



News Release

10 October 2017

SGX proposes changes to rules on securities trading and market practices

Singapore Exchange (SGX) is seeking public feedback on a raft of proposed changes to SGX's rules on securities trading and market practices.

The proposed changes were developed in active consultation with our members. Objectives of the proposed changes include adopting a more principles-based, rather than prescriptive, approach and ensuring rules remain relevant as market practices evolve. For example, trading members will have full flexibility to set the amount of security deposit required of a remisier after conducting a credit assessment. They can also negotiate the terms of their agreement with their remisiers. This eases the entry of new remisiers to the industry.

SGX will also no longer mandate senior management pre-approval for staff securities trading so long measures are in place to guard against the misuse of confidential information. Trading representatives (TRs) engaging in their own business activities - apart from trading in securities - also no longer require SGX's oversight; members will be responsible for ensuring that such activities do not conflict with the TR's trading activities and compromise customers' interest.

The proposed changes will also clarify current market practices and situations. Exchange practices relating to, for example, securities trading and error trade will be formalised. Rules requiring a member to obtain written customer acknowledgement each time a TR starts mobile broking will be removed. Members nonetheless need to provide appropriate risk disclosures to customers.

Requirements governing customer account opening will become less prescriptive; members are to ensure that any account opening is duly authorised.

Management oversight of a securities broking firm is vested upon persons who are registered as approved executive directors with SGX. While registering of the CEO is currently practised by all members, many also register their executive directors with SGX. We propose to require only CEO registration as this person is ultimately responsible for the day-to-day management of the entire member firm and its activities.

In addition, product definitions will be introduced or amended to make clear the applicability of the rules given the definitional changes in the Securities & Futures Act.

The public consultation is open till 7 November 2017 and the consultation paper is found here: http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult_pub/consult_papers

Feedback can be sent to:

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About Singapore Exchange

Singapore Exchange is Asia's leading and trusted market infrastructure, operating equity, fixed income and derivatives markets to the highest regulatory standards. As Asia's most international, multi-asset exchange, SGX provides listing, trading, clearing, settlement, depository and data services, with about 40% of listed companies and 75% of listed bonds originating outside of Singapore.

SGX is the world's most liquid offshore market for the benchmark equity indices of China, India, Japan and ASEAN and offers commodities and currency derivatives products. Headquartered in AAA-rated Singapore, SGX is globally recognised for its risk management and clearing capabilities. For more information, please visit www.sgx.com.

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