

Practice Note 8.6

Application of the Forced Order Range

Issue Date	Cross Reference	Enquiries
4 July 2011	Rule 8.6	Please contact Enforcement: Ms Annie Chen 6236 8842 Mr Adrian Tan 6236 8815

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
3	Bonds and loan stocks	All	0.001	

- 1.3 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.

- 1.4 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 CONTROLS

- 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.