

CHAPTER 8 TRADING**PART A AUTOMATED TRADING SYSTEM****8.01 General**

All the provisions in this Chapter are only applicable to On-Market Transactions whether traded in Board Lots or Odd Lots.

8.02 Trading days, trading sessions and trading hours

Trading of securities will be carried out in trading sessions, trading hours and trading phases as prescribed by the Exchange.

8.03 Trading status

- (1) The Exchange may prescribe when orders in respect of securities may be entered, modified or cancelled (“the Trading Status”).
- (2) Participating Organisations must give effect to the Trading Status.

8.04 Keying-In of Orders

- (1) A Participating Organisation must not allow any person other than an ATS Operator or a DMA Client to enter, modify or cancel orders into the order book in the ATS.
- (2) A Participating Organisation is responsible for all orders entered, modified or cancelled into the order book in the ATS by its ATS Operators or DMA Clients.

8.05 Orders

- (1) A Participating Organisation and an ATS Operator must comply with the following for orders entered into the order book in the ATS:
 - (a) all orders entered must contain such particulars or information as specified by the Exchange;
 - (b) for Board Lots, the quantity for a single order of securities entered must not exceed the amount prescribed by the Exchange;
 - (c) the price of an order entered must be based on the Tick size or multiples of the Tick size; and
 - (d) any order entered except in relation to an On-Market Married Transaction, may be modified or cancelled if the modification or cancellation is prior to the matching of the order and not with the intention to create a misleading impression of market activity;
- (2) A Participating Organisation and an ATS Operator must enter orders into the order book in the ATS correctly and accurately, particularly in relation to the stock code, price and volume of the orders.
- (3) A Participating Organisation must ensure that all trades executed and matched in accordance with Part A of Chapter 8 are delivered and settled in accordance with Chapter 9 of these Rules.

8.06 Types of orders

The Exchange will prescribe the types of orders that may be entered by Participating Organisations into the ATS.

8.07 Validity condition

- (1) The Exchange will prescribe the duration for which any order entered into the system remains valid ("Validity Condition").
- (2) A Participating Organisation must specify the Validity Condition when entering any order into the ATS.

8.08 Order matching

- (1) An order will be matched based on the matching algorithm prescribed by the Exchange.
- (2) An order entered into the ATS and matched in accordance with Rule 8.08(1) is deemed executed except if:
 - (a) the matching of the order results in a breach of the price limits referred to in Rules 8.13 and 8.13A; and
 - (b) in such circumstances as may be stipulated in these Rules or Directives.
- (3) A Participating Organisation is deemed to have entered into a firm and binding contract once the order is matched and executed in the ATS in accordance with Rule 8.08(1). The Contract cannot be -
 - (a) amended except as provided under Rule 8.09;
 - (b) price adjusted except as provided under Rule 8.12A; or
 - (c) cancelled except in the circumstances provided under Rule 8.10.

8.09 Contract Amendment

A Participating Organisation and its Dealer's Representative may amend a Contract only if:

- (a) the amendment is on the Securities Account number;
- (b) the amendment is as a result of an error;
- (c) the amendment will not result in a change of the original party who placed the order and for whom the order was supposed to be executed for, if not for the error; and
- (d) the amendment is made within the time determined by the Exchange.

8.10 Cancellation of Contract

- (1) The Exchange may cancel a Contract or part of a Contract in any of the following circumstances:
 - (a) erroneous execution of a Contract, where the buying and selling Participating Organisations and their respective Clients, where applicable agree to the cancellation

of such Contract and the Exchange has received a request for such cancellation by both the buying and selling Participating Organisations;

- (b) erroneous execution of a Contract arising from:
 - (i) a system failure or malfunction in the ATS or in any other system, service or facility of the Exchange; or
 - (ii) a mistake in the entries made by the Exchange in the ATS;
 - (c) erroneous execution of a Contract arising from:
 - (i) a system failure or malfunction in the trading system, service or facility of the Participating Organisation; or
 - (ii) the unauthorised entry of an order; and
 - (d) if in the opinion of the Exchange, there is an erroneous execution of a Contract which may pose a systemic risk to the Clearing House if the Contract is not cancelled by the Exchange.
- (2) Upon the occurrence of any of the circumstances set out in Rule 8.10(1), the Exchange may suspend trading on the ATS or take any other action the Exchange deems fit or both.
 - (3) Any cancellation of a Contract or part of the Contract in accordance with Rule 8.10(1) will be effected on the day on which the Contract is executed and will be irrevocable.
 - (4) If a Participating Organisation is not satisfied with the cancellation made pursuant to Rule 8.10(1), the Participating Organisation may apply to the Exchange for a review of the cancellation. The application for review must be made on the same Market Day cancellation.
 - (5) Without prejudice to the rights of the Exchange under these Rules and the law, the Exchange may take any action it deems fit arising from the review in Rule 8.10(4) except an action to revoke the cancellation done in accordance with Rule 8.10(1).
 - (6) For the purposes of Rules 8.10(1)(b) and (d) and Rule 8.11 below, a “Contract” may include any other Contracts that may have been executed arising from the Contract that was erroneously executed.
 - (7) For the purposes of Rule 8.10(1)(c) and Rule 8.12 below, the following phrases have the following meanings –
 - (a) “system failure or malfunction in the trading system, service or facility of the Participating Organisation” refers to any one or more of the following circumstances:
 - (i) power outage that caused the order management system to be down;
 - (ii) hardware failure of the order management system (including application server, database server and network equipment);
 - (iii) computer virus or malware being introduced to the order management system that incapacitates the order management system or a denial of service attack (DDOS) that floods the network traffic; and
 - (iv) such other circumstances as the Exchange may prescribe; and
 - (b) “unauthorised entry of an order” refers to an order entered or caused to be entered into the Participating Organisation’s order management system by a person who had secured unauthorised access to that system through compromising its security features, or such other circumstances as the Exchange may prescribe.

8.11 Procedure in respect of a cancellation of Contract under Rule 8.10(1)(b) or (d)

- (1) The Exchange may exercise any one or more of the following powers upon the occurrence of any of the circumstances set out in Rule 8.10(1)(b) or (d):
 - (a) immediately notify the market of the Contract or part of the Contract which may be cancelled;
 - (b) cancel the Contract if the Exchange is satisfied that it is in the interest of an orderly and fair market to do so; and
 - (c) in respect of the occurrence of the circumstance set out in Rule 8.10(1)(d),
 - (i) cancel the Contract or part of the Contract; and
 - (ii) require the counterparty Participating Organisation to pay to the Participating Organisation any net gains arising from the sale of such securities in order to facilitate the settlement of the Contract, if the counterparty Participating Organisation had onward sold any of the securities purchased under the Contract and the Exchange decides not to cancel the Contract or any part of the Contract.
- (2) The Exchange will immediately notify the market of the details of the Contract or part of the Contract cancelled and the reasons for the cancellation.

8.12 Procedure in respect of a cancellation of Contract under Rule 8.10(1)(c)

- (1) A Participating Organisation may request the Exchange to cancel a Contract upon the occurrence of any of the circumstances set out in Rule 8.10(1)(c) (such Contract is referred to as “the PO’s Erroneous Contract”) if:
 - (a) the order entered for the PO’s Erroneous Contract is for Board Lot(s) and is of a type prescribed by the Exchange;
 - (b) the order entered for the PO’s Erroneous Contract is executed during the trading phase(s) prescribed by the Exchange;
 - (c) the Participating Organisation makes the request to the Exchange within such timeframe as prescribed by the Exchange;
 - (d) the potential trading loss if the PO’s Erroneous Contract is not cancelled is not less than such amount as prescribed by the Exchange; and
 - (e) the PO’s Erroneous Contract or the Participating Organisation fulfils such other terms as the Exchange may stipulate.
- (2) The Exchange may exercise any one or more of the following powers, upon receipt of a request to cancel a PO’s Erroneous Contract:
 - (a) immediately notify the counterparty Participating Organisation of the PO’s Erroneous Contract of the request;
 - (b) cancel the PO’s Erroneous Contract or part of the PO’s Erroneous Contract;
 - (c) require the counterparty Participating Organisation to pay to the Participating Organisation any net gains arising from the sale of such securities in order to facilitate the settlement of the PO’s Erroneous Contract, if the counterparty Participating Organisation had onward sold any of the securities purchased under the PO’s

Erroneous Contract and the Exchange decides not to cancel the Erroneous Contract or any part of the PO's Erroneous Contract; and

- (d) take any other action it deems fit in lieu of cancellation.
- (3) The Exchange will immediately notify the Participating Organisation and the counterparty Participating Organisation of its decision and the details of the Contract or part of the Contract which will be cancelled, if applicable.
- (4) If the Exchange decides to cancel the Contract or part of the Contract, the Exchange may notify the market of such decision.

8.12A Price Adjustment of a Contract

- (1) A Participating Organisation may request the Exchange to adjust the price of a Contract in the event of an erroneous execution of the Contract if:
 - (a) the order entered for such Contract is for Board Lot(s) and is of a type prescribed by the Exchange;
 - (b) the order entered for such Contract is executed during the trading phase(s) prescribed by the Exchange;
 - (c) the price at which the Contract is executed falls outside the range prescribed by the Exchange as the No Adjustment Range;
 - (d) the Participating Organisation makes the request to the Exchange within such timeframe as prescribed by the Exchange;
 - (e) the potential trading loss if the price of the Contract is not adjusted is not less than such amount as prescribed by the Exchange; and
 - (f) the Contract or the Participating Organisation fulfils such other terms as the Exchange may stipulate.
- (2) The Exchange may exercise any one or more of the following powers, upon receipt of a request to adjust the price of a Contract:
 - (a) notify the counterparty Participating Organisation of the Contract of such request;
 - (b) notify the Clearing House of such request; and
 - (c) adjust the price of the Contract to the nearest price within the No Adjustment Range or take any other action it deems fit in lieu of adjusting the price of the Contract.
- (3) For the avoidance of doubt, any price adjustment of the erroneous Contract made under this Rule 8.12A will not be performed in relation to any other Contracts that may have been executed arising from such erroneous Contract executed by the Participating Organisation.
- (4) A decision by the Exchange on whether to adjust the price of a Contract will be made on the day on which the Contract is executed.
- (5) The Exchange will immediately notify the Participating Organisation, the counterparty Participating Organisation of the Contract and the Clearing House of its decision and the details of the Contract which will be price adjusted, if applicable.
- (6) If the Exchange decides to adjust the price of a Contract, the Exchange may notify the market of such decision.

8.12B Action against the Participating Organisation

The Exchange may take any action against the Participating Organisation or the ATS Operator for any breaches of these Rules, even if the Contract or part of the Contract has been cancelled under Rule 8.10 or price adjusted under Rule 8.12A respectively.

8.12C Indemnity

The Participating Organisation shall indemnify and hold indemnified the Exchange for or against any loss, damage, cost, expense, liability or claim suffered or incurred by the Exchange, whether directly or otherwise arising from or in connection with a request for cancellation or price adjustment made under Rule 8.12 and Rule 8.12A respectively.

8.13 Static price limits

- (1) If a Participating Organisation enters orders for Board Lots at a price above the Upper Limit Price or below the Lower Limit Price, the orders will not be accepted by the ATS.
- (2) If a Participating Organisation enters orders for Odd Lots at a price above the Upper Limit Price or below the Lower Limit Price for Board Lots as stipulated in Rule 8.13(1), the orders will not be accepted by the ATS.
- (3) The Exchange may take any action it deems appropriate if a matching of an order for Board Lots or Odd Lots in the ATS results in a breach of the Upper Limit Price or Lower Limit Price.
- (4) The Exchange may change the Upper Limit Price and the Lower Limit Price.
- (5) If an Upper Limit Price or Lower Limit Price is reached on a Market Day and is followed by another Upper Limit Price or Lower Limit Price, as the case may be on the next Market Day, the Exchange may use the Upper Limit Price or the Lower Limit Price as the case may be of the last trading day as the Upper Limit Price or the Lower Limit Price for the next trading day or for such period as specified by the Exchange.
- (6) If the trading price for Board Lots of a particular securities has been maintained at the Upper Limit Price or the Lower Limit Price pursuant to Rule 8.13(5), the trading price for Odd Lots of that securities will also be maintained at the said price for such period as specified by the Exchange.

8.13A Dynamic price limits

- (1) The Exchange may prescribe upper and lower price limits at and within which the securities can be traded, to be applicable in such circumstances as may be stipulated by the Exchange (“Dynamic Limits”).
- (2) Any order for a Board Lot entered at a price outside of the Dynamic Limits will be executed where possible at prices equal to or within the Dynamic Limits, and the remaining unmatched quantity, if any, will be automatically cancelled by the ATS.
- (3) The Exchange may take any action it deems appropriate if a matching of an order for Board Lots in the ATS results in a breach of the Dynamic Limits.
- (4) The Exchange may change the Dynamic Limits.

8.13B Last Price Limits

- (1) The Exchange may prescribe upper and lower price limits at and within which orders may be entered during the pre-closing phase, to be applicable in such circumstances as may be stipulated by the Exchange (“Last Price Limits”).
- (2) Any order for a Board Lot entered at a price outside the Last Price Limits during the pre-closing phase, will not be accepted by the ATS.
- (3) The theoretical closing price during the pre-closing phase will be at or within the Last Price Limits.
- (4) The Exchange may take any action it deems appropriate if the theoretical closing price is erroneously calculated during the pre-closing phase due to any reasons whatsoever including orders being entered in breach of the Last Price Limits.
- (5) The Exchange may change the Last Price Limits.

8.14 On-Market Married Transaction

A Participating Organisation wishing to execute an On-Market Married Transaction must:

- (a) only allow buy and sell orders from within the same branch of the same Participating Organisation to be matched;
- (b) ensure that both the buy and sell orders are entered into the ATS by the same Dealer’s Representative;
- (c) only execute the On-Market Married Transaction during the trading phases specified by the Exchange;
- (d) only enter the type of orders for On-Market Married Transaction specified by the Exchange;
- (e) ensure that the On-Market Married Transaction is executed within the price limits determined by the Exchange;
- (f) not execute the On-Market Married Transaction for Regulated Short Selling, Permitted Short Selling, Intraday Short Selling and Day Trading;
- (g) not execute the On-Market Married Transaction in Odd Lots;
- (h) not amend or request for the cancellation of the On-Market Married Transaction unless as permitted under Rules 8.09 and 8.10; and
- (i) not execute the On-Market Married Transaction to close off the short position of an Intraday Short Selling.

[Refer to Directive No. 8.14-001]

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PART B DIRECT MARKET ACCESS

8.15 Definition

For the purpose of this Part B of Chapter 8, “DMA Order” means a Direct Market Access order.

8.16 General

(1) A Participating Organisation may provide Direct Market Access if:

- (a) the Direct Market Access complies with the requirements stipulated by the Exchange; and

[Refer to Directive No. 8-001]

- (b) the Direct Market Access is only provided to persons who comply with the requirements stipulated in Rule 8.18.

(2) For the avoidance of doubt, in addition to the provisions in this Part B of Chapter 8, all other provisions in these Rules will also apply to Participating Organisations and Registered Persons when providing Direct Market Access.

(3) Direct Market Access must only be made available for execution of On-Market Transactions and not Direct Business Transactions.

[Refer to Best Practice No. 8.16-001]

8.17 Automatic Risk Filters

A Participating Organisation must have appropriate automated risk filters to check or screen a DMA Order before the DMA Order is executed in the ATS, for the purpose of ensuring that the DMA Order does not affect the orderliness and fair functioning of the stock market of the Exchange.

[Refer to Directive No. 8-001]

8.18 Clients

(1) A Participating Organisation must only make Direct Market Access available to a Client and a person authorised by the Client to act on behalf of the Client who has:

- (a) knowledge of the process of entering DMA Orders;
- (b) knowledge of the requirements in these Rules in relation to trading on the stock market of the Exchange; and
- (c) knowledge of the relevant laws pertaining to trading on the stock market of the Exchange.

(2) A Participating Organisation must execute a written agreement with the Client to whom the Participating Organisation intends to provide Direct Market Access which addresses:

- (a) the duties, obligations and rights of the Participating Organisation and Client in relation to the Direct Market Access; and
- (b) the Client’s compliance with these Rules.

8.19 DMA Orders

- (1) A Participating Organisation is deemed to be the principal in relation to all trades effected through Direct Market Access and the Exchange will not recognise the interest of any third party.
- (2) All DMA Orders are deemed as orders submitted for execution in the ATS by a Dealer's Representative on behalf of a Client.

[Refer to Directive No. 8-001]

8.20 Actions by the Exchange

- (1) The Exchange may take any of the actions enumerated under Rule 8.20(2) summarily against any or all Participating Organisations or Registered Persons or in relation to any or all Direct Market Access if:
 - (a) there is a breach or likelihood of breach of any provision in Part B of Chapter 8; or
 - (b) the Direct Market Access may lead or is likely to lead to the commission of any offence under the Capital Markets and Services Act.
- (2) Pursuant to Rule 8.20(1), the following actions may be taken by the Exchange against any or all Participating Organisations or Registered Persons or in relation to any or all Direct Market Access:
 - (a) directing further Direct Market Access provided by a Participating Organisation to any or all of its Clients and the persons authorised by the Clients to be suspended or ceased; or
 - (b) imposing restrictions or conditions on the Direct Market Access provided by a Participating Organisation to any or all of its Clients and the persons authorised by the Clients.

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PART C REGULATED SHORT SELLING

8.21 Definitions

For the purpose of this Part C of Chapter 8, the following interpretations apply:

- (a) the word 'Client' includes the Participating Organisation where the Participating Organisation is executing Regulated Short Selling for itself; and
- (b) a reference in this Part C of Chapter 8 to a person associated with another person is construed as a reference to "Associated Person" in Section 3 of the Capital Markets and Services Act.

8.22 Regulated short selling

- (1) A Participating Organisation may execute short selling if the same is carried out in accordance with this Part C of Chapter 8.
- (2) A Participating Organisation must not execute Regulated Short Selling if the Client of the Participating Organisation or the person on whose behalf the Client of the Participating Organisation is executing the Regulated Short Selling, is associated with the body corporate that issued or made available the Approved Securities.
- (3) All other provisions in these Rules apply to Regulated Short Sales as if they were normal sales of securities.
- (4) Regulated Short Selling can only be carried out for Approved Securities by way of On-Market Transaction only.
- (5) The Exchange may declare any securities that meet with such criteria as prescribed by the Exchange as Approved Securities.

[Refer to Directives No. 8.22(5)-001 and 8.22(5)-002]

- (6) The Exchange may declare any securities as being no longer Approved Securities at any time if:
 - (a) the securities no longer meet the criteria for Approved Securities; or
 - (b) in any other circumstance it deems fit.
- (7) The Exchange may determine not to declare any securities as Approved Securities although the securities fulfil the criteria for Approved Securities.
- (8) The Exchange may vary the criteria for Approved Securities, with the prior approval of the Commission.

8.23 Commencement of Regulated Short Selling

A Participating Organisation may only commence its Regulated Short Selling activities if it:

- (a) has established internal guidelines for Regulated Short Selling as required by the Exchange;
- (b) has put in place systems and infrastructure including front office and back office systems which are operative and have all the relevant functionalities, requirements and

controls for the carrying out of Regulated Short Selling in accordance with this Part C of Chapter 8; and

- (c) submits a written declaration in the form as prescribed by the Exchange of its compliance with Rules 8.23(a) and 8.23(b) at least 2 Market Days before commencing its Regulated Short Selling activities.

[Refer to Directive No. 8-002]

8.24 *[Deleted]*

8.25 Designated trading account and Securities Account

- (1) A Participating Organisation must open a separate trading account designated as 'RSS', in the name of the Participating Organisation if it is executing Regulated Short Selling for itself or in the name of each Client if it is executing Regulated Short Selling for its Clients ("RSS Account").
- (2) A Participating Organisation must only execute Regulated Short Selling and transactions permitted under Rule 8.25(5) in the RSS Account.
- (3) A Participating Organisation intending to execute Regulated Short Selling in a Clearing Account must open a separate Clearing Account for that purpose and designate that account as 'RSS' together with the designation requirements as the Exchange may prescribe. Any reference in these Rules to 'RSS Account' is read to include a Clearing Account opened to execute Regulated Short Selling.
- (4) A Participating Organisation must, prior to opening a RSS Account:
 - (a) obtain confirmation in writing from the Client that the Client has a SBL Agreement or an ISSBNT Agreement in place; and
 - (b) bring to the notice of the Client that a copy of the SBL Agreement or the ISSBNT Agreement must be furnished when requested by the Exchange and that where there is a failure to do so, the Exchange may take appropriate action including directing the Participating Organisation to suspend trading for the Client; or
 - (c) if the RSS Account is to be opened in the name of the Participating Organisation, execute a SBL Agreement or an ISSBNT Agreement.
- (5) A Participating Organisation may execute purchases or make use of the purchases of securities in the RSS Account only for the following purposes:
 - (a) to contra in full or in part any Regulated Short Sale of an Approved Securities executed in the RSS Account;
 - (b) for redelivery under a SBL Agreement or an ISSBNT Agreement ("Approved Securities for Redelivery"); or
 - (c) to use the Approved Securities for Redelivery:
 - (i) to execute another Regulated Short Sale; or
 - (ii) for lending under a SBL Agreement or sale under an ISSBNT Agreement.

[Refer to Directive No. 8-002]

- (6) A Participating Organisation must open a separate Securities Account for each trading account opened pursuant to Rule 8.25(1) and Rule 8.25(3). This Securities Account must be designated in accordance with the Depository Rules or any directives issued by the Depository. A Participating Organisation can only utilize this Securities Account for the following purposes:
- (a) for settlement of Regulated Short Selling;
 - (b) for settlement of purchases as permitted under Rule 8.25(5);
 - (c) to hold securities for redelivery under a SBL Agreement or an ISSBNT Agreement; or
 - (d) to hold Approved Securities for executing the Regulated Short Sale, if the Securities Account is maintained in the name of a Participating Organisation, in its capacity as Authorised Nominee or Exempt Authorised Nominee, provided Rule 7.22(2) or 7.38(2) is complied with.
- (7) Where a Participating Organisation executes a purchase of securities in the RSS Account other than for the purposes stipulated in Rule 8.25(5) by reason of mistake, the Participating Organisation may sell the securities so purchased but the Head of Dealing must:
- (a) report the sale made to the Exchange not later than the end of the next Market Day from the date of the sale; and
 - (b) provide an explanation as to the cause of the mistake in the report.
- (8) Even though the Participating Organisation may sell the securities purchased by mistake as stipulated under Rule 8.25(7), this does not prejudice the Exchange's right to take action against the Participating Organisation for a breach of Rule 8.25(5).
- (9) The Exchange reserves its right to take action against a Participating Organisation for breach of Rule 8.25(5) if:
- (a) the Exchange is not satisfied that the purchase of securities as stipulated in Rule 8.25(7) arose from a mistake made by the Participating Organisation; or
 - (b) the mistake was caused by reason of a breach of the internal guidelines for short selling as required to be established under Rule 8.23(a).

8.26 Execution

- (1) A Participating Organisation must ensure the following conditions are met before entering an order for a Regulated Short Sale whether for itself or a Client:
- (a) the Approved Securities to be short sold have been borrowed through SBL or purchased through ISSBNT, as the case may be; or
 - (b) a confirmation has been obtained from an Authorised SBL Participant or Authorised ISSBNT Participant, as the case may be, that the Approved Securities to be short sold are available to settle the sale;
 - (c) the person for whom the order for a Regulated Short Sale is entered, is not associated in the manner referred to in Rule 8.21 with the body corporate that issued or made available the Approved Securities in relation to which the order for short sale is to be entered, and if the order for the Regulated Short Sale is for a Client, to obtain a confirmation from the Client in this respect;
 - (d) the order price of the Approved Securities to be entered into the ATS is in compliance with all requirements as may be prescribed by the Exchange; and

- (e) the order is entered into ATS through the screen designated in the ATS for Regulated Short Sale.
- (2) *[Deleted]*
- (3) A Participating Organisation must execute all orders for Regulated Short Sale in a Clearing Account on the same Market Day that the Client instructs for the order to be executed and cannot carry forward any order to the next Market Day even though the order remains unexecuted, whether fully or partially.
- (4) A Participating Organisation must keep documents relating to the requirements on Rules 8.26(1)(a), (b), (c) and (d) for at least 7 years. The documents must be either in writing, tape recording or electronic form.
- (5) The Head of Dealing is responsible to ensure that no Regulated Short Sale is executed in the ATS through a screen other than the screen designated in the ATS for Regulated Short Sale. If any Regulated Short Sale is executed through the screen not designated in the ATS for Regulated Short Sale, the Head of Dealing must report the same by the next Market Day to the Exchange.
- (6) No Regulated Short Sale can be executed by a Participating Organisation during the period where the Approved Securities have been declared as Designated Securities under Rule 7.14 when expressly directed by the Exchange.

8.27 Contract note for Regulated Short Sale

A Participating Organisation must upon execution of a Regulated Short Sale stipulate on the Contract Note issued by the Participating Organisation to the Client that the sale is a Regulated Short Sale.

8.28 Prohibition on amendments of contracts

- (1) Notwithstanding Rule 8.09, a Participating Organisation may not effect any amendment of Contract from a trading account or a Securities Account opened not for execution of a Regulated Short Sale to a trading account or Securities Account opened under Rule 8.25 for execution of a Regulated Short Sale.
- (2) A Head of Dealing is responsible to ensure that proper systems and procedures for review and monitoring are in place to ensure that all amendments of Contracts made in accordance with Rule 8.09 are not in breach of Rule 8.28(1).

8.29 Delivery and settlement

The Rules relating to delivery and settlement under Chapter 9 apply to Regulated Short Sales in the same manner as they apply to normal sales.

8.30 Reporting by Participating Organisation

Participating Organisations must report to the Exchange daily or in such other frequency as may be determined by the Exchange, in the format prescribed by the Exchange, the Net Short Position and any other information in relation to the Net Short Position as may be required by the Exchange from time to time.

[Refer to Directive No. 8-002]

8.31 Suspension of regulated short selling

Without affecting Rule 8.32, the Exchange may suspend any order entry into the order book in the ATS for any further Regulated Short Selling of Approved Securities, if the quantity of the total short position of an Approved Securities or a class of Approved Securities triggers such thresholds as may be prescribed by the Exchange.

[Refer to Directive No. 8-002]

(2) *[Deleted]*

(3) *[Deleted]*

(4) *[Deleted]*

(5) *[Deleted]*

8.32 Action by the Exchange

(1) The Exchange may take any of the actions enumerated under Rule 8.32(2) summarily against any or all Participating Organisations or Registered Persons or in relation to any or all Approved Securities if:

- (a) there is a breach or likelihood of breach of any provisions in this Part C of Chapter 8; or
- (b) the execution of a Regulated Short Sale may lead or is likely to lead to the commission of any of the offences under the Capital Markets and Services Act.

(2) Pursuant to Rule 8.32(1) the following actions may be taken by the Exchange against any or all Participating Organisations or Registered Persons or in relation to any or all Approved Securities:

- (a) directing further Regulated Short Selling by a Participating Organisation or Registered Person whether for the Participating Organisation or any or all of its Clients to be suspended or ceased;
- (b) imposing limits on the Net Short Positions or total short positions that may be held by a Participating Organisation or Registered Person whether for the Participating Organisation or any or all of its Clients; or
- (c) imposing restrictions or conditions on Regulated Short Selling carried out by a Participating Organisation or Registered Person whether for the Participating Organisation or any or all of its Clients.

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PART D INTRADAY SHORT SELLING

8.33 Definitions

For the purposes of this Part D of Chapter 8, the following interpretations apply:

- (a) the word “Client” includes the Participating Organisation where the Participating Organisation is executing Intraday Short Selling for itself; and
- (b) a reference in this Part D of Chapter 8 to a person associated with another person is construed as a reference to “associated person” in section 3 of the Capital Markets and Services Act.

8.34 Intraday Short Selling

- (1) A Participating Organisation may execute short selling with a view to closing off the short position within the same day, if the same is carried out in accordance with this Part D of Chapter 8.
- (2) A Participating Organisation must not allow a Client to execute Intraday Short Selling unless it is satisfied that the Client fulfils all such conditions prescribed by the Exchange for executing Intraday Short Selling.

[Refer to Directive No. 8-003]

- (3) Intraday Short Selling can only be carried out for Approved Securities by way of On-Market Transaction only.
- (4) The short selling of Approved Securities carried out under this Part D must be closed off with a buy position on the same day as the selling by way of On-Market Transaction only.
- (5) A Participating Organisation must not execute Intraday Short Selling if the Client of the Participating Organisation or the person on whose behalf the Client of the Participating Organisation is executing the Intraday Short Selling, is associated with the body corporate that issued or made available the Approved Securities.

8.35 Commencement of Intraday Short Selling

A Participating Organisation may only commence its Intraday Short Selling activities if it:

- (a) has established adequate and effective written policies and internal guidelines for Intraday Short Selling as required by the Exchange;

[Refer to Directive No. 5-001]

- (b) has put in place systems and infrastructure including front office and back office systems which are operative and have all the relevant functionalities, requirements and controls for the carrying out of Intraday Short Selling; and
- (c) submits a written declaration in the form as prescribed by the Exchange of its compliance with Rules 8.35(a) and 8.35(b) at least 2 Market Days before commencing its Intraday Short Selling activities.

[Refer to Directive No. 8-003]

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8.36 Execution

- (1) A Participating Organisation must execute all orders for Intraday Short Selling on the same Market Day that the Client instructs for the order to be executed and cannot carry forward any order to the next Market Day even though the order remains unexecuted, whether fully or partially.
- (2) No Intraday Short Selling can be executed by a Participating Organisation during the period where the Approved Securities have been declared as Designated Securities under Rule 7.14 when expressly directed by the Exchange.
- (3) A Participating Organisation must not execute any Intraday Short Selling through a Client's Margin Account.

8.37 Suspension of Intraday Short Selling

- (1) Without affecting Rule 8.41, the Exchange may suspend any order entry into the order book in the ATS for any further Intraday Short Selling of Approved Securities, if a suspension is imposed against the carrying out of Regulated Short Selling on an Approved Securities in accordance with Part C of Chapter 8.

[Refer to Directive No. 8-002]

- (2) Unless directed otherwise by the Exchange, the suspension imposed on Intraday Short Selling pursuant to Rule 8.37(1) may only be removed when the suspension imposed against the carrying out of Regulated Short Selling is lifted.

8.38 Suspension Following a Price Drop

The Exchange may suspend the Intraday Short Selling of any Approved Securities for the remaining Market Day from the time the suspension is instituted on that Market Day, if the Last Done Price of the Approved Securities significantly drops in such manner as may be prescribed by the Exchange.

8.39 Delivery and Settlement

The Rules relating to delivery and settlement under Chapter 9 apply to Intraday Short Selling in the same manner as they apply to normal sales.

8.40 Reporting by Participating Organisation

With reference to Rules 8.34(3) and 8.34(4), a Participating Organisation must report to the Exchange the net sell positions which have not been closed off on T day and any positions which are carried for securities which are not Approved Securities, in such frequency and manner as may be prescribed by the Exchange.

[Refer to Directive No. 8-003]

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8.41 Actions by the Exchange

- (1) The Exchange may take any of the actions enumerated under Rule 8.41(2) summarily against any or all Participating Organisations or Registered Persons or in relation to any or all Approved Securities if:
 - (a) there is a breach or likelihood of breach of any provisions in this Part D of Chapter 8; or
 - (b) Intraday Short Selling may lead or is likely to lead to the commission of any of the offences under the Capital Markets and Services Act.
- (2) Pursuant to Rule 8.41(1) the following actions may be taken by the Exchange against any or all Participating Organisations or Registered Persons or in relation to any or all Approved Securities:
 - (a) directing further Intraday Short Selling by a Participating Organisation or Registered Person whether for the Participating Organisation or any or all of its Clients to be suspended or ceased;
 - (b) imposing limits on the total short positions that may be held by a Participating Organisation or Registered Person whether for the Participating Organisation or any or all of its Clients; or
 - (c) imposing restrictions or conditions on Intraday Short Selling carried out by a Participating Organisation or Registered Person whether for the Participating Organisation or any or all of its Clients.

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PART E TRADING SUSPENSION

8.42 Trading Suspension

The Exchange may suspend trading of all or any of the securities quoted on the stock market of the Exchange if:

- (a) there is a significant drop in the Exchange’s benchmark composite index; or
- (b) a suspension from trading is imposed pursuant to these Rules or the Listing Requirements.

[End of Chapter]