CHAPTER 4: LISTING AND TRADING OF CONTRACTS

4. INTRODUCTION TO CONTRACTS TRADED ON THE MARKET

The Exchange offers Contracts which are broadly divided into Futures Contracts and Option Contracts. For the avoidance of doubt, there is no trading of Commodities on the JADE Market and trading is limited to Futures Contracts on an underlying Commodity.

4.1. Rules Applicable to All Classes of Contracts Listed on the Markets

4.1.1 MAS Approval for Listing.
The Exchange is not authorised to list or permit the trading of any Contract on the Markets without the prior approval of MAS for the listing and trading of such Contract.

4.1.2 De-listing of Contracts.
Subject to the Act, the Exchange may, from time to time and in its absolute discretion, de-list any Contract. If there are no Open Positions in the relevant Contract which the Exchange wishes to de-list, any de-listing shall become effective at such time as the Exchange shall determine. If there are Open Positions in the relevant Contract which the Exchange wishes to de-list, the Exchange may require that such Open Positions be cash settled immediately or restrict trading only to enable the Closing Out of those Open Positions, except to the extent that the Exchange deems such trading to be necessary for the maintenance of a fair, orderly and transparent market.

4.1.3 Dormant Contracts.
The Exchange may designate certain Contracts as dormant Contracts for various reasons including extended periods of illiquidity. Such Contracts are currently not available for trading on the Markets but may become available for trading at a future date.

4.1.4 Contract Specifications and Supremacy.
Each Contract shall be governed by this Rules and the relevant Contract Specifications.[1] In the event of a conflict between this Rules and the Contract Specifications, this Rules shall prevail.

4.1.5 Trading Hours, Opening and Closing Routines and Closing Range.
Trades may only be executed during the hours in which the Markets are open for trading. The Markets' normal trading hours for each Contract are set forth in the relevant Contract Specifications. The Exchange may determine for a Contract:

(a) the duration of trading sessions;

(b) the opening and closing routines; and

(c) the closing range.

[1] Contract Specifications will be posted on the Exchange's website.

4.1.6 Trade Matching Algorithms.

Trade matching algorithms are specific to the Market and the Contract. The trade matching algorithms applicable to Contracts traded on the SGX-DT Market and JADE Market are set out more fully in the Regulatory Notices.[2] The Exchange may determine the applicable trade matching algorithms for a Contract. If the Exchange wishes to apply a new or different trade matching algorithm to a new or an existing Contract, the Exchange shall notify all Members of its intention to do so via a Regulatory Notice, at least three (3) weeks prior to the application of such algorithm to a Contract.

4.1.7 Strategy Transactions.

Unless otherwise specified by the Exchange, strategy transactions do not set off stops in any Futures Contract except for strategy stop orders. Members shall not combine outright orders received from different principals and execute the orders as strategy transactions.

4.1.8 Error Trades.

An error trade occurs when a transaction is effected on QUEST as a result of an error in the entry of a bid or offer that is subsequently matched. The following procedures apply in relation to error trades:

(a) a Member shall take all necessary steps and exercise due diligence in monitoring trades done for any errors;

(b) a Member requesting cancellation or repricing of an error trade shall take all necessary mitigating actions to minimize the losses suffered;

(c) the error trade policy administered by the Exchange is specific to the Market in which a Contract is traded. These error trade policies are set out more fully in the Regulatory Notices.[3] Upon the occurrence of an error trade, the Exchange retains the discretion to cancel or reprice such error trade in accordance with its error trade policy. The Exchange may impose any condition on the cancellation or repricing of an error trade, including the charging of fees for requests to cancel or reprice any error trade;

(d) the cancellation or repricing of an error trade by the Exchange does not affect the Exchange's right to take any disciplinary action against the Member, Approved Trader or Registered Representative who was responsible for the error trade.

For the avoidance of doubt, the Exchange is not liable for any loss or damage (including consequential loss or damage) which may be suffered as a result of the cancellation or repricing of an error trade in accordance with this Rule 4.1.8.

[2] See Regulatory Notices 4.1.6(A) and 4.1.6(B).

[3] See Regulatory Notices 4.1.8(A) and 4.1.8(B)

4.1.9 Withholding and Order Withdrawal.

A Member, Approved Trader or Registered Representative shall not withhold or withdraw from QUEST any Customer's order or any part of a Customer's order for any reason, unless it is for the benefit of the Customer or pursuant to the Customer's instruction.[4]

4.1.10 Cross Trades.

A Member or Approved Trader who knowingly receives buy and sell orders from different Customers at the same time and price, for the same Contract Month of the same Contract, shall first expose the leg which is the better bid or offer than the prevailing bid or offer in QUEST. If there is no prevailing bid or offer, the Member or Approved Trader shall first expose the leg which has the better price than the last traded price, or if there is no last traded price, the last settlement price. This Rule 4.1.10 does not apply if the orders are entered by:

(a) different Approved Traders on behalf of different Customers; or

(b) different Customers directly into QUEST and the Member or its Approved Trader does not know or have access to that Customer's order flow information.

However, if the Exchange suspects that a cross trade was pre-arranged in either one of the above circumstances in contravention of Rule 4.1.13, the onus is on the Member or the Approved Trader to show otherwise.[5]

4.1.11 Negotiated Large Trades.

The Exchange may, from time to time, designate and approve a Contract for Negotiated Large Trade transactions. Contracts eligible for Negotiated Large Trade transactions shall comply with the minimum volume thresholds, related notification requirements and such other procedures as prescribed by the Exchange from time to time.[6]

4.1.12 Exchange of Underlying for Futures Contracts.

An exchange of Underlying for Futures Contracts shall be permitted upon the satisfaction of the following conditions:

(a) the transaction is between two parties where one party is the buyer of the Underlying and the Seller of the Futures Contract and the other party is the seller of the Underlying and the Buyer of the Futures Contract;

(b) the seller of the Underlying has in its possession the Underlying to be delivered;

(c) the purchase and sale of the Futures Contract shall be simultaneous with the sale and purchase of an equal quantity of the Underlying;

(d) the transaction is at a price mutually agreed by the transacting parties; and

[4] See Practice Note 4.1.9.
[5] See Practice Note 4.1.10.
[6] See Regulatory Notice 4.1.11.

(e) the transaction is reported to the Exchange, and the Members maintain a complete record of such transactions together with the relevant memoranda.

4.1.13 Pre-arranged Trades Prohibited.

A Member or Approved Trader shall not make any purchase or sale which has been pre-arranged except for:

(a) an exchange of Underlying for Futures Contracts as contemplated in this Rules; or

(b) a Negotiated Large Trade as contemplated in this Rules.

For the avoidance of doubt, a request for a quote from a designated market maker approved by the Exchange does not constitute a pre-arranged trade.

4.1.14 Contract Settlement.

Settlement of Contracts may either be via cash or physical delivery.

4.1.15 Price Limits and Cooling Off.

The Exchange may prescribe, for certain Contracts, Price Limits which are designed to temporarily restrict trading when the Market(s) becomes volatile. "**Price Limit**" refers to the maximum price advanced or declined from the previous Trading Day's settlement price permitted during any trading session(s), as provided under the relevant Contract Specifications. If, in the course of any Trading Day, the price for any Contract reaches any of its Price Limits, the Exchange may signal a Cooling Off Period. With respect to an Option Contract, if the price for the underlying Futures Contract reaches any of that Futures Contract's Price Limits, trading in the Option Contract shall be halted for the duration of the underlying Futures Contract's Cooling Off Period. "**Cooling Off Period**" means a period of ten (10) minutes or any other period as set forth in the relevant Contract Specifications during which each Contract may be traded at or within its Price Limits. Trading may resume upon the lapse of the Cooling Off Period, for the remainder of the Trading Day, or such other period as may be prescribed in the relevant Contract Specifications.

(FTR001/2007)

4.1.16 Trading Halt.

In the event that trading in the Underlying is halted, or where there has been a major market movement without any apparent economic or fundamental basis for the movement to have occurred, the Exchange may declare a trading halt in the relevant Contract. This is irrespective of whether trading in the Contract has reached the Price Limits.

4.1.17 Position Limits.

The Exchange may, from time to time, establish limits on the positions owned or controlled by any Person or Persons acting in concert with respect to any Contract. A Clearing Member may apply on behalf of any Person for an increase in that Person's position limits, subject to the conditions set forth in the Clearing Rules.

4.1.18 Accumulation of Positions.

With respect to the computation of position limits, the positions of all accounts directly or indirectly owned or controlled by a Person or Persons, and the positions of all accounts of any Person or Persons acting in concert and the positions of all accounts in which a Person or Persons have a proprietary or beneficial interest, shall be accumulated and deemed to be positions of each of such Persons as if each owned or controlled all the accumulated positions individually. The Exchange may from time to time provide exemptions to this Rule 4.1.18.

4.1.19 Daily Settlement Price.

The Daily Settlement Price for each Contract shall be determined by the Clearing House in accordance with the relevant formulae and procedures set out in the relevant Contract Specifications.

4.1.20 Final Settlement Price.

The Final Settlement Price for each Contract shall be determined by the Exchange and the Clearing House in accordance with the relevant formulae and procedures set out in the relevant Contract Specifications. The Final Settlement Price so determined by the Exchange and Clearing House shall be final. If a situation is developing or has developed, which prevents the Exchange or the Clearing House from declaring the Final Settlement Price in accordance with the relevant Contract Specifications, the Exchange and Clearing House shall resolve the Final Settlement Price by such other means as they deem fit.

4.1.21 Modification of Contract Specifications.

The Exchange may modify Contract Specifications in response to market developments. In the event of such modification the Exchange shall provide its Members with no less than two (2) weeks' prior notice before any modification to Contract Specifications takes effect. For the avoidance of doubt, modifications to the calculation of the Final Settlement Price, Price Limits, position limits, accumulation of positions and delivery obligations set forth in any Contract Specifications shall be subject to public consultation and rule amendment procedures as contemplated in the Act.

4.1.22 Emergencies.

If, in the opinion of the Exchange, any Emergency or circumstances calling for emergency action in the interests of maintaining a fair, orderly and transparent market or due performance of a Contract has developed or is developing, the Exchange may take such steps as it sees fit to provide for, correct or check the further development of those circumstances. These steps include the curtailment of trading in any Contract, revocation or suspension of access to QUEST, suspension of trading in a Market, deferment of delivery under any deliverable Futures Contract, designation of alternate delivery points or the modification of Contract Specifications.

4.1.23 Revocation or Suspension of Access to QUEST.

The Exchange may revoke or suspend access to QUEST for such period or periods as the Exchange may determine, if, in the opinion of the Exchange, it is necessary or desirable for the maintenance of a fair, orderly and transparent market.

4.2. Default Relating to Contracts

4.2.1 Default in a Cash Settled Futures Contract or Option Contract.

A Buyer or Seller who fails to settle a cash settled Futures Contract or Option Contract, as contemplated under this Rules or the Clearing Rules, shall be in default. In the event of default at Settlement of a cash settled Futures Contract or Option Contract on the part of a Buyer or Seller, the Member shall, unless otherwise provided in this Rules or the Clearing Rules, have the right of Closing Out any Open Position in any Market on behalf of the Buyer or Seller, without further notice and without in any way prejudicing any other legal action for recovery which the Member may take or has taken.

4.2.2 Default in a Deliverable Futures Contract.

A Seller of a deliverable Futures Contract who does not effect delivery as required by this Rules or the Contract Specifications, and a Buyer of a deliverable Futures Contract who does not take delivery as required by this Rules or the Contract Specifications, shall be in default. In the event of default at Settlement of a deliverable Futures Contract, the rights and obligations of the Member of the Buyer or Seller who is in default, shall be as specified in the relevant Contract Specifications.

4.3. Rules Applicable to Option Contracts

4.3.1 Types of Option Contracts.

Option Contracts may be:

(a) call options or put options; and

(b) deliverable or cash settled.

4.3.2 Cash Settled Call Option Contract.

In the case of a cash settled call Option Contract:

(a) the Buyer (taker) of the Option Contract acquires the right to receive an amount equivalent to the difference between the exercise price of the Option Contract and the settlement price in consideration for a contract premium, if the settlement price is higher than the exercise price; and

(b) in the event that the Buyer of the Option Contract exercises that right, a Seller (grantor) as appointed by the Clearing House in accordance with the Clearing Rules assumes the obligation to pay the amount referred to in Rule 4.3.2(a) to the Buyer.

4.3.3 Cash Settled Put Option Contract.
In the case of a cash settled put Option Contract:

(a) the Buyer (taker) of the Option Contract acquires the right to receive an amount equivalent to the difference between the exercise price of the Option Contract and the settlement price in consideration for a contract premium, if the settlement price is lower than the exercise price; and

(b) in the event that the Buyer of the Option Contract exercises that right, a Seller (grantor) as appointed by the Clearing House in accordance with the Clearing Rules assumes the obligation to pay the amount referred to in Rule 4.3.3(a) to the Buyer.

4.3.4 Deliverable Call Option Contract.
In the case of a deliverable call Option Contract:

(a) the Buyer (taker) of the Option Contract acquires the right to a long futures position in the underlying Futures Contract specified in the contract unit in the relevant Contract Specifications in consideration for a contract premium;

(b) in the event that the Buyer of the Option Contract exercises that right, a Seller (grantor) as appointed by the Clearing House in accordance with the Clearing Rules shall be vested with a short futures position in the underlying Futures Contract at the same price and in the same settlement month as that assumed by the Buyer of the Option Contract; and

(c) the Buyer acquires the right to a long futures position at an exercise price agreed between the parties, provided that it is selected from a list of such prices determined under the relevant Contract Specifications.

4.3.5 Deliverable Put Option Contract.
In the case of a deliverable put Option Contract:

(a) the Buyer (taker) of the Option Contract acquires the right to a short futures position in the underlying Futures Contract specified in the contract unit in the relevant Contract Specifications in consideration for a contract premium;

(b) in the event that the Buyer of the Option Contract exercises that right, a Seller (grantor) as appointed by the Clearing House in accordance with the Clearing Rules shall be vested with a long futures position in the underlying Futures Contract at the same price and in the same settlement month as that assumed by the Buyer of the Option Contract; and

(c) the Buyer acquires the right to a short futures position at an exercise price agreed between the parties, provided that it is selected from a list of such prices determined under the relevant Contract Specifications.

4.3.6 American Style and European Style.
The Contract Specifications shall indicate whether an Option Contract is an American Style Option or a European Style Option. An "**American Style Option**" is an Option Contract that can be exercised at any time before its expiry. A "**European Style Option**" is an Option Contract that can only be exercised at expiry. This Rules applies to both American Style Options and European Style Options.

4.3.7 Cash Settled Option Contracts which are in-the-Money.
A cash settled Option Contract is in-the-money if the settlement price lies above the exercise price in the case of a call Option Contract, or below the exercise price in the case of a put Option Contract.

4.3.8 Exercise/Expiry of All Option Contracts on Expiration Day.
On the Expiration Day of both cash settled and deliverable Option Contracts, the Clearing House shall, unless otherwise directed by the holder of the Option Contract or otherwise stated in the relevant Contract Specifications:

(a) exercise all in-the-money Option Contracts; and

(b) allow all other Option Contracts to expire.

The exercise price shall, unless otherwise indicated in the relevant Contract Specifications or by the Clearing House, be based on the Final Settlement Price of the underlying Futures Contract.

REGULATORY NOTICES

Regulatory Notice

4.1.6(A)Trade Matching Algorithms Applicable to the SGX-DT Market

Issue date	Cross Reference	Enquiries
22 Sept 2006	Rule 4.1.6	Please contact International Products: 6236 5166

1. INTRODUCTION

1.1 This Regulatory Notice deals with trade matching algorithms applied to Contracts traded on the SGX-DT Market.

2. TRADE MATCHING ALGORITHMS FOR THE SGX-DT MARKET

2.1 The Exchange may adopt any one (1) or more of the four (4) algorithms described below to match and allocate orders for Contracts traded on the SGX-DT Market.

(a) **Price/Time Priority Allocation**. Orders at the best price (i.e. highest bid/lowest offer) would receive priority over other orders in the same Contract Month/spreads. Orders entered at the same price will then be matched based on time priority.

(b) **Price Point Maker Allocation ("PPM")**. Orders which are the first to improve the prevailing bid/offer prices (known as orders with price point maker status) would receive priority over other orders at the same price.

(c) **Market Maker Allocation ("MM")**. Orders of designated market makers would receive priority over other orders at the same price.

(d) **Pro-Rata Order and Matching Allocation ("Pro-Rata Order")**. Orders entered at the same price would be matched based on the orders' volume contribution to the aggregate volume of all resting orders at that price.

2.2 All orders entered into QUEST will be matched in a manner that gives priority to price; i.e. orders at the best price (highest bid/lowest offer) receive priority over other orders in the same Contract Month/spreads.

2.3 For orders at the same price point, the time priority would apply; i.e. orders entered into QUEST at the same price will be matched based on time priority, unless any one (1) or more of the trade matching algorithms (PPM, MM and Pro-Rata Order) is applicable.

2.4 If any one (1) or more of the PPM, MM and/or Pro-Rata Order algorithms is applicable, orders at the same price point would be matched and allocated such that orders with price point maker status, or orders of a designated market maker, or Pro-Rata Orders (as the case may be), would receive priority over other orders entered earlier in time. The priority between the PPM, MM and/or Pro-Rata Order (if more than one (1) trade matching algorithm is applicable) will be notified via a Regulatory Notice.

Regulatory Notice

4.1.6(B) Trade Matching Algorithms Applicable to the JADE Market

Issue date	Cross Reference	Enquiries
22 Sept 2006	Rule 4.1.6	Please contact JADE: Brian Wolf Director E-cbot Operations Telephone No. : (312)347-5609 Email: bwol79@cbot.com Or SGX Helpdesk: 6236 8400

1. INTRODUCTION

1.1 This Regulatory Notice deals with trade matching algorithms applied to Contracts traded on the JADE Market.

2. TRADE MATCHING ALGORITHMS FOR THE JADE MARKET

2.1 The trade matching algorithms are:

(a) **Price Explicit Time.** The price explicit time trading policy is based on the basic price time trading policy with explicit orders having priority over implied orders at the same price level.

(b) **Order Level Pro-Rata.** In this algorithm, priority is given to orders at the best price (highest bid/lowest offer). If there are several orders at this best price, equal priority is given to every order at this price and incoming business is divided among these orders in proportion to their volume. The pro-rata sequence of events is:

(i) extract all potential matching orders from the order book into a list;
(ii) sort the list by volume, largest volume first. If equal volumes, oldest time-stamp first; (this is the matching list);
(iii) find the 'matching volume', which is the total volume of all the orders in the matching list;
(iv) find the 'tradable volume', which is the smaller of the matching volume and the volume left to trade on the incoming order;
(v) allocate volume to each order in the matching list in turn, starting at the beginning of the list (if all the tradable volume gets used up, orders near the end of the list may not get allocation);
(vi) the amount of volume to allocate to each order is given by the formula: (order volume/matching volume) x tradable volume;
(vii) the result is rounded down (for example, 21.99999999 becomes 21) unless the result is less than 1, when it becomes 1;

(viii) if tradable volume remains when the last order in the list had been allocated to, return to step (iii);[7] and

(ix) if there is still volume left to trade on the incoming order, repeat the entire algorithm at the next price level.

(c) **Order Level Pro-Rata Priority**. This algorithm is the same as pro-rata priority as described in paragraph 1.1(b), but a priority flag is given to the order that was the first to enter the market at the best price. This priority order is given all volume until it is filled. Any remaining volume is divided among the other orders pro-rata. The priority flag does not apply during uncrossing.

For example: The two traders shown below have the following orders in the Market at the same price and Trader 1 improved the market price by being the first to enter an order at this price. Therefore, Trader 1 has the priority flag assigned.

An incoming order for 300 lots will be assigned in the following way:

Trader 1	Trader 2	Trader 3	Total	Incoming Order	Total Trade	Trader 1 Fill	Trader 2 Fill	Trader 3 Fill
400 P	100	-	500	300	300	300	0	-

Since Trader 1 has priority he will receive all 300 lots and Trader 2 will receive none.

(d) **Order Level Pro-Rata Priority Order and Volume Cap**. This algorithm is the same as pro-rata priority described in paragraph 2.1(b), but the order with the priority flag assigned will only take all incoming volume up to a certain volume cap. When this volume cap is reached all remaining volume is divided among this order and the other orders by the pro-rata algorithm. The volume cap can be configured to vary between Contract Months. The host calculates the volume of a priority resting order that can be assigned volume against an incoming order by simply subtracting the already traded volume of that priority resting order from the configured volume cap.

(e) **Order Level Pro-Rata Priority Order and Minimum Volume.** This algorithm is the same as pro-rata priority described in paragraph 2.1(b), but at the best price a priority flag is only given to the order that was the first to enter the Market at the best price if that order is above a certain volume. This volume can be configured to vary between Contract Months.

[7] The matching list is not re-sorted, even though the volume has changed. The order which originally had the largest volume is still at the beginning of the list.

(f) **Order Level Pro-Rata Priority Order, Volume Cap and Minimum Volume**. This combines the features of the previous two (2) algorithms set forth in paragraphs 2.1(d) and 2.1(e). A priority flag is only given to the order that was first to enter the Market at the best price if that order is above a certain volume. When this priority flag is assigned it will only take all incoming volume up to a certain volume cap. Both these volumes can be configured to vary across Contract Months. When this volume cap is reached, all remaining volume is divided pro-rata among this order and the other orders at the best price. The following rules apply to this order level pro-rata priority orders:

(i) implied prices do not gain priority;

(ii) resting orders never gain priority as a result of other orders trading out;

(iii) priority is gained by improving the price currently in the Market regardless of any previously traded prices;

(iv) priority is lost if order volume is revised up;

(v) priority is lost if order volume is revised down to less than the minimum volume;

(vi) priority is lost if a price is revised so that it is no longer the best price; and

(vii) priority may be gained if a price is revised so that it becomes the best price.

3. PREFERENCE

3.1 Preference trading will operate by assigning preference status to qualifying orders as they enter the order book. When matching business subsequently trades against the order book, those orders with preference status may, depending on the exact content of the order book at the time, become eligible to receive preference volume.

3.2 Preference volume will be allocated to the chosen orders before the normal distribution of volume.

3.3 There are three (3) versions of preference trade policy and these are:

(a) preference price explicit time;

(b) preference order level pro-rata; and

(c) preference order level pro-rata priority.

All outright and strategy transactions within a particular Contract will use the trade policy configured for that Contract with the exception of delta neutral strategies which will continue to trade as price explicit time. The preference model can also be configured at a month or strategy level if the multiple trade matching algorithms functionality is configured.

4. ALLOCATION OF VOLUME FOR PREFERENCING

4.1 Normal allocation is used to describe the method of allocating volume to orders in the configured explicit price time trade policy, when there is no pro-rata priority or preference status orders.

4.2 Preference volume will be allocated to those orders with preference status subject to the restrictions detailed below, before normal allocation. After the allocation of preference volume, those orders with preference status will be treated as normal (non-preference status) orders by the normal allocation. An order may receive volume within a single trade both as a result of having preference status, and due to normal allocation.

4.3 The priority pro-rata trade policy may also maintain a priority order. Volume will be allocated to the pro-rata priority order before allocation to the preference status orders.

4.4 An order which possesses preference status may also become the pro-rata priority order. In this case, an order may receive three (3) clips of volume within a single trade (pro-rata priority allocation, preference volume allocation, and normal allocation).

4.5 Preference volume will only be allocated for trades which occur during the Market open period. In particular, preference volume will not be allocated when the Market is uncrossed at the changeover from the pre-open to the open trading period.

4.6. Incoming orders may trade in depth. Preference volume will be allocated as described at each price level at which the incoming order trades. The tradable volume at each price level will be the residual volume remaining on the incoming order.

Regulatory Notice

4.1.8(A) SGX-DT Market Error Trade Policy

Issue date	Cross Reference	Enquiries
02/07/2007	Rule 4.1.8	Please contact Product Management for policy issues: Telephone No. : 6236 5308 Please contact Market Control (Derivative Operations) (“MCD”) for operational issues: Telephone No. : 6538 0261 or 6536 3504 Facsimile No.: 6536 6480 Email address : GPOPSMCDOP@sgx.com

1 INTRODUCTION

1.1 This Regulatory Notice explains the error trade policy applied to Contracts traded on the SGX-DT Market.

2 ERROR TRADE POLICY APPLICABLE TO CONTRACTS TRADED ON THE SGX-DT MARKET

2.1 General Principles

2.1.1 An error trade occurs when a transaction is effected on QUEST as a result of an error in the entry of a bid or offer that was subsequently matched.

2.1.2 Subject to sub-paragraph 2.1.4, the Exchange will only exercise its discretion to:

(a) cancel an error trade partially or fully; or

(b) adjust the trade price of the error trade partially or fully to the nearest limit of the error trade price range,

if a party to the trade makes a request as specified in sub-paragraph 2.6.1 below, and the trade price falls outside the error trade price range for the Contract for that day. If an error trade is done <u>within</u> the error trade price range, then the trade will stand, and no further action will be taken. The upper and lower limit of the error trade price range is determined in relation to a reference price calculated by the Exchange in accordance with paragraph 2.2.

2.1.3 However, there will be no trade price adjustments for:

(a) transactions in strategies listed for trading by the Exchange;

(b) trades involving implied orders as a result of strategy matching; and

(c) option trades, except those which are approved as designated Option Contracts.

In relation to error trades in the transactions specified in sub-paragraphs (a)-(c) above, the Exchange may at its discretion, cancel such error trades partially or fully, if a party to the trade makes a request as specified in sub-paragraph 2.6.1 below, and the relevant counterparties to the error trade agree to the cancellation within the time specified by the Exchange.

2.1.4 Notwithstanding sub-paragraph 2.1.2 and 2.1.3 above, the Exchange retains the power to cancel an error trade partially or fully or adjust the trade price of an error trade if, in the Exchange's opinion, it is desirable to do so, to protect the financial integrity, reputation or interests of the Markets established or operated by the Exchange. The Exchange's discretion to adjust the trade price or cancel a trade, either partially or fully, may be exercised even where the trade is within the error trade price range.

2.1.5 For the avoidance of doubt, error trades will not be cancelled except as provided for under sub-paragraphs 2.1.3 and 2.1.4.

2.1.6 A Member shall take all necessary steps and exercise due diligence in monitoring trades done for any errors.

2.1.7 A Member requesting an error trade cancellation or price adjustment shall promptly take all necessary mitigating actions to minimize the losses suffered.

2.2 Error Trade Price Range

<u>Futures Contracts</u>

2.2.1 The Exchange will approve a list of designated Futures Contracts as set out in Appendix A. For designated Futures Contracts traded when the underlying cash market is open for trading, the dynamic futures reference price shall be the average of the high and low traded prices in the minute before the error trade. If there are no trades in the minute before the error trade, the dynamic futures reference price will be determined by theoretical pricing models using, among other variables, the latest cash index value before the error trade.

2.2.2 If an error trade occurs in connection with a Futures Contract which is not a designated Futures Contract, or when the error trade occurs in connection with a designated Futures Contract when the underlying cash market is not open for trading, the opening price shall be assigned as the static futures reference price. If the opening price is not available, the Exchange may use other prices that it thinks in its discretion are reasonable. For instance, the Exchange may use the previous day's closing price.

2.2.3 The Exchange computes the error trade price range for a Futures Contract by taking into account the trading and closing prices of the Contract or any other relevant information (for example, relevant market information in a recent three (3) month period). The upper and lower limits of the error trade price range are determined in relation to the relevant futures reference price.

2.2.4 The following is an example for the calculation of the dynamic futures reference price in relation to a designated Futures Contract.

For designated Futures Contracts, it is possible to establish a fairly accurate dynamic reference price when the underlying cash market is open. Therefore, the Exchange will apply a smaller error trade price range, with reference to the dynamic futures reference price. A dynamic futures reference price may be calculated as follows:

(a) If there are trades in the minute before the error trade, calculate the average of the high & low prices in the last minute as the dynamic futures reference price.

(b) If the error trade occurs for a contract month other than the spot month, use the theoretical model with the latest cash index value to derive the theoretical spread between the spot month and the error trade contract month. This spread is then added to the spot month reference price calculated using (a) above to derive the dynamic futures reference price.

(c) If (a) and (b) above are not applicable, calculate the theoretical price of the error trade contract month as the dynamic futures reference price.

2.2.5 The following is an example for the calculation of the error trade price range in relation to a designated Futures Contract.

This example uses the Yen-denominated SGX Nikkei Stock Average Futures Contract. Based on an evaluation of historical data the Exchange could set the following:

Error Trade Price Range of +/- 50 points for the spot quarter month

Error Trade Price Range of +/- 100 points for other contract months

The spot quarter month has a narrower error trade price range because its dynamic futures reference price, calculated using market traded prices, will be relatively accurate. The other contract months have a wider error trade price range because the dynamic futures reference price would likely have a theoretical component. A wider range is needed to ensure that bona-fide trades do not fall within the error trade price range. The Exchange may periodically adjust the error trade price range to reflect prevailing market conditions. MCD will broadcast the necessary information to Members in accordance with sub-paragraph 2.2.10.

Based on the dynamic futures reference price, an erring party's losses from error trades should be limited to fifty (50) points (¥25,000) per lot in the spot quarter month or one hundred (100) points (¥50,000) per lot in other contract months.

Option Contracts

2.2.6 The Exchange will approve a list of designated Option Contracts as set out in Appendix A. The option reference price shall be determined by theoretical pricing models using, among other variables, the futures reference price of the underlying Futures Contract and the volatility of the option contract implied from the previous settlement price of the option contract.

2.2.7 The Exchange computes the error trade price range for designated Option Contracts when the underlying cash market is open, by taking into account the trading and closing volatility of the Option Contract or any other relevant information (for example, relevant market information in a recent three (3) month period) to determine a volatility range. The Exchange may, in its discretion, determine different volatility ranges for the purpose of calculating the error trade price range. The option error trade price range shall be determined by theoretical pricing models using, among other variables, the dynamic futures reference price of the underlying Futures Contract and the volatility range.

2.2.8 The following is an example for the calculation of the error trade price range in relation to a designated Option Contract.

For designated Option Contracts, it is possible to establish a fairly accurate dynamic futures reference price when the underlying cash market is open. The option error trade price range is calculated using a theoretical option pricing model with variables including the dynamic reference price of the underlying Futures Contract and a volatility range.

This example uses the SGX Option Contract on Nikkei Stock Average Futures. The Exchange could set the following volatility range (with reference to the previous day settlement implied volatility):

	Within 1,000 points from at-the-money	Other Strikes
Spot Month	+/- 4%	+/- 6%
Other Months	+/- 5%	+/- 8%

The option reference price will be calculated using the option pricing model with variables including the dynamic futures reference price of the underlying Futures Contract and the previous day settlement implied volatility.

In addition, the option error trade price range is subject to a minimum level (to prevent frivolous price adjustments) and a maximum level (to cater to special circumstances for Option Contracts).

This example uses the SGX Option Contract on Nikkei Stock Average Futures. Based on evaluation of its historical data, the Exchange could set:

Maximum price range of +/- 100 points for contracts with 6 months or less to expiry
+/- 200 points for other contract months

Minimum price range of +/- 30 points

The Exchange may apply the maximum price range to all Option Contracts that are more than 1,500 points in-the-money and all expiring options on the Monday of the week of expiration to the Last Trading Day. Deep in-the-money Option Contracts have high delta and thus the price change largely mirrors the price change of the underlying. It is thus appropriate to use a fixed error trade price range. In addition, as the Option Contract approaches expiry, small changes in traded option prices cause relatively large changes in traded implied volatility. The result is that the volatility range may not be sufficient to encompass the volatility changes near the expiry of the contract. Based on historical data, the traded implied volatility of the Option Contract would start to change rapidly during the week of expiration. Hence, the maximum price range will generally be imposed during this period. The Exchange may adjust, with prior notice, the maximum price range and applicable circumstances as market conditions change.

Exchange's discretion

2.2.9 Notwithstanding sub-paragraphs 2.2.1 to 2.2.8 above, the Exchange retains the discretion to take into account other relevant market information to determine the error trade price range or the reference price, and determine error trade price ranges using any other methodology, if, in the Exchange's opinion, it is desirable to do so to protect the financial integrity, reputation or interests of the Markets established or operated by the Exchange.

MCD notification of error trade price range or volatility range

2.2.10 MCD will notify all Members of the error trade price range or volatility range, in terms of absolute prices, via the broadcast message on a daily basis. In addition, the Exchange will inform all Members, via circular, of any changes in the size of the error trade price range at least one (1) week before effecting such change.

2.3 Factors that the Exchange may consider in its Exercise of Discretion

2.3.1 The Exchange may consider the following factors when deciding whether to adjust the trade price or cancel any trades:

(a) the difference between the price at which the error trade was done and the preceding traded prices of the Contract;

(b) market conditions, including market liquidity in the Contract at the time the error trade occurred;

(c) the monetary loss involved and the financial impact on the parties if the error trade is or is not adjusted or cancelled;

(d) the reason(s) given by the erring party for the error;

(e) whether the error trade was caused partially or fully by problems with the Exchange's systems; and

(f) any other relevant factors.

2.4 Compensation and Dispute Resolution

2.4.1 Under sub-paragraph 2.1.3, certain error trades may be cancelled if the counterparties consent to the cancellation. The terms of the cancellation of the error trade (including any compensation payable) are for the relevant parties to agree on. The Exchange will not be involved in this process or in any disputes arising from this process.

2.5 Administration Fee For Trade Cancellation / Price Adjustment Requests

2.5.1 A trade review administration fee ("Administrative Fee") will be imposed on every request received to adjust the price of or cancel an error trade. The following table sets out an estimate for the Administrative Fee, which is set at a maximum of SGD$1,000 for each request.

No of Requests in a year starting from 1 July to 30 June	Fee
1st request	SGD$250
Next 2 requests	SGD$500
Next 2 requests	SGD$750
6th request and above	SGD$1000

If the Exchange deems the error trade to be serious, it may charge a higher amount than the fee indicated in the above table which does not exceed the maximum fee.

2.5.2 The Member shall pay the Administrative Fee to the Exchange within fourteen (14) days of the Exchange's determination of the fee. The Administrative Fee shall be paid regardless of whether the error trade has had its price adjusted or is cancelled by the Exchange.

2.6 Procedure For Error Trade(s)

2.6.1 The Member's authorised co-ordinator intending to report an error trade shall:

(a) contact the MCD within ten (10) minutes from the time the trade is done, and request for the trade to have its price adjusted or cancelled. The Exchange may, in its discretion extend this period depending on the situation; and

(b) immediately complete the QUEST ERROR TRADE INFORMATION FORM and send it by fax or email to MCD.

2.6.2 Once an error trade has been brought to the attention of the MCD in accordance with this Regulatory Notice, the following procedures will apply:-

(a) MCD will send an alert to all QUEST terminals indicating that a specified trade may be in error; and

(b) For cancellation of trades, the Exchange will, at its discretion, cancel a trade, either partially or fully, only if all counterparties to the error trade agree to the trade cancellation within fifteen (15) minutes of the alert sent by MCD in paragraph 2.6.2(a) above. The Exchange reserves the right to extend this period depending on the situation and the number of counterparties involved in the error trade.

(c) MCD will send a message to all QUEST terminals of the Exchange's decision in respect of any request to cancel a trade or adjust the trade price.

2.6.3 The Exchange will not consider any requests to review its decision following an announcement under 2.6.2(c).

Regulatory Notice 4.1.8(A)

Appendix A
As at 02/07/2007

Designated Futures Contracts

S/no.	Futures Contract
1	Yen-denominated Nikkei Stock Average Futures

Designated Option Contracts

S/no.	Option Contract
1	Option on Yen-denominated Nikkei Stock Average Futures

(FTR002/2007)

Regulatory Notice

4.1.8(B) JADE Market Error Trade Policy

Issue date	Cross Reference	Enquiries
22 Sept 2006	Rule 4.1.8	Please contact CBOT's Market Operations ("**Market Operations**"): Brian Wolf Director Market Operations Telephone No. : (312)347-5609 Email: bwol79@cbot.com Or SGX Helpdesk: 6236 8400

1. INTRODUCTION

1.1 This Regulatory Notice explains the Exchange's error trade policy for the JADE Market.

2. INVOKING THE ERROR TRADE POLICY

2.1 If a Member believes that he has executed a trade on the JADE Market at a price that was in error, he shall without delay call Market Operations. If Market Operations is not notified within five (5) minutes of the execution time of the asserted error trade, the trade shall stand. A third party or Market Operations may also call a trade into question within five (5) minutes of the execution. Trades called into question within five (5) minutes shall be evaluated in accordance with paragraphs 3 and 4 of this Regulatory Notice. Notwithstanding the above, Market Operations has the authority, but not the obligation, to consider trades reported after the five (5) minute deadline provided the trade price in question is grossly (i.e. multiple points) out of line with the last trade price or alternatively determined fair value of the relevant Contract. Trades resulting from quantity errors will generally not be called into question.

3. TRADE PRICE WITHIN THE "NO BUST RANGE"

3.1 If a Contract transaction is asserted to be at a price that is in error, the trade shall not be considered for review by Market Operations unless the price of the asserted error trade is greater than the designated number of ticks (as determined by Market Operations) from the reference price. The reference price will be the last trade price preceding the entry of the asserted error trade or an alternatively determined fair value of the Contract. Fair value for Futures Contracts may be determined by the last trade price, preceding settlement price, spread relationships or other variables deemed relevant by Market Operations.

3.2 If Market Operations contacts a Member regarding a suspicious order and the Member states that the order is entered correctly, the order (if subsequently executed) may only be called into question by a third party.

3.3 Trades that are executed outside of the daily Price Limits shall be busted by Market Operations irrespective of whether the trade(s) falls within the "no bust range" established above.

4. TRADE PRICE OUTSIDE OF THE "NO BUST RANGE"

4.1 If the price of the asserted error trade is more than the specified number of ticks from the reference price, Market Operations will send a broadcast message indicating that the trade has been called into question. If the asserted error trade is outside of the specified tick range and involves only two (2) parties, Market Operations will attempt to contact the parties to the transaction. If both parties agree to bust or re-price the transaction, Market Operations shall send a broadcast message and an alert to the quote vendor network indicating that the trade was busted or re-priced.

4.2 If there is more than one counterparty to the order asserted to have been executed in error, Market Operations will gauge the erroneous transactions against the error trade range to determine the final status of the trades.

5. DECISIONS OF MARKET OPERATIONS

5.1 Market Operations will review the circumstances surrounding an asserted error trade to determine whether it should be deemed an error trade and thereby busted or repriced. If the trade is repriced to a level that is below a sell limit price or above a buy limit price, the Customer cannot reject the trade. Similarly, if the trade is repriced to a level that is higher/lower than the trigger price of the sell/buy stop order, the Customer cannot reject the trade. The trade will be cleared at the repriced level and allocated to the Customer's Account. Parties to these transactions are permitted to make cash adjustments to settle losses that occur as a result of an asserted error trade or an actual error trade.

5.2 Trade certainty and the timely resolution of asserted error trades are critical objectives of this policy. Therefore, if parties to a disputed transaction do not agree to the terms of resolution, Market Operations reserves the final authority to determine the disposition of the questioned transaction.

5.3 Market Operations shall, unless impracticable, make its determination within fifteen (15) minutes of the broadcast message regarding the asserted error trades. The decisions of Market Operations shall be final, and Market Operations shall send a broadcast message and an alert to the quote vendor network indicating whether the trade was busted, re-priced or allowed to stand.

5.4 In making its determination, Market Operations may consider relevant factors including, but not limited to:

(a) market conditions immediately before and after the transaction;

(b) the prices of related contracts;

(c) whether one or more parties to the trade believe the trade was executed at a valid price;

(d) the extent to which the transaction appeared to trigger contingency orders and other trades; and

(e) information obtained by Market Operations from third parties.

6. PROCEDURES FOR CORRECTING ERROR TRADES

6.1 In the event that a trade is busted, the parties to the transaction shall reverse the transaction through the applicable Clearing House procedures. Market Operations will notify JADE regarding any situation where a party fails to claim, or misclears trades in a timely manner. Under no circumstances shall the parties to an asserted error trade be permitted to reverse the error by entering into a prearranged transaction.

6.2 If the asserted error trade is determined not to be an actual error trade, the parties to the trade are permitted to mutually agree upon cash adjustment or to arbitrate the matter. Any cash adjustment shall be reported to Market Operations.

7. ERRORS RELATED TO SPREADS

7.1 Because of the autoleg feature of the JADE Market, spreads may be executed such that one (1) leg of the spread is determined to be an error trade and the other leg is deemed to have been executed at a good price. In such circumstances, the party who enters an outright order that causes an error trade on an autolegged spread will be deemed to be the counterparty to the good leg of the spread. The parties to the transactions will reverse and claim the transactions as indicated through the applicable Clearing House procedures.

8. DETERMINATION OF OPTION ERROR TRADES

8.1 Market Operations will identify Option Contract error trades by one of two means:

(a) notification by market participants within five (5) minutes of the execution time of the asserted error trade; or

(b) determining that the price of an Option Contract or a strategy transaction involving Option Contracts is greater than the designated number of ticks from the fair value.

9. DETERMINING AVERAGE BID AND OFFER

9.1 Market Operations will calculate a bid price or an offer price in order to determine whether the potential error trade should be considered an error. If the trade is determined to be an error trade, Market Operations will also use the bid or offer price to determine the price adjustment of the error trade. Market Operations will determine the bid or the offer price of an Option Contract or a strategy transaction involving Option Contracts by using as many as three (3) procedures:

(a) Market Operations will observe the bid and the offer prices prior to the potential error occurring;

(b) Market Operations will submit requests for quotes using delta neutral strategies with Futures Contracts at the same level prior to the execution of the potential error; or

(c) Market Operations will attempt to contact at least three (3) market makers that were not involved in the potential error trade in order to determine their bids and offers prior to the potential error occurring.

9.2 Market Operations will determine the average bid or offer price based upon the size of the error trade and the market depth. The average price will be calculated by:

(a) determining the true average (weighted average) bid or offer price; and

(b) rounding the true average to the nearest tick value, up for buy orders and down for sell orders.

9.3 If the depth of the Market in response to the first request for quote is less than the size of the order, Market Operations will submit a second request for quote for the size of the error trade. Market Operations will calculate the average bid or offer price based upon the size of the error trade. If the depth of the response to the second request for quote is less than the size of the trade, Market Operations will calculate an average bid or offer based upon the depth of the Market.

10. IDENTIFYING AN OPTION ERROR TRADE

10.1 Market Operations will consider an option trade an error if it determines one of the following:

(a) the trade has been executed at a price at least two (2) ticks below the determined bid price in the case of a sell error; or

(b) the trade has been executed at a price at least two (2) ticks above the determined offer price in the case of a buy error.

11. DETERMINING AN ADJUSTMENT FOR OPTION ERROR TRADES

11.1 Option error trades may not be resolved through a busting of the disputed transactions. They may only be resolved via a price adjustment based on the price which is one (1) tick less than the determined bid price in the case of a sell error or one tick greater than the determined offer price in the case of a buy error.

12. ERROR TRADE FEES

12.1 The party responsible for the error shall pay a US$1,000 fee for each of the first two (2) error trades, US$3,000 for the 3rd error trade, and US$5,000 for each subsequent error trade within a calendar year.

Regulatory Notice

4.1.11 Negotiated Large Trades

Issue date	Cross Reference	Enquiries
22 Sept 2006	Rule 4.1.11	Please contact International Products for policy issues: 6236-5324 Please contact Market Control (Derivative Operations) (“**MCD**”) for operational issues: 6538-0261 or 6536-3504 Facsimile No: 6536-6480 Email address : GPOPSMCDOP@sgx.com

1. INTRODUCTION

1.1 This Regulatory Notice sets out the minimum volume thresholds, notification requirements and procedures that Persons effecting Negotiated Large Trades or “**NLTs**” are required to observe.

2. MINIMUM VOLUME THRESHOLDS

2.1 The minimum volume thresholds for NLTs are specified in the table below.

Contract	Minimum Volume Threshold (Lots)
Eurodollar Futures and Options	500
Euroyen Tibor Futures	Contract maturity up to 2 years: 500 Contract maturity beyond 2 years: 100 Spread/Strategy: 100
Euroyen Tibor Options	Outrights: 200 Spread/Strategy: 100
Euroyen Libor Futures	Contract maturity up to 2 years: 500 Contract maturity beyond 2 years: 100 Spread/Strategy: 100
Euroyen Libor Options	Outrights: 200 Spread/Strategy: 100
Singapore Dollar Interest Rate Futures	50
Singapore Government Bond Futures	100

Mini JGB Futures and Options	100
Nikkei 225 Index Futures	300
Nikkei 225 Index Options	100
MSCI Taiwan Index Futures	200
MSCI Taiwan Index Options	100
MSCI Singapore Index Futures	200
Straits Times Index Futures	100
SGX CNX Nifty Index Futures	100
MSCI Japan Index Futures	100
SGX FTSE Xinhua China A50 Index Futures	200

2.2 Within the same Underlying, a NLT is deemed to be in accordance with the minimum volume threshold if at least one (1) of the legs meets the minimum volume threshold.

Example: Minimum volume threshold for NK Futures = 300 lots
Minimum volume threshold for NK Options = 100 lots

The following NLT will be in accordance with the minimum volume threshold as one (1) of the legs (NK Options Jan 06 Call 14000) meets the minimum volume threshold of 100 lots:

Contract	**Qty**	**Price**
NK Futures Mar 06	200 lots	14200
NK Options Jan 06 Call 14000	50 lots	300
NK Options Jan 06 Call 14000	50 lots	301
NK Options Feb 06 Put 13750	2 lots	610

3. GENERAL POLICY

3.1 Trading Hours

3.1.1 The NLT facility shall be available twenty-four (24) hours a day. All NLTs executed during or before the Contract "T" trading hours shall be "T Trades" while NLTs executed after the Contract "T" trading hours shall be "T+1 Trades".

3.2 Reporting and Registration of NLTs

3.2.1 All NLTs must be reported to the Exchange. Clearing Members are required to submit Form CH31 *(Negotiated Large Trade Registration Form),* duly filled up and signed by their authorised personnel on behalf of their Customers.

3.2.2 Clearing Members are required to register all "T Trades" and "T+1 Trades" via the SGX Trade Allocation and Registration ("STAR") system in a timely manner. In any event, Clearing Members are required to register all "T Trades" no later than thirty (30) minutes after the relevant "T" session closes and all "T+1 Trades" no later than thirty (30) minutes after the next Business Day's "T" session closes.

3.3 NLT Execution

3.3.1 Members shall ensure that NLTs are not transacted for Customers who have the same beneficial interest in both sides of the transactions. Members may submit NLT orders from two (2) separate Customers under the same Omnibus Account, provided that the Members' record keeping and audit trails are able to demonstrate the separate beneficial ownership.

3.3.2 A Member shall ensure that its Customers are aware of and have given their approval for the execution of the Customers' orders via the NLT facility. Where a Member receives a Customer's order that is not a NLT order but meets the requirements of the NLT facility, such Member may execute the Customer's order via the NLT facility provided that such Member has obtained the prior approval from the Customer, either specifically for the transaction or as a general blanket approval (and such blanket approval has not been terminated by the Customer). If a Customer's approval is obtained verbally, the Member shall ensure that a tape recording of the conversation where the Customer's approval was obtained is retained for record keeping purposes. A Member shall also inform its Customers if the Member may be or is a counterparty to the Customer's NLT and obtain the Customer's prior written approval.

3.3.3 Members may obtain a general blanket approval from their Customers provided the conditions below are met. Members shall disclose to their Customers all NLTs executed pursuant to the general blanket approval in the contract notes sent to their Customers. The conditions for obtaining a general blanket approval from the Customer are as follows:

(a) Members shall inform the Customer that the general blanket approval is subject to compliance with the rules, laws and regulations in the Customer's country of domicile;

(b) the general blanket approval shall be in writing and shall provide details on the nature and scope of the general blanket approval given;

(c) Members shall highlight to the Customer the risks and liabilities that the Customer may be exposed to in giving such general blanket approval. In particular, the Member shall highlight that in some instances, NLT orders may not be executed at the best possible price and that the timeliness of order execution may be compromised. The Customer must also be informed that the Customer is obligated to accept all NLTs executed pursuant to the general blanket approval; and

(d) the Customer shall acknowledge that it has read, understood, and received a copy of the signed general blanket approval.

3.3.4 In order to ensure that Customers' interests are not compromised, the Members shall, unless their Customers specifically request for a trade to be done through the NLT facility, place all Customers orders on QUEST for execution. After the Customers' orders have been placed on QUEST for execution, Members' employees may then seek their Customers' approval to accept the order as a NLT. However, Members may only withdraw an order from QUEST for subsequent execution as a NLT if the price for the NLT is <u>at least equal to or better than</u> the prevailing bid/offer quoted in QUEST at the time the order is withdrawn, unless otherwise instructed by Customers.

3.3.5 Members shall not combine individual Customers' orders in order to meet the NLT minimum volume threshold requirements. Members shall not combine separate Customers' orders of different Contracts to create an inter-commodity spread or strategy transaction. However, individual orders greater than or equal to the minimum volume threshold may be combined by Members to match a larger NLT counter bid/offer, subject to the condition that the NLTs should, upon execution, be individually reported.

3.3.6 Members may use various price combinations within the same NLT or within the same leg of a NLT in the case of spreads or combinations, to set an 'average' price, provided that the trade is for the same entity and that each respective price must meet the minimum tick for the Market in question.

3.3.7 Upon execution, a Member may give up a NLT to another Clearing Member or different Clearing Members via the STAR system for allocation(s) to various Customer Accounts maintained with that other Clearing Member(s). The allocated number of Contracts to each such account may be less than the minimum volume threshold for the Contract in question provided that the NLT was executed for fund managers, commodity trading advisors etc. who may at times be required to allocate in part to 'sub-funds', high net worth individuals/investors, etc. who may maintain their own accounts with the other Clearing Member(s).

3.3.8 The Exchange shall have the sole and absolute discretion to cancel or adjust the price of any NLT, even after the registration of the NLT.

3.4 Publicising of NLT

The Exchange shall publish information relating to the details of NLTs on the Exchange's website.

3.5 NLT Fees

The standard clearing fees applicable to the relevant Contracts shall be imposed on all NLTs. In addition, a special facility fee charge shall also be imposed on all NLTs.

3.6 Deterrence Fees

3.6.1 The Exchange shall impose a deterrence fee for any NLT that does not have at least one (1) leg that meets the required minimum volume threshold. The deterrence fee will be charged separately for each leg in the NLT and be equal to US$20 x minimum volume threshold.

Example:

Contract	Qty	Price
NK Futures Mar 07	200 lots	16000
NK Options Jan 07 Call 16000	50 lots	300

Deterrence Fee Charged for NK Futures Mar 07 =	US$20 x 300
Deterrence Fee Charged for NK Options Jan 07 Call 16000 =	US$20 x 100
Total =	US$8,000

3.6.2 Clearing Members are required to register their NLTs on the STAR system under paragraph 3.2 above. A deterrence fee of US$20 x the total NLT quantity per leg will be imposed for all late reporting.

Example: If the NLT in the example above was also late, it will be charged an additional deterrence fee of

Deterrence Fee Charged for NK Futures Mar 07 =	US$20 x 200
Deterrence Fee Charged for NK Options Jan 07 Call 16000 =	US$20 x 50
Total =	US$5,000

PRACTICE NOTES

Practice Note

4.1.9 Procedures for Order Withdrawal

Issue Date	Cross Reference	Enquiries
22 Sept 2006	Rule 4.1.9	Please contact Market Control (Derivative Operations) ("**MCD**"): Telephone No. : 6538 0261/ 6536 3504 Facsimile No : 65366480 E-Mail Address: GPOPSMCDOP@sgx.com

1. INTRODUCTION

1.1 This Practice Note explains the circumstances, conditions and operational procedures pursuant to which the Exchange would assist Clearing Members to effect order withdrawals.

1.2 As a general practice, Members who face difficulties in effecting their order withdrawals should seek the assistance of their respective Clearing Members to withdraw their orders. For this purpose and where possible, Clearing Members should set up appropriate supervisory access to the trading system to administer such requests.

2. TECHNICAL FAULT AND WITHDRAWAL BY EXCHANGE ON REASONABLE EFFORTS BASIS

2.1 In the event of Technical Faults, the Exchange would assist in effecting order withdrawals at the request of the Clearing Members and subject to the terms and procedures set forth below. "**Technical Faults**" as used herein refers to any loss of connection to Exchange Systems which prevents a Clearing Member from effecting order withdrawals without the Exchange's assistance.

2.2 Order withdrawal by the Exchange in the event of Technical Faults would be effected on a reasonable endeavours basis. The Clearing Member agrees that the Exchange has no liability for order withdrawals and related activities conducted on behalf of a Member.

2.3 The Clearing Member indemnifies and will keep indemnified the Exchange against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts against or incurred by the Exchange arising out of or in connection with any action taken or any inaction by the Exchange, or any of the Exchange's officers, employees, agents, delegates or contractors with respect to such order withdrawals.

2.4 For the avoidance of doubt, nothing in this Practice Note should be construed as limiting a Clearing Member's obligation to install and maintain a robust and technically sound system, risk management processes or business continuity plans as required under the Rules or any applicable laws.

2.5 Clearing Members may request the Exchange to withdraw orders at the following levels:

(a) individual order level; or

(b) access ID level.

3. OPERATIONAL SAFEGUARDS AND DISCREPANCIES

3.1 A Clearing Member shall comply with the instructions and directions issued by MCD when effecting order withdrawals as contemplated herein. MCD also reserves the right to refuse any such request without providing any reason.

3.2 All verbal requests for order withdrawals (**"Request"**) shall be recorded by MCD. Clearing Members are also required to comply with various operational safeguards and procedures as issued by MCD from time to time including matters relating to the:

(a) appointment of authorised firm coordinators by Clearing Members to effect order withdrawals and the provision of authentication details in connection therewith;

(b) making of a Request via telephone numbers as designated by MCD;

(c) submission of an order withdrawal form with the material information as requested by MCD; and

(d) processing of Requests at access ID level and individual order levels.

3.3 If a Clearing Member finds any discrepancies between the order withdrawal form and the Request, the Clearing Member should notify MCD immediately with details of such discrepancies. Depending on the nature of the discrepancy, MCD would generally rely on the voice recording of the Request for its post-withdrawal investigations.

Practice Note

4.1.10 Cross Trades

Issue date	Cross Reference	Enquiries
22 Sept 2006	Rule 4.1.10	Please contact Market Surveillance and Enforcement: Market Surveillance: Mr Kelvin Tan 6236-5907 Mr Samuel Tan 6236-5909 Enforcement: Mrs Annie Chen 6236-8842 Ms Neo Hwee Kuan 6236-8266

1. CROSS TRADES

1.1 In normal circumstances, the Exchange would consider that a cross trade was not pre-arranged if there is a time lag of ten (10) seconds between the entry of the first and second legs of the orders. However, if the time lag is less than ten (10) seconds, or the Exchange nevertheless suspects a cross trade was pre-arranged, the Member or the Approved Trader would have to satisfy the Exchange otherwise.

1.2 The following are examples on the application of Rule 4.1.10:

The Contract is NKH'06 with a tick size of 5 points.

Example	Existing Bid	Existing Offer	Last traded price
(a)	11710	11740	11740
(b)	11710	11740	11740
(c)	None	None	11740

Example (a)

The Approved Trader receives buy and sell orders at the same time and at price of 11715. The Approved Trader can expose either the buy or the sell order first.

Reason: Both the price of buy and sell orders are better than the prevailing 11710 bid and 11740 offer respectively.

Example (b)

The Approved Trader receives buy and sell orders at the same time and price at 11740. The Approved Trader shall expose the buy order first.

Reason: The buy order is a more attractive order than the sell order because there was an existing 11740 offer waiting to be "lifted".

Example (c)

The Approved Trader receives buy and sell orders at the same time and price at 11715. The Approved Trader shall expose the sell order first.

Reason: The sell order has a more attractive price because the opposite trader who "lifts" the offer will be buying at a price lower than the last traded price of 11740. On the contrary, the buy order has a less attractive price because the opposite trader who "hits" the bid will be selling at a price lower than the last traded price of 11740.