

AMENDMENTS TO SGX-ST RULES

RULE	RATIONALE/ PURPOSE OF AMENDMENT	NEW / AMENDED RULES
8.7		8.7 DIRECT BUSINESS [.]
8.7.4	This Rule requires the Trading Member or its Trading Representative to report whether the sell leg of a married trade is a Short Sell Order or a normal sell order.	8.7.4 Direct Business must be reported through the married trade reporting system of the Trading System under Rule 8.7.5. The price, quantity, and counterparty, <u>and other details as required under Rule 8A.3.1</u> must be reported.
		<u>CHAPTER 8A: MARKING OF SELL ORDERS</u>
<u>8A.1</u>		<u>8A.1 DEFINITIONS</u>
<u>8A.1.1</u>	This Rule sets out the definition of a Short Sell Order.	<u>8A.1.1 In this chapter, "Short Sell Order" refers to any sell order where the seller does not own in full the quantity of the security to be sold at the time of placing the order.</u>
<u>8A.2</u>		<u>8A.2 OWNERSHIP OF SECURITIES</u>
<u>8A.2.1</u>	This Rule sets out the situations where a seller is deemed to own a security. Accordingly, these are normal sell order. Any sell order for securities which the seller does not own under this Rule is defined as a Short Sell Order. The seller or his Trading Member must mark the sell order as a Short Sell Order at the point of order entry.	<u>8A.2.1 For the purposes of Rule 8A.1.1, a seller shall be deemed to own a security if:</u> <u>(a) he is the legal or beneficial owner of the security, unless such ownership is pursuant to a securities borrowing agreement;</u> <u>(b) he:</u> <u>(i) has purchased or has entered into an unconditional contract to purchase the security, but has not yet received delivery of such security;</u>

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	<p>This Rule has been amended following public consultation to reflect that it is sufficient that a securities lender has a right of recall under the relevant securities lending agreement. He is not required to recall the security before he enters a sell order.</p>	<p><u>(ii) has tendered other securities for conversion or exchange or has issued irrevocable instructions to convert or exchange other securities into the security, but has not yet received delivery of such security;</u></p> <p><u>(iii) has a right or an obligation to purchase the security under an option and such option has been exercised, but has not yet received delivery of such security; or</u></p> <p><u>(iv) has a right or warrant to subscribe for the security and such right or warrant has been exercised, but has not yet received delivery of such security; and</u></p> <p><u>the delivery referred to in (i) to (iv) would, in the ordinary course, be before the settlement of the sale of the security; or</u></p> <p><u>(c) he has lent a security pursuant to a securities lending agreement as a result of which he is no longer the legal or beneficial owner but has a right of recall under the securities lending agreement.</u></p>
8A.3		8A.3 MARKING OF SELL ORDERS
8A.3.1	<p>This Rule requires sell orders placed in the Trading System to be marked as either a normal sell order or a Short Sell Order. The Trading Member and its Trading Representative are responsible for ensuring that all sell orders are marked as a normal sell order or a Short Sell Order.</p>	<p>8A.3.1 All sell orders for securities shall be marked to indicate whether it is a Short Sell Order or otherwise. A Trading Member and its Trading Representative shall not enter a sell order in the Trading System if a customer has not indicated whether the sell order is a Short Sell Order or a normal sell order.</p>
8A.3.2	<p>This Rule requires the Trading Member or its Trading Representative to report whether the sell leg of a married trade</p>	<p>8A.3.2 The requirement to mark sell orders as set out in Rule 8A.3.1 shall include Direct Business reported through</p>

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	is a Short Sell Order or a normal sell order.	the married trade reporting system of the Trading System pursuant to Rule 8.7
8A.3.3	While a Trading Member is not required to verify that a sell order is marked correctly, it must put in place the necessary procedures and systems to facilitate the marking of sell orders by their customers.	8A.3.3 A Trading Member shall ensure that the necessary procedures and systems are implemented to facilitate compliance with the obligations set out in Rule 8A.3.1.
8A.4		8A.4 EXEMPTIONS
8A.4.1	This Rule provides SGX-ST with the discretion to exempt the marking of sell orders for specific securities.	8A.4.1 SGX-ST may, at its discretion, exempt any specific security from the requirement to mark as set out in Rule 8A.3.1.
8A.4.2	This Rule provides SGX-ST with the discretion to waive the requirement for market makers and such other class of market makers that SGX-ST determines eligible to mark sell orders.	8A.4.2 SGX-ST may, at its discretion, waive the requirement to mark sell orders for: (a) market makers; or (b) such class of market participants that SGX-ST may determine in its discretion from time to time.
8A.4.3	This Rule provides that Trading Members are not required to mark sell orders in respect of securities and market participants that have been exempted by SGX-ST.	8A.4.3 A Trading Member shall not be required to comply with Rule 8A.3.1 in respect of sell orders from such market participants or in such securities as exempted by SGX-ST.
8A.5		8A.5 PUBLICATION OF REPORT
8A.5.1	This Rule sets out that the aggregated statistics for Short Sell Orders would be published before the start of each Market Day.	8A.5.1 SGX-ST shall report before the start of each Market Day the aggregate volume of Short Sell Orders matched and executed for the preceding Market Day and in respect of each security for which marking is required. 8A.5.2 SGX-ST may subsequently report corrections to such

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		<u>aggregate volume of Short Sell Orders matched and executed that have been reported pursuant to Rule 8A.5.1.</u>
<u>8A.6</u>		<u>8A.6 REPORTING OF ERRONEOUSLY MARKED SELL ORDERS</u>
<u>8A.6.1</u>	This Rule is added to indicate that Trading Members may submit a report of erroneously marked sell orders through a facility provided by SGX-ST. The procedures for submission of the report are set out in Appendix 1 of Practice Note 8A.3.3, 8A.4.1, 8A.4.2, 8A.6.2.	<u>8A.6.1 A Trading Member may submit a report of erroneously marked sell orders through such facility that is provided by SGX-ST.</u>
<u>8A.6.2</u>	<p>Only reports which are submitted in the format prescribed by SGX and received by SGX by the stipulated time will be processed. As the reported short sell information will be corrected based on the additional information submitted by the Trading Member, wrong information will result in inaccurate short sell information being reported.</p> <p>This Rule is added to require the Trading Member to adopt a level of care when using this facility to report erroneously marked sell orders.</p>	<u>8A.6.2 A Trading Member shall ensure that the report:</u> <u>(a) adheres to the requirements for submission established by SGX-ST; and</u> <u>(b) is complete and accurate.</u>

SGX-ST TRADING RULES – APPENDIX A

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by SGX-ST, where SGX-ST has Determined the Trading Member, Approved Executive Director and/or Trading Representative to be Liable Mandatory									Mandatory minimum penalty imposable by the Disciplinary Committee
Rule Chapter/ Number	Brief Description of Rule		Trading Members (or Designated Market Maker, where applicable)			Approved Executive Directors			Trading Representatives (or Market Making Representative, where applicable)			
			1 st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	1st Violation	2nd Violation	3rd Violation	
Chapter 8A – Marking of Sell Orders												
8A.3	Marking Of Sell Orders											
8A.3.1	Trading Member or Trading Representative not to enter a sell order in the Trading System if a customer has not indicated whether the sell order is a Short Sell Order or a normal sell order.	Compoundable	\$500	\$1,000	\$2,000	N.A.	N.A.	N.A.	\$250	\$500	\$1,000	N.A.
8A.3.2	Trading Member or Trading Representative not to report Direct Business through the married trade reporting system in the Trading System if a customer has not indicated whether the Direct Business sell order is a Short Sell Order or a normal sell order.	Compoundable	\$500	\$1,000	\$2,000	N.A.	N.A.	N.A.	\$250	\$500	\$1,000	N.A.

