

CHAPTER 10 DIRECT BUSINESS TRANSACTIONS

PART A GENERAL

10.01 General

- (1) A Direct Business Transaction is permitted if:
- (a) the Direct Business Transaction is reported to the Exchange in accordance with Rule 10.06;
 - (b) the delivery and settlement of securities arising from Direct Business Transaction is executed by way of book entries in the Securities Account in accordance with the requirements of the Clearing House and based on FDSS as stipulated in Schedule 3 or such requirements as may be specified by the Exchange;
 - (c) the Direct Business Transaction results in a change of the beneficial owner of the securities; and
 - (d) the prior approval of the Exchange is obtained for a Direct Business Transaction that meets the following criteria:
 - (i) quantity of the transaction is less than 50,000 units; and
 - (ii) at the time of reporting of the Direct Business Transaction pursuant to Rule 10.06, the price of the transaction triggers the obligations stated in Rules 10.09(2) and Rule 10.10(2),

except where the transaction is executed to fulfil an order that cannot be completed through an On-Market Transaction or to rectify an On-Market Transaction that has been erroneously executed.

[Refer to Directive No. 10.01(1)-001]

- (2) A Participating Organisation must apply to the Exchange for the prior approval as stated in Rule 10.01(1)(d) in the following manner:
- (a) at least 3 markets days prior to the reporting of the Direct Business Transaction under Rule 10.06; and
 - (b) by providing the information as stated in Rule 10.09(2)(a) and the document as stated in Rule 10.09(2)(b).
- (3) If an approval has been given for the Direct Business Transaction under Rule 10.01(1)(d), the Participating Organisation will not be subjected to the requirements in Rule 10.09(2) except in relation to the retention period of documents as stated in Rule 10.09(2)(c).
- (4) The computation of VWAP, where VWAP is referred to in this Chapter 10, will not include On-Market Married Transactions.

10.02 Prohibition

No Direct Business Transaction can be reported to the Exchange in relation to securities where a trading halt is imposed pursuant to the release of a material announcement by an Issuer under the Listing Requirements (“**trading halt**”) or

suspension from trading is imposed pursuant to these Rules or the Listing Requirements (“**suspension**”).

10.03 Delivery and settlement

- (1) Notwithstanding any provisions in the Clearing House Rules, a Participating Organisation must ensure that a Direct Business Transaction reported under Rule 10.06 is delivered and settled in full based on the day and time stipulated in this Rule 10.03.
- (2) If a Participating Organisation is a seller in a Direct Business Transaction, the Participating Organisation must deliver the securities in full by having the quantity of securities sold in the Direct Business Transaction as Tradeable Balance in the Securities Account of the seller not later than the day and time stipulated in Schedule 3.
- (3) If a Participating Organisation is a buyer in a Direct Business Transaction, the securities in the Direct Business Transaction will be delivered to the buyer’s Securities Account by the Clearing House by the day and time stipulated in Schedule 3, if both the selling and the buying Participating Organisation comply with the requirements in the Clearing House Rules on delivery and settlement of Direct Business Transactions.
- (4) If a Participating Organisation is a seller in a Direct Business Transaction, the Participating Organisation must settle the payment received for the Direct Business Transaction to the selling Client by the day and time stipulated in Schedule 3.
- (5) If a Participating Organisation is a buyer in a Direct Business Transaction, the Participating Organisation must receive the payment in full from the buying Client by the day and time stipulated in Schedule 3, if securities are delivered in accordance with Rule 10.03(2).
- (6) A Participating Organisation’s obligation to deliver and settle in full as stipulated in Rule 10.03(2) and Rule 10.03(5) is not waived even if the Clearing House clears and settles a Direct Business Transaction partially.

10.04 Selling Out

- (1) If a buying Client fails to pay a Participating Organisation in accordance with Rule 10.03, the Participating Organisation must institute a selling-out within the day and time stipulated in Schedule 3 against the Client.
- (2) A Participating Organisation may still accept payment from a Client who fails to pay for the Client’s purchases at any time prior to a selling-out being carried out.

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PART B MODE OF DIRECT BUSINESS TRANSACTIONS

10.05 Conduct of Direct Business Transactions

A Participating Organisation is deemed to act as a principal in respect of a Direct Business Transaction reported to the Exchange and the Exchange does not recognise the interest of any third party.

10.06 Reporting of Direct Business Transactions

- (1) The Participating Organisations who are parties to a Direct Business Transaction must enter the details of the Direct Business Transaction as required by the Exchange into the ATS.
- (2) The reporting of a Direct Business Transaction to the Exchange will not be accepted if one Participating Organisation fails to enter the exact corresponding information of the Direct Business Transaction.
- (3) The reporting of a Direct Business Transaction to the Exchange will be confirmed on the ATS as soon as the second Participating Organisation enters the corresponding information of the Direct Business Transaction into the ATS within the time frame stipulated by the Exchange.

10.07 Accuracy of reports

A Participating Organisation is responsible for the accuracy and correctness of all information on Direct Business Transactions reported to the Exchange.

10.08 Trading days, trading session and trading hours

The reporting of all Direct Business Transactions by a Participating Organisation to the Exchange is from 8.30 a.m. to 5.15 p.m. every day from Monday to Friday, except on any day that has been gazetted as a public holiday and other day on which the stock market of the Exchange is officially closed by the Exchange.

10.09 Price of Securities

- (1) A Direct Business Transaction can be transacted at any price as agreed between parties.
- (2) If the price of a Direct Business Transaction reported to the Exchange falls within the prices prescribed in Schedule 4, a Participating Organisation must comply with the following:
 - (a) submit the following information to the Exchange in writing by 12.30 p.m. on the next Market Day after Direct Business Transaction was reported to the Exchange:
 - (i) the details of the buyer and seller;
 - (ii) the number of securities involved and the price;
 - (iii) the basis on which the price of the Direct Business Transaction was agreed; and

- (iv) the reason for the Direct Business Transaction;
- (b) ensure that the Client executes the declaration in the form as prescribed by the Exchange; and

[Refer to Directive No. 10.01(1)-001]

- (c) maintain the following documents for at least 7 years:
 - (i) the declaration executed by the Client in the form as prescribed by the Exchange;
 - (ii) the written agreement evidencing the Direct Business Transaction; and
 - (iii) any other relevant documents in relation to the information referred to in Rule 10.09(2)(a).

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PART C THE FIRST DAY OF TRADING OF SECURITIES UPLIFTED FROM TRADING HALT OR SUSPENSION, LISTED AND QUOTED AND TRADING EX-ENTITLEMENT OR AFTER A CORPORATE ACTION

10.10 Reporting of Direct Business Transaction

- (1) No Direct Business Transaction can be reported under Rule 10.06 during the first hour on the first day of the trading or listing of the following securities:
 - (a) securities that have just been uplifted from a trading halt or suspension;
 - (b) securities that have just been listed and quoted on the Exchange, including securities quoted pursuant to a corporate action; and
 - (c) securities quoted on ex-entitlement basis
- (2) The Participating Organisation must comply with the obligations in Rule 10.09(2) for a Direct Business Transaction transacted on the securities mentioned in Rule 10.10(1) if the Direct Business Transaction was transacted at the prices stipulated in Schedule 5.
- (3) In relation to a Direct Business Transaction involving securities which are imposed with a trading halt, reporting under Rule 10.06 and the VWAP to be used to discharge the obligations mentioned in Rule 10.10(2) are set in the table below:

	Time of Release of Material Announcement	Trading Halt Period	When Direct Business Transactions can be reported under Rule 10.06	VWAP to be used to discharge the obligations under Rule 10.10(2)
(1)	Before the commencement of trading at 9.00am	9.00am to 10.00am	After 11.00am	VWAP of On-Market Trading ("OMT") session from 10.00am to 11.00am
(2)	9.00am until 10.30am	1 hour from the time the material announcement is released	1 hour after OMT session commences	VWAP of 1 hour of OMT Session
(3)	10.31am until 11.00am	1 hour from the time the material announcement is released	} <div style="border: 1px solid black; padding: 5px; display: inline-block;">After 3.30pm</div>	} <div style="border: 1px solid black; padding: 5px; display: inline-block;">VWAP of OMT session from 2.30p.m.to 3.30pm</div>
(4)	11.01 am and before 12.30 pm	From the time the material announcement is released until 12.30 pm		
(5)	12.30pm until 1.30pm	No trading halt will be Imposed		
(6)	1.31pm until 2.30pm	2.30pm to 3.30pm	After 4.30pm	VWAP of OMT session from 3.30pm to 4.30pm

(7)	2.31pm until 3.00pm	1 hour from the time the material announcement is released	1 hour after OMT session commences	VWAP of 1 hour of OMT Session
(8)	3.01pm until 3.30pm	1 hour from the time the material announcement is released	} Next Market Day 1 hour after OMT session commences	} Next Market Day VWAP of OMT session from 9.00am to 10.00am
(9)	3.31pm and before 5.00pm	From the time the material announcement is released until 5.00pm		

(4) The Participating Organisation must ensure that it complies with the obligations in Rule 10.09(2) for a Direct Business Transaction involving the securities mentioned in Rule 10.10(3), in the following circumstances:

- (a) if the price at which the Direct Business Transaction is transacted is either 15% or more above the VWAP or 15% or more below the VWAP referred to in Rule 10.10(3) (“OMT VWAP”); or
- (b) if the price at which the Direct Business Transaction is transacted is either 15% or more above the Reference Price or 15% or more below the Reference Price, where there is no OMT VWAP.

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PART D

**AMENDMENTS AND CANCELLATION OF DIRECT
BUSINESS TRANSACTIONS**

10.11 Amendments and Cancellation

- (1) A Direct Business Transaction that is reported to the Exchange in accordance with Rule 10.06(1) is a firm contract and cannot be cancelled.
- (2) A Participating Organisation may only amend details of a Direct Business Transaction reported to the Exchange in accordance with Rule 10.06(1) if the amendment is:
 - (a) arising from a keying-in error by a Participating Organisation; and
 - (b) effected not later than 5.15 p.m. on the day the Direct Business Transaction is reported.
- (3) The Participating Organisation must submit a report of the amendments effected under Rule 10.11(2) to the Exchange before the commencement of trading on the next Market Day.

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PART E

**FAILURE TO DELIVER OR TO MAKE PAYMENT
FOR A DIRECT BUSINESS TRANSACTION**

10.12 Action by the Exchange

- (1) Even if the Clearing House allows for partial delivery and settlement of a Direct Business Transaction, this does not prejudice the rights of the Exchange to take action against the selling Participating Organisation for any failure to deliver securities in full in accordance with Rule 10.03(2).
- (2) The Exchange may take action against the buying Participating Organisation for any failure to settle the amount due for a Direct Business Transaction in accordance with the Clearing House Rules.

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PART F SECURITIES COMMISSION LEVY

10.13 Claim

A Participating Organisation must pay to, or claim from, the Commission the difference on the levy imposed by the Commission arising from the failure of a buying or selling Participating Organisation in accordance with Part E of Chapter 10.

[End of Chapter]