

# Corporate Governance Report

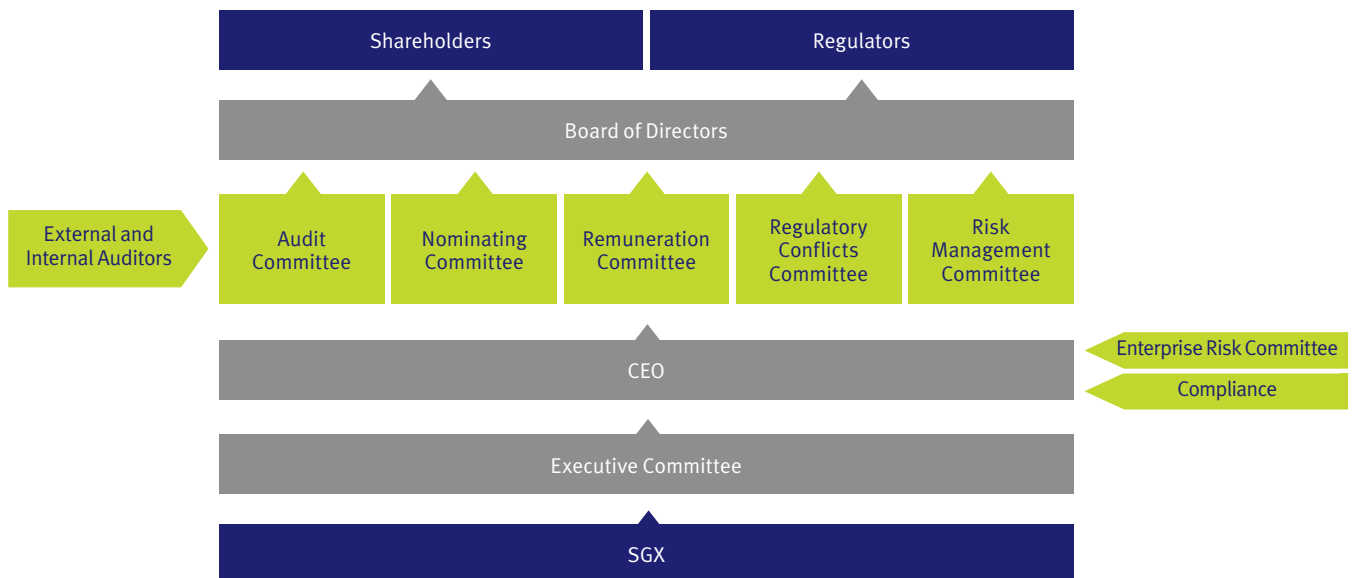
## Corporate Governance Practices

Singapore Exchange (SGX) is committed to high standards of corporate governance, business integrity and professionalism in all its activities. SGX's corporate governance practices conform to and have been compliant with both the Securities and Futures (Corporate Governance of Approved Exchanges, Designated Clearing Houses and Approved Holding Companies) Regulations 2005 (SFR 2005) and the Code of Corporate Governance 2005 (Code) throughout the financial year ended 30 June 2013. In late 2012, SGX commenced the implementation of various measures to comply with the requirements of the Code of Corporate Governance 2012 (CG 2012). SGX will be fully compliant with CG 2012 from the financial year commencing 1 July 2013.

## Self-Regulatory Organisation Governance

This Corporate Governance Report is to be read in conjunction with the Self-Regulatory Organisation (SRO) Governance Report, which sets out SGX's corporate governance as a self-regulatory organisation. Unless specified otherwise, references to independence of directors are references to independence as defined under SFR 2005.

### SGX Corporate Governance Framework



## Highlights

<b>Awards and Accolades</b>	
✓	Ranked 1st in the Governance & Transparency Index 2013, launched by the Business Times and the Centre for Governance, Institutions and Organisations (CGIO) of NUS Business School, National University of Singapore Joint Silver Award at the Best Managed Board 2013 awards as judged by the Singapore Institute of Directors' Award Judging Panel
<b>Transparency</b>	
✓	Quarterly financial reports Quarterly briefings to analysts and media webcasts Daily updates of volumes and values of Singapore Securities Market displayed on website Monthly publications on volumes and values traded on key products provide guidance to our final financial results
<b>Strong Risk Management</b>	
✓	Risk tolerance levels for all SGX's key risks are endorsed by the Board Please refer to section on 'Risk Management Report'
<b>Shareholders' Rights</b>	
✓	Voluntarily limits the percentage of share capital to be offered other than on a pro-rata basis to not exceed 10%
<b>Board Succession Planning</b>	
✓	Board renewal & refreshment: <ul style="list-style-type: none"> <li>▪ Proposed appointment of new independent and non-executive director</li> <li>▪ Retirement of long-serving director Mr Robert Owen</li> </ul>

## Board matters

### The Board's conduct of its affairs

#### Principle 1

#### Principal Duties of the Board

The Board oversees SGX's affairs and is accountable to shareholders for the management of SGX and its performance.

The principal duties of the Board include:

- (a) approving the appointment of the CEO, directors and succession planning process;
- (b) approving broad policies, strategies and objectives of SGX;
- (c) approving annual budgets, major funding proposals, investment and divestment proposals;
- (d) approving the adequacy of internal controls, risk management, financial reporting and compliance;
- (e) approving the policy for managing and/or mitigating perceived or actual conflicts of interest between SGX's regulatory accountabilities and commercial interests; and
- (f) considering sustainability issues of policies and proposals.

#### Independent Judgement

All directors exercise due diligence and independent judgement and make decisions objectively in the best interests of SGX. In determining the independence of directors, our definition of independence adheres to the requirements under SFR 2005. To be independent under SFR 2005, a director must be independent from management and business relationships with SGX, and also be independent from any substantial shareholder of SGX. Furthermore, a director must not be a director or substantial shareholder of an SGX (or any of its subsidiaries) member firms or any related corporation of an SGX (or any of its subsidiaries) member firm.

In addition, consideration is given to Guideline 2.4 of CG 2012 which requires that the independence of any director who has served on the Board beyond nine years, from the date of first appointment, be subject to particularly rigorous review.

#### Delegation by the Board

Board committees, namely the Audit Committee (AC), Nominating Committee (NC), Regulatory Conflicts Committee (RCC), Remuneration Committee (RC) and Risk Management Committee (RMC), have been constituted to assist the Board in the discharge of specific responsibilities. Clear written terms of reference (TOR) set out the duties, authority and accountabilities of each committee as well as qualifications for committee membership, in line with the SFR 2005 and the Code, where applicable. The TORs are reviewed on a regular basis, along with the committee

structures and membership, to ensure their continued relevance. The detailed TORs of Board committees are available on SGX's website at [www.sgx.com](http://www.sgx.com).

The RCC has been appointed by the Board to supervise the management of SGX's SRO conflicts. Please refer to the 'SRO Governance Report' in the Annual Report (AR) for more information on the activities of the RCC.

Please refer to Principles 4 to 5, 7 to 8, 11 and 12 in this Corporate Governance Report, for further information on the activities of the NC, RC, RMC and AC respectively.

### Key Features of Board Processes

The schedule of all Board and Board committee meetings and the Annual General Meeting (AGM) for the next calendar year is planned well in advance, in consultation with the Board. The Board meets at least four times a year at regular intervals. Telephonic attendance at Board meetings is allowed under SGX's Articles of Association (Articles). The Board and Board committees may also make decisions by way of circulating resolutions.

Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances.

### Board Approval

SGX has adopted and documented internal guidelines setting forth matters that require Board approval. Matters which are specifically reserved to the Board for approval are:

- (a) matters involving a conflict of interest for a substantial shareholder or a director;
- (b) material acquisitions and disposal of assets;
- (c) corporate or financial restructuring;
- (d) share issuances, interim dividends and other returns to shareholders;
- (e) matters which require Board approval as specified under SGX's interested person transaction policy; and
- (f) any investments or expenditures exceeding \$10 million in total.

For expenditures of \$10 million and below, SGX has internal guidelines which set out, among others, the authorisation limits granted to management for approval of capital and operating expenditures, specified financial transactions and supplementary budgets.

While matters relating to SGX's objectives, strategies and policies require the Board's direction and approval, the executive committee (EXCO) comprising senior management is responsible for overseeing the management of the SGX group and implementing the Board's strategic policies.

### Board Orientation and Training

A formal letter of appointment is provided to every new director. The formal letter of appointment indicates the time commitment required and the role of directors (including directors' responsibilities). The new director will also receive a manual containing Board and SGX policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving SGX, prohibition on dealings in SGX's securities and restrictions on the disclosure of price-sensitive information.

SGX conducts a comprehensive orientation programme, which is presented by CEO and senior management, to familiarise new directors with its business and governance practices. The orientation programme gives directors an understanding of SGX's businesses to enable them to assimilate into their new roles. The programme also allows the new director to get acquainted with senior management, thereby facilitating board interaction and independent access to senior management. The newly appointed directors for FY2013, Mr Kwa Chong Seng and Mr Kevin Kwok, were given a detailed and in-depth briefing and induction into SGX by the CEO, and senior management. The directors underwent the newly formalised induction programme, with presentations by senior management to introduce them to every aspect of the SGX business. The proposed new director will undergo the same induction programme upon his/her appointment.

The directors are provided with continuing briefings and updates in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards and issues which have a direct impact on financial statements, so as to enable them to properly discharge their duties as Board or Board committee members. The scope of such continuous briefings and updates includes overview of industry trends and developments, governance practices and developing trends, and changes in trends in governance practices and regulatory requirements pertaining to SGX's business.

### Briefings and updates provided for directors in FY2013

- At every AC meeting, the external auditor, PricewaterhouseCoopers LLP, brief the AC members on developments in accounting and governance standards.
- The CEO updates the Board at each meeting on business and strategic developments in the global exchange and clearing house industry.
- An external advisor was engaged to undertake a review of SGX's risk management practices, policy and structure and was invited to present his final report to the RMC.
- The Board attended a briefing on the electricity market in Singapore.

The directors may also attend other appropriate courses, conferences and seminars, at SGX's expense. These include programmes run by the Singapore Institute of Directors.

Directors can request for further explanations, briefings or information on any aspect of SGX's operations or business issues from management.

## Board composition and guidance Principle 2

### Board Independence

The SFR 2005 provides that an independent director is one who is independent from any management and business relationship with SGX, and also independent from any substantial shareholder of SGX. Under this definition, more than half of the Board is considered independent.

Under the SFR 2005, it is mandatory for the NC to determine annually whether a director is independent.

In the course of the year, the NC assessed the independence of Board members in light of Guideline 2.4 of CG 2012 which requires that the independence of any director who has served on the Board beyond nine years, from the date of first appointment, be subject to particularly rigorous review. The following directors would have served on the Board for nine years or more by the Fourteenth AGM as non-executive independent directors:

- (a) Mr Ng Kee Choe, who was appointed on 22 October 2003;
- (b) Mr Robert Owen, who was appointed on 17 September 2004; and
- (c) Mr Lee Hsien Yang, who was appointed on 17 September 2004.

Mr Chew Choon Seng, who was appointed on 1 December 2004, would have served on the Board as a non-executive independent director beyond nine years by 1 December 2013.

Mr Robert Owen is retiring under Section 153(6) of the Companies Act at the AGM and will not be offering himself for re-appointment to office.

To avoid an abrupt loss of members with experience and institutional memory of SGX, the Board wishes to pace the retirement of its directors and recommends that:

- (a) Mr Ng Kee Choe, and
- (b) Mr Lee Hsien Yang,

continue on the Board as non-independent directors, each for a term not exceeding three years.

Mr Chew Choon Seng, who became the Chairman of the Board on 1 January 2011, is retiring by rotation under Article 99A of the Company's Articles of Association. For continuity and stability in the management and direction of SGX, the Board recommends that Mr Chew continues to serve as the Chairman of the Board. Mr Chew has given his consent, and being eligible, offers himself for re-election at the AGM. If re-elected, under CG 2012, he will be deemed a non-independent director with effect from 1 December 2013, on account of his having been a director for more than nine years on that date. The Board will appoint a lead independent director from 1 December 2013.

### Board composition and size

Each year, the NC reviews the composition and size of the Board and each Board committee and the skills and core competencies of its members to ensure an appropriate balance and diversity of skills and experience. Core competencies include banking, finance, accounting, business acumen, management experience, exchange industry knowledge, familiarity with regulatory requirements and knowledge of risk management. The directors are continually updated on company affairs by management. The Board, taking into account the views of the NC, considers that its directors possess the necessary competencies and knowledge to lead and govern SGX effectively.

## Directors' Meeting Attendance Report for FY2013

Meeting	No. of Meetings Held	No. of Meetings Attended						
		Chew Choon Seng	Magnus Böcker	Thaddeus Beczak	Jane Diplock AO	Euleen Goh <sup>^</sup>	Kwa Chong Seng <sup>*</sup>	
1. Annual General Meeting	Scheduled	1	1	1	1	1	1	1
2. Extraordinary General Meeting	Scheduled	1	1	1	1	1	1	1
3. Board Meeting	Scheduled	4	4	4	4	4	1	3 <sup>*</sup>
	Ad-hoc	3	3	3	3	3	–	3
(a) Nominating Committee Meeting	Scheduled	2	2	–	–	–	–	2
(b) Remuneration Committee Meeting	Scheduled	2	2	2 <sup>#</sup>	–	–	–	–
(c) Audit Committee Meeting	Scheduled	4	4 <sup>#</sup>	4 <sup>#</sup>	–	3 <sup>*</sup>	–	–
(d) Regulatory Conflicts Committee Meeting	Scheduled	2	2	2 <sup>#</sup>	–	2	–	–
	Ad-hoc	1	1	1 <sup>#</sup>	–	1	–	–
(e) Risk Management Committee Meeting	Scheduled	3	3 <sup>#</sup>	3 <sup>#</sup>	3	1 <sup>*</sup>	–	3
	Ad-hoc	2	2 <sup>#</sup>	2 <sup>#</sup>	2	–	1	1 <sup>*</sup>

• Observer.

# By invitation.

\* Appointed on 20 September 2012.

^ Stepped down on 20 September 2012.

Taking into account the nature and scope of SGX's businesses and the number of Board committees, the Board, taking into account the views of the NC, considers that a board size of at least 12 directors, with the majority of members being independent is necessary. The NC has reviewed the existing composition of the Board committees in light of the loss of independence of four directors by the end of 2013 and has recommended that the Board committees be reconstituted to ensure that the requirements of CG 2012 and SFR 2005 continue to be met and that a diversity of skills and experience is maintained.

### Board Guidance

An effective and robust Board, whose members engage in open and constructive debate and challenge management on its assumptions and proposals, is fundamental to good corporate governance. A Board should also aid in the development of strategic proposals and oversee effective implementation by management to achieve set objectives.

For this to happen, the Board, in particular Non-Executive Directors (NEDs), must be kept well informed of SGX's businesses and be knowledgeable about the exchange industry. To ensure that NEDs are well supported by accurate, complete and timely information, NEDs have unrestricted access to management. NEDs also receive periodic information papers and board briefings on latest market developments and trends, and key business initiatives. Regular informal meetings are held for management to brief directors on prospective deals and potential developments in the early stages, before formal Board approval is sought. Board papers are provided to directors not less than a week in advance of the meeting to afford the directors sufficient time to review the board papers prior to the meeting. If a director is unable to attend a Board or Board committee meeting, the director may nevertheless provide his/her comments to the Chairman or relevant Board committee Chairman separately.

The four regular Board sessions in a year are organised to focus on:

- risk management strategies;
- strategic issues and directions for SGX;
- budget considerations for the financial year; and
- end-of-financial year review.

### Meeting of Directors without Management

Executive sessions are available for the NEDs to meet without the presence of management or executive directors at each Board meeting, where necessary.

### Chairman and Chief Executive Officer Principle 3

#### Separation of the Role of Chairman and the Chief Executive Officer

The roles of Chairman and CEO are separate to ensure a clear division of responsibilities, increased accountability and greater capacity of the Board for independent decision-making. The Chairman is not related to the CEO. The division of responsibilities and functions between the two has been demarcated with the concurrence of the Board.

The Chairman manages the business of the Board and monitors the translation of the Board's decisions and wishes into executive action. He approves the agendas for the Board meetings and ensures sufficient allocation of time for thorough discussion of each agenda item. He promotes an open environment for debate, and ensures that NEDs are able to speak freely and contribute effectively. He exercises control over the quality and quantity of the information as well as the timeliness of the flow of information between the Board and management. In addition, he provides close oversight, guidance, advice and leadership to the CEO and management.

Total No. of  
Meetings Held

Kevin Kwok*	Lee Hsien Yang	Liew Mun Leong	Loh Boon Chye^	Ng Kee Choe	Robert Owen	Quah Wee Ghee	Davinder Singh	
1	1	1	1	1	1	1	1	1
1	1	1	1	1	1	1	1	1
3*	4	4	1	4	4	4	2	7
3	2	3	-	2	3	3	3	
-	2	-	-	2	-	-	2	2
-	2	1	-	2	-	-	-	2
3*	4	2	-	4	-	-	-	4
2	-	-	-	-	2	-	1*	
1	-	-	-	-	1	-	-	3
-	-	-	-	-	3	3	1	
-	-	-	1	-	2	2	1*	5

### Assessment of Independence of Individual Directors

All references to Regulations are a reference to the SFR 2005, which can be obtained from [www.agc.gov.sg](http://www.agc.gov.sg)

All references to Guidelines are references to the Code or CG 2012 (as applicable), which can be obtained from [www.mas.gov.sg](http://www.mas.gov.sg)

Name of Director	Independence status under the Code	Independence status under the SFR 2005	Reg 3(1)(a) Independent from management relationship	Reg 3(1)(b) Independent from business relationship	Reg 4 Independent from substantial shareholder
1. Chew Choon Seng	Yes	Yes	Yes	Yes	Yes
2. Magnus Böcker	No <sup>1</sup>	No <sup>2</sup>	No	Yes	Yes
3. Thaddeus Beczak	Yes	Yes	Yes	Yes	Yes
4. Jane Diplock AO	Yes	Yes	Yes	Yes	Yes
5. Kwa Chong Seng	Yes	Yes	Yes	Yes	Yes
6. Kevin Kwok	Yes	Yes	Yes	Yes	Yes
7. Lee Hsien Yang	Yes	Yes	Yes	Yes	Yes
8. Liew Mun Leong	Yes	Yes	Yes	Yes	Yes
9. Ng Kee Choe	Yes	Yes	Yes	Yes	Yes
10. Robert Owen	Yes	Yes	Yes	Yes	Yes
11. Quah Wee Ghee	Yes	No <sup>3</sup>	Yes	No	Yes
12. Davinder Singh	No <sup>4</sup>	No <sup>5</sup>	Yes	No	Yes

1 As CEO of SGX, Magnus Böcker is considered employed by SGX and deemed non-independent by virtue of Guideline 2.3(a).

2 As CEO of SGX, Magnus Böcker is non-independent from management relationship.

3 With effect from 9 January 2012, Quah Wee Ghee is deemed non-independent by virtue of Regulation 3(3)(c)(ii), due to his directorship held with OCBC Ltd, which is a related corporation of an SGX member firm.

4 With effect from 9 March 2012, Davinder Singh is deemed non-independent by virtue of Guideline 2.3(d), due to Drew & Napier LLC's engagement to advise Singapore Exchange Securities Trading Limited in relation to the judicial review on the issuance of a public reprimand against a director of a listed company.

5 Davinder Singh is deemed non-independent by virtue of Regulation 3(3)(a), due to Drew & Napier LLC's engagement as disclosed above.

At AGMs and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and management.

The CEO manages and develops the businesses of SGX and implements the Board's decisions. He chairs the EXCO.

EXCO, which comprises senior management executives, meets weekly to oversee the management of the SGX group and implement the Board's strategic policies.

Board interaction with, and independent access to, senior management is encouraged. EXCO members are invited to attend all Board meetings, and relevant Board committee meetings.

### Board membership Principle 4

#### Continuous Board Renewal

The Board, in conjunction with the NC, reviews the composition of the Board and Board committees annually, taking into account the performance and contribution of each individual director. Board composition is also evaluated to ensure diversity of skills and experience is maintained within the Board and Board committees.

Based on the NC's assessment of independence of each individual director and his or her relevant expertise, and with the aim of ensuring compliance with the requirements of SFR 2005 and the Code, the Board reviews, and reconstitutes as appropriate, the membership of the Board committees.

#### NC Composition

The NC is chaired by Mr Ng Kee Choe, and comprises Mr Chew Choon Seng, Mr Lee Hsien Yang, Mr Davinder Singh and Mr Kwa Chong Seng. In compliance with the SFR 2005 requirements, the NC has five members (including the NC Chairman), four of whom are independent directors.

## Recommendation of Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointment, re-appointment or termination of directors and Board committee members, taking into account the Monetary Authority of Singapore's (MAS) fit and proper criteria for such appointments, the director's independence status, his or her participation and contributions during and outside board meetings, the SFR 2005, the Code and other relevant factors as may be determined by the NC. All directors of SGX are approved by the MAS, based on its fit and proper criteria, before they are appointed by the Board or at the AGM (as the case may be).

The Articles provide that at each AGM, one-third of the directors, including the CEO who also serves on the Board (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Effectively, this results in all directors having to retire at least once in three years or even earlier. Directors appointed by the Board during the financial year, without shareholders' approval at the AGM, shall only hold office until the next AGM, and thereafter be eligible for re-election at the AGM.

## Continuous Review of Directors' Independence

Under the SFR 2005, it is mandatory for the NC to conduct an annual review of each director's independence, based on the SFR 2005 requirements. SGX has procedures in place for enhanced controls and to ensure continuous monitoring of SGX directors' independence. The NC has ascertained that a majority of the Board members are independent according to these criteria. If at any time the MAS is not satisfied that a director is independent, notwithstanding any determination by the NC, the MAS may direct SGX to rectify the composition of the Board or Board committees, as the case may be.

Since November 2011, a new policy was implemented whereby directors must consult the Chairman of the Board and the NC Chairman prior to accepting new director appointments. Directors must also immediately report any changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence status under the SFR 2005. This ensures directors continually meet the stringent requirements of independence under the SFR 2005.

## Directors' Time Commitments

The NC assesses the effectiveness of the Board as a whole and takes into account, each director's contribution and devotion of time and attention to SGX. The NC also assesses nominees identified for recommendation to the Board, on their individual credentials and their ability to devote appropriate time and attention to SGX.

The NC is of the view that the effectiveness of each of the directors is best assessed by a qualitative assessment of the director's contributions as well as by taking into account each director's listed company board directorships, and any other relevant time commitments. While having a numerical limit on the number of directorships may be considered by some other companies to be suitable for their circumstances, at present SGX considers the assessment as described above to be more effective for its purposes. SGX also does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board.

For now, the NC believes that SGX's qualitative assessment and the existing practice, which requires each director to confirm annually to the NC, his/her ability to devote sufficient time and attention to SGX's affairs, having regard to his/her other commitments, are effective.

## Composition Requirements for the Board and Board Committees as per the SFR 2005

Board/Board Committee	SFR 2005 Reg No.	Composition requirements				Additional requirements	Composition requirements fulfilled
		Independent from management and business relationships	Independent Directors*	Independent from any single substantial shareholder			
1. Board of Directors	6	Majority	One-third	Majority	N.A.	Yes	
2. Risk Management Committee	7	N.A.	One-third	Majority	N.A.	Yes	
3. Nominating Committee	9	Majority (including NC Chairman)	One-third	Majority	Must comprise at least 5 directors	Yes	
4. Remuneration Committee	13	Majority (including RC Chairman)	One-third	Majority	Must comprise at least 3 directors, matters referred to in regulation 3(3)(c), (d) and (e) do not apply to all directors	Yes	
5. Audit Committee	14	All	Majority (including AC Chairman)	N.A.	Must comprise at least 3 directors	Yes	
6. Regulatory Conflicts Committee	15	All	N.A.	Majority (including RCC Chairman)	Must comprise at least 3 directors	Yes	

\* Independent from management and business relationships, and from any substantial shareholder.

SGX will continue to disclose each director's listed company board directorships and principal time commitments, which may be found on pages 40-46.

The Board is satisfied that all directors have discharged their duties adequately for FY2013. The Board also expects that the directors (including the directors to be newly appointed) will continue to (or will) discharge their duties adequately in FY2014.

#### Succession Planning for the Board and Senior Management

Succession planning is an important part of the governance process. The NC will seek to refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory.

The NC reviews the succession and leadership development plans for senior management, which are subsequently approved by the Board. As part of this annual review, the successors to key positions are identified, and development plans instituted for them.

#### Criteria and Process for Nomination and Selection of New Directors

SGX adopts a comprehensive and detailed process in the selection of new directors. Candidates are first sourced through an extensive network of contacts and identified based on the needs of SGX and the relevant expertise required. After the NC Chairman, the SGX Chairman and the other NC members have interviewed the candidates, the candidates are further shortlisted for the NC's formal consideration for appointment to the Board.

The NC complies with the SFR 2005 criteria when reviewing a nomination for a proposed Board appointment.

The criteria are as follows:

- (a) a determination of the candidate's independence;
- (b) his appointment will not result in non-compliance with any of the SFR 2005 composition requirements for the Board and Board Committees; and
- (c) whether the candidate is a fit and proper person in accordance with MAS' fit and proper guidelines, taking into account his track record, age, experience and capabilities and such other relevant experience as may be determined by the NC.

The MAS' fit and proper guidelines broadly take into account the candidate's honesty, integrity and reputation; competence and capability; and financial soundness.

Adopting this rigorous selection process, the Board recommends that the shareholders approve the appointment of Mr Ng Kok Song as a proposed new director at the AGM 2013.

Please refer to the Notice of AGM for the resolution put forth for the proposed appointment of the new director.

#### Key Information on Directors

Please refer to the 'Board of Directors' section in the AR for key information on the directors and proposed directors. The Notice of AGM sets out the directors proposed for re-election, appointment or re-appointment at the AGM. Key information on directors is also available on [www.sgx.com](http://www.sgx.com).

#### Board Performance Principle 5

##### Board Evaluation Policy

The Board has implemented a process carried out by the NC, for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual director to the effectiveness of the Board. Please refer to the Board Evaluation Policy, which is available on [www.sgx.com](http://www.sgx.com).

##### Board Evaluation Process

- (a) The NC will assess and discuss the performance of the Board as a whole every year, and will ascertain key areas for improvement and requisite follow-up actions;
- (b) Every two years, independent consultants will be appointed to assist in the Board evaluation process. This process includes a questionnaire designed to assess the performance of the Board and enhance the overall effectiveness of directors; and
- (c) The Board and Board committees' performance will be evaluated by each director and each EXCO member.

The Board believes that the use of an external independent consultant greatly enhances the quality and objectivity of the evaluation.

Once every two years, the Board engages an external independent consultant to conduct SGX's Board Evaluation. The Board last engaged such external independent consultant for FY2012. The external consultant had no connection with SGX or the Board. Questionnaires were developed through incorporating the best practices in the market on board evaluation and revised based on key issues and areas the Board wanted to focus on. In years when independent consultants are not engaged, the Chairman of the NC will have conversations with every director individually to complement the evaluation and report his findings to the Board.

##### Board Performance Criteria

The Board reviews its performance against qualitative and quantitative targets on an annual basis. This remains unchanged from the previous year.

The Board is required to ensure that a proper balance is maintained between its commercial objectives and its regulatory responsibilities. Therefore, the Board performance criteria include a measure to capture the performance of its regulatory responsibilities as a SRO.



In line with the Code's recommendation of using quantitative financial indicators, the Board has adopted performance measures which align its interests with shareholders' interests, such as (a) Return on Equity, (b) absolute minimum SGX Total Shareholder Return (TSR), and (c) SGX's TSR performance against the TSR of the FTSE/MV Exchanges Index, which is an index of 18 listed exchanges, in order to benchmark its relative performance against other exchanges.

### Individual Director Evaluation

There is an individual assessment of each NED's contribution by the Chairman, and the results of the assessment are discussed with the NC Chairman. Some factors considered in the individual review are directors' attendance and participation in and outside meetings, the quality of directors' interventions and special skills and contributions made by directors.

The performance of individual directors is taken into account in their re-appointment or re-election. Specific needs which arise from time to time are taken into account in any appointment of new directors.

The assessment of CEO's performance is undertaken by the RC, together with the NC Chairman, and the results are reviewed by the Board. The NEDs, led by the NC Chairman, assess the Chairman's performance, and the NC Chairman provides the feedback to the Chairman.

### Access to information Principle 6

#### Complete, Adequate and Timely Information

Management recognises that the flow of complete, adequate and timely information on an on-going basis to the Board is essential to the Board's effective and efficient discharge of its duties. To allow directors sufficient time to prepare for the meetings, all scheduled Board and Board committee papers are distributed not less than a week in advance of the meeting to directors. This enables the discussion during the meeting to focus on questions that directors may have. Any additional material or information requested by the directors is promptly furnished.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, expected outcomes, conclusions and recommendations. Any material variance between any projections and the actual results of budgets is disclosed and explained to the Board. Employees, who can provide additional insight into matters to be discussed, will be present at the relevant time during the Board and Board committee meetings.

To facilitate direct and independent access to the senior management, directors are also provided with the names and contact details of the management team. Draft agendas for Board and Board committee meetings are circulated to EXCO and Board committee chairmen respectively, in advance, in order for them to suggest items for the agenda and/or review the usefulness of the items in the proposed agenda.

In order to keep directors abreast of sell-side analysts' views on SGX's performance, the Board is updated once a year on the market view which includes a summary of analysts' feedback and recommendations following the full-year and half-year results. A monthly financial performance report is also provided to the Board. This report includes the financial and management accounts, accompanied by an analysis of SGX's performance and supporting data. It also contains operational metrics and identifies SGX's key risks.

The quarterly and year-end financial statements are reviewed and recommended by the AC to the Board for approval. In addition, the Board receives a monthly risk dashboard which provides an overview of SGX's key risks. This includes clearing and settlement risks, regulatory and compliance risks, technology and operations service availability, and other competition risks.

### Company Secretary

Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed and that SGX's memorandum and the Articles, relevant rules and regulations, including requirements of the SFA, Companies Act and Listing Manual, are complied with. The Company Secretary also assists the Chairman and the Board to implement and strengthen corporate governance practices and processes, with a view to enhancing long-term shareholder value.

The Company Secretary assists the Chairman to ensure good information flows within the Board and its committees and between senior management and NEDs, as well as facilitating orientation and assisting with professional development as required. The Company Secretary is responsible for training, designing and implementing a framework for management's compliance with the Listing Rules, including advising management to ensure that material information is disclosed on a prompt basis. The Company Secretary attends and prepares minutes for all Board meetings. As secretary to all the other Board committees, the Company Secretary assists to ensure coordination and liaison between the Board, the Board committees and management. The Company Secretary assists the Chairman, the Chairman of each Board committee and management in the development of the agendas for the various Board and Board committee meetings.

The appointment and the removal of the Company Secretary are subject to the Board's approval as a whole.

### Independent Professional Advice

The Board has a process for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at SGX's expense.

## Remuneration matters

### Procedures for developing remuneration policies Principle 7

#### Remuneration Committee

The RC is chaired by Mr Chew Choon Seng, an independent non-executive director, and comprises four members (including the RC Chairman), all of whom are independent non-executive directors based on the Code's criteria. The members are Mr Lee Hsien Yang, Mr Liew Mun Leong and Mr Ng Kee Choe. The Board considers that Mr Chew Choon Seng, who has many years of experience in senior management positions and on various boards dealing with remuneration issues, is well qualified to chair the RC and that the members of the RC collectively have strong management experience and expertise on remuneration issues.

No member of the RC is involved in deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him.

The RC reviews and recommends to the Board for approval, matters concerning remuneration of the Board, CEO and senior management and employees. The RC approves the framework of remuneration for the entire organisation including the structuring of incentive schemes. The RC also approves the annual salary increment pool, market adjustments and total incentive pool for distribution to staff of all grades. The RC's recommendations are submitted for the Board's discussion or, as the case may be, approval.

The RC Chairman, together with the NC, reviews and recommends to the Board the specific remuneration packages for executive directors and the CEO upon recruitment. Subsequently, annual increments, variable bonuses, performance share grants and other incentive awards or benefits in kind, will be reviewed by the RC against the achievement of prescribed goals and targets for executive directors and the CEO, for recommendation to the Board. Please refer to 'Remuneration Report' in the AR for further information on SGX's compensation philosophy and actual performance targets for the award of long-term incentives.

The RC has access to appropriate advice from the Head of Human Resources, who attends all RC meetings. The RC may seek expert advice inside and/or outside SGX on remuneration of directors and staff.

The RC reviews the terms of compensation and employment for executive directors and key management personnel at the time of their respective employment or renewal (where applicable) including considering SGX's obligations in the event of termination of services.

### Level and mix of remuneration Principle 8

The RC administers the Performance Share Plan (PSP). The performance-related elements of remuneration are designed to align interests of executive directors, EXCO and staff with those of shareholders and link rewards to corporate and individual performance. Details of SGX's compensation philosophy and the compensation framework including the PSP awards made thereunder, and the performance conditions for the vesting of the awards, are found under 'Remuneration Report' in the AR.

#### Non-executive Directors' Remuneration

Having regard to the scope and extent of a director's responsibilities and obligations, the prevailing market conditions and referencing directors' fees against comparable benchmarks, the Board agreed with the RC's recommendation that the current fee structure for NEDs remains unchanged from FY2012. The fee structure was last revised in FY2011, and the Basic fee and Attendance fee have remained unchanged since FY2008.

The SGX Chairman receives fees for being Chairman of the Board, together with the provision to him of a car with a driver, as approved by a separate resolution at each AGM. Director fees and additional fees for serving on Board committees and attendance fees are paid to the NEDs in accordance with the following framework:

Fee Structure	FY2013
NED – Basic Fee	\$55,000
Audit Committee – Chairman	\$40,000
Audit Committee – Member	\$30,000
Other Committee – Chairman	\$30,000
Other Committee – Member	\$20,000
Attendance Fee (per meeting)	\$1,500

Since 2008, SGX has been seeking shareholders' approval to pay the directors' fees on a current-year basis, at the AGM. SGX thus pays the NED fees on a quarterly basis in arrears, instead of 16 months after the past financial year. The NED fees which are paid on a current year basis, will be payable to the director if he/she is in service at the end of the current year quarter, or if the term of appointment ends within the quarter. Overseas directors are reimbursed for out-of-pocket travelling and accommodation expenses in Singapore.

#### Executive Directors' Remuneration

Executive directors do not receive directors' fees.

#### Long-term Incentive Scheme

Please refer to the 'Remuneration Report' and 'Directors' Report' in the AR for further information on the long-term incentive scheme.

## Disclosure of remuneration

### Principle 9

For disclosure of the remuneration of the executive and non-executive directors and the five top-earning executives and a breakdown of the fees payable to each director, please refer to 'Remuneration Report' in the AR. The 'Remuneration Report' further sets out the performance conditions applicable to the EXCO's entitlements to short-term and long-term incentives. SGX has also disclosed in the Remuneration Report the remuneration of the five top-earning executives in actual figures, in line with best practices, with a breakdown in terms of fixed pay, variable bonus, long-term incentive and benefits-in-kind. The Remuneration Report also discloses the employee share schemes that SGX has in place and how remuneration paid is varied according to SGX's performance.

None of the current employees are related to the directors.

## Accountability & audit

### Accountability

#### Principle 10

The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders no later than 25 days from the end of the quarter. Annual results are released within 30 days from the financial year-end. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of SGX's position and prospects.

For the financial year under review, the CEO and the Chief Financial Officer (CFO) have provided assurance to the Board on the integrity of the financial statements for SGX and its subsidiaries. For interim financial statements, the Board provides a negative assurance confirmation to shareholders, in line with the Listing Rules. For the full year financial statements, the Board provides an opinion that the SGX group's internal controls, addressing financial, operational and compliance risks are adequate. This is based on the internal controls established and maintained by the SGX group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board. This, in turn, is supported by a negative assurance statement from the CEO. Management provides directors with a monthly financial performance report either within 10 business days from month-end or on the day when the annual or quarterly financial results are released.

SGX also provides to its regulator, MAS, an annual report on the RCC's activities in relation to SGX's SRO conflicts management, and an annual self-assessment report of its discharge of its responsibilities as an exchange and a clearing house. MAS also conducts an annual on-site inspection of SGX.

## Risk management and internal controls

### Principle 11

The RMC assists the Board in the oversight of risk management in SGX. Its responsibilities include reviewing and recommending to the Board the type and level of business risk that SGX undertakes on an integrated basis to achieve its business strategy and the appropriate framework and policies for managing risks that are consistent with SGX's risk appetite.

SGX has in place an enterprise-wide risk management framework to enhance its risk management capabilities. This is administered by the Enterprise Risk Management team (ERM), which reports to the Chief Regulatory and Risk Officer. The key risks facing SGX have been identified and action plans are in place to mitigate these risks. In addition, the key risks at the process level have been identified via risk self-assessment exercises. Risk awareness and ownership of risk treatments are also continuously fostered across the organisation. Please refer to the 'Risk Management Report' in the AR for further information on the identification and management of these risks.

The Board has received assurance from the CEO on SGX group's financial records and the effectiveness of SGX's risk management and internal controls. The Board also receives a separate quarterly representation on SGX's financial information and controls, including that the financial records have been properly maintained and the financial statements give a true and fair view of SGX group's operations and finances, from the CEO and CFO.

Based on the internal controls established and maintained by SGX, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the AC and the Board are of the opinion that SGX's internal controls, addressing financial, operational and compliance risks, are adequate as at 30 June 2013.

The system of internal controls and risk management established by SGX provides reasonable, but not absolute, assurance that SGX will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

**Audit Committee  
Principle 12**

**Composition of the AC**

The AC is chaired by Mr Lee Hsien Yang and comprises five members (including the AC Chairman), all of whom are independent NEDs based on the Code’s criteria. The other four members are Mr Liew Mun Leong, Mr Ng Kee Choe, Ms Jane Diplock AO and Mr Kevin Kwok.

In compliance with the requirements of SFR 2005, all members of the AC are independent directors who are free from management and business relationships, and from any substantial shareholder.

The Board considers that Mr Lee Hsien Yang, who has extensive and practical financial management knowledge and experience, is well qualified to chair the AC.

The members of the AC collectively have strong accounting and related financial management expertise and experience.

**Authority and Duties of the AC**

The AC’s primary role is to investigate any matter within its TOR. It has full access to, and the co-operation of, management and full discretion to invite any director or officer to attend its meetings. The AC has adequate resources, including access to external consultants and auditor, to enable it to discharge its responsibilities properly.

The AC reviews the scope and results of audit work, the cost effectiveness of the audit, and the independence and objectivity of the external auditor. The AC also undertakes quarterly reviews of the nature, extent and costs of non-audit services provided by the external auditor, seeking to balance the maintenance of objectivity of the external auditor and their ability to provide value-for-money services.

The AC meets on a quarterly basis to review the integrity of the financial statements including the relevance and consistency of the accounting principles adopted. The AC reviews and recommends the financial statements and corresponding SGXNET announcements to the Board for approval.

The AC reviews and assesses the adequacy and effectiveness of SGX’s system of internal controls and regulatory compliance through discussions with management, the Head of Internal Audit, the Head of Compliance and the external auditor, at its quarterly AC meetings.

The AC met four times during the financial year under review. The Chairman, CEO, CFO, President, Chief Operations & Technology Officer, Chief Information Officer, Heads of Operation, Internal Audit, Compliance, and the external auditor were invited to attend these meetings. The AC considered and reviewed with management, the Head of Internal Audit and the Head of Compliance (where applicable) the following:

- (a) significant internal audit observations and management’s responses thereto;
- (b) regulatory breaches;

- (c) planned scope of the annual internal and external audit plans to ensure that the plans covered sufficiently a review of the internal controls of SGX;
- (d) planned scope of the annual compliance plans; and
- (e) budget and staffing for Internal Audit and Compliance functions.

**External Auditor**

The AC recommends to the Board the appointment, re-appointment and removal of the external auditor, the remuneration and terms of engagement of the external auditor. The re-appointment of the external auditor is always subject to shareholder approval at SGX’s annual general meeting.

During the financial year, the external auditor held a meeting with the AC, and separately with the AC Chairman, without the presence of management. The AC reviewed the independence and objectivity of the external auditor through discussions with them as well as a review of the volume and nature of non-audit services provided by the external auditor during the financial year under review. Based on this information, the AC is satisfied that the financial, professional and business relationships between SGX and the external auditor will not prejudice their independence and objectivity. Accordingly, the AC has recommended the re-appointment of the external auditor at the coming AGM.

In the review of the financial statements for the financial year ended 30 June 2013, the AC discussed with management and the external auditor the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. Following the review and discussions, the AC recommended to the Board the release of the full-year financial statements.

The total fees paid to our external auditor, PricewaterhouseCoopers LLP, are as disclosed in the table below:

External Auditor Fees for FY2013	S\$’000	% of total audit fees
Total Audit Fees	464	–
Total Non-Audit Fees	140	30%
Total Fees Paid	604	–

SGX has complied with Rule 712 and Rule 715 in the appointment of its auditor.

**Whistleblowing Policy**

SGX has a whistleblowing policy in place which encourages employees and vendors to report malpractices and misconduct in the workplace. SGX will protect employees, who have acted in good faith, from victimisation and harassment by their colleagues. SGX will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. Anonymous disclosures will be accepted and anonymity honoured. Reports can be lodged by calling the hotline at 6236 8585 or via email at whistleblowing@sgx.com.

The policy allows a single, confidential line to report concerns about possible improprieties to the Head of Internal Audit in good faith and in confidence. The policy defines the processes clearly to ensure independent investigation of such matters and appropriate follow-up action, and provides assurance that staff will be protected from reprisals.

There have been no established incidents pertaining to whistle-blowing for FY2013.

#### **Interested Person Transactions Policy**

SGX has procedures in place to comply with the Listing Manual requirements relating to interested person transactions. All new directors are briefed on the relevant provisions that they need to comply with. All interested person transactions, if any, are reported to and monitored by the Finance department, and reviewed by the AC.

There were no Interested Person Transactions in FY2013.

#### **Material Contracts (Rule 1207(8) of the Listing Manual)**

Except as disclosed above, there were no material contracts entered into by SGX or any of its subsidiaries involving interests of any Director or controlling shareholder during FY2013.

### **Internal Audit Principle 13**

#### **Internal Audit**

On an annual basis, Internal Audit prepares and executes a risk-based audit plan, which complements that of the external auditor, so as to review the adequacy and effectiveness of the system of internal controls of SGX. These include operational, financial and compliance controls. In addition, the external auditor will highlight any material internal control weaknesses which have come to their attention in the course of their statutory audit. All audit findings and recommendations made by the internal and external auditors are reported to the AC. Significant issues are discussed at AC meetings. Internal Audit follows up on all recommendations by the internal and external auditors to ensure management has implemented them in a timely and appropriate fashion and reports the results to the AC every quarter.

#### **Compliance**

The Compliance function executes an annual risk-based compliance program, focusing on regulatory risk arising from SGX's own obligations to comply with applicable laws and regulations. The program comprises a combination of regulatory risk assessments and responses, compliance training (including mandatory annual e-learning), monitoring and testing through functional self-assessments and independent compliance reviews, and regular reporting to senior management, the AC and regulators on breaches, significant compliance issues and relevant action plans. Compliance is independent of the business and reports directly to the CEO. However, Compliance remains an integral part of overall management, and is actively engaged in providing compliance advice across all SGX businesses and support functions, including formal training as required.

#### **Line of Reporting and Activities**

Internal Audit is an independent function within SGX. The Head of Internal Audit reports directly to the AC and administratively to the CEO. The AC approves matters relating to the Internal Audit Charter, risk assessment and related audit plans and results and follows up on internal audit activities. The AC approves the hiring, removal, evaluation and compensation of the Head of Internal Audit. The AC Chairman meets the Head of Internal Audit at least four times a year, without the presence of management. Internal Audit has unfettered access to all of SGX's documents, records, properties and personnel including the Chairman and the AC.

Internal Audit operates within the framework stated in its Internal Audit Charter which is approved by the AC. The primary role is to assist the Board and senior management to meet the strategic and operational objectives of SGX, by providing an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes.

All audit reports are circulated to the AC, the CEO, the external auditor and relevant senior management representatives. The progress of corrective actions on outstanding audit issues is monitored through a company-wide issue management system. Information on outstanding issues is categorised according to severity and quarterly reports are sent to senior management and AC.

#### **Adequacy of the Internal Audit Function**

Internal Audit's annual plan is established in consultation with, but independent of, management and is aligned with the risk management framework of SGX. The plan is submitted to and approved by the AC. The AC is satisfied that Internal Audit has adequate resources to perform its functions, and has appropriate standing within SGX.

#### **Professional Standards and Competency**

Internal Audit is a member of The Institute of Internal Auditors (IIA) and has adopted the Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the IIA. SGX Internal Audit continues to meet or exceed the requirements of the IIA Standards in all key aspects. Quality assessment reviews are carried out at least once in five years by external qualified professionals. The last review was completed in 2013 and the next review will be due by 2017.

The professional competence of the internal auditor is maintained or upgraded through training programmes, conferences and seminars that provide updates on auditing techniques, regulations, financial products and services. Internal Audit is staffed with suitably qualified experienced professionals with diverse operational and financial experience.

## Shareholder rights and responsibilities

### Shareholder rights

#### Principle 14

SGX group's corporate governance practices promote the fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, SGX ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET. SGX recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in SGX.

All shareholders are entitled to attend the AGM and are afforded the opportunity to participate effectively in the AGM. The Articles allow a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the AGM. The Articles also allow shareholders, who hold shares through nominees such as CPF and custodian banks, to attend the AGM as observers without being constrained by the two-proxy rule, subject to availability of seats.

### Communication with shareholders

#### Principle 15

##### Disclosure of Information on a Timely Basis

SGX is committed to disclosing to its shareholders as much relevant information as is possible, in a timely, fair and transparent manner.

In addition to comprehensive, accurate and timely disclosure of material information on SGXNET, SGX adopts the practice of regularly communicating major developments in its businesses and operations through the appropriate media. Such channels include news releases, annual reports, shareholder circulars, shareholders' meetings, and direct announcements.

SGX notifies investors in advance of the date of release of its financial results, through an SGXNET announcement, and a media release. Results for the first three quarters are released to shareholders no later than 25 days from the end of the quarter. Annual results are released within 30 days from the financial year-end.

Briefings to present quarterly and full-year results are held for the media and analysts. "Live" video webcasts of briefing, accessible by the public, is also available at [www.sgx.com](http://www.sgx.com).

##### Interaction with Shareholders

The Investor Relations (IR) team presents to the SGX Board an information paper, providing an overview of market feedback (including investors' concerns), updates on the shareholder register, share price performance and other IR matters, on an annual basis.

### Dividend Policy

The Board aims to declare a base dividend of 4 cents per share every quarter. For each financial year, the Board aims to pay, as dividend, an amount which is no less than (a) 80% of the annual net profit after tax; or (b) 16 cents per share, whichever is higher. The difference between the targeted dividend and the interim base dividend will be declared and paid as final dividend of each financial year. This policy continues to apply for FY2014.

### Corporate Website

SGX adopts transparent, accountable and effective communication practices as key means to enhance standards of corporate governance. We aim to provide clear and continuous disclosure of our Corporate Governance practices through efficient use of technology. SGX's website has much to offer its shareholders and other stakeholders. The following information can be accessed from our corporate website:

- (a) Board of Directors and EXCO profiles;
- (b) Minutes and Summary of Proceedings of AGM and/or Extraordinary General Meeting (EGM);
- (c) Audiocasts of AGM and/or EGM;
- (d) Annual Reports;
- (e) Letter/Circular to Shareholders;
- (f) Company announcements;
- (g) Press releases;
- (h) Notice to Substantial Shareholders;
- (i) Financial Results; and
- (j) Calendar of Events.

The latest AR, financial results (including webcasts of the quarterly and full-year results briefings for media and analysts and press releases) and company announcements are posted on the website following their release to the market, to ensure fair and equal dissemination to shareholders. SGX also makes available speeches and presentations given by the Chairman, CEO, and senior management, and a range of other information considered to be of interest to investors.

SGX's website has a clearly dedicated 'Investor Relations' link, which features prominently the latest and past financial results and related information. The contact details of the IR team are available on the dedicated link, as well as in the AR, to enable shareholders to contact SGX easily. IR has procedures in place for addressing investors' queries or complaints as soon as possible.

## Conduct of shareholder meetings

### Principle 16

Shareholders are informed of shareholders' meetings through published notices and reports or circulars sent to all shareholders or at the shareholder's election, made available electronically. The AGM procedures provide shareholders the opportunity to ask questions relating to each resolution tabled for approval. Opportunities are given to shareholders to participate, engage, and openly communicate their views on matters relating to SGX to the directors.

Shareholders are given the opportunity to vote at the AGM. However, as the authentication of shareholder identity information and other related security issues still remain a concern, SGX has decided, for the time being, not to implement voting in absentia by mail, email or fax.

The Chairman of each of the AC, NC, RC, RCC and RMC, external auditor, management and legal advisors (where necessary), are also present to address shareholders' queries.

SGX provides for separate resolutions at general meetings on each distinct issue. All the resolutions at the general meetings are single item resolutions. Detailed information on each item in the AGM agenda is in the explanatory notes to the AGM Notice in the AR.

The Company Secretary prepares minutes of shareholder meetings which captures the essence of the comments and queries from shareholders and responses to them from the Board and management. These documents are publicly available on [www.sgx.com](http://www.sgx.com). The composition of the Board and Board committees are also made available on SGXNET following the AGM.

With effect from the 2009 AGM, SGX has conducted electronic poll voting for all the resolutions passed at the AGM and EGM for greater transparency in the voting process. Votes cast for, or against, each resolution will be tallied and displayed live-on-screen to shareholders immediately at the meeting. The total numbers of votes cast for or against the resolutions are also announced after the meeting via SGXNET.

## Securities dealing

To guard against insider trading, SGX's Code of Dealing in Securities (Code of Dealing) adopts a "black-out" policy similar to that prescribed in the Listing Manual. The Code of Dealing prohibits dealings in SGX's securities by its directors and staff and their "related persons" for a period of two weeks before the announcement of its quarterly or half-yearly financial results, and one month before the announcement of its year-end results.

SGX issues a quarterly circular to its directors and officers informing them that SGX and its officers must not deal in SGX's securities before the release of results and at any time they are in possession of unpublished material price-sensitive information.

In addition to the black-out policy on SGX shares, staff and their "related persons" who want to trade securities of any company listed on Singapore Exchange Securities Trading Limited must seek prior approval from their approving authority. Directors and staff are prohibited at all times from trading if they are in possession of material non-public information. Staff are also discouraged from dealing in SGX Securities on short-term considerations.

Since 2009, all SGX employees are required to complete an annual online refresher module as part of SGX's mandatory compliance training, and submit a certification of their understanding and compliance with the Code of Dealing.

The Board and management believe that SGX has not only complied with the Listing Manual, but with industry best practices.

## Other Codes

### Code of Confidentiality

The SGX group of companies deals with confidential information on a daily basis. Hence, protecting the confidentiality of information is of paramount importance to creating and maintaining the trusted marketplace envisaged in SGX's Mission. SGX is also obligated by law under the Securities and Futures Act to maintain confidentiality of user information, which refers to transaction information of a member or its customer. SGX has a Code of Confidentiality which aims to provide clear guidance to its staff on the proper management, use and disclosure of the different types of confidential information.

### Code of Conduct & Ethics for Employees

SGX has a Code of Conduct & Ethics for Employees (Code of Conduct & Ethics) that sets the standards and ethical conduct expected of employees. The Code of Conduct & Ethics covers all aspects of the business operations of SGX such as confidentiality of information, related party transactions, gifts, gratuities or bribes and dishonest conduct. Employees are required to observe and maintain high standards of integrity, as well as compliance with laws and regulations, and company policies.