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Futures Trading Rules

Chapter 1 General Matters

1. Market Overview

The Exchange operates the Markets in accordance with applicable laws of Singapore. As an Approved Exchange we are committed to promoting a fair, orderly and transparent market in a manner consistent with the public interest as contemplated under the Act. This Rules is designed to facilitate the operation of efficient markets for the allocation of capital and transfer of risks. To the extent that the Markets function in an efficient manner, the Exchange will not intervene or impose unnecessary regulatory requirements that would inflate compliance or regulatory costs for its participants. This Rules seeks to achieve the above regulatory objectives while promoting robust and liquid Markets.

1.1 Market Title

The Markets comprise the SGX-DT Market and such other markets as provided under this Rules from time to time.

Amended on [26 November 2007](#).

1.2 Scope of Rules and Products on the Market

1.2.1 Rules Govern Market

This Rules governs the operation of the Markets as contemplated under the Act.

1.2.2 Products Available for Trading on the Market

The Contracts listed and traded on the Markets comprise Futures Contracts and Option Contracts as more fully described in [Chapter 4](#).

1.3 Exchange's Regulatory Responsibilities

1.3.1 Operation of Fair, Orderly and Transparent Market

The Exchange is obligated under the Act to ensure, as far as reasonably practicable, that each Market it operates is fair, orderly and transparent. In connection with this statutory obligation, the Exchange undertakes surveillance, supervision and enforcement actions to ensure compliance with this Rules. In discharging its obligations under the Act, the Exchange cannot act contrary to the interests of the investing public and is required to have particular regard to the interests of the investing public.

1.3.2 Regulatory Arrangements

The Exchange may take any action or enter into any agreement or arrangement it considers necessary or desirable in furtherance of its regulatory responsibilities under any applicable law or regulation with any Person including, without limitation, MAS, any other exchange, market, clearing house or Partner Market, or any Person which, in the opinion of the Exchange, exercises a legal or regulatory function under any law or regulation.

1.4 Confidentiality of Information of Members, Approved Traders and Registered Representatives

1.4.1 Confidentiality Undertaking

The Exchange shall not use, distribute, supply, provide, make available, sell or otherwise deal with Confidential Information to or for the benefit of any third party, including any third party who or which by himself or itself or by any director, officer, employee or representative that has, or at any time has had, any trading interests upon the Exchange. "**Confidential Information**" relates to information which is not in the public domain and includes information pertaining to a Member's Open Positions, Financial Resources, Members' Affairs and User Information.

1.4.2 Members' Affairs

All confidential information concerning a Member's affairs obtained or received by officials of the Exchange:

- (a) as a result of inspections of accounting, financial statements, declarations or reports on financial condition and daily monitoring or stress testing activities; or
- (b) pursuant to or in connection with any disciplinary proceedings, investigations or surveillance or enforcement actions taken by the Exchange,

(collectively, "**Members' Affairs**") shall be confidential to such officials of the Exchange. For the avoidance of doubt, nothing in this Rule prohibits the disclosure by the Exchange of the outcome of any disciplinary proceedings or the grounds for a decision of the Disciplinary Committee or Appeals Committee.

1.4.3 Consensual Disclosure

Where the Exchange considers it necessary or desirable to use or disseminate any Confidential Information, the Exchange shall seek the prior consent of that Member to such use or dissemination, and shall provide to such Member:

- (a) particulars sufficient to identify the nature of the information;
- (b) the name and address of each Person to whom it is proposed to disseminate that information;
- (c) a description of the manner in which and the purposes for which it proposes to disseminate that information; and
- (d) a description of the circumstances in which and the conditions upon which it is proposed that the use or dissemination will take place.

Any Member approached by the Exchange under this Rule may give or withhold its consent to any use or dissemination of its information in its absolute discretion.

1.4.4 Permitted Disclosure

Notwithstanding anything to the contrary as set forth above, the Exchange may disclose any information, including Confidential Information concerning or associated with a Member, Approved Trader or Registered Representative (including, without limitation, information concerning any aspect of transactions made on the Markets) in connection with the discharge of its regulatory obligations under the Act or when compelled under applicable laws to do so or pursuant to any cross-border regulatory sharing arrangement subject to its obligation to maintain confidentiality under the Act. To the extent practicable, the Exchange shall use its best endeavors to notify the affected party of such disclosure(s) prior to disclosing the same.

1.5 Compensation for Investors

1.5.1 Fidelity Fund Maintained by Exchange

- (1) The Exchange is required under the Act to establish and maintain a fidelity fund consisting of such amount as prescribed by MAS to:
 - (a) compensate any Person (other than an Accredited Investor) who suffers pecuniary loss through the Defalcation committed by a Member that is a CMS licence holder, or any of its directors, officers, employees or representatives, in respect of any money or other property that was entrusted to or received by the Member or any of its directors, officers, employees or representatives, for or on behalf of the Person, or by reason that the Member was a trustee of the money or other property; or
 - (b) pay to a liquidator, official assignee or trustee in bankruptcy of a Member, that is a CMS licence holder, that is being wound up or the subject of bankruptcy proceedings respectively, to make up or reduce the deficiency arising because the available assets of the Member are insufficient to satisfy any debts arising from its trading activities that have been proved in the liquidation or bankruptcy of the Member.

"**Defalcation**" refers to the misapplication, including misappropriation, of any property as contemplated under the Act.

- (2) Pursuant to Rule 1.5.1(1), the fidelity fund will not be applied in the event of a Bank Trading Member's defalcation, winding up or bankruptcy.

Amended on [25 August 2009](#).

1.5.2 Compensation Claims by Persons Claiming Compensation in the Case of Defalcation

Persons claiming compensation from the fidelity fund under [Rule 1.5.1\(1\)\(a\)](#) shall do so in accordance with the procedures set forth on the Exchange's website.

Amended on [25 August 2009](#).

1.5.3 [Rule has been deleted.]

Deleted on [24 November 2007](#).

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:

- (a) any action taken by the Exchange in connection with the discharge of its regulatory responsibilities including the suspension, interruption or closure of the Markets; or
- (b) any failure or malfunction of Exchange Systems.

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

1.6.2 Statutory Immunity

As provided under the Act, the Exchange or any Person acting on its behalf including any director or any Committee Member shall be immune from any criminal or civil liability for anything done (including any statement made) or omitted to be done with reasonable care and in good faith in the course of, or in connection with, the discharge or purported discharge of its obligations under the Act or this Rules.

1.6.3 Disclaimer of Warranties

All warranties and conditions, both express and implied as to condition, description, quality, performance, durability, or fitness for the purpose or otherwise of any of the Exchange Systems or any component thereof are excluded except as required by law. The Exchange does not warrant or forecast that the Exchange Systems, any component thereof or any services performed in respect thereof will meet the requirements of any user, or that operation of the Exchange Systems will be uninterrupted or error-free, or that any services performed in respect of the Exchange Systems will be uninterrupted or error-free.

1.6.4 Index Related Disclaimers

The Exchange, Index Provider and any other party involved in, or related to, making or compiling any index do not guarantee the originality, accuracy or completeness of such indices or any data included therein. Contracts on any index ("**Index Contracts**") are not sponsored, guaranteed or endorsed by the Index Provider or any other party involved in, or related to, making or compiling such indices. Neither the Index Provider nor any other party involved in, or related to, making or compiling any index makes any representations regarding the advisability of investing in such Index Contracts. Neither the Index Provider nor any other party involved in, or related to, making or compiling any index makes any warranty, express or implied, as to the results to be obtained by any person or any entity from the use of such index or any data included therein. Neither the Index Provider nor any other party involved in, or related to, making or compiling any MSCI Index makes any express or implied warranty, and expressly disclaims all warranties of merchantability and fitness for a particular purpose or use with respect to such index or any data included therein. Without limiting any of the foregoing, in no event shall an Index Provider or any other party involved in, or related to, making or compiling any index have any liability for any direct, special punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages. In addition, neither the Exchange, an Index Provider nor any other party involved in, or related to, making or compiling any index shall have any liability for damages, claims, losses or expenses relating to any futures or options contracts that may be caused by any errors or delays in calculating or disseminating such index. "**Index Provider**" as used herein refers to MSCI, FTSE, IISL, NKS or such other index provider and their respective affiliates with whom the Exchange has or shall enter into agreements with for the creation and exploitation of indices and index-linked products.

1.6.5 Notification to Customers

Members shall notify Customers of the above exclusion of liability and disclaimer of warranty by the Exchange either by way of inclusion in the contracts granting access to the Markets or such other manner as approved by the Exchange.

1.7 Rules as Binding Contract and Deemed Consent of Members

1.7.1 Binding Contract

This Rules shall operate as a binding contract as contemplated under the Act, between:

- (a) the Exchange and each Member; and
- (b) between each Member and any other Member.

1.7.2 Deemed Consent

Each Member shall be deemed to have agreed to observe and perform the provisions of this Rules in force for the time being, so far as these provisions are applicable to the Exchange or the Member, as the case may be.

1.7.3 No Third Party Rights

A Person who is not a Member has no rights under the Contracts (Rights of Third Parties) Act (Cap. 53B) to enforce any provisions under this Rules.

1.8 Waiver by Exchange

Unless otherwise indicated, the Exchange may waive compliance with this Rules or portion thereof or grant waivers subject to such terms and conditions as it deems fit. All waivers shall be notified to Members via Regulatory Notices or Circulars as the Exchange deems fit.

1.9 Amendment of Rules

1.9.1 Rule Amendment Process

The Exchange is prohibited from making any amendments to this Rules unless it complies with such requirements as contemplated under the Act. In addition to these requirements, Board approval is required to effect any Rule amendments. These safeguards are designed to promote regulatory transparency and accountability on the part of the Exchange with respect to its rulemaking process and thereby promote investor confidence in the Markets.

1.9.2 New Rule — Effective Date

Any amendment to this Rules shall not come into force unless the prescribed time periods as contemplated under the Act are met and a Circular announcing the effective date of the revised Rules is issued by the Exchange.

1.9.3 Mandatory Rule Amendments

Notwithstanding anything to the contrary as set forth above, the Exchange may effect Rule amendments in such manner as directed by MAS or pursuant to the Act or other applicable laws.

1.10 Directives, Regulatory Notices and Practice Notes

1.10.1 Issuance of Supplementary Instruments

The Exchange may, from time to time, issue Directives, Regulatory Notices or Practice Notes to supplement this Rules or to provide guidance on the interpretation or application of this Rules.

1.10.2 Authorised Use of Directives, Regulatory Notices and Practice Notes

Directives, Regulatory Notices and Practice Notes may only be used in the manner and for such purposes as expressly contemplated under this Rules. "**Directives**" are binding notices directing Members to take corrective or other actions in the interests of a fair, orderly and transparent market or to address investor protection concerns. "**Regulatory Notices**" are binding notices issued by the Exchange regarding regulatory matters pertaining to the Markets. "**Practice Notes**" are guidelines that seek to explain the application and interpretation of a Rule. Practice Notes do not bind the Exchange in the application of a Rule.

1.10.3 Precedence

The order of precedence in the construction and interpretation of the various legislative and quasi-legislative instruments governing the Markets and their participants shall be, in descending order of precedence, as follows:

- (a) Act
- (b) Rules

- (c) Directives
- (d) Regulatory Notices
- (e) Practice Notes

1.10.4 Supremacy

In the event of a conflict between any provision in the aforesaid instruments the provisions contained in the instrument at a higher precedence level shall prevail.

1.11 Governing Law and Jurisdiction

This Rules is governed by the laws of Singapore. Save as provided in [Chapter 6](#) of this Rules, the courts of Singapore shall have exclusive jurisdiction to determine any dispute arising from or in connection with this Rules.

1.12 Effective Date for New Rules and Transitional Arrangements

1.12.1 Effective Date

This Rules shall take effect on the Effective Date.

1.12.2 Transitional Arrangements

The Exchange may, from time to time, publish transitional arrangements in relation to this Rules.

1.12.3 Floor Rules

The floor trading rules in the Old Rules shall continue to apply to the extent that floor trading is still available for discrete Contracts on the Effective Date. With respect to generic, non-floor specific rules, in the event of a conflict between this Rules and the Old Rules, this Rules shall prevail. "**Old Rules**" refers to the collection of rules applicable to the Markets and commonly referred to as the "DT Rules" that were in force before this Rules came into effect.

1.12.4 Survival of Accrued Rights and Obligations

The rescission of the Old Rules shall not impair, modify or discontinue the status, operation or effect of any act or omission under the Old Rules.

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 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 QUEST via an Exchange-provided or Exchange-approved OMS.

2.1 Access and Trading

2.1.1 Access to QUEST

A Member or Customer may access 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 QUEST.

2.1.2 Conditions Governing Direct Market Access

With respect to each Customer for which the Member has authorised Direct Market Access, the Member is required to:

- (a) provide such Customer with information concerning its access to QUEST, this Rules and other applicable laws; and
- (b) assist the Exchange in any investigation into potential violations of this Rules and applicable laws. Such assistance shall be timely and shall include, but is not limited to, requiring the Customer to

produce documents, to answer questions from the Exchange or to appear in connection with any investigation.

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 QUEST or such other means as approved by the Exchange.

2.1.4 Trading Capacity — House and Agency

A Member may execute House Trades, Agency Trades or both.

2.2 Classes of Membership

2.2.1 Overview

Membership shall:

- (a) comprise such classes of membership as provided under this Rules; and
- (b) be granted pursuant to and subject to this Rules.

2.2.2 Trading Member

There are 2 classes of Trading Members:

- (i) General Trading Members; and
- (ii) Bank Trading Members.

A Trading Member shall observe this Rules and any requirements as prescribed by the Exchange from time to time.

Amended on [25 August 2009](#).

2.2.3 Clearing Member

To the extent that a Clearing Member has trading privileges, it is required to observe this Rules, the Clearing Rules and any requirements as prescribed by the Exchange or the Clearing House from time to time.

2.2.4 Dual Member

A Dual Membership entitles a Member to certain Membership privileges and subjects it to certain additional Membership obligations as set out in the applicable rules, including this Rules, the Clearing Rules, the CDP Clearing Rules and the Securities Rules. A "**Dual Member**" refers to a Member of more than one (1) Approved Exchange or more than one (1) Designated Clearing House owned by the Singapore Exchange Limited, as the case may be.

2.2.5 Honorary Member

The Exchange reserves the right to confer the distinction of Honorary Member to any person who has made a significant contribution to the promotion and development of a Market or Markets.

2.3 Admission Criteria for Members

2.3.1 Licensing, Financial, Integrity, Clearing and Other Requirements

To be eligible for admission as a Member, an applicant shall satisfy the Exchange of its ability to satisfy the following requirements, where relevant, both at the time of admission as well as on a continuous basis until the termination of the Membership:

- (a) in the case of a General Trading Member, licensing requirements as set forth in [Rule 2.4.1](#);
- (b) in the case of a Bank Trading Member, credit rating requirements as set forth in [Rule 2.4.2](#);
- (c) financial requirements as set forth in [Rule 2.5](#);
- (d) technical matters and risk management controls as set forth in [Rule 2.6](#);

- (e) fit and proper requirements as set forth in [Rule 2.12](#);
- (f) clearing arrangement with a Clearing Member as set forth in [Rule 2.10](#); and
- (g) other requirements as prescribed under the Act, this Rules and applicable laws.

Amended on [25 August 2009](#).

2.3.2 Membership in Other Exchanges

The following requirements apply in relation to membership in other exchanges:

- (a) the Exchange may consider an application from a member of another exchange if such applicant is able to satisfy the Exchange that it meets the requirements set forth in [Rule 2.3.1](#); and
- (b) a Member engaging in Agency Trades shall notify the Exchange at the time of submission of its application for concurrent membership in another exchange. The Exchange may impose such additional requirements and conditions on the Member as it deems necessary.

Amended on [24 January 2011](#).

2.4 Licensing and Credit Rating Requirements for Members, their Employees and Agents

2.4.1 Licensing and Registration Requirements for General Trading Members

To the extent that any General Trading Member or its employees and agents engage in any Regulated Activity in the Markets, such General Trading Member and its employees and agents are required to procure and maintain the requisite licence(s) and registration(s) with MAS and independently satisfy such licensing and registration requirements as contemplated under the applicable laws. "**Regulated Activity**" refers to any activity that requires a CMS Licence, registration in the Public Register of Representatives, financial adviser's licence or such other licence or registration as required under the Act or Financial Advisers Act (Cap 110).

Amended on [25 August 2009](#) and [29 November 2010](#).

2.4.2 Credit Rating Requirements for Bank Trading Members

A Bank Trading Member is required to satisfy the Exchange that it, or its parent bank, has:

- (a) a financial strength rating of at least C from Moody's Investors Service;
- (b) a bank fundamental strength rating of at least C from Standard & Poor's Corporation;
- (c) a bank individual rating of at least C from Fitch, Inc; or
- (d) an equivalent rating from any other international rating agency deemed acceptable by the Exchange.

Added on [25 August 2009](#).

2.4.3 Downgrades in Credit Rating of Bank Trading Members

Upon admission as a Bank Trading Member, if there is any downgrade in the rating of the Bank Trading Member or its parent bank such that it falls below the minimum prescribed rating, the Exchange may, at its discretion, impose additional conditions as it deems fit, for permitting the Bank Trading Member to continue its trading activities as a Bank Trading Member.

Added on [25 August 2009](#).

2.5 Financial Requirements for Members

2.5.1 Overview of Base Capital, Total Risk Requirement and Statutory Requirements

A Member is required to comply with the financial requirements set forth in [Rule 2.5](#), including, where applicable, requirements for Base Capital, Net Head Office Funds, Adjusted Net Head Office Funds, Financial Resources and Aggregate Resources. "**Financial Resources**", "**Base Capital**", "**Net Head Office Funds**", "**Adjusted Net Head Office Funds**", "**Total Risk Requirement**", "**Aggregate Indebtedness**", and "**Aggregate Resources**" shall have the meanings ascribed to them under [Chapter 8](#) of this Rules.

Amended on [25 August 2009](#).

2.5.2 Trading Members

The following requirements apply in relation to Trading Members:

- (a) except for [Rule 2.5.4](#), a Trading Member that engages solely in House Trades and Proprietary Trades of its Related Corporations is not subject to any financial requirements under [Rule 2.5](#). However, in deciding whether to admit such Trading Member, the Exchange shall take into account matters such as the prospective Trading Member's financial standing, pending court proceedings and criminal records;
- (b) any other General Trading Member shall at all times:
 - (i) maintain a Base Capital or Net Head Office Funds, as the case may be, of not less than \$1 million;
 - (ii) not cause or permit its Financial Resources or Adjusted Net Head Office Funds, as the case may be, to fall below its Total Risk Requirement; and
 - (iii) not cause or permit its Aggregate Indebtedness to exceed 1200% of its Aggregate Resources.
- (c) any other Bank Trading Member shall at all times:
 - (i) maintain a Base Capital or Net Head Office Funds, as the case may be, of not less than \$1 million, failing which, the Bank Trading Member must deposit an amount of not less than \$1 million in cash and/or Acceptable Government Securities with the Clearing House; PROVIDED ALWAYS THAT:—
 - (1) the Exchange shall have the discretion to decide if a Bank Trading Member may rely on its Base Capital or Net Head Office Funds instead of depositing cash and/or Acceptable Government Securities;
 - (2) if the Bank Trading Member is also a clearing member of the Clearing House and/or CDP, and has a deposit in excess of \$1 million with the Clearing House or CDP in accordance with the applicable provisions of the Clearing Rules or CDP Clearing Rules, it need not deposit with the Clearing House a further \$1 million or such other amount as may be prescribed by the Exchange; and
 - (3) the Exchange shall have the discretion to use or apportion in any manner, the abovementioned deposit to satisfy the Bank Trading Member's obligations to the Exchange, Clearing House, and/or CDP under this Rules, the Clearing Rules, and the CDP Clearing Rules respectively. In deciding the apportionment, the Exchange may, in consultation with the Clearing House and/or CDP, take into account factors, including but not limited to, the amount owed by the Bank Trading Member to the Exchange, Clearing House and/or CDP respectively.
 - (ii) not cause or permit its Financial Resources or Adjusted Net Head Office Funds or cash and/or Acceptable Government Securities deposited with the Clearing House or CDP, as the case may be, to fall below its Total Risk Requirements.

Amended on [25 August 2009](#).

2.5.3 [Rule has been deleted.]

Deleted on [25 August 2009](#).

2.5.4 Additional Financial, Capital and Other Requirements Imposed by the Exchange or the Clearing House

The Exchange or the Clearing House may from time to time prescribe additional financial and capital requirements for any Member or category or group of Members. Without limiting the foregoing, the Exchange may prescribe with respect to particular Members, capital, financial and other requirements in excess of the requirements prescribed under the Act or this Rules with respect to volume, risk exposure of positions carried, risk concentration, margin policies, nature of business conducted or to be conducted, their memberships in any exchange or market, and such other matters as deemed fit by the Exchange.

2.5.5 Calculation of Financial Resources

In the calculation of Financial Resources, a corporate Member may include one (1) or more Qualifying Letter(s) of Credit deposited with the Exchange, the Clearing House or CDP and Qualifying Subordinated Loan(s), subject to such conditions and restrictions as prescribed under the Financial and Margin Regulations and in such form as prescribed by the Exchange or the Clearing House.* The Exchange reserves the right to call on any of the Qualifying Letters of Credit and apply the proceeds thereof in respect of that Member's liabilities.

In the calculation of Adjusted Net Head Office Funds, a corporate Member may include one (1) or more Qualifying Letter(s) of Credit deposited with the Exchange, the Clearing House or CDP, subject to such conditions and restrictions as prescribed under the Financial and Margin Regulations and in such form as prescribed by the Exchange or the Clearing House. The Exchange reserves the right to call on any of the Qualifying Letters of Credit and apply the proceeds thereof in respect of that Member's liabilities.

* Refer to [Annex A — Deed of Subordination \(Term Loan\)](#) and [Annex B — Deed of Subordination \(Revolving Credit Facility\)](#). Refer to Clearing House Notice No. CH-39 of 2002 for format of Qualifying Letter of Credit.

Amended on [25 August 2009](#).

2.5.6 Notification of Material Changes to Financial Resources and Adjusted Net Head Office Funds

The following requirements apply in relation to material changes to Financial Resources, Adjusted Net Head Office Funds and cash and/or Acceptable Government Securities deposited with the Clearing House or CDP pursuant to [Rule 2.5.2\(c\)\(i\)](#):

- (a) a corporate Member is required to immediately notify the Exchange in the event of any material changes to its Financial Resources or Adjusted Net Head Office Funds or cash and/or Acceptable Government Securities deposited with the Clearing House or CDP pursuant to [Rule 2.5.2\(c\)\(i\)](#), as the case may be, including:
 - (i) an initial notification if its Financial Resources or Adjusted Net Head Office Funds or cash and/or Acceptable Government Securities deposited with the Clearing House or CDP pursuant to [Rule 2.5.2\(c\)\(i\)](#), as the case may be, fall below 150% of its Total Risk Requirement;
 - (ii) a warning notification if its Financial Resources or Adjusted Net Head Office Funds or cash and/or Acceptable Government Securities deposited with the Clearing House or CDP pursuant to [Rule 2.5.2\(c\)\(i\)](#), as the case may be, fall below 120% of its Total Risk Requirement;
 - (iii) in the case of a General Trading Member, if its Aggregate Indebtedness exceeds 600% of its Aggregate Resources; or
 - (iv) in the case of a Clearing Member, if its Financial Resources, Adjusted Net Head Office Funds or cash and/or Acceptable Government Securities deposited with the Clearing House or CDP pursuant to the Clearing Rules or CDP Clearing Rules, as the case may be, is reduced by more than 20% from the previously submitted monthly financial statement;
- (b) if the Exchange is notified by a corporate Member under this Rule 2.5.6 or otherwise becomes aware that a corporate Member's Financial Resources or Adjusted Net Head Office Funds or cash and/or Acceptable Government Securities deposited with the Clearing House or CDP pursuant to [Rule 2.5.2\(c\)\(i\)](#), as the case may be, has fallen or will fall below 120% of its Total Risk Requirement or such higher percentage as the Exchange may have imposed under [Rule 2.5.4](#), the Exchange may direct that Member to comply with any or all of the requirements described under Regulation 7(3) of the Financial and Margin Regulations;

PROVIDED THAT, in the case of a Bank Trading Member, the Exchange shall only require that Member to comply with directions in respect of the Bank Trading Member's business that is governed by this Rules;
- (c) if the Exchange is notified by a corporate Member under this Rule 2.5.6 or otherwise becomes aware that a corporate Member's Financial Resources or Adjusted Net Head Office Funds or cash and/or Acceptable Government Securities deposited with the Clearing House or CDP pursuant to [Rule 2.5.2\(c\)\(i\)](#), as the case may be, has fallen or will fall below 150% of its Total Risk Requirement or such higher percentage as the Exchange may have imposed under [Rule 2.5.4](#), the Exchange shall be entitled to require that Member to:
 - (i) submit its statements of assets and liabilities, Financial Resources, cash and/or government securities deposited with the Clearing House or CDP pursuant to [Rule 2.5.2\(c\)\(i\)](#), Total Risk Requirement, Aggregate Indebtedness, and such other statements as required by the Exchange at such interval and for such time frame as determined by the Exchange; and
 - (ii) operate its business or in the case of a Bank Trading Member, its Business Governed by this Rules, in such manner and on such conditions as the Exchange may impose;

and
- (d) if the Exchange is notified by a General Trading Member under this Rule 2.5.6 or otherwise becomes aware that a General Trading Member's Aggregate Indebtedness exceeds or will exceed 600% of its Aggregate Resources, or such lower percentage as the Exchange may have imposed under [Rule 2.5.4](#), the Exchange may direct that Member to comply with any or all of the requirements described under Regulation 17(2) of the Financial and Margin Regulations.

Amended on [25 August 2009](#).

2.5.7 Requirements Relating to Preference Shares, Unsecured Loans and Others for General Trading Members

The following additional financial requirements apply to General Trading Members:

- (a) a General Trading Member shall comply with the obligations under the Financial and Margin Regulations relating to the issue of any preference share and redemption of any redeemable preference share, drawing down and repayment in part or in full of any Qualifying Subordinated Loan principal, making of any unsecured loan or advance, payment of any dividend or director's fees or increase in any director's remuneration, with the additional condition that in relation to the redemption of any redeemable preference share, repayment in part or in full of any Qualifying Subordinated Loan principal, making of any unsecured loan or advance, payment of any dividend or director's fees or increase in any director's remuneration, a General Trading Member shall ensure that the sum of its Financial Resources or Adjusted Net Head Office Funds, as the case may be, and Qualifying Letters of Credit referred to in [Rule 2.5.5](#), are more than 150% of its Total Risk Requirement. For the avoidance of doubt, a General Trading Member shall comply with the requirements described in the relevant provisions of the Financial and Margin Regulations referred to in this Rule 2.5.7(a), whether or not that Member is licensed under the Act; and
- (b) a General Trading Member shall not reduce its paid-up ordinary share capital without the prior written approval of the Exchange.

Amended on [25 August 2009](#).

2.6 Technical Matters and Risk Management Controls

2.6.1 Overview

A Member shall comply with such technical, operational, information technology, security, risk management and other requirements or restrictions as specified in this [Rule 2.6](#) or as prescribed by the Exchange from time to time.

2.6.2 Controlling Access and Registration

A corporate Member shall have security arrangements in place to ensure that unauthorised persons are denied Direct Market Access.

2.6.3 Risk Management Controls

A corporate Member is required to have written policies and procedures and demonstrate compliance in the following areas:

- (a) monitoring the credit risks arising from the acceptance of orders of Customers;
- (b) monitoring account activity on an intraday basis;
- (c) ensuring that the OMS conducts pre-execution checks for all Customers' orders (unless granted Bypass Privileges as contemplated under [Rule 2.8](#)) and includes the ability to set and manage automated limits;*
 - *Refer to [Practice Note 2.6.3\(c\)](#).
- (d) ensuring that the OMS has error-prevention alerts so that when Approved Traders or Customers enter orders, they are alerted to possible erroneous entries of quantity, price and other data fields;^
 - ^ Refer to [Regulatory Notice 2.6.3\(d\)](#).
- (e) defining and managing the Member's sources of liquidity to ensure that there are sufficient liquidity facilities to meet increased settlement obligations;
- (f) limiting the impact of significant market movements through the use of tools such as cash flow projection, stress testing or position limits; and
- (g) maintaining a strict separation between the credit control, trading, dealing and marketing departments so as to ensure independence and mitigate the risks and consequences of conflicts of interests.#

#Refer to [Practice Note 2.6.3\(g\)](#).

2.6.4 Audit Trails and Records

A corporate Member is required to maintain proper records and audit trails that evidence compliance with this Rules.

Refer to [Regulatory Notice 2.6.4](#).

2.6.5 Accounting and Book-keeping

A corporate Member shall comply with such accounting, reporting and book-keeping requirements as prescribed by the Exchange from time to time.

2.6.6 Business Continuity Requirements

The following requirements apply:

- (a) a Member must assess its business and operational risks and maintain adequate business continuity arrangements.
- (b) a Member must document its business continuity arrangements in a business continuity plan.
- (c) a Member's senior management shall be responsible for the Member's business continuity plan. Sufficient awareness of the risks, mitigating measures and state of readiness must be demonstrated by way of an attestation to the Member's Board of Directors.
- (d) a Member must review and test its business continuity plan regularly.
- (e) a Member must appoint emergency contact persons, and furnish the contact information of such persons to the Exchange. The Member's emergency contact persons must be contactable at all times, and must immediately notify the Exchange in the event of emergencies.

Added on [22 January 2009](#).

2.7 Fit and Proper Requirements

2.7.1 Directors, Chief Executive Officer and Other Personnel

A corporate Member shall demonstrate to the reasonable satisfaction of the Exchange that it employs and appoints fit and proper persons* as:

- (a) directors and chief executive officer;
- (b) key personnel who are suitably qualified and experienced to implement, oversee and maintain adequate internal procedures and risk management controls as contemplated under this Rules; and
- (c) Approved Traders and Registered Representatives.

* The Exchange shall evaluate "Fit and proper" criteria in this Rule 2.7.1 in a manner similar to the MAS Guidelines on Fit and Proper Criteria.

2.7.2 Exchange Approval for Chief Executive Officer and Deputy Chief Executive Officer of General Trading Member

A corporate General Trading Member shall procure the prior approval of the Exchange with respect to the appointment of its chief executive officer and deputy chief executive officer.

Amended on [25 August 2009](#).

2.7.3 Notification of Appointment of Chief Executive Officer or Deputy Chief Executive Officer for Bank Trading Member

A Bank Trading Member shall notify the Exchange at least seven (7) days prior to the appointment of its chief executive officer or deputy chief executive officer.

Added on [25 August 2009](#).

2.8 Bypass Privileges

2.8.1 Overview

The following requirements apply in relation to Bypass Privileges:

- (a) a Customer may obtain Bypass Privileges solely for its Proprietary Trades;

- (b) a Customer which seeks to obtain Bypass Privileges shall satisfy the requirements set out in [Rule 2.8.2](#), or in the case of a Customer which is an Affiliate, [Rule 2.8.3](#);
- (c) a Clearing Member sponsoring a Customer which seeks to obtain Bypass Privileges shall satisfy the financial, risk management and other requirements set out in Rules [2.8.4](#), [2.8.5](#) and [2.8.6](#);
- (d) a Member shall ensure that a Customer granted Bypass Privileges shall not extend these privileges to any third party;
- (e) under no circumstances shall a Member carrying an Omnibus Account grant Bypass Privileges to any of the beneficial owners of a sub-account within the Omnibus Account. "**Omnibus Account**" refers to a single account with one (1) or more sub-accounts, each held by Persons beneficially entitled to positions established under such account;
- (f) a Clearing Member sponsoring a Customer which seeks to obtain Bypass Privileges shall guarantee and assume all financial responsibility for all activity conducted through the account of that Customer;
- (g) a Clearing Member sponsoring an Affiliate which seeks to obtain Bypass Privileges retains full responsibility for the conduct of all business by its Affiliate on the Markets;
- (h) a Member shall maintain a current register of Customers granted Bypass Privileges and ensure that the information therein is updated on a monthly basis;
- (i) the Exchange reserves the right to impose additional requirements on a Customer which seeks to obtain Bypass Privileges, if in its opinion, such requirements are necessary or desirable; and
- (j) the Exchange is entitled to reject an application for Bypass Privileges at its absolute discretion.

2.8.2 Requirements for Customers

Save for Affiliates, a Customer which seeks to obtain Bypass Privileges shall:

- (a) at all times maintain capital of not less than \$5 million, of which
 - (i) \$2 million shall be in the form of shareholders' funds; and
 - (ii) the remaining capital may be in the form of Bypass Subordinated Loans or Bypass Letters of Credit in such form as prescribed by the Exchange from time to time.* Bypass Letters of Credit shall not constitute part of the collateral used for the purpose of meeting margin requirements;

* Refer to [Annex C — Form of Bypass Letter of Credit](#) and [Annex D — Bypass Subordinated Loan](#).

- (b) if such Customer is executing both Proprietary Trades and Agency Trades, at all times have systems in place to segregate Proprietary Trades and Agency Trades such that Bypass Privileges are limited to Proprietary Trades while Agency Trades are subject to the requisite pre-execution checks as contemplated under this Rules.

2.8.3 Requirements for Affiliates

The following requirements apply for Affiliates:

- (a) an Affiliate may obtain Bypass Privileges if it satisfactorily demonstrates to the Exchange that it has met the following requirements:
 - (i) it is sponsored by a Clearing Member of international repute and good standing; or
 - (ii) it is located in a jurisdiction with regulatory standards comparable to those contemplated under the Act and this Rules. These regulatory standards shall include the following arrangements:
 - (A) licensing and supervision of financial activities by an independent regulator; and
 - (B) information sharing and co-operation between the regulator or supervisory authority or an exchange in the jurisdiction concerned, and the Exchange;
- and
- (b) an Affiliate executing both Proprietary Trades and Agency Trades may obtain Bypass Privileges if it satisfies the Exchange that it has, at all times, systems in place to segregate Proprietary Trades and Agency Trades such that Bypass Privileges are limited to Proprietary Trades while Agency Trades are subject to the requisite pre-execution checks as contemplated under this Rules.

2.8.4 Clearing Members' Financial Requirements to Secure Bypass Privileges

A Clearing Member may only apply for Bypass Privileges on behalf of a Customer if:

- (a) its ultimate holding company furnishes a letter of undertaking to the Clearing House, guaranteeing to meet that Clearing Member's financial obligations and liabilities to the Clearing House. If the ultimate holding company is restricted by law or regulations from furnishing such letter of undertaking, the Clearing House may consider a Related Corporation of the Clearing Member furnishing the same;
- (b) its parent group net worth is at all times, at least \$1.5 billion; and
- (c) it has, at all times, Sufficient Credit.

"**Sufficient Credit**" refers to liquidity facilities available to a Clearing Member that are not less than twice the aggregate Maintenance Margins with respect to Open Positions of Proprietary Trades in Contracts of Customers granted Bypass Privileges.

2.8.5 Clearing Members' Risk Management Controls To Secure Bypass Privileges

A Clearing Member applying to the Exchange for Bypass Privileges on behalf of Customers is required to have written policies and procedures and demonstrate compliance in the following areas:

- (a) setting and enforcing credit limits on such Customers;
- (b) conducting near real time post-trade monitoring on such Customers' trades;
- (c) identifying and taking appropriate remedial actions in the event of overtrading by such Customers; and
- (d) ability to immediately revoke access to QUEST, if necessary or desirable.

2.8.6 Clearing Members' Other Obligations to Secure Bypass Privileges

A Clearing Member shall also satisfy the following obligations in relation to Bypass Privileges:

- (a) immediately notify the Exchange if there is any overtrading, as contemplated in [Rule 3.4.10](#)(b), by any Customer granted Bypass Privileges;
- (b) cause the Customer seeking Bypass Privileges to enter into a bypass undertaking in such form as prescribed by the Exchange*, unless the Customer is itself a Member; and

* Refer to [Annex E — Bypass Undertaking](#).

- (c) appoint or cause the appointment of an external auditor to confirm in writing to the Exchange, at the point of seeking Bypass Privileges and on an annual basis that:
 - (i) the Customer seeking or granted Bypass Privileges meets the requirements set out in [Rule 2.8.2](#) or [2.8.3](#)(b) as the case may be; and
 - (ii) the Clearing Member meets the requirements set out in Rules [2.8.4](#)(c), [2.8.5](#) and 2.8.6(a).

2.8.7 Suspension or Termination of Bypass Privileges

The Exchange reserves the right to direct the sponsoring Clearing Member to suspend or terminate Bypass Privileges if:

- (a) the Customer granted Bypass Privileges overtrades;
- (b) the Customer granted Bypass Privileges fails to pay any fees, levies or charges in connection with its Bypass Privileges;
- (c) the application for Bypass Privileges contains material errors or omissions or is misleading in a material respect;
- (d) the Customer granted Bypass Privileges or the sponsoring Clearing Member fails to satisfy the Exchange that it meets such financial requirements, licensing, risk management or other material obligations as required under this Rules or by the Exchange from time to time; or
- (e) in the Exchange's opinion it is necessary or desirable to protect the financial integrity, reputation or interest of the Markets or to promote the operation of a fair, orderly and transparent market.

2.8.8 Bypass Register

The Exchange shall maintain a current register of Customers which are granted Bypass Privileges and update such register on a monthly basis.

2.9 Member Register and Nomenclature

2.9.1 Member Register

The Exchange shall maintain a register of all Members (the "**Register**"). The names of Members on the Register which are undertaking Agency Trades or clearing activities shall be available for public inspection. Members on the Register may refer to themselves as "**Members of SGX-DT Limited**".

2.9.2 Trading Member

(a) A General Trading Member may describe itself as a "**Trading Member of SGX-DT Limited**".

(b) A Bank Trading Member may describe itself as a "**Bank Trading Member of SGX-DT Limited**".

Amended on [25 August 2009](#).

2.9.3 [Rule has been deleted.]

Deleted on [25 August 2009](#).

2.10 Clearing Arrangement

2.10.1 Clearing House and Clearing Member Guarantee

All trades executed on the Markets shall be cleared exclusively by the Clearing House through a Clearing Member pursuant to the Clearing Rules. A Trading Member shall be required to have the requisite clearing arrangement with a Clearing Member.

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 QUEST until its clearing arrangement is reinstated with a Clearing Member.

2.11 Membership Application

2.11.1 Application

An application for Membership shall be made to the Exchange in writing and the applicant shall pay the requisite fees prior to admission as a Member. The Exchange may require from the applicant such information, and may institute such investigation to verify information submitted by the applicant, as it deems fit. The Exchange may require the applicant, or one (1) or more representatives of the applicant, to attend an interview by the Exchange.

2.11.2 Publication of Successful Applicants

Save for individual Trading Members, the Exchange shall publish from time to time the names of successful applicants for Membership by means of a Circular or such other means as the Exchange may determine.

2.11.3 Rejection of Application

If the Exchange is of the view that the requirements for admission are not met or that the applicant is otherwise not fit for Membership, the Exchange is entitled to reject the application for Membership.

2.11.4 Deemed Domicile

A Member shall be deemed to have elected domicile at the address stated by it in its application or at the last address subsequently specifically notified by it in writing to the Exchange, as the case may be.

2.12 Fees, Levies and Charges

2.12.1 Imposition of Fees and Notification of Changes to Fees

The Exchange may, from time to time, impose fees, levies and charges to be paid by Members on such terms as the Exchange may prescribe. The Exchange shall give notice of any changes to fees, levies and charges by means of a Circular or by posting a schedule of fees, levies and charges on the Exchange's website.

2.12.2 Late Interest

A Member which fails to pay any fees, levies or charges within thirty (30) days of such fees, levies or charges becoming payable shall be notified in writing by the Exchange of such arrears ("**Arrears Notice**").

Late interest charges at the prevailing interest rate may be imposed by the Exchange on late payments by Members.

2.12.3 Suspension of Rights

If the arrears are not paid by the Member within ten (10) days of the date of dispatch of an Arrears Notice, the Exchange may suspend Membership rights until all monies for the time being owed by it to the Exchange, together with any other sums that shall accrue due and payable by it and remain unpaid during the period of suspension, have been paid.

2.13 Registration of Approved Traders and Registered Representatives

2.13.1 Registration Criteria for Approved Traders and Registered Representatives

A Member shall register with the Exchange any person acting on its behalf as an Approved Trader or a Registered Representative. To qualify for registration with the Exchange as an Approved Trader or Registered Representative, each applicant:

- (a) shall be sponsored by its respective corporate Member. If the applicant is an individual Trading Member this requirement shall not apply. For the avoidance of doubt an applicant may only be sponsored by a single corporate Member;
- (b) shall be at least twenty-one (21) years old and be a fit and proper* person;
- (c) shall not have been convicted of any offence involving fraud or dishonesty;
- (d) shall not be an undischarged bankrupt in Singapore or elsewhere;
- (e) where required by the Exchange, shall have completed the relevant training and the Trading Member or the individual applicant shall certify that the applicant is competent to undertake the proposed activities;
- (f) shall be entered in the Public Register of Representatives as an appointed representative, provisional representative or temporary representative in respect of the relevant activities unless exempted under the Act and whose status as an appointed representative, provisional representative or temporary representative is not suspended or revoked; and
- (g) shall comply with such other additional requirements as the Exchange deems fit.

* The Exchange shall evaluate "fit and proper" criteria in this Rule 2.13.1 in a manner similar to the MAS Guidelines on Fit and Proper Criteria.

Amended on [8 August 2008](#), [25 August 2009](#) and [29 November 2010](#).

2.13.2 Registration of Approved Traders

Every Approved Trader shall be required to register with the Exchange before he acts or holds himself out as having the authority to execute trades on the Markets for:

- (a) his own account, in the case of an individual Trading Member;
- (b) the House Account of his sponsoring corporate Member;
- (c) a Customer Account on the instruction of a Registered Representative; or
- (d) a Customer Account on the instruction of a Customer, if the Approved Trader is also registered as a Registered Representative.

For the avoidance of doubt, an Approved Trader shall not hold himself out as a sales representative of the respective Member or undertake any activities of a Registered Representative unless he is so registered with the Exchange as contemplated under this Rules.

2.13.3 Registration of Registered Representatives

Every Registered Representative shall be required to register with the Exchange before he acts or holds himself out as a sales representative of the respective Member. A Registered Representative shall not act or hold himself out as having the authority to execute trades on the Markets, unless he is registered as an Approved Trader with the Exchange as contemplated under this Rules. Upon being registered as a Registered Representative with the Exchange, a Registered Representative may, in the name of such Member:

- (a) solicit Customers, solicit or accept orders from Customers, and give advice to Customers for the purchase or sale of contracts; and

- (b) in connection with the purchase or sale of contracts provide feedback on market sentiment or market conditions, quote prices, and provide confirmation to Customers regarding orders which have been executed.

Amended on [29 November 2010](#).

2.13.4 Register of Approved Traders and Registered Representatives

The Exchange shall maintain a register of Approved Traders and Registered Representatives.

2.13.5 Approved Traders and Registered Representatives Obligations

Approved Traders and Registered Representatives are required to comply with the relevant provisions and other safeguards as prescribed under the Act, this Rules and applicable laws.

2.13.6 Revocation of Registration of Approved Traders and Registered Representatives

A Member shall immediately notify the Exchange if:

- (a) any of its Approved Traders or Registered Representatives ceases to be an appointed representative, provisional representative or temporary representative in respect of the relevant activities, as contemplated under the Securities and Futures Act;
- (aa) any of its Approved Trader's or Registered Representative's exemption from registration in the Public Register of Representatives as an appointed representative, provisional representative or temporary representative in respect of the relevant activities is withdrawn;
- (b) any of its Approved Traders or Registered Representatives is of unsound mind;
- (c) any of its Approved Traders or Registered Representatives is bankrupt;
- (d) any of its Approved Traders or Registered Representatives is subject to a composition or scheme of arrangement with his creditors, whether in or out of Singapore;
- (e) a judgment debt entered against any of its Approved Traders or Registered Representatives remains unsatisfied in whole or in part; or
- (f) the Approved Trader (other than an individual Trading Member) or a Registered Representative ceases to transact business through the Member or ceases to be sponsored by the Member.

The registration of an Approved Trader or a Registered Representative shall automatically lapse upon such notification, or the cessation of his sponsoring Member's Membership.

Amended on [25 August 2009](#) and [29 November 2010](#).

2.13.7 Summary Powers of Suspension of Registration of Approved Traders and Registered Representatives

Notwithstanding and without prejudice to the powers of the Appeals Committee or the Disciplinary Committee, the Exchange may suspend in whole or in part the privileges of any Approved Trader or a Registered Representative for a period of up to one (1) year upon the occurrence of any of the following events:

- (a) the sponsoring Member's trading privileges are suspended pursuant to [Rule 2.15.2](#);
- (b) an application by an Approved Trader or a Registered Representative for registration contains material errors or omissions or is misleading in a material respect;
- (c) an Approved Trader or a Registered Representative is found guilty in a court of law of misconduct or willful neglect in a manner contrary to the Act;
- (d) an Approved Trader or a Registered Representative is convicted of an offence involving fraud or dishonesty;
- (e) an Approved Trader or a Registered Representative files a petition for bankruptcy;
- (f) an Approved Trader or a Registered Representative's status in the Public Register of Representatives as an appointed representative, provisional representative or temporary representative is suspended;
- (fa) MAS has imposed conditions or restrictions on an Approved Trader or a Registered Representative's exemption from registration in the Public Register of Representatives as an

- appointed representative, provisional representative or temporary representative in respect of the relevant activities;
- (g) an Approved Trader or a Registered Representative fails to pay any fee, levy or charge as prescribed by the Exchange from time to time; or
- (h) an Approved Trader or a Registered Representative acts in a manner which in the Exchange's opinion:
- (i) impairs the goodwill or reputation of the Exchange or any Markets; or
 - (ii) impairs the operation of a fair, orderly and transparent market by the Exchange.

Amended on [25 August 2009](#) and [29 November 2010](#).

2.13.7A Duty to Notify the Exchange of Matters Concerning Approved Traders and Registered Representatives

A Member shall immediately notify the Exchange upon the occurrence of any of the events in [Rule 2.13.7](#) (c), (d), (e), (f) and (fa).

Added on [25 August 2009](#) and amended on [29 November 2010](#).

2.13.8 Liability of Members

A Member is responsible for all trades done through it. A corporate Member is responsible for the conduct and execution of trades by its Approved Traders and Registered Representatives and shall monitor and ensure that its Approved Traders and Registered Representatives comply with this Rules. For the avoidance of doubt, the Exchange retains disciplinary and supervisory authority over Approved Traders and Registered Representatives as contemplated in this Rules and applicable laws.

2.13.9 Registration Form

A Member shall submit an application to register a person as an Approved Trader or a Registered Representative in such form as the Exchange may prescribe from time to time. The Exchange may require from the Member or the prospective Approved Trader or Registered Representative such information, and may institute such investigation to verify information submitted by the Member or the prospective Approved Trader or Registered Representative, as it deems necessary. Registration as an Approved Trader or a Registered Representative of the Member takes effect upon the grant of approval by the Exchange.

2.14 Change of Control of Members

2.14.1 Notification to Exchange

Unless otherwise provided in this Rules, a corporate Member shall notify, or, where practicable, pre-notify, the Exchange in writing of any Change of Control. "**Change of Control**" refers to:

- (a) any change in the legal or beneficial ownership of 20% or more of the Member's share capital and any subsequent increase of 5% or more of the Member's share capital;
- (b) any change in circumstances, which will have or may have the effect of altering the control of the Member;
- (c) any change of any director of the Member; or in the case of a Bank Trading Member, any change in the composition of its board of directors or of any director, who is resident in Singapore and/or responsible for its Business Governed by these Rules, due to the appointment, removal or resignation of any of its directors. For the purpose of this Rule 2.14.1(c), a change of director includes a change in the director's appointment from a non-executive director to an executive director;
- (d) the death or bankruptcy of any of its directors, or in the case of a Bank Trading Member, its directors who are resident in Singapore and/or responsible for its Business Governed by this Rules;
- (e) any change in its senior management, or in the case of a Bank Trading Member, its senior management responsible for the Bank Trading Member's Business Governed by this Rules;
- (f) any alteration to the memorandum and articles of association or constitutive documents of the Member, notice of which should be given at least seven (7) days prior to alterations being effected, except in the case of a Bank Trading Member, notification shall be furnished to the Exchange within such time that the Bank Trading Member is required to notify MAS of such alteration under the Banking Act, or any other regulation or directive issued thereunder;

(g) the engagement or involvement or proposed engagement or involvement in any new business or any change in any of its business(es), or in the case of a Bank Trading Member, any Business Governed by this Rules; and

(h) any change in its name.

Amended on [25 August 2009](#).

2.14.2 Reviewing Suitability

Upon receipt by the Exchange of any notice of Change of Control from a corporate Member the Exchange shall review the suitability of that Member for Membership in the Exchange. The Exchange may require that Member to furnish such additional information as the Exchange may from time to time consider material in the course of such review.

2.14.3 Suspension of Rights

If, upon completion of the review referred to in [Rule 2.14.2](#), the Exchange is not satisfied that the corporate Member continues to satisfy the applicable criteria for Membership set forth in [Rule 2.3](#), it may suspend the rights of the corporate Member for up to a period of one (1) year.

Refer to Exchange's obligation to refer a suspended Member, Approved Trader or Registered Representative to the Disciplinary Committee within 14 days under [Rule 7.2.5](#).

2.15 Resignation, Suspension and Termination of Members

2.15.1 Member's Suspension or Resignation

The following requirements apply in relation to a Member's suspension or resignation:

- (a) a Member may request the Exchange to temporarily suspend its Membership. A Member shall provide reasons for its request for voluntary suspension. For the avoidance of doubt, an individual Trading Member shall, in all cases, make a request to the Exchange to suspend his Membership, if he intends to act as an Approved Trader for a corporate Trading Member. The Exchange may grant to the requesting Member a temporary suspension of up to twenty-four (24) months, upon such terms and conditions as the Exchange deems fit;
- (b) a Member may cease to be a Member by virtue of giving the Exchange written notice of its wish to resign from Membership (a "**Resignation Notice**");
- (c) a Member which gives the Exchange a Resignation Notice must provide the Exchange with such information concerning the circumstances of the resignation as, in the opinion of the Exchange, is necessary for the Exchange to determine whether:
 - (i) to accept the resignation;
 - (ii) to postpone the effective date of the resignation; or
 - (iii) without prejudice to the courses of action available to the Exchange under subparagraphs (i) and (ii) above, any other measures should be taken by the Exchange before or after the resignation takes effect;

and

- (d) notwithstanding anything to the contrary herein, the Exchange may, in its absolute discretion, refuse to accept a Resignation Notice given by a Member or may postpone the effective date if it considers it necessary for the protection of Customers, or otherwise in the interests of the Markets. If the Exchange does so, the Exchange may waive the Member's liability for some or all Exchange fees, levies and charges arising in respect of the period following the date on which its Resignation Notice would otherwise have taken effect.

2.15.2 Summary Powers of Suspension of Trading Privileges of Members

Notwithstanding and without prejudice to the powers of the Appeals Committee and the Disciplinary Committee, the Exchange may suspend in whole or in part a Member's trading privileges for up to a period of one (1) year upon the occurrence of any of the following events:

- (a) a Member's failure to pay any fees, levies or charges as contemplated under [Rule 2.12](#);
- (b) a Member's application for Membership contains material errors or omissions or is misleading in a material respect;

- (c) a Member fails to satisfy the Exchange that it meets such financial requirements, licensing, risk management or other material obligations as required under this Rules or by the Exchange from time to time; or
- (d) if, in the Exchange's opinion, it is necessary or desirable to protect the financial integrity, reputation or interest of the Markets or to promote the operation of a fair, orderly and transparent market.

2.15.3 Termination of Membership

The Exchange shall terminate any Membership upon the occurrence of any of the following events:

- (a) upon the death, mental incapacity, bankruptcy or filing of a bankruptcy petition by any individual Trading Member;
- (b) if a corporate Member becomes insolvent or calls a meeting of its creditors, or enters into an arrangement or composition under insolvency laws or suffers winding up, dissolution or other similar event;
- (c) revocation of a licence by MAS with respect to the Member's trading in futures contracts; or
- (d) in the case of a Bank Trading Member, revocation of its licence under the Banking Act or removal of its exemption from holding a CMS licence under the Act.

Amended on [25 August 2009](#).

2.15.4 Effect of Suspension or Termination

In the event of suspension or termination of trading privileges, the Exchange may direct the affected Member to Close Out any Open Positions or take such other steps that the Exchange deems fit for the protection of Customers or the maintenance of a fair, orderly and transparent market. The affected Member shall cooperate fully with the Exchange with respect to such directions. A suspension or termination of trading privileges does not in any way affect the liabilities of the Member to the Exchange and other Members and all such liabilities shall subsist until satisfied or discharged.

2.15.5 Accrued Obligations Survive

A Member which ceases to be a Member shall remain subject to this Rules and to the jurisdiction of the Exchange in respect of acts and omissions while it was a Member and in respect of any investigation or disciplinary proceedings relating thereto (including the application of any Sanction imposed) as if it was a Member.

2.15.6 Exchange to Inform Clearing House

The Exchange shall promptly inform the Clearing House of the resignation, termination or suspension, as well as of the lifting of such suspension, of the Membership of any Member.

Chapter 3 Conduct of Members, Approved Traders and Representatives

3. Conduct of Members, Approved Traders and Registered Representatives

3.1 Overview

This Chapter is targeted at the ongoing obligations of Members, Approved Traders and Registered Representatives upon admission to or registration with the Exchange. This Chapter is divided into three (3) main parts: (a) duties applicable to all Members, Approved Traders and Registered Representatives; (b) duties applicable to Members engaging in Agency Trades and their Approved Traders and Registered Representatives; and (c) trading practices. The obligations of Members, Approved Traders and Registered Representatives are more onerous when a Member undertakes Agency Trades and handles Customer monies as opposed to when it engages solely in House Trades.

3.2 Duties Applicable to All Members, Approved Traders and Registered Representatives

3.2.1 General Duties of Integrity, Fair Dealing and Care

When trading on the Markets, Members, Approved Traders and Registered Representatives are required to:

- (a) observe high standards of integrity, market conduct and fair dealing;
- (b) act with due skill, care and diligence; and

- (c) refrain from any act or course of conduct which is likely to harm the reputation of the Markets or any Members.

3.2.2 Constitutive Documents

A corporate Member shall ensure that its memorandum and articles of association or its constitutive documents conform to this Rules so as to enable that Member to perform the obligations, terms and covenants contemplated in this Rules. A corporate Member shall amend its memorandum and articles of association or its constitutive documents to the extent necessary to ensure consistency with this Rule 3.2.2.

3.2.3 Reporting of Change in Member's Circumstances

Without prejudice to [Rule 2.14.1](#), a Member shall immediately inform the Exchange in writing of:

- (a) any material change to the information submitted in its application for Membership; or
- (b) any facts or circumstances which may change the legal form or organisation of the Member or its trading activities on the Markets, including (without limitation) any consolidation, re-organisation, merger, change of name, Change of Control or similar event.

3.2.4 Other Reporting Obligations of Members

A Member shall inform the Exchange in writing immediately if the Member, or any of its Approved Traders, Registered Representatives, directors, officers or employees, as the case may be:

- (a) breaches any provisions of the Act, this Rules or any applicable laws (foreign or local) governing the Member's activities;
- (b) breaches any rules of any other exchange or market (foreign or local) which has jurisdiction over the activities of the Member, its Approved Traders, Registered Representatives, directors, officers or employees;
- (c) breaches any provision involving fraud or dishonesty, whether in or out of Singapore;
- (d) breaches any director's duties as contemplated under common law or otherwise;
- (e) is the subject of a written complaint or investigation involving an allegation of fraud or dishonesty, whether in or out of Singapore;
- (f) is the subject of any disciplinary action taken by the Member involving suspension, termination, withholding of commissions, fines or any other significant limitation of activities;
- (g) engages in conduct that has the effect of circumventing the Act or this Rules;
- (h) engages in conduct which is inconsistent with the principles of good business practice;
- (i) engages in conduct which is detrimental to the financial integrity, reputation or interests of the Exchange or the Markets; or
- (j) is insolvent, or is the subject of bankruptcy or winding up proceedings.

The reporting obligations under this Rule 3.2.4 apply whenever any of the abovementioned events occurs, or threatens to occur.

3.2.5 Prohibitions on Conduct of Other Business

A Member may carry on its business on any market, unless the carrying-on of such business on such market has been prohibited by the Exchange. The Member shall fully comply with the prevailing constitution, rules, by-laws, regulations, customs and practices of such other markets.

3.2.6 Settlement of Margins Due

A Trading Member shall promptly settle all margin liabilities owed to its sponsoring Clearing Member.

3.2.7 Speculative Long and Short Positions for the Same Contract Month

A Member shall not be permitted to carry a speculative long position and a speculative short position for the same legal and beneficial owner in the same Contract for the same Contract Month.

3.2.8 Advertising Guidelines

A Member, Approved Trader and Registered Representative shall ensure that any advertising, market letters or similar information that they issue, in the form and context in which such advertisements, market letters or similar information appear or are used:

- (a) shall be true to the best of their knowledge and belief;
- (b) shall make no promise with respect to profits, always indicating the possibility of losses if profits are mentioned;
- (c) shall not misrepresent their Membership, registration, or the privileges which they enjoy under this Rules, in relation to the Exchange; and
- (d) shall not misrepresent any authorisation, licence or permission which they possess from, or any registration with, the appropriate regulatory body.

If the Exchange finds any advertising, market letters or similar information issued by a Member, Approved Trader or Registered Representative to be in contravention of this Rule 3.2.8, it may require all such prospective advertising, market letters or similar information issued by that Member, Approved Trader or Registered Representative to be submitted to the Exchange for approval prior to release.

Amended on [29 November 2010](#).

3.3 Duties of Members Undertaking Agency Trades

A Member which undertakes Agency Trades shall comply with the following additional obligations.

3.3.1 Customer Account and Know-Your-Customer Requirements

A Customer Account shall be identified and designated by the full name of the Customer and an account code. Prior to opening a Customer Account, a Member shall satisfy itself that it has:

- (a) obtained key particulars relating to the Customer (and any person authorised to trade for the Customer);
- (b) verified the identity of the Customer and that the Customer has requisite authority to open the account; and
- (c) understood the Customer's risk appetite and investment objectives,

in a manner consistent with industry best practices on know-your-customer requirements.

Refer to [Regulatory Notice 3.3.1](#).

3.3.2 Management Approval Required for Opening Customer Accounts

At least one (1) management staff, or a management staff of a Related Corporation of that Member charged with the account approval function, is required to approve the opening of a Customer Account. Such management staff shall be independent of the Member's sales and dealing functions. The management staff's approval shall be in writing, maintained as a permanent record and obtained prior to the execution of the first trade of the Customer in that account.

3.3.3 Risk Disclosure Statement

A Member shall obtain a written acknowledgement from its Customer that the Customer is aware of the risks associated with trading in contracts, as contemplated under the Act. In the case of a Bank Trading Member, the written acknowledgement shall include an acknowledgement by the Customer that the Investor Compensation Scheme contemplated under Part XI of the Act does not apply in relation to the Bank Trading Member.

Amended on [25 August 2009](#).

3.3.4 Customer Instructions and Power of Attorney

A Member shall execute orders only upon receipt of instructions from a Customer which has opened accounts with the Member. Unless otherwise authorised by a Customer, the Member shall communicate solely with that Customer in respect of statements, contract notes, or any other information relating to the activities of that Customer. The Member shall obtain a power of attorney or proper written authorisation from its Customer before:

- (a) accepting orders from a third party to trade in that Customer Account; or
- (b) allowing a third party to collect monies, assets, contract notes, cheques or statements on that Customer's behalf.

3.3.5 Customer Education

Save for Accredited Investors, a Member shall provide its on-line Customers with adequate information, guidance and training with respect to the following matters:

- (a) potential limitations and risks of on-line trading;
- (b) prohibited trading practices;
- (c) system functionalities and order management procedures; and
- (d) Contract Specifications.

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

Refer to [Practice Note 3.3.5](#).

3.3.6 Orders Only Via Registered Representatives

Other than orders made on-line by Customers, a Member may only accept orders on behalf of Customers through its Registered Representatives.

3.3.7 Accepting Orders without Executing

A Member or a Registered Representative shall not accept orders from a Customer for contracts without causing such orders to be executed on the relevant markets and in accordance with the rules applicable to such markets. An Approved Trader shall execute such orders in accordance with the rules applicable to such markets.

3.3.8 Recording of Orders

Unless an order or amendment or cancellation of an order is immediately entered by an Approved Trader into the OMS or such other electronic facility or automated trading system that facilitates trading on markets, as the case may be, a Registered Representative shall immediately record such order, amendment or cancellation on an Order Form. "Order Form" as used herein refers to an order form that is dated, time-stamped and contains such information as required under Regulation 39(3) of the Conduct of Business Regulations and other information as prescribed by the Exchange.

Refer to [Regulatory Notice 3.3.8](#).

3.3.9 Customer's Statement of Account and Contract Note

A Member is required to observe the applicable provisions relating to a Customer's statement of account and contract note as required under the Conduct of Business Regulations. At the request of the Exchange, a Member shall produce for inspection the statement of account or contract note in substantially the same form and containing the same information as was provided to the Customer. With respect to the issuance of a statement of account or contract note in an electronic form, a Member shall obtain the Customer's prior revocable and informed consent and retain evidence of such Customer's consent. Informed consent refers to a Customer being apprised of the manner of delivery and retrieval of the electronic record and any costs incurred in connection therewith.

3.3.10 Segregation of Customers' Monies and Assets and Fiduciary Obligations

The following requirements apply in relation to a Member's fiduciary obligations to its Customers:

- (a) a Member shall discharge its fiduciary obligations to its Customers by:
 - (i) segregating Customers' monies and assets from the Member's monies and assets;
 - (ii) depositing Customers' monies and assets in trust or custody accounts; and
 - (iii) separately accounting for the monies and assets of each Customer;

and

- (b) a Member shall comply with all segregation requirements under the Act and the Conduct of Business Regulations. Except as allowed under those Regulations, a Member is prohibited from depositing or co-mingling the Member's own monies and assets with its Customers' monies and assets. "Customer" as used in this Rule 3.3.10 does not include: (a) a director, officer, employee, Approved Trader or Registered Representative of the Member; or (b) a Related Corporation of the Member with respect to an account belonging to and maintained wholly for the benefit of that Related Corporation.

3.3.11 Trading or Accepting Customer's Monies or Assets After Insolvency

Unless otherwise approved by the Exchange, a Member shall not trade, accept any Customer's monies or assets, or solicit any new orders after the Member's insolvency.

3.3.12 Customer Margins

Margins payable by a Clearing Member to the Clearing House shall be governed by the Clearing Rules. For margins applicable to Customers, margin calls and related matters, the following requirements apply:

- (a) a Member shall procure Initial Margins from its Customers, and ensure that its Customers comply with Maintenance Margins for such amounts as required by the Clearing House. "**Initial Margins**" refers to the minimum amount required to be deposited by Customers with a Member for each: (i) open Contract as prescribed by the Clearing House; (ii) open contract traded on an exchange other than the Exchange, as prescribed by the relevant exchange or clearing house; or (iii) new over-the-counter spot trade as prescribed under [Rule 3.3.13](#). "**Maintenance Margins**" refers to the minimum balance which shall be maintained in a Customer Account subsequent to the deposit of the Initial Margins for that Customer's (i) Open Positions in Contracts as prescribed by the Clearing House, (ii) Open Positions in contracts traded on exchanges other than the Exchange as prescribed by the relevant exchanges or clearing houses; and (iii) unsettled over-the-counter spot trades as prescribed under [Rule 3.3.13](#);
- (b) a Member may accept cash, government securities, common stocks, bank certificates of deposit, bank guarantees, bank letters of credit, gold bars, gold certificates and such other instruments as the Clearing House permits from its Customer for meeting the Customer's Initial Margins and Maintenance Margins requirements. Valuation of such instruments shall be in accordance with procedures specified by the Clearing House on the Exchange's website. The following are not acceptable forms of margins under this Rule:
 - (i) bank guarantees or letters of credit issued by a Customer, or a Customer's Related Corporation, which is a bank, for trades incurred in that Customer Account;
 - (ii) bank guarantees and letters of credit other than those issued by a bank that holds a valid licence and operates in Singapore under the Banking Act (Cap. 19); and
 - (iii) currency and financial instruments denominated in currencies which are subject to exchange controls such that they are illegal tender outside the currency's home country, or are restricted by any form of capital controls;
- (c) except for trades which reduce the Customer's Maintenance Margins requirements, a Member shall not allow a Customer to incur any new trade, unless:
 - (i) the minimum Initial Margins for the new trade are deposited or are forthcoming within a reasonable period from the trade date; and
 - (ii) the Customer's Total Net Equity complies with the Maintenance Margins for its existing Open Positions and unsettled over-the-counter spot trades or additional margins to be posted pursuant to Rule 3.3.12(e) are forthcoming within a reasonable period from the trade date.

For settlement currency denominated in Japanese Yen, 'reasonable period' in this Rule 3.3.12(c) means a period which shall not exceed three (3) Trading Days from the trade date (T+3). For all other settlement currencies, it means a period which shall not exceed two (2) Trading Days from the trade date (T+2);

- (d) Excess Margins on all Open Positions and unsettled over-the-counter spot trades of a Customer may be utilised by a Member as Initial Margins on a new position of the same Customer. "**Excess Margins**" refers to credits in excess of Initial Margins;
- (e) a Member shall call for additional margins from a Customer if at any time the Customer's Total Net Equity falls below the Maintenance Margins. Such additional margins posted should be sufficient to bring the relevant account up to the Initial Margins level within a reasonable period. Nothing herein prohibits a Member from making a call for additional margins or imposing a stricter settlement period as it sees fit.

For settlement currency denominated in Japanese Yen, 'reasonable period' in this Rule 3.3.12(e) means a period which shall not exceed three (3) Trading Days from the date that the Customer's Total Net Equity falls below the Maintenance Margins. For all other settlement currencies, it means a period which shall not exceed two (2) Trading Days from the date that the Customer's Total Net Equity falls below the Maintenance Margins;

- (f) if a Member is unable to contact a Customer, a written notice sent to the Customer at the most recent address furnished by the Customer to the Member shall be deemed sufficient;

- (g) in the event of a Member's failure to obtain margins from the relevant Customers as required under this Rule, a Member may take such necessary actions to rectify the deficiency as it sees fit. The Exchange may also order such Member to immediately Close Out all or such part of the positions of such Customers on its books so as to rectify the deficiency; and
- (h) a Member shall comply with such requirements on the computation and monitoring of a Customer's margins as the Exchange may prescribe.

Refer to [Regulatory Notice 3.3.12](#)

3.3.13 Margins for Over-the-Counter Spot Trades

A Member shall collect margins for over-the-counter spot trades in Loco-London and foreign currency contracts from the Customer and the direct buying or selling counterparty. No margins need to be collected from a Customer or a counterparty if it is a corporate Member, a bank in Singapore or any of its overseas branches or a merchant bank in Singapore. The margins required to be collected shall not be less than:

- (a) the minimum margins prescribed by the Clearing House for a Futures Contract equivalent to the over-the-counter spot trade concerned;
- (b) the minimum margins prescribed by those exchanges or clearing houses where the equivalent futures contracts are being traded, if the over-the-counter spot trade has no equivalent Futures Contracts; or
- (c) 4% for Initial Margins and 3% for Maintenance Margins of the underlying contract value, if the over-the-counter spot trade has no equivalent futures contracts being traded on the Exchange and any other exchange.

3.3.14 Inter-Exchange Cross Margining

Notwithstanding [Rule 3.3.12](#), a Member may grant margin credit at a rate not exceeding that which is prescribed by the Clearing House, to a Customer which holds long and short positions on futures contracts (on the same underlying) which are traded on the Exchange and another exchange, to the extent that the risk on the position in one (1) exchange is set-off against another ("**Inter-exchange Cross Margining**") if the following conditions are satisfied:

- (a) the risk-offsetting positions relate to contracts prescribed by the Clearing House as eligible for inter-exchange cross margining;
- (b) the Member ensures that the risk-offsetting positions are carried in Customer Accounts in which the same Customer is the legal and beneficial owner;
- (c) the Member provides for the right of set-off in respect of the Customer's positions with the Clearing House and any other relevant clearing house in its contractual agreements with that Customer;
- (d) the Member continues to calculate the Counterparty Risk Requirement for each counterparty exposure to the Customer as if margin credit had not been granted;
- (e) the Member continues to maintain adequate liquidity facilities (bank lines and cash balances) to fund the gross margin payable to the Clearing House and any other relevant clearing houses;
- (f) the Member imposes a limit on the amount of margin credit granted to the Customer which should not exceed 20% of the Member's Free Financial Resources;
- (g) the Member has proper internal controls and risk management procedures*, to monitor the credit risk and liquidity risk arising from Inter-exchange Cross Margining. The Exchange reserves the right to impose additional conditions or disallow a Member from offering Inter-exchange Cross Margining if it is not satisfied with the internal controls and risk management procedures of the Member requesting Inter-exchange Cross Margining; and

*Refer to [Regulatory Notice 3.3.14\(g\)](#).

- (h) the Member notifies the Exchange, prior to offering Inter-exchange Cross Margining to its Customers, that it has complied and will continue to comply with the conditions set forth herein.

For the avoidance of doubt, Inter-exchange Cross Margining is not allowed for positions carried in Customer Accounts opened with different Members.

3.3.15 Transfer of Error Trades to House Account

The following requirements apply in relation to the transfer of error trades:

- (a) if a Member commits an execution error (other than an error in price), the Member shall duly transfer the error trade out from the Customer Account to the Member's House Account;

- (b) if a Member commits an execution error in price such that the price executed is not in accordance with the Customer's instruction, the Member may, after reaching an agreement with the Customer, resolve the error by compensating the Customer through cash or credit adjustment to the Customer Account. However, in a situation where the Customer does not accept cash or credit adjustment but requests the Member to abide by the instructed price, the Member may accede to the request provided that it discloses to the Customer the details of the trade execution error in the contract note issued to the Customer. These details shall include:
- (i) the price that the Member has confirmed to the Customer; and
 - (ii) the actual price at which the trade is executed;
- and
- (c) the Member shall maintain proper records to document the details of the error trade, and the review and approval process by its authorised personnel. The Member shall submit to the Exchange on the first Business Day of each week, details of all execution errors in price which occurred in the preceding week where its Customers did not accept cash or credit adjustments, in the form prescribed by the Exchange from time to time.

3.3.16 Transfer of Unsuccessful Give-Up Trades to House Account

A Member may enter into a give-up arrangement with a Customer and an accepting Clearing Member, provided that such arrangement is supported by a duly executed give-up agreement. If an executed trade is not successfully given up to and accepted by the accepting Clearing Member by the end of the Trading Day following the trade date (T+1), the Member shall transfer the give-up trade to a designated account meant for unsuccessful give-up trades. This designated account shall be a House Account. The Member shall conduct regular reviews and take action to clear the designated account.

Refer to [Regulatory Notice 3.3.16](#).

3.3.17 Reporting of Account Identity

A Member shall submit to the Clearing House, in the manner as prescribed from time to time, the identities of the owners or controlling parties of any House Account or Customer Account which:

- (a) is used for trading of Contracts or carrying of Contracts; or
- (b) contains positions required to be reported pursuant to this Rules as prescribed by the Clearing House.

Refer to [Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27](#).

"**Customer Account**" as used in this Rule 3.3.17 does not include an account owned by: (a) a director, officer, employee, Approved Trader or Registered Representative of the Member; or (b) a Related Corporation of the Member with respect to an account belonging to and maintained wholly for the benefit of that Related Corporation. "**House Account**" as used in this Rule 3.3.17, is an account which is not a Customer Account as defined in this Rule 3.3.17.

3.3.18 Reporting of Open Positions

The following requirements apply in relation to the reporting of Open Positions:

- (a) a Member shall submit to the Exchange a daily report of Open Positions. Such report shall be in such form as the Exchange may prescribe from time to time*; and

* Refer to [Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27](#).

- (b) upon request by the Exchange, a Member shall obtain the information required by this Rule regarding the ownership and control of Open Positions within any Omnibus Account and any sub-account of any Omnibus Account. However, if the Omnibus Account holder does not want the identity of any sub-account holder to be disclosed to its carrying Member, the Omnibus Account holder may apply to the Exchange for a special identification for the sub-account thereof, for reporting Open Positions covered within this Rule through its carrying Member.

3.3.19 Omnibus Accounts

A Member may carry Omnibus Accounts subject to such requirements and procedures as the Exchange may prescribe from time to time.

3.3.20 Limits on Omnibus Accounts

The Exchange may place limitations on a Member carrying Omnibus Accounts depending on:

- (a) the number of Omnibus Accounts carried and volume of business of the Member; and
- (b) the financial condition of the Member and the Omnibus Account holders in light of requirements or standards determined by the Exchange. A Member that carries Omnibus Accounts shall ensure that the Omnibus Accounts are operated at all times in accordance with this Rules including the relevant rules on position limits and shall, without prejudice to any other liability it may incur, indemnify the Exchange in relation to any claim referable to such violation.

3.3.21 Disclosures Relating to Omnibus Accounts

An Omnibus Account holder shall at all times disclose to the Member carrying that account the gross long and short positions held in that Omnibus Account in each contract. Such Member shall immediately notify the Exchange and shall promptly comply with all orders of the Exchange if the Omnibus Account holder fails to make such disclosure. A Member that carries Omnibus Accounts shall ensure that its Omnibus Account holders are aware of this Rule.

3.3.22 Audit Trail

A Member shall be required to produce a complete audit trail of transactions, from the receipt of an order to its settlement, when so requested by the Exchange.

Refer to [Regulatory Notice 2.6.4](#).

3.3.23 Record Keeping

A Member shall ensure that data and records are:

- (a) made and kept in a way that is easily retrievable by authorised personnel;
- (b) kept for at least the minimum period required by law; and
- (c) made available to the Exchange in a timely manner when requested.

3.3.24 IT and Data Security Requirements

A Member shall comply with all information technology and data security requirements the Exchange may prescribe from time to time including installing measures to prevent tampering of data and records.

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 QUEST through that Member.

3.3.26 Computations of Financial and Capital Requirements

A Member shall make and keep as a record, formal computations of its financial and capital requirements. The computations shall be in such form as the Exchange may prescribe and be submitted to the Exchange within such time as stipulated by the Exchange.

Refer to [Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27](#).

3.3.27 Submission of Financial Statements and Other Information to the Exchange

The Exchange may at any time require a Member to submit to the Exchange financial statements or other information in such form and pertaining to such matters and within such time as stipulated by the Exchange. The Member shall thereafter comply with such directions as the Exchange may in its sole discretion issue.

Refer to [Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27](#).

3.3.28 Certification by Auditor

The following requirements apply in relation to auditor certification of a Member's accounts:

- (a) a Member shall be required to furnish to the Exchange, within five (5) months of the end of its financial year or within such longer period as may be permitted in writing by the Exchange, the relevant forms which the Member is required to lodge under the Act or, in the case of a Bank Trading Member, under [Rule 3.3.27](#) and the accounts duly audited by an external auditor in the jurisdiction in which that Member is incorporated or registered;
- (b) the external auditor shall certify whether, in its opinion:

- (i) the Member has complied with the capital and financial requirements set out in the Act and this Rules;
- (ii) the Member's books of accounts and records are those usual in a business of that nature and appear to have been kept in a proper manner in accordance with the Act and this Rules;
- (iii) the financial position of the Member is such as to enable it to conduct its business or, in the case of a Bank Trading Member, its Business Governed by this Rules on sound grounds, having regard to the nature and volume of the business transacted during its past financial year as shown by its books of accounts and records; and
- (iv) the external auditor has obtained all the necessary information and explanations for the proper conduct of the audit and to enable it to furnish the certificate.

Amended on [25 August 2009](#).

3.3.29 Reporting Obligations of Auditors

A Member shall cause the external auditor referred to in [Rule 3.3.28](#) to immediately report to the Exchange if:

- (a) the external auditor becomes aware of any matter which in its opinion adversely affects or may adversely affect the financial position of the Member to a material extent;
- (b) the external auditor becomes aware of any matter which in its opinion constitutes or may constitute a contravention of any provision of the Act or this Rules, or an offence involving fraud or dishonesty;
- (c) the external auditor becomes aware of any irregularity which in its opinion has or may have a material effect on the accounts, including irregularities that jeopardise the monies or other assets of any Customer; or
- (d) in the external auditor's opinion, the accounting system, internal accounting control and procedures for safeguarding monies or other assets are inadequate and the inadequacies have a material effect on the accounts.

3.3.30 Change of Auditors

- (a) A General Trading Member shall obtain the prior written approval of the Exchange in the event of any change of its existing external auditor.
- (b) A Bank Trading Member shall notify the Exchange at least seven (7) days prior to any change of its existing external auditor.

Amended on [25 August 2009](#).

3.3.31 Prohibition Against General Trading Member Acting as Guarantor

Unless approved by the Exchange, a General Trading Member and its Foreign Branches shall not act as guarantors or furnish a guarantee for the benefit of any Person, including a Related Corporation of such Member. For the avoidance of doubt, this prohibition does not apply to a Clearing Member's obligation to guarantee all trades to the Clearing House.

Amended on [25 August 2009](#).

3.3.32 Foreign Branch of General Trading Member

A General Trading Member licensed under the Act shall satisfy the following requirements prior to opening an overseas branch (the "**Foreign Branch**") and on a continuous basis:

- (a) maintain \$500,000 per branch as the Secondary Requirement of the Operational Risk Requirement. "**Secondary Requirement**" and "**Operational Risk Requirement**" shall have the meanings ascribed to them under the Financial and Margin Regulations;
- (b) procure approvals from MAS and the Exchange to operate a Foreign Branch;
- (c) procure approvals from the primary regulator in the country where the Foreign Branch is located and furnish written documentation of such approval to the Exchange;
- (d) where applicable, procure approvals from the primary regulator in the country where the General Trading Member or the General Trading Member's parent company is incorporated and furnish written documentation of such approval to the Exchange;
- (e) comply with this Rules and such other requirements as imposed by the Exchange on Foreign Branches from time to time;

- (f) ensure that the activities of the Foreign Branch fall within the Regulated Activities which the General Trading Member is authorised to conduct under its CMS Licence, subject to any prohibitions imposed by the Exchange under [Rule 3.2.5](#);
- (g) submit an undertaking in the form prescribed by the Exchange whereby the General Trading Member provides assurances regarding the Foreign Branch's treatment of its Customer Accounts, Customers' funds, position limits and the Exchange's ability to audit and access the books and records of the Foreign Branch;* and
 - * Refer to [Annex F — Undertaking of Foreign Branch](#).
- (h) conduct an internal audit at least once every twenty-four (24) months on the Foreign Branch. The General Trading Member shall submit a copy of the internal audit report to the Exchange within one (1) week of the General Trading Member being provided with the same.

Amended on [25 August 2009](#).

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

Market manipulation, market rigging and other forms of trading misconduct set forth in the Act distort the operation of a fair, orderly and transparent market and are serious offences. A Member, Approved Trader or Registered Representative shall at all times observe the trading practices and conduct rules set forth in the Act and this Rules.

3.4.1 Market Manipulation

A Member, Approved Trader or Registered Representative shall not manipulate or attempt to manipulate the price of a contract or of any underlying, or corner, or attempt to corner, any underlying.

3.4.2 Churning

A Member, Approved Trader or Registered Representative is prohibited from churning or generating commissions through creating excessive transactions in a Customer's Account.

3.4.3 False Trading, Bucketing, Fraudulent Inducement to Trade and Employment of Fraudulent Device

A Member, Approved Trader or Registered Representative shall not:

- (a) engage in, or knowingly act with any other Person in, any act or practice that will or is likely to create a false or misleading appearance of active trading in any contract or a false or misleading appearance with respect to the price of any contract;
 - (b) knowingly execute, or hold out as having executed, an order for the purchase or sale of a contract, without having effected a bona fide purchase or sale of the contract in accordance with this Rules;
 - (c) induce or attempt to induce another person to trade in a contract:
 - (i) by making or publishing any statement, promise or forecast that it knows or ought reasonably to know to be false, misleading or deceptive;
 - (ii) by any dishonest concealment of material facts;
 - (iii) by the reckless making or publishing of any statement, promise or forecast that is false, misleading or deceptive; or
 - (iv) by recording or storing in any mechanical, electronic or other device information that is knowingly false or materially misleading;
- or
- (d) directly or indirectly in connection with any trading in a contract:
 - (i) employ any device, scheme or artifice to defraud;
 - (ii) engage in any act, practice or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception upon any Person;
 - (iii) make any false statement of a material fact; or
 - (iv) omit to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

3.4.4 Duty to Inform Exchange of Prohibited Trading Practices

A Member, Approved Trader or Registered Representative shall immediately inform the Exchange if it reasonably suspects, or knows of, any commission or attempted commission of the acts prohibited under Rules [3.4.1](#), [3.4.2](#) and [3.4.3](#).

3.4.5 Dissemination of False or Misleading Information

A Member, Approved Trader or Registered Representative shall not disseminate false or misleading reports concerning market information or conditions that may affect the price of any contract, if the Member, Approved Trader or Registered Representative:

- (a) knows or ought reasonably to know that the information is false or misleading; or
- (b) is reckless about the truth of the information.

This prohibition includes circulation or aiding in the circulation in any manner of rumours which cast doubt on the integrity of any contract or underlying.

3.4.6 Professional Misconduct

A Member, Approved Trader or Registered Representative shall not:

- (a) permit the use of the Member's facilities or Membership privileges by another Member, Approved Trader or Registered Representative or non-Member in a manner that impairs the dignity or degrades the good name of the Exchange, or creates a market or other situation detrimental to the Exchange, or effectuates manipulations or cornerings or attempts at either, or to itself do any of the foregoing;
- (b) engage in any conduct which impairs or tends to impair the dignity or the good name of the Exchange;
- (c) commit an act which is substantially detrimental to the interest of the Exchange;
- (d) refuse to comply with an order of the Exchange, the Disciplinary Committee or the Appeals Committee;
- (e) refuse to comply with a final arbitration award;
- (f) fail to answer Customers' complaints promptly and in appropriate detail;
- (g) commit any fraudulent or dishonest act or any act of bad faith;
- (h) act in a dishonourable or uncommercial manner;
- (i) make a material mis-statement to the Exchange, the Disciplinary Committee or the Appeals Committee, or in any information supplied to the Exchange or its officers;
- (j) make, or cause to be made, a false or misleading entry in any books, records, reports, slips, documents or statements relating to the business, affairs, transactions, conditions, assets or accounts of the Member;
- (k) omit from making, for whatever reason, a material entry in any books, records, reports, slips, documents or statements relating to the business, affairs, transactions, conditions, assets or accounts of the Member;
- (l) alter or destroy any books, records, reports, slips, documents or statements relating to the business, affairs, transactions, conditions, assets or accounts of the Member without a valid reason;
- (m) make use of or reveal any confidential information obtained by reason of participating in any investigative proceeding or hearing;
- (n) refuse to appear before the Exchange, the Disciplinary Committee or the Appeals Committee at a duly convened hearing or in connection with any investigation; or
- (o) refuse to fully answer all questions or produce all books and records in relation to any audit, hearing or investigation.

3.4.7 Disclosing Orders Prohibited

A Member, Approved Trader or Registered Representative shall not disclose an order to any Person, except to the following for official purposes:

- (a) an officer of the Exchange;

- (b) an employee or agent of the Member for the purpose of executing the order;
- (c) the Member's sponsoring Clearing Member for the purpose of clearing the order; or
- (d) such other Persons as required by law.

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 QUEST other than in good faith for the purpose of executing bona fide transactions.

Refer to [Practice Note 3.4.8](#).

3.4.9 Fictitious Transactions Without Change In Ownership

The creation of fictitious transactions or the placing of orders which do not involve any change in ownership, or the execution of such an order with knowledge of its character by a Member, Approved Trader or Registered Representative is prohibited. A Member, Approved Trader or Registered Representative shall not accept buying and selling orders at the same time and price from a Customer for the same contract month of the same futures contract or in the case of option contracts, a put or call option contract with the same class of options, the same strike price and expiration month. This Rule does not apply if orders are entered in the following circumstances:

- (a) the orders are from a fund manager whose instructions are intended to switch the contract from one (1) sub-account to another for legitimate commercial reasons;
- (b) the orders will be booked out finally to different beneficial owners; or
- (c) if the Member or the Approved Trader establishes to the Exchange that it was not a purpose of the orders to create a false market.

Refer to [Practice Note 3.4.9](#).

3.4.10 Overtrading by a Member, Approved Trader or Customer

The following provisions apply in relation to overtrading:

- (a) a Member shall not execute any trade beyond any limits imposed by that Member's sponsoring Clearing Member, the Exchange, the Clearing House or MAS. A Member shall ensure that its Customers do not trade beyond any limits. A Member shall be guilty of overtrading if such Member or its Approved Trader enters into any trade or trades beyond any limits imposed from time to time by its sponsoring Clearing Member, the Exchange or MAS. If a Member is charged with violating this Rule:
 - (i) the Exchange may at its discretion suspend that Member from trading until such time as the Disciplinary Committee or the Appeals Committee has completed the hearing in respect of such charge against such Member;
 - (ii) its sponsoring Clearing Member shall, upon being notified by the Exchange or the Clearing House as the case may be, withhold any profits due or owing to such Member from the transaction that resulted in overtrading, or such monies due or owing to such Member as directed by the Exchange or the Clearing House, and shall not release any such profits or monies until the Disciplinary Committee or the Appeals Committee has completed the hearing in respect of the charge against the Member; and
 - (iii) without prejudice to the foregoing, the Exchange may, in any case of overtrading, direct the Clearing House to withhold any profits due or owing to any Clearing Member from the transaction that resulted in overtrading, or such monies due or owing to such Member, until the Disciplinary Committee or the Appeals Committee has completed the hearing in respect of the charge against the Member;
- (b) if overtrading by a Customer granted Bypass Privileges occurs, the sponsoring Clearing Member shall immediately inform the Exchange and if directed by the Exchange, arrange to terminate the Customer's connectivity to QUEST so as to prevent further trade execution by the Customer; and
- (c) each trade entered into beyond any limits imposed by a sponsoring Clearing Member, the Exchange, the Clearing House or MAS shall be deemed to be a distinct and separate violation of this Rule and shall be punishable as such. If a Member is charged by the Exchange for overtrading, it is not necessary for the Exchange to show that the Member intended to overtrade. The act of overtrading is sufficient to constitute an offence under this Rules.

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 QUEST.

3.4.12 Deemed Rule Violations

A Member, Approved Trader or Registered Representative shall be deemed to be in violation of this Rules if it is convicted of any offence relating to fraud, any act of bad faith, dishonest conduct, dishonorable conduct or uncommercial conduct before any court of law.

3.4.13 Front Running — Priority of Customers' Orders

A Member, Approved Trader or Registered Representative shall not trade in contracts for its own accounts or for an account associated with or connected to that Member, Approved Trader or Registered Representative, if that Member, Approved Trader or Registered Representative also has in hand Customers' orders (including discretion orders) to do the same at the prevailing market price or at the same price. This Rule does not apply if:

- (a) that Member, Approved Trader or Registered Representative has no access to the Customer's order flow information;
- (b) the Customer has prescribed that the order be executed under specified conditions and the order cannot be executed by reason of those conditions; or
- (c) the transaction is entered into in circumstances prescribed by MAS.

"Customer" as used in this Rule 3.4.13 does not include the Member's Approved Traders, Registered Representatives or Persons associated with or connected to the Member, Approved Trader or Registered Representative.

3.4.14 Trading Against Customers' Orders Prohibited

A Member, Approved Trader or Registered Representative shall not knowingly effect a transaction to buy from or sell to a Customer any contract for:

- (a) an account in which the Member, Approved Trader or Registered Representative has an interest; or
- (b) the account of any Person associated with or connected to the Member, Approved Trader or Registered Representative.

This Rule does not apply if the Member, Approved Trader or Registered Representative has first entered the Customer's order into 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.

3.5 Inspection and Audit

3.5.1 Scope of Inspection and Audit Rights

The Exchange, in its discretion, may inspect, audit and take copies of the accounts, books, contracts and other records and documents of that Member to the extent that is necessary or desirable in connection with the discharge of the Exchange's regulatory obligations. The Exchange may also appoint or cause the Member to appoint independent Persons to do the same. Such Person shall report to the Exchange on all or any of the following:

- (a) whether that Member's accounts are being kept and maintained in compliance with this Rules;
- (b) whether that Member's financial position is being maintained in compliance with this Rules;
- (c) whether that Member's business is being conducted in compliance with this Rules;
- (d) whether that Member's accounts, financial position or any non-compliance with this Rules may jeopardize the integrity of the Exchange; and
- (e) such other matter as the Exchange may direct.

3.5.2 Access and Cooperation

A Member shall cooperate with the Exchange and procure for the Exchange or the duly appointed Person:

- (a) access to its premises or its Affiliates' premises, as applicable, to carry out on-site inspections during normal business hours;

- (b) access to the appropriate person for any queries or interviews which the Exchange or the duly appointed Person wishes to conduct in connection with its audit;
- (c) any information or documents which the Exchange or the duly appointed Person considers appropriate for the purpose of investigations; and
- (d) its Customers' full cooperation with the Exchange.

3.5.3 Use of Report and Costs

The Exchange may rely on the information obtained and reports prepared pursuant to [Rule 3.5.1](#) and act on the recommendations set forth therein. The Exchange may also refer a report prepared pursuant to [Rule 3.5.1](#) to the Clearing House or Disciplinary Committee for further action if appropriate. The Exchange may charge a fee for any inspection under [Rule 3.5.1](#). The fee is payable immediately by the Member concerned.

Chapter 4 Listing and Trading of Contracts

4. Introduction to Contracts Traded on the Market

The Exchange offers Contracts which are broadly divided into Futures Contracts and Option Contracts.

Amended on [26 November 2007](#).

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

4.1.1 MAS Approval for Listing

The Exchange is not authorised to list or permit the trading of any Contract on the Markets without the prior approval of MAS for the listing and trading of such Contract.

4.1.2 De-listing of Contracts

Subject to the Act, the Exchange may, from time to time and in its absolute discretion, de-list any Contract. If there are no Open Positions in the relevant Contract which the Exchange wishes to de-list, any de-listing shall become effective at such time as the Exchange shall determine. If there are Open Positions in the relevant Contract which the Exchange wishes to de-list, the Exchange may require that such Open Positions be cash settled immediately or restrict trading only to enable the Closing Out of those Open Positions, except to the extent that the Exchange deems such trading to be necessary for the maintenance of a fair, orderly and transparent market.

4.1.3 Dormant Contracts

The Exchange may designate certain Contracts as dormant Contracts for various reasons including extended periods of illiquidity. Such Contracts are currently not available for trading on the Markets but may become available for trading at a future date.

4.1.4 Contract Specifications and Supremacy

Each Contract shall be governed by this Rules and the relevant Contract Specifications.* In the event of a conflict between this Rules and the Contract Specifications, this Rules shall prevail.

**Contract Specifications will be posted on the Exchange's website .*

4.1.5 Trading Hours, Opening and Closing Routines and Closing Range

Trades may only be executed during the hours in which the Markets are open for trading. The Markets' normal trading hours for each Contract are set forth in the relevant Contract Specifications. The Exchange may determine for a Contract:

- (a) the duration of trading sessions;
- (b) the opening and closing routines; and
- (c) the closing range.

4.1.6 Trade Matching Algorithms

Trade matching algorithms may be specific to the Market and the Contract. The applicable trade matching algorithms are set out more fully in the Regulatory Notice. The Exchange may determine the applicable trade matching algorithms for a Contract. If the Exchange wishes to apply a new or different trade matching algorithm to a new or an existing Contract, the Exchange shall notify all Members of its intention to do so via a Regulatory Notice, at least three (3) weeks prior to the application of such algorithm to a Contract.

Refer to [Regulatory Notice 4.1.6](#).

Amended on [26 November 2007](#).

4.1.7 Strategy Transactions

Unless otherwise specified by the Exchange, strategy transactions do not set off stops in any Futures Contract except for strategy stop orders. Members shall not combine outright orders received from different principals and execute the orders as strategy transactions.

4.1.8 Error Trades

An error trade occurs when a transaction is effected on 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:

- (a) a Member shall take all necessary steps and exercise due diligence in monitoring trades done for any errors;
- (b) a Member requesting cancellation or repricing of an error trade shall take all necessary mitigating actions to minimize the losses suffered;
- (c) the error trade policy administered by the Exchange may be specific to the Market or a Contract. The Exchange's error trade policies are set out more fully in the Regulatory Notice.* Upon the occurrence of an error trade, the Exchange retains the discretion to cancel or reprice such error trade in accordance with its error trade policy. The Exchange may impose any condition on the cancellation or repricing of an error trade, including the charging of fees for requests to cancel or reprice any error trade;

* Refer to [Regulatory Notice 4.1.8](#).

- (d) the cancellation or repricing of an error trade by the Exchange does not affect the Exchange's right to take any disciplinary action against the Member, Approved Trader or Registered Representative who was responsible for the error trade.

For the avoidance of doubt, the Exchange is not liable for any loss or damage (including consequential loss or damage) which may be suffered as a result of the cancellation or repricing of an error trade in accordance with this Rule 4.1.8.

Amended on [26 November 2007](#).

4.1.9 Withholding and Order Withdrawal

A Member, Approved Trader or Registered Representative shall not withhold or withdraw from 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.

Refer to [Practice Note 4.1.9](#).

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 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 QUEST and the Member or its Approved Trader does not know or have access to that Customer's order flow information.

However, if the Exchange suspects that a cross trade was pre-arranged in either one of the above circumstances in contravention of [Rule 4.1.13](#), the onus is on the Member or the Approved Trader to show otherwise.

Refer to [Practice Note 4.1.10](#).

4.1.11 Negotiated Large Trades

The Exchange may, from time to time, designate and approve a Contract for Negotiated Large Trade transactions. Contracts eligible for Negotiated Large Trade transactions shall comply with the minimum volume thresholds, related notification requirements and such other procedures as prescribed by the Exchange from time to time.

Refer to [Regulatory Notice 4.1.11](#).

4.1.12 Exchange of Underlying for Futures Contracts

An exchange of Underlying for Futures Contracts shall be permitted upon the satisfaction of the following conditions:

- (a) the transaction is between two parties where one party is the buyer of the Underlying and the Seller of the Futures Contract and the other party is the seller of the Underlying and the Buyer of the Futures Contract;
- (b) the seller of the Underlying has in its possession the Underlying to be delivered;
- (c) the purchase and sale of the Futures Contract shall be simultaneous with the sale and purchase of an equal quantity of the Underlying;
- (d) the transaction is at a price mutually agreed by the transacting parties; and
- (e) the transaction is reported to the Exchange, and the Members maintain a complete record of such transactions together with the relevant memoranda.

4.1.13 Pre-arranged Trades Prohibited

A Member or Approved Trader shall not make any purchase or sale which has been pre-arranged except for:

- (a) an exchange of Underlying for Futures Contracts as contemplated in this Rules; or
- (b) a Negotiated Large Trade as contemplated in this Rules.

For the avoidance of doubt, a request for a quote from a designated market maker approved by the Exchange does not constitute a pre-arranged trade.

4.1.14 Contract Settlement

Settlement of Contracts may either be via cash or physical delivery.

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. 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. With respect to an Option Contract, if the price for the underlying Futures Contract reaches any of that Futures Contract's Price Limits, trading in the Option Contract shall be halted for the duration of the underlying Futures Contract's Cooling Off Period. "**Cooling Off Period**" means a period of ten (10) minutes or any other 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.

Amended on [26 January 2007](#).

4.1.16 Trading Halt

In the event that trading in the Underlying is halted, or where there has been a major market movement without any apparent economic or fundamental basis for the movement to have occurred, the Exchange may declare a trading halt in the relevant Contract. This is irrespective of whether trading in the Contract has reached the Price Limits.

4.1.17 Position Limits

The Exchange may, from time to time, establish limits on the positions owned or controlled by any Person or Persons acting in concert with respect to any Contract. A Clearing Member may apply on behalf of any Person for an increase in that Person's position limits, subject to the conditions set forth in the Clearing Rules.

4.1.18 Accumulation of Positions

With respect to the computation of position limits, the positions of all accounts directly or indirectly owned or controlled by a Person or Persons, and the positions of all accounts of any Person or Persons acting in concert and the positions of all accounts in which a Person or Persons have a proprietary or beneficial interest, shall be accumulated and deemed to be positions of each of such Persons as if each owned or

controlled all the accumulated positions individually. The Exchange may from time to time provide exemptions to this Rule 4.1.18.

4.1.19 Daily Settlement Price

The Daily Settlement Price for each Contract shall be determined by the Clearing House in accordance with the relevant formulae and procedures set out in the relevant Contract Specifications.

4.1.20 Final Settlement Price

The Final Settlement Price for each Contract shall be determined by the Exchange and the Clearing House in accordance with the relevant formulae and procedures set out in the relevant Contract Specifications. The Final Settlement Price so determined by the Exchange and Clearing House shall be final. If a situation is developing or has developed, which prevents the Exchange or the Clearing House from declaring the Final Settlement Price in accordance with the relevant Contract Specifications, the Exchange and Clearing House shall resolve the Final Settlement Price by such other means as they deem fit.

4.1.21 Modification of Contract Specifications

The Exchange may modify Contract Specifications in response to market developments. In the event of such modification the Exchange shall provide its Members with no less than two (2) weeks' prior notice before any modification to Contract Specifications takes effect. For the avoidance of doubt, modifications to the calculation of the Final Settlement Price, Price Limits, position limits, accumulation of positions and delivery obligations set forth in any Contract Specifications shall be subject to public consultation and rule amendment procedures as contemplated in the Act.

4.1.22 Emergencies

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 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.

4.1.23 Revocation or Suspension of Access to QUEST

The Exchange may revoke or suspend access to 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.

4.2 Default Relating to Contracts

4.2.1 Default in a Cash Settled Futures Contract or Option Contract

A Buyer or Seller who fails to settle a cash settled Futures Contract or Option Contract, as contemplated under this Rules or the Clearing Rules, shall be in default. In the event of default at Settlement of a cash settled Futures Contract or Option Contract on the part of a Buyer or Seller, the Member shall, unless otherwise provided in this Rules or the Clearing Rules, have the right of Closing Out any Open Position in any Market on behalf of the Buyer or Seller, without further notice and without in any way prejudicing any other legal action for recovery which the Member may take or has taken.

4.2.2 Default in a Deliverable Futures Contract

A Seller of a deliverable Futures Contract who does not effect delivery as required by this Rules or the Contract Specifications, and a Buyer of a deliverable Futures Contract who does not take delivery as required by this Rules or the Contract Specifications, shall be in default. In the event of default at Settlement of a deliverable Futures Contract, the rights and obligations of the Member of the Buyer or Seller who is in default, shall be as specified in the relevant Contract Specifications.

4.3 Rules Applicable to Option Contracts

4.3.1 Types of Option Contracts

Option Contracts may be:

- (a) call options or put options; and
- (b) deliverable or cash settled.

4.3.2 Cash Settled Call Option Contract

In the case of a cash settled call Option Contract:

- (a) the Buyer (taker) of the Option Contract acquires the right to receive an amount equivalent to the difference between the exercise price of the Option Contract and the settlement price in consideration for a contract premium, if the settlement price is higher than the exercise price; and
- (b) in the event that the Buyer of the Option Contract exercises that right, a Seller (grantor) as appointed by the Clearing House in accordance with the Clearing Rules assumes the obligation to pay the amount referred to in Rule 4.3.2(a) to the Buyer.

4.3.3 Cash Settled Put Option Contract

In the case of a cash settled put Option Contract:

- (a) the Buyer (taker) of the Option Contract acquires the right to receive an amount equivalent to the difference between the exercise price of the Option Contract and the settlement price in consideration for a contract premium, if the settlement price is lower than the exercise price; and
- (b) in the event that the Buyer of the Option Contract exercises that right, a Seller (grantor) as appointed by the Clearing House in accordance with the Clearing Rules assumes the obligation to pay the amount referred to in Rule 4.3.3(a) to the Buyer.

4.3.4 Deliverable Call Option Contract

In the case of a deliverable call Option Contract:

- (a) the Buyer (taker) of the Option Contract acquires the right to a long futures position in the underlying Futures Contract specified in the contract unit in the relevant Contract Specifications in consideration for a contract premium;
- (b) in the event that the Buyer of the Option Contract exercises that right, a Seller (grantor) as appointed by the Clearing House in accordance with the Clearing Rules shall be vested with a short futures position in the underlying Futures Contract at the same price and in the same settlement month as that assumed by the Buyer of the Option Contract; and
- (c) the Buyer acquires the right to a long futures position at an exercise price agreed between the parties, provided that it is selected from a list of such prices determined under the relevant Contract Specifications.

4.3.5 Deliverable Put Option Contract

In the case of a deliverable put Option Contract:

- (a) the Buyer (taker) of the Option Contract acquires the right to a short futures position in the underlying Futures Contract specified in the contract unit in the relevant Contract Specifications in consideration for a contract premium;
- (b) in the event that the Buyer of the Option Contract exercises that right, a Seller (grantor) as appointed by the Clearing House in accordance with the Clearing Rules shall be vested with a long futures position in the underlying Futures Contract at the same price and in the same settlement month as that assumed by the Buyer of the Option Contract; and
- (c) the Buyer acquires the right to a short futures position at an exercise price agreed between the parties, provided that it is selected from a list of such prices determined under the relevant Contract Specifications.

4.3.6 American Style and European Style

The Contract Specifications shall indicate whether an Option Contract is an American Style Option or a European Style Option. An "**American Style Option**" is an Option Contract that can be exercised at any time before its expiry. A "**European Style Option**" is an Option Contract that can only be exercised at expiry. This Rules applies to both American Style Options and European Style Options.

4.3.7 Cash Settled Option Contracts which are in-the-Money

A cash settled Option Contract is in-the-money if the settlement price lies above the exercise price in the case of a call Option Contract, or below the exercise price in the case of a put Option Contract.

4.3.8 Exercise/Expiry of All Option Contracts on Expiration Day

On the Expiration Day of both cash settled and deliverable Option Contracts, the Clearing House shall, unless otherwise directed by the holder of the Option Contract or otherwise stated in the relevant Contract Specifications:

- (a) exercise all in-the-money Option Contracts; and
- (b) allow all other Option Contracts to expire.

The exercise price shall, unless otherwise indicated in the relevant Contract Specifications or by the Clearing House, be based on the Final Settlement Price of the underlying Futures Contract.

Chapter 5 Physical Delivery

5. Overview

This Chapter is only applicable to deliverable Commodity Futures Contracts. This Chapter relates mainly to the Exchange's role as a facilitator in the delivery of Title Documents and the underlying Commodity. The Exchange seeks to mitigate delivery risks by facilitating delivery of Title Documents via the Clearing House and the delivery of the underlying Commodity between the Buyer and the Seller. The Clearing Rules and this Rules focus on the obligations of the Member effecting delivery via the Clearing House, whereas the relevant Contract Specifications focuses on the physical delivery obligations of the Buyer and Seller upon the maturity of the deliverable Commodity Futures Contract.

Amended on [26 September 2007](#).

5.1 Title Documents and Physical Delivery Procedures

5.1.1 Payment Against Title Documents

Each Trading Member shall cooperate with its sponsoring Clearing Member to enable each Clearing Member to effect delivery of Title Documents against payment as contemplated in the Clearing Rules and the relevant Contract Specifications. "**Title Documents**" refers to bills of lading, title certificates, endorsed warehouse receipts or any other equivalent documents evidencing title to the underlying Commodity and any other documents required to release payment, as contemplated in the relevant Contract Specifications.

Amended on [26 January 2007](#).

5.1.2 Duty Of Members To Mitigate Risk Of Non-Delivery

Prior to the Last Trading Day, each Member shall require evidence from the respective Seller(s) or Buyer (s) having accounts on its books, that all Open Positions which will not be offset on the Last Trading Day shall be completed by delivery of the relevant underlying Commodity. If the Seller(s) or the Buyer(s) fails to provide such evidence, the Member shall liquidate the remaining Open Positions on or before the Last Trading Day. Unless otherwise permitted under the relevant Contract Specifications, each Member shall liquidate any and all Open Positions relating to lot sizes less than the minimum size prescribed under the relevant Contract Specifications for physical delivery.

5.1.3 No Financing of Performance Deposits or other Escrow Assets

No General Trading Member shall grant, whether directly or indirectly, any advance, loan or credit facilities to any Buyer or Seller for the purpose of posting Performance Deposits or other Escrow Assets (where applicable) to the Clearing House.

Amended on [26 January 2007](#) and [25 August 2009](#).

5.1.4 Delivery Obligations are Deemed Rules

Material terms relating to delivery obligations, including those pertaining to delivery dates, quality, quantity, location, acceptance notices or delivery notices as set forth in the relevant Contract Specifications, are deemed incorporated into this Rules by reference herein.

5.1.5 Delivery Default Deemed Rule Violation

To ensure the integrity of the delivery process as contemplated in this Rules and the Clearing Rules, a Member responsible for a Delivery Default is deemed to have committed a Rule Violation and may be subject to Sanctions as contemplated in [Chapter 7](#) of this Rules.

5.1.6 Passing of Property and Risk

Property and risk in relation to an underlying Commodity under any deliverable Futures Contract shall pass in accordance with the provisions in the relevant Contract Specifications and, if not so dealt with, the provisions of the Sale of Goods Act (Cap. 393). For the avoidance of doubt, at no time shall property or risk in any underlying Commodity pass to the Exchange.

5.2 Designated Ports, Factories, Surveyors, Samplers and Analysts

The Exchange shall maintain a list of Designated Ports, factories, surveyors, samplers and analysts as contemplated in the relevant Contract Specifications. A current and updated list of such Designated Ports, factories, surveyors, samplers and analysts shall be available on the Exchange's website: The Exchange may from time to time list or de-list any Designated Ports, factories, surveyors, samplers or analysts with regard to existing or new Contract Months or both (unless otherwise provided in the relevant Contract Specifications) as the Exchange may determine in its absolute discretion. "**Designated Ports**" refers to any of the Exchange-designated ports of loading as indicated in the relevant Contract Specifications.

Amended on [5 December 2006](#), [26 January 2007](#) and [26 November 2007](#).

5.3 Disclaimer of Exchange Liability for Physical Delivery and Warehousing

5.3.1 Title Documents and Transfer of Title

The Exchange accepts no liability and does not guarantee the satisfactory discharge of any physical delivery obligations under any deliverable Futures Contract. The Exchange further disclaims any liability arising from or in connection with:

- (a) the delivery or non-delivery of Title Documents by any Clearing Member; and
- (b) any irregularities in the transfer of title in the underlying Commodity from the Seller to the Buyer.

5.3.2 Exchange Does Not Check Commodity, Documents or Designated Ports or Factories

The Exchange is under no obligation to:

- (a) check any Commodity or document received from or delivered through a Clearing Member in relation to an obligation to make or take delivery under an open deliverable Futures Contract; or
- (b) check the availability or suitability of any Designated Ports, factories, surveyors, samplers or analysts as identified in the relevant Contract Specifications.

The Exchange disclaims any liability and does not in any way guarantee quality or suitability of fitness of any Commodity, document, Designated Port, factory, surveyor, sampler or analyst.

Amended on [5 December 2006](#).

5.3.3 Forged Documents

The Exchange accepts no liability with respect to any claim arising from:

- (a) forged or irregular documents relating to a deliverable Futures Contract cleared through a Clearing Member; or
- (b) any non-fulfilment of an open deliverable Futures Contract arising from such forgery.

Chapter 6 Dispute Resolution and Arbitration

6. Overview

This Chapter deals with dispute resolution between Members with respect to Contracts traded on the Markets. The Exchange recognises that the fair, speedy and cost-effective resolution of disputes between Members is important to the health of the Markets. Arbitration of such disputes in a neutral forum with the aid of specialist experts instills market confidence. Arbitration involving Contracts shall be before the Singapore International Arbitration Centre ("**SIAC**")* or such other forums as the parties may agree. The Exchange does not provide any in-house arbitral forum. Under this Rules, arbitration is not compulsory unless a dispute involves a deliverable Commodity Futures Contract. With respect to such contracts, when any disputing Member elects to resolve the dispute via arbitration before the SIAC, the other disputing Member is compelled to submit to such arbitration. If neither Member elects for arbitration, the Members are free to resolve their dispute in such manner as they deem fit. Save for deliverable Commodity Futures Contracts, this Chapter does not seek to govern dispute resolution between Member and Customer, or between Customers[^].[#]

* For more information regarding the procedural rules, fees and other matters please refer to www.siac.org.sg.

[^] With respect to deliverable Commodity Futures Contracts, Customers are bound to submit to arbitration between their respective Members via contractual undertakings provided to their Members.

[#] Refer to [Rule 6.2.4](#).

Amended on [26 November 2007](#).

6.1 Dispute Resolution Involving Contracts Traded on the SGX-DT Market

Where any dispute arises from or in connection with a Contract traded on the SGX-DT Market (other than a complaint of a disciplinary nature), the disputing Members shall attempt to settle the dispute through good faith negotiations, failing which the disputing Members may choose to settle the dispute by such other means as they may elect, including arbitration before the SIAC in accordance with the rules of the SIAC.

Amended on [5 December 2006](#).

6.2 Dispute Resolution Involving Deliverable Commodity Futures Contracts

6.2.1 Dispute Resolution Involving Deliverable Commodity Futures Contracts

Where any dispute arises from or in connection with a deliverable Commodity Futures Contract (other than a complaint of a disciplinary nature), the disputing parties shall first attempt to settle the dispute through any applicable claim procedures set forth in the relevant Contract Specifications. In the absence of such claim procedures, the disputing parties shall attempt to settle the dispute through good faith negotiations, failing which at the election of any disputing Member or the Clearing Member of any of the disputing parties, the dispute shall be settled by arbitration before the SIAC in accordance with the rules of the SIAC.

Amended on [5 December 2006](#) and [26 November 2007](#).

6.2.2 Awards Binding on Members and Members' Customers

The award of the SIAC arbitrator or panel of arbitrators shall be binding on the Members and Customers of the respective Members.

6.2.3 Rule Violation

The failure or refusal of a Member to arbitrate where the other Member elects to arbitrate under this Rule shall constitute a Rule Violation.

6.2.4 Customers to Submit to Arbitration

Each Member shall cause its Customers and their respective assigns to agree that where there is a dispute arising from or in connection with a deliverable Commodity Futures Contract:

- (a) the Customers and their respective assigns shall submit to arbitration before the SIAC at the election of their respective Members;
- (b) the award of the arbitrator or panel of arbitrators shall be final and binding on the Customers and their respective assigns; and
- (c) the Customers and their respective assigns shall comply with the applicable post-arbitral procedures set forth in this Rules.

Amended on [5 December 2006](#) and [26 November 2007](#).

6.3 Post-arbitral Award Procedures for Deliverable Commodity Futures Contracts

6.3.1 Service of Notice of Award on the Parties and the Clearing House

Upon the conclusion of arbitration and the grant of an arbitral award, a notice of the award will be served on the Clearing House and the parties to the arbitration by the SIAC.

6.3.2 Buying Member's Rights to the Performance Deposit

Where an arbitral award is made in favour of the Buying Member, the Buying Member shall be entitled to:

- (a) claim the Performance Deposit posted by the Selling Member with the Clearing House to the extent that the Performance Deposit satisfies the arbitral award; and
- (b) the return of the Performance Deposit posted by the Buying Member with the Clearing House, without any deduction or set-off.

6.3.3 Use of Performance Deposit to Satisfy Award

If the Performance Deposit posted by the Selling Member is insufficient to satisfy the arbitral award made in favour of the Buying Member, the Buying Member shall be entitled to pursue the balance of such award against the Selling Member. If such Performance Deposit is greater than the arbitral award made in favour of the Buying Member, the balance of the Performance Deposit shall be returned to the Selling Member.

6.3.4 Selling Member's Rights to the Performance Deposit

Where the arbitral award is made in favour of the Selling Member (as opposed to the Buying Member), Rules [6.3.2](#) and [6.3.3](#) shall apply with references to "Buying Member" and "Selling Member" being changed to "Selling Member" and "Buying Member" respectively. "**Selling Member**" and "**Buying Member**" as used in this [Rule 6.3](#) refers to the Clearing Members of the Seller and Buyer respectively.

6.3.5 Procedures Not Applicable if Members elect for Alternative Delivery Procedure

For the avoidance of doubt, the above procedures do not apply if the Selling Member and the Buying Member have agreed to effect delivery via an Alternative Delivery Procedure.

Chapter 7 Adverse Events, Rule Violations and Disciplinary Action

7. Overview of Adverse Events, Rule Violations and Disciplinary Action

The Exchange's enforcement of this Rules is critical to the health of the Markets. This Chapter sets out the various powers available to the Exchange in connection with its obligation to operate a fair, orderly and transparent market. The Exchange's powers range from temporarily restricting Members' activities to referring the matter to the Disciplinary Committee. The Exchange may exercise various powers as set forth below under two (2) main scenarios — (a) upon the occurrence of an Adverse Event; or (b) where there is a Rule Violation by a Member, Approved Trader or Registered Representative. The powers exercisable by the Exchange upon the occurrence of an Adverse Event are designed to deal swiftly with an unforeseen event. Having exercised such powers as set forth in [Rule 7.3](#), the Exchange may thereafter refer the matter to a Disciplinary Committee if it deems fit. In the event of a Rule Violation, the Exchange's powers are limited to the exercise of certain summary powers prior to the matter being referred to the Disciplinary Committee. In proceedings before the Disciplinary Committee, the Exchange lays a charge against the Member, Approved Trader or Registered Representative concerned, and acts as a prosecutor. To assist in determining if any Rule Violation has occurred, the Exchange also conducts inspections and investigations.

7.1 Adverse Events and Rule Violations

7.1.1 Adverse Events

The Exchange may exercise any of the powers set forth in Rule 7.3 if any of the following events occur, which adversely impacts on a Member, Approved Trader or Registered Representative's ability to meet its obligations under this Rules (collectively, "**Adverse Events**"):

- (a) an Emergency;
- (b) a Delivery Default;
- (c) Force Majeure;
- (d) the Clearing House declares an event of default against a Clearing Member as contemplated in [Rule 7.03.2.1](#) of the Clearing Rules;
- (e) a Member, Approved Trader or Registered Representative is charged before a disciplinary body in any other exchange or regulated market or charged in any court of law in relation to market misconduct;
- (f) a Member, Approved Trader or Registered Representative who trades in non-Exchange instruments such as over-the-counter instruments, foreign exchange instruments or other instruments, whether onshore or offshore, suffers an adverse event which impacts on the Member's ability to meet its financial obligations to the Exchange; or
- (g) any other event which, in the Exchange's opinion, materially impacts or is likely to materially impact on a Member, Approved Trader or Registered Representative's ability to meet its obligations under this Rules.

7.1.2 Rule Violations

All Rule Violations are chargeable before the Disciplinary Committee in accordance with the procedures set forth in this Rules. Rule Violations may also result in the exercise of various powers of the Exchange as set forth in [Rule 7.2](#).

7.1.3 Concurrent Occurrence of Adverse Events and Rule Violations

An Adverse Event and a Rule Violation are not mutually exclusive and both events may occur concurrently such that any of the Exchange's powers set forth in Rules [7.2](#) and [7.3](#) may be invoked.

7.1.4 Rule Violation by Approved Trader or Registered Representative to be deemed Rule Violation by Sponsoring Corporate Member

Any Rule Violation by any Approved Trader or Registered Representative shall also be deemed to be a Rule Violation by the sponsoring corporate Member for the purpose of proceedings before the Disciplinary Committee. If an Approved Trader or a Registered Representative suffers an Adverse Event, the sponsoring corporate Member shall be deemed to have suffered an Adverse Event.

7.1.5 Notification Obligation

A Member, Approved Trader or Registered Representative shall immediately notify the Exchange upon the occurrence or threatened occurrence of any Adverse Event or Rule Violation. Upon such notification the Exchange may exercise any of its powers set forth in Rules [7.2](#) and [7.3](#) as it deems fit.

7.1.6 Notification of Exercise of Powers by the Exchange

Except as otherwise provided under this Rules, the Exchange shall:

- (a) notify MAS or any other relevant regulatory body before it exercises any of its powers in relation to an Emergency; and
- (b) notify the Member, Approved Trader or Registered Representative concerned in writing before it exercises any of its powers under this Chapter.

7.1.7 Public Announcement by Exchange

The Exchange shall notify all Members, Approved Traders, Registered Representatives and the general public via Circulars of the outcome of any proceedings before the Disciplinary Committee or Appeals Committee.

7.2 Exchange's Disciplinary Powers

7.2.1 Disciplinary Action

- (a) If an investigation or inspection reveals that a Member, Approved Trader or Registered Representative has committed a Rule Violation, the Exchange may take any of the following forms of disciplinary action, namely:
 - (i) to charge the Member, Approved Trader or Registered Representative before the Disciplinary Committee;
 - (ii) to make an offer of composition to the Member, Approved Trader or Registered Representative, if the Rule Violation is indicated in the third column of [Schedule A](#) as a compoundable Rule Violation; or
 - (iii) to issue a letter of warning to the Member, Approved Trader or Registered Representative.
- (b) If the Member, Approved Trader or Registered Representative does not accept the offer of composition or comply with the terms of the composition within the stipulated time as prescribed by the Exchange, the Exchange may refer the said Member, Approved Trader or Registered Representative to the Disciplinary Committee.

Amended on [16 May 2011](#).

7.2.1A Composition by the Exchange.

- (a) The Exchange may make an offer of composition to a Member, Approved Trader or Registered Representative who has committed a Rule Violation. The terms of the offer of composition include payment of a specified sum to the Exchange and may include the fulfillment of any accompanying terms that the Exchange may prescribe.
- (b) Upon payment of the specified sum and fulfillment of the accompanying terms by the Member, Approved Trader or Registered Representative within the stipulated time, no further proceedings shall be taken against that Member, Approved Trader or Registered Representative for that Rule Violation.
- (c) Acceptance of the offer of composition by the Member, Approved Trader or Registered Representative amounts to an admission of liability, and the Member, Approved Trader or Registered Representative will be deemed to have committed the conduct described in the charge.
- (d) In respect of Rule Violations which the Exchange may offer composition, guidelines on the range of composition which the Exchange may offer to a Member, Approved Trader or Registered Representative who has committed a Rule Violation are indicated in [Schedule A](#).

- (e) The Exchange retains the discretion to offer composition to a Member, Approved Trader or Registered Representative of an amount which is lower or higher than the guidelines, except that the amount of composition that the Exchange may offer shall not exceed S\$10,000 for each Rule Violation.
- (f) Notwithstanding that a Rule Violation is indicated as being compoundable or may be compoundable under [Schedule A](#), the Exchange retains the discretion not to make an offer of composition to the Member, Approved Trader or Registered Representative and instead, to charge the said Member, Approved Trader or Registered Representative before the Disciplinary Committee.
- (g) If the Exchange has made an offer of composition, it will not commence disciplinary proceedings against a Member, Approved Trader or Registered Representative until after the stipulated period for the offer lapses.

For the purposes of determining whether a Rule Violation is classified as a first, second, third or subsequent offence under [Schedule A](#), only previous violations under the same Rule will be taken into consideration.

Added on [16 May 2011](#).

7.2.2 Investigative Powers

In determining whether to lay a charge before the Disciplinary Committee or to make an offer of composition, the Exchange may, without notification to any Member, Approved Trader or Registered Representative, commence investigations in accordance with [Rule 7.4](#).

Amended on [16 May 2011](#).

7.2.3 Restriction and Supervision of Member's Conduct of Business

- (1) Subject to Rule 7.2.3(2) and in addition to the Exchange's summary powers set forth in [Rule 2.15.2](#), if the Exchange is of the opinion that a Member has, or may have, insufficient assets or liquidity facilities for the conduct of its business, or that a review should be carried out in respect of the management policies or business conduct of a Member, the Exchange may require the Member to operate its business subject to such additional restrictions or conditions as the Exchange may impose, including:
 - (a) prohibiting the Member and its Approved Traders or Registered Representatives from entering into a new transaction or settling any transaction without the prior written approval of the Exchange;
 - (b) suspending the Member and its Approved Traders or Registered Representatives. Such Member and its Approved Traders or Registered Representatives remain liable to complete all Contracts outstanding at the time of suspension;
 - (c) requiring the Member's director(s) to step down from day-to-day conduct of the business affairs of the Member; and
 - (d) appointing a manager to manage the business of the Member. The Exchange shall fix the remuneration of the manager, which shall be paid by the Member. The Member is solely responsible for the manager's acts and defaults. The manager shall carry out directions given by the Exchange in relation to the conduct of the Member's business.
- (2) Rule 7.2.3(1) shall only apply to a Bank Trading Member to the extent of its business that is governed by this Rules.

Amended on [25 August 2009](#).

7.2.4 Restriction of Activities of Members, Approved Traders or Registered Representatives

- (1) Subject to Rule 7.2.4(2), the Exchange may restrict the activities of any Member or its Approved Traders or Registered Representatives if the Member or its Approved Traders or Registered Representatives are charged before the Disciplinary Committee for any Rule Violation, or charged in any court of law in relation to conduct which would constitute:
 - (a) an offence under the Act;
 - (b) an offence involving fraud or dishonesty, whether in or out of Singapore;
 - (c) an offence relating to director's duties; or
 - (d) an offence under any relevant law or regulation which governs that Person's other business activities.

- (2) Rule 7.2.4(1) shall only apply in relation to a Bank Trading Member to the extent of its Business Governed by this Rules.

Amended on [25 August 2009](#).

7.2.5 Referral to Disciplinary Committee

If the Exchange suspends the privileges of a Member, Approved Trader or Registered Representative as contemplated in Rules [2.13.7](#), [2.14.3](#) or [2.15.2](#), or exercises any of the powers set forth in Rules [7.2.3](#) and [7.2.4](#), the Exchange shall refer the matter to the Disciplinary Committee within fourteen (14) calendar days of such action (the "**Summary Referral**"). The Summary Referral shall contain an account of (a) the Exchange's exercise of the summary powers; and (b) the grounds for taking action against the Member, Approved Trader or Registered Representative. The Exchange shall provide the Member, Approved Trader or Registered Representative with a copy of the Summary Referral at the same time that such document is provided to the Disciplinary Committee. The Summary Referral shall constitute a notice of charge as contemplated under [Rule 7.7.2](#).

7.3 Exchange's Powers upon Occurrence of Adverse Events

Unless otherwise specified in this Rules, upon the occurrence of any Adverse Event, the Exchange may exercise any of the following powers as it deems fit:

7.3.1 Liquidation of Positions

The Exchange may limit trading to liquidation of positions only or order liquidation of all or a portion of the positions in a Member's House Account or Customer Account or both.

7.3.2 Fix Settlement Price

The Exchange may fix a settlement price for the liquidation of positions in any Contract.

7.3.3 Call for Additional Margins

The Exchange may require additional margins to be deposited with the Clearing House for any Contract.

7.3.4 Confine or Limit Trading

The Exchange may confine trading of any Contract to a specific price range or modify Trading Days or hours.

7.3.5 Alter Delivery Conditions

The Exchange may defer delivery or designate alternative delivery points or procedures or alter conditions of delivery with respect to deliverable Futures Contracts.

7.3.6 Call on Trading Member's Letter of Credit

If a Trading Member's act or omission results in a Clearing Member defaulting under [Rule 7.03.2.1](#) of the Clearing Rules, the Exchange or the Clearing House, as the case may be, reserves the right to call on any of the Qualifying Letters of Credit posted by the Trading Member to meet its Financial Resources requirements set forth in [Rule 2.5](#), and apply the proceeds toward the discharge of liabilities incurred by the Clearing Member to the Clearing House.

7.3.7 Other Actions as Deemed Fit

The Exchange may take such other actions against any Member, Approved Trader or Registered Representative as it deems fit to discharge its regulatory obligations under the Act to maintain a fair, orderly and transparent market.

7.4 Investigations by the Exchange

7.4.1 Commencement of Investigations

The Exchange may conduct an investigation if:

- (a) the Exchange is satisfied that any Rule Violation has been, or may have been committed;
- (b) the Exchange receives a complaint involving any Member, Approved Trader or Registered Representative or any Member's director, officer, employee or agent;
- (c) there is a dispute between Members, Approved Traders or Registered Representatives in connection with trading on any market; or

(d) in the Exchange's opinion, having regard to its obligation to maintain a fair, orderly and transparent market, the circumstances warrant an investigation.

7.4.2 Direction to Commence Investigation by MAS

The Exchange shall conduct an investigation if MAS so directs.

7.4.3 Requirement to Cooperate with Investigations

The Exchange may direct a Member, Approved Trader, Registered Representative or any Member's director, officer, employee or agent to:

- (a) render all assistance as the Exchange requires, at the Exchange's premises or elsewhere; and
- (b) provide the Exchange with information, books and records which, in the Exchange's opinion, may be relevant to the investigation,

and that Person shall comply with the Exchange's direction.

7.4.4 Prohibition Against the Furnishing of False Statements or Information to the Exchange

A Member, Approved Trader, Registered Representative, or any Member's director, officer, employee or agent shall not wilfully make, furnish or permit the making or furnishing of any false or misleading information, statement or report to the Exchange.

7.4.5 Appointment of Exchange Examiners

The Exchange may appoint any Person or Persons to assist in its investigation (**the "Exchange Examiners"**). The Exchange may delegate all or any of its powers under this Rule 7.4.5 to the Exchange Examiners. The Exchange Examiners shall report the results of their investigations to the Exchange.

7.4.6 Supply of Information

The Exchange may direct a Member, Approved Trader or Registered Representative to provide specified information relating to Members' Affairs, transactions relating to Customers and former Customers, and matters pertaining to any contract. Such direction shall be in writing and the Member, Approved Trader or Registered Representative shall provide the information to the Exchange within such period as is specified by the Exchange, being a period of not less than two (2) Business Days after receipt of the Exchange's direction. Information provided to the Exchange under this Rule shall be treated as Confidential Information and subject to the safeguards set forth in [Rule 1.4](#).

7.5 Composition of Disciplinary Committee

7.5.1 Composition of Disciplinary Committee

The Disciplinary Committee comprises persons appointed by the Board. No director, officer or employee of Singapore Exchange Limited or any of its Related Corporations may be appointed.

7.5.2 Chairman, Deputy Chairman and Secretary of the Disciplinary Committee

The Board shall appoint a chairman and deputy chairman from among the members of the Disciplinary Committee. In the absence of the chairman, the deputy chairman shall have all the powers of the chairman. The Board shall appoint a Secretary to assist the Disciplinary Committee. **"Secretary"** within Rules [7.5](#) and [7.7](#) refers to an employee of Singapore Exchange Limited, appointed by the Board to the Disciplinary Committee for the purpose of supporting the work of the Disciplinary Committee. For the avoidance of doubt, the Secretary shall not form part of the quorum of the Disciplinary Committee, shall not possess any voting power, and save for record and administrative purposes, shall not participate in the deliberations of the Disciplinary Committee.

7.5.3 Notification of Conflict of Interest by Disciplinary Committee Members

Members of the Disciplinary Committee shall immediately notify the chairman of any possible conflict of interest in relation to a charge. The chairman shall decide whether the Disciplinary Committee member concerned should attend the hearing of that charge and notify the Board of his decision. The chairman shall also notify the Board and abstain from hearing a charge in which he himself may have a conflict of interest.

7.5.4 Quorum of the Disciplinary Committee

The Disciplinary Committee has a quorum of three (3) (including the chairman) when the meeting proceeds to business but may complete any business of a meeting with two (2) Disciplinary Committee members. In the case of an equality of votes, the chairman shall be entitled to a casting vote.

7.6 Disciplinary Committee Powers and Related Matters

7.6.1 Jurisdiction of the Disciplinary Committee

The Disciplinary Committee may hear any case in which it is alleged that a Member, Approved Trader or Registered Representative has:

- (a) committed any Rule Violation;
- (b) breached any other relevant foreign law or regulation which governs the business activities of that Member, Approved Trader or Registered Representative, whether in or out of Singapore;
- (c) any director who has breached his director's duties;
- (d) engaged in any conduct that has the effect of circumventing the Act or this Rules;
- (e) engaged in any conduct which is inconsistent with just and equitable principles of trading; or
- (f) engaged in any conduct detrimental to the financial integrity, reputation or interests of the Exchange or Markets.

7.6.2 Powers of the Disciplinary Committee

If the Disciplinary Committee is satisfied that the Exchange has proved on a balance of probabilities that the Member, Approved Trader or Registered Representative has committed the conduct described in the charge, the Disciplinary Committee may impose one or more of the following Sanctions:

- (a) expelling the Member, Approved Trader or Registered Representative concerned;
- (b) suspending the Member, Approved Trader or Registered Representative concerned;
- (c) imposing a penalty not exceeding S\$250,000 on the Member, Approved Trader or Registered Representative concerned, which may be paid in installments;
- (d) reprimanding the Member, Approved Trader or Registered Representative concerned;
- (e) requiring an education program to be undertaken by the Member, Approved Trader or Registered Representative concerned;
- (f) requiring a compliance program to be undertaken by the Member, Approved Trader or Registered Representative concerned;
- (g) imposing any restrictions or conditions on activities that the Member, Approved Trader or Registered Representative concerned undertakes, or, in the case of a Bank Trading Member, undertakes for the Bank Trading Member's Business Governed by this Rules;
- (h) requiring the Member, Approved Trader or Registered Representative concerned to make reimbursement or compensation of up to \$250,000 to any Person who has suffered pecuniary loss as a result of the conduct of that Member, Approved Trader or Registered Representative;
- (i) requiring any director of the Member concerned, or in the case of a Bank Trading Member, any director or person in a senior management position who is responsible for its Business Governed by this Rules, to step down from day-to-day conduct of the business affairs of the Member; or
- (j) appointing a manager to manage the business of the Member concerned, or, in the case of a Bank Trading Member, its Business Governed by this Rules. The Disciplinary Committee shall fix the remuneration of the manager, which shall be paid by the Member concerned. The Member concerned is solely responsible for the manager's acts and defaults. The manager shall carry out directions given by the Disciplinary Committee in relation to the conduct of the business of the Member concerned.

The Disciplinary Committee may also order a stay of any Sanction imposed under this Rule, pending an appeal to the Appeals Committee.

Amended on [25 August 2009](#).

7.6.2A Mandatory Minimum Penalties to be Imposed by Disciplinary Committee for certain Rule Violations

- (a) Minimum penalties imposable by the Disciplinary Committee have been stipulated in respect of certain Rule Violations, as set out in the thirteenth column of [Schedule A](#).
- (b) Where a minimum penalty has been stipulated in respect of a particular Rule Violation, if the Disciplinary Committee is satisfied that the Exchange has proved on a balance of probabilities that the Member, Approved Trader or Registered Representative has committed the conduct described in the charge, the Disciplinary Committee:
 - (i) shall impose a penalty, pursuant to its power under [Rule 7.6.2\(c\)](#), not lower than the minimum amount as stated in the thirteenth column of [Schedule A](#), for that particular Rule Violation; and
 - (ii) may choose to impose, in addition to the penalty in sub-section (i), any one or more of the sanction(s) as set out in [Rule 7.6.2](#).

Added on [16 May 2011](#).

7.6.3 Exercise of Power by Disciplinary Committee Due to Breach by Chief Executive Officer, Director or Key Personnel

The Disciplinary Committee may exercise its powers against a Member if that Member's chief executive officer, any director or key personnel who is suitably qualified and experienced to implement, oversee and maintain adequate internal procedures and risk management controls as contemplated under the Rules commits, or causes that Member to commit any of the acts described in [Rule 7.6.1](#), whether or not such chief executive officer, director or key personnel is so authorised to act on behalf of the Member.

7.6.4 Former Member Bound by Rules for Acts or Omission Before Expulsion

A former Member, Approved Trader or Registered Representative is bound by this Rules in respect of acts or omissions occurring before expulsion. The Exchange and the Disciplinary Committee retain their respective powers notwithstanding expulsion.*

* *Augments [Rule 2.15.5](#) which refers to Members only.*

7.6.5 Notice and Timing of Hearing Before the Disciplinary Committee

The chairman shall appoint a date, time and place for the hearing. The Exchange and the Person charged shall be given fourteen (14) calendar days' notice of the hearing.

7.6.6 Adjournment of Proceedings

The Disciplinary Committee may adjourn and reconvene its proceedings as it deems fit.

7.7 Disciplinary Committee Proceedings

7.7.1 Disciplinary Committee Procedures

Except where it is expressly provided in this Rules, the Disciplinary Committee may establish its own procedures. The procedures established by the Disciplinary Committee shall at all times be consistent with the rules of fairness and principles of natural justice.

7.7.2 Notice of Charge

The Exchange shall give written notice to a Person charged, setting out the particulars of the charge.

7.7.3 Response to Charge

- (a) The following procedures apply in relation to any proceedings before the Disciplinary Committee:
 - (i) the Person charged may submit a defence, which shall be given to the Exchange and the Secretary within fourteen (14) calendar days of the date of the notice of charge;
 - (ii) the Exchange may issue a response to the defence, which shall be served on the Person charged and the Secretary within fourteen (14) calendar days of receipt of the defence; and
 - (iii) the Person charged may issue a reply to the response, which shall be served on the Exchange and the Secretary within fourteen (14) calendar days of receipt of the response.
- (b) Time to comply with the deadlines may be extended by the chairman of the Disciplinary Committee upon written request, setting out the grounds for the request. Subject to the chairman's direction or approval, such request shall be made at least three (3) Business Days before the expiry of the relevant deadline. Subject to the chairman's approval, the Disciplinary Committee shall disregard any material that is not submitted in compliance with the prescribed deadlines. The decision of the chairman shall be final and binding.

- (c) The Disciplinary Committee may hear a charge and exercise all its powers even if the Person charged does not file a defence or a reply to the response, or is not present at the hearing or any adjourned hearing.

7.7.4 Legal Representation Before Disciplinary Committee

- (a) The Exchange and the Person charged may be represented by an advocate and solicitor.
- (b) The Person charged shall inform the Secretary in writing of the name of such advocate and solicitor at least fourteen (14) calendar days before the hearing of the charge.
- (c) The Disciplinary Committee may seek the advice of an independent advocate and solicitor.

7.7.5 Evidence

- (a) The Exchange and the Person charged may examine and take copies of the evidence which each of them intends to rely on at the hearing.
- (b) The Person charged and its sponsoring corporate Member (if applicable) shall not disclose information received in relation to the charge to any other Person, except the advocate and solicitor of the Person charged for the purpose of the hearing or subsequent appeal, and shall give the Exchange a written undertaking to that effect.

7.7.6 Witnesses, Examination and Cross Examination

- (a) The Exchange and the Person charged may:
- (i) request the attendance of any witness; and
 - (ii) examine and cross-examine such witnesses.
- (b) The Disciplinary Committee may, in its absolute discretion:
- (i) request the attendance of any witness; and
 - (ii) allow or disallow a request by the Exchange or the Person charged for the attendance of any witness.
- (c) The Disciplinary Committee cannot compel the attendance of a witness.

7.7.7 Disciplinary Committee's Deliberation

Unless expressly permitted by the chairman of the Disciplinary Committee, the Exchange and the Person charged shall not be present during the deliberation of a charge by the Disciplinary Committee. Failure to observe this Rule 7.7.7 does not vitiate the Disciplinary Committee's decision.

7.7.8 Decision of Disciplinary Committee

- (a) The Exchange and the Person charged are entitled to be present when the Disciplinary Committee announces its decision.
- (b) The Disciplinary Committee shall provide short written grounds of its decision to the Exchange and the Person charged.

7.7.9 Finality of Proceeding or Findings

No proceeding or determination in respect of a Rule Violation shall be annulled, avoided, called into question or set aside by reason of the fact that the matter under consideration may or should have been dealt with by another committee under the business rules of any other exchange or clearing house, or that the Person concerned was absent from the hearing after having been given notice thereof.

7.8 Appeals

7.8.1 Right of Appeal

The Exchange or the Person charged may appeal to the Appeals Committee against the decision of the Disciplinary Committee in accordance with the procedures set out in [Rule 7.10](#).

7.8.2 Finality of Appeal

The decision of the Appeals Committee is final and binding.

7.9 Appeals Committee

7.9.1 Composition of Appeals Committee

The Appeals Committee comprises persons appointed by the SGX Board and approved by MAS provided that:

- (a) no director, officer or employee of Singapore Exchange Limited or any of its Related Corporations may be appointed;
- (b) a majority are not directors, officers or employees of any Member or any Member's Related Corporation; and
- (c) a majority are not substantial shareholders of Singapore Exchange Limited or its Related Corporations or directors, officers or employees of any substantial shareholder of Singapore Exchange Limited or its Related Corporations.

Amended on [5 December 2006](#).

7.9.2 Chairman, Deputy Chairman and Secretary of the Appeals Committee

The Appeals Committee shall elect a chairman and deputy chairman from among the members of the Appeals Committee. In the absence of the chairman, the deputy chairman shall have all the powers of the chairman. The SGX Board shall appoint a Secretary to assist the Appeals Committee. "**Secretary**" within Rules [7.9](#) and [7.10](#) refers to an employee of Singapore Exchange Limited, appointed by the SGX Board to the Appeals Committee for the purpose of supporting the work of the Appeals Committee. For the avoidance of doubt, the Secretary shall not form part of the quorum of the Appeals Committee, shall not possess any voting power, and save for record and administrative purposes, shall not participate in the deliberations of the Appeals Committee.

Amended on [5 December 2006](#).

7.9.3 Notification of Conflict of Interest by Appeals Committee Members

Members of the Appeals Committee shall immediately notify the chairman of any possible conflicts of interest in relation to an appeal. The chairman shall decide whether the Appeals Committee member concerned should attend the hearing of that appeal and notify the SGX Board of his decision. The chairman shall also notify the SGX Board and abstain from hearing an appeal in which he himself may have a conflict of interest.

Amended on [5 December 2006](#).

7.9.4 Quorum of the Appeals Committee

The Appeals Committee has a quorum of three (3) (including the chairman) when the meeting proceeds to business but may complete any business of a meeting with two (2) Appeals Committee members. In the case of an equality of votes, the chairman shall be entitled to a casting vote.

7.9.5 Powers of the Appeals Committee

The powers of the Appeals Committee include:

- (a) all the powers of the Disciplinary Committee;
- (b) increasing or reducing penalties, and overturning, varying or upholding any decision of the Disciplinary Committee;
- (c) hearing appeals in accordance with this Rules; and
- (d) dealing with such other matters as the SGX Board refers to it (either generally or in a particular case).

Amended on [5 December 2006](#).

7.9.6 Notice and Timing of Hearing Before the Appeals Committee

The chairman shall appoint a date, time and place for the hearing. The appellant and the respondent shall be given fourteen (14) calendar days' notice of the hearing.

7.9.7 Adjournment of Appeal

The Appeals Committee may adjourn and reconvene its proceedings as it thinks fit. If the parties to an appeal are not attending the hearing, the Appeals Committee may hear the appeal by way of a resolution in writing.

7.10 Appeals Proceedings

7.10.1 Appeals Committee Procedures

Except where it is expressly provided in this Rules, the Appeals Committee may establish its own procedures. The procedures established by the Appeals Committee shall at all times be consistent with the rules of fairness and principles of natural justice.

7.10.2 Notice of Appeal and Reply

- (a) The following procedures apply in relation to any appeal before the Appeals Committee:
- (i) the appellant shall give a notice of appeal (setting out the full grounds of appeal) to the respondent and the Secretary within fourteen (14) calendar days of receipt of the Disciplinary Committee's written grounds of decision;
 - (ii) the respondent may issue a response to the notice of appeal, which shall be served on the appellant and the Secretary within fourteen (14) calendar days of receipt of the notice of appeal; and
 - (iii) the appellant may issue a reply to the response, which shall be served on the respondent and the Secretary within fourteen (14) calendar days of receipt of the response.
- (b) Time to comply with the deadlines may be extended by the chairman of the Appeals Committee upon written request, setting out the grounds for the request. Subject to the chairman's direction or approval, such request shall be made at least three (3) Business Days before the expiry of the relevant deadline. Subject to the chairman's approval, the Appeals Committee shall disregard any material that is not submitted in compliance with the prescribed deadlines. The decision of the chairman is final and binding.
- (c) The Appeals Committee may hear an appeal and exercise all its powers even if the respondent does not file a response or either the respondent or the appellant is not present at the hearing or any adjourned hearing.

7.10.3 Deposit for Appeal

- (a) An appellant (other than the Exchange) shall place a deposit of \$1,500 with the Appeals Committee when submitting a notice of appeal.
- (b) The deposit is not refundable unless:
- (i) the appellant informs the Secretary in writing of the withdrawal of the appeal at least seven (7) calendar days before the hearing of the appeal;
 - (ii) the appeal is successful; or
 - (iii) the chairman of the Appeals Committee agrees to a refund, whether in full or in part.

7.10.4 Appeals by Rehearing

- (a) The Appeals Committee shall determine the appeal by way of rehearing. It shall only rehear that part of the decision of the Disciplinary Committee which is appealed against.
- (b) The Appeals Committee may at its discretion receive evidence that was not presented to the Disciplinary Committee. In exercising its discretion, the Appeals Committee may consider matters including:
- (i) whether the evidence was available at the time of the hearing by the Disciplinary Committee and if so, why it was not introduced at that time;
 - (ii) whether the evidence will have an important influence on the result of the hearing; and
 - (iii) whether the evidence appears to be credible.

7.10.5 Legal Representation Before Appeals Committee

- (a) The appellant and the respondent may be represented by an advocate and solicitor.
- (b) The Secretary shall be informed in writing of the name of the appellant's or respondent's advocate and solicitor at least fourteen (14) calendar days before the hearing of the appeal.

- (c) The Appeals Committee may seek the advice of an independent advocate and solicitor.

7.10.6 Evidence

- (a) The appellant and the respondent may examine and take copies of the evidence which each of them intends to rely on at the hearing.
- (b) The confidentiality obligation and undertaking under [Rule 7.7.5](#) (b) applies.

7.10.7 Witnesses, Examination and Cross Examination

- (a) The appellant and the respondent may:
- (i) request the attendance of any witness; and
 - (ii) examine and cross-examine such witnesses.
- (b) The Appeals Committee may, in its absolute discretion:
- (i) request the attendance of any witness; and
 - (ii) allow or disallow a request for the attendance of any witness.
- (c) The Appeals Committee cannot compel the attendance of a witness.

7.10.8 Appeals Committee's Deliberation

Unless expressly permitted by the chairman of the Appeals Committee, the appellant and the respondent shall not be present during the deliberation of an appeal by the Appeals Committee. Failure to observe this Rule 7.10.8 does not vitiate the Appeals Committee's decision.

7.10.9 Decision of Appeals Committee

- (a) The appellant and the respondent are entitled to be present when the Appeals Committee announces its decision.
- (b) The Appeals Committee shall provide short written grounds of its decision to the appellant and the respondent.

7.11 Payment Of Costs

7.11.1 Award of Costs of Investigations by Disciplinary Committee or Appeals Committee

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

7.11.2 Duration for Payment of Costs

The Disciplinary Committee or Appeals Committee may order the costs awarded to be paid within fourteen (14) calendar days.

7.12 Penalty

7.12.1 Period for Payment of Penalty

A penalty imposed by the Disciplinary Committee or the Appeals Committee shall be paid within fourteen (14) calendar days from the date of notice, or such longer time as the chairman of the Disciplinary Committee or the Appeals Committee (as applicable) permits.

7.12.2 Consequence of Penalty Not Paid Within the Stipulated Time

If the penalty remains unpaid seven (7) calendar days after the deadline, the Member's access to the Markets or the Approved Trader's or Registered Representative's registration (as the case may be) shall be suspended. The suspension resulting from non-payment of a penalty ends upon full payment of the penalty.

Chapter 8 Definitions and Interpretation

8. Definitions and Interpretation

8.1 Definitions

Capitalized terms used herein and not otherwise defined shall have the meaning set forth herein below.

[A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#) [X](#) [Y](#) [Z](#)

Term	Meaning
A	
Act	Refers to the Securities and Futures Act (Cap.289) and accompanying regulations issued pursuant thereto;
Acceptable Government Securities	Refers to securities issued by a government with a Moody's Investors Service sovereign rating of at least Aaa, Standard & Poor's Corporation sovereign rating of at least AAA or Fitch, Inc sovereign rating of at least AAA;
Accredited Investor	Shall have the meaning ascribed to it under the Act;
Adjusted Net Head Office Funds	When used in reference to:— <ul style="list-style-type: none"> (a) a General Trading Member incorporated outside Singapore, shall bear the meaning ascribed thereto in paragraph 2 of the Second Schedule of the SFR (Financial and Margin Requirements); and (b) a Bank Trading Member incorporated outside Singapore which has satisfied the Net Head Office Funds requirement in Rule 2.5.2(c)(i), shall bear the meaning ascribed thereto in paragraph 2 of the Second Schedule of the SFR (Financial and Margin Requirements), less the capital requirements for its banking business;
Adverse Events	Shall have the meaning ascribed to it in Rule 7.1.1 ;
Affiliate	Refers to a Person who: <ul style="list-style-type: none"> (a) owns 75% or more of a Clearing Member; or (b) is owned 75% or more by a Clearing Member; or (c) is owned 75% or more by a third party who also owns 75% or more of a Clearing Member;
Agency Trade	Refers to a trade executed on a Customer Account;
Aggregate Indebtedness	Shall have the meaning ascribed to it under the Financial and Margin Regulations;
Aggregate Resources	When used in reference to:— <ul style="list-style-type: none"> (a) a Trading Member incorporated in Singapore which has satisfied Rule 2.5.2(b)(i) or Rule 2.5.2(c)(i) by meeting the Base Capital requirement, means its Financial Resources less its Total Risk Requirement; (b) a Trading Member incorporated outside Singapore which has satisfied Rule 2.5.2(b)(i) or Rule 2.5.2(c)(i) by meeting the Net Head Office Funds requirement, means its Adjusted Net Head Office Funds less its Total Risk Requirement; and (c) a Bank Trading Member incorporated outside Singapore which has satisfied Rule 2.5.2(c)(i) by means of cash and/or acceptable government securities deposited with the Clearing House or CDP;
American Style Option	Shall have the meaning ascribed to it in Rule 4.3.6 ;
Alternative Delivery Procedure	Shall have the meaning ascribed to it under the relevant Contract Specifications;
Appeals Committee	Refers to a committee established pursuant to this Rules to hear appeals against the decisions of the Disciplinary Committee;
Approved Exchange	Shall have the meaning ascribed to it under the Act;

Approved Trader	Refers to an individual who is either: <ul style="list-style-type: none"> (a) an employee or agent of a corporate Member and is duly authorised to execute House Trades or Agency Trades as the case may be; or (b) an individual Trading Member;
Arrears Notice	Shall have the meaning ascribed to it in Rule 2.12.2 ;
<u>B</u>	
Bank	Refers to a bank licensed under the Banking Act (Cap.19);
Bank Trading Member	Refers to a Bank which is admitted as a Trading Member, with such rights and obligations as set out in Chapter 2 of this Rules. For the avoidance of doubt, a reference to a Bank Trading Member incorporated outside Singapore shall refer to the branch located in Singapore, of a parent bank incorporated outside Singapore.
Base Capital	Shall have the meaning ascribed to it under the Financial and Margin Regulations;
Board	Refers to the Board of Directors of the Exchange;
Business Day	Refers to any day other than a Saturday, Sunday or public holiday in Singapore;
Business Governed by this Rules	When used in reference to:— <ul style="list-style-type: none"> (a) a Bank Trading Member incorporated in Singapore or a Bank Trading Member incorporated outside Singapore which has satisfied the net head office funds requirement under Rule 2.5.2(c)(i), shall mean its business involving all derivatives and securities contracts traded on any exchange and OTC contracts novated to any clearing facility; and (b) a Bank Trading Member incorporated outside Singapore which has satisfied Rule 2.5.2(c)(i) by depositing cash and/or government securities with the Clearing House, shall mean its business involving derivatives and securities contracts traded on the Exchange and SGX-ST and OTC contracts novated to the Clearing House and CDP;
Buyer	Refers to: <ul style="list-style-type: none"> (a) the direct buying counterparty in a cash-settled Futures Contract; (b) the direct buying counterparty in an Option Contract; or (c) the direct counterparty responsible for taking delivery of the underlying Commodity in a deliverable Futures Contract;
Buying Member	Shall have the meaning ascribed to it in Rule 6.3.4 ;
Bypass Letter of Credit	Refers to a letter of credit as prescribed by the Exchange to secure Bypass Privileges;
Bypass Privileges	Refers to exemptions from pre-execution checks for Proprietary Trades as contemplated under Rule 2.8 ;
Bypass Subordinated Loan	Refers to a subordinated loan as prescribed by the Exchange to secure Bypass Privileges;
<u>C</u>	
CDP	Refers to The Central Depository (Pte) Limited;
CDP Clearing Rules	Refers to the clearing rules adopted by The Central Depository (Pte) Limited, as applied, interpreted and implemented by circulars, practice notes and directives issued by The Central Depository (Pte) Limited;
Change of Control	Shall have the meaning ascribed to it in Rule 2.14.1 ;
Circular	Refers to informational notices issued by the Exchange;
Clearing House	Refers to the Singapore Exchange Derivatives Clearing Limited, which clears trades executed on the Markets;
Clearing Member	Refers to any corporation granted clearing privileges by the Clearing House as contemplated in the Clearing Rules;

Clearing Rules	Refers to the collection of rules governing the organisation and operation of the Clearing House, and adopted by the Clearing House, as applied, interpreted and implemented by circulars, practice notes and directives issued by the Clearing House;
Closing Out	To extinguish an Open Position by matching it with an offsetting position and " Close (d) Out " shall have the correlative meaning;
CMS Licence	Refers to the capital markets services licence held by a party for the conduct of such business as contemplated under the Act;
Committee Member	Refers to any constituent member of any of the committees established and operated by the Exchange;
Commodities	Refers to any commodities including metals, energy or agricultural commodities;
Commodity Futures Contract	Refers to any Futures Contract where the Underlying is a Commodity;
Conduct of Business Regulations	Refers to the Securities and Futures (Licensing and Conduct of Business) Regulations;
Confidential Information	Shall have the meaning ascribed to it in Rule 1.4.1 ;
Contract	Refers to a contract approved by MAS for listing and trading on the Markets;
Contract Month	Shall have the meaning ascribed to it in the Clearing Rules;
Contract Specifications	Refers to the commercial and technical terms of a Contract, including the Contract size, Contract Month, trading hours, Underlying, exercise price, minimum price fluctuation, Last Trading Day, settlement basis and method of exercise; <i>Unless otherwise stated, Contract Specifications are distinct and separate documents which are not part of this Rules.</i>
Cooling Off Period	Shall have the meaning ascribed to it in Rule 4.1.15 ;
Counterparty Risk Requirement	Shall have the meaning ascribed to it under the Financial and Margin Regulations;
Customer	Refers to a Person whose account is carried on the books of a Member except where such Person is the Member itself with respect to the Member's House Account;
Customer Account	Refers to an account carried on the books of a Member for a Customer;
<u>D</u>	
Daily Settlement Price	Refers to the daily price at which a Contract is settled at the end of each Trading Day or at such other time as may be provided in the relevant Contract Specifications;
Defalcation	Shall have the meaning ascribed to it in Rule 1.5.1 ;
Delivery Default	Shall have the meaning ascribed to it under the relevant Contract Specifications;
Designated Clearing House	Shall have the meaning ascribed to it under the Act;
Designated Port	Shall have the meaning ascribed to it in Rule 5.2 ;
Directives	Shall have the meaning ascribed to it in Rule 1.10.2 ;
Direct Market Access	Shall have the meaning ascribed to it in Rule 2 ;
Disciplinary Committee	Refers to a committee established pursuant to this Rules to hear and adjudicate on violations to this Rules;
Dual Member	Shall have the meaning ascribed to it in Rule 2.2.4 and " Dual Membership " shall have the correlative meaning;
<u>E</u>	
Effective Date	Refers to 22 September 2006;
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 QUEST 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;
Escrow Asset	Shall have the meaning ascribed to it in the Clearing Rules;
European Style Option	Shall have the meaning ascribed to it in Rule 4.3.6 ;
Excess Margins	Refers to credits in excess of Initial Margins;
Exchange	Refers to the Singapore Exchange Derivatives Trading Limited, an Approved Exchange under the Act;
Exchange Examiners	Refers to persons appointed by the Exchange to assist in its investigations under Rule 7.4.5 ;
Exchange Systems	Shall have the meaning ascribed to it in Rule 1.6.1 ;
Expiration Day	With respect to Option Contracts, refers to the day on which Open Positions are Closed Out with reference to the Final Settlement Price;
<u>F</u>	
Final Settlement Price	Refers to the price at which a Contract is settled at maturity pursuant to any procedure prescribed by the Clearing House or the relevant Contract Specifications, as the case may be;
Financial and Margin Regulations	Refers to the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations;
Financial Resources	When used in reference to:— <ul style="list-style-type: none"> (a) a General Trading Member, shall bear the meaning ascribed thereto in paragraph 1 of the Second Schedule of the SFR (Financial and Margin Requirements); and (b) a Bank Trading Member which has satisfied the Base Capital or Net Head Office Funds requirement under Rule 2.5.2(c)(i), shall bear the meaning ascribed thereto in paragraph 1 of the Second Schedule of the SFR (Financial and Margin Requirements) less the capital requirements for its banking business;
Force Majeure	Refers to any event beyond the control of a Member, Buyer or Seller as the case may be, including acts of a civil or military authority, labour disputes, strikes, fires, floods, epidemic diseases, accidents, wars (whether declared or undeclared), acts of the public enemy, riots, perils of the sea, embargoes, restrictions imposed by any governmental authority (including allocations, priorities, requisitions, quotas and price controls) or any acts of God, or as may otherwise be provided in the Contract Specifications;
Foreign Branch	Refers to an overseas branch of a corporate Member as contemplated under Rule 3.3.32 ;
Free Financial Resources	Shall have the meaning ascribed to it under the Financial and Margin Regulations;
Futures Contract	Refers to any Contract, over any Underlying, designated by the Exchange as a futures contract;
<u>G</u>	
General Trading Member	Refers to a Trading Member with such rights and obligations as set out in Chapter 2 of this Rules. For the avoidance of doubt, a reference to a General Trading Member shall not include a Bank Trading Member.
<u>H</u>	
Honorary Member	Shall have the meaning ascribed in Rule 2.2.5 ;
House Account	Unless otherwise indicated in a particular Rule, refers to an account in which only the Member is the legal and beneficial owner;
House Trades	Refers to trades executed by Members on their House Account and "House Traders" shall have the correlative meaning.
<u>I</u>	

Index Contracts	Shall have the meaning ascribed to it in Rule 1.6.4 ;
Index Provider	Shall have the meaning ascribed to it in Rule 1.6.4 ;
Initial Margins	Shall have the meaning ascribed to it in Rule 3.3.12 ;
Inter-exchange Cross Margining	Shall have the meaning ascribed to under Rule 3.3.14 ;
<u>L</u>	
Last Trading Day	Refers to the last day on which a Futures Contract may be traded prior to its expiration;
<u>M</u>	
Maintenance Margins	Shall have the meaning ascribed to it in Rule 3.3.12 ;
Market	Refers to a market as contemplated under the Act that is operated by the Exchange;
MAS	The Monetary Authority of Singapore established under the Monetary Authority of Singapore Act (Cap.186);
Member	Refers to either a Trading Member or a Clearing Member with trading privileges and " Membership " shall have the correlative meaning;
Members' Affairs	Shall have the meaning ascribed to it in Rule 1.4.2 ;
<u>N</u>	
Negotiated Large Trades or NLTs	Refers to large trades executed outside QUEST between and among Accredited Investors and Members pursuant to the minimum thresholds and other procedures prescribed by the Exchange;
Net Head Office Funds	When used in reference to:— <ul style="list-style-type: none"> (a) a General Trading Member incorporated outside Singapore, shall have the meaning ascribed to it under the Financial and Margin Regulations; and (b) a Bank Trading Member incorporated outside Singapore, shall have the meaning ascribed to it under the Financial and Margin Regulations, provided that its net liability shall include, without limitation, the liability of its Asian Currency Unit;
<u>O</u>	
Old Rules	Shall have the meaning ascribed to it Rule 1.12.3 ;
OMS	Shall have the meaning ascribed to it in Rule 2.1.1 ;
Omnibus Account	Shall have the meaning ascribed to it in Rule 2.8.1 ;
Open Position	An open position exists where a contract held by a party has not been closed out or where the obligations under a contract are yet to be performed;
Operational Risk Requirement	Shall have the meaning ascribed to it under the Financial and Margin Regulations;
Option Contract	Refers to a Contract which grants an option on a Futures Contract;
Order Form	Shall have the meaning ascribed to it in Rule 3.3.8 ;
<u>P</u>	
Partner Market	Shall have the meaning ascribed to it in Rule 2.1.3 ;
Person	Refers to any individual, corporation, partnership, statutory body, government ministry, association, trust or entity as the context admits or requires;
Performance Deposit	Refers to the amount, as prescribed in the relevant Contract Specifications, posted by the Clearing Members with the Clearing House, to secure the due delivery and acceptance of the underlying Commodity in a deliverable Futures Contract by their respective Sellers and Buyers. Such deposit shall be in cash or in the form of an irrevocable Letter of Credit or any other security in a form and issued by a bank acceptable to the Clearing House;
Practice Notes	Shall have the meaning ascribed to it under Rule 1.10.2 ;

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;
Proprietary Trades	Refers to trades executed by a Person for its own account;
Public Register of Representatives	Refers to the records of appointed representatives, provisional representatives and temporary representatives kept by the Authority in accordance with the Securities and Futures Act;
Q	
Qualifying Letter of Credit	Shall have the meaning ascribed to it under the Financial and Margin Regulations;
Qualifying Subordinated Loan	Shall have the meaning ascribed to it under the Financial and Margin Regulations;
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;
R	
Registered Representative	Refers to: <ul style="list-style-type: none"> (a) an individual sponsored by a corporate Member acting or holding himself out as a sales representative in the name of the Member; (b) an employee of a Bank acting or holding himself out as a sales representative in the name of a Member which is a Related Corporation of that Bank; or (c) a trading representative of a SGX-ST member provided that such SGX-ST member is a Related Corporation of the Member and the Member sponsors the trading representative's application to act as a Registered Representative;
Regulated Activity	Shall have the meaning ascribed to it in Rule 2.4.1 ;
Regulatory Notices	Shall have the meaning ascribed to it in Rule 1.10.2 ;
Register	Refers to a register of all Members maintained by the Exchange;
Related Corporation	Shall have the meaning ascribed to it under the Companies Act (Cap.50);* <p><i>* This refers to (a) common parent company; (b) holding company; or (c) subsidiary of a holding company. Subsidiary in return refers to one whereby the holding company has (a) board control; (b) more than 50% equity; or (c) more than 50% voting power.</i></p>
Resignation Notice	Refers to a Member's written notice of resignation as contemplated under Rule 2.15.1 ;
Rules	Refers to the collection of rules and accompanying annexes set forth in this rulebook, as applied, interpreted or implemented by Directives, Regulatory Notices and Practice Notes;
Rule Violation	Includes any breach, contravention, default or failure to comply with the Act or the Rules and includes deemed rule violations;
S	
Sanction	Refers to expulsion, suspension, reprimand or such other sanctions that the Disciplinary Committee or Appeals Committee may impose on a Member, Approved Trader or Registered Representative found guilty of a Rule Violation or other misconduct, as contemplated under Rule 7.6.2 or Rule 7.9.5 respectively;
Secondary Requirement	Shall have the meaning ascribed to it under the Financial and Margin Regulations;
Secretary	Shall have the meaning ascribed to it in Rule 7.5.2 or Rule 7.9.2 , as the context requires;
Securities Rules	Refers to the collection of rules governing the organisation and operation of securities market, adopted by SGX-ST, as applied, interpreted and implemented by circulars, practice notes and directives issued by SGX-ST;

Seller	Refers to: <ul style="list-style-type: none"> (a) the direct selling counterparty in a cash-settled Futures Contract; (b) the direct selling counterparty in an Option Contract; or (c) the direct counterparty responsible for making delivery of the underlying Commodity in a deliverable Futures Contract;
Selling Member	Shall have the meaning ascribed to it in Rule 6.3.4 ;
Settlement	In relation to a Contract, refers to the procedures for cash settlement or physical delivery as set out in the relevant Contract Specifications and in accordance with the Clearing Rules;
SGX Board	Means the board of directors for the time being of Singapore Exchange Limited or such number of them as have authority to act for the SGX Board;
SGX-DT Market	Refers to the Market owned and operated by the Exchange;
SGX-ST	Refers to Singapore Exchange Securities Trading Limited;
SI AC	Refers to the Singapore International Arbitration Centre;
Sufficient Credit	Shall have the meaning ascribed to it in Rule 2.8.4(c) ;
Summary Referral	Shall have the meaning ascribed to it in Rule 7.2.5 ;
I	
Title Documents	Shall have the meaning ascribed to it in Rule 5.1.1 ;
Total Net Equity	Refers to the ledger balance of a Customer Account, including adjustments to the account arising from unrealized gains or losses on open positions, and margins deposited by the Customer;
Total Risk Requirement	When used in reference to:— <ul style="list-style-type: none"> (a) a General Trading Member, shall bear the meaning ascribed thereto in paragraph 1 of the Third Schedule of the SFR (Financial and Margin Requirements); (b) a Bank Trading Member which has satisfied the Base Capital or Net Head Office Funds requirement under Rule 2.5.2(c)(i), shall bear the meaning ascribed thereto in paragraph 1 of the Third Schedule of the SFR (Financial and Margin Requirements) except that such Bank Trading Member shall only compute the total risk requirement for all customers' and proprietary positions in derivatives and securities contracts traded on any exchange and OTC contracts novated to any clearing facility; and (c) a Bank Trading Member which has satisfied Rule 2.5.2(c)(i) by depositing cash and/or government securities with the Clearing House, shall bear the meaning ascribed thereto in paragraph 1 of the Third Schedule of the SFR (Financial and Margin Requirements) except that such Bank Trading Member shall only compute the total risk requirement for all customers' and proprietary positions in derivatives and securities contracts traded on the Exchange and SGX-ST, and OTC contracts novated to the Clearing House and CDP;
Trading Day	Any day on which the Exchange is open for trading or deliveries;
Trading Member	Refers to an individual or corporation granted trading privileges by the Exchange, as contemplated in this Rules, and shall include a General Trading Member and a Bank Trading Member;
U	
Underlying	Refers to any asset, Commodity, instrument, index, reference rate or any other thing whose price movement determines the value of the Contract;
User Information	Shall have the meaning ascribed to it under the Act.

Amended on [5 December 2006](#), [26 January 2007](#), [26 November 2007](#), [25 August 2009](#), [22 February 2010](#) and [29 November 2010](#).

8.2 Interpretation

8.2.1

Expressions referring to writing shall be construed as including references to printing, lithography, photography and other modes of representing or reproducing words or data in a visible form.

8.2.2

Any words importing the singular number only shall, where the context permits, include the plural number and vice versa.

8.2.3

Any words importing the masculine gender shall include the feminine gender and shall, where the context permits or requires include a partnership or an incorporated company.

8.2.4

Any reference to the "Exchange's website" in this Rules is to www.sqx.com.

8.2.5

Any reference to "\$" is to Singapore dollars unless otherwise specified.

8.2.6

In the interpretation of this Rules, an interpretation that promotes the purpose or object underlying the particular Rule (whether that purpose or object is expressly stated in the Rule or not) shall be preferred.

8.2.7

Any references to "it" or "its" in the context of Members, Customers, Persons, Approved Traders and Registered Representatives shall include the masculine or feminine gender where the context so requires.

8.2.8

References in this Rules to statutory provisions shall be construed as references to those provisions as modified or re-enacted from time to time and to any subordinate legislation made under such provisions and shall include references to any repealed statutory provisions which have been so re-enacted (whether with or without modification).

8.2.9

The headings in this Rules are for convenience only and do not affect the construction of this Rules.

Regulatory Notices**Regulatory Notice 2.6.3(d) — Error-Prevention Alerts**

Issue Date	Cross Reference	Enquiries
Added on 22 September 2006.	Rule 2.6.3(d)	Please contact Member Supervision: Facsimile No : 6538 8273 E-Mail Address: membersup@sgx.com

1. Introduction

1.1 This Regulatory Notice explains the types of error-prevention alerts required under this [Rule 2.6.3\(d\)](#).

2. Types of Error-Prevention Alerts

2.1 The types of error-prevention alerts required in the OMS are as follows:

- (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 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.

Regulatory Notice 2.6.4 — Audit Trails and Records

Issue Date	Cross Reference	Enquiries
Added on 22 September 2006.	Rule 2.6.4	Please contact Member Supervision: Facsimile No : 6538 8273 E-Mail Address: membersup@sgx.com

1. Introduction

- 1.1 This Regulatory Notice explains the circumstances, conditions and operational procedures pursuant to the requirement under [Rule 2.6.4](#) that a corporate Member maintains proper records and audit trails that evidence compliance with this Rules.

2. Storage of Audit Trail Data

- 2.1 The Member should keep data and records such that they are easily retrievable by authorised personnel and are stored securely such that no tampering occurs.

- 2.2 The following are examples of proper procedures in maintaining records and audit trails:—

- (a) for electronic storage of audit trail data :

- (i) the Member is able to store or download the data in text delimited or ASCII format or such other format that is readable by the Exchange;
- (ii) the Member is able to print out the data in hard copies;
- (iii) the Member has proper back-up controls for its data and records; and
- (iv) the OMS has dated and clocked all data files placed on storage media to reflect the computer run time of the file;

and

- (b) for non-electronic storage of audit trail data, the Member has paper records showing all the actions of an order (from the point the order is entered) and the respective times and dates, and there are paper records to reflect the print time and date.

3. Audit Trail of Transactions

- 3.1 A corporate Member shall produce to the Exchange, if asked, a complete audit trail of transactions, from the receipt of an order to its settlement. For this purpose, a Clearing Member's Customers include those Members that it sponsors. The Clearing Member should arrange for a Customer granted Bypass Privileges to provide to the Clearing Member details of that Customer's trades, and where necessary, the daily orders.

- 3.2 For a complete audit trail of transactions, a corporate 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. Order date — date order is entered into the OMS
2. Trade date — date order is executed in QUEST
3. Commodity
4. Commodity month
5. Commodity year
6. Call/ put
7. Strike price
8. Traded premium

9. Original quantity — original order size
10. Transmitted quantity — actual size transmitted to QUEST or an accessible foreign market
11. Traded quantity — actual size of order filled
12. Original order price — price at which order is to be executed
13. Original trigger price (for stop orders)
14. Traded price — actual price at which order is executed
15. Trade type (e.g. outright order, spread order)
16. Approved Trader/ User id — unique identifier for each user of the OMS. In the case of Direct Market Access, Member should be able to identify where the order is coming from
17. Order number — unique number assigned to each order sequentially
18. Clearing Member code
19. Account number
20. Status of order at all stages (e.g. original order, amended, filled, unfilled, withdrawn or cancelled, rejected, re-routed for review)
21. Order type (e.g. Market Order, Limit Order, Stop Order)
22. Combined order type (e.g. Market — If — Touched order, Market — On — Close order, One — Cancels — the — Other Order)
23. Order qualifier (e.g. day order, fill or kill, good — till — cancelled, good — till — date, good — till — session)
24. Buy/ Sell
25. OMS , time at which order reached the Member's network, time at which order reached QUEST
26. Time of execution
27. Origin (Customer or House Trade)
28. Timestamp for changes made to audit trail records (e.g. to record the time at which the account number, price or quantity of a filled trade in the audit trail file/ record is changed)

3.2.2 Record of amendment of orders

1. Details of the change that is made (the newly amended order should be easily traced to the original order)
2. Time of amendment
3. User id of the Approved Trader who enters the original order into the OMS
4. User id of the Approved Trader who amends the order (if the order is amended by another user)

3.2.3 Record of Withdrawal of Orders

1. Details of the order
2. Time of withdrawal
3. User id of the Approved Trader who enters the original order into the OMS
4. User id of the Approved Trader who withdraws the order (if the order is withdrawn by another user)

3.2.4 Record of Orders Rejected

1. Details of the order
2. Time at which order was rejected by the OMS
3. Time at which order was rejected by QUEST
4. Reasons for the rejection of order

3.2.5 Record of Orders Entered into the Local Order Pad of the OMS

(where orders that are not released to QUEST are stored)

1. Details of the order (as described in [paragraph 3.2.1](#), wherever applicable)
2. Time at which order was entered into, amended and/or withdrawn from the local order pad
3. Time at which order was released to QUEST
4. Time at which order in the queue was moved back to the local order pad

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 QUEST)

1. Details of the order (as described in [paragraph 3.2.1](#), wherever applicable)
2. Time at which order was intercepted by the Member
3. Time and details of any subsequent amendment/ withdrawal of the intercepted order
4. Time at which order was released to QUEST
5. User id of the Member's employee who handled the intercepted order

3.2.7 A "Relative" Key

A unique identifier that will tie together all actions relating to a specific order. This identifier will

1. remain unchanged throughout the lifespan of the order and should be able to link the order to the trade number assigned by QUEST.

3.3 For record of times required under this Rules, the Member must ensure that:

1. the record of times should be to the highest level of precision achievable by the operating system and such record must be accurate at least to the second;
2. the times captured must not use a clock that can be modified by the person entering the order; and the time in the OMS should be synchronized with the GPS time adopted by the Exchange. If it is not
3. feasible to synchronize the times, the Member must maintain on record the time difference at the start of each Trading Day so as to facilitate the reconciliation of audit trail logs during audit investigation.

Amended on [2 May 2011](#).

Regulatory Notice 3.3.1 — Customer Account and Know-Your-Customer Requirements

Issue Date	Cross Reference	Enquiries
Added on 22 September 2006.	Rule 3.3.1	Please contact Member Supervision: Facsimile No : 6538 8273 E-Mail Address: membersup@sgx.com

1. Introduction

- 1.1 This Regulatory Notice explains the circumstances, conditions and operational procedures that a Member shall observe with respect to the know-your-customer requirements set forth in [Rule 3.3.1](#).

2. Know-Your-Customer Requirements

2.1 Individual Customer Account

Before opening an individual Customer Account, a Member shall:

- (a) obtain particulars of the Customer (and any person authorised to trade for the Customer), including the full name, a copy of the identity card/passport, specimen signature, residential and mailing addresses, telephone numbers, occupation, and the name, address and telephone number of the Customer's employer, and investment objectives (if applicable); and
- (b) take suitable steps to verify the Customer's identity and intention if the Customer does not open the account in person.

2.2 Corporate Customer Account

Before opening a corporate Customer Account, a Member shall:

- (a) obtain particulars of the Customer, including the full name, registered and mailing addresses, names and signatures of persons authorised to trade, and investment objectives (if applicable);
- (b) obtain a certified true copy of the certificate of incorporation of the Customer; and
- (c) obtain either (i) or (ii) below, failing which it must note in writing the basis upon which it believes that the Customer may open the account and engage in transactions and that the persons acting for the Customer have been duly authorised to trade on the Customer's behalf:
 - (i) a copy of the directors' resolution of the Customer approving the opening of a trading account with the Member and empowering specific directors and officers to:
 - (A) trade in futures and options in the Customer Account; and
 - (B) execute all documentation for trading and settlement in the account;
 - or
 - (ii) a power of attorney (in English) certified by a notary public, authorising identified persons to open a trading account and trade on behalf of the Customer.

2.3 Joint Account

- (a) A Member may allow Customers to open a joint trading account if:—
 - (i) each joint account holder is at least 21 years old; and
 - (ii) no joint account holder is an undischarged bankrupt.
- (b) A joint account may be operated by not more than two (2) individuals. However, if it is an estate account, it may be operated by all the personal representatives.
- (c) A Member shall maintain the following information:
 - (i) particulars of each joint account holder;
 - (ii) the names of persons authorised to give trading orders and settlement instructions and receive monies and assets from the Member;
 - (iii) the names of persons to whom payments by the Member are to be made; and
 - (iv) details of any accounts held in an individual capacity by a joint account holder.
- (d) A Member shall require each joint account holder to specify whether the joint account holder is jointly or severally liable for all debts incurred in a joint account.

Regulatory Notice 3.3.8 — Recording of Orders

Issue Date	Cross Reference	Enquiries
Added on 22 September 2006.	Rule 3.3.8	Please contact Market Surveillance: Mr Kelvin Tan 6236 5907 Mr Samuel Tan 6236 5909

1. Introduction

1.1 This Regulatory Notice sets out the details to be contained in an Order Form, as set forth in [Rule 3.3.8](#).

2. Details on the Order Form

2.1 In addition to the requirements prescribed in Regulation 39(3) of the Conduct of Business Regulations, the Order Form shall, where applicable, include the following details:

- (a) the Customer's designation, which shall readily identify the account for which the order was given;
- (b) the date and time that the Customer's order, amendment or cancellation was passed from the Registered Representative to the Approved Trader;
- (c) the contract for which the Customer's order was given;

- (d) the contract month of that futures contract;
- (e) the quantity of that futures contract;
- (f) the order type;
- (g) the price (if any) to buy or sell that futures contract;
- (h) in the case of an option contract, the class of options and the strike price; and
- (i) the date and time that the order or amended order was executed

Regulatory Notice 3.3.12(h) — Customer Margins

Issue Date	Cross Reference	Enquiries
Added on 22 September 2006 and amended on 25 August 2009 .	Rule 3.3.12(h)	Please contact Member Supervision: Facsimile No : 6538 8273 E-Mail Address: membersup@sgx.com

1. Introduction

1.1 The Regulatory Notice sets out the requirements in relation to Customer margins under [Rule 3.3.12\(h\)](#).

2. Customer Margins

2.1 Members shall compute, monitor and collect margins from Customers in accordance with the requirements in this Regulatory Notice. The detailed requirements under this Regulatory Notice are available to Members upon request.

Regulatory Notice 3.3.14(g) — Inter-Exchange Cross-Margining

Issue Date	Cross Reference	Enquiries
Added on 22 September 2006.	Rule 3.3.14(g)	Please contact Member Supervision: Facsimile No : 6538 8273 E-Mail Address: membersup@sgx.com

1. Introduction

This Regulatory Notice sets out the internal controls and risk management procedures as required under [Rule 3.3.14\(g\)](#).

2. Requisite Internal Controls and Procedures

2.1 A Member shall have proper internal controls and risk management procedures to ensure that:

- (a) the limit on the amount of margin credit granted to a Customer shall be set, approved and regularly reviewed by an authorised staff independent of trading, dealing and marketing functions;
- (b) in setting the limit on the amount of margin credit granted to a Customer, the Member shall take into account possible Maintenance Margin calls and settlement variation losses to be paid to the Clearing House and any other relevant clearing house;
- (c) it strictly observes the limit on the amount of margin credit granted to each Customer; and
- (d) it has proper systems and control procedures to monitor, on a daily basis, the usage of margin credits and the adequacy of its liquidity facilities (bank lines and cash balances) to meet obligations arising from positions held with the Clearing House and any other relevant clearing house, including:
 - (i) daily monitoring of each Customer's intra-day and end-of-day use of margin credits to ensure that the limit on the amount of margin credit used is not breached;
 - (ii) daily monitoring of all Customers' aggregated intra-day and end-of-day use of margin credits to ensure that the Member's liquidity facilities (bank lines and cash balances), after setting off the Customers' aggregate use of margin credits, are adequate to meet the potential mark-to-market loss for positions carried at any relevant clearing house (excluding the Clearing House), as well as potential mark-to-market loss equivalent to at least two (2) times the Maintenance Margin for positions carried with the Clearing House;

(iii) generation of reports used for intra-day and end-of-day monitoring in a timely manner and with the following information:

- (A) limit on amount of margin credit granted to each Customer;
- (B) amount of margin credit used by each Customer;
- (C) aggregate limit on amount of margin credit granted for all Customers;
- (D) aggregate amount of margin credit used by all Customers;
- (E) available liquidity facilities (bank lines and cash balances); and
- (F) excess liquid facilities, after setting off the Customers' aggregate use of margin credits;

and

(e) remedial procedures are in place should there be any breach of controls, limits and thresholds.

Regulatory Notice 4.1.6 — Trade Matching Algorithms Applicable to the SGX-DT Market

Issue Date	Cross Reference	Enquiries
Added on 22 September 2006.	Rule 4.1.6	Please contact Product Management: Telephone No. : 6236 5308

1. Introduction

1.1 This Regulatory Notice deals with trade matching algorithms applied to Contracts traded on the SGX-DT Market.

2 Trade Matching Algorithms for the SGX-DT Market

2.1 The Exchange may adopt any one (1) or more of the four (4) algorithms described below to match and allocate orders for Contracts traded on the SGX-DT Market.

- (a) **Price/Time Priority Allocation.** Orders at the best price (i.e. highest bid/lowest offer) would receive priority over other orders in the same Contract Month/spreads. Orders entered at the same price will then be matched based on time priority.
- (b) **Price Point Maker Allocation ("PPM").** Orders which are the first to improve the prevailing bid/offer prices (known as orders with price point maker status) would receive priority over other orders at the same price.
- (c) **Market Maker Allocation ("MM").** Orders of designated market makers would receive priority over other orders at the same price.
- (d) **Pro-Rata Order and Matching Allocation ("Pro-Rata Order").** Orders entered at the same price would be matched based on the orders' volume contribution to the aggregate volume of all resting orders at that price.

2.2 All orders entered into 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 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.

2.4 If any one (1) or more of the PPM, MM and/or Pro-Rata Order algorithms is applicable, orders at the same price point would be matched and allocated such that orders with price point maker status, or orders of a designated market maker, or Pro-Rata Orders (as the case may be), would receive priority over other orders entered earlier in time. The priority between the PPM, MM and/or Pro-Rata Order (if more than one (1) trade matching algorithm is applicable) will be notified via a Regulatory Notice.

Regulatory Notice 4.1.8 — SGX-DT Market Error Trade Policy

Issue Date	Cross Reference	Enquiries
Amended on 2 July 2007.	Rule 4.1.8	Please contact: Product Management for policy issues: Telephone No. : 6236 5308

Derivatives Market Control ("DMC") for operational issues:
 Telephone No. : 6236 8433
 Facsimile No.: 6536 6480
 Email address : derivatives.mc@sgx.com

1 Introduction

1.1 This Regulatory Notice explains the error trade policy applied to Contracts traded on the SGX-DT Market.

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 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 which are approved as designated Option Contracts.

In relation to error trades in the transactions specified in sub-paragraphs (a)-(c) 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.

2.1.5 For the avoidance of doubt, error trades will not be cancelled except as provided for under sub-paragraphs 2.1.3 and 2.1.4.

2.1.6 A Member shall take all necessary steps and exercise due diligence in monitoring trades done for any errors.

2.1.7 A Member requesting an error trade cancellation or price adjustment shall promptly take all necessary mitigating actions to minimize the losses suffered.

2.2 Error Trade Price Range

Futures Contracts

2.2.1 The Exchange will approve a list of designated Futures Contracts as set out in Appendix A. For designated Futures Contracts traded when the underlying cash market is open for trading, the dynamic futures reference price shall be the average of the high and low traded prices in the minute before the error trade. If there are no trades in the minute before the error trade, the dynamic futures reference price will be determined by theoretical pricing models using, among other variables, the latest cash index value before the error trade.

Refer to [Appendix A of Regulatory Notice 4.1.8](#).

2.2.2 If an error trade occurs in connection with a Futures Contract which is not a designated Futures Contract, or when the error trade occurs in connection with a designated Futures Contract when the underlying cash market is not open for trading, the opening price shall be assigned as the static futures reference price. If the opening price is not available, the Exchange may use other prices that it thinks in its discretion are reasonable. For instance, the Exchange may use the previous day's closing price.

2.2.3 The Exchange computes the error trade price range for a Futures Contract by taking into account the trading and closing prices of the Contract or any other relevant information (for example, relevant market information in a recent three (3) month period). The upper and lower limits of the error trade price range are determined in relation to the relevant futures reference price.

2.2.4 The following is an example for the calculation of the dynamic futures reference price in relation to a designated Futures Contract.

For designated Futures Contracts, it is possible to establish a fairly accurate dynamic reference price when the underlying cash market is open. Therefore, the Exchange will apply a smaller error trade price range, with reference to the dynamic futures reference price. A dynamic futures reference price may be calculated as follows:

- (a) If there are trades in the minute before the error trade, calculate the average of the high & low prices in the last minute as the dynamic futures reference price.
- (b) If the error trade occurs for a contract month other than the spot month, use the theoretical model with the latest cash index value to derive the theoretical spread between the spot month and the error trade contract month. This spread is then added to the spot month reference price calculated using (a) above to derive the dynamic futures reference price.
- (c) If (a) and (b) above are not applicable, calculate the theoretical price of the error trade contract month as the dynamic futures reference price.

2.2.5 The following is an example for the calculation of the error trade price range in relation to a designated Futures Contract.

This example uses the Yen-denominated SGX Nikkei Stock Average Futures Contract. Based on an evaluation of historical data the Exchange could set the following:

Error Trade Price Range of +/- 50 points for the spot quarter month

Error Trade Price Range of +/- 100 points for other contract months

The spot quarter month has a narrower error trade price range because its dynamic futures reference price, calculated using market traded prices, will be relatively accurate. The other contract months have a wider error trade price range because the dynamic futures reference price would likely have a theoretical component. A wider range is needed to ensure that bona-fide trades do not fall within the error trade price range. The Exchange may periodically adjust the error trade price range to reflect prevailing market conditions. MCD will broadcast the necessary information to Members in accordance with sub-paragraph 2.2.10.

Based on the dynamic futures reference price, an erring party's losses from error trades should be limited to fifty (50) points (¥25,000) per lot in the spot quarter month or one hundred (100) points (¥50,000) per lot in other contract months.

Options Contracts

2.2.6 The Exchange will approve a list of designated Option Contracts as set out in Appendix A. The option reference price shall be determined by theoretical pricing models using, among other variables, the futures reference price of the underlying Futures Contract and the volatility of the option contract implied from the previous settlement price of the option contract.

Refer to [Appendix A of Regulatory Notice 4.1.8](#).

2.2.7 The Exchange computes the error trade price range for designated Option Contracts when the underlying cash market is open, by taking into account the trading and closing volatility of the Option Contract or any other relevant information (for example, relevant market information in a recent three (3) month period) to determine a volatility range. The Exchange may, in its discretion, determine different volatility ranges for the purpose of calculating the error trade price range. The option error trade price range shall be determined by theoretical pricing models using, among other variables, the dynamic futures reference price of the underlying Futures Contract and the volatility range.

2.2.8 The following is an example for the calculation of the error trade price range in relation to a designated Option Contract.

For designated Option Contracts, it is possible to establish a fairly accurate dynamic futures reference price when the underlying cash market is open. The option error trade price range is calculated using a theoretical option pricing model with variables including the dynamic reference price of the underlying Futures Contract and a volatility range.

This example uses the SGX Option Contract on Nikkei Stock Average Futures. The Exchange could set the following volatility range (with reference to the previous day settlement implied volatility):

	Within 1,000 points from at-the-money	Other Strikes
Spot Month	+/- 4%	+/- 6%
Other Months	+/- 5%	+/- 8%

The option reference price will be calculated using the option pricing model with variables including the dynamic futures reference price of the underlying Futures Contract and the previous day settlement implied volatility.

In addition, the option error trade price range is subject to a minimum level (to prevent frivolous price adjustments) and a maximum level (to cater to special circumstances for Option Contracts).

This example uses the SGX Option Contract on Nikkei Stock Average Futures. Based on evaluation of its historical data, the Exchange could set:

Maximum price range of	+/- 100 points for contracts with 6 months or less to expiry
	+/- 200 points for other contract months
Minimum price range of	+/- 30 points

The Exchange may apply the maximum price range to all Option Contracts that are more than 1,500 points in-the-money and all expiring options on the Monday of the week of expiration to the Last Trading Day. Deep in-the-money Option Contracts have high delta and thus the price change largely mirrors the price change of the underlying. It is thus appropriate to use a fixed error trade price range. In addition, as the Option Contract approaches expiry, small changes in traded option prices cause relatively large changes in traded implied volatility. The result is that the volatility range may not be sufficient to encompass the volatility changes near the expiry of the contract. Based on historical data, the traded implied volatility of the Option Contract would start to change rapidly during the week of expiration. Hence, the maximum price range will generally be imposed during this period. The Exchange may adjust, with prior notice, the maximum price range and applicable circumstances as market conditions change.

Exchange's discretion

2.2.9 Notwithstanding sub-paragraphs 2.2.1 to 2.2.8 above, the Exchange retains the discretion to take into account other relevant market information to determine the error trade price range or the reference price, and determine error trade price ranges using any other methodology, 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.

MCD notification of error trade price range or volatility range

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

2.3 Factors That the Exchange may Consider in its Exercise of Discretion

2.3.1 The Exchange may consider the following factors when deciding whether to adjust the trade price or cancel any trades:

- (a) the difference between the price at which the error trade was done and the preceding traded prices of the Contract;
- (b) market conditions, including market liquidity in the Contract at the time the error trade occurred;

- (c) the monetary loss involved and the financial impact on the parties if the error trade is or is not adjusted or cancelled;
- (d) the reason(s) given by the erring party for the error;
- (e) whether the error trade was caused partially or fully by problems with the Exchange's systems; and
- (f) any other relevant factors.

2.4 Compensation and Dispute Resolution

2.4.1 Under sub-paragraph 2.1.3, certain error trades may be cancelled if the counterparties consent to the cancellation. The terms of the cancellation of the error trade (including any compensation payable) are for the relevant parties to agree on. The Exchange will not be involved in this process or in any disputes arising from this process.

2.5 Administration Fee For Trade Cancellation / Price Adjustment Requests

2.5.1 A trade review administration fee ("Administrative Fee") will be imposed on every request received to adjust the price of or cancel an error trade. The following table sets out an estimate for the Administrative Fee, which is set at a maximum of SGD\$1,000 for each request.

No of Requests in a year starting from 1 July to 30 June	Fee
1 st request	SGD\$250
Next 2 requests	SGD\$500
Next 2 requests	SGD\$750
6 th request and above	SGD\$1000

If the Exchange deems the error trade to be serious, it may charge a higher amount than the fee indicated in the above table which does not exceed the maximum fee.

2.5.2 The Member shall pay the Administrative Fee to the Exchange within fourteen (14) days of the Exchange's determination of the fee. The Administrative Fee shall be paid regardless of whether the error trade has had its price adjusted or is cancelled by the Exchange.

2.6 Procedure For Error Trade(s)

2.6.1 The Member's authorised co-ordinator intending to report an error trade shall:

- (a) contact the MCD within ten (10) minutes from the time the trade is done, and request for the trade to have its price adjusted or cancelled. The Exchange may, in its discretion extend this period depending on the situation; and
- (b) immediately complete the QUEST ERROR TRADE INFORMATION FORM and send it by fax or email to MCD.

2.6.2 Once an error trade has been brought to the attention of the MCD in accordance with this Regulatory Notice, the following procedures will apply:—

- (a) MCD will send an alert to all QUEST terminals indicating that a specified trade may be in error; and
- (b) For cancellation of trades, the Exchange will, at its discretion, cancel a trade, either partially or fully, only if all counterparties to the error trade agree to the trade cancellation within fifteen (15) minutes of the alert sent by MCD in paragraph 2.6.2(a) above. The Exchange reserves the right to extend this period depending on the situation and the number of counterparties involved in the error trade.
- (c) MCD will send a message to all QUEST terminals of the Exchange's decision in respect of any request to cancel a trade or adjust the trade price.

2.6.3 The Exchange will not consider any requests to review its decision following an announcement under 2.6.2(c).

Appendix A To Regulatory Notice 4.1.8

Designated Futures Contracts

S/no.	Futures Contract
1	Yen-denominated Nikkei Stock Average Futures

Designated Option Contracts

S/no.	Option Contract
1	Option on Yen-denominated Nikkei Stock Average Futures

Regulatory Notice 4.1.11 — Negotiated Large Trades

Issue Date	Cross Reference	Enquiries
Amended on 1 August 2007 , 26 September 2007 , 23 January 2008 , 31 March 2009 , 6 April 2009 , 24 June 2009 , 7 December 2009 , 11 January 2010 and 17 June 2010 .	Rule 4.1.11	Please contact: Product Management for policy issues: Telephone No. : 6236-8450 Please contact Clearing House for operational issues: 6538-5319 Facsimile No: 6533-6163 Email address : sgxdc_clear@sgx.com

1. Introduction

1.1 This Regulatory Notice sets out the minimum volume thresholds, notification requirements and procedures that Persons effecting Negotiated Large Trades or "**NLTs**" are required to observe.

2. Minimum Volume Thresholds

2.1 The minimum volume thresholds for NLTs are set out in [Appendix A](#).

Refer to [Appendix A of Regulatory Notice 4.1.11](#).

2.2 Within the same Underlying, a NLT is deemed to be in accordance with the minimum volume threshold if at least one (1) of the legs meets the minimum volume threshold.

2.3 Trades which are not in accordance with the minimum volume threshold will not be accepted for registration as NLTs and will be rejected.

Example: Minimum volume threshold for NK Futures = 100 lots
Minimum volume threshold for NK Options = 25 lots

The following NLT will be in accordance with the minimum volume threshold as one (1) of the legs (NK Options Jan 06 Call 14000) meets the NK Options minimum volume threshold of 25 lots:

Contract	Qty	Price
NK Futures Mar 06	19 lots	@ 14200
NK Options Jan 06 Call 14000	13 lots	@ 300
NK Options Jan 06 Call 14000	12 lots	@ 301
NK Options Feb 06 Put 13750	2 lots	@ 610

3. General Policy

3.1 Trading Hours

3.1.1 The NLT facility shall be available twenty-four (24) hours a day. All NLTs executed during or before the Contract "T" trading hours shall be "T Trades" while NLTs executed after the Contract "T" trading hours shall be "T+1 Trades".

3.2 Reporting and Registration of NLTs

3.2.1 All NLTs must be reported to the Exchange. Registration of all NLTs shall be done via submission through the eNLT system (Electronic Negotiated Large Trade — a web-based system). The submission can be done by either party to the trade, with mutual agreement.

Entry of the details of the NLT through the eNLT system may be done by either party to the trade, or any authorised personnel of their respective Clearing Members and its affiliates on their behalf.

3.2.2 NLTs submitted for registration must be also approved by the relevant Clearing Members for both the buying and selling Customers, via eNLT, before registration can be effected.

3.2.3 Clearing Members are required to ensure that all "T Trades" and "T+1 Trades" are submitted for registration via the eNLT system in a timely manner. All "T Trades" are required to be registered no later than thirty (30) minutes after the relevant "T" session closes and all "T+1 Trades" no later than thirty (30) minutes after the next Trading Day's "T" session closes.

3.3 NLT Execution

3.3.1 Members shall ensure that NLTs are not transacted for Customers who have the same beneficial interest in both sides of the transactions. Members may submit NLT orders from two (2) separate Customers under the same Omnibus Account, provided that the Members' record keeping and audit trails are able to demonstrate the separate beneficial ownership.

3.3.2 A Member shall ensure that its Customers are aware of and have given their approval for the execution of the Customers' orders via the NLT facility. Where a Member receives a Customer's order that is not a NLT order but meets the requirements of the NLT facility, such Member may execute the Customer's order via the NLT facility provided that such Member has obtained the prior approval from the Customer, either specifically for the transaction or as a general blanket approval (and such blanket approval has not been terminated by the Customer). If a Customer's approval is obtained verbally, the Member shall ensure that a tape recording of the conversation where the Customer's approval was obtained is retained for record keeping purposes. A Member shall also inform its Customers if the Member may be or is a counterparty to the Customer's NLT and obtain the Customer's prior written approval.

3.3.3 Members may obtain a general blanket approval from their Customers provided the conditions below are met. Members shall disclose to their Customers all NLTs executed pursuant to the general blanket approval in the contract notes sent to their Customers. The conditions for obtaining a general blanket approval from the Customer are as follows:

- (a) Members shall inform the Customer that the general blanket approval is subject to compliance with the rules, laws and regulations in the Customer's country of domicile;
- (b) the general blanket approval shall be in writing and shall provide details on the nature and scope of the general blanket approval given;
- (c) Members shall highlight to the Customer the risks and liabilities that the Customer may be exposed to in giving such general blanket approval. In particular, the Member shall highlight that in some instances, NLT orders may not be executed at the best possible price and that the timeliness of order execution may be compromised. The Customer must also be informed that the Customer is obligated to accept all NLTs executed pursuant to the general blanket approval; and
- (d) the Customer shall acknowledge that it has read, understood, and received a copy of the signed general blanket approval.

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 QUEST for execution. After the Customers' orders have been placed on 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 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 QUEST at the time the order is withdrawn, unless otherwise instructed by Customers.

3.3.5 Members shall not combine individual Customers' orders in order to meet the NLT minimum volume threshold requirements. Members shall not combine separate Customers' orders of different Contracts to create an inter-commodity spread or strategy transaction. However, individual orders greater than or equal to the minimum volume threshold may be combined by Members to match a larger NLT counter bid/offer, subject to the condition that the NLTs should, upon execution, be individually reported.

3.3.6 Various price combinations within the same NLT, or within the same leg of an NLT in the case of spreads or combinations, may be used to set an 'average' price, provided that the trade is for the same entity and that each respective price must meet the minimum tick for NLTs as set out in [Appendix B](#).

Refer to [Appendix B of Regulatory Notice 4.1.11](#).

3.3.7 Upon execution, a Member may give up an NLT to another Clearing Member or different Clearing Members via the SGXCLEAR 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).

3.3.8 The Exchange shall have the sole and absolute discretion to cancel or adjust the price of any NLT, even after the registration of the NLT.

3.4 Publicising of NLT

The Exchange shall publish information relating to the details of NLTs on the eNLT home page on the Internet and on the Exchange's website.

3.5 NLT Fees

The standard clearing fees applicable to the relevant Contracts shall be imposed on all NLTs. In addition, a special facility fee charge shall also be imposed on all NLTs.

3.6 Deterrence Fees

3.6.1 Clearing Members are required to register their NLTs via eNLT within the period specified in paragraph 3.2 above. A flat deterrence fee of S\$5000 per trade will be imposed for all late reporting

3.6.2 The Exchange may, in its absolute discretion, waive the imposition of the deterrence fee for the late registration of an NLT.

3.7 Use of NLT Facility in Event of Interrupted Access to eNLT

3.7.1 In the event of any technical fault that prevents or inhibits access and/or use of the eNLT system by any Clearing Member(s), the Exchange may, in its absolute discretion, and in circumstances which it deems appropriate, allow for registration of NLTs via manual submission of Form CH31, duly filled up and signed by their authorised personnel on behalf of their Customers, to the Exchange.

3.7.2 If the Exchange exercises its discretion pursuant to paragraph 3.7.1:

- (a) The Exchange will inform all Clearing Members of this decision by issuance of a circular;
- (b) The Exchange may vary or waive the time periods for reporting of NLT trades set out in paragraph 3.2 above; and
- (c) The Exchange shall impose a deterrence fee for any NLT submitted for registration that does not have at least one (1) leg that meets the required minimum volume threshold. The deterrence fee will be charged separately for each leg in the NLT and be equal to S\$20 x minimum volume threshold.

3.7.3 The Exchange may, in its absolute discretion, waive the imposition of any deterrence fees.

3.7.4 Any loss or inhibition of access and/or use of the eNLT system, which is due to any technical faults arising from or caused by a Clearing Member's own equipment, system, device or market facility will not be considered as a sufficient ground for the Exchange to exercise its discretion under paragraph 3.7.1.

3.7.5 Factors which the Exchange may consider in the exercise of its discretion include:

- a) the number of Clearing Members which are affected by the technical fault;
- b) the estimated length of time required to resolve the technical fault;
- c) the impact of the technical fault on the ability of the Exchange to operate a fair, orderly and transparent market; and/or

d) any other factor which the Exchange deems relevant.

Amended on [2 May 2011](#).

Appendix A To Regulatory Notice 4.1.11

MINIMUM VOLUME THRESHOLDS FOR NLTS

Contract	Minimum Volume Threshold (Lots)
Eurodollar Futures and Options	500
Euroyen Tibor Futures	Contract maturity up to 2 years: 500 Contract maturity beyond 2 years: 100 Spread/Strategy: 100
Euroyen Tibor Options	Outrights: 200 Spread/Strategy: 100
Euroyen Libor Futures	Contract maturity up to 2 years: 500 Contract maturity beyond 2 years: 100 Spread/Strategy: 100
Euroyen Libor Options	Outrights: 200 Spread/Strategy: 100
Singapore Dollar Interest Rate Futures	50
Singapore Government Bond Futures	100
Mini JGB Futures and Options	100
Nikkei 225 Index Futures	50
Nikkei 225 Index Options	25
Mini Nikkei 225 Index Futures	50
USD Nikkei Index Futures	50
MSCI Asia APEX 50 Index Futures	50
MSCI Taiwan Index Futures	50
MSCI Taiwan Index Options	25
MSCI Singapore Index Futures	50
MSCI Singapore Index Options	25
Straits Times Index Futures	50
SGX EURO STOXX 50 Index Futures	50
SGX EURO STOXX 50 Index Options	25
SGX S&P CNX Nifty Index Futures	50
SGX FTSE China A50 Index Futures	50
JADE CPO Futures	20
Nikkei Stock Average Dividend Point Index Futures	25
SGX Robusta Coffee Futures	40
LME-SGX Copper Futures	30
LME-SGX Primary Aluminium Futures	60
LME-SGX Zinc Futures	60
SICOM TSR 20 Rubber Contract	60
SICOM RSS 3 Rubber Contract	60

Amended on [6 December 2010](#), [16 December 2010](#), [24 January 2011](#), [15 February 2011](#) and [16 May 2011](#).

Appendix B To Regulatory Notice 4.1.11

MINIMUM TICK SCHEDULE FOR NEGOTIATED LARGE TRADES

Contract	Market Tick Size	NLT Tick Size
Eurodollar Futures and Options	<u>Spot</u> 0.0025 point (US\$6.25) <u>Subsequent contract months</u> 0.0050 point (US\$12.50)	<u>All</u> 0.0001 point (US\$0.25)
Euroyen Tibor Futures	<u>Spot and subsequent 3 contract months</u> 0.0025 point (¥625) <u>5th contract month onwards</u> 0.005 point (¥1,250)	<u>All</u> 0.001 point (¥250)
Euroyen Tibor Options	0.005 point (¥1,250)	0.001 point (¥250)
Euroyen Libor Futures	<u>Spot and subsequent 3 contract months</u> 0.0025 point (¥625) <u>5th contract month onwards</u> 0.005 point (¥1,250)	<u>All</u> 0.001 point (¥250)
Euroyen Tibor Options	0.005 point (¥1,250)	0.001 point (¥250)
Singapore Dollar Interest Rate Futures	0.005 point (S\$12.50)	0.001 point (S\$2.50)
Singapore Government Bond Futures	S\$0.01 per S\$100 face value (S\$10)	S\$0.01 per S\$100 face value (S\$10)
Mini JGB Futures and Options	¥0.01 per ¥100 face value (¥1,000)	¥0.01 per ¥100 face value (¥1,000)
Nikkei 225 Index Futures	5 index points (¥2,500)	0.01 index point (¥5)
Nikkei 225 Index Options	1 index point (¥500)	0.01 index point (¥5)
USD Nikkei 225 Index Futures	5 index points (US\$25)	0.01 index point (US\$0.05)
Mini Nikkei 225 Index Futures	1 index point (¥100)	0.01 index point (¥1)
MSCI Asia APEX 50 Index Futures	0.5 index point (US\$25)	0.01 index point (US\$0.50)
MSCI Taiwan Index Futures	0.1 index point (US\$10)	0.01 index point (US\$1.00)
MSCI Taiwan Index Options	0.01 index point (US\$1.00)	0.01 index point (US\$1.00)
MSCI Singapore Index Futures and Options	0.1 index point (S\$20)	0.01 index point (S\$2.00)
Straits Times Index Futures	1 index point (S\$10)	0.01 index point (S\$0.10)
SGX EURO STOXX 50 Index Futures	1 index point (S\$10)	0.01 index point (US\$0.10)
SGX EURO STOXX 50 Index Options	0.1 index point (S\$1)	0.01 index point (US\$0.10)
SGX S&P CNX Nifty Index Futures	0.5 index point (US\$1)	0.01 index point (US\$0.02)
SGX FTSE China A50 Index Futures	5 index points (US\$5)	0.01 index point (US\$0.01)
Nikkei Stock Average Dividend Point Index Futures	0.1 index point (¥1,000)	0.01 index point (¥100)
SGX Robusta Coffee Futures	US\$ 1 per tonne	US\$ 1 per tonne
LME-SGX Copper Futures	S\$1.00 per tonne	S\$0.25 per tonne
LME-SGX Primary Aluminium Futures	S\$0.50 per tonne	S\$0.25 per tonne
LME-SGX Zinc Futures	S\$0.50 per tonne	S\$0.25 per tonne

Amended on [6 December 2010](#), [16 December 2010](#), [24 January 2011](#) and [15 February 2011](#).

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 Statements and Other Information to the Exchange

Issue Date	Cross Reference	Enquiries
Amended on 26 December 2007 ,	Rule 3.3.17 Rule 3.3.18	Please contact :

[25 August 2009](#) and
[7 December 2009](#).

[Rule 3.3.26](#)
[Rule 3.3.27](#)

Risk Management, for Rules 3.3.17 and 3.3.18
Ms Elaine Tang 6236-8142

Member Supervision, for Rule 3.3.26 and 3.3.27
Facsimile No : 6538 8273
E-Mail Address: membersup@sgx.com

1. Introduction

1.1 This Regulatory Notice sets out the conditions and operational procedures pursuant to Rules [3.3.17](#), [3.3.18](#), [3.3.26](#), and [3.3.27](#).

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 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 "Main" BC4A account using the SGXCLEAR system.
- (iii) If there are any changes to information stated in a BC4A account that has been submitted previously, the Exchange must be notified as soon as is practicable, within the next business day.
- (iv) Members should notify the Exchange, when an account is closed in their system, as soon as is practicable, to prevent unauthorised trading in the account.
- (v) Form BC4A serves as identification for the holder of the account and no single account number should be assigned to more than one customer, even after the account has been closed.
- (vi) The operational procedures and timelines in relation to the submission and procedure for the completion of Form BC4A are set out in [Appendix 1](#).

Refer to [Appendix 1 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 authorised senior executives (e.g. Deputy CEO, General Manager or Operations Manager) 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, 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) 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 1](#). For disclosed Omnibus Accounts, a Member shall report the Open Positions in each sub-account.

Refer to [Appendix 1 of Regulatory Notice 3.3.17](#); [3.3.18](#); [3.3.26](#); [3.3.27](#).

(c) Rule 3.3.26 : Computations of Financial and Capital Requirements; and Rule 3.3.27 : Submission of Financial Statements and Other Information to the Exchange

A Member shall submit to the Exchange monthly RBC (Risk Based Capital) financial returns. General Trading Members shall submit financial returns referring to the items listed under

"Financial Returns", "Supporting Schedules" and "Confirmation" as set out in [Appendix 2](#). Bank Trading Members shall submit financial returns as set out in the forms prescribed by the Exchange.

The financial returns shall be submitted by the 14th calendar day of each month, or such longer period as the Exchange may allow. Requests for extensions of time shall be submitted to the Exchange at least three (3) Business Days prior to the due date for submission of the monthly RBC financial returns.

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.

2.4 User IDs

A User ID is issued to a Member to facilitate electronic submission and downloading via the SGX Data Submission System. The User ID is issued only to a director of the Member. The Member shall use the form in [Appendix 3](#) to inform the Exchange of the name of the director. The form shall be signed by two (2) directors. The director who has been issued with the User ID may authorise other employees of the Member to submit files, provided such authorisation is documented and proper procedures are in place.

Refer to [Appendix 3](#) of Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27.

A Member shall appoint at least two (2) employees as User ID coordinators who shall liaise with the Exchange on matters relating to User ID and IT security.

A Member shall use the form in [Appendix 3A](#) to inform the Exchange of the names of the User ID coordinators and its authorised signatories for submission of forms in [Appendices 2](#) and [3](#). The detailed responsibilities of the authorised signatories and coordinators are set out below:

Refer to [Appendix 3A](#) of Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27.

(a) AUTHORISED SIGNATORY

- (i) Review and approve requests for access to [SGX Data Submission System](#).
- (ii) Ensure the timely submission of appropriate requests to the Exchange in the event that the director who is issued with the User ID resigns, transfers or changes his duties/functions.
- (iii) Inform the Exchange to revoke the access (e.g. if staff abuses the access granted to him).

(b) USER ID COORDINATOR

- (i) Submit requests for the application or deletion of User IDs on behalf of the Member using [Appendix 3](#).
- (ii) Act as the liaison to the Exchange for any IT security incidents or activities, such as:
 - (A) User ID compromised;
 - (B) User ID account lock-out;
 - (C) IT security violations; and
 - (D) unauthorised changes to critical systems.
- (iii) Assist the Exchange in its Annual IT Security Verification exercise.
- (iv) Update the Exchange on changes pertaining to the following:
 - (A) list of User ID coordinators;
 - (B) list of authorised signatories; and
 - (C) company name or other information.
- (v) Check that all requests in accordance with [Appendix 3](#) are duly completed and properly authorised before submitting to the Exchange.

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 monthly RBC 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 an extension of time has 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

1 Rule 3.3.17: Reporting of Account Identity (Form BC4A)

1.1 General

1.1.1 A Member shall submit to the Exchange, using Form BC4A, details of any new account, within three (3) Business Days after the account has commenced trading (T + 3). If the account holder is an individual Trading Member or a Trading Representative of a SGX-ST member, who also executes trades on the Markets for his own account, Form BC4A must be submitted by the Member at least one (1) Business Day before it commences trading. This is to ensure accurate processing of clearing fee rebates. This requirement also applies to Trading Members (Individual) and Trading Representatives* who are changing their qualifying Clearing Members.

** Trading Representatives are dealers' representatives who are trading for their own account on SGX Quest via the SESOPS Link.*

1.1.2 If there are any changes to information stated in a BC4A account that has been submitted previously, the Exchange must be notified as soon as is practicable, within the next business day.

1.1.3 Members should notify the Exchange when an account is closed in their system as soon as is practicable, to prevent unauthorised trading in the account.

1.1.4 A Member is required to submit Form BC4A for each account (including sub-account(s) of a disclosed omnibus account), which is used for trading and/or carrying of trades done on the Exchange, other exchanges and over-the-counter. As Form BC4A serves as identification for the holder of the account, no single account number should be assigned to more than one customer, even when the account has been closed. For Members, all accounts submitted via Form BC4A (i.e. BC4A account) will automatically be created in the SGXCLEAR system.

1.1.5 If Members create trading accounts **directly** in the SGXCLEAR system, they are not required to submit Form BC4A, but must ensure that such trading accounts created in the SGXCLEAR system are linked to valid BC4A accounts.

1.1.6 Any account number used in position reporting must correspond exactly to the account number reported in Form BC4A.

1.1.7 If an account used to register trades in eNLT or TRS is not a BC4A account or trading account created in the SGXCLEAR system, it will be considered an invalid account. Trades belonging to an invalid account will automatically be held in the Clearing Member's Holding Account in the SGXCLEAR system. Holding Accounts bear the account numbers "S999 DEFAULT", where "S999" denotes the Member's firm code. Clearing Members are **not allowed** to close/delete the Holding Accounts.

1.1.7A If an account specified in the orders routed to QUEST-DT is not a trading account created in SGXCLEAR under the order management system, it will be considered an invalid account. The resultant trades will automatically be held in the Member's Holding Account under the order management system in the SGXCLEAR system. Holding Accounts under an order management system bears the account number "OS999 DEFAULT", where "OS999" denotes the ID assigned to the order management system. Members are not allowed to close/delete Holding Accounts.

1.1.8 The Form BC4A must be submitted through the SGX Data Submission Website (<https://esub.sgx.com>), which includes the following features:

- (a) creation of new BC4A account;
- (b) closure of BC4A account;
- (c) BC4A account amendment;

(d) reinstatement of BC4A account; and

(e) deletion of BC4A account.

1.2 Detailed Description of Submission of Form BC4A

The descriptions of the fields to be filled in for submission of Form BC4A are set out as follows:

(a) Firm ID

A Member is issued a unique ID by SGX for the purpose of electronic submission via the SGX Data Submission System.

(b) Submission Period

Date of the submission. (Format: dd/mm/yyyy)

(c) Name of the Person who prepared the submission

Full name of the person who prepared the Form BC4A submission.

(d) Action Type

Type of action for submission. Members can select the following options:

(i) N — New (For creation of new BC4A account)

(ii) A — Amend (For amendment of existing BC4A account)

(iii) C — Closed (For closure of existing BC4A account)

(iv) R — Reopen (For reinstatement of closed BC4A account)

(v) D — Delete (For deletion of BC4A account)

(e) Account Number

A unique "Account Number" must be assigned to each new account reported in Form BC4A. The account number may be up to 10 alphanumeric characters long. **Only alphabets and numbers are acceptable. (Spaces, hyphens, underscores, asterisks, inverted commas, percent signs (%) and other characters will not be accepted).** Please ensure that account numbers reported are in uppercase. Account numbers used must be the same as the account numbers used for trade matching and clearing in the SGXCLEAR system.

(f) Account Name

The account name must be the same as that which is used in the customer's agreement form signed by the account holder. The full name of the entity/person(s) should be stated as the account name. Any amendment to the account name must be supported by documentary evidence.

(g) Contact Name

The contact person stated should be a representative of the account holder, or the account holder himself.

(h) Address

The address of the account holder should be the same as the address stated in the customer agreement form signed by the account holder. The city and country should be included for foreign addresses.

(i) Telephone

The direct telephone number of the contact person should be provided. If the contact person is not a resident in Singapore, the country code of the location of the contact person should be included.

(j) Fax

The direct facsimile number of the contact person should be provided. If the contact person is not a resident in Singapore, the country code of the location of the contact person should be included.

(k) Principal Business

This field states the type of business the account holder specialises in. The ten (10) different categories are as follows:

- Banks
- Funds
- Securities Firms
- Insurance Companies
- Government Firms / Agencies
- Non — Financial / Agencies
- Energy / Commodity Firms
- Individuals
- Omnibus Accounts
- Financial
- Others

(l) Occupation

This field allows users to specify the type of business or occupation the account holder is involved in, where it does not fall within any of the classes of principal businesses provided in the Form BC4A.

(m) Country Name

This field identifies the account holder's country of incorporation, or the country in which the account holder is residing. The following Master Table sets out the Country Code Listing.

Country Master Table

Code	Description	Code	Description
AUS	AUSTRALIA (GP A)	LIB	LIBERIA
ATR	AUSTRIA (GP A)	LIE	LIECHTENSTEIN
BAM	BAHAMAS	LUX	LUXEMBURG (GP B)
BAH	BAHRAIN	MAL	MALAYSIA EXCEPT LABUAN (GP A)
BAN	BANGLADESH	MAU	MAURITIUS
BEL	BELGIUM (GP A)	MEX	MEXICO
BER	BERMUDA	MON	MONACO
BVI	BRITISH VIRGIN ISLAND	MYN	MYANMAR
BRU	BRUNEI	HOL	NETHERLANDS (GP A)
CAM	CAMBODIA	NEA	NETHERLANDS,ANTILLES
CAN	CANADA (GP A)	NZN	NEW ZEALAND (GP A)
CAY	CAYMAN ISLAND	NOI	NORFOLK ISLAND
CNL	CHANNEL ISLAND	NOR	NORWAY (GP B)
PRC	CHINA (GP B)	OMA	OMAN
DEN	DENMARK	OTH	OTHERS
FIN	FINLAND (GP B)	PHI	PHILIPPINES (GP B)
FRA	FRANCE (GP A)	POR	PORTUGAL (GP B)
GER	GERMANY (GP A)	RUS	RUSSIA
GIB	GIBRALTAR	SAR	SAUDI ARABIA

GRE	GREECE (GP B)	SIN	SINGAPORE
HKG	HONG KONG (GP A)	SLO	SLOVENIA
INA	INDIA (GP B)	SAF	SOUTH AFRICA
IND	INDONESIA (GP B)	SPA	SPAIN (GP A)
IRE	IRELAND (GP B)	SRI	SRI LANKA
IOM	ISLE OF MAN	SWE	SWEDEN (GP A)
ISR	ISRAEL	SWZ	SWITZERLAND (GP A)
ITA	ITALY (GP A)	TAH	TAHITI
IVC	IVORY COAST	ROC	TAIWAN (GP A)
JPN	JAPAN (GP A)	THA	THAILAND (GP A)
NKR	KOREA — NORTH	UAE	UNITED ARAB EMIRATES
SKR	KOREA — SOUTH (GP A)	UK	UNITED KINGDOM (GP A)
KUW	KUWAIT	USA	UNITED STATES OF AMERICA (GP A)
LAT	LATVIA	URU	URUGUAY

(n) Account Category

An account should be reported as a "Main" account unless it is a sub-account of an omnibus account. If the account is a sub-account, then the omnibus account number (which must be the same as the account number previously reported to the Exchange) must be stated. An omnibus account must be reported before the sub-account(s), so that the sub-account(s) can be correctly linked to the omnibus account.

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 "Main" BC4A account using the STAR system.**

(o) Omnibus Account No.

When the account is reported as a sub-account, users must provide the omnibus account, which the sub-account is linked to. The omnibus account number should be reported in uppercase.

(p) Origin

A "House" origin account refers to the proprietary account of a Member or the proprietary account of its Related Corporation. It also includes the accounts opened for a director, officer, employee or Registered Representative of the Member.

All other accounts are considered as "Customer" origin accounts.

(q) Nature of Account

A "Proprietary" account is one where the positions carried in the account are for the proprietary trading of the account holder, or the proprietary trading of the account holder's related corporations.

A "Non-Proprietary" account is one where the positions carried in the account belong to the customers of the account holder.

(r) Type of Account

This field specifies the type of account. Currently, the Exchange has classified the various types of trades into nine (9) categories. The following definition for the account type may be used as a reference:

- Approved Arbitrageur or Options Market — Maker

Where the account holder is an arbitrageur or options market-maker approved by the Exchange to conduct such business. Long positions are automatically offset against short positions.

- Arbitrage[^]

Positions in such accounts are maintained for the purposes of arbitraging against other markets. Long positions are not automatically offset against short positions. Instructions must be provided to close out an existing position.

[^] *The Exchange may require documentary evidence for accounts which are designated as "hedge", "arbitrage", or "omnibus".*

- Arbitrage Open

Positions in such accounts are maintained for the purposes of arbitraging against other markets. Long positions are not automatically offset against short positions. Instructions must be provided to close out an existing position.

- Error

Such account types allow for booking of trades that are executed wrongly. Such an account should have a "zero" balance at the end of the business day.

- Hedge[^]

Positions in such accounts are maintained for hedging against cash market or other types of exposures. Long positions are not automatically offset against short positions. Instructions must be provided in order to close out an existing position.

[^] *The Exchange may require documentary evidence for accounts which are designated as "hedge", "arbitrage", or "omnibus".*

- MOS / Execution

Mutual Offset System ("MOS") account is for booking trades to be transferred to another member on a participating exchange via the mutual offset linkage at the end of the business day. The Execution account is for booking trades that are purely for execution and give-up only.

- Omnibus[^]

This account type is used when there are a number of underlying Customers, whose positions are carried in sub-accounts. Long positions are not automatically offset against short positions. Instructions must be provided in order to close out an existing position in any sub-account.

[^] *The Exchange may require documentary evidence for accounts which are designated as "hedge", "arbitrage", or "omnibus".*

- Order — Filling

Order — Filling accounts are used for booking trades executed by local order-fillers, or trades executed by Trading Members (or by Clearing Members themselves) on the instruction of other corporate Members for give-up to those Members, until the trades are given up to the accepting corporate Member. This type of account should have a "zero" balance at the end of each business day as the trades booked are given up to the carrying broker by that time.

- Speculative

Such accounts are for taking speculative positions in the market, i.e. where the account holder does not hold concurrent long and short positions. For this type of account, long and short positions are automatically offset against each other.

(s) Ownership

The Exchange has classified the various types of ownership into seven (7) categories. The following descriptions may be used as a reference:

- Your Company

Where the account holder is the Member itself.

- Another SGX Corporate Member

Where the account holder is a Clearing Member, Trading Member and Trading Member (Proprietary).

- Your Related Corporation

Where the account holder is a Related Corporation of the Member.

- Non — Related Corporation

Where the account holder is a corporation, but is not a Related Corporation of the Member.

- Individual Person

Where the account holder is an individual. This includes directors, officers, employees and Registered Representatives.

- Trading Member (Individual)

Where the account holder is a Trading Member (Individual) or a trading representative.

(t) Fee Type

The appropriate clearing fee type for the account should be indicated. The SGXCLEAR system will automatically use the clearing fee type reported as the fee type for the account number when it is used in the SGXCLEAR system for computation of clearing fees. For amendment of fee type, Members will not be able to change the fee type through the SGXCLEAR terminals; it must be done via Form BC4A amendment. The Exchange has classified the various fee types into ten (10) categories. The following descriptions may be used as a reference:

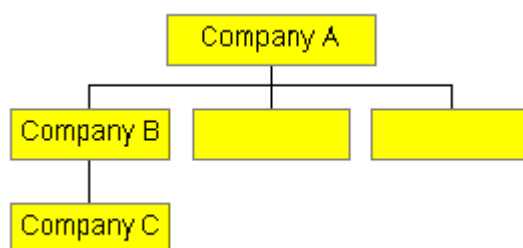
- 1 — Trading Member (Individual)'s own trades
- 2 — Clearing Member's house (or proprietary) account
- 3 — Trading Member's house (or proprietary) account
- 5 — Clearing Member's Customer account
- 6 — Trading Member's Customer account
- 7 — Trading Member (Proprietary)'s account
- 8 — Clearing Member's Related Corporation's house (or proprietary) account
- E — Trading Representative who is a Registered Representative [RR] / Capital Markets Services' Representative [MSR] of a Trading Member
- F — Trading Representative who is not a Registered Representative [RR] / Capital Markets Services' Representative [MSR] of a Trading Member
- G — Trading Representative who is a Registered Representative [RR] / Capital Markets Services' Representative [MSR] of a Clearing Member

(u) Broker Code

Clearing Members are required to provide the broker symbol when the account is opened for a Trading Member (Individual) or a Trading Representative. Otherwise, this item should be left blank.

(v) Ultimate Parent Company of this account holder

If the account holder is a corporation, Members are required to inform the Exchange of the ultimate parent company of the account holder. As an example below, if Company C is the reporting BC4A account, then Company A should be reported as the ultimate parent company.



(w) Is this account used for position reporting?

Indicate Y (Yes) if the account number is used for Position Change Sheet ("PCS") Reporting or indicate N (No) if this is an omnibus account and the sub accounts are used for PCS reporting. As this field is not applicable for Trading Members, Trading Members should indicate N (No) for all accounts.

- (x) Does this account control trading of or have a 10% or more financial interest in any other accounts?

If the account has a 10% or more financial interest and / or controls the trading of other accounts carried with the Member, the account names and account numbers of these accounts must be provided.

- (y) Do any other persons/account owners control trading of or have a 10% or more financial interest in this account?

If other persons / account owners control the trading of or have a 10% or more financial interest in this account, the account names and account numbers of these persons or accounts must be provided.

1.3 Printing and Filing

The XML file enables members to print hardcopies of the Form BC4A for filing, if required.

A sample BC4A form is as follows:

MEMBER COMPANY'S SUBMISSION OF BC4A - Account Identity information				
Firm Id:				
Submission Period:				
Name of the Preparer:				
Action Type:				
Account Number:				
Account Name:				
Contact Name:				
Address:				
Telephone:				
Fax:				
Principle Business:				
Occupation:				
Country Name:				
Account Category:				
Omnibus Account no.:				
Origin:				
Nature of Account:				
Type of Account:				
Ownership:				
Fee Type:				
Broker Code:				
Ultimate Parent company of this account holder:				
Is this account used for position reporting?				
Does this account control trading of or has a 10% or more financial interest in any other accounts?				
Please list the accounts controlled by this account:				
Account Number	Account Name	Action Type	Old Account Number	Old Account Name
Does any other persons/account owners control trading of or have a 10% or more financial interest in this account?				
Please list the accounts that control this account:				
Account Number	Account Name	Action Type	Old Account Number	Old Account Name

2 Rule 3.3.18: Reporting of Open Positions (Form BC3A)

- 2.1 After the Member has recorded the daily report of Open Positions in all accounts at the end of each Trading Day, it should submit Form BC3A to the Exchange no later than 11:00 a.m. of the following Business Day. For disclosed Omnibus Accounts, a Member shall report the Open Positions in each sub-account.

3 Rule 3.3.26: Computations of Financial and Capital Requirements; and Rule 3.3.27: Submission of Financial Statements and Other Information to the Exchange

3.1 Where a Member fails to submit the monthly RBC financial returns within the prescribed time, there shall be imposed upon the Member a late fee of \$100 for each day that the returns are not submitted in the prescribed time, unless an extension of time has been granted.

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

Please click [here](#) to view 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.

Appendix 2A to Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27 List of Email Addresses for Receiving Feedback on Submissions (For SGX Data Submission System)

Please click [here](#) to view Appendix 2A to Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27 to Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27 List of Email Addresses for Receiving Feedback on Submissions (For SGX Data Submission System).

Appendix 3 to Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27 Creation/Deletion of User ID and Reset of Password (For SGX Data Submission System)

Please click [here](#) to view Appendix 3 to Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27 Creation/Deletion of User ID and Reset of Password (For SGX Data Submission System).

Appendix 3A to Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27 List of Authorised Signatories and User ID Coordinators (For SGX Data Submission System)

Please click [here](#) to view Appendix 3A to Regulatory Notice 3.3.17; 3.3.18; 3.3.26; 3.3.27 List of Authorised Signatories and User ID Coordinators (For SGX Data Submission System).

Practice Notes

Practice Note 2.6.3(c) — Pre-Execution Checks

Issue Date	Cross Reference	Enquiries
Added on <u>22 September 2006.</u>	Rule 2.6.3(c)	Please contact Member Supervision: Facsimile No : 6538 8273 E-Mail Address: membersup@sgx.com

1. Introduction

1.1 This Practice Note explains the circumstances, conditions and operational procedures pursuant to which pre-execution checks are to be imposed as contemplated in [Rule 2.6.3\(c\)](#).

2. Pre-Execution Checks

2.1 [Rule 2.6.3\(c\)](#) requires the OMS to have the ability to set automated credit controls or position limits. The purpose of this is to prevent overtrading. The pre-execution checks and filters may include but are not limited to the following or such other functionalities that are able to prevent overtrading:

- (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); and
- (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.

2.2 By way of illustration, built-in functions residing in the OMS 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; and
- (c) the ability to intercept orders that exceed credit limits and trigger error-prevention alerts.

Practice Note 2.6.3(g) — Procedures for Separation of Key Functions

Issue Date	Cross Reference	Enquiries
Added on <u>22 September 2006.</u>	Rule 2.6.3(g)	Please contact Member Supervision: Facsimile No : 6538 8273 E-Mail Address: membersup@sgx.com

1. Introduction

1.1 This Practice Note explains the circumstances, conditions and operational procedures pursuant to the requirement to separate the credit control, trading, dealing and marketing departments of the Members, as set forth in [Rule 2.6.3\(g\)](#).

2 Separation of Key Functions

2.1 The purpose of separating the Member's various key functions is to mitigate conflicts of interests among these functions, and ensure that there are sufficient checks and balances.

2.2 Examples of proper separation include:

- (a) access into the dealing or trading room to be restricted to authorised personnel only;
- (b) setting and authorising credit limits on Customers by senior management staff who are independent of trading or marketing functions, and are not related to the Customer in question; and
- (c) setting and authorising trading limits on House Traders by senior management staff other than the House Trader himself.

Practice Note 2.6.6 — Business Continuity Requirements

Issue Date	Cross Reference	Enquiries
Added on <u>22 January 2009.</u>	Rule 2.6.6	Please contact Member Supervision: Facsimile No : 6538 8273 E-Mail Address: membersup@sgx.com

1. Introduction

1.1 [Rule 2.6.6](#) requires Members to:

- (i) maintain adequate business continuity arrangements;
- (ii) document business continuity arrangements in a business continuity plan;
- (iii) test and review business continuity plans regularly; and
- (iv) appoint emergency contact persons.

1.2 The objective is to ensure that Members have the ability to:

- (i) React swiftly to emergency situations; and
- (ii) Maintain critical functions and fulfill obligations to customers and counterparties in the event of major operational disruptions.

2. Business Continuity Plan

2.1 Critical Elements of a Business Continuity Plan

2.1.1 [Rule 2.6.6\(a\)](#) requires Members to maintain adequate business continuity arrangements, and document such arrangements in a business continuity plan. As a guide, a Member's business continuity plan should document the following elements:

- (i) Risk assessment: This includes a comprehensive assessment of business continuity risks (including financial and operational risks) and threat scenarios which may severely disrupt a Member's operations. Such scenarios may include prolonged power outages, IT system

software or hardware failures, loss of voice or data communication links, acts of terrorism, and outbreak of infectious diseases;

- (ii) Business impact analysis: This is an evaluation of the impact of the risks and threat scenarios identified in (i) above. The business impact analysis should identify critical business functions (including support operations and related information technology systems) and potential losses (monetary and non-monetary) to enable the Member to determine recovery strategies/priorities and recovery time objectives;
- (iii) Work area recovery: This refers to continuity arrangements for a Member's critical functional capabilities in the event that the Member's primary office becomes inaccessible, for example, availability of a disaster recovery site ready for activation within a reasonable period of time;
- (iv) Crisis communications: This refers to a communications plan for the Member to liaise with its internal and external stakeholders such as employees, customers and regulatory authorities during a crisis;
- (v) Roles and responsibilities: This refers to the identification of a Member's key personnel and management staff, their roles and responsibilities, and reporting lines. Alternates should be identified to cover the responsibilities of absent key personnel.
- (vi) Backup for critical functions*, information technology systems and data;

** Critical functions refer to business functions whose failure or disruption may incapacitate the firm.*

- (vii) Key service providers[^]: This refers to assessing a Member's dependencies on key service providers in recovery strategies and recovery time objectives, and taking steps to ensure that key service providers are capable of supporting the Member's business, even in disruptions;

^ Key service providers refer to third-parties who are performing functions that are not normally carried out by Member firms internally, but are critical to Member firms' ability to carry on business operations. For example, IT system hardware/software vendors.

- (viii) Outsourcing service providers[#]: This refers to assessing whether the service provider has established satisfactory Business Continuity Plans commensurate with the nature, scope and complexity of the outsourced services; and

Outsourcing service providers refer to third parties who are performing functions that would normally be performed by Members firms internally. For example, Operations and Technology.

- (ix) Any other elements that the Member deems necessary to be included in its business continuity plan or which the Exchange may prescribe from time to time.

2.2 Emergency Response During Crisis

2.2.1 A Member should establish and maintain a crisis management plan as part of its business continuity plan. The crisis management plan should include (but not be limited to):

- (i) Emergency response procedures;
- (ii) Roles and responsibilities of the crisis management team;
- (iii) Command and control structures; and
- (iv) Salvage and restoration procedures.

2.2.2 The Exchange may declare a wide-area crisis in the event of a major and widespread incident. When such declaration is made, the Exchange may require a Member to submit status reports to the Exchange. A wide-area crisis may include any incident where the operations of a large number of market participants are disrupted simultaneously.

2.3 Regular Review, Testing and Training

2.3.1 [Rule 2.6.6\(d\)](#) requires a Member to review and test its business continuity plan regularly. Members should do so at least once a year to ensure that their business continuity plans remain relevant.

2.3.2 Where there are material changes to a Member's business activities and operations, the Member should update its business continuity plan accordingly. Regular training should be conducted for staff to be updated and aware of any relevant changes to the Member's business continuity arrangements. As a principle, training should be conducted when:

- (i) changes have been made to the Member firm's BCP; and
- (ii) new staff are recruited.

Member firms should also conduct refresher courses for existing staff where appropriate.

3. Emergency Contact Persons

3.1 [Rule 2.6.6\(e\)](#) requires a Member to appoint emergency contact persons and furnish the contact information of such persons to the Exchange. Members may appoint an emergency contact person and up to two (2) alternates. A template is attached as Appendix A to this Practice Note for the notification of contact information (postal address, email, telephone, mobile telephone and facsimile numbers) to the Exchange.

Refer to [Appendix A of Practice Note 2.6.6](#).

3.2 Members are to ensure that the contact information provided to the Exchange is updated on a semi-annual basis. Nonetheless, where there are changes to a Member's emergency contact persons and contact information, the Member should notify the Exchange immediately in writing.

3.3 A Member's authorized emergency contact person should immediately notify the Exchange in the event where:

- (i) A Member's business operations are or will be significantly disrupted; and/or
- (ii) A Member's business continuity plan is activated.

Appendix A to Practice Note 2.6.6 Business Continuity Management Emergency Contact Person(s)

Please click [here](#) to view Appendix A to Practice Note 2.6.6 Business Continuity Management Emergency Contact Person(s).

Practice Note 3.3.5 — Customer Education

Issue Date	Cross Reference	Enquiries
Added on 22 September 2006.	Rule 3.3.5	Please contact Member Supervision: Facsimile No : 6538 8273 E-Mail Address: membersup@sgx.com

1. Introduction

1.1 This Practice Note sets out the areas of information, guidance and training that a Member should ensure that its on-line Customers are provided with.

2. Information, Guidance and Training

2.1 A Member should ensure that its on-line Customers are provided with adequate information, guidance and training with respect to the separately enumerated areas below.

2.2 Potential limitations and risks of on-line trading, which include:

- (a) possibility of delays in order transmission and confirmation of order execution, and what to do in case of such delays;
- (b) not being able to withdraw erroneous orders in time due to the speed of electronic trading; and
- (c) danger of unauthorised access to a Customer's on-line account and recommended preventive security measures in relation to matters such as the protection of passwords and leaving an on-line screen unattended.

2.3 Prohibited trading practices, which refer to trading practices prohibited under this Rules, the Act or other Singapore laws.

2.4 System functionalities and order management procedures, which include:

- (a) system access requirements;
- (b) how to place, modify and withdraw orders;
- (c) types of trading controls e.g. types of error-prevention alerts and how to interpret system alerts; and

(d) types of credit controls e.g. types of trading limits and how the trading limits are computed.

2.5 Contract Specifications, which include:

- (a) contract size;
- (b) ticker symbol;
- (c) Contract Months;
- (d) minimum price fluctuation; and
- (e) settlement basis.

Practice Note 3.3.16 — Transfer of Unsuccessful Give-Up Trades to House Account

Issue Date	Cross Reference	Enquiries
Added on 22 September 2006.	Rule 3.3.16	Please contact Member Supervision: Facsimile No : 6538 8273 E-Mail Address: membersup@sgx.com

1. Introduction

1.1 This Practice Note sets out the treatment of unsuccessful give-up trades.

2. Treatment of Unsuccessful Give-Up Trades

2.1 Members are encouraged to ensure that all give-up trades are promptly and properly booked out by the end of trade date (T). Also, trades meant to be given-up may be done in the Customer's give-up account. If by end of T+1, there are trades which have not been given up to and accepted by the accepting Clearing Member, the Member should transfer such trades to a designated House Account identified as "*name of Member/ Unsuccessful Give-up Trades*".

Practice Note 3.4.8 — Good Faith Bids and Offers

Issue Date	Cross Reference	Enquiries
Added on 22 September 2006.	Rule 3.4.8	Please contact: <u>Market Surveillance</u> Mr Kelvin Tan 6236-5907 Ms Sally Lim 6236-5172 <u>Enforcement</u> Ms Annie Ong 6236-8842 E-Mail Address : enforcement@sgx.com

1. Introduction

1.1 This Practice Note sets out a situation where the Exchange may not consider a bid or offer to be in good faith.

2. Good Faith Bids and Offers

2.1 If the Exchange suspects that a bid or offer entered by a Member or Approved Trader is not in good faith for the purpose of executing bona fide transactions, the Member or the Approved Trader would have to satisfy the Exchange otherwise.

2.2 The following is one (1) of the situations where a price may not be considered as in good faith for the purpose of executing bona fide transactions:
Market is at 2505 bid and 2507 offer. The Approved Trader enters a 2506 bid and withdraws it within a short span of time with the intention to trigger stop orders or to give a false impression of the market.

Practice Note 3.4.9 — Fictitious Transactions Without Change in Ownership

Issue Date	Cross Reference	Enquiries
Added on 22 September 2006.	Rule 3.4.9	Please contact: <u>Market Surveillance</u> Mr Kelvin Tan 6236-5907

Ms Sally Lim 6236-5172

Enforcement

Ms Annie Ong 6236-8842

E-Mail Address : enforcement@sgx.com

1. Introduction

1.1 This Practice Note sets out the recommended practice to avoid acting as buyer and seller in the same transaction.

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 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.

Practice Note 4.1.9 —Procedures for Order Withdrawal

Issue Date	Cross Reference	Enquiries
Added on 22 September 2006.	Rule 4.1.9	Please contact Derivatives Market Control ("DMC"): Telephone No. : 6236 8433 Facsimile No : 6536 6480 E-Mail Address : derivatives.mc@sgx.com

1. Introduction

1.1 This Practice Note explains the circumstances, conditions and operational procedures pursuant to which the Exchange would assist Clearing Members to effect order withdrawals.

1.2 As a general practice, Members who face difficulties in effecting their order withdrawals should seek the assistance of their respective Clearing Members to withdraw their orders. For this purpose and where possible, Clearing Members should set up appropriate supervisory access to the trading system to administer such requests.

2. Technical Fault and Withdrawal by Exchange on Reasonable Efforts Basis

2.1 In the event of Technical Faults, the Exchange would assist in effecting order withdrawals at the request of the Clearing Members and subject to the terms and procedures set forth below. "**Technical Faults**" as used herein refers to any loss of connection to Exchange Systems which prevents a Clearing Member from effecting order withdrawals without the Exchange's assistance.

2.2 Order withdrawal by the Exchange in the event of Technical Faults would be effected on a reasonable endeavours basis. The Clearing Member agrees that the Exchange has no liability for order withdrawals and related activities conducted on behalf of a Member.

2.3 The Clearing Member indemnifies and will keep indemnified the Exchange against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts against or incurred by the Exchange arising out of or in connection with any action taken or any inaction by the Exchange, or any of the Exchange's officers, employees, agents, delegates or contractors with respect to such order withdrawals.

2.4 For the avoidance of doubt, nothing in this Practice Note should be construed as limiting a Clearing Member's obligation to install and maintain a robust and technically sound system, risk management processes or business continuity plans as required under the Rules or any applicable laws.

2.5 Clearing Members may request the Exchange to withdraw orders at the following levels:

- (a) individual order level; or
- (b) access ID level.

3. Operational Safeguards and Discrepancies

3.1 A Clearing Member shall comply with the instructions and directions issued by MCD when effecting order withdrawals as contemplated herein. MCD also reserves the right to refuse any such request without providing any reason.

3.2 All verbal requests for order withdrawals ("**Request**") shall be recorded by MCD. Clearing Members are also required to comply with various operational safeguards and procedures as issued by MCD from time to time including matters relating to the:

- (a) appointment of authorised firm coordinators by Clearing Members to effect order withdrawals and the provision of authentication details in connection therewith;
- (b) making of a Request via telephone numbers as designated by MCD;
- (c) submission of an order withdrawal form with the material information as requested by MCD; and
- (d) processing of Requests at access ID level and individual order levels.

3.3 If a Clearing Member finds any discrepancies between the order withdrawal form and the Request, the Clearing Member should notify MCD immediately with details of such discrepancies. Depending on the nature of the discrepancy, MCD would generally rely on the voice recording of the Request for its post-withdrawal investigations.

Practice Note 4.1.10 — Cross Trades

Issue Date	Cross Reference	Enquiries
Added on 22 September 2006 and amended on 2 July 2007 .	Rule 4.1.10	Please contact: <u>Market Surveillance</u> Mr Kelvin Tan 6236-5907 Ms Sally Lim 6236-5172 <u>Enforcement</u> Ms Annie Ong 6236-8842 E-Mail Address : enforcement@sgx.com

1. Cross Trades

1.1 In normal circumstances, the Exchange would consider that a cross trade was not prearranged if there is a time lag of ten (10) seconds between the entry of the first and second legs of the orders. However, if the time lag is less than ten (10) seconds, or the Exchange nevertheless suspects a cross trade was prearranged, the Member or the Approved Trader would have to satisfy the Exchange otherwise.

1.2 The following are examples on the application of [Rule 4.1.10](#):

The Contract is NKH'06 with a tick size of 5 points.

Example	Existing Bid	Existing Offer	Last traded price
(a)	11710	11740	11740
(b)	11710	11740	11740
(c)	None	None	11740

Example (a)

The Approved Trader receives buy and sell orders at the same time and at price of 11715. The Approved Trader can expose either the buy or the sell order first.

Reason: Both the price of buy and sell orders are better than the prevailing 11710 bid and 11740 offer respectively.

Example (b)

The Approved Trader receives buy and sell orders at the same time and price at 11740. The Approved Trader shall expose the buy order first.

Reason: The buy order is a more attractive order than the sell order because there was an existing 11740 offer waiting to be "lifted".

Example (c)

The Approved Trader receives buy and sell orders at the same time and price at 11715. The Approved Trader shall expose the sell order first.

Reason: The sell order has a more attractive price because the opposite trader who "lifts" the offer will be buying at a price lower than the last traded price of 11740. On the contrary, the buy order has a less attractive price because the opposite trader who "hits" the bid will be selling at a price lower than the last traded price of 11740.

Schedules

Schedule A

Chapter 2 — Access and Membership

Rule Chapter/Number	Rule Violation Brief Description of Rule	Whether composition may be offered	Composition Amount which may be Offered by the Determined the Member, Approved Trader and/or R					
			Members			Approved Trade		
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	
Chapter 2 — Access and Membership								
2.1	Access and Trading							
2.1.2(a)	Member to provide information to each Customer for which it has authorised Direct Market Access	Compoundable	\$500	\$1,000	\$2,000	N.A.	N.A.	
2.1.2(b)	Member to assist the Exchange in investigations into potential Rule violations in relation to Customers for which it has authorised Direct Market Access	Not Compoundable	Not Compoundable			N.A.	N.A.	
2.1.3	Persons accessing Partner Markets to comply with the applicable rules, laws and regulations governing trading in the Partner Market	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	
2.2	Classes of Membership							
2.2.2	Trading Member to observe this Rules and any requirements prescribed by the Exchange	<i>[Unless otherwise specified in this Schedule]</i>						
		Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	
2.2.3	Clearing Member to observe this Rules, the Clearing Rules and any	<i>[Unless otherwise specified in this Schedule or Schedule A to the Cle</i>						
		Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	

	requirements as prescribed by the Exchange or the Clearing House						
2.3	Admission Criteria for Members						
2.3.2(b)	Member to notify the Exchange at the time of submission of its application for concurrent membership in another exchange	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.4	Licensing and Credit Rating Requirements for Members, their Employees and Agent						
2.4.1	General Trading Member, and its employees and agents to procure and maintain requisite licenses and satisfy licensing requirements for engaging in regulated activity.	Not Compoundable					Not Compoundab
2.5	Financial Requirements for Members						
2.5.2(b)	General Trading Member to comply with financial requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.5.2(c)	Bank Trading Members to comply with financial requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.5.4	Member to comply with additional financial, capital and other requirements imposed by the Exchange or the Clearing House	Not Compoundable		Not Compoundable		N.A.	N.A.
2.5.5	Corporate Member to comply with the prescribed calculation of Financial Resources	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.5.6(a)	Corporate Member to immediately notify the Exchange of material changes to Financial	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.

	Resources and Adjusted Net Head Office Funds						
2.5.6(b)	Corporate Member to comply with requirements described under Regulation 7(3) of the Financial and Margin Requirements, imposed by the Exchange.	Not Compoundable		Not Compoundable		N.A.	N.A.
2.5.6(c)	Corporate Member to comply with directions of the Exchange on the submission of statements or operation of business.	Not Compoundable		Not Compoundable		N.A.	N.A.
2.5.6(d)	General Trading Member to comply with the requirements described in Regulation 17 (2) of the Financial and Margin Requirements, imposed by the Exchange.	Not Compoundable		Not Compoundable		N.A.	N.A.
2.5.7	General Trading Member to comply with requirements relating to preference shares, unsecured loans & others	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.6	Technical Matters & Risk Management Controls						
2.6.1	Member to comply with other requirements or restrictions prescribed by Exchange	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.6.2	Corporate Member to have security arrangements in place to ensure that unauthorised persons are denied Direct Market Access	Not Compoundable		Not Compoundable		N.A.	N.A.
2.6.3	Corporate Member to comply with requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.

	relating to risk management controls						
2.6.4	Corporate Member to maintain proper records and audit trails	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.6.5	Corporate Member to comply with accounting, reporting and book-keeping requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.6.6(a)	Member to assess its business and operational risks and maintain adequate business continuity arrangements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.6.6(b)	Member to document its business continuity arrangements in a business continuity plan	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.6.6(c)	Member to demonstrate awareness of risks, mitigating measures and state of readiness by way of attestation to the Board of Directors	Compoundable	\$500	\$1,000	\$2,000	N.A.	N.A.
2.6.6(d)	Member to review and test its business continuity plan regularly	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
	Member to appoint emergency contact persons and furnish the contact information to the Exchange	Compoundable	\$500	\$1,000	\$2,000	N.A.	N.A.
2.6.6(e)	Member's emergency person must be contactable at all times	Compoundable	\$500	\$1,000	\$2,000	N.A.	N.A.
	Member must notify the Exchange in the event of emergencies	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.

2.7	Fit and Proper Requirements						
2.7.1	Corporate Member to demonstrate appointment of fit and proper persons as Directors, Chief Executive Officer and other specified personnel	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.7.2	Corporate General Trading Member to obtain the prior approval of the Exchange for appointment of CEO & Deputy CEO	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.7.3	Bank Trading Member to notify the Exchange of appointment of CEO & Deputy CEO, within the specified time	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.8	Bypass Privileges						
2.8.1(d)	Member to ensure that Bypass Privileges shall not be extended to third parties by Customers	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.8.1(e)	Member not to grant Bypass Privileges to any beneficial owners of sub-account within the Omnibus account	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.8.1(f)	Clearing Member to guarantee and assume financial responsibility for Customer's activity	Not Compoundable		Not Compoundable		N.A.	N.A.
2.8.1(g)	Clearing Member to be fully responsible for the conduct of business of its Affiliate	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.8.1(h)	Member to maintain current register of Customers granted Bypass Privileges	Compoundable	\$500	\$1,000	\$2,000	N.A.	N.A.

2.8.4	Clearing Member to apply for Bypass Privileges on behalf of Customers only if the financial requirements are met	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.8.6(a)	Clearing Member to notify the Exchange of overtrading	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.8.6(b)	Clearing Member to cause Customer to enter into a bypass undertaking in such form as prescribed by the Exchange	Not Compoundable	Not Compoundable			N.A.	N.A.
2.8.6(c)	Clearing Member to cause appointment of external auditor to confirm the matters specified	Not Compoundable	Not Compoundable			N.A.	N.A.
2.13	Registration of Approved Traders & Registered Representatives						
2.13.1	Member to register Approved Traders and Registered Representatives	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.13.2	Approved Trader to register with the Exchange	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000
2.13.3	Registered Representatives to register with the Exchange	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.13.6	Member to notify the Exchange of specified occurrences	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.13.7A	Member to notify the Exchange of specified occurrences	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.14	Change of Control of Members						
2.14.1(a)	Corporate Member to notify the Exchange of	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.

	change in ownership						
2.14.1(b)	Corporate Member to notify the Exchange of changes which may alter the control of the Member	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.14.1(c)	Corporate Member to notify the Exchange of change in director	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.14.1(d)	Corporate Member to notify the Exchange of the death or bankruptcy of a director	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.14.1(e)	Corporate Member to notify the Exchange of any change in senior management	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.14.1(f)	Corporate Member to notify the Exchange of any alteration to constitutive documents	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.14.1(g)	Corporate Member to notify the Exchange of any engagement or involvement in any new business or change in business	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.14.1(h)	Corporate Member to notify the Exchange of any change in name	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
2.15	Registration, Suspension & Termination of Members						
2.15.4(a)	Member to comply with the directions of the Exchange if trading privileges are suspended or terminated	Not Compoundable	Not Compoundable			N.A.	N.A.

Added on [16 May 2011](#).

Chapter 3 — Conduct of Members, Approved Traders and Representatives

Rule Chapter/Number	Rule Violation Brief Description of Rule	Whether composition may be offered	Composition Amount which may be Offered by the Determined the Member, Approved Trader and/or R					
			Members			Approved Trade		
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	V

Chapter 3 — Conduct of Members, Approved Traders and Representatives

3.2 Duties Applicable to All Members, Approved Traders & Registered Representatives

3.2.1	Members, Approved Traders and Registered Representatives to observe general duties of integrity, fair dealing and care	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$
3.2.2	Corporate Member to ensure that constitutive documents conform to this Rules	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	
3.2.3	Member to immediately report change in Member's circumstances	<i>[Unless otherwise specified in this Schedule]</i> Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	
3.2.4	Member to immediately inform the Exchange of the stipulated events	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	
3.2.5	Member not to carry on business on any market if prohibited by the Exchange	Not Compoundable	Not Compoundable			N.A.	N.A.	
3.2.6	Member to promptly settle all margin liabilities	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	
3.2.7	Member not to carry speculative long and short positions for the same Contract Month	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	

3.2.8	Member, Approved Trader and Registered Representative to comply with advertising guidelines	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$
3.3	Duties of Members Undertaking Agency Trades							
3.3.1	Member to comply with customer account & Know-Your-Customer Requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	
3.3.2	Member to comply with management approval requirement for opening customer accounts	Compoundable	\$500	\$1,000	\$2,000	N.A.	N.A.	
3.3.3	Member to obtain Risk Disclosure Statement	Not Compoundable	Not Compoundable			N.A.	N.A.	
3.3.4	Member to execute orders only upon receipt from a Customer, unless otherwise authorised by the Customer	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	
3.3.5	Member to provide online Customers with adequate information, guidance and training with respect to the stipulated matters	Compoundable	\$500	\$1,000	\$2,000	N.A.	N.A.	
3.3.6	Member to accept orders only via Registered Representatives	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	
3.3.7	Member or Registered Representative not to accept orders without executing them. Approved Trader to execute orders in accordance with the applicable rules	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$
3.3.8	Registered Representative	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	

	to immediately record an order, amendment or cancellation on an Order Form, unless immediately entered by an Approved Trader						
	Member to comply with the Conduct of Business Regulations in respect of statement of accounts and contract notes	Not Compoundable	Not Compoundable			N.A.	N.A.
3.3.9	Member to provide statement of account and contract note at Exchange's request	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
	Member to obtain prior consent for electronic issuance of statement of account or contract note	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.10	Member to meet the stipulated fiduciary obligations to its Customers and to comply with segregation requirements under the SFA and Conduct of Business Regulations	Not Compoundable	Not Compoundable			N.A.	N.A.
3.3.11	Member not to trade or accept any Customer's monies or assets after insolvency	Not Compoundable	Not Compoundable			N.A.	N.A.
3.3.12	Member to comply with the stipulated requirements in relation to customer margins	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.13	Member to collect the required margins for Over-The-Counter Spot Trades from its Customer and	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.

	the direct counterparty						
3.3.14	Member to apply Inter- Exchange Cross Margining, only if the stipulated conditions are met	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.15	Member to comply with the requirements for the transfer of error trades to House Account	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.16	Member to enter into a give -up arrangement only if give-up agreement is executed and to comply with the stipulated requirements for unsuccessful give-up trades	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.17	Member to comply with the requirements for reporting of account identity	Compoundable	\$500	\$1,000	\$2,000	N.A.	N.A.
3.3.18	Member to comply with the requirements for the reporting of open positions	Compoundable	\$500	\$1,000	\$2,000	N.A.	N.A.
3.3.19	Member to comply with the requirements and procedures prescribed by the Exchange for Omnibus Accounts	<i>[Unless otherwise specified in this Schedule]</i> Compoundable	\$500	\$1,000	\$2,000	N.A.	N.A.
3.3.20	Member to comply with limits on Omnibus Accounts imposed by the Exchange	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.21	Member to obtain the required disclosures from the Omnibus Account Holder	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.

	Member to comply with the orders of the Exchange in the event of an Omnibus Account Holder's failure to disclose	Not Compoundable	Not Compoundable			N.A.	N.A.
	Member to ensure that Omnibus Account Holders are aware of this Rule 3.3.21	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.22	Member to produce audit trail of transactions when requested by the Exchange	Not Compoundable	Not Compoundable			N.A.	N.A.
3.3.23(a)	Member to ensure that data and records are made and kept in a way that is easily retrievable	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.23(b)	Member to keep data and records for the minimum period prescribed by law	Not Compoundable	Not Compoundable			N.A.	N.A.
3.3.23(c)	Member to make data and records available to the Exchange in a timely manner when requested	Not Compoundable	Not Compoundable			N.A.	N.A.
3.3.24	Member to comply with all information technology and data security requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.25	Member to issue unique ID tags & passwords	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.26	Member to make and keep as record, computations of financial & capital requirements	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.27	Member to submit financial statements or other information as	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.

	required by the Exchange						
	Member to comply with the directions of the Exchange thereafter	Not Compoundable		Not Compoundable		N.A.	N.A.
3.3.28	Member to comply with the requirements relating to auditor certification of its accounts	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.29	Member to cause auditor to report the stipulated information to the Exchange	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.30	Member to satisfy the applicable approval or notification requirements in relation to any change of auditors	Compoundable	\$500	\$1,000	\$2,000	N.A.	N.A.
3.3.31	General Trading Member not to act as guarantor	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.32(a)	General Trading Member to satisfy the Secondary Requirement in respect of opening a Foreign Branch	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.32(b)	General Trading Member to obtain the necessary approval from the Authority and the Exchange in respect of opening a Foreign Branch	Not Compoundable		Not Compoundable		N.A.	N.A.
3.3.32(c)	General Trading Member to obtain approval from the regulator in the relevant foreign jurisdiction in respect of opening a Foreign Branch and to furnish documentation of such approval to the Exchange	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.

3.3.32(d)	General Trading Member to obtain approval from its, or its parent company's primary regulator in respect of opening a Foreign Branch and furnish documentation of such approval to the Exchange	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.32(e)	General Trading Member to comply with any other requirements imposed by the Exchange on Foreign Branch	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.32(f)	General Trading Member to ensure that activities of the Foreign Branch fall within the Regulated Activities which the General Trading Member is authorised to conduct	Not Compoundable		Not Compoundable		N.A.	N.A.
3.3.32(g)	General Trading Member to submit the required undertaking to the Exchange, in relation to its Foreign Branch	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.3.32(h)	General Trading Member to conduct the necessary internal audit on the Foreign Branch and submit a copy of the internal audit report to the Exchange	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.
3.4	Trading Practices & Conduct Rules of Members, Approved Traders & Registered Representatives						
3.4.1	Member, Approved Trader or Registered Representative not to manipulate the market	Not Compoundable					Not Compoundable
3.4.2	Member, Approved	Not Compoundable					Not Compoundable

	Trading or Registered Representative not to engage in churning		
3.4.3	Member, Approved Trader or Registered Representative not to engage in false trading, bucketing, fraudulent inducement to trade or employment of fraudulent device	Not Compoundable	Not Compoundable
3.4.4	Member, Approved Trader or Registered Representative to immediately inform Exchange of prohibited trading practices	Not Compoundable	Not Compoundable
3.4.5	Member, Approved Trader or Registered Representative not to disseminate false or misleading information	Not Compoundable	Not Compoundable
3.4.6(a)	Member, Approved Trader or Registered Representative not to permit the use of the Member's facilities or privileges by any other person in the stipulated manner	Not Compoundable	Not Compoundable
3.4.6(b)	Member, Approved Trader or Registered Representative not to engage in conduct which impairs dignity of the good name of the Exchange.	Not Compoundable	Not Compoundable
3.4.6(c)	Member, Approved Trader or	Not Compoundable	Not Compoundable

	Registered Representative not to commit acts substantially detrimental to the interest of Exchange							
3.4.6(d)	Member, Approved Trader or Registered Representative not to refuse to comply with an order of the Exchange or the Disciplinary Committee or Appeals Committee	Not Compoundable						Not Compoundable
3.4.6(e)	Member, Approved Trader or Registered Representative not to refuse to comply with a final arbitration award	Not Compoundable						Not Compoundable
3.4.6(f)	Member, Approved Trader or Registered Representative to answer Customers' complaints promptly and in appropriate detail	Compoundable	\$500	\$1,000	\$2,000	\$250	\$500	
3.4.6(g)	Member, Approved Trader or Registered Representative not to commit fraudulent or dishonest act or any act of bad faith	Not Compoundable						Not Compoundable
3.4.6(h)	Member, Approved Trader or Registered Representative not to act in a dishonourable or uncommercial manner	Not Compoundable						Not Compoundable
3.4.6(i)	Member, Approved Trader or Registered Representative not to make a material	Not Compoundable						Not Compoundable

3.4.6(j)	<p>misstatement to the Exchange or Disciplinary Committee or Appeals Committee or in any information supplied to Exchange</p> <p>Member, Approved Trader or Registered Representative not to make or cause to be made a false or misleading entry into books, records, etc</p>	Not Compoundable	Not Compoundable
3.4.6(k)	<p>Member, Approved Trader or Registered Representative not to omit to make material entry in any books, records, reports, etc</p>	Not Compoundable	Not Compoundable
3.4.6(l)	<p>Member, Approved Trader or Registered Representative not to alter or destroy any books, records, reports, etc</p>	Not Compoundable	Not Compoundable
3.4.6(m)	<p>Member, Approved Trader or Registered Representative not to use or reveal confidential information obtained by reason of participating in an investigative proceeding or hearing</p>	Not Compoundable	Not Compoundable
3.4.6(n)	<p>Member, Approved Trader or Registered Representative not to refuse to appear before the Exchange or the Disciplinary Committee or Appeals Committee at a hearing or in</p>	Not Compoundable	Not Compoundable

	connection with any investigation.							
3.4.6(o)	Member, Approved Trader or Registered Representative not to refuse to fully answer all questions or produce books and records at any audit, hearing or investigation	Not Compoundable						Not Compoundab
3.4.7	Member, Approved Trader or Registered Representative not to disclose orders	Not Compoundable						Not Compoundab
3.4.8	Member, Approved Trader or Registered Representative not to enter bids and offers other than in good faith	Not Compoundable						Not Compoundab
3.4.9	Member, Approved Trader or Registered Representative not to engage in the prohibited acts in relation to fictitious transactions without change in ownership	Not Compoundable						Not Compoundab
3.4.10	Member not to execute any trade beyond any limits imposed and to comply with the prescribed requirements relating to overtrading	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A.	N.A.	
3.4.11	Member, Approved Trader or Registered Representative not to knowingly take advantage of an error	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$
3.4.12	Member, Approved Trader or Registered Representative not to be	Not Compoundable						Not Compoundab

	convicted of any offence relating to fraud, any act of bad faith, dishonest, dishonourable or uncommercial conduct							
3.4.13	Member, Approved Trader or Registered Representative not to engage in front running	Not Compoundable						Not Compoundable
3.4.14	Member, Approved Trader or Registered Representative not to knowingly trade against Customers' orders	Not Compoundable						Not Compoundable
3.5	Inspection and Audit							
3.5.2	Member to grant access to and cooperate with the Exchange in respect of inspections and audits	Not Compoundable	Not Compoundable			N.A.	N.A.	

Added on [16 May 2011](#).

Chapter 4 — Listing and Trading of Contracts

Rule Chapter/Number	Rule Violation Brief Description of Rule	Whether composition may be offered	Composition Amount which may be Offered by the Member, Approved Trader and/or Registered Representative					
			Members			Approved Traders		
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation

Chapter 4 — Listing and Trading of Contracts

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

4.1.7	Member not to combine outright orders from different principals and execute them as strategy transactions	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000		N.A.	N.A.
4.1.8 r/w Regulatory Notice	Member to comply with procedures relating to error trades	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000		N.A.	N.A.
4.1.9	Member, Approved Trader or Registered Representative	Not Compoundable						Not Compoundable

	Representative not to withhold or withdraw Customer's orders unless the specified conditions are met							
4.1.10	Member or Approved Trader to comply with the requirements relating to cross trades	Not Compoundable				Not Compoundable		
4.1.11 r/w Regulatory Notice	Member, Approved Trader or Registered Representative to comply with the thresholds and procedures in relation to Negotiated Large Trades	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$
4.1.12	Member, Approved Trader or Registered Representative to satisfy the conditions relating to the exchange of underlying for Futures Contracts	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$
4.1.13	Member or Approved Trader not to engage in pre-arranged trades	Not Compoundable						Not Compoundable

Added on [16 May 2011](#).

Chapter 5 — Physical Delivery

Rule Chapter/Number	Rule Violation Brief Description of Rule	Whether composition may be offered	Composition Amount which may be Offered by the Ex Determined the Member, Approved Trader and/or Regi:					
			Members			Approved Traders		
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation

Chapter 5 — Physical Delivery

5.1 Title Documents and Physical Delivery Procedures

5.1.1	Member to cooperate with Clearing Member to enable Clearing Member to	Not Compoundable	Not Compoundable				N.A.	N.A.	N.
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	effect delivery of Title Documents against payment							
5.1.2	Member to mitigate risk of non-delivery	Not Compoundable	Not Compoundable	N.A.	N.A.	N.		
5.1.3	General Trading Member not to finance Performance Deposits or other Escrow Assets	Not Compoundable	Not Compoundable	N.A.	N.A.	N.		
5.1.5	Member not to default on delivery	Not Compoundable	Not Compoundable	N.A.	N.A.	N.		

Added on [16 May 2011](#).

Chapter 6 — Dispute Resolution and Arbitration

Rule Chapter/Number	Rule Violation Brief Description of Rule	Whether composition may be offered	Composition Amount which may be Offered by the Ex Determined the Member, Approved Trader and/or Regis					
			Members			Approved Traders		
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation

Chapter 6 — Dispute Resolution and Arbitration

6.2 Dispute Resolution Involving Deliverable Commodity Futures Contracts

6.2.3	Member not to fail or refuse to arbitrate where the other Member elects to arbitrate under the Rule.	Not Compoundable	Not Compoundable	N.A.	N.A.	N.		
6.2.4	Member to cause its Customers to submit to Arbitration	Not Compoundable	Not Compoundable	N.A.	N.A.	N.		

Added on [16 May 2011](#).

Chapter 7 — Adverse Events, Rule Violations & Disciplinary Action

Rule Chapter/Number	Rule Violation Brief Description of Rule	Whether composition may be offered	Composition Amount which may be Offered by the I Determined the Member, Approved Trader and/or Re					
			Members			Approved Traders		
			1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	Vi

Chapter 7 — Adverse Events, Rule Violations & Disciplinary Action

7.1 Adverse Events and Rule Violations

7.1.5	Member, Approved Trader or Registered Representative to immediately notify the Exchange of any Adverse Event or Rule Violation	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	\$1,000 – \$3,000	\$3,000 – \$6,000	\$6,000 – \$
7.2 Exchange's Disciplinary Powers								
7.2.3	Member, Approved Trader and Registered Representative to comply with restrictions or conditions imposed by the Exchange on its business	Not Compoundable						Not Compoundable
7.2.4	Member, Approved Trader or Registered Representative to comply with restrictions on its activities imposed by the Exchange, where it has been charged	Not Compoundable						Not Compoundable
7.3 Exchange's Powers upon Occurrence of Adverse Events								
7.3	Member, Approved Trader or Registered Representative to comply with the requirements of the Exchange upon the occurrence of an Adverse Event	Not Compoundable						Not Compoundable
7.4 Investigations by the Exchange								
7.4.3	Member and its officers, Approved Trader or Registered Representative to cooperate with investigations	Not Compoundable						Not Compoundable
7.4.4	Member, Approved Trader or Registered Representative not to wilfully make, furnish,	Not Compoundable						Not Compoundable

	or permit the making or furnishing of false or misleading information		
7.4.6	Member, Approved Trader or Registered Representative to provide information as required by the Exchange	Not Compoundable	Not Compoundable
7.7	Disciplinary Committee Proceedings		
7.7.5(b)	Person charged and sponsoring corporate Member not to disclose information received in relation to the charge and to give written undertaking to that effect	Not Compoundable	Not Compoundable
7.10	Appeals Proceedings		
7.10.6(b)	Person charged and sponsoring corporate Member not to disclose information received in relation to the charge and to give written undertaking to that effect	Not Compoundable	Not Compoundable

Added on [16 May 2011](#).