



Regulatory Announcement - SGX proposes circuit breakers in securities market

Singapore Exchange (SGX) is consulting the public on its proposal to introduce circuit breakers in the securities market.

Circuit breakers act in situations of runaway prices by allowing a pause for investors to take stock of the situation. The proposed circuit breakers provide an additional safeguard against potential market disorderliness in times of high price volatility. This move will enhance the robustness of the securities market and increase confidence among market participants.

The proposed circuit breakers have the following characteristics:

1. They apply to component stocks in the Straits Times Index ("STI") and the MSCI Singapore Free Index ("SiMSCI"), ETFs based on these indices, and Extended Settlement Contracts on these counters.
2. They operate during the continuous trading hours i.e. from 9.00 a.m. to 5.00 p.m. They do not operate during the opening and closing routines.
3. Trading can occur within a price band of 10% from the reference price. If there is an incoming order that would result in a trade outside of the price band, the incoming order is rejected and a cooling-off period begins.
4. The cooling-off period lasts for five (5) minutes. Trading can continue within the price band.
5. After the cooling-off period, a new price band is established with the reference price as either the upper or lower limit price of the previous price band which was exceeded.

For better understanding of the circuit breakers, SGX also intends to introduce a Practice Note 8.10.1(1) on the operational aspects of the circuit breakers. SGX intends to implement circuit breakers in 2H 2011. Additionally, SGX is seeking comments on the appropriate treatment of structured warrants on counters which are subject to circuit breakers, as well as the coordination between traded products based on our market indices.

The consultation paper on the proposed implementation of circuit breakers and other details are 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 28 July 2011 via email and either by post/courier or fax to:

Email: rules@sgx.com