



SGX Proposes Revisions to Error Trade Policy on Securities Market for Greater Trade Certainty

Singapore Exchange ("SGX") is consulting the public on its proposal to revise the error trade policy on securities market to promote greater trade certainty in trades executed and reduce the incidences of trade cancellation.

The two proposed changes are:-

- **Introduce a non-cancellation range on selected instruments trading on securities market**

SGX proposes to introduce a non-cancellation range of 20 minimum bid sizes or 5% from a reference price determined by SGX, whichever is higher, on selected instruments trading on SGX securities market. SGX will not consider requests to review error trades referred to it if the disputed error trade falls at or within the non-cancellation range. Where applicable, the reference price will be based on the price of the previous trade.

The introduction of a non-cancellation range increases trade certainty in trades which would otherwise have been disputed and referred to SGX. Market participants can anticipate the validity of a trade done, if it is within the non-cancellation range.

As currently practised, parties to a trade can mutually agree to cancel an error trade, whether within or outside the non-cancellation range.

- **Introduce price adjustment as an alternative error trade dispute resolution tool**

SGX also seeks public comments on the feasibility of introducing price adjustment as an additional error trade dispute resolution method for instruments on which the non-cancellation range is introduced. SGX proposes several considerations in respect of price adjustment, including the merits of price adjustment and the practical difficulties of implementing it.

Specific aspects of these considerations are available for comments in consultation paper .

The consultation paper on the proposed revisions is available on SGX's website www.sgx.com from today. Market participants and members of the public can send in their comments and suggestions on the proposal from today until 27 September 2011 via email and either by post/courier or fax to:

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