer to:

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(c) be provided information concerning its access to [the Trading System-QUEST](#) and applicable laws:

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### 2.1.3 Access to Partner Market

The Exchange may provide access facilities to enable Persons to execute trades on contracts listed on a Partner Market. Such Persons accessing the Partner Market are required to comply with this Rules as well as applicable rules, laws and regulations governing trading in the Partner Market. "Partner Market" refers to another exchange or market, in Singapore or elsewhere, accessible via [the Trading System-QUEST](#) or such other means as approved by the Exchange.

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## 2.6 Technical Matters and Risk Management Controls

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### 2.6.3 Risk Management and Financial Controls

(1) A corporate Member is required to have written policies and procedures on risk management controls and demonstrate compliance in the following areas:

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(d) having [“error-prevention-alerts”](#) to bring attention to possible erroneous entries of quantity, price and other data fields;

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## 2.10 Clearing Arrangement

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### 2.10.2 Revocation of Access Rights

If a Clearing Member notifies the Exchange that it has suspended or revoked its clearing arrangement with a Trading Member, such Trading Member shall be denied trading access to [the Trading System-QUEST](#) until its clearing arrangement is reinstated with a Clearing Member.

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## Chapter 3 Conduct of Members, Approved Traders and Representatives

### 3. Conduct of Members, Approved Traders and Registered Representatives

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### 3.3 Duties of Members Undertaking Agency Trades

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### 3.3.8A Preventing Unauthorised Changes to Order Information

A Member must have in place controls to prevent unauthorised changes to order information entered into the Trading System-QUEST.

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### 3.3.25 ID Tags and Passwords

A Member shall issue unique identification tags and passwords to Customers and Approved Traders which have access to the Trading System-QUEST through that Member.

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## 3.4 Trading Practices and Conduct Rules of Members, Approved Traders and Registered Representatives

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### 3.4.8 Good Faith Bids and Offers.

A Member or an Approved Trader shall not knowingly enter, or cause to be entered, bids or offers into the Trading System-QUEST other than in good faith for the purpose of executing bona fide transactions.

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### 3.4.11 Knowingly Taking Advantage of an Error Prohibited

A Member, Approved Trader or Registered Representative shall not knowingly take advantage of a situation arising from:

- (a) a breakdown or malfunction in any Exchange Systems; or
- (b) error entries made by the Exchange on the Trading System-QUEST.

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### 3.4.14 Trading Against Customers' Orders Prohibited

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This Rule does not apply if the Member, Approved Trader or Registered Representative has first entered the Customer's order into the Trading System-QUEST and waited at least 10 seconds before entering an opposite order, or if the Member, Approved Trader or Registered Representative has obtained the Customer's prior written consent. "Customer" as used in this Rule 3.4.14 does not include the Member's Approved Traders, Registered Representatives or Persons associated with or connected to the Member, Approved Trader or Registered Representative.

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## Chapter 4 Listing and Trading of Contracts

### 4. Introduction to Contracts Traded on the Market

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#### 4.1 Rules Applicable to All Classes of Contracts Listed on the Markets

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#### 4.1.8 Error Trades

An error trade occurs when a transaction is effected on ~~the Trading System-QUEST~~ as a result of an error in the entry of a bid or offer that is subsequently matched. The following procedures apply in relation to error trades:

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#### 4.1.9 Withholding and Order Withdrawal

A Member, Approved Trader or Registered Representative shall not withhold or withdraw from ~~the Trading System-QUEST~~ any Customer's order or any part of a Customer's order for any reason, unless it is for the benefit of the Customer or pursuant to the Customer's instruction.

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#### 4.1.10 Cross Trades

A Member or Approved Trader who knowingly receives buy and sell orders from different Customers at the same time and price, for the same Contract Month of the same Contract, shall first expose the leg which is the better bid or offer than the prevailing bid or offer in ~~the Trading System-QUEST~~. If there is no prevailing bid or offer, the Member or Approved Trader shall first expose the leg which has the better price than the last traded price, or if there is no last traded price, the last settlement price. This Rule 4.1.10 does not apply if the orders are entered by:

- (a) different Approved Traders on behalf of different Customers; or
- (b) different Customers directly into ~~the Trading System-QUEST~~ and the Member or its Approved Trader does not know or have access to that Customer's order flow information.

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#### 4.1.15 Price Limits and Cooling Off

The Exchange may prescribe, for certain Contracts, Price Limits which are designed to temporarily restrict trading when the Market(s) becomes volatile. "Price Limit" refers to the maximum price advanced or declined ~~from the previous Trading Day's settlement price permitted~~ during any trading session(s), as provided under the relevant Contract Specifications, ~~beyond which there shall be no trading except as provided in the relevant Contract Specifications upon which the Exchange may signal a Cooling Off Period. If, in the course of any Trading Day, the price for any Contract reaches any of its Price Limits, the Exchange may signal a Cooling Off Period.~~

Save as provided in the relevant Contract Specifications, the Price Limits for a Contract will not apply to a trade in that Contract if it is executed as part of a strategy transaction whereby trades in two or more Contracts that are related to each other are executed simultaneously as a unit on the strategy order book.

With respect to an Option Contract, trading in the Option Contract shall be halted:

- (a) for the duration of the Cooling Off Period in the underlying Futures Contract; or
- (b) as prescribed in the Contract Specifications.

“Cooling Off Period” means ~~a period of ten (10) minutes or any other such~~ period as set forth in the relevant Contract Specifications during which each Contract may be traded at or within its Price Limits. Trading may resume upon the lapse of the Cooling Off Period, for the remainder of the Trading Day, or such other period as may be prescribed in the relevant Contract Specifications.

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#### 4.1.22 Emergencies

(1) If, in the opinion of the Exchange, any Emergency or circumstances calling for emergency action in the interests of maintaining a fair, orderly and transparent market or due performance of a Contract has developed or is developing, the Exchange may take such steps as it sees fit to provide for, correct or check the further development of those circumstances. These steps include the curtailment of trading in any Contract, revocation or suspension of access to the Trading System QUEST, suspension of trading in a Market, deferment of delivery under any deliverable Futures Contract, designation of alternate delivery points or the modification of Contract Specifications.

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#### 4.1.23 Revocation or Suspension of Access to the Trading System QUEST

The Exchange may revoke or suspend access to the Trading System QUEST for such period or periods as the Exchange may determine, if, in the opinion of the Exchange, it is necessary or desirable for the maintenance of a fair, orderly and transparent market.

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## Chapter 8 Definitions and Interpretation

### 8. Definitions and Interpretation

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Clearing House	Refers to the Singapore Exchange Derivatives Clearing Limited <u>by whatever name called or its successor and assigns and where the context so requires such authorised personnel acting in its name, which clears trades executed on the Markets;</u>
<u>Clearing System</u>	<u>Refers to any Clearing House operated system that facilitates (a) the novation of trades to the Clearing House and (b) the settlement of those trades and positions;</u>
Emergency	Refers to any circumstances which in the opinion of the Exchange calls for an emergency action and shall include an excessive trading position or unwarranted speculation in any of the Markets, a state of war or threatened hostilities, the introduction of official controls affecting any of the Markets or the performance of any Contract or any change in such controls, a breakdown or failure of <u>the Trading System QUEST</u> or any other communication, equipment or market facilities operated by the Exchange or any other undesirable situation or practice that adversely affects market integrity or investor rights;
Negotiated Large Trades or NLTs	Refers to large trades executed outside <u>the Trading System QUEST</u> between and among Accredited Investors and Members pursuant to the minimum thresholds and other procedures prescribed by the Exchange;

Price Limit Shall have the meaning ascribed to it in Rule 4.1.15; Refers to the maximum price advanced or declined from the previous Trading Day's settlement price permitted during any trading session(s), as provided under the relevant Contract Specifications;

QUEST Refers to any Exchange operated electronic platform, comprising (a) an order matching engine; (b) order routing interfaces; and (c) market data interfaces, that facilitates trading on the Markets;

Trading System Refers to any Exchange operated electronic platform, comprising (a) an order matching engine; (b) order routing interfaces; and (c) market data interfaces, that facilitates trading on the Markets;

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## Regulatory Notice 2.6.4 — Audit Trails and Records

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### 3. Audit Trail of Transactions

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3.2 For a complete audit trail of transactions, a Member must ensure that the following records are captured, where applicable:

#### 3.2.1 Record of all Fields Relating To Order Entry

*(details of an order)*

1.	<u>Trading System-QUEST-DT-API</u> ID
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2.	Trade date — date order is executed in <u>the Trading System-QUEST</u>
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10.	Transmitted quantity — actual size transmitted to <u>the Trading System-QUEST</u> or an accessible foreign market
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25.	Time of entry through all processors in the OMS (e.g. time at which order entered into the OMS , time at which order reached the Member's network, time at which order reached <u>the Trading System-QUEST</u> )
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27.	Origin <u>(Customer or House Trade)</u>
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#### 3.2.4 Record of Orders Rejected

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3.	Time at which order was rejected by <u>the Trading System-QUEST</u>
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#### 3.2.5 Record of Orders Entered into the Local Order Pad of the OMS

*(where orders that are not released to the Trading System-QUEST are stored)*

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3.	Time at which order was released to <a href="#">the Trading System-QUEST</a>
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### 3.2.6 Record of Customers' Orders Deferred/ Re-routed to the Member

(if the OMS allows interception of Customers' orders before releasing the orders to [the Trading System-QUEST](#))

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3.	Time at which order was released to <a href="#">the Trading System-QUEST</a>
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### 3.2.7 A "Relative" Key

1.	A unique identifier that will tie together all actions relating to a specific order. This identifier will remain unchanged throughout the lifespan of the order and should be able to link the order to the trade number assigned by <a href="#">the Trading System-QUEST</a> .
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## Regulatory Notice 4.1.6 — Trade Matching Algorithms Applicable to the SGX-DT Market

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### 2 Trade Matching Algorithms for the SGX-DT Market

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2.2 All orders entered into [the Trading System-QUEST](#) will be matched in a manner that gives priority to price; i.e. orders at the best price (highest bid/lowest offer) receive priority over other orders in the same Contract Month/spreads.

2.3 For orders at the same price point, the time priority would apply; i.e. orders entered into [the Trading System-QUEST](#) at the same price will be matched based on time priority, unless any one (1) or more of the trade matching algorithms (PPM, MM and Pro-Rata Order) is applicable.

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## Regulatory Notice 4.1.8 — SGX-DT Market Error Trade Policy

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### 2 Error Trade Policy Applicable to Contracts Traded on the SGX-DT Market

#### 2.1 General Principles

2.1.1 An error trade occurs when a transaction is effected on [the Trading System-QUEST](#) as a result of an error in the entry of a bid or offer that was subsequently matched.

2.1.2 Subject to sub-paragraph 2.1.4, the Exchange will only exercise its discretion to:

(a) cancel an error trade partially or fully; or

(b) adjust the trade price of the error trade partially or fully to the nearest limit of the error trade price range,

if a party to the trade makes a request as specified in sub-paragraph 2.6.1 below, and the trade price falls outside the error trade price range for the Contract for that day. If an error trade is done within the error trade price range, then the trade will stand, and no further action will be taken. The upper and lower limit of the error trade price range is determined in relation to a reference price calculated by the Exchange in accordance with paragraph 2.2.

2.1.3 However, there will be no trade price adjustments for:

- (a) transactions in strategies listed for trading by the Exchange;
- (b) trades involving implied orders as a result of strategy matching; ~~and~~
- (c) option trades, except those involving designated Option Contracts when the underlying cash market is open for trading; ~~and-~~

(d) "trade-at-settlement" transactions.

In relation to error trades in the transactions specified in sub-paragraphs (a)-(~~ed~~) above, the Exchange may at its discretion, cancel such error trades partially or fully, if a party to the trade makes a request as specified in sub-paragraph 2.6.1 below, and the relevant counterparties to the error trade agree to the cancellation within the time specified by the Exchange.

2.1.4 Notwithstanding sub-paragraph 2.1.2 and 2.1.3 above, the Exchange retains the power to cancel an error trade partially or fully or adjust the trade price of an error trade if, in the Exchange's opinion, it is desirable to do so, to protect the financial integrity, reputation or interests of the Markets established or operated by the Exchange. The Exchange's discretion to adjust the trade price or cancel a trade, either partially or fully, may be exercised even where the trade is within the error trade price range.

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## **2.2 Error Trade Price Range**

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### **~~DMC-n~~Notification of changes in error trade price range or volatility range**

2.2.10 ~~DMC~~ The Exchange will notify all Members of the error trade price range ~~or volatility range~~ in terms of absolute prices or percentages, as the case may be, ~~via the broadcast message~~ on a daily basis. The Exchange will notify all Members of the volatility range on a quarterly basis. In addition, the Exchange will inform all Members, via circular, of any changes in the size of the error trade price range or volatility range at least one (1) week before effecting such change.

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## **2.6 Procedure For Error Trade(s)**

2.6.1 The Member's authorised co-ordinator<sup>1</sup> intending to report an error trade shall:

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- (b) immediately complete the prescribed form ~~QUEST ERROR TRADE INFORMATION FORM~~ and send it by fax or email to DMC.

2.6.2 Once an error trade has been brought to the attention of the DMC in accordance with this



Regulatory Notice, the following procedures will apply:—

(a) DMC will send an alert to all ~~Trading System-QUEST~~ terminals indicating that a specified trade may be in error. ~~and~~

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(c) DMC will send a message to all ~~Trading System-QUEST~~ terminals of the Exchange's decision in respect of any request to cancel a trade or adjust the trade price.

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<sup>1</sup> A Trading Member intending to report an error trade shall do so via its Clearing Member's authorised co-ordinator.

#### Regulatory Notice 4.1.11 — Negotiated Large Trades

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### 3.3 NLT Execution

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3.3.4 In order to ensure that Customers' interests are not compromised, the Members shall, unless their Customers specifically request for a trade to be done through the NLT facility, place all Customers orders on ~~the Trading System-QUEST~~ for execution. After the Customers' orders have been placed on ~~the Trading System-QUEST~~ for execution, Members' employees may then seek their Customers' approval to accept the order as an NLT. However, Members may only withdraw an order from ~~the Trading System-QUEST~~ for subsequent execution as a NLT if the price for the NLT is at least equal to or better than the prevailing bid/offer quoted in ~~the Trading System-QUEST~~ at the time the order is withdrawn, unless otherwise instructed by Customers.

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

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#### Appendix B to Regulatory Notice 4.1.11: Minimum Tick Schedule for Negotiated Large Trades

Contract	Market Tick Size	NLT Tick Size
SGX Nifty CPSE Index Futures	1 index point (US\$5)	<del>1 index point (US\$5)</del> <u>0.01 index point (US\$0.05)</u>
SGX Nifty IT Index Futures	5 index point (US\$5)	<del>1 index point (US\$1)</del> <u>0.01 index point (US\$0.01)</u>

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#### Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27 — Reporting of Account Identity; Reporting of Open Positions; Computations of Financial and Capital Requirements; Submission of Financial

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## 2. Electronic Reporting and Submission of Information

2.1 A Member is required to submit the following information, except that in the case of a Bank Trading Member, the following requirements apply only in respect of the Bank Trading Member's business that is governed by this Rules:

(a) Rule 3.3.17 : Reporting of Account Identity (BC4A)

(i) Except for Trading Members that engage solely in House Trades and Proprietary Trades of its ~~Affiliates-Related-Corporations~~, a Member is required to submit to the Exchange, using Form BC4A, details of any new account which is used for trading and/or carrying of trades done on Exchange, other exchanges and over-the-counter.

(ii) If the account is a disclosed omnibus account, Form BC4A must be submitted for each sub-account. However, if the account is an undisclosed omnibus account and the sub-accounts are not used for position reporting ~~and trades clearing~~, Form BC4A is not required for the sub-account(s). Members need not submit Form BC4A to the Exchange for trading accounts which are to be linked to a position "Main" BC4A-account using the Clearing System-SGXCLEAR-system.

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(vi) The operational procedures and timelines in relation to the submission and procedure for the completion of Form BC4A are set out in Appendix 12.

*Refer to Appendix 12 of Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27.*

(vii) Members are required to put in place internal controls to ensure that the Form BC4A has been properly approved by the Chief Executive Officer ("CEO"), ~~or such authorised senior executives~~ (e.g. Deputy CEO, General Manager or Operations Manager) as is authorised by the CEO, before submission. ~~For operational reasons, the submission of Form BC4A may be delegated to senior executives who must be of at least a supervisory grade.~~ Approved staff performing the submission of Form BC4A, including the authorised senior executives, should not be directly involved in trading activities. Members are reminded that the primary responsibility for ensuring the accuracy of the Form BC4A submitted ~~still~~ falls on the CEOs of the respective Member firms.

(viii) Any account number used in position reporting must correspond exactly to the account number reported in Form BC4A. Members are required to ensure all information reported under Form BC4A is complete and accurate as the Exchange relies on these records for its risk management and market surveillance programmes. Due care should be exercised in completing the Form.

(b) Rule 3.3.18 : Reporting of Open Positions (BC3A)

A Member shall record, using Form BC3A, a daily report of Open Positions in all accounts at the end of each Trading Day. The Form BC3A shall be submitted to the Exchange in accordance with the operational procedures and timelines set out in Appendix 12. For disclosed Omnibus Accounts, a Member shall report the Open Positions in each sub-account.

*Refer to Appendix 12 of Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27.*

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**2.2 Appendices 2 and 2A set out the details of information which a Member shall submit to the Exchange periodically and the manner in which the information is to be submitted.**

***Refer to Appendix 2 and Appendix 2A of Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27.***

2.3 The Exchange will inform Members by way of Circular, at least five (5) days before implementation, if there are any changes to the timelines stipulated in ~~Appendices 1~~, Appendix 2 and Appendix 2A.

*Refer to ~~Appendix 1~~, Appendix 2 and Appendix 2A of Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27.*

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### **3. Late Fees**

3.1 Where a Member fails to submit any information, returns or reports required under the above Rules, within the prescribed time, there shall be imposed upon the Member a late fee of an amount to be prescribed by the Exchange from time to time, unless an extension of time has been granted.

3.2 Where a Member fails to submit the requisite financial returns within the prescribed time, there shall be imposed upon the Member a late fee for each day that the returns are not submitted ~~in the prescribed time, unless and for which~~ an extension of time has not been granted. The late fee shall be set at an amount which the Exchange may prescribe from time to time.

3.3 A Member shall be required to resubmit any information, returns or reports required under the above Rules and take such other steps as the Exchange may require upon the Exchange's notification that the information, returns or reports are inaccurate or incomplete.

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

**[This Appendix is deleted.]**

## **Appendix 2 to Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27 Financial Statements and Other Information to be Submitted by Members Via SGX Data Submission System**

### **FINANCIAL STATEMENTS AND OTHER INFORMATION TO BE SUBMITTED BY MEMBERS VIA SGX DATA SUBMISSION SYSTEM**

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	Trading Member (Excluding those specified in FTR 2.4.1(b))	Trading Member (who is also a Clearing Member of SGX-DC)	Trading Member (Specified in FTR 2.4.1(b))	Frequency	Timeline
RBC Financial Returns <del>and Confirmation Report</del>	√	√		Monthly	14th of the month @
Net Liquid Capital **			√		
<del>Confirmation *</del>	✗	✗			
Credit Facilities ***		√		Monthly	10th Business Day of the month.
Reporting of Open Positions (Form BC3A)	√		√	Daily	11.00am on the following Business Day
Reporting of Account	√	√	√	Ad Hoc	BC4A to be submitted

Identity (Form BC4A)					within three (3) Business Days after a new account has commenced trading. BC4A for Trading Member (Individual) and Trading Representatives* <u>(including those who are changing their qualifying Clearing Member)</u> shall be submitted at least one (1) Business Day before they commence trading.
Reporting of Large Positions in Non- SGX Contracts (Form BC5A) ***		√		Daily	3.00pm on the following Business Day.

\* For the purpose of this Appendix 2, “Trading Representatives” are dealers' representatives who are trading for their own account.

\*\* in the template prescribed in FTR Regulatory Notice 2.5.2 ~~(C)~~ (b1)

\*\*\* if separately required in accordance with the Clearing Rules.

@ There shall be imposed upon the Member a late fee of \$100 for each day that the returns are not submitted within the prescribed time and for which an extension of time has not been granted.

## Practice Note 2.6.3(1)(c) — Pre-Execution Checks

### 1. Introduction

1.1 This Practice Note provides further details on the ~~explains the parameters and functions which~~ pre-execution checks ~~may contain as~~ contemplated in Rule 2.6.3(1)(c).

### 2. Pre-Execution Checks

2.1 Rule 2.6.3(1)(c) requires Members to ensure that automated pre-execution risk management control checks are conducted on all orders, including credit control checks on all orders. The purpose of this is to prevent overtrading and for credit risk management. As such, the checks must be appropriately set to effectively limit the firm's risk exposure arising from all orders (including House orders) to prevent the taking on of excessive risk. ~~The parameters of such pre-execution checks and filters may include but are not limited to:~~

~~(a) — total quantity limit (taking into account the total long and short positions, including all resting orders and executed orders);~~

~~(b) — maximum long per contract (taking into account the total long positions, including resting long orders and net executed orders);~~

~~(c) — maximum short per contract (taking into account the total short positions, including resting short orders and net executed orders);~~

~~(d) — total maintenance margin requirements for the absolute worst positions (i.e. the higher of absolute maximum long and absolute maximum short), computed by using the margin rate prescribed by the Exchange; and~~

~~(e) — net exposure limit (taking into account net long and short positions).~~

2.2 [This paragraph is deleted.] ~~By way of illustration, pre-execution risk management control functions may include the following:~~

~~(a) — the ability to adjust credit or quantity limits in real time during a trading session;~~

~~(b) — the ability to set permission levels (e.g. access to selected products/ instruments) and revoke the access of an Approved Trader or customer on a real-time basis; and~~

~~(c) — the ability to intercept orders that exceed credit or trading limits on a real-time basis and trigger error prevention alerts.~~

2.3 Members who authorise Sponsored Access will be able to meet the requirement in Rule 2.6.3(1)(c) by using the appropriate Exchange-hosted pre-execution checks, or by being able to directly setting and controlling the appropriate pre-determined automated limits in the Sponsored Access customer's system, having automated alerts whenever such limits are altered, and by conducting regular post-execution reviews of trades. Members should assess and continue to ensure that the pre-execution risk management control checks are robust on an ongoing basis.

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#### Practice Note 2.6.3(1)(d) — Error-Prevention Alerts

### 1. Introduction

1.1 This Practice Note explains the types of “error-prevention alerts” contemplated in Rule 2.6.3(1)(d).

### 2. Types of Error-Prevention Alerts

2.1 The types of error-prevention alerts to be made available ~~may~~ should include but are not limited to the following:

(a) maximum quantity per order — to alert Approved Traders and customers of possible erroneous entries in relation to quantity; and

(b) price alerts — to alert Approved Traders and customers of possible erroneous entries in relation to price.

2.2 [This paragraph is deleted.] Price alerts include:

~~(a) — price range checks to alert Approved Traders and customers when the new order entry price has exceeded a certain percentage; or~~

~~(b) — number of ticks as compared to the last traded price or the previous settlement price if last traded price is not available.~~

#### Practice Note 3.4.9 — Fictitious Transactions Without Change in Ownership

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### 2. Recommended Practice

2.1 To avoid acting as buyer and seller in the same transaction, a Member or Approved Trader is encouraged:

(a) to check all its outstanding orders in the Trading System-QUEST; ~~and~~

(b) before entering an order, to withdraw any outstanding order entered by itself or its sponsoring Clearing Member on its behalf, which corresponds and is likely to match against the order which is to be entered; and

(c) to make use of tools designed to prevent self-trading.