Corporate Governance Report

For the financial year 2000/01

SGX is committed to good standards of corporate governance. This report describes SGX's corporate governance processes and activities. In conjunction with the SGX's Listing Manual requirement (the "listing requirement") introduced in April 2001 which requires that issuers which hold their AGMs on or after 1 January 2003 should describe their corporate governance practices with specific reference to the Code of Corporate Governance in their annual reports, SGX has taken steps in this report towards achieving full compliance with the listing requirement in 2003.

		Code Compliance Checklist
1	**BOARD OF DIRECTORS**	
1.1	The Board meets at least once every two months and supervises the management of the business and affairs of the Company. The Board approves the Company's strategic directions, action plan and tactical implementation, appointment of board directors and key managerial personnel, annual budgets, major funding and investment proposals, and reviews the financial performance of the Company. Board approval is specifically required for any funding or investment proposal above S$5 million.	Principle 1, GN*: 1.1, 1.2
1.2	To facilitate effective management, certain functions have been delegated by the Board to various Board Committees, each of which has its own written terms of reference.	Principle 4, GN: 4.1 Principle 11
1.3	Key information regarding the directors is given in "Directors' Information" on page 42. The number of board meetings held in the year, as well as the attendance of every board member at those meetings and meetings of the various Board Committees is given on page 74.	Principle 1, GN: 1.1 Principle 4, GN: 4.5 Principle 11, GN: 11.7
1.4	The Board consists of a majority of non-	Principle 2

* GN – Guidance Note

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	executive and independent directors whose objective judgement and collective experience is a valuable asset and resource.	
1.5	In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board with the monthly management accounts, and a quarterly report of the Company's activities.	Principle 6 Principle 10, GN: 10.2

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2	**AUDIT COMMITTEE ("AC")**	
2.1	The AC comprises five members, all of whom are independent non-executive directors.	Principle 11, GN: 11.1
2.2	The AC has established a quarterly reporting practice to review the financial statements before the announcement, in view of SGX's move to quarterly reporting of its financial results.	Principle 11, GN: 11.5 Principle 10, GN: 10.1

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2.3	The AC performs the following functions:	Principle 12, GN: 12.1
a	Reviews the audit plans of the internal and external Auditors of the Company, ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the external and internal Auditors;	
b	Reviews the interim and annual financial statements and the Auditors' report of the Company before their submission to the Board of Directors;	
c	Reviews with the management and the Chief Internal Auditor the adequacy of the Company's internal controls over management, business and service systems and practices;	
d	Reviews legal and regulatory matters that may have a material impact on the	

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	financial statements, related exchange compliance policies, and programmes and reports received from regulators.	
2.4	The Committee has the power to conduct or authorise investigations into any matters within the Committee's scope of responsibility.	Principle 11, GN: 11.3
2.5	In the opinion of the AC, the Company complies with the SGX Securities Trading Best Practices Guide on Audit Committee.	
2.6	The AC, having reviewed the volume of non-audit services to the Company by the external Auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external Auditors, are pleased to confirm their re-nomination.	Principle 11, GN: 11.4, 11.6
2.7	The AC has met with the external and internal Auditors, without the presence of the Company's management.	Principle 11, GN: 11.5
3.0	**NOMINATING COMMITTEE ("NC")**	
3.1	The NC is charged with the responsibility to review and make recommendations to the Board on all board appointments and re-appointments.	Principle 4, GN: 4.2
3.2	The appointment of members of the NC is subject to the prior approval of the Monetary Authority of Singapore.	
3.3	The NC also conducts ad-hoc meetings to interview and approve the appointment of senior management positions.	
3.4	In accordance with the requirements of the Code of Corporate Governance ("CGC"), the NC has also conducted:	

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a	an exercise to determine the independence of each director, and	Principle 4, GN: 4.3
b	a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.	Principle 5
3.5	In the process of evaluating the Board's performance, the NC had considered a set of quantitative and qualitative performance criteria, and had also, in conjunction with the CMD Committee, conducted a review of the CEO's performance and approved the CEO's performance targets (including quantitative financial figures such as EBITDA, ROE and revenue growth) for the next financial year.	Principle 5, GN: 5.1, 5.2
3.6	The NC, in assessing the contribution by each individual director to the effectiveness of the Board, has, at this stage, decided to adopt a purely objective criterion, which is the attendance record of the director at Board and Committee Meetings.	Principle 5, GN: 5.3
4.	**COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE ("CMD COMMITTEE")**	
4.1	The CMD Committee comprises seven directors, of whom a majority are non-executive and independent directors.	Principle 7, GN: 7.1
4.2	The CMD Committee reviews all matters concerning the Company's senior management remuneration programme to	Principle 7, GN: 7.3

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ensure that it is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully. The CMD Committee also reviews the Company's incentive and bonus schemes.

4.3 The CMD Committee also administers the SGX Share Option Plan (the "Plan") established on 1 November 2000, in

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accordance with the rules as approved by shareholders.

4.4 The CMD Committee also reviews all matters concerning the non-executive director's remuneration programme to ascertain that the remuneration is commensurate with the contribution and responsibilities of the director. — Principle 8, GN: 8.3

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5 APPEALS COMMITTEE

5.1 The Appeals Committee conducts hearings on appeals against the decisions of the exchange with regard to the cancellation of contracts transacted on the securities market, disciplinary actions taken against members of the securities and derivatives markets for breaches of exchange rules, matters relating to

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admission or rejection of applications for memberships.

5.2 The Appeals Committee also conducts hearings on appeals against the decisions of the Business Conduct Committee, the Clearing House Committee and the Disciplinary Committees of the Company's securities and derivatives markets.

5.3 A total of three appeals have been filed

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and heard by the Appeals Committee as at the date of this report.

6 STRATEGY COMMITTEE ("SC")

6.1 The SC serves as an advisory committee, making recommendations to the Board on corporate policies and strategies pertaining to any area of SGX's activities. Its principal responsibilities are to

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periodically review the overall strategic direction of the exchange; to review and consider material new strategic developments of the exchange; and to review and consider material new businesses of the exchange. The SC will consider ideas mooted by the Board, as well as the management of SGX.

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7 CONFLICTS COMMITTEE

7.1 The Conflicts Committee was constituted as a consequence of SGX's listing in November. The Head of the Risk Management and Regulation Division, Alan Shaw, is the secretary of this committee.

7.2 The appointment of members of the Conflicts Committee is subject to the prior

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approval of the Monetary Authority of Singapore.

7.3 The Conflicts Committee's responsibility is to consider possible conflicts of interest that may arise from the listing or quotation of SGX shares on SGX Securities Trading.

7.4 The Conflicts Committee has not, in the past eight months since SGX's listing, encountered any occasion requiring the

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necessity for a meeting.

8 MANAGEMENT COMMITTEE

8.1 The Management Committee is not a Board Committee. Decisions of the SGX Board are communicated to the Management Committee, which comprises senior management and is chaired by the CEO.

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8.2 Weekly Management Committee meetings are held by the CEO with the senior management, who are the Heads of Divisions in the Company, to review the status of various projects, discuss or propose strategic objectives, plans and key policies for the Company and recommend any strategic ventures or proposals to the Board.

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9 DEALINGS IN SECURITIES

9.1 SGX has adopted internal codes pursuant to the SGX Securities Trading Best Practices Guide applicable to all SGX officers in relation to dealings in SGX's securities.

Dated: 30 June 2001

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Directors' Attendance at Board and Committee Meetings

Name	SGX Board		Audit Committee		Nominating Committee		Appeals Committee		Compensation and Management Development Committee		Strategy Committee	
	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended
J Y Pillay	12	12			3	3	1	1	2	2	2	2
Thomas A. Kloet	12	12							2	2	2	2
Richard Gnodde	12	8			1	0			2	2		
Goh Yew Lin	11	8			2	2					2	2
Ho Tian Yee	12	8	3	3	3	3					2	2
Victor Liew Cheng San	12	8	3	3	2	1	1	1				
Low Check Kian	11	10			2	1	0	0	2	1	2	2
Hidetoshi Mine	12	9	3	1					2	2		
Robert Stein	11	7	2	0					2	0	2	1
George Teo Eng Kim	12	12			3	3	1	1			1	1
Wong Ngit Liong	12	8	2	2					2	1		