



## Circular Derivatives

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### **News release: SGX collaborates with Member firms to address market misconduct**

Singapore Exchange (SGX) today launched two initiatives in collaboration with Member firms to detect and stop market misconduct, foster good trading practices and maintain a fair, orderly and transparent marketplace.

The initiatives complement SGX's existing real-time trade surveillance, Member inspections and enforcement actions. SGX also regularly discusses with Members any unusual trading behaviour.

The first initiative is the Trade Surveillance Handbook which aims to improve Members' understanding of what constitutes improper market conduct that can lead to a reduction in market efficiency and confidence. The Handbook is released in series with the first featuring spoofing, layering and marking the close activities. It also provides a set of guidelines that Members can incorporate into their surveillance programmes to prevent, detect and halt market malpractices.

The second is the Members' Surveillance Dashboard. It contains, in the form of a report, statistics and information on activities which could be related to market misconduct. Each Member will receive the Dashboard with information specific to itself only. The information includes the number of alerts triggered in SGX's real-time surveillance system by the Member with regard to potential spoofing, layering and marking the close activities. It also includes information on the Member's ranking vis-à-vis its peers in the same industry based on the number of alerts attributed to the firm.

To aid each Member in carrying out any further analysis, each Dashboard details the date and time when the alerts are triggered, the security counter or futures contract which triggered the alert and the code of the trader involved. The first Dashboard will be released to Members this week and will cover alerts generated from April to August 2016. Subsequent Dashboards will be released on a quarterly basis from January 2017.

Tan Boon Gin, SGX Chief Regulatory Officer, said: "Trading misconduct must be curtailed as early as possible to minimize market impact and maintain public confidence. The recent enhancement to our Trade with Caution alerts is just one example of this approach. Now the Trade Surveillance Handbook and Members Surveillance Dashboard will enable Member firms to join forces with SGX as gatekeepers to take the fight to detect and stop market misconduct even further upstream."

Lim Kok Ann, chairman of the Securities Association of Singapore, said: "Investors will only participate in a market which has a level playing field, and is secure and efficient. This is why SGX and Member firms place great emphasis on curbing and preventing wrong-doing in the market. Our members are therefore supportive of this collaborative approach towards improving the quality of the Singapore marketplace."

Attachment(s):

1. Trade Surveillance Hand Book.pdf

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