

## DISCLOSURE DOCUMENTS

### Singapore Exchange Annex Trading on Singapore Exchange Securities Trading Limited and Singapore Exchange Derivatives Trading Limited; Clearing on Central Depository (Pte) Limited and Singapore Exchange Derivatives Clearing Limited

In these Disclosure Documents, any reference to:

- (i) the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"),
  - (ii) the Clearing Rules of the Singapore Exchange Derivatives Clearing Limited,
  - (iii) the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited
  - (iv) the Clearing Rules of The Central Depository (Pte) Limited or
  - (v) the Rules of the Singapore Exchange Securities Trading Limited,
- (for the purposes of these Disclosure Documents, together the "**laws, regulations and rules**"),

and a reference to any term as defined in the laws, regulations and rules or any provision in or extract of the laws, regulations and rules, as the case may be, is a reference to the laws, regulations and rules as modified or amended from time to time including by such of its subsidiary legislation, directives, practice notes, circulars and/or notices as may be applicable at the relevant time. Please refer to the relevant Singapore Exchange's website and Part XII Market Conduct of the SFA (<https://sso.agc.gov.sg/Act/SFA2001>) for more information.

#### **Part A: Rules for Omnibus Accounts**

The Client acknowledges that it has been made aware of Rule 2.19 (*Omnibus Account*) of the Clearing Rules of Singapore Exchange Derivatives Clearing Limited (for the purposes of this Part A, the "**Clearing House**"), Rule 3.3.3 and Rule 3.3.21 of the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited (the "**Exchange**") (as reproduced below) and undertakes to comply with such requirements as may be imposed by AACB in connection with an omnibus account for the purpose of ensuring AACB's compliance with Rule 2.19, Rule 3.3.3 and Rule 3.3.21.

#### **Reproduction of Rule 2.19**

##### **2.19 OMNIBUS ACCOUNT**

###### **1. Clearing Requirements**

A Clearing Member carrying Omnibus Accounts must maintain with the Clearing House a complete list of all such accounts, and shall notify the Clearing House in writing within three (3) Business Days from the time such an account is either opened or closed. Information for each Omnibus Account must include the account holder's name, account number and the account holder's address, and such other information as the Clearing House may require, and classification of the account as either "Customer" or "House".

###### **2. Restrictions**

The Clearing House is empowered to place restrictions or limitations on each Clearing Member which carries Omnibus Accounts. In making these determinations, the Clearing House may consider:-

- a. the number of Omnibus Accounts carried and volume of business of the Clearing Member;
- b. the financial condition of the Clearing Member and the Omnibus Account Holder in the light of requirements or standards determined by the Clearing House Committee; and

c. the Clearing Member's clearing facilities and capacity.

### 3. Responsibility

A Clearing Member that maintains an Omnibus Account shall be responsible to the Clearing House to ensure that the Omnibus Account is operated at all times in accordance with all relevant provisions of the Rules including the relevant rules on position limits and shall, without prejudice to any other liability it may have, indemnify the Clearing House for any loss or damage or prejudice that the Clearing House may suffer referable to a violation of this rule (including such loss, damage or costs the Clearing House incurs in taking such measures as it deems in good faith necessary to preserve the integrity of the Clearing House and/or the Exchange in relation to any claim referable to such violation).

### 4. Disclosure

An Omnibus Account Holder shall at all times disclose to the Clearing Member carrying that account the gross long and short positions held by that Omnibus Account in each commodity. Such Clearing Member shall immediately notify the Clearing House and shall promptly comply with all orders of the Clearing House if the Omnibus Account Holder fails to make such disclosure.

An Omnibus Account Holder shall, prior to the first delivery day in a Delivery Month or as otherwise required by the Clearing House, provide the Clearing Member carrying that account with a complete list of the purchase and sale dates of all open positions for that Delivery Month. Such list shall be kept up to date throughout the Delivery Month in order that the delivery procedure of the Clearing House not be impaired.

A Clearing Member that maintains an Omnibus Account shall ensure that its Omnibus Account Holders are aware of this Rule 2.19.

## **Reproduction of Rule 3.3.3**

### 3.3.3 Risk Disclosure Statement

A Member shall obtain a written acknowledgement from its Customer, in the form contemplated under the Act, that the Customer is aware of the risks associated with trading in Contracts. In the case of a Bank Trading Member, the written acknowledgement shall include an acknowledgement by the Customer that the Investor Compensation Scheme contemplated under Part XI of the Act does not apply in relation to the Bank Trading Member.

## **Reproduction of Rule 3.3.21**

### 3.3.21 Disclosures Relating to Omnibus Accounts

An Omnibus Account holder shall at all times disclose to the Member carrying that account the gross long and short positions held in that Omnibus Account in each contract. Such Member shall immediately notify the Exchange and shall promptly comply with all orders of the Exchange if the Omnibus Account holder fails to make such disclosure. A Member that carries Omnibus Accounts shall ensure that its Omnibus Account holders are aware of this Rule.

## **Part B: Notification of SGX-DT Rule 1.6**

A member company is required by the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited (for the purposes of this Part B, "**SGX-DT**" or the "**Exchange**") to

notify the Client of the following Rule 1.6 (*Exclusion of Liability, Disclaimer of Warranties & Statutory Immunity*) of the Rules and to satisfy itself that it is acceptable to the Client.

The Client acknowledges that it has been made aware of Rule 1.6 and that Rule 1.6 is acceptable to the Client.

### **Reproduction of Rule 1.6**

#### **1.6.1 No Liability for Loss.**

Unless otherwise expressly provided in this Rules or in any other agreements to which the Exchange is a party, none of the Exchange, its related corporations, SGX RegCo [Singapore Exchange Regulation Pte. Ltd.], any person or entity referred to under Rule 1.7.4 [to whom the Exchange may delegate, assign or grant authority to exercise any of its rights, powers, authorities and discretions under these Rules, including any right to enforce these Rules, in its sole discretion, without consent from any Trading Member], or their respective directors, officers, employees, representatives or agents shall be liable to any Person for any loss (consequential or otherwise, including, without limitation, loss of profit), damage, injury, or delay, whether direct or indirect, arising from or in connection with the following, or any thing done or not done as a direct or indirect consequence of the following:

- (a) any action taken in connection with the discharge of the Exchange's regulatory responsibilities including the suspension, interruption or closure of the Markets; or
- (b) any failure or malfunction of Exchange Systems.

“**Exchange Systems**” refers to any pre-trade, trade or post-trade systems, including the Trading System, operated by the Exchange in connection with the Markets.

#### **1.6.1A Indemnity to the Exchange**

(1) Each Trading Member indemnifies each of the Exchange, its related corporations, SGX RegCo, any person or entity referred to under Rule 1.7.4, and their respective directors, officers, employees, representatives and agents ("**Indemnified Persons**") against any loss or liability reasonably incurred or suffered by an Indemnified Persons where such loss or liability arose out of or in connection with:—

- (a) any breach by the Trading Member of its obligations under the Rules; or
- (b) any wilful, unlawful, reckless or negligent act or omission by the Trading Member.

(2) Without prejudice to the generality of Rule 1.6.1A(1), in the event that any legal, arbitration or other proceedings are brought to impose any liability on all or any of the Indemnified Persons for an alleged failure on the part of any Indemnified Person to prevent or to require action by a Trading Member or any of its directors, officers, employees, representatives or agents, the Trading Member shall reimburse the relevant Indemnified Person for:—

- (a) all expenses and legal fees incurred by or on behalf of the Indemnified Person in connection with such proceedings;
- (b) any payment made by or on behalf of the Indemnified Person with the approval of the Trading Member in connection with any settlement of such proceedings; and
- (c) any payment made by or on behalf of the Indemnified Person as a result of any order, award or judgment made in such proceedings.

The Trading Member shall render such co-operation as the Indemnified Person reasonably requires in respect of such proceedings including without limitation the production of any document or records.

(3) Without prejudice to Rule 1.6.1A(2), the Trading Member shall pay to an Indemnified Person, if the Indemnified Person so requires, the costs incurred by or on behalf of the Indemnified Person of producing or obtaining, pursuant to a court order or other legal process, records relating to the business or affairs of a Trading Member or any of its directors, officers, employees, representatives or agents, regardless of the party requiring such production or obtainment.

#### 1.6.2 Statutory Immunity.

As provided under the Act, the Exchange or any Person or entity acting on its behalf, including any person or entity referred to under Rule 1.7.4 and their respective directors, officers, employees, representatives, and agents, shall be immune from any criminal or civil liability for anything done (including any statement made) or omitted to be done with reasonable care and in good faith in the course of, or in connection with, the discharge or purported discharge of its obligations under the Act or this Rules.

#### 1.6.3 Disclaimer of Warranties.

All warranties and conditions, both express and implied as to condition, description, quality, performance, durability, or fitness for the purpose or otherwise of any of the Exchange Systems or any component thereof are excluded except as required by law. The Exchange does not warrant or forecast that the Exchange Systems, any component thereof or any services performed in respect thereof will meet the requirements of any user, or that operation of the Exchange Systems will be uninterrupted or error-free, or that any services performed in respect of the Exchange Systems will be uninterrupted or error-free.

#### 1.6.4 Index Related Disclaimers.

The Exchange, Index Provider and any other party involved in, or related to, making or compiling any index do not guarantee the originality, accuracy or completeness of such indices or any data included therein. Contracts on any index ("**Index Contracts**") are not sponsored, guaranteed or endorsed by the Index Provider or any other party involved in, or related to, making or compiling such indices. Neither the Index Provider nor any other party involved in, or related to, making or compiling any index makes any representations regarding the advisability of investing in such Index Contracts. Neither the Index Provider nor any other party involved in, or related to, making or compiling any index makes any warranty, express or implied, as to the results to be obtained by any person or any entity from the use of such index or any data included therein. Neither the Index Provider nor any other party involved in, or related to, making or compiling any MSCI Index makes any express or implied warranty, and expressly disclaims all warranties of merchantability and fitness for a particular purpose or use with respect to such index or any data included therein. Without limiting any of the foregoing, in no event shall an Index Provider or any other party involved in, or related to, making or compiling any index have any liability for any direct, special punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages. In addition, neither the Exchange, an Index Provider nor any other party involved in, or related to, making or compiling any index shall have any liability for damages, claims, losses or expenses relating to any futures or options contracts that may be caused by any errors or delays in calculating or disseminating such index.

"**Index Provider**" as used herein refers to MSCI, FTSE, IISL, NKS or such other index provider and their respective affiliates with whom the Exchange has or shall enter into agreements with for the creation and exploitation of indices and index-linked products.

#### 1.6.5 Notification to Customers.

Members shall notify Customers of the above exclusion of liability and disclaimer of warranty by the Exchange either by way of inclusion in the contracts granting access to the Markets or such other manner as approved by the Exchange.

### **Part C: Cooperation required during Inspection and Audit**

A member company is required by Rule 3.5.2 of the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited (for the purposes of this Part C, "**SGX-DT**" or the "**Exchange**") to procure the full cooperation of the Client during any inspection or audit that may be carried out by the Exchange or any duly appointed person in connection with the discharge of the Exchange's regulatory obligations.

The Client undertakes to cooperate with the Exchange or any duly appointed persons in accordance with Rule 3.5 (*Inspection and Audit*) and comply with such requirements as may be imposed by AACB in connection with ensuring compliance by AACB or its execution broker with Rule 3.5.

### **Reproduction of Rule 3.5**

#### 3.5.1 Scope of Inspection and Audit Rights

The Exchange, in its discretion, may inspect, audit and take copies of the accounts, books, contracts and other records and documents of that Member to the extent that is necessary or desirable in connection with the discharge of the Exchange's regulatory obligations. The Exchange may also appoint or cause the Member to appoint independent Persons to do the same. Such Person shall report to the Exchange on all or any of the following:

- (a) whether that Member's accounts are being kept and maintained in compliance with this Rules;
- (b) whether that Member's financial position is being maintained in compliance with this Rules;
- (c) whether that Member's business is being conducted in compliance with this Rules;
- (d) whether that Member's accounts, financial position or any non-compliance with this Rules may jeopardize the integrity of the Exchange; and
- (e) such other matter as the Exchange may direct.

#### 3.5.2 Access and Cooperation

A Member shall cooperate with the Exchange and procure for the Exchange or the duly appointed Person:

- (a) access to its premises or its affiliates' premises, as applicable, to carry out on-site inspections during normal business hours;

- (b) access to the appropriate person for any queries or interviews which the Exchange or the duly appointed Person wishes to conduct in connection with its audit;
- (c) any information or documents which the Exchange or the duly appointed Person considers appropriate for the purpose of investigations; and
- (d) its Customers' full cooperation with the Exchange.

### 3.5.3 Use of Report and Costs

The Exchange may rely on the information obtained and reports prepared pursuant to Rule 3.5.1 and act on the recommendations set forth therein. The Exchange may also refer a report prepared pursuant to Rule 3.5.1 to the Clearing House or Disciplinary Committee for further action if appropriate. The Exchange may charge a fee for any inspection under Rule 3.5.1. The fee is payable immediately by the Member concerned.

## **Part D: Notification of SGX-DC Rule 1.01**

AACB is required by the Clearing Rules of the Singapore Exchange Derivatives Clearing Limited (for the purposes of this Part D, the "**Clearing House**") to notify the Client of the following sub-Rules 1.01.2 to 1.01.5 under 1.01 (*Application of Rules*) of the Rules of the Clearing House and to satisfy itself that it is acceptable to the Client.

The Client acknowledges that it has been made aware of Rule 1.01 and that Rule 1.01 is acceptable to the Client.

## **Reproduction of Rule 1.01.2 to Rule 1.01.5**

### 1.01 **Application of Rules**

1.01.2 Except where the Clearing House, SGX RegCo, or any person or entity referred to under Rule 1.01.8 [to whom the Clearing House may delegate, assign or grant authority to exercise any of its rights, powers, authorities and discretions under these Rules, including any right to enforce these Rules, in its sole discretion, without consent from any Clearing Member] otherwise expressly agree with or expressly commit to any party, the benefit of any performance of obligations under:

1.01.2.1 this Rules, or

1.01.2.2 Directives, Practice Notes or Circulars issued by the Clearing House,

is restricted to only Clearing Members. The Clearing House, its related corporations, SGX RegCo, any person or entity referred to under Rule 1.01.8, and their respective directors, officers, employees, representatives or agents (the "**Relevant Persons**") shall have no liability to any other party. In particular, the Relevant Persons shall have no liability to any party affected or aggrieved by any alleged action or omission.

1.01.3 Without prejudice to Rule 1.01.2 or the benefit of any exclusion of liability in any contract or undertaking, the Relevant Persons accept no duty to and therefore shall have no liability whatsoever to any Clearing Member or any Third Party in contract, tort, trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Clearing Member or any Third Party, as the case may be, arising out of or in connection with the following, or any thing done or not done as a direct or indirect consequence of the following:

- 1.01.3.1 any suspension, restriction or closure of any market whose contracts are cleared by or novated to the Clearing House (each a "**Relevant Market**"), whether for a temporary period or otherwise or as a result of a decision taken on the occurrence of a market emergency;
  - 1.01.3.2 any failure by the Clearing House or any Relevant Market to supply each other with data or information in accordance with arrangements from time to time established between and/or amongst any or all such persons;
  - 1.01.3.3 the failure of any systems, communications facilities or technology supplied, operated or used by the Relevant Persons;
  - 1.01.3.4 the failure of any systems, communications facilities or technology supplied, operated or used by any Relevant Market;
  - 1.01.3.5 the inaccuracy of any information supplied to and relied on by the Relevant Persons (including but not limited to any error in the establishment of a settlement price made by a Relevant Market) or a Relevant Market;
  - 1.01.3.6 any event which is outside the reasonable control of the Relevant Persons;
  - 1.01.3.7 the Clearing House's clearing and settlement of Contracts, and all other matters as contemplated in this Rules; and
  - 1.01.3.8 the exercise or non-exercise of any discretion or decision making power under this Rules.
- 1.01.4 Without prejudice to Rule 1.01.2, and in addition to Rule 1.01.3, each Clearing Member should and must note that in connection with any index used or to be used by the Clearing House for clearing and settlement or in connection or by reference therewith, none of the Relevant Persons or any relevant party that the Clearing House may contract with for the supply of the index or information in relation thereto (each of the foregoing, a "**Relevant Party**") assume any obligation or liability in connection with the clearing or settlement of any contract based on such index. Accordingly, none of the foregoing parties shall be in any way responsible for any losses, expenses or damages (in all cases direct or indirect) arising in connection with or referable to the clearing or settlement of any contract linked or referable to the said index, provided that nothing herein shall affect either obligations of the Clearing House or its Clearing Members as parties clearing or settling in any contract so linked or referable. None of the Relevant Parties guarantee or warrant or undertake in any manner the accuracy or completeness of any such index or any information or data included in or referable to it.

NONE OF THE RELEVANT PARTIES MAKES ANY WARRANTY OR GIVES ANY GUARANTEE OR UNDERTAKING, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF, OR THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM THE USE OF ANY SUCH INDEX, OR ANY INFORMATION OR DATA INCLUDED IN OR REFERABLE TO IT IN CONNECTION WITH ANY CLEARING OR SETTLEMENT OF ANY CONTRACTS OR FOR ANY OTHER USE. NONE OF THE RELEVANT PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO ANY SUCH INDEX, OR ANY INFORMATION OR DATA INCLUDED IN OR REFERABLE TO ANY SUCH INDEX.

1.01.5 All Clearing Members are to note the foregoing and ensure that they are taking on Clearing Membership in and/or will carry on as Clearing Members of the Clearing House, transact and will transact by reference to the Clearing House or any Contract or information or action referable to the Clearing House or any of its directors or officers, only on the foregoing basis and will also ensure that they will not open or allow the continued operation of any account for any person with respect to any Contract unless such person has been notified of the foregoing provisions and has satisfied him/herself or itself that the same is acceptable and is accepted.

#### **Part E: Notification of SGX-DC Rule 7.03A.7**

This statement is provided to the Client as per Rule 7.03A.7 of the Clearing Rules of the Singapore Exchange Derivatives Clearing Limited (for the purposes of this Part E, the "**Clearing House**").

The Client acknowledges that it has been notified of Rule 7.03A.7 (as reproduced below) and that Rule 7.03A.7 is acceptable to the Client.

#### **Reproduction of Rule 7.03A.7**

7.03A.7.1 The Clearing House may invest, manage and use Collateral in such manner as it shall deem fit, provided that:

- a. Collateral in respect of Customer Contracts shall be invested in accordance with this Rules, the Security Deed, the SFA and any applicable laws; and
- b. the Clearing House shall not use any Collateral received and notified to it as Collateral in respect of a Customer Contract to settle any obligations that are incurred in relation to a House Contract, except in accordance with this Rules, the Security Deed, the SFA and any applicable laws.
- c. the Clearing House shall not use any Collateral received and notified to it as Collateral in respect of an Affiliate Contract to settle any obligations that are incurred in relation to a House Contract that is not an Affiliate Contract, except in accordance with this Rules, the Security Deed, the SFA and any applicable laws.

7.03A.7.2 Each Clearing Member shall secure contractual waivers in favour of the Clearing Member from its Customers waiving their respective rights to all interest and investment earnings from the Collateral held with or otherwise provided to the Clearing House in respect of Customer Contracts, in the form and manner as may be prescribed by the Clearing House, as may be necessary to give effect to the Clearing House's rights in relation to interest and fees under Rule 7.03A.8.

7.03A.7.3 All Collateral deposited or provided by each Clearing Member to the Clearing House shall be subject to this Rules, the Security Deed, the SFA (each as amended or supplemented from time to time) and any applicable laws. Each Clearing Member shall ensure that all Collateral deposited or provided to the Clearing House are deposited or provided only on the foregoing basis and shall also ensure that, prior to depositing or providing any Collateral to the Clearing House for the account or for the Contracts of any person, such person has been notified of and has accepted the foregoing.

#### **Part F: Disclaimer Statement for MSCI Contracts**

This statement is provided to the Client as required by the Rules of the Singapore Exchange Derivatives Trading Limited (for the purposes of this Part F, "**SGX-DT**" or "**the Exchange**") and is



in addition and not derogation of any other disclosure statement. The Client acknowledges that it has received this statement and has understood its contents.

The Exchange has entered into a license agreement with Morgan Stanley & Co. Incorporated to be permitted to use certain stock indexes to which Morgan Stanley & Co. Incorporated owns rights in and to (the “**MSCI Indexes**”) and the proprietary data contained therein in connection with the listing, trading, marketing and clearing of derivatives securities linked to such indexes.

In relation to trading in the futures and options contracts based on the MSCI Indexes, please note:

Morgan Stanley & Co. Incorporated and Capital International Perspective, S.A. assume no liability or obligations in connection with the trading of any contract based on the MSCI Indexes. Neither Morgan Stanley & Co. Incorporated nor Capital International Perspective, S.A. shall be responsible for any losses, expenses or damages arising in connection with the trading of any contract linked to the MSCI Indexes, provided that nothing herein shall affect either party's obligations as a party trading in any contract linked to the MSCI Indexes. SGX-DT, Morgan Stanley & Co. Incorporated and Capital International Perspective, S.A. do not guarantee the accuracy or completeness of any of the MSCI Indexes or any data included therein.

SGX-DT, MORGAN STANLEY & CO. INCORPORATED AND CAPITAL INTERNATIONAL PERSPECTIVE, S.A. MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF, OR THE RESULTS TO BE OBTAINED BY ANY PERSON OR ANY ENTITY FROM THE USE OF, THE MSCI INDEXES, ANY INTRA-DAY PROXY RELATED THERETO OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF ANY CONTRACTS, OR FOR ANY OTHER USE. SGX-DT, MORGAN STANLEY & CO. INCORPORATED AND CAPITAL INTERNATIONAL PERSPECTIVE, S.A. MAKE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANT ABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE MSCI INDEXES, ANY INTRA-DAY PROXY RELATED THERETO OR ANY DATA INCLUDED THEREIN.

### **Part G: Prohibited Trading Practices**

This part is being provided to the Client pursuant to Rule 3.3.5 (*Customer Education*) of the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited (for the purposes of this Part G, “**SGX-DT**”) and Rule 4.18 (*Customer Education*) of the Rules of the Singapore Exchange Securities Trading Limited (for the purposes of this Part G, “**SGX-ST**”). This part reproduces, for the Client's information, the provisions of the SFA and the Rules of SGX-DT which prohibit certain trading practices. The Client acknowledges that it has read and understood this part and undertakes not to engage in any such prohibited trading practices. The Client may contact AACB if it requires any clarification or further information on such prohibited trading practices.

## I. Prohibited trading practices under the SFA

[Act 4 of 2017 wef 08/10/2018]

### False trading and market rigging transactions

**197.** —(1) No person shall do any thing, cause any thing to be done or engage in any course of conduct, if his purpose, or any of his purposes, for doing that thing, causing that thing to be done or engaging in that course of conduct, as the case may be, is to create a false or misleading appearance —

- (a) of active trading in any capital markets products on an organised market; or
- (b) with respect to the market for, or the price of, any capital markets products traded on an organised market.

(1A) No person shall do any thing, cause any thing to be done or engage in any course of conduct that creates, or is likely to create, a false or misleading appearance of active trading in any capital markets products on an organised market, or with respect to the market for, or the price of, any capital markets products traded on an organised market, if —

- (a) he knows that doing that thing, causing that thing to be done or engaging in that course of conduct, as the case may be, will create, or will be likely to create, that false or misleading appearance; or
- (b) he is reckless as to whether doing that thing, causing that thing to be done or engaging in that course of conduct, as the case may be, will create, or will be likely to create, that false or misleading appearance.

(2) A person must not maintain, inflate, depress, or cause fluctuations in, the market price of any capital markets products -

- (a) by means of any purchase or sale of any capital markets products that does not involve a change in the beneficial ownership of the capital markets products; or
- (b) by any fictitious transaction or device.

(3) Without prejudice to the generality of subsection (1), it is presumed that a person's purpose, or one of a person's purposes, is to create a false or misleading appearance of active trading in capital markets products on an organised market if the person —

- (a) effects, takes part in, is concerned in or carries out, directly or indirectly, any transaction of purchase or sale of the capital markets products, being a transaction that does not involve any change in the beneficial ownership of the capital markets products;
- (b) makes or causes to be made an offer to sell the capital markets products at a specified price, where the person has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with the person has made or caused to be made or proposes to make or to cause to be made, an offer to purchase the same number, or substantially the same number, of the capital markets products at a price that is substantially the same as the firstmentioned price; or
- (c) makes or causes to be made an offer to purchase the capital markets products at a specified price, where the person has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with the person has made or caused to be made or proposes to make or to cause to be made, an offer to sell the same number, or substantially the same number, of the capital markets products at a price that is substantially the same as the firstmentioned price.

(4) The presumption under subsection (3) may be rebutted if the defendant establishes that the purpose or purposes for which he did the act was not, or did not include, the purpose of creating a false or misleading appearance of active trading in the capital markets products on the organised market.

(5) For the purposes of this section, a purchase or sale of capital markets products does not involve a change in the beneficial ownership if any of the following persons has an interest in the capital markets products after the purchase or sale:

- (a) a person who had an interest in the capital markets products before the purchase or sale;
- (b) a person associated with the person mentioned in paragraph (a).

(6) In any proceedings against a person for a contravention of subsection (2) in relation to a purchase or sale of capital markets products that did not involve a change in the beneficial ownership of the capital markets products, it is a defence if the defendant establishes that the purpose or purposes for which the defendant purchased or sold the capital markets products was not, or did not include, the purpose of creating a false or misleading appearance with respect to the market for, or the price of, the capital markets products.

(7) The reference in subsection (3)(a) to a transaction of purchase or sale of the capital markets products includes —

- (a) a reference to the making of an offer to purchase or sell the capital markets products; and
- (b) a reference to the making of an invitation, however expressed, that expressly or impliedly invites a person to offer to purchase or sell the capital markets products.

#### **Market manipulation in relation to securities and securities-based derivatives contracts**

**198.** —(1) A person must not effect, take part in, be concerned in or carry out, directly or indirectly, 2 or more transactions in securities, or securities-based derivatives contracts, of a corporation, being transactions that have, or are likely to have, the effect of raising, lowering, maintaining or stabilising the price of securities, or securities-based derivatives contracts, as the case may be, of the corporation on an organised market, with the intent to induce other persons to subscribe for, purchase or sell securities, or securities-based derivatives contracts, as the case may be, of the corporation or of a related corporation.

(2) A person must not effect, take part in, be concerned in or carry out, directly or indirectly, 2 or more transactions in securities, or securities-based derivatives contracts, of a business trust, being transactions that have, or are likely to have, the effect of raising, lowering, maintaining or stabilising the price of securities, or securities-based derivatives contracts, as the case may be, of the business trust on an organised market, with the intent to induce other persons to subscribe for, purchase or sell securities, or securities-based derivatives contracts, as the case may be, of the business trust.

(3) In this section —

- (a) a reference to transactions in securities or securities-based derivatives contracts of a corporation includes —
  - (i) a reference to the making of an offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be; and
  - (ii) a reference to the making of an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be; and
- (b) a reference to transactions in securities or securities-based derivatives contracts of a

business trust includes -

- (i) a reference to the making of an offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be; and
- (ii) a reference to the making of an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be.

**False or misleading statements, etc.**

**199.** No person shall make a statement, or disseminate information, that is false or misleading in a material particular and is likely —

- (a) to induce other persons to subscribe for securities, securities-based derivatives contracts or units in a collective investment scheme;
- (b) to induce the sale or purchase of securities, securities-based derivatives contracts or units in a collective investment scheme, by other persons; or
- (c) to have the effect (whether significant or otherwise) of raising, lowering, maintaining or stabilising the market price of securities, securities-based derivatives contracts or units in a collective investment scheme,

if, when he makes the statement or disseminates the information —

- (i) he does not care whether the statement or information is true or false; or
- (ii) he knows or ought reasonably to have known that the statement or information is false or misleading in a material particular.

**Fraudulently inducing persons to deal in capital markets products**

**200.** —(1) No person shall —

- (a) by making or publishing any statement, promise or forecast that he knows or ought reasonably to have known to be misleading, false or deceptive;
- (b) by any dishonest concealment of material facts;
- (c) by the reckless making or publishing of any statement, promise or forecast that is misleading, false or deceptive; or
- (d) by recording or storing in, or by means of, any mechanical, electronic or other device information that he knows to be false or misleading in a material particular,

induce or attempt to induce another person to deal in capital market products.

(2) In any proceedings against a person for a contravention of subsection (1) constituted by recording or storing information as mentioned in subsection (1)(d), it is a defence if it is established that, at the time when the defendant so recorded or stored the information, he had no reasonable grounds for expecting that the information would be available to any other person.

(3) In any proceedings against a person for a contravention of subsection (1) in relation to the dealing in capital markets products that are securities, securities-based derivatives contracts or units in a collective investment scheme, the opinion of any registered or public accountant as to the financial position of any company at any time or during any period in respect of which he has made an audit or examination of the affairs of the company according to recognised audit practice shall be admissible, for any party to the proceedings, as evidence of the financial position of the company at that time or during that period, notwithstanding that the opinion is based in whole or in part on book-entries, documents or vouchers or on written or verbal statements by other persons.

**Employment of manipulative and deceptive devices**

**201.** No person shall, directly or indirectly, in connection with the subscription, purchase or sale of any capital markets products —

- (a) employ any device, scheme or artifice to defraud;
- (b) engage in any act, practice or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception, upon any person;
- (c) make any statement he knows to be false in a material particular; or
- (d) omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

### **Bucketing**

**201A.—**(1) A person must not knowingly execute, or hold himself out as having executed, an order for the purchase or sale of a derivatives contract, without having effected in good faith a purchase or sale of that derivatives contract in accordance with the order or with the business rules and practices of an organised market on which the derivatives contract is to be purchased or sold.

(2) A person must not knowingly execute, or hold himself out as having executed, an order to make a purchase or sale of a spot foreign exchange contract for purposes of leveraged foreign exchange trading, without having effected in good faith a purchase or sale in accordance with the order.

### **Manipulation of price of derivatives contracts and cornering**

**201B.** A person must not, directly or indirectly —

- (a) manipulate or attempt to manipulate the price of a derivatives contract traded on an organised market, or of any underlying thing which is the subject of such derivatives contract; or
- (b) corner, or attempt to corner, any underlying thing which is the subject of a derivatives contract.

### **Dissemination of information about illegal transactions**

**202.—**(1) A person must not circulate or disseminate, or authorise or be concerned in the circulation or dissemination of, any statement or information to any of the following effect if any condition in subsection (2) is satisfied:

- (a) the price of any securities or securities-based derivatives contract, of a corporation will, or is likely, to rise or fall or be maintained by reason of any transaction entered into or to be entered into or other act or thing done or to be done in relation to the securities or securities-based derivatives contracts, of that corporation (or of a related corporation) which to the person's knowledge was entered into or done in contravention of section 197, 198, 199, 200 or 201, or if entered into or done would be in contravention of section 197, 198, 199, 200 or 201;
- (b) the price of any securities or securities-based derivatives contract, of a business trust will, or is likely, to rise or fall or be maintained by reason of any transaction entered into or to be entered into or other act or thing done or to be done in relation to the securities or securities-based derivatives contracts, of that business trust which to the person's knowledge was entered into or done in contravention of section 197, 198, 199, 200 or 201, or if entered into or done would be in contravention of section 197, 198, 199, 200 or 201;
- (c) the price of a class of derivatives contracts will, or is likely to, rise or fall or be maintained by reason of any transaction entered into or to be entered into, or other

act or thing done or to be done, in relation to that class of derivatives contracts by one or more persons which to the person's knowledge was entered into, or done, in contravention of section 197, 200, 201, 201A or 201B, or if entered into, or done, would be in contravention of section 197, 200, 201, 201A or 201B;

- (d) the price of a class of spot foreign exchange contracts for purposes of leveraged foreign exchange trading, will, or is likely to, rise or fall or be maintained by reason of any transaction entered into or to be entered into, or other act or thing done or to be done, in relation to that class of spot foreign exchange contracts for purposes of leveraged foreign exchange trading, by one or more persons which to the person's knowledge was entered into, or done, in contravention of section 197, 200, 201, 201A or 201B, or if entered into, or done, would be in contravention of section 197, 200, 201, 201A or 201B.

(2) For the purpose of subsection (1), the condition is either —

- (a) the person mentioned in subsection (1), or a person associated with that person, has entered into or purports to enter into any such transaction, or has done or purports to do any such act or thing; or
- (b) the person mentioned in subsection (1), or a person associated with that person, has received, or expects to receive, directly or indirectly, any consideration or benefit for circulating or disseminating, or authorising or being concerned in the circulation or dissemination of, the statement or information.

### **Prohibited conduct by connected person in possession of inside information**

**218.** —(1) Subject to this Division, where —

- (a) a person who is connected to a corporation possesses information concerning that corporation that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities securities-based derivatives contracts of that corporation; and
- (b) the connected person knows or ought reasonably to know that —
  - (i) the information is not generally available; and
  - (iii) if it were generally available, it might have a material effect on the price or value of those securities or securities-based derivatives contracts of that corporation,

subsections (2), (3), (4), (5) and (6) shall apply.

(1A) Subsections (2), (3), (4A), (5) and (6) apply if —

- (a) a person is connected to—
  - (i) a corporation that is the trustee of, or manages or operates, a business trust; or
  - (ii) a corporation that is the trustee or manager of a collective investment scheme —
    - (A) that invests primarily in real estate and real estate-related assets specified by the Authority in the Code on Collective Investment Schemes; and
    - (B) all or any units of which are listed on an approved exchange;
- (b) the connected person possesses —

- (i) where the person is connected to a corporation mentioned in paragraph (a)(i), any information concerning the corporation or business trust that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities or securities-based derivatives contracts of the corporation or business trust; or
  - (ii) where the person is connected to a corporation mentioned in paragraph (a)(ii), any information concerning the corporation or collective investment scheme that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities or securities-based derivatives contracts of the corporation, or the price or value of CIS units in the scheme; and,
- (c) the connected person knows or ought reasonably to know that —
- (i) the information is not generally available; and
  - (ii) if it were generally available, it might have a material effect on-
    - (A) where the person is connected to a corporation mentioned in paragraph (a)(i), the price or value of securities or securities-based derivatives contracts of the corporation or business trust; or
    - (B) where the person is connected to a corporation mentioned in paragraph (a)(ii), the price or value of securities or securities-based derivatives contracts of the corporation, or the price or value of CIS units in the collective investment scheme.
- (2) The connected person must not (whether as principal or agent) —
- (a) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell —
    - (i) the securities or securities-based derivatives contracts mentioned in subsection (1); or
    - (ii) the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A); or
  - (b) procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell —
    - (i) the securities or securities-based derivatives contracts mentioned in subsection (1); or
    - (ii) the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A).
- (3) The connected person must not, directly or indirectly, communicate the information mentioned in subsection (1) or (1A), or cause the information to be communicated, to another person if the connected person knows, or ought reasonably to know, that the other person would or would be likely to —
- (a) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell —
    - (i) the securities or securities-based derivatives contracts mentioned in subsection (1); or
    - (ii) the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A); or
  - (b) procure a third person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell —
    - (i) the securities or securities-based derivatives contracts mentioned in

- subsection (1); or
- (ii) the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A).

(4) In any proceedings for a contravention of subsection (2) or (3) against a person connected to a corporation referred to in subsection (1), where the prosecution or plaintiff proves that the connected person was at the material time —

- (a) in possession of information concerning the corporation to which he was connected; and
- (b) the information was not generally available,

it shall be presumed, until the contrary is proved, that the connected person knew at the material time that —

- (i) the information was not generally available; and
- (ii) if the information were generally available, it might have a material effect on the price or value of securities or securities-based derivatives contracts of that corporation.

(4A) In any proceedings for a contravention of subsection (2) or (3) against a person connected to a corporation mentioned in subsection (1A)(a)(i) or (ii), the presumption in subsection (4B) applies until the contrary is proved, if the prosecution or plaintiff proves that the connected person was at the material time —

- (a) in possession of information concerning the corporation, business trust or collective investment scheme, as the case may be; and
- (b) the information was not generally available.

(4B) For the purpose of subsection (4A), the presumption is the connected person knew at the material time that—

- (a) the information was not generally available; and
- (b) if the information were generally available, it might have a material effect on —
  - (i) where the person is connected to a corporation mentioned in subsection (1A)(a)(i), the price or value of securities or securities-based derivatives contracts of the corporation or business trust; or
  - (ii) where the person is connected to a corporation mentioned in subsection (1A)(a)(ii), the price or value of the securities or securities-based derivatives contracts of the corporation or the price or value of CIS units in the collective investment scheme.

(5) In this Division —

- (a) “connected person” means a person referred to in subsection (1) or (1A) who is connected to a corporation; and
- (b) a person is connected to a corporation if —
  - (i) he is an officer of that corporation or of a related corporation;
  - (ii) he is a substantial shareholder in that corporation or in a related corporation; or



- (iii) he occupies a position that may reasonably be expected to give him access to information of a kind to which this section applies by virtue of —
  - (A) any professional or business relationship existing between himself (or his employer or a corporation of which he is an officer) and that corporation or a related corporation; or
  - (B) being an officer of a substantial shareholder in that corporation or in a related corporation.

(6) In subsection (5), “officer”, in relation to a corporation, includes —

- (a) a director, secretary or employee of the corporation;
- (b) a receiver, or receiver and manager, of property of the corporation;
- (c) a judicial manager of the corporation;
- (d) a liquidator of the corporation; and
- (e) a trustee or other person administering a compromise or arrangement made between the corporation and another person.

**Prohibited conduct by other persons in possession of inside information**

**219.** —(1) Subject to this Division, where:

- (a) a person who is not a connected person referred to in section 218 (referred to in this section as the insider) possesses information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities, securities-based derivatives contracts or CIS units; and
- (b) the insider knows that:
  - (i) the information is not generally available; and
  - (ii) if it were generally available, it might have a material effect on the price or value of those securities, securities-based derivatives contracts or CIS units, as the case may be,

subsections (2) and (3) shall apply.

(2) The insider must not (whether as principal or agent):

- (a) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any such securities, securities-based derivatives contracts or CIS units, as the case may be; or
- (b) procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, any such securities, securities-based derivatives contracts or CIS units, as the case may be.

(3) The insider must not, directly or indirectly, communicate the information mentioned in subsection (1), or cause the information to be communicated, to another person if the insider knows, or ought reasonably to know, that the other person would or would be likely to:

- (a) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1); or
- (b) procure a third person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1).

## II. Prohibited trading practices under the Futures Trading Rules of the SGX-DT

### 3.3.8 Recording of Orders.

Unless an order or amendment or cancellation of an order is immediately entered by an Approved Trader into the OMS or such other electronic facility or automated trading system that facilitates trading on markets, as the case may be, a Registered Representative shall immediately record such order, amendment or cancellation on an Order Form. "Order Form" as used herein refers to an order form that is dated, time-stamped and contains such information as required under Regulation 39(3) of the Conduct of Business Regulations and other information as prescribed by the Exchange.

#### Regulatory Notice 3.3.8 (Recording of Orders)

ISSUE DATE	CROSS REFERENCE	ENQUIRIES
Added on 22 September 2006.	Rule 3.3.8	Please contact Market Surveillance:  Mr Kelvin Tan 6236 5907 Mr Samuel Tan 6236 5909

### 1. INTRODUCTION

- 1.1 This Regulatory Notice sets out the details to be contained in an Order Form, as set forth in Rule 3.3.8(b)(i).

### 2. DETAILS ON THE ORDER FORM

- 2.1 In addition to the requirements prescribed in Regulation 39(3) of the Conduct of Business Regulations, the Order Form shall, where applicable, include the following details:
  - (a) the Customer's designation, which shall readily identify the account for which the order was given;
  - (b) the date and time that the Customer's order, amendment or cancellation was passed from the Registered Representative to the Approved Trader;
  - (c) the contract for which the Customer's order was given;
  - (d) the contract month of that futures contract;
  - (e) the quantity of that futures contract;
  - (f) the order type;
  - (g) the price (if any) to buy or sell that futures contract;

- (h) in the case of an option contract, the class of options and the strike price; and
- (i) the date and time that the order or amended order was executed.

### **3.4 Trading Practices and Conduct Rules of Members, Approved Traders and Registered Representatives**

Market manipulation, market rigging and other forms of trading misconduct set forth in the Act distort the operation of a fair, orderly and transparent market and are serious offences. A Member, Approved Trader or Registered Representative shall at all times observe the trading practices and conduct rules set forth in the Act and this Rules.

#### **3.4.1 Market Manipulation**

A Member, Approved Trader or Registered Representative shall not manipulate or attempt to manipulate the price of a contract or of any underlying, or corner, or attempt to corner, any underlying.

#### **3.4.2 Churning**

A Member, Approved Trader or Registered Representative is prohibited from churning or generating commissions through creating excessive transactions in a Customer's Account.

#### **3.4.3 False Trading, Bucketing, Fraudulent Inducement to Trade and Employment of Fraudulent Device**

A Member, Approved Trader or Registered Representative shall not:

(a) engage in, or knowingly act with any other Person in, any act or practice that will or is likely to create a false or misleading appearance of active trading in any contract or a false or misleading appearance with respect to the price of any contract;

(b) knowingly execute, or hold out as having executed, an order for the purchase or sale of a contract, without having effected a bona fide purchase or sale of the contract in accordance with this Rules;

(c) induce or attempt to induce another person to trade in a contract:

(i) by making or publishing any statement, promise or forecast that it knows or ought reasonably to know to be false, misleading or deceptive;

(ii) by any dishonest concealment of material facts;

(iii) by the reckless making or publishing of any statement, promise or forecast that is false, misleading or deceptive; or

(iv) by recording or storing in any mechanical, electronic or other device information that is knowingly false or materially misleading;

or

(d) directly or indirectly in connection with any trading in a contract:

(i) employ any device, scheme or artifice to defraud;

(ii) engage in any act, practice or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception upon any Person;

(iii) make any false statement of a material fact; or

(iv) omit to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

### **3.4.3A Duty to Monitor for Trading Misconduct**

A Member must have in place processes to review orders and trades for the purpose of detecting suspicious trading behaviour.<sup>1</sup>

### **3.4.4 Duty to Inform Exchange of Prohibited Trading Practices**

A Member, Approved Trader or Registered Representative shall immediately inform the Exchange if it reasonably suspects, or knows of, any commission or attempted commission of the acts prohibited under Rules 3.4.1, 3.4.2 and 3.4.3.

### **3.4.5 Dissemination of False or Misleading Information**

A Member, Approved Trader or Registered Representative shall not disseminate false or misleading reports concerning market information or conditions that may affect the price of any contract, if the Member, Approved Trader or Registered Representative:

- (a) knows or ought reasonably to know that the information is false or misleading; or
- (b) is reckless about the truth of the information.

This prohibition includes circulation or aiding in the circulation in any manner of rumours which cast doubt on the integrity of any contract or underlying.

### **3.4.6 Professional Misconduct**

A Member, Approved Trader or Registered Representative shall not:

- (a) permit the use of the Member's facilities or Membership privileges by another Member, Approved Trader or Registered Representative or non-Member in a manner that impairs the dignity or degrades the good name of the Exchange, or creates a market or other situation detrimental to the Exchange, or effectuates manipulations or cornerings or attempts at either, or to itself do any of the foregoing;
- (b) engage in any conduct which impairs or tends to impair the dignity or the good name of the Exchange;
- (c) commit an act which is substantially detrimental to the interest of the Exchange;
- (d) refuse to comply with an order of the Exchange, the Disciplinary Committee or the Appeals Committee;
- (e) refuse to comply with a final arbitration award;
- (f) fail to answer Customers' complaints promptly and in appropriate detail;
- (g) commit any fraudulent or dishonest act or any act of bad faith;
- (h) act in a dishonourable or uncommercial manner;

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<sup>1</sup> See SGX-DT Practice Note 3.4.3A.

(i) make a material mis-statement to the Exchange, the Disciplinary Committee or the Appeals Committee, or in any information supplied to the Exchange or its officers;

(j) make, or cause to be made, a false or misleading entry in any books, records, reports, slips, documents or statements relating to the business, affairs, transactions, conditions, assets or accounts of the Member;

(k) omit from making, for whatever reason, a material entry in any books, records, reports, slips, documents or statements relating to the business, affairs, transactions, conditions, assets or accounts of the Member;

(l) alter or destroy any books, records, reports, slips, documents or statements relating to the business, affairs, transactions, conditions, assets or accounts of the Member without a valid reason;

(m) make use of or reveal any confidential information obtained by reason of participating in any investigative proceeding or hearing;

(n) refuse to appear before the Exchange, the Disciplinary Committee or the Appeals Committee at a duly convened hearing or in connection with any investigation; or

(o) refuse to fully answer all questions or produce all books and records in relation to any audit, hearing or investigation.

#### **3.4.7 Disclosing Orders Prohibited**

A Member, Approved Trader or Registered Representative shall not disclose an order to any Person, except to the following for official purposes:

(a) an officer of the Exchange;

(b) an employee or agent of the Member for the purpose of executing the order;

(c) the Member's sponsoring Clearing Member for the purpose of clearing the order; or

(d) such other Persons as required by law.

#### **3.4.8 Good Faith Bids and Offers.**

A Member or an Approved Trader shall not knowingly enter, or cause to be entered, bids or offers into the Trading System other than in good faith for the purpose of executing bona fide transactions.<sup>2</sup>

#### **3.4.9 Fictitious Transactions Without Change In Ownership**

The creation of fictitious transactions or the placing of orders which do not involve any change in ownership, or the execution of such an order with knowledge of its character by a Member, Approved Trader or Registered Representative is prohibited. A Member, Approved Trader or Registered Representative shall not accept buying and selling orders at the same time and price from a Customer for the same contract month of the same futures contract or in the case of option contracts, a put or call option contract with the same class of options, the same strike price and expiration month. This Rule does not apply if orders are entered in the following circumstances:

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<sup>2</sup> See SGX-DT Practice Note 3.4.8.

- (a) the orders are from a fund manager whose instructions are intended to switch the contract from one (1) sub-account to another for legitimate commercial reasons;
- (b) the orders will be booked out finally to different beneficial owners; or
- (c) if the Member or the Approved Trader establishes to the Exchange that it was not a purpose of the orders to create a false market.<sup>3</sup>

#### **3.4.10 Overtrading by a Member, Approved Trader or Customer**

The following provisions apply in relation to overtrading:

(a) a Member shall not execute any trade beyond any limits imposed by that Member's sponsoring Clearing Member, the Exchange, the Clearing House or MAS. A Member shall ensure that its Customers do not trade beyond any limits. A Member shall be guilty of overtrading if such Member or its Approved Trader enters into any trade or trades beyond any limits imposed from time to time by its sponsoring Clearing Member, the Exchange or MAS. If a Member is charged with violating this Rule:

(i) the Exchange may at its discretion suspend that Member from trading until such time as the Disciplinary Committee or the Appeals Committee has completed the hearing in respect of such charge against such Member;

(ii) its sponsoring Clearing Member shall, upon being notified by the Exchange or the Clearing House as the case may be, withhold any profits due or owing to such Member from the transaction that resulted in overtrading, or such monies due or owing to such Member as directed by the Exchange or the Clearing House, and shall not release any such profits or monies until the Disciplinary Committee or the Appeals Committee has completed the hearing in respect of the charge against the Member; and

(iii) without prejudice to the foregoing, the Exchange may, in any case of overtrading, direct the Clearing House to withhold any profits due or owing to any Clearing Member from the transaction that resulted in overtrading, or such monies due or owing to such Member, until the Disciplinary Committee or the Appeals Committee has completed the hearing in respect of the charge against the Member; and

(b) [deleted]

(c) each trade entered into beyond any limits imposed by a sponsoring Clearing Member, the Exchange, the Clearing House or MAS shall be deemed to be a distinct and separate violation of this Rule and shall be punishable as such. If a Member is charged by the Exchange for overtrading, it is not necessary for the Exchange to show that the Member intended to overtrade. The act of overtrading is sufficient to constitute an offence under this Rules.

#### **3.4.11 Knowingly Taking Advantage of an Error Prohibited**

A Member, Approved Trader or Registered Representative shall not knowingly take advantage of a situation arising from:

- (a) a breakdown or malfunction in any Exchange Systems; or
- (b) error entries made by the Exchange on the Trading System.

#### **3.4.12 Deemed Rule Violations**

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<sup>3</sup> See SGX-DT Practice Note 3.4.9.

A Member, Approved Trader or Registered Representative shall be deemed to be in violation of this Rules if it is convicted of any offence relating to fraud, any act of bad faith, dishonest conduct, dishonorable conduct or uncommercial conduct before any court of law.

#### **3.4.13 Front Running — Priority of Customers' Orders**

A Member, Approved Trader or Registered Representative shall not trade in contracts for its own accounts or for an account associated with or connected to that Member, Approved Trader or Registered Representative, if that Member, Approved Trader or Registered Representative also has in hand Customers' orders (including discretion orders) to do the same at the prevailing market price or at the same price. This Rule does not apply if:

- (a) that Member, Approved Trader or Registered Representative has no access to the Customer's order flow information;
- (b) the Customer has prescribed that the order be executed under specified conditions and the order cannot be executed by reason of those conditions; or
- (c) the transaction is entered into in circumstances prescribed by MAS.

"Customer" as used in this Rule 3.4.13 does not include the Member's Approved Traders, Registered Representatives or Persons associated with or connected to the Member, Approved Trader or Registered Representative.

#### **3.4.14 Trading Against Customers' Orders Prohibited**

A Member, Approved Trader or Registered Representative shall not knowingly effect a transaction to buy from or sell to a Customer any contract for:

- (a) an account in which the Member, Approved Trader or Registered Representative has an interest; or
- (b) the account of any Person associated with or connected to the Member, Approved Trader or Registered Representative.

This Rule does not apply if the Member, Approved Trader or Registered Representative has first entered the Customer's order into the Trading System and waited at least 10 seconds before entering an opposite order, or if the Member, Approved Trader or Registered Representative has obtained the Customer's prior written consent. "Customer" as used in this Rule 3.4.14 does not include the Member's Approved Traders, Registered Representatives or Persons associated with or connected to the Member, Approved Trader or Registered Representative.

#### **3.4.15 Prohibited Conduct**

A Member, a Registered Representative or an Approved Trader shall not participate in any prohibited market conduct or in any insider trading, or knowingly assist a person in such conduct.

#### **4.1.9 Withholding and Order Withdrawal**

A Member, Approved Trader or Registered Representative shall not withhold or withdraw from the Trading System any Customer's order or any part of a Customer's order for any reason, unless it is for the benefit of the Customer or pursuant to the Customer's instruction.<sup>4</sup>

#### **4.1.10 Cross Trades**

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<sup>4</sup> See [SGX-DT Practice Note 4.1.9](#).

A Member or Approved Trader who knowingly receives buy and sell orders from different Customers at the same time and price, for the same Contract Month of the same Contract, shall first expose the leg which is the better bid or offer than the prevailing bid or offer in the Trading System. If there is no prevailing bid or offer, the Member or Approved Trader shall first expose the leg which has the better price than the last traded price, or if there is no last traded price, the last settlement price. This Rule 4.1.10 does not apply if the orders are entered by:

- (a) different Approved Traders on behalf of different Customers; or
- (b) different Customers directly into the Trading System and the Member or its Approved Trader does not know or have access to that Customer's order flow information.

However, if the Exchange suspects that a cross trade was pre-arranged in either one of the above circumstances in contravention of Rule 4.1.13, the onus is on the Member or the Approved Trader to show otherwise.<sup>5</sup>

#### **4.1.13 Pre-arranged Trades Prohibited**

A Member or Approved Trader shall not make any purchase or sale which has been pre-arranged except for:

- (a) an exchange of Underlying for Futures Contracts as contemplated in this Rules;  
or
- (b) a Negotiated Large Trade as contemplated in this Rules.

For the avoidance of doubt, a request for a quote from a designated market maker approved by the Exchange does not constitute a pre-arranged trade.

#### **Part H: Limitations and risks of on-line or internet trading**

This statement is being provided to the Client pursuant to Rule 3.3.5 (*Customer Education*) of the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited (for the purposes of this Part H, "**SGX-DT**"). The Client acknowledges that it has read and understood this statement and accepts these limitations and risks. The Client may contact AACB if it requires any clarification or further information on these limitations and risks.

##### **On-line or internet identification**

AACB is entitled and authorised to act upon, rely on or regard electronic instructions given on-line or via the internet as if they were carried out or transmitted by the Client or its authorised persons. Whilst AACB uses reasonable efforts to ensure that access to and use of its on-line or internet services will be given only where a user accesses the service with a valid user ID and corresponding password, user authentication on the Internet or other on-line systems is generally difficult to establish. There is therefore a risk that on-line or internet activities may be subject to fraudulent or deceptive activity (including but not limited to unauthorised users falsely pretending to be authorised representatives of the Client).

##### **Security and confidentiality**

The Client and its authorised persons play a part as well in protecting the security and confidentiality of the Client's information. Some recommended good practices include the following:

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<sup>5</sup> See Practice Note 4.1.10.



- (a) A user should not share its user ID or password with any other person.
- (b) A user should never display its user ID or password in an area visible to others.
- (c) A user's personal computer or trading terminal should never be left unattended.

### **Limitations**

Any on-line or internet services provided by AACB, and all information, materials and functions contained therein including software, programs, data, databases, text, graphics, links or other materials, are provided "as is" and "as available". NO WARRANTY OF ANY KIND, IMPLIED, EXPRESS OR STATUTORY, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF TITLE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS, MERCHANTABILITY, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE AND FREEDOM FROM COMPUTER VIRUS OR OTHER MALICIOUS, DESTRUCTIVE OR CORRUPTING CODE, AGENT, PROGRAM OR MACROS, IS GIVEN IN CONJUNCTION WITH SUCH SERVICES OR ANY INFORMATION AND MATERIALS PROVIDED THROUGH SUCH SERVICES. AACB does not warrant: (i) the accuracy, timeliness, adequacy or completeness of the information, materials, services and/or functions provided at or contained in on-line or internet services; (ii) that the Client's use of and/or access to such services or any information or any materials on the services, or the services as a whole, will be uninterrupted, secure or free from errors or omissions or that any identified defect will be corrected; (iii) that the services or any information or materials provided are free from any virus or other malicious, destructive or corrupting code, agent, program or macros.

On-line, internet and other electronic or computer-based systems are vulnerable to disruption or failure of hardware or software, because of high demand, market volatility, systems upgrades or maintenance, or any other reason. Accordingly, the Client acknowledges that any on-line or internet service (including order-routing, execution, matching, registration or clearing of trades) may be subject to such disruption or failure. For example:

- (a) market, order or transaction information transmitted to the Client through the on-line or internet system may not be accurate, even if it appears to be real-time information. The price at which the Client's order is executed may be different from the displayed quote at the time the order was entered;
- (b) the Client may not be able to enter new orders, or modify or cancel existing orders;
- (c) existing orders may not be executed according to the instructions given by the Client, or may not be executed at all. Such orders may be lost or modified, or their priority affected; and
- (d) where an order has been executed, the Client may experience delay in receiving confirmation of such execution, or may not receive a confirmation at all, or may receive inaccurate or conflicting information.

Where there is any disruption or failure of an on-line or internet system, or where the Client experiences any delay in the transmission of its orders or instructions, the Client should immediately contact AACB's Head of Operations, Singapore.

### **Speed of on-line or internet trading**

Although execution of an order that was entered on-line or via the internet typically occurs only seconds after being sent to the market, sometimes orders can be delayed due to high volume or low liquidity. Prices can change very quickly, and even where the order is executed in seconds, the Client may not always receive the quoted price last seen before placing the order. To avoid entering into a transaction at a price higher or lower than is acceptable to the Client, the Client

may consider using limit orders rather than market orders. A limit order is an order to enter into a transaction at no higher or lower than a specified price. However, using a limit order often results in the trade executions failing to occur when that specified price cannot be met.

Delays in executing trades may occur for other reasons. For example, AACB may manually review and enter an order. It may do this to verify that Client's account and margin requirements are in order, or to examine the order for trading restrictions.

Where there is delay in execution of an order, the Client may be tempted to cancel and resubmit an order. However, by cancelling and resubmitting an order in a fast market, the Client runs the risk of entering duplicate orders.

Conversely, the fact that orders are sometimes executed quickly may be to the Client's disadvantage, where the Client has erroneously placed an order; in this situation, the Client may not be able to withdraw or correct the erroneous order before it is executed and the Client may then be bound to perform its obligations under the erroneous trade.

### **Part I: Rules for Negotiated Large Trades ("NLTs")**

The Client acknowledges that it has been made aware of Rule 4.1.11 (*Negotiated Large Trades*) of the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited (for the purposes of this Part I, "**SGX-DT**") (as reproduced below) and undertakes to comply with such requirements as may be imposed by AACB for the purpose of ensuring compliance with Rule 4.1.11.

Where the Client's order is not a NLT order but meets the requirements of the NLT facility, the Client hereby gives its approval ("**general blanket approval**") for such orders to be executed via the NLT facility. The Client acknowledges that:

- (i) the general blanket approval is subject to compliance with the rules, laws and regulations in the Client's country of domicile;
- (ii) the nature and scope of the general blanket approval shall be as agreed in writing between the Client and AACB;
- (iii) some NLT orders may not be executed at the best possible price and that the timeliness of order execution may be compromised; and
- (iv) the Client is aware of the risks and liabilities in providing such general blanket approval and, in particular, is aware that it is obliged to accept all NLTs executed pursuant to the general blanket approval.

### **Reproduction of Rule 4.1.11**

#### 4.1.11 Negotiated Large Trades

The Exchange may, from time to time, designate and approve a Contract for Negotiated Large Trade transactions. Contracts eligible for Negotiated Large Trade transactions shall comply with the minimum volume thresholds, related notification requirements and such other procedures as prescribed by the Exchange from time to time.

#### Extracts of Regulatory Notice 4.1.11 Negotiated Large Trades

<b>ISSUE DATE</b>	<b>CROSS REFERENCE</b>	<b>ENQUIRIES</b>
Amended on 1 August 2007,	RULE 4.1.11	PLEASE CONTACT MANAGEMENT PRODUCT

ISSUE DATE	CROSS REFERENCE	ENQUIRIES
26 September 2007, 23 January 2008, 31 March 2009, 6 April 2009, 24 June 2009, 7 December 2009, 11 January 2010, 17 June 2010, 14 November 2016 and 27 August 2018.		FOR POLICY ISSUES: 6236-8450 PLEASE CONTACT CLEARING HOUSE FOR OPERATIONAL ISSUES: 6538-5319 FACSIMILE NO: 6533-6163 EMAIL ADDRESS : <u>SGXDC_CLEAR@SGX.COM</u>

### 3.3 NLT Execution

3.3.1 For the purpose of Rule 3.4.9, Members may submit NLT orders from two (2) separate Customers under the same Omnibus Account, provided that the Members' record keeping and audit trails are able to demonstrate the separate beneficial ownership.

3.3.2 A Member shall ensure that its Customers are aware of and have given their approval for the execution of the Customers' orders via the NLT facility. Where a Member receives a Customer's order that is not a NLT order but meets the requirements of the NLT facility, such Member may execute the Customer's order via the NLT facility provided that such Member has obtained the prior approval from the Customer, either specifically for the transaction or as a general blanket approval (and such blanket approval has not been terminated by the Customer). If a Customer's approval is obtained verbally, the Member shall ensure that a tape recording of the conversation where the Customer's approval was obtained is retained for record keeping purposes. A Member shall also inform its Customers if the Member may be or is a counterparty to the Customer's NLT and obtain the Customer's prior written approval.

3.3.3 Members may obtain a general blanket approval from their Customers provided the conditions below are met. Members shall disclose to their Customers all NLTs executed pursuant to the general blanket approval. The conditions for obtaining a general blanket approval from the Customer are as follows:

- (a) Members shall inform the Customer that the general blanket approval is subject to compliance with the rules, laws and regulations in the Customer's country of domicile;
- (b) the general blanket approval shall be in writing and shall provide details on the nature and scope of the general blanket approval given;
- (c) Members shall highlight to the Customer the risks and liabilities that the Customer may be exposed to in giving such general blanket approval. In particular, the Member shall highlight that in some instances, NLT orders may not be executed at the best possible price and that the timeliness of order execution may be compromised. The Customer must also be informed that the Customer is obligated to accept all NLTs executed pursuant to the general blanket approval; and
- (d) the Customer shall acknowledge that it has read, understood, and received a copy of the signed general blanket approval.

3.3.4 In order to ensure that Customers' interests are not compromised, the Members shall, unless their Customers specifically request for a trade to be done through

the NLT facility, place all Customers orders on the Trading System for execution. After the Customers' orders have been placed on the Trading System for execution, Members' employees may then seek their Customers' approval to accept the order as an NLT. However, Members may only withdraw an order from the Trading System for subsequent execution as a NLT if the price for the NLT is at least equal to or better than the prevailing bid/offer quoted in the Trading System at the time the order is withdrawn, unless otherwise instructed by Customers.

- 3.3.8 The Exchange shall have the sole and absolute discretion to cancel or adjust the price of any NLT, even after the registration of the NLT

## **Part J: Notification of Rules relating to Direct Market Access**

This statement is being provided to the Client pursuant to Rules 4.2 and 4.3 of the Rules of the Singapore Exchange Securities Trading Limited (for the purposes of this Part J, "SGX-ST") and Rule 2.1 of the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited (for the purposes of this Part J, "SGX-DT"). The Client acknowledges that it has read and understood this statement and that this statement is acceptable to the Client.

### **Reproduction of SGX-ST Rules 4.2 and 4.3**

#### **4.2 Direct Market Access and Sponsored Access**

##### **4.2.1**

A Trading Member may authorise Direct Market Access (including Sponsored Access) for its customers in respect of organised markets established by or operated by SGX-ST or such organised markets as SGX-ST specifies, subject to such conditions and requirements as may be specified in the Rules or prescribed by SGX-ST from time to time.

##### **4.2.2**

A Trading Member that authorises Sponsored Access for its customers must maintain a register recording the identity and address of all customers with Sponsored Access, and produce such register to SGX-ST at its request.

##### **4.2.3**

A Trading Member that authorises Direct Market Access (including Sponsored Access) for a customer must enter into a legally binding agreement with the customer setting out the terms and conditions for such Direct Market Access. The agreement must include requirements, and the Trading Member must have measures in place, for:

(a) the customer to meet minimum standards including standards on financial standing, credit history and criminal records, adverse records or pending court proceedings relating to prohibited market conduct;

(b) the customer to have appropriate procedures in place to assure that all relevant persons:—

(i) are familiar with and comply with the Rules;

(ii) have knowledge and proficiency in the use of the order management system;

(c) the customer to be provided information concerning its access to the Trading System and applicable laws:

(d) the customer to have security arrangements in place to ensure that unauthorised persons are denied such Direct Market Access;

(e) the customer to assist SGX-ST promptly in any investigation into potential violations of the Rules and applicable laws, including the provision of information to SGX-ST relating to the identity and address of any person who may be responsible for the execution of an order or trade;

(f) the customer to comply with Rules 4.1 and 4.13 (in a case where the customer is given Sponsored Access);

(g) the customer to be permitted to delegate, and any other person to be permitted to delegate, Sponsored Access only if the delegating person is:

(I) regulated by a recognised regulatory authority in respect of any regulated activity; or

(II) a Trading Member of SGX-ST in which event it may only delegate Sponsored Access to its related corporations;

for the purpose of this Rule 4.2.3(g), "recognised regulatory authority" refers to a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information, and "regulated activity" shall have the same meaning as in the Securities and Futures Act;

(h) the customer to ensure, and any other person delegating Sponsored Access to ensure, that all persons given Sponsored Access are included in the register referred to in Rule 4.2.2; and

(i) the customer to ensure, and any other person delegating Direct Market Access to ensure, that all persons given Direct Market Access are subject to the requirements in this Rule 4.2.3.

#### **4.2.4**

SGX-ST may require a Trading Member to provide to SGX-ST a report by an independent reviewer on the Trading Member's compliance with Rules 4.2 and 4.3.2.

### **4.3 Suspension and Termination of Direct Market Access**

#### **4.3.1**

SGX-ST may without prior notice suspend or terminate or direct a Trading Member to suspend or terminate immediately a person's Direct Market Access:

(a) where the person has failed to assist SGX-ST with an investigation in accordance with Rule 4.2.3(e);

(b) in the interest of a fair, orderly and transparent market; or

(c) where the person or Trading Member has breached any of the Rules or any applicable laws.

### 4.3.2

A Trading Member must have the ability to immediately suspend or terminate a person's Direct Market Access when necessary for the fulfilment of its duties under the Rules or any other reason.

### Reproduction of SGX-ST Rule 4.1.1

#### 4.1.1 Member Systems

A Trading Member must ensure that:

- (a) its systems and connections to the Trading System operate properly at all times and have adequate redundancy and scalable capacity to accommodate current and anticipated trading volume levels: and
- (b) it complies with the terms and conditions, and any other requirements imposed by SGX-ST, for accessing the Trading System or in relation to order management systems or for any other purpose.

### Reproduction of Regulatory Notice 4.1 — Adequacy of Systems

#### 1. Introduction

1.1 In accordance with Rule 4.1, a Trading Member must ensure that its systems and connections to the Trading System operate properly at all times, and have adequate redundancy and scalable capacity to accommodate current and anticipated trading volume levels.

#### 2. Planning and Assessment Programs to Ensure Adequacy

2.1 In ensuring the adequacy of systems and connections to the Trading System, Trading Members should establish comprehensive planning and assessment programs to test system operation, capacity and security. Trading Members should also have in place arrangements for the employment of appropriate technical expertise to maintain and operate systems and connections to the Trading System.

2.2 The scope of such programs should cover:—

- (a) the establishment of capacity estimates for systems performing automated order routing, execution and market data functions. Such estimates should be based on a suitably long look-back period and historical activity;
- (b) assurance that the system and its functions, including risk controls and error-prevention alerts, have been tested in accordance with prudent business practices before use and following any material change;
- (c) periodically conducting capacity stress tests to determine the behaviour of automated systems under a variety of simulated conditions;
- (d) seeking on a periodic basis the assessment of independent reviewers with regard to whether Trading Members' systems are performing adequately and whether these systems have adequate security. Such independent reviewers may be any persons not involved in the operation of Trading Members' systems who have sufficient technical expertise; and
- (e) implementation of policies for the hiring and training of qualified technical personnel.

2.3 The programs described in paragraph 2.2 may be established under outsourcing arrangements where appropriate. Members continue to be responsible for ensuring that the respective requirements are adequately met under the outsourcing arrangements.

#### **Reproduction of SGX-ST Rule 4.13.1**

**4.13.1** A Trading Member, Director or Trading Representative must:—

- (1) maintain proper, complete and accurate records and audit trails, including a complete audit trail of transactions, whether entered into for itself or the Trading Member's customers, from the receipt of an order to its settlement, to evidence compliance with the Rules in accordance with;
  - (i) in the case of a Trading Member that holds a Capital Markets Services Licence, the requirements in the Securities and Futures Act and the Rules; and
  - (ii) in the case of a Remote Trading Member, such requirements as may be prescribed by the Relevant Regulatory Authority and the Rules. The Remote Trading Member shall immediately notify SGX-ST of any changes to the requirements prescribed by the Relevant Regulatory Authority. Notwithstanding the foregoing, SGX-ST shall have the discretion to prescribe additional requirements;
- (2) not make, or cause to be made, any false or misleading entries in any books, records, slips, documents, or statements relating to the business, affairs, transactions, conditions, assets or accounts of the Trading Member (whether such documents are in hardcopy or electronic form) (the "Documents");
- (3) make or cause to be made all relevant entries in each of the Documents; and
- (4) not alter, conceal or destroy or cause to be altered, concealed or destroyed any of the Documents without a valid reason.

#### **Reproduction of Regulatory Notice 4.13.1 — Audit Trails and Records**

##### 1. Introduction

1.1 In accordance with Rule 4.13.1, a Trading Member and its Trading Representative must maintain proper, complete and accurate records and audit trails, including a complete audit trail of transactions, whether entered into for itself or the Trading Member's customers, from the receipt of an order to its settlement, to evidence compliance with the Rules.

##### 2. Storage of Audit Trail Data

2.1 In accordance with Rule 4.13.2, the Trading Member must keep data and records such that they are easily retrievable by authorised personnel and are stored securely such that no tampering occurs. Backups of records must be kept at a location separate from the original records.

2.2 The Trading Member must also check data and records for quality and accuracy on an on-going basis and correct any quality or accuracy defects detected.

2.3 The following are examples of proper procedures in maintaining records and audit trails:

- (c) for electronic storage of audit trail data :
  - (i) the Trading Member is able to store or download the data in text delimited or ASCII format or such other format that is readable by SGX-ST;
  - (ii) the Trading Member is able to print out the data in hard copies;
  - (iii) the Trading Member has proper back-up controls for its data and records;

- (iv) the order management system has dated and clocked all data files placed on storage media to reflect the computer run time of the file; and
- (b) for non-electronic storage of audit trail data, the Trading Member has paper records showing all the actions of an order (from the point the order is entered) and the respective times and dates, and there are paper records to reflect the print time and date.

### 3. Audit Trail of Transactions

3.1 A Trading Member must produce to SGX-ST, if asked, a complete audit trail of transactions, whether entered into for itself or its customers, from the receipt of an order to its settlement. Unless otherwise required by SGX-ST, for trades and orders that occurred within the six-month period immediately before the request, the records must be provided to SGX-ST immediately, and for trades and orders that occurred more than six months prior to the request, the records must be provided to SGX-ST no later than two business days from the date of request.

3.2 For a complete audit trail of transactions, a Trading Member must ensure that the following records are captured, where applicable:

#### Record of all Fields Relating To Order Entry

1.	Connection ID
2.	Trader ID and name
3.	Client ID and name — from customer account carried on the books of the Trading Member
4.	Trading Account code
5.	Position Account code
6.	User ID and name — used to log into Trading Member's systems
7.	Order ID — assigned by the Trading System
8.	Order type — e.g. good-till-cancelled order, all-or-none order, etc
9.	Buy/sell
10.	Counter name and quantity to be bought/sold
11.	Order price — including original trigger price for stop orders
12.	Settlement instructions — e.g. settlement with CPF funds, contra etc
13.	Force Key usage
14.	Flow of order — if order passes through multiple systems prior to reaching the market
15.	Identity of order reviewer — if any
16.	Description of amendments made — if any
17.	Date and time of order entry, and of any actions taken relating to the order—including transmission, rejection, amending, routing, filtering, execution, withdrawal, etc and should include orders that are progressively released.
18.	Error messages and subsequent actions taken by the user, reviewer or system
19.	Status of order — such as the order being partially filled, fulfilled, unfilled, withdrawn, amended, rejected, etc
20.	Executed order number — assigned by the Trading System
21.	Traded price — for executed orders



22.	Counter name and quantity bought/sold — for executed orders
23.	Counterparty Trading Member identity — for executed orders
24.	Orders and trades in Trading Member records not stored electronically — to be referenced to Order ID and executed order numbers assigned by the Trading System
25.	Any other relevant records/instructions

3.3 For record of times required under the Rules, the Trading Member must ensure that:—

- (a) the record of times should be to the highest level of precision achievable by the operating system and such record must be accurate at least to the second;
- (b) the times captured must not use a clock that can be modified by the person entering the order; and
- (c) the time in the order management system should be synchronised with the GPS time adopted by SGX-ST. If it is not feasible to synchronise the times, the Trading Member must maintain on record the time difference at the start of each Trading Day so as to facilitate the reconciliation of audit trail logs during audit and security incident investigations.

## **Reproduction of SGX-DT Futures Trading Rule 2.1**

### **2.1.1 Access to the Trading System**

A Member or Customer may access the Trading System via:

- (a) an Exchange-provided OMS; or
- (b) an Exchange-approved OMS developed by a Member or an independent software vendor (commonly referred to as ISVs).

"OMS" refers to an order management system through which orders are routed to the Trading System. "Exchange-approved OMS" refers to an OMS that has passed conformance testing and meets appropriate technical specifications as required by the Exchange.

### **2.1.2 Conditions Governing Direct Market Access**

(1) With respect to each Customer for which the Member has authorised Direct Market Access, the Member must have measures in place for each Customer to:

- (a) meet minimum standards including standards on financial standing, credit history and criminal records, adverse records or pending court proceedings relating to prohibited market conduct;
- (b) have appropriate procedures in place to assure that all relevant persons:—
  - (i) are familiar with and comply with these Rules;
  - (ii) have knowledge and proficiency in the use of the order management system;
- (c) be provided information concerning its access to the Trading System and applicable laws:

(d) be subject to a legally binding agreement governing the terms and conditions for such Direct Market Access;

(e) have security arrangements in place to ensure that unauthorised persons are denied such Direct Market Access; and

(f) assist the Exchange in any investigation into potential violations of this Rules and applicable laws. Such assistance shall be timely and shall include, but is not limited to, the provision of information to the Exchange relating to the identity and address of any person who may be responsible for the execution of an order or trade.

(2) Where a Member permits the delegation of Direct Market Access by its authorised Customer and any other persons, the Member must include in the legally binding agreement referred to in Rule 2.1.2(1)(d) the requirement for such Customer and any other persons delegating Direct Market Access to ensure that all persons with Direct Market Access are subject to the requirements set out in Rules 2.1.2(1)(a) to (f).

(3) The Exchange may require a Member to provide to the Exchange a report by an independent reviewer on the Member's compliance with Rules 2.1.2, 2.1.2A and 2.1.2B.

### **2.1.2A Conditions Governing Sponsored Access**

(1) Where a Member authorises Sponsored Access for its Customers, in addition to the requirements set out in Rule 2.1.2, the Member must:—

(a) maintain a register recording the identity and address of all Customers with Sponsored Access;

(b) produce to the Exchange the register referred to in Rule 2.1.2A(1)(a) at such time as the Exchange requires; and

(c) have measures in place for each Customer to comply with the requirements set out in Rule 2.6.2A, Rule 2.6.4, Regulatory Notice 2.6.4, Regulatory Notice 2.6.2A and any other requirement set out by the Exchange relating to the OMS.

(2) Where a Member permits the delegation of Sponsored Access by its authorised Customer and any other persons: —

(a) the Member must have measures to ensure that the authorised Customer and any other persons delegating Sponsored Access:

(i) are persons regulated by a recognised regulatory authority in respect of any regulated activity; or

(ii) where such persons are not regulated in accordance with Rule 2.1.2A(2)(a)(i), that such persons are Members of the Exchange, and that such persons shall only be permitted to delegate Sponsored Access to their Related Corporations; and

(b) the Member must include in the legally binding agreement referred to in Rule 2.1.2(1)(d) the requirement for such Customer and any other persons delegating Sponsored Access to ensure that all persons with Sponsored Access are included in the register referred to in Rule 2.1.2A(1)(a) and subject to the requirements set out in Rule 2.1.2A(1)(c).

For the purpose of this Rule 2.1.2A, "recognised regulatory authority" refers to a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information, and "regulated activity" shall have the same meaning as in the Securities and Futures Act.

## **2.1.2B Suspension and Termination of Direct Market Access**

(a) The Exchange may suspend or terminate, or direct a Member to suspend or terminate a person's Direct Market Access:

(i) where the person has failed to assist the Exchange with an investigation in accordance with Rule 2.1.2(1)(f);

(ii) in the interest of a fair, orderly and transparent market; or

(iii) where the person has caused the Member to breach requirements in the Rules.

(b) A Member must have the ability to immediately suspend or terminate a person's Direct Market Access when necessary for the fulfillment of its duties under Rule 3.2.1 or any other reason.

## **Reproduction of SGX-DT Futures Trading Rule 2.6.2A**

### **2.6.2A Adequacy of Systems**

A Member must ensure that its systems and connections to the Markets operate properly, and have adequate and scalable capacity to accommodate trading volume levels.

#### **Reproduction of Regulatory Notice 2.6.2A — Adequacy of Systems**

##### 1. Introduction

1.1 In accordance with Rule 2.6.2A, a Member must ensure that its systems and connections to the Markets operate properly, and have adequate and scalable capacity to accommodate trading volume levels.

##### 2. Planning and Assessment Programs to Ensure Adequacy

2.1 In ensuring the adequacy of systems and connections to the Markets, Members should establish comprehensive planning and assessment programs to test system operation, capacity and security. Members should also have in place arrangements for the employment of appropriate technical expertise to maintain and operate systems and connections to the Markets.

2.2 The scope of such programs should cover:—

- (a) the establishment of capacity estimates for systems performing automated order routing, execution and market data functions. Such estimates should be based on a suitably long look-back period and historical activity;
- (b) assurance that the system and its functions, including risk controls and error-prevention alerts, have been tested in accordance with prudent business practices before use and following any material change;
- (c) periodically conducting capacity stress tests to determine the behaviour of automated systems under a variety of simulated conditions;
- (d) seeking on a periodic basis the assessment of independent reviewers with regard to whether Members' systems are performing adequately and whether these systems have adequate security. Such independent reviewers may be any persons not involved in the operation of Members' systems who have sufficient technical expertise; and

(e) implementation of policies for the hiring and training of qualified technical personnel.

2.3 The programs described in paragraph 2.2 may be established under outsourcing arrangements where appropriate. Members continue to be responsible for ensuring that the respective requirements are adequately met under the outsourcing arrangements.

#### **Reproduction of SGX-DT Futures Trading Rule 2.6.4**

##### **2.6.4 Audit Trails and Records**

A Member is required to:—

- (a) maintain complete and accurate records and audit trails to evidence compliance with this Rules, and in accordance with the requirements in this Rules and;
  - (i) for a General Trading Member that holds a licence specified in Rule 2.4.1(b), in accordance with the requirements of the Relevant Regulatory Authority. The Trading Member shall immediately notify the Exchange on any changes to such requirements. Notwithstanding the foregoing, the Exchange shall have the discretion to prescribe additional requirements; and
  - (ii) for other Members, in accordance with the requirements of the Act;
- (b) not make, or cause to be made, a false or misleading entry, in hardcopy, or electronic form, in any books, records, slips, documents, statements relating to the business, affairs, transactions, conditions, assets or accounts ("the Documents") of a Member;
- (c) make all material entries in any of the Documents;
- (d) not alter or destroy any of the Documents without a valid reason; and
- (e) make records available to the Exchange at such time as the Exchange requires.

#### **Reproduction of Regulatory Notice 2.6.4 — Audit Trails and Records**

##### **1. Introduction**

1.1 In accordance with Rule 2.6.4, a Member is required to maintain complete and accurate records and audit trails to evidence compliance with this Rules, and in accordance with the requirements in the Act and this Rules.

##### **2. Storage of Audit Trail Data**

2.1 The Member should keep data and records such that they are easily retrievable by authorised personnel and are stored securely such that no tampering occurs. Backups of records must be kept at a location separate from the original records.

2.2 The Member must check data and records for quality and accuracy on an on-going basis and correct any quality or accuracy defects detected.

2.3 The following are examples of proper procedures in maintaining records and audit trails:—

- (a) for electronic storage of audit trail data :
  - (i) the Member is able to store or download the data in text delimited or ASCII format or such other format that is readable by the Exchange;
  - (ii) the Member is able to print out the data in hard copies;
  - (iii) the Member has proper back-up controls for its data and records; and

- (iv) the OMS has dated and clocked all data files placed on storage media to reflect the computer run time of the file; and
- (b) for non-electronic storage of audit trail data, the Member has paper records showing all the actions of an order (from the point the order is entered) and the respective times and dates, and there are paper records to reflect the print time and date.

### 3. Audit Trail of Transactions

3.1 A Member shall produce to the Exchange, if asked, a complete audit trail of transactions, from the receipt of an order to its settlement. Unless otherwise required by the Exchange, for trades and orders which occurred within the 6 month period immediately before the request, the records must be provided to the Exchange immediately, and for trades and orders which occurred more than 6 months prior to the request, the records must be provided to the Exchange no later than two business days from the date of request.

3.2 For a complete audit trail of transactions, a Member must ensure that the following records are captured, where applicable:

#### 3.2.1 Record of all Fields Relating To Order Entry (details of an order)

1.	Trading System ID
1A.	Order date — date order is entered into the OMS
2.	Trade date — date order is executed in the Trading System
3.	Commodity
4.	Commodity month
5.	Commodity year
6.	Call/ put
7.	Strike price
8.	Traded premium
9.	Original quantity — original order size
10.	Transmitted quantity — actual size transmitted to the Trading System or an accessible foreign market
11.	Traded quantity — actual size of order filled
12.	Original order price — price at which order is to be executed
13.	Original trigger price (for stop orders)
14.	Traded price — actual price at which order is executed
15.	Trade type (e.g. outright order, spread order)
16.	Approved Trader/ User id — unique identifier for each user of the OMS. In the case of Direct Market Access, Member should be able to identify where the order is coming from
17.	Order number — unique number assigned to each order sequentially
18.	Clearing Member code
19.	Account number
20.	Status of order at all stages (e.g. original order, amended, filled, unfilled, withdrawn or cancelled, rejected, re-routed for review)

21.	Order type (e.g. Market Order, Limit Order, Stop Order)
22.	Combined order type (e.g. Market — If — Touched order, Market — On — Close order, One — Cancels — the — Other Order)
23.	Order qualifier (e.g. day order, fill or kill, good — till — cancelled, good — till — date, good — till — session)
24.	Buy/ Sell
25.	Time of entry through all processors in the OMS (e.g. time at which order entered into the OMS , time at which order reached the Member's network, time at which order reached the Trading System)
26.	Time of execution
26A.	Counterparty Member identity — for executed orders
27.	Origin
28.	Timestamp for changes made to audit trail records (e.g. to record the time at which the account number, price or quantity of a filled trade in the audit trail file/ record is changed)

### 3.2.2 Record of amendment of orders

1.	Details of the change that is made (the newly amended order should be easily traced to the original order)
2.	Time of amendment
3.	User id of the person who enters the original order into the OMS
4.	User id of the person who amends the order (if the order is amended by another user)

### 3.2.3 Record of Withdrawal of Orders

1.	Details of the order
2.	Time of withdrawal
3.	User id of the person who enters the original order into the OMS
4.	User id of the person who withdraws the order (if the order is withdrawn by another user)

### 3.2.4 Record of Orders Rejected

1.	Details of the order
2.	Time at which order was rejected by the OMS
3.	Time at which order was rejected by the Trading System
4.	Reasons for the rejection of order

### 3.2.5 Record of Orders Entered into the Local Order Pad of the OMS (where orders that are not released to the Trading System are stored)

1.	Details of the order (as described in <a href="#">paragraph 3.2.1</a> , wherever applicable)
2.	Time at which order was entered into, amended and/or withdrawn from the local order pad
3.	Time at which order was released to the Trading System

4.	Time at which order in the queue was moved back to the local order pad
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3.2.6 Record of Customers' Orders Deferred/ Re-routed to the Member  
(if the OMS allows interception of Customers' orders before releasing the orders to the Trading System)

1.	Details of the order (as described in <u>paragraph 3.2.1</u> , wherever applicable)
2.	Time at which order was intercepted by the Member
3.	Time and details of any subsequent amendment/ withdrawal of the intercepted order
4.	Time at which order was released to the Trading System
5.	User id of the Member's employee who handled the intercepted order

3.2.7 A "Relative" Key

1.	A unique identifier that will tie together all actions relating to a specific order. This identifier will remain unchanged throughout the lifespan of the order and should be able to link the order to the trade number assigned by the Trading System.
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3.3 For record of times required under this Rules, the Member must ensure that:

1.	the record of times should be to the highest level of precision achievable by the operating system and such record must be accurate at least to the second;
2.	the times captured must not use a clock that can be modified by the person entering the order; and
3.	the time in the OMS should be synchronized with the GPS time adopted by the Exchange. If it is not feasible to synchronize the times, the Member must maintain on record the time difference at the start of each Trading Day so as to facilitate the reconciliation of audit trail logs during audit investigation.

### **Part K: Liability of CDP**

This statement is provided to the Client as required by the Clearing Rules of The Central Depository (Pte) Limited ("**CDP**").

The Client acknowledges that it has been notified of Rule 1.1.1 to 1.1.8 of the Clearing Rules of CDP (as reproduced below) and that the same is acceptable to the Client.

### **Reproduction of Rule 1.1.1 to 1.1.8 of the Clearing Rules of CDP**

1.1.1 These Clearing Rules apply to all Exchange Trades that are cleared or settled through CDP. The Clearing Rules operate as a binding contract between CDP and each Clearing Member, and between a Clearing Member and any other Clearing Member.

1.1.2 These Clearing Rules shall come into effect on the Effective Date.

1.1.3 Except where CDP, SGX RegCo, or any person or entity referred to under Rule 1.1.7 otherwise expressly agrees with or expressly commit to any party, the benefit of any performance of obligations under these Clearing Rules and/or Clearing Directives is restricted only to Clearing Members. None of CDP, its related corporations, SGX RegCo, any person or entity referred to under Rule 1.1.7, or their respective directors, officers, employees, representatives or agents (the "Relevant Persons") shall be liable to any

other party (including Trading Members). In particular, the Relevant Persons shall have no liability to any party affected or aggrieved by any alleged action or omission.

1.1.4 All Clearing Members are to note the foregoing and ensure that they are taking on membership, and/or carrying on business, as Clearing Members, and that they transact and will transact by reference to CDP or upon information or action referable to CDP, only on the foregoing basis, and will also ensure that they will not open or allow the continued operation of any account for any person with respect to any transaction unless such person has been notified of the foregoing provisions and has satisfied itself that the same is acceptable and accepts the same.

1.1.5 CDP may waive the application of a rule (or part of a rule) to suit the circumstances of a particular case, unless the rule specifies that CDP shall not waive it. CDP may grant a waiver subject to such conditions as it considers appropriate. A waiver is only effective if the conditions are satisfied.

CDP shall notify all Clearing Members of such waivers as soon as practicable.

1.1.6 The Clearing Rules may be amended or repealed by the Board in accordance with the SFA.

1.1.7 CDP may delegate, assign or grant authority to exercise any of its rights, powers, authorities and discretions under these Rules, including any right to enforce these Rules, to such person or entity as it may determine in its sole discretion, without consent from any Clearing Member.

Where these Rules provide that any power, authority or discretion is to be exercised by the Board, the Board may delegate, assign or grant authority to exercise such power, authority or discretion to any person or entity. The Board may authorise a delegate to sub-delegate

1.1.8 SGX RegCo shall have the authority to exercise any rights, powers, authorities and discretions under these Rules, including the right to enforce these Rules. In the exercise of any such rights, powers, authorities and discretions under these Rules, SGX RegCo shall be bound to the same extent as CDP in respect of any obligations arising from the exercise of such rights, powers, authorities and discretions.

#### **Part L: Notification of CDP Clearing Rule 6B.7**

This statement is provided to the Client as required under Rule 6B.7 of the Clearing Rules of the CDP.

The Client acknowledges that it has been notified of Rule 6B.7 of the Clearing Rules of the CDP (as reproduced below) and that the same is acceptable to the Client.

#### **Reproduction of Rule 6B.7**

6B.7.1 CDP may invest, manage and use Collateral in such manner as it shall deem fit provided that:

- (1) Collateral solely in respect of Customer Accounts shall be invested in accordance with these Clearing Rules, the Security Deed and the SFA; and
- (2) CDP shall not use any Collateral received and notified to it as Collateral solely in respect of Customer Accounts, to settle any obligations that are incurred in



relation to any House Account, except in accordance with these Clearing Rules, the Security Deed and the SFA.

- 6B.7.1A Each Clearing Member shall secure contractual waivers in favour of the Clearing Member from its customers waiving their respective rights to all interest and investment earnings from the Collateral held with or otherwise provided to CDP solely in respect of Customer Accounts, in the form and manner as may be prescribed by the CDP, as may be necessary to give effect to CDP's rights in relation to interest and fees under Rule 6B.8.
- 6B.7.2 All Collateral deposited or provided by each Clearing Member to CDP shall be subject to these Clearing Rules, the Security Deed and the SFA (each as amended or supplemented from time to time). Each Clearing Member shall ensure that all Collateral deposited or provided to CDP are deposited or provided only on the foregoing basis and shall also ensure that, prior to depositing or providing any Collateral to CDP for the account or for the contracts of any person, such person has been notified of and has accepted the foregoing.

### **Part M: Terms Relating to Marking of Sell Orders**

The Client acknowledges that it is hereby made aware of Rule 8.7 of the Rules of the Singapore Exchange Securities Trading Limited (for the purposes of this Part M, "**SGX-ST**") and its related Regulatory Notice (the "**Short Selling Rules**"), which relate to the marking of sell orders, and undertakes to comply therewith and with such terms and requirements as may be imposed by AACB for the purpose of ensuring AACB's compliance with the Short Selling Rules, including without limitation the following:

1. The Client understands and acknowledges that the Short Selling Rules will apply to all sell orders to be transmitted to SGX-ST, whether placed with or through AACB or directly with SGX-ST.
2. The Client is hereby notified of, and acknowledges, AACB's requirements in this Part M as necessary for securing compliance with the Short Selling Rules. The requirements herein should be regarded as Trading Restrictions referred to under the Singapore DMA Schedule.
3. The Client acknowledges that all its sell orders, whether placed with or through AACB or directly with SGX-ST, are subject to the Short Selling Rules.
4. The Client understands and acknowledges that it is required to mark each sell order to indicate whether it is a Short Sell Order (as defined in the SGX-ST Rules) or a normal sell order at the point of order entry and hereby represent, warrant and undertake to comply with such requirement.
5. The Client hereby represents, warrants and undertakes that all sell orders which it places with or through AACB shall be so marked in the appropriate fields provided in AACB's trading or clearing system. The Client further understands and acknowledges that any unmarked sell orders received by AACB may be rejected and not transmitted to SGX-ST without AACB incurring any liability to the Client whatsoever.
6. The Client hereby represents, warrants and undertakes that all sell orders which the Client places directly with SGX-ST through Sponsored Access shall be so marked in accordance with the requirements of SGX-ST. The Client further understands and acknowledges that any sell order, which is not marked as aforesaid, must not be transmitted by it to the Trading System of SGX-ST.

7. The Client understands and acknowledges that it is required to have all necessary operational and technical systems and procedures to ensure that it is able to comply, and that it does comply, with the Short Selling Rules and the foregoing requirements. The Client further understands and acknowledges that if it places any sell order, whether with or through AACB or directly with SGX-ST, AACB will treat the Client's order placement as a confirmation, representation and warranty to AACB that the Client has complied and will comply with the Short Selling Rules and the foregoing requirements, that the Client has all such necessary operational and technical systems and procedures in place and that it has only placed each such sell order in compliance with such systems and procedures.
8. The Client understands and acknowledges that it is the Client's duty to ensure that a sell order is accurately marked. The Client further understands and acknowledges that AACB will rely on all information which the Client has provided to AACB in relation to the marking of the Client's sell orders as true, accurate and complete and AACB will onward communicate the same to SGX-ST without further verification of the same, whether against any other information which AACB may possess or otherwise.

#### **Part N: Contract Notes and Statement of Account**

A member company is required by Rule 4.24 (*Contract Notes*) and Rule 4.25 (*Statements of Account to Customers*) of the Rules of the Singapore Exchange Securities Trading Limited (for the purposes of this Part N, "**SGX-ST**") and Rule 3.3.9 (*Customer's Statement of Account and Contract Note*) of the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited (for the purposes of this Part N, "**SGX-DT**") to obtain its client's revocable and informed consent before issuing contract notes or statements of account in electronic form.

The Client hereby agrees and consents to the provision by AACB to it of contract notes, confirmation notes, daily statements, monthly statements and other advices (the "**statements**") by electronic means. The Client agrees that:

- (a) AACB may deliver such statements by electronic mail to the following electronic mail address(es):
  - (1) \_\_\_\_\_;
  - (2) \_\_\_\_\_;
- (b) delivery of such statements shall be in lieu of printed contract notes and statements of account, and the Client will not receive printed versions of these documents;
- (c) AACB will not impose any additional fees or charges in connection with the provision of the statements by electronic means; and
- (d) the Client may at any time revoke its consent to the delivery of these statements by electronic means by written notice to AACB and, following receipt by AACB of such written revocation, AACB shall deliver printed contract notes and statements of account to the Client by fax or post.

#### **Part O: Consent to Disclose Client's Information and Orders**

A member company is required by Rule 4.14 (*Confidentiality of Customer's Information*) and Rule 4.15 (*Opening of Customer Accounts*) of the Rules of the Singapore Exchange Securities Trading Limited (for the purposes of this Part O, "**SGX-ST**") to maintain confidentiality of its

client's information and the client's order(s) unless prior written consent of the client for the disclosure of information is obtained.

The Client hereby agrees and consents to the disclosure of its information and order(s) by AACB and its trading representatives, employees, officers or agents (regardless of whether AACB is acting as its agent or acting as principal) in any of the circumstances where disclosure of information is permitted pursuant to Clause 7 (Disclosure of Information) of the Singapore Rules and Regulations Annex.

### **Part P: Risks of securities lending**

This statement describes the principal risks that may arise from securities lending transactions. The Client acknowledges that it has read and understood this statement and accepts these risks. The Client may contact AACB if it requires any clarification or further information on these risks.

**Counterparty or credit risk** - A lender of securities faces the risk of a borrower defaulting on its obligations and failing to re-deliver the borrowed securities, typically as a consequence of an insolvency. If the Client or AACB lends the Client's securities to a borrower, the Client is therefore exposed to the risk that AACB or the borrower may default. This risk is heightened if the securities lending transaction is not collateralised.

**Title Risk** – The lending of the Client's securities to a borrower will necessarily mean that the Client loses ownership rights to the said securities. In its place, the Client will only have a right, subject to the terms of the Master Clearing Agreement, to claim for equivalent securities from AACB or the borrower. In the event of the insolvency of AACB or the borrower, the Client may not be able to assert any proprietary claim over its securities and may only have an unsecured claim against AACB or the borrower as the case may be.

**Liquidity risk** - Related to counterparty risk, this is the risk that a counterparty may not settle an obligation for full value on the due date, but on some date thereafter.

**Market risk** - Market risk is the risk of loss from adverse movements in the level or volatility of the market prices of assets. In the case of an uncollateralised securities lending transaction, a default by the borrower may expose the lender to market risk from an upward movement in the market price of the borrowed securities during the terms of the loan. In the case of a collateralised securities lending transaction, market risk may still arise from movements in the market price of the loaned securities relative to the collateral.

**Legal risk** - As in any legal transaction, this is the risk of loss because a contract cannot be enforced, or because of the unexpected application of a law or regulation.

**Operational and settlement risks** - These are the risk that deficiencies in a party's systems or internal controls could result in an expected loss. Securities lending can involve a variety of complex administrative, trading, operational and accounting activities, and proper procedures and controls needs to be in place to ensure timely settlements.

**Tax Risk** – In so far as the Client will receive manufactured dividends, the Client may be required to treat the entire amount as income for tax purposes.

## **Part Q: Risks of holding and trading of securities and equity linked products**

This statement provides a brief outline of some of the risks associated with holding and trading of securities and equity linked products. It is being provided to the Client pursuant to Rule 4.16 of the Rules of the Singapore Exchange Securities Trading Limited (for the purposes of this Part Q, "SGX-ST"). It cannot be and is not sufficient to explain all the risks. The Client should therefore fully understand the nature of the transactions and contractual relationships, the extent of its exposure to risk and the potential losses that can be incurred and, as appropriate, consult its professional advisers before entering into any transaction. The Client acknowledges that it has read and understood this statement and accepts these risks. The Client may contact AACB if it requires any clarification or further information on these risks.

### **General Investment Risks**

**Price and Market Risks** - The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. The Client's position on various transactions may be liquidated at a loss and the Client will then be liable for any resulting deficit.

Under certain circumstances, it may be difficult to liquidate an existing position, assess the value, determine a fair price or assess its exposure to risk. The specifications of outstanding contracts (including the exercise price of an option or warrant) may also be modified by an exchange or clearing house to reflect changes in the underlying asset.

**Off-exchange transactions** - If the Client enters into an off-exchange transaction, AACB may be acting as the Client's counterparty. Off-exchange transactions may be less regulated or subject to a separate regulatory regime, compared to on-exchange transactions.

Because prices and characteristics of over-the-counter financial instruments are often individually negotiated, there may be no central source for obtaining prices and there can be inefficiencies in the pricing of such instruments.

Off-exchange transactions may also involve greater risk than dealing in exchange traded products because there is no exchange market through which to liquidate the Client's position, to assess the value of the product or the exposure to risk. Bid and offer prices need not be quoted and it may be difficult to establish what is a fair price.

**Country Risks** - Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose the Client to additional risk. Such markets may be subject to rules which may offer different or diminished investor protection. Before the Client trades, the Client should make enquiries with AACB about any rules relevant to the Client's particular transactions. The Client's local regulatory authority will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where the Client's transactions have been effected. The Client should ask AACB for details about the types of redress available in both the Client's home jurisdiction and other relevant jurisdictions before the Client starts to trade. Any imposition by a country of exchange controls or other limitations or restrictions may cause payments to be made in the local currency instead of the original invested currency, or may result in the inability to effect outward remittances of funds from such country, which can affect the value of the Client's investment or the Client's ability to enjoy its benefit.

Investment in equities, investment funds and other assets in "emerging markets", including those located in Asia, Latin America and eastern Europe, may yield high returns but may also carry high investment risks. Such risks include political risks, risks of economic instability, heightened levels of the general risks described above, greater prevalence of unsavory market practices and laws and regulations which afford inadequate protection and safeguards to investors. Generally less information is publicly available with respect to emerging markets issuers and obligors and

many emerging markets companies are subject to less rigorous accounting and reporting requirements than those applicable in developed markets.

**Liquidity and Market Disruption Risks** - Adverse market conditions may result in the Client not being able to effect transactions, liquidate all or part of its investments, assess a value or its exposure or determine a fair price, as and when it requires. This may also arise from the rules in certain markets (for example, the rules of a particular exchange may provide for "circuit breakers" where trading is suspended or restricted at times of rapid price movements).

Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit the Client's losses to the intended amounts, as it may be impossible to execute such orders under adverse market conditions. Strategies using combinations of positions, such as spread and straddle positions, may be as risky as taking simple long or short positions.

The normal pricing relationships between a derivative and the underlying assets may not exist in certain circumstances. For example, this can occur when an asset underlying an option is subject to price limits while the option is not.

Most open-outcry and electronic trading facilities are supported by computer-based systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. The Client's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary. Before conducting any transactions through such facilities or systems, the Client should understand the details in this respect. Further, trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If the Client undertakes transactions on an electronic trading system, it will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that the Client's order is either not executed according to its instructions or not executed at all.

**Foreign Exchange Risks** - Fluctuations in foreign currency rates will have an impact on the Client's profit and loss where a transaction involves a foreign currency element.

**Credit Risks** - Equities and equity-linked products are subject to the credit risks of the issuer or counterparty, including but not limited to failure by such issuer or counterparty to make delivery or payment to the Client. The Client should also familiarise itself with the protection accorded to any money or other property which it deposits for domestic and foreign transactions, particularly in a firm's insolvency or bankruptcy. The extent to which the Client may recover its money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as its own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

**Custodial Services** - The Client acknowledges that there may be risks in leaving securities and assets with AACB as custodian. Such risks could involve the loss of all securities and assets, leading to diminished investor protection. The Client should be prepared to assume these risks if it decides to leave its securities and assets with AACB as custodian. The Client should also understand that in relation to securities and assets held in other jurisdictions, AACB may appoint foreign custodians to safekeep its foreign securities and assets. In this respect, there may be additional risks in relation to such foreign custodians arising from the operation of foreign law, rules and regulations. The Client should therefore be prepared to assume these further risks before it engages AACB to provide such foreign custodial services. The Client should also be aware that it may incur additional costs for utilising custodial services.

**Margin and Leveraged Transactions** - Financial transactions may sometimes involve a high degree of leverage. This can work against the Client as well as for the Client. A small market movement can produce large losses as well as gains.

The risk of loss in financing a transaction by deposit of collateral is significant. The Client may sustain losses in excess of its cash and any other assets deposited as collateral with the licensed or registered person. Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. The Client may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, the Client's collateral may be liquidated without its consent. Moreover, the Client will remain liable for any resulting deficit in its account and interest charged on its account. The Client should therefore carefully consider whether such a financing arrangement is suitable in light of its own financial position and investment objectives.

**Impact of Fees and Charges** - Before the Client begins to trade, the Client should obtain a clear explanation of all commissions, fees and other charges for which it will be liable. These charges will affect the Client's net profit (if any) or increase its loss and must be considered in any risk assessment made by the Client.

**Deposited cash and assets** - The Client should familiarise itself with the protections given to money or other property it deposits for domestic and foreign transactions, particularly in the event of a firm's insolvency or bankruptcy. The extent to which the Client may recover its money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as the Client's will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

**Derivatives Products** - Derivatives are financial contracts for which the price is derived from an underlying asset or benchmark, such as a share or share index. Derivatives may be comprised of a number of different elements and this often makes them difficult to understand. The Client should not deal in derivatives unless it asks about and understands the nature of the contract it is entering into, the terms and conditions of the contract and the extent of its exposure to risk. While the following sections of this risk disclosure statement describe the principal risks relevant to certain derivatives products, such as options, warrants, futures and forwards, it does not disclose all of the risks and other significant aspects of these products or other derivatives products. The risks relating to transacting in futures contracts and options are further described in Form 13 of the Securities and Futures (Licensing and Conduct of Business) Regulations, a copy of which is reproduced below.

**Options** - An option is a right granted by a person (the seller or writer) to another (the buyer or holder) to buy (call option) or to sell (put option) a specified amount of an underlying share or other asset at a predefined price (strike price) at or until a certain time (expiration date), in exchange for the payment of a premium. American-style options are exercisable on any trading day up until the expiration date. European-style options may only be exercised on their expiration date. Transactions in options carry a high degree of risk. The Client should familiarise itself with the type of options (i.e. put or call) which it contemplates trading and the associated risks. The Client should calculate the extent to which the value of an option would have to increase for the Client's position to become profitable, taking into account the premium paid and all transaction costs.

Exercising an option results either in a cash settlement or in the buyer acquiring delivery of the underlying asset. The buyer of options may offset its position by trading in the market or exercise the options or allow the options to expire. If the option is on a futures contract, for example, the buyer will acquire the futures position together with associated liabilities for margin; this will expose the buyer to the risks of the futures contract, described below under "Futures and Forwards". If the purchased options expire worthless, the Client will suffer a total loss of its investment, which will consist of the option premium paid plus transaction costs. If the Client is contemplating purchasing deep-out-of-the-money options, the Client should be aware that, ordinarily, the chance of such options becoming profitable is remote.

The risks associated with writing an option are generally considerably greater than buying an option. If the option is covered by a corresponding position in the underlying asset, the risk may be reduced. Conversely, if the option is uncovered, then the possible loss may be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

During the life of an option, the buyer will often have to provide margin. The margin is determined by the counterparty or, in the case of exchange traded options, the exchange. If the deposited margin proves insufficient, the buyer may have to provide additional collateral or be faced with its position being closed-out. Certain exchanges in some jurisdictions permit deferred payment of the option premium, limiting the liability of the buyer to margin payments not exceeding the amount of the premium. The buyer is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the buyer is responsible for any unpaid premium outstanding at that time.

**Commodity options** - Before entering into any transaction involving a commodity option, the Client should thoroughly understand the nature and type of option involved and the underlying physical commodity. In addition to the risks set out above, the Client should note that specific market movements of the underlying physical commodity cannot be predicted accurately. The prices of commodities can and do fluctuate, and may experience up and down movements which would affect the value of the option.

**Exotic options** - Unlike "plain vanilla" put and call options, exotic options are subject to additional conditions and agreements. Exotic options come in the form of tailor-made over-the-counter options or as warrants (see section on "Warrants" below). Given the special composition of exotic options, their price movements can vary markedly from those of their "plain vanilla" cousins. The Client must also be aware that larger transactions can trigger price movements even shortly before expiration and that these can render an option worthless. There is no limit to the structures exotic options may take and the Client should seek comprehensive advice about the particular risks involved before entering into any transaction involving an exotic option.

**Warrants** - A warrant is a right to subscribe for shares, debentures or other securities, and is exercisable against the original issuer of the securities. As in the case of options, warrants often involve a high degree of gearing, so that a relatively small movement in the price of the underlying security results in a disproportionately large movement in the price of the warrant. The prices of the warrants can therefore be volatile. As in the case of options, the buyer of a warrant is subject to the risk of losing the premium and transaction costs.

Some other instruments are also called warrants but are actually options -- for example, a right to acquire shares or other securities which is exercisable against someone other than the original issuer of the securities, which is often called a "covered warrant". More generally, options which are in securitised form are often referred to as warrants.

An investment in warrants involves valuation risks in relation to the underlying asset, which may vary over time and may increase or decrease by reference to various factors, which may include corporate actions (where the underlying asset is a share or a basket of shares), changes in computation or composition (where the underlying asset is an index), macro economic factors and market trends. Although the issuer may be required or permitted to adjust or amend the conditions of the warrants under certain circumstances, if an event occurs which does not require the issuer to make such adjustments, the price of the warrants and the return upon the exercise of the warrants may be affected.

**Forwards and Futures** - Forwards and futures entail the obligation to deliver or take delivery on a specified expiration date of a defined quantity of an underlying asset at a price agreed on the contract date. Futures are standardised contracts traded on-exchange. Forwards are traded over-the-counter. Futures and forwards involve a high degree of risk: the "gearing" or "leverage"

often obtainable in forwards or futures trading means that a small deposit or down payment can lead to large losses as well as gains.

On buying or (short) selling an underlying asset on the futures market, the Client must supply a specified initial margin on agreement of the contract. This is usually a percentage of the total value of the contracted instruments. In addition, a variation margin is calculated periodically during the life of the contract. This corresponds to the book profit or loss arising from any change in value in the contract or underlying instrument. In the event of a book loss, the variation margin can be several times as large as the initial margin.

For forward sales, the underlying must be delivered at the price originally agreed even if its market value has since risen above the agreed price. In such a case, the Client risks losing the difference between these two amounts. Theoretically, there is no limit to how far the market value of the underlying can rise. Hence, potential losses are similarly unlimited and can substantially exceed the margin requirements. For forward purchases, the Client must take delivery of the underlying at the price originally agreed even if its market value has since fallen below the agreed price. The Client's potential loss corresponds to the difference between these two values. The maximum loss corresponds to the originally agreed price. Potential losses can substantially exceed the margin requirements. If the Client sells forward an underlying which it does not hold at the outset of the contract, this is referred to as a short sale. In this case, the Client risks having to acquire the underlying at an unfavourable market price in order to fulfill its obligation to effect delivery on the contract's expiration date.

**OTC forwards** - There is no actual market for OTC forwards agreed individually, and hence such positions may only be closed out with the agreement of the counterparty.

**Contracts for Differences** - Certain futures, forward or option contracts can also be referred to as a "contract for differences" -- for example, a forward relating to an equity index. However, these contracts can only be settled in cash. Investing in a contract for difference carries the same risks as investing in a futures contract, forward or an option, and the Client should be aware of these as set out in the respective sections of this risk disclosure statement above. Transactions in contracts for differences may have margin requirements and the Client should be aware of the implications of this as set out in the section above entitled "Margin and Leveraged Transactions".

**Structured Products** - Structured products are formed by combining two or more financial instruments, including one or more derivatives. They may be traded either over-the-counter or on-exchange. Structured products carry a high degree of risk and may not be suitable for many members of the public, as the risks associated with the financial instruments may be interconnected. Prior to engaging in structured product transactions, the Client should understand the inherent risks involved. In particular, the various risks associated with each financial instrument should be evaluated separately as well as taking the structured product as a whole.

With structured products, buyers can only assert their rights against the issuer. The Client therefore needs to be aware that, as well as any potential loss it may incur due to a fall in the market value of the underlying, a total loss of its investment is possible should the issuer default.

Equity-linked notes (or ELNs) are an example of structured products. ELNs may be viewed as combining a debt instrument with an option that allows a bull (rising), bear (falling) or range bet. The return on an ELN is usually determined by the performance of a single share or other security, a basket of securities or an equity index or other index. The Client should also note that the return on investment of an ELN may be predetermined, so that even if the Client's view of the direction of the underlying market is correct, the Client will not gain more than the specified amount. In addition, there is a limited secondary market for outstanding ELN issues.



**Part R: Risks of trading in futures contracts, spot foreign exchange contracts for the purposes of leveraged foreign exchange trading or FX OTC derivatives contracts**

**FORM 13**

**SECURITIES AND FUTURES ACT (Cap. 289)**

**SECURITIES AND FUTURES (LICENSING AND CONDUCT OF BUSINESS) REGULATIONS  
(Rg 10)**

**RISK DISCLOSURE STATEMENT REQUIRED TO BE FURNISHED UNDER REGULATION  
47E(1) AND TO BE KEPT UNDER REGULATION 39(2)(c) BY THE HOLDER OF A  
CAPITAL MARKETS SERVICES LICENCE TO TRADE IN CAPITAL MARKETS  
PRODUCTS IN RESPECT OF FUTURES AND CERTAIN OVER-THE-COUNTER  
DERIVATIVES CONTRACTS**

1. This statement is provided to you in accordance with regulation 47E(1) of the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10).
2. This statement does not disclose all the risks and other significant aspects of trading in futures, options, over-the-counter derivatives contracts where the underlying is a currency or currency index ("OTCD currency contracts") and spot foreign exchange contracts for the purposes of leveraged foreign exchange trading ("Spot LFX trading contracts"). In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to the risks. Trading in futures, options, OTCD currency contracts and Spot LFX trading contracts may not be suitable for many members of the public. You should carefully consider whether such trading is appropriate for you in the light of your experience, objectives, financial resources and other relevant circumstances. In considering whether to trade, you should be aware of the following:

**(a) Futures, OTCD currency contracts and Spot LFX trading contracts**

*(i) Effect of 'Leverage' or 'Gearing'*

Transactions in futures, OTCD currency contracts and Spot LFX trading contracts carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract, OTCD currency contract or Spot LFX trading contract transaction so that the transaction is highly 'leveraged' or 'geared'. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of the initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice in order to maintain your position. If you fail to comply with a request for additional funds within the specified time, your position may be liquidated at a loss and you will be liable for any resulting deficit in your account.

*(ii) Risk-Reducing Orders or Strategies*

The placing of certain orders (e.g. 'stop-loss' orders, where permitted under local law, or 'stop-limit' orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. At times, it is also difficult or impossible to liquidate a position without incurring substantial losses. Strategies using combinations of positions, such as 'spread' and 'straddle' positions may be as risky as taking simple 'long' or 'short'

positions.

**(b) Options**

(i) *Variable Degree of Risk*

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of options (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options would have to increase for your position to become profitable, taking into account the premium paid and all transaction costs.

The purchaser of options may offset its position by trading in the market or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract, OTCD currency contract or Spot LFX trading contract, the purchaser will have to acquire a position in the futures contract, OTCD currency contract or Spot LFX trading contract, as the case may be, with associated liabilities for margin (see the section on Futures, OTCD currency contracts and Spot LFX trading contracts above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium paid plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that, ordinarily, the chance of such options becoming profitable is remote.

Selling ('writing' or 'granting') an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of the amount of premium received. The seller will be liable to deposit additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract, OTCD currency contract or spot LFX trading contract, the seller will acquire a position in the futures contract, OTCD currency contract or spot LFX trading contract, as the case may be, with associated liabilities for margin (see the section on Futures, OTCD currency contracts and Spot LFX trading contracts above). If the option is 'covered' by the seller holding a corresponding position in the underlying futures contract, OTCD currency contract, spot LFX trading contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, limiting the liability of the purchaser to margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

**(c) Additional Risks Common to Futures, Options and Leveraged Foreign Exchange Trading**

*(i) Terms and Conditions of Contracts*

You should ask the corporation with which you conduct your transactions for the terms and conditions of the specific futures contract, option, OTCD currency contract or spot LFX trading contract which you are trading and the associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract, OTCD currency contract or spot LFX trading contract transaction and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

*(ii) Suspension or Restriction of Trading and Pricing Relationships*

Market conditions (e.g. illiquidity) or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the futures contract, and the underlying interest and the option may not exist. This can occur when, e.g., the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge 'fair' value.

*(iii) Deposited Cash and Property*

You should familiarise yourself with the protection accorded to any money or other property which you deposit for domestic and foreign transactions, particularly in a firm's insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

**(d) Commission and Other Charges**

Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

**(e) Transactions in Other Jurisdictions**

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to a rule which may offer different or diminished investor protection. Before you trade, you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you conduct your transactions for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

**(f) Currency Risks**

The profit or loss in transactions in foreign currency-denominated futures and options contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

**(g) Trading Facilities**

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the one or more parties, namely the system provider, the market, the clearing house or member firms. Such limits may vary. You should ask the firm with which you conduct your transactions for details in this respect.

**(h) Electronic Trading**

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or not executed at all.

**(i) Off-Exchange Transactions**

In some jurisdictions, firms are permitted to effect off-exchange transactions. The firm with which you conduct your transactions may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with the applicable rules and attendant risks.

*Note:*

“Margin” means an amount of money, securities, property or other collateral, representing a part of the value of the contract or agreement to be entered into, which is deposited by the buyer or the seller of a transaction in a futures contract, OTCD currency contract or spot LFX trading contract to ensure performance of the terms of the transaction in the futures contract, OTCD currency contract or spot LFX trading contract.

We hereby acknowledge and agree to the above contents of the Disclosure Documents.