

**SPEECH BY LOH BOON CHYE, CEO OF SINGAPORE EXCHANGE,
AT 16TH ANNUAL GENERAL MEETING OF SGX, SUNTEC SINGAPORE INTERNATIONAL CONVENTION &
EXHIBITION CENTRE, 23 SEP 2015**

Good morning shareholders, Board members, ladies and gentlemen.

A warm welcome to our 16th AGM and my first as Chief Executive. It is my pleasure to be addressing all of you.

1. In my short 2 months as Chief Executive, I have experienced first-hand the dedication of my colleagues, and fully appreciate the responsibilities placed on me and all of us at SGX, to operate a vibrant and trusted marketplace. We are integral to Singapore's position as an international financial centre, and I am excited to be part of SGX contributing to Singapore's economic success.
2. While I absolutely understand the challenges we face, being close to the action also gives me great optimism and confidence about SGX's future. In my speech today, I will share with you my views on SGX's role in Singapore and the global financial ecosystem, and how we are positioned to deliver more value.
3. As we ended the last financial year on a positive note, I would also like to highlight some of the initiatives we launched in 2015 and achievements from the year, before concluding with our priorities for the coming year.

OUR ROLE IN THE SINGAPORE AND GLOBAL FINANCIAL ECOSYSTEM

4. SGX performs two important roles. We are a leading provider of market infrastructure, facilitating the exchange of capital and ideas. We fulfill a distinctive and critical role, bringing together companies and investors, helping to connect investors in search of Asian growth to corporate issuers seeking global capital.
5. By doing so, we produce efficient access to global capital to fund expansion and growth for companies. This significant position of ours in the financial ecosystem also enables value to be created for people, businesses and economies. We act as a hub for the region, and we continue to see a growing role for us.
6. By operating efficient, well-capitalised clearing houses and markets with the highest regulatory standards, there is trust in the integrity of our infrastructure, which is absolutely essential for all market participants. Providing fair, orderly and transparent markets supported by safe and efficient clearing houses is critical to our long-term success.

DELIVERING OUR ROLES WITH EXCELLENCE

7. Like Singapore, SGX very much punches above its weight. With total market capitalization of the companies listed on SGX exceeding S\$1 trillion, we are the largest stock market in Southeast Asia.
8. About 40% of our listed companies and 90% of our listed bonds originate outside of Singapore. You would have heard these statistics from us before, but they are worth reiterating as that makes us Asia's most international exchange, differentiating us from other regional and even global exchanges. We are fully aware there are also challenges in the Securities market, which I'll address later in my speech.
9. Our Derivatives business has grown from strength to strength. SGX is the leading pan-Asian Derivatives exchange, with the world's most liquid offshore market for the benchmark equity indices of China, India, Japan and ASEAN. We are also the leading exchange for contracts on iron ore and rubber – key commodities that are traded extensively here in Singapore.

10. Our Derivatives business offers a full suite of products to global financial institutions and institutional investors, from futures, options and swaps covering a broad selection of Asian equity indices, commodities and currencies.
11. SGX AsiaClear, our award-winning derivatives clearing house, is Asia's first OTC clearing facility, and acts as the central counterparty to all the transactions that take place on our exchange. This means we help mitigate counterparty credit risk in OTC transactions, making SGX and Singapore the premier risk management hub in Asia.
12. Not only was SGX one of the first exchanges globally to adopt the Principles for Financial Market Infrastructure, we are also the first and remains the only central counterparty in the region to be fully approved by U.S. regulators as a derivatives clearing organisation.
13. Over the past 12 months, we also gained a full set of regulatory approvals, after the addition of European market infrastructure regulation recognition and compliance with CFTC rules. All of these align us with global regulatory reforms and strengthens our position as the region's leading multi-asset OTC clearing house.

14. We are also the most connected exchange, with data center linkages to exchanges in Australia, Hong Kong and Europe. In the region, our extensive connectivity is a key competitive advantage, allowing us to offer issuers and investors access to an increasingly global capital market and, importantly, to the growth opportunities we continue to see across Asia.
15. Therefore, as companies and investors look towards Asia, one of my priorities is to ensure we leverage on our existing data center connections and continue to build new ones, so that we are well-positioned to take advantage of opportunities over the next decade and beyond.
16. Taken together, SGX is a diverse exchange that attracts and offers investors the ability to trade all of Asia in one place. We have a unique single platform to invest and manage risk across fixed income, equities, derivatives, and commodities while also providing access to price discovery across multi-asset classes.
17. But our success will only be possible with active participation from all of our stakeholders. I am a firm believer in mutual accountability and partnership, which is absolutely critical in an ecosystem as intertwined as the financial system.

FY2015 KEY INITIATIVES

18. From June 2014 to June this year, SGX introduced several initiatives to improve the overall quality of our stock market that have been effective and successful.
19. The monthly average number of retail investors trading Straits Times Index stocks increased by about 9%, in the six months following the January 2015 reduction of board-lot sizes from 1,000 to 100 shares, compared to the preceding six months.
20. In June last year, we introduced the market makers and liquidity providers programme, with the objective of improving the tradability of our stocks. This has resulted in narrower spreads and an increase in best depth value for stocks quoted by these market participants.
21. Together, trades by market makers and liquidity providers contributed 16% of total traded value during FY2015. As you can see from the slide, bid-ask spread decreased by 11% while the best depth value increase by 27%.

22. We also remain absolutely committed to investor education - with 140,000 individuals attending SGX academy courses over the year. This is the highest number to date and 56% more than in FY2014. These encouraging numbers are testament to growing interest within the investing community in Singapore and why we are planning even more investor education activities.

FY2015 RESULTS HIGHLIGHTS

23. Let me now touch briefly on our results for financial year 2015, as you will hear more details from Mr Chng Lay Chew, our CFO.
24. Revenues grew 13% to \$779 million, setting a record for SGX, primarily due to the strong performance of our Derivatives business. We also registered strong growth in all of our other business units, apart from Securities which shrank by 8% to \$209.3 million and contributed 27% to our total revenue. Derivatives contributed 38% to our total revenue, up 42% to \$295.7 million.
25. In the letter to shareholders in our annual report, we highlighted that our other business lines, that is Market Data & Connectivity, Issuer Services and Depository Services, collectively produced 29% of SGX's total revenue through primarily supporting our securities

business. Operating expenses rose 20% to \$377 million largely due to increased spending on staff, technology and processing royalties.

26. While we have delivered a good set of results, we are cognisant of growing uncertainties prevailing in the markets and the economy, both globally and regionally. The Board has therefore deemed it prudent, to maintain a final dividend of 16 cents and a total dividend of 28 cents, unchanged from last year, subject to your approval. This delivers a pay-out ratio of 86%, and observes our declared dividend policy of no less than 80%.

OUR PRIORITIES

27. I will now share the key business priorities for our financial year 2016. Exchanges globally, and especially those in the US and Europe, have adopted a multi-asset class approach, and so has SGX.
28. That is to say, we have the capability to trade a variety of asset classes, including stocks, options, futures, foreign exchange and in the future, corporate bonds. This reflects the investing needs of both retail and institutional investors, who are increasingly looking for new asset classes of investments as part of their diversification strategies.

29. Efforts to improve the Singapore stock market will continue. We are well aware and have a deep understanding of the challenges facing the Singapore securities market. I will take stock of each of the three key priorities and outline how we intend to address them in the coming year.
30. First, improving the stock market microstructure, for example monitoring the impact of the reduction in the board-lot size. Primarily, our focus will be a continuation of our recent efforts to enhance liquidity, through working with market makers and liquidity providers to deepen their participation in our stocks and other listed instruments.
31. To increase the vibrancy of the market and meet the growing investment needs of clients, we will also direct efforts to expand our Securities product portfolio including exchange-traded funds also known as ETFs, structured warrants, REITs, retail bonds and other listed instruments.
32. Second, we will continue to grow and deepen our geographical and sectorial reach to attract more companies to list on SGX. In the first half of this year, the total number of listings globally increased by

6% when compared with a year earlier, but the total capital raised decreased by 13%. China accounted for 38% of global IPOs¹.

33. There are multiple challenges facing the global IPO market, but I will highlight two here. Increasing market volatility impacts the window of opportunities for companies to go public. In the past 3 months, we have seen companies delay their public listings as a result of the ongoing market volatility not only in Singapore but globally. The presence of more sources of capital, including venture capital and private equity which have been active investors in start-ups and growth companies, have drawn away potential IPOs.
34. Our third priority is the implementation of a new generation post trade system, which facilitates the clearing and settlement of trades performed on our stock market, including the delivery of securities traded.
35. The updated post trade system will enable our local brokers to increase operational efficiency and offer differentiated services to their retail customers. We hope to draw more broker-members to join SGX as brokers will incur lower costs and face fewer barriers when connecting to the SGX Securities market using their own

¹ EY Global IPO Trends, 2015 Q2

system. Both these developments will, in the medium to long term, help increase investing interest and liquidity in the market.

36. Our next key priority is the continued diversification of SGX's business. This will ensure the sustainability of our business as well as uphold our role as a systemically important market infrastructure supporting the Singapore and Asian financial markets.
37. Recognising the relevance and complementary role played by data and indices in our core businesses, we are keen to explore opportunities in these areas. We will diversify our business through two main areas: One, to extend our leadership in Asian equity indices and commodity derivatives and; Two, to broaden our product portfolio in new asset classes of FX and fixed income.
38. These are strategic decisions that play to the pan-Asian strengths of Singapore's value proposition as a financial centre, and areas of opportunities in Asia's financial markets. Specifically, Singapore is the world's third² largest FX market and Asia's leading commodity derivatives trading hub. Some estimates indicate that Singapore accounts for more than half of Asia's OTC commodity derivatives

² IE Singapore, May 2015

trades, as 60-80%³ of the world's top oil and gas, steel and metals, mining and agricultural commodities companies operate in Singapore.

39. To that end, we will increase client adoption for our product suite including:
- a. Our rapidly growing Asian currency futures and our RMB clearing services, tapping on the growth of the offshore RMB business;
 - b. Seaborne commodities as well as power and gas derivatives, which are hubbed in Singapore;
 - c. Our China, India and ASEAN equity futures, tapping on the expected growth of emerging Asia at 6.6% in 2015 and 6.4% in 2016⁴.
 - d. Our final key area of focus will be on fixed income, where we will consolidate our position as the premium debt-listing venue in Asia and entrench ourselves as a notable player in the fixed income trading space.

³ IE Singapore

⁴ IMF World Economic Outlook July 2015

CONCLUSION

40. Let me conclude by highlighting the opportunities ahead. The IMF recently downgraded 2015 global growth forecast to 3.3% as China and other emerging markets decelerate, but ASEAN-5 growth forecast is still higher at 4.7%, China at 6.8% and India at 7.3%.
41. As an Asian-based exchange running on international standards, we are well poised to play a key role in delivering on this. We will do so by building on our strengths, and delivering on our roles with excellence.
42. I leave you with a final thought, that at the end of the day, what SGX wants, is what you and the rest of the market wants – a vibrant and robust marketplace within a financial ecosystem, effectively engaging many different stakeholders. SGX has been on a long journey supported by many of you here today, as shareholders, employees, media or co-participants in the Singapore financial sector.
43. I look forward to your continued support. Together, we can achieve our common aims of keeping SGX and Singapore ahead and competitive. Thank you very much.