

AMENDMENTS TO SGX-ST PRACTICE NOTES 8.2.2 AND 8.6

PRACTICE NOTE 8.2.2 — PROCEDURES FOR CONTINGENCY ORDER WITHDRAWAL

Issue Date	Cross Reference	Enquiries
Added on 2 November 2005, amended on 3 April 2008, <u>and</u> 26 March 2012 <u>and</u> 26 August 2013.	Rule 8.2.2 (1) Rule 8.2.2 (3) Rule 8.2.2 (4)	Please contact Securities Market Control:— Hotline: 6236 8820

1 Introduction

- 1.1 This Practice Note explains the circumstances, conditions and operational procedures pursuant to which SGX-ST would assist Members effect order withdrawals.
- 1.2 Rules 8.2.2 (1), (3) and (4) state that withdrawal of orders are allowed during certain market phases, in particular the Pre-Open/Pre-Close, Trading and Adjust phases. Generally, Members may withdraw their orders at anytime provided that they do so in accordance with their respective internal operational and risk management procedures and applicable laws. However, SGX-ST recognizes that in certain circumstances Members are unable to effect order withdrawals without the assistance of SGX-ST.

2 Technical Fault and Withdrawal by SGX on Reasonable Efforts Basis

- 2.1 In the event of Technical Faults, SGX-ST would assist in effecting order withdrawals at the request of the Members and subject to the terms and procedures set forth below. "**Technical Faults**" as used herein refers to any loss of connection to the Trading System or any technical defects in any equipment, system, device or market facility which prevents a Member from effecting order withdrawals without SGX-ST's assistance.
- 2.2 Order withdrawal by SGX-ST in the event of a Technical Fault would be effected on a reasonable endeavours basis. The Member agrees that SGX-ST has no liability for order withdrawals and related activities conducted on behalf of a Member.
- 2.3 The Member indemnifies and will keep indemnified SGX-ST against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts

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against or incurred by SGX-ST arising out of or in connection with any action taken or any inaction by any of SGX-ST, or its officers, employers, agents, delegates or contractors with respect of such order withdrawals.

2.4 For the avoidance of doubt, nothing in this Practice Note should be construed as limiting a 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 Members may request SGX-ST to withdraw orders at the following levels:

- a) Individual Order level : based on Order ID no.
- b) Firm level : based on Member Company Code / SGX Access User ID no.
(where the firm has more than one SGX Access connection, it is possible to withdraw orders based on specific SGX Access User ID no)
- c) Client level : based on Client Account no of a specific SGX Access User ID no.

3 Operational Safeguards and Discrepancies

3.1 A Member must comply with the instructions and directions issued by SGX Securities Market Control when effecting order withdrawals as contemplated herein. SGX-ST also reserves the right to refuse any such request without providing any reason.

3.2 All verbal requests for order withdrawals ("**Request**") would be recorded by SGX-ST. Members are also required to comply with various operational safeguards and procedures as issued by Securities Market Control from time to time including matters relating to the:

- (a) Appointment of Authorized Officers by Members to effect order withdrawals and the provision of authentication details in connection therewith

(aa) Prompt notification to Securities Market Control of any changes to Authorized Officers, and any changes to an Authorized Officer's information

- (b) Effecting Request via telephone numbers as designated by SGX-ST with verification by Securities Market Control on the identity of the caller by requiring the caller to respond correctly to two authentication questions

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- (c) Submission of an Order Withdrawal Form with the material information as requested by SGX-ST
 - (d) Processing of Request at firm level, [client level](#) and individual levels
- 3.3 If a Member finds any discrepancies between the Order Withdrawal Form and the Request, the Member should notify SGX [Securities](#) Market Control immediately with details of such discrepancies. Depending on the nature of the discrepancy, SGX [Securities](#) Market Control would generally rely on the voice recording for its post-withdrawal investigations.

PRACTICE NOTE 8.6 – APPLICATION OF THE FORCED ORDER RANGE

Issue Date	Cross Reference	Enquiries
Added on 4 July 2011, amended on 25 October 2012 and 26 August 2013.	Rule 8.6	Please contact Enforcement: Ms Angelina Foo 6236 8842 Mr David Quinn 6236 8552 or enforcement@sgx.com

1 Introduction

- 1.1 This Practice Note explains the application of the Forced Order Range as an error trade prevention measure.
- 1.2 Unless otherwise determined by SGX-ST, the Forced Order Range of the following products shall be as follows:

S/N	Product	Price Range (\$)	Minimum Bid Size (\$)	Forced Order Range
1	Stocks (including preference shares), Real Estate Investment Trusts (REITS), business trusts, warrants and any other class of securities or Futures Contracts not specified in this Rule 8.3.3	Below 0.20	0.001	+/- 20 bids
		0.20 – 1.995	0.005	
		2.00 and above	0.01	
2	Exchange traded funds and debentures	All	0.01 or 0.001 as determined by SGX-ST	+/- 30 bids

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3	Bonds and loan stocks	All	0.001	
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1.3 Subject to paragraph 1.4 of this Practice Note 8.6, SGX-ST provides a pre-execution mechanism, known as the Forced Key function, to mitigate the occurrence of error trades resulting from errors in the entry of order prices. Orders entered at prices outside the Forced Order Range must be confirmed by using the Forced Key function, before the orders may be submitted.

1.3A The Forced Key function will not be applicable prior to the first trade on the first day of trading of the following:

(a) any newly-listed instrument; and

(b) shares of a company immediately following a consolidation or subdivision of the shares.

1.4 The Forced Key function is intended to complement, and not replace, Members' responsibility to adopt adequate and appropriate measures and practices to safeguard against the execution of error trades.

2 Risk Management Control

2.1 In order to mitigate the occurrence of error trades resulting from errors in the entry of order prices, Members should:

- (a) ensure that the Forced Key alert is available;
- (b) encourage Trading Representatives to exercise judgment when accepting an instruction from a customer to execute an order priced outside the Forced Order Range; and
- (c) ensure that procedures are in place to determine if there are legitimate commercial reasons for orders priced outside the Forced Order Range

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