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SECURITIES AND FUTURES ACT
(CHAPTER 289)

SECURITIES AND FUTURES
(MARKETS) REGULATIONS 2005

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In exercise of the powers conferred by sections 7 (2), 9, 10 (1), 11 (2) and (3), 14 (1) and (3), 17 (1), 19, 21 (2), 23 (1) and (2), 28 (3) and (4), 38, 40, 44 (2), 45, 186 (10) and (11) and 341 of the Securities

and Futures Act, the Monetary Authority of Singapore hereby makes the following Regulations:

PART I
PRELIMINARY

Citation and commencement

1. These Regulations may be cited as the Securities and Futures (Markets) Regulations 2005 and shall come into operation on 1st July 2005.

Definitions

2. In these Regulations, unless the context otherwise requires —
- “annual report” means the audited profit and loss accounts, audited balance-sheet and auditors’ report, by whatever name called, of an approved exchange or a recognised market operator;
- “position”, in relation to a futures contract, means a futures contract which is outstanding and which has not been liquidated —
- (a) by an off-setting transaction;
 - (b) by delivery of the commodity underlying the futures contract;
 - (c) through settlement of the futures contract in accordance with the business rules or practices of a futures market, as the case may be; or
 - (d) by substituting the futures contract for a cash commodity.

Forms

3.—(1) The forms to be used for the purposes of Part II of the Act and these Regulations are those set out at the Authority’s Internet website at <http://www.mas.gov.sg> (under “Legislation and Notices”, “Securities and Futures”), and any reference in these Regulations to a numbered form shall be construed as a reference to the current version of the form bearing the corresponding number which is displayed at that website.

(2) Any document required to be lodged with the Authority under any provision of Part II of the Act or these Regulations shall be lodged in the relevant form and in the manner specified in the website referred to in paragraph (1), or in such other manner as the Authority may specify from time to time.

(3) All forms used for the purposes of Part II of the Act and these Regulations shall be completed in the English language and in accordance with such directions as may be specified in the form or by the Authority.

(4) The Authority may refuse to accept any form if —

(a) it is not completed in accordance with this regulation; or

(b) it is not accompanied by the relevant fee referred to in regulation 4.

(5) Where strict compliance with any form is not possible, the Authority may allow for the necessary modifications to be made to that form, or for the requirements of that form to be complied with in such other manner as the Authority thinks fit.

Fees

4.—(1) The fees specified in the First Schedule shall be payable to the Authority for the purposes specified therein and, subject to section 10 (2) of the Act, shall not be refundable.

(2) Payment of fees may be made through such electronic funds transfer system as the Authority may designate from time to time, whereby payment may be effected by directing the transfer of funds electronically from the bank account of the payer to a bank account designated by the Authority.

Keeping of books and other information

5. Every approved exchange, recognised market operator or exempt market operator shall ensure that all relevant books and other information as may be required by the Authority for the purposes of the Act are kept for a minimum of 6 years.

PART II
APPROVAL, RECOGNITION
AND EXEMPTION

Application for approval, recognition or exemption

6.—(1) For the purposes of section 7 (2) of the Act, an application for approval as an approved exchange or recognition as a recognised market operator under section 7 (1) of the Act shall be made in Form 1 and shall be lodged with the Authority together with —

- (a) Forms 2 and 3; and
- (b) any relevant annex and information specified in those Forms.

(2) For the purposes of section 14 (1) of the Act, an application for exemption under that section shall be made in Form 4.

Criteria for deciding whether an applicant should be an approved exchange or recognised market operator

7.—(1) For the purposes of section 9 of the Act and without prejudice to section 8 (7) of the Act, the Authority may approve a corporation as an approved exchange under section 8 (1) of the Act if —

- (a) the Authority is satisfied that a disruption in the operations of a market to be operated by the corporation could trigger, cause or transmit further systemic disruptions to the capital markets or financial system of Singapore;
- (b) the Authority is satisfied that a disruption in the operations of a market to be operated by the corporation could affect public confidence in the capital markets, financial institutions or financial system of Singapore; or
- (c) in any other case, the Authority is satisfied that the corporation, having applied to be an approved exchange under section 7 (1) (a) of the Act, is able to comply with the obligations or requirements imposed on approved exchanges under the Act.

(2) For the purposes of section 9 of the Act and without prejudice to section 8 (7) of the Act, the Authority may recognise a corporation as a recognised market operator under section 8 (2) of the Act unless —

- (a) the Authority is satisfied that the criteria referred to in paragraph (1) (a) or (b) is satisfied; or

(b) the corporation is one referred to in paragraph (1) (c).

(3) The Authority may have regard to the following matters in determining whether it is satisfied of the criteria referred to in paragraph (1) (a) or (b):

- (a) the size and structure, or proposed size and structure, of the market to be operated by the corporation;
- (b) the nature of the services provided, or to be provided, by the market to be operated by the corporation;
- (c) the nature of the securities or futures contracts traded, or to be traded, on the market to be operated by the corporation;
- (d) the nature of the investors or participants, or proposed investors or participants, who may use or have an interest in the market to be operated by the corporation;
- (e) whether the corporation is regulated by the Authority under the Act or any other written law;
- (f) the persons who may be affected in the event that the corporation, or the market to be operated by the corporation, runs into difficulties;
- (g) where the head office or principal place of business of the corporation is outside Singapore, whether the corporation, in the country or territory in which the head office or principal place of business of the corporation is situated, is subject to requirements and supervision comparable, in the degree to which the objectives referred to in section 5 of the Act are achieved, to the requirements and supervision to which market operators are subject under the Act;
- (h) the interests of the public; and
- (i) any other circumstances that the Authority may consider relevant.

Application for change in status

8. For the purposes of section 11 (2) of the Act, an application by an approved exchange or a recognised market operator to change its status under section 11 (1) of the Act shall be made in Form 5.

PART III

REGULATION OF APPROVED EXCHANGES

Division 1 — Obligations and matters relating to approved exchanges

Obligation to notify Authority of certain matters

9.—(1) For the purposes of section 17 (1) of the Act, an approved exchange shall, as soon as practicable after the occurrence of any of the following circumstances, notify the Authority of such circumstance:

- (a) any civil or criminal legal proceeding instituted against the approved exchange, whether in Singapore or elsewhere;
- (b) any disciplinary action taken against the approved exchange by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;
- (c) any significant change to the regulatory requirements imposed on the approved exchange by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;
- (d) a failure by the approved exchange to adhere to the trading days, hours or sessions of the approved exchange;
- (e) any disruption of, delay in, suspension of or termination in any trading procedure or trading practice of the approved exchange including those resulting from any system failure.

(2) Where a circumstance referred to in paragraph (1) (a), (b), (d) or (e) has occurred, the approved exchange shall, in addition to the notification required under paragraph (1), within 14 days of the occurrence of the circumstance or such longer period as the Authority may permit, submit a report to the Authority of the circumstances relating to the occurrence, the remedial actions taken at the time of the occurrence, and the subsequent follow-up actions that the approved exchange has taken or intends to take.

(3) An approved exchange shall, within a reasonable period of time prior to entering into negotiations to establish a trading linkage, clearing arrangement or co-operative arrangement with the person establishing or operating an overseas market or clearing facility, notify the Authority of such intent to enter into negotiations.

(4) In paragraph (3), “co-operative arrangement” shall not include —

- (a) any joint development of products and services;
- (b) any joint marketing efforts between the approved exchange and the person operating an overseas market or clearing facility in promoting the services of either entity; or
- (c) any memoranda of understanding for the exchange of information.

Obligation to submit periodic reports

10.—(1) For the purposes of section 19 of the Act, an approved exchange shall submit to the Authority —

- (a) within 3 months after the end of its financial year or such longer period as the Authority may permit, a copy of its —
 - (i) annual report and directors’ report prepared in accordance with the provisions of the Companies Act (Cap. 50); and
 - (ii) auditors’ long form report;
- (b) within 45 days after the end of each of the first 3 quarters of its financial year or such longer period as the Authority may permit, a copy of its —
 - (i) profit and loss accounts; and
 - (ii) balance-sheet,for the preceding quarter, in such form as may be approved by the Authority;
- (c) within 3 months after the end of its financial year or such longer period as the Authority may permit, a report on how the approved exchange has discharged its responsibilities under the Act and these Regulations during that financial year;
- (d) within 5 months after the end of its financial year or such longer period as the Authority may permit, a copy of the balance-sheet of the fidelity fund of the approved exchange prepared in accordance with section 180 of the Act;
- (e) where the approved exchange is operating a securities market —
 - (i) Form 6 within 10 business days from the end of each month;

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- (ii) Form 7 within 10 business days from the end of each quarter of a year;
 - (f) where the approved exchange is operating a futures market, Form 8 within 10 business days from the end of each month;
 - (g) a report relating to the business of the approved exchange, at such time or on such periodic basis as may be specified by the Authority; and
 - (h) such other report as the Authority may require for the proper administration of the Act, at such time or on such periodic basis as may be required by the Authority.
- (2) The auditors' long form report referred to in paragraph (1) (a) (ii) shall include the findings and recommendations of the auditors, if any, on —
- (a) the internal controls of the approved exchange; and
 - (b) the non-compliance with —
 - (i) any provision of the Act;
 - (ii) any direction issued by the Authority under the Act;
or
 - (iii) any other relevant laws or regulations.

Exceptions to obligation to maintain confidentiality

11.—(1) For the purposes of section 21 (2) of the Act, section 21 (1) of the Act shall not apply to the disclosure of user information by an approved exchange or its officers or employees for the following purposes or in the following circumstances:

- (a) the disclosure of user information is necessary for the making of a complaint or report under any written law for an offence alleged or suspected to have been committed under such written law;
- (b) the disclosure of user information is permitted for such purpose specified in writing by the user or, where the user is deceased, by his appointed personal representative;
- (c) the user information is disclosed to the approved holding company of the approved exchange;
- (d) the disclosure of user information is necessary for the execution by the approved exchange of a transaction in any

securities or futures contracts or clearing or settlement of a transaction and such disclosure is made only to another user which is —

- (i) a party to the transaction; or
 - (ii) a member of an approved exchange or a designated clearing house through which that transaction is executed, cleared or settled;
- (e) the disclosure of user information is necessary —
- (i) in any disciplinary proceedings of the approved exchange, provided that reasonable steps are taken to ensure that user information disclosed to any third person is used strictly for the purpose for which the user information is disclosed; or
 - (ii) for the publication, in any form or manner, of the disciplinary proceedings and the outcome thereof;
- (f) the user information disclosed is already in the public domain;
- (g) the disclosure of user information is made in connection with —
- (i) the outsourcing or proposed outsourcing of any function of the approved exchange to a third party;
 - (ii) the engagement or potential engagement of a third party by the approved exchange to create, install or maintain systems of the approved exchange; or
 - (iii) the appointment or engagement of an auditor, a lawyer, a consultant or other professional by the approved exchange under a contract for service;
- (h) the disclosure of user information is necessary in —
- (i) an application for a grant of probate or letters of administration or the resealing thereof in relation to the estate of a deceased user; or
 - (ii) the administration of the estate of a deceased user, including such disclosure as may be required by the Public Trustee or the Commissioner of Estate Duties; or
- (i) the disclosure of user information is made in connection with —
- (i) in the case where the user is an individual, the bankruptcy of a user; or

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- (ii) in the case where the user is a body corporate, the winding up or receivership of a user.
- (2) Where user information is disclosed under sub-paragraph (g) of paragraph (1), the approved exchange shall —
- (a) maintain a record of —
- (i) the circumstances relating to the disclosure of user information referred to in that sub-paragraph; and
- (ii) the particulars of —
- (A) in the case of the disclosure of information under sub-paragraph (g) (i), the outsourcing of the function of the approved exchange;
- (B) in the case of the disclosure of information under sub-paragraph (g) (ii), the engagement of the third party; and
- (C) in the case of the disclosure of information under sub-paragraph (g) (iii), the appointment or engagement of the auditor, lawyer, consultant or other professional,
- and make that record available for inspection by the Authority;
- (b) disclose the user information only insofar as this is necessary for the relevant purpose; and
- (c) take reasonable steps to ensure that the user information disclosed is used by the person to whom the disclosure is made strictly for the relevant purpose, and that the user information is not disclosed by that person to any other person except with the consent of the approved exchange.
- (3) Where disclosure of user information is permitted to be made for any purpose or in any circumstance under paragraph (1) to a body corporate, the user information may be disclosed only to those officers of the body corporate to whom the disclosure is necessary for the relevant purpose.
- (4) In paragraphs (2) and (3), “relevant purpose” means —
- (a) in the case of the disclosure of information under paragraph (1) (g) (i), facilitating the outsourcing of the function of the approved exchange;

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- (b) in the case of the disclosure of information under paragraph (1) (g) (ii), facilitating the engagement of the third party; and
 - (c) in the case of the disclosure of information under paragraph (1) (g) (iii), facilitating the appointment or engagement of the auditor, lawyer, consultant or other professional.

Business continuity plan

12.—(1) An approved exchange shall maintain at all times a plan of action (referred to in this regulation as a business continuity plan) setting out the procedures and establishing the systems necessary to restore fair, orderly and transparent operations of any market it operates, in the event of any disruption to the operations of the market.

(2) An approved exchange shall review the procedures and systems referred to in paragraph (1) on such regular basis as may be specified in the business continuity plan.

(3) An approved exchange shall immediately notify the Authority of any activation of its business continuity plan and of any action taken or intended to be taken to restore fair, orderly and transparent operations of any market it operates.

(4) An approved exchange shall, within 14 days or such longer period as the Authority may permit, inform the Authority of any material change to the business continuity plan, and shall submit, at the request of the Authority, a copy of the new plan to the Authority.

Provision of information to investors

- 13.—**(1) An approved exchange shall —
- (a) make available upon request by; or
 - (b) publish in a manner that is accessible to,
- any investor who accesses, or potential investor who may access, any market that the approved exchange operates, information on —
- (i) all services of the approved exchange;
 - (ii) all products available on the market operated by the approved exchange;
 - (iii) applicable fees and charges;
 - (iv) applicable margin requirements; and

- (v) any arrangement that may be in place to compensate an investor who suffers pecuniary loss as a result of the actions or insolvency of a participant of the approved exchange.
- (2) In this regulation, “investor” means —
 - (a) in the case where the approved exchange is incorporated in Singapore, any investor, whether in Singapore or elsewhere; and
 - (b) in the case where the approved exchange is not incorporated in Singapore but operates a market in Singapore, any investor in Singapore.

Transmission and storage of user information

14. An approved exchange shall take all reasonable measures to maintain the integrity and security of the transmission and storage of its user information.

Determination of position and trading limits

- 15.—**(1) The position and trading limits in respect of —
- (a) any futures contract listed on an approved exchange; or
 - (b) any other contract traded by, through or with a member of an approved exchange which holds a capital markets services licence to trade in futures contracts,

shall be determined from time to time by the approved exchange using such criteria or methodology as may be established by the approved exchange with the approval of the Authority.

(2) The position and trading limits under paragraph (1) may include limits on a person holding or controlling positions, separately or in combination, net long or net short, for the purchase or sale of a futures contract or an option for the futures contract on a futures equivalent basis.

- (3) The approved exchange —
 - (a) shall require a person, or any person acting for him pursuant to an express or implied agreement or understanding, who holds or controls net long or net short positions in any futures contract in excess of the position limits determined under paragraph (1), to trade under such conditions and

restrictions as the approved exchange considers necessary to ensure compliance with the position limits determined under that paragraph; and

- (b) may require the person referred to in sub-paragraph (a) to do one or more of the following actions:
 - (i) cease any further increase in his position;
 - (ii) liquidate his position to comply with the position limits determined under paragraph (1) within such time as may be determined by the approved exchange;
 - (iii) be subject to higher margin requirements in respect of his position.

(4) The Authority may —

- (a) require a person, or any person acting for him pursuant to an express or implied agreement or understanding, who holds or controls net long or net short positions in any futures contract in excess of the position limits determined under paragraph (1), to trade under such conditions and restrictions as the Authority considers necessary to ensure compliance with the position limits determined under that paragraph; and
- (b) require the person referred to in sub-paragraph (a) to do one or more of the following actions:
 - (i) cease any further increase in his position;
 - (ii) liquidate his position to comply with the position limits determined under paragraph (1) within such time as may be determined by the Authority;
 - (iii) be subject to higher margin requirements in respect of his position,

and where the Authority does so, the requirement imposed by the Authority under sub-paragraph (a) or (b) shall supersede a requirement imposed by the approved exchange under paragraph (3) (a) or (b), as the case may be.

(5) Where the Authority has imposed any requirement under paragraph (4), any person who fails to comply with such requirement shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$25,000 or to imprisonment for a term not exceeding 12 months or to both; or
- (b) in the case of a corporation, to a fine not exceeding \$50,000.

(6) In paragraph (2), “futures equivalent basis” means the basis by which an option is adjusted by the risk factor or delta coefficient of that option, such risk factor or delta coefficient being calculated at the close of trading on the last day on which that option was traded or at such other time as the Authority may determine.

Requirements to register trading personnel

- 16.** An approved exchange shall not allow any person —
- (a) in or around any pit or other place provided by the approved exchange for trading of futures contracts, to purchase or sell for another person or for his own account any futures contract; or
 - (b) to use any electronic system provided by the approved exchange through which trading in futures contracts is carried out —
 - (i) to purchase or sell any futures contract in his capacity as an employee or agent of a member of the approved exchange; or
 - (ii) to purchase or sell any futures contract, directly without any intermediary, for another person or for his own account,

unless that person is registered with the approved exchange and such registration has not expired or been suspended or revoked by the approved exchange.

Amounts to be paid out of fidelity funds

17.—(1) For the purposes of section 186 (10) of the Act, the prescribed amount shall be \$2 million.

(2) For the purposes of section 186 (11) of the Act, the prescribed amount shall be \$50,000.

Division 2 — Rules of approved exchanges

Content of rules of approved exchanges

18. For the purposes of section 23 (1) of the Act, an approved exchange shall in its business rules or in its listing rules, as the case may be, make provision to the satisfaction of the Authority for —

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- (a) the criteria that it would use to determine the admission, or denial of admission, of persons to or from membership;
 - (b) continuing requirements for each member, including requirements —
 - (i) that prohibit or prevent the member from engaging in improper conduct when dealing as an agent for the customers of the member on any market operated by the approved exchange;
 - (ii) that prohibit or prevent the member from engaging in improper conduct when participating in any market operated by the approved exchange;
 - (iii) on the financial condition of the member such as to provide reasonable assurance that all obligations arising out of the activities of the member in any market operated by the approved exchange will be met;
 - (iv) that facilitate the monitoring by the approved exchange of the compliance of the member with the business rules of the approved exchange; and
 - (v) that provide for the expulsion, suspension or disciplining of members for conduct inconsistent with just and equitable principles in the transaction of business, or for a contravention of the business rules of the approved exchange;
 - (c) the class or classes of securities or futures contracts that may be traded on any market operated by the approved exchange;
 - (d) the terms and conditions under which securities may be listed for quotation by the approved exchange;
 - (e) the terms and conditions relating to the calculation of the final settlement price, the daily price limits and the accumulation of positions of futures contracts traded on any market operated by the approved exchange;
 - (f) the manner in which trades in securities or futures contracts are effected on any market operated by the approved exchange;
 - (g) where the approved exchange operates a trading floor, fair and properly supervised floor trading practices;

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- (h) the measures to prevent and deal with manipulation, market rigging and artificial market conditions in any market operated by the approved exchange;
 - (i) the arrangements for the safe and efficient clearing and settlement of trades concluded on any market operated by the approved exchange;
 - (j) the establishment of any compensation arrangement, or any other scheme or system accepted by the Authority, which would compensate any customer who suffers pecuniary loss through the defalcation of a member, or any of its directors, officers, employees or representatives, in respect of any money or other property —
 - (i) that was entrusted to or received by a member, or any of its directors, officers, employees or representatives, for or on behalf of the customer; or
 - (ii) in respect of which the member was a trustee;
 - (k) the dissemination of announcements by companies listed on any market operated by the approved exchange through a single and central facility; and
 - (l) the carrying on of business of the approved exchange with due regard to the interests and protection of the investing public.

Amendment of business rules and listing rules

19.—(1) For the purposes of section 23 (2) of the Act, an approved exchange which intends to amend its business rules or listing rules shall, prior to making the amendment, notify the Authority of —

- (a) the proposed amendment;
- (b) the purpose of the proposed amendment; and
- (c) the date on which the proposed amendment is intended to come into force.

(2) The approved exchange shall, prior to notifying the Authority under paragraph (1), consult its participants on the proposed amendment, unless the proposed amendment would have limited impact on its participants.

(3) Subject to paragraphs (4) and (6), an amendment shall not come into force unless the notification referred to in paragraph (1) is

submitted at least 21 days before the date on which the amendment is proposed to come into force.

(4) The Authority may, on its own initiative or on the application of the approved exchange, by notice in writing to the approved exchange, allow an amendment to come into force before the expiry of the period of 21 days referred to in paragraph (3).

(5) The Authority may, subject to paragraph (6), within 21 days after the receipt of the notification referred to in paragraph (1), by notice in writing to the approved exchange, disallow, alter or supplement the whole or any part of the proposed amendment and, thereupon, such whole or part of the proposed amendment, as the case may be —

- (a) where it is disallowed, shall not come into force; or
- (b) where it is altered or supplemented, shall come into force as altered or supplemented accordingly.

(6) The Authority, may on its own initiative, by notice in writing to the approved exchange, vary the period specified in paragraph (5), and where the period in that paragraph is extended, the amendment shall not come into force before the expiry of the extended period.

Division 3 — Matters requiring approval of Authority

Application and criteria for approval to acquire substantial shareholding

20.—(1) Any person applying for approval under section 27 (1) or (2) of the Act shall submit to the Authority a written application that sets out —

- (a) the name of the applicant;
- (b) in the case where the applicant is a corporation —
 - (i) its place of incorporation;
 - (ii) its substantial shareholders;
 - (iii) its directors and chief executive officer; and
 - (iv) its principal business;
- (c) in the case where the applicant is a natural person —
 - (i) his nationality;
 - (ii) his principal occupation; and
 - (iii) his directorships;

- (d) all the corporations in which the applicant has a substantial shareholding;
- (e) the percentage of shareholding and voting power that the applicant has in the approved exchange;
- (f) the percentage of shareholding and voting power the applicant is seeking to have in the approved exchange;
- (g) the reasons for making the application;
- (h) the mode and structure, as appropriate, under which the increase in shareholding would be carried out;
- (i) whether the applicant will seek representation on the board of directors of the approved exchange; and
- (j) any other information that may facilitate the determination of the Authority as to whether the applicant is a fit and proper person for the purposes of paragraph (3) (a).

(2) The Authority may require the applicant to furnish it with such information or documents as the Authority considers necessary in relation to the application and the applicant shall furnish such information or documents as required by the Authority.

(3) The Authority may approve an application made under section 27 (1) or (2) of the Act if the Authority is satisfied that —

- (a) the applicant is a fit and proper person to be a substantial shareholder, or a 12% controller or 20% controller within the meaning of section 27 (3) of the Act (as the case may be) of the approved exchange;
- (b) having regard to the applicant's likely influence, the approved exchange will or will continue to conduct its business prudently and in compliance with the provisions of the Act; and
- (c) it would not be contrary to the interests of the public to do so.

Application for approval of chairman, chief executive officer, director and key persons

21.—(1) For the purposes of section 28 (3) of the Act, an approved exchange may apply for approval under section 28 (1) or (2) of the Act by submitting Form 9 to the Authority.

(2) The Authority may require the approved exchange to furnish it with such information or documents as the Authority considers

necessary in relation to the application referred to in paragraph (1) and the approved exchange shall furnish such information or documents as required by the Authority.

Criteria for approval of chairman, chief executive officer, director and key persons

22. For the purposes of section 28 (4) of the Act, the Authority may have regard to the following matters in determining whether to approve or refuse to approve the appointment of a person under section 28 (1) or (2) of the Act:

- (a) whether the person is fit and proper to be so appointed;
- (b) whether the appointment of the person would be consistent with any applicable written law relating to the qualifications for the position or the requirements for the composition of the board of directors or any committee of the approved exchange;
- (c) whether it would be contrary to the interests of the public to approve the appointment of the person.

PART IV

REGULATION OF
RECOGNISED MARKET OPERATORS

Obligation to notify Authority of certain matters

23.—(1) For the purposes of section 38 of the Act, a recognised market operator shall, as soon as practicable after the occurrence of any of the following circumstances, notify the Authority of such circumstance:

- (a) any civil or criminal legal proceeding instituted against the recognised market operator, whether in Singapore or elsewhere;
- (b) any disciplinary action taken against the recognised market operator by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;
- (c) any material change to the regulatory requirements imposed on the recognised market operator by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;

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- (d) a failure by the recognised market operator to adhere to the trading days, hours or sessions as published by the recognised market operator;
 - (e) any disruption of, delay in, suspension of or termination in any trading procedure or trading practice of the recognised market operator, including those resulting from any system failure;
 - (f) the recognised market operator becoming aware of any acquisition or disposal by any person of a substantial shareholding in the recognised market operator;
 - (g) where the recognised market operator is one specified in the Second Schedule, any amendment to its business rules.

(2) Where a circumstance under paragraph (1) (a), (b), (d) or (e) has occurred, the recognised market operator shall, in addition to the notification required under paragraph (1), within 14 days of the occurrence of the circumstance, or such longer period as the Authority may permit, submit a report to the Authority of the circumstances relating to the occurrence, the remedial actions taken at the time of the occurrence, and the subsequent follow-up actions that the recognised market operator has taken or intends to take.

Obligation to submit periodic reports

24. For the purposes of section 40 of the Act, a recognised market operator shall submit to the Authority —

- (a) within 3 months after the end of its financial year or such longer period as the Authority may permit, a copy of its annual report;
- (b) a report relating to the business of the recognised market operator, and any dealing in securities or trading in futures contracts that the recognised market operator may conduct, at such time or on such periodic basis as may be required by the Authority; and
- (c) such other report as the Authority may require for the proper administration of the Act, at such time or on such periodic basis as may be specified by the Authority.

Business continuity plan

25.—(1) A recognised market operator shall maintain at all times a plan of action (referred to in this regulation as a business continuity

plan) setting out the procedures and establishing the systems necessary to restore fair, orderly and transparent operations of any market it operates, in the event of any disruption to the operations of the market.

(2) A recognised market operator shall review the procedures and systems referred to in paragraph (1) on such regular basis as may be specified in the business continuity plan.

(3) A recognised market operator shall immediately notify the Authority of any activation of its business continuity plan and of any action taken or intended to be taken to restore fair, orderly and transparent operations of any market it operates.

(4) A recognised market operator shall, within 14 days or such longer period as the Authority may permit, inform the Authority of any material change to the business continuity plan, and shall submit, at the request of the Authority, a copy of the new plan to the Authority.

Provision of information to investors

26.—(1) A recognised market operator shall —

- (a) make available upon request by; or
- (b) publish in a manner that is accessible to,

any investor accessing, or potential investor that may access, any market that it operates, information on —

- (i) all services of the recognised market operator;
- (ii) all products available on the markets that the recognised market operator operates;
- (iii) applicable fees and charges;
- (iv) applicable margin requirements; and
- (v) any arrangement that may be in place to compensate an investor who suffers pecuniary loss as a result of the actions or insolvency of a participant of the recognised market operator.

(2) In this regulation, “investor” means —

- (a) in the case where the recognised market operator is incorporated in Singapore, any investor, whether in Singapore or elsewhere; and

- (b) in the case where the recognised market operator is not incorporated in Singapore but operates a market in Singapore, any investor in Singapore.

Transmission and storage of user information

27.—(1) A recognised market operator shall take all reasonable measures to maintain the integrity and security of the transmission and storage of its user information.

(2) In this regulation —

“user”, in relation to a recognised market operator, means a person who is —

- (a) a participant; or
- (b) a customer of a participant, of the recognised market operator;

“user information” means transaction information that is referable to —

- (a) a named user; or
- (b) a group of users, from which the name of a user can be directly inferred.

Supervision of participants

28. A recognised market operator specified in the Second Schedule shall —

- (a) have in place measures to ensure that its participants in Singapore comply with the rules of the recognised market operator;
- (b) have in place measures to monitor the compliance of participants in Singapore with Part XII of the Act;
- (c) take immediate action to terminate, suspend or restrict the access to any market it operates of a participant in Singapore —
 - (i) where the participant, being an entity licensed or authorised by the Authority, has had its licence or authorisation revoked by the Authority; or
 - (ii) upon the direction of the Authority; and

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- (d) notify the Authority, within 14 days or such longer period as the Authority may permit, of any disciplinary action taken by the recognised market operator against any participant in Singapore.

PART V

MISCELLANEOUS

Criteria to determine failure to discharge duties or functions by officers

29. For the purposes of section 44 (2) of the Act, the Authority may, in determining whether —

- (a) in the case of an approved exchange, its chairman, chief executive officer, director, or any of its officers who is a person stated in a notice referred to in section 28 (2) of the Act; or
- (b) in the case of a recognised market operator, its chief executive officer or director,

has failed to discharge the duties or functions of his office, take into consideration whether that person has taken reasonable steps to discharge the following duties:

- (i) ensure the proper functioning of the approved exchange or the recognised market operator, as the case may be;
- (ii) ensure the compliance of the approved exchange or the recognised market operator, as the case may be, with any relevant laws or regulations of any jurisdiction in which it is incorporated or in which it operates;
- (iii) set out and ensure compliance with written policies on all operational areas of the approved exchange or the recognised market operator, as the case may be, including its financial policies, accounting and internal controls, internal auditing and compliance with all laws and rules governing the operations of the approved exchange or the recognised market operator;
- (iv) identify, monitor and address the risks associated with the business activities of the approved exchange or the recognised market operator, as the case may be;

- (v) ensure that the business activities of the approved exchange or the recognised market operator, as the case may be, are subject to adequate internal audit;
- (vi) oversee the financial undertakings or exposure of the approved exchange or the recognised market operator, as the case may be, to risks of any nature, by setting out proper delegation limits and risk management controls; and
- (vii) ensure —
 - (A) that the approved exchange or the recognised market operator, as the case may be, maintains written records of the steps taken by it to monitor compliance with its policies, the limits on discretionary powers and its accounting and operating procedures; and
 - (B) that every report, return or statement submitted by the approved exchange or the recognised market operator, as the case may be, to the Authority is complete and accurate.

Offences

30.—(1) Unless otherwise provided in these Regulations, any corporation which contravenes regulation 5, 9 (2), 11 (2), 12, 13 (1), 14, 15 (1) or (3) (a), 16, 21 (2), 23 (2), 25, 26 (1), 27 (1) or 28 shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$150,000 and, in the case of a continuing offence, to a further fine not exceeding \$15,000 for every day or part thereof during which the offence continues after conviction.

(2) Section 333 (1) of the Act shall not apply to any offence referred to in paragraph (1).

PART VI

REVOCATION

Revocation

31. The Securities and Futures (Markets) Regulations (Rg 8) are revoked.

FIRST SCHEDULE

Regulation 4

FEES

- | | |
|---|-----------|
| 1. For every application for approval as an approved exchange or recognition as a recognised market operator under section 7 (2) of the Act | \$4,000 |
| 2. Annual fee under section 10 (1) of the Act — | |
| (a) for every recognised market operator | \$10,000 |
| (b) for Singapore Exchange Securities Trading Limited | \$350,000 |
| (c) for Singapore Exchange Derivatives Trading Limited | \$200,000 |
| 3. For every application by an approved exchange or recognised market operator for change in status under section 11 (3) of the Act | \$1,000 |
| 4. For every application for exemption as an exempt market operator under section 14 (3) of the Act | \$2,000 |
| 5. For every application for approval to acquire substantial shareholding in an approved exchange under section 27 (1) or (2) of the Act | \$500. |

SECOND SCHEDULE

Regulations 23 (1) and 28

RECOGNISED MARKET OPERATORS

- 1 Chicago Mercantile Exchange Inc.
- 2 Euronext Paris S.A.
- 3 LIFFE Administration and Management
- 4 New York Mercantile Exchange, Inc.
- 5 The International Petroleum Exchange of London Limited.

Made this 8th day of June 2005.

HENG SWEE KEAT
Managing Director,
Monetary Authority of Singapore.