

SECURITIES AND FUTURES ACT
(CHAPTER 289)

SECURITIES AND FUTURES (MARKETS) REGULATIONS
2017

ARRANGEMENT OF REGULATIONS

PART I PRELIMINARY

Regulation

1. Citation and commencement
2. Definitions
3. Forms
4. Fees
5. Keeping of books and other information

PART II APPROVAL AND RECOGNITION

6. Minimum requirements for approval or recognition
7. Criteria for deciding whether an applicant should be approved as an approved exchange or recognised as a recognised market operator

PART III REGULATION OF APPROVED EXCHANGES

Division 1 — Obligations and matters relating to Approved Exchanges

8. Obligation to notify Authority of certain matters
9. Obligation to submit periodic reports
10. Exceptions to obligation to maintain confidentiality
11. Business continuity plan
12. Provision of information
13. Fair and objective execution of orders
14. Transmission and storage of user information
15. Requirements to register trading personnel
16. Amounts to be paid out of fidelity funds

Division 2 — Rules of approved exchanges

17. Content of rules of approved exchanges
18. Amendment of business rules and listing rules

Division 3 — Matters requiring approval of Authority

19. Application and criteria for approval to acquire substantial shareholding
20. Application for approval of chairman, chief executive officer, director and key persons
21. Criteria for approval of chairman, chief executive officer, director and key persons

PART IV REGULATION OF RECOGNISED MARKET OPERATORS

22. Obligation to notify Authority of certain matters
23. Obligation to submit periodic reports
24. Exceptions to obligation to maintain confidentiality
25. Business continuity plan
26. Provision of information
27. Fair and objective execution of orders
28. Transmission and storage of user information
29. Supervision of participants

PART V MISCELLANEOUS

30. Criteria for determining whether officer failed to discharge duties or functions
31. Offences

PART VI REVOCATION

32. Revocation

FIRST SCHEDULE Fees

In exercise of the powers conferred by sections 7(6), 8(3), 9(7), 10(1), 11(1), 12(2), 16(1) and (4), 18(2), 19, 21(2), 23(1) and (2), 27(10), 28(4), (9) and (11), 29(1) and (8), 34(1) and (2), 36(2), 37, 39(2), 41(1) and (8), 43(3), 44, 44AAG(1), 44AAJ(2), 186(10) and (11) and 341 of the Securities and Futures Act, the Monetary Authority of Singapore hereby makes the following Regulations:

PART I
PRELIMINARY

Citation and commencement

1. These Regulations may be cited as the Securities and Futures (Markets) Regulations 2017 and shall come into operation on

_____.

Definitions

2.—(1) In these Regulations, unless the context otherwise requires

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“annual report” means the audited profit and loss accounts, audited balance-sheet and auditors’ report, by whatever name called, of an approved exchange or a recognised market operator;

“position”, in relation to a derivatives contract, means a derivatives contract which is outstanding and which has not been liquidated —

- (a) by an off-setting transaction;
- (b) by delivery of the commodity underlying the derivatives contract;

- (c) through settlement of the derivatives contract in accordance with the business rules or practices of an organised market, as the case may be; or
- (d) by substituting the derivatives contract for a cash commodity;

Forms

3.—(1) The forms to be used for the purposes of Part II of the Act and these Regulations are those set out at the Authority’s Internet website at <http://www.mas.gov.sg> (under “Regulations and Financial Stability”, “Regulations, Guidance and Licensing”, “Securities, Futures and Fund Management”), and any reference in these Regulations to a numbered form shall be construed as a reference to the current version of the form bearing the corresponding number which is displayed at that website.

(2) Any document required to be lodged with the Authority under any provision of Part II of the Act or these Regulations shall be lodged in the relevant form and in the manner specified in the website referred to in paragraph (1), or in such other manner as the Authority may specify from time to time.

(3) All forms used for the purposes of Part II of the Act and these Regulations shall be completed in the English language and in accordance with such directions as may be specified in the form or by the Authority.

(4) The Authority may refuse to accept any form if —

- (a) it is not completed in accordance with the manner specified by the Authority; or
- (b) it is not accompanied by the relevant fee referred to in regulation 4.

(5) Where strict compliance with any form is not possible, the Authority may allow for the necessary modifications to be made

to that form, or for the requirements of that form to be complied with in such other manner as the Authority thinks fit.

Fees

4.—(1) The fees specified in the First Schedule shall be payable to the Authority for the purposes specified therein and, subject to section 11(2) of the Act, shall not be refundable.

(2) Payment of fees may be made through such electronic funds transfer system as the Authority may designate from time to time, whereby payment may be effected by directing the transfer of funds electronically from the bank account of the payer to a bank account designated by the Authority.

Keeping of books and other information

5. Every approved exchange or recognised market operator shall ensure that all relevant books and other information as may be required by the Authority for the purposes of the Act are kept for a minimum of 5 years.

PART II

APPROVAL AND RECOGNITION

Minimum requirements for approval or recognition

6.—(1) For the purposes of section 9(7) of the Act, the Authority shall not approve an applicant as an approved exchange, unless the applicant has demonstrated to the Authority's satisfaction that

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- (a) the applicant is able to meet the obligations of, and comply with the requirements imposed on, an approved exchange under the Act; and
 - (b) the applicant is able to maintain a minimum base capital of at least \$10,000,000.

(2) For the purposes of section 9(7) of the Act, the Authority shall not recognise an applicant as a recognised market operator, unless the applicant has demonstrated to the Authority's satisfaction that —

- (a) the applicant is able to meet the obligations of, and comply with the requirements imposed on, a recognised market operator under the Act; and
- (b) if the applicant is a Singapore corporation, the applicant is able to maintain a minimum base capital of at least \$500,000.

(3) In this regulation, “base capital”, in relation to an applicant, means the amount remaining after deducting any interim loss in the latest accounts of the applicant, and any dividend that has been declared since the latest audited accounts of the applicant, from the sum of the following items:

- (a) the paid-up ordinary share capital of the applicant in the latest accounts of the applicant;
- (b) the paid-up irredeemable and non-cumulative preference share capital of the applicant in the latest accounts of the applicant; and
- (c) any unappropriated profit or loss in the latest audited accounts of the applicant.

Criteria for deciding whether an applicant should be approved as an approved exchange or recognised as a recognised market operator

7.—(1) Without prejudice to section 9(8) of the Act and for the purposes of section 10(1)(a) of the Act, the Authority may approve a Singapore corporation as an approved exchange under section 9(1)(a) of the Act if —

- (a) the Authority is satisfied that a disruption in the operations of an organised market to be operated by the corporation could —
 - (i) trigger, cause or transmit further systemic disruptions to the capital markets or financial system of Singapore; or
 - (ii) affect public confidence in the capital markets, financial institutions or financial system of Singapore; or
- (b) in any other case, the Authority is satisfied that the corporation, having applied to be an approved exchange under section 9(1)(a) of the Act, is able to comply with the obligations of or requirements imposed on approved exchanges under the Act.

(2) Without prejudice to sections 9(8) and 9(10) of the Act and for the purposes of section 10(1)(a) of the Act, the Authority may recognise a Singapore corporation as a recognised market operator under section 9(1)(b) of the Act only if both subparagraphs (a) and (b) of paragraph (1) do not apply.

(3) The Authority may have regard to the following matters in determining whether the criteria referred to in paragraph (1)(a) have been satisfied:

- (a) the size and structure, or proposed size and structure, of the organised market to be operated by the corporation;
- (b) the nature of the services provided, or to be provided, by the organised market to be operated by the corporation;
- (c) the nature of the securities, units in collective investment schemes or derivatives contracts traded, or

to be traded, on the organised market to be operated by the corporation;

- (d) the nature of the investors or participants, or proposed investors or participants, who may use or have an interest in the organised market to be operated by the corporation;
- (e) whether the corporation is regulated by the Authority under the Act or any other written law;
- (f) the persons who may be affected in the event that the corporation, or the organised market to be operated by the corporation, runs into difficulties;
- (g) the interests of the public; and
- (h) any other circumstances that the Authority may consider relevant.

PART III

REGULATION OF APPROVED EXCHANGES

Division 1 — Obligations and matters relating to Approved Exchanges

Obligation to notify Authority of certain matters

8.—(1) For the purposes of section 16(1)(g)(i) and 16(4) of the Act, an approved exchange shall, as soon as practicable after the occurrence of any of the following circumstances, notify the Authority of such circumstance:

- (a) any civil or criminal legal proceeding instituted against the approved exchange, whether in Singapore or elsewhere;
- (b) any disciplinary action taken against the approved exchange by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;

- (c) any change to the regulatory requirements imposed on the approved exchange by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;
- (d) any disruption of, delay in, or suspension or termination of any trading procedure or trading practice of the approved exchange including those resulting from any system failure, but no later than an hour after the discovery of the occurrence of the incident.

(2) Where a circumstance referred to in paragraph (1)(a), (b) or (d) has occurred, the approved exchange shall, in addition to the notice required under paragraph (1), within 14 days of the occurrence of the circumstance or such longer period as the Authority may permit, submit a report to the Authority of the circumstances relating to the occurrence, the remedial actions taken at the time of the occurrence, and the subsequent follow-up actions that the approved exchange has taken or intends to take.

(3) An approved exchange shall, within a reasonable period of time prior to entering into negotiations to establish a trading linkage, clearing arrangement or co-operative arrangement with any person establishing or operating any other organised market, clearing facility or trade repository), give the Authority notice of such intent to enter into negotiations.

(4) In paragraph (3), “co-operative arrangement” shall not include —

- (a) any joint development of products and services;
- (b) any joint marketing efforts between the approved exchange and the person referred to in that paragraph in promoting the services of any organised market, clearing facility or trade repository established or operated by the approved exchange or the person ; or

- (c) any memoranda of understanding for the exchange of information.

Obligation to submit periodic reports

9.—(1) For the purposes of section 19 of the Act, an approved exchange shall submit to the Authority —

- (a) within 3 months after the end of its financial year or such longer period as the Authority may permit, a copy of its —
 - (i) annual report and directors' report prepared in accordance with the provisions of the Companies Act (Cap. 50); and
 - (ii) auditors' long form report of the approved exchange;
- (b) within 45 days after the end of each of the first 3 quarters of its financial year or such longer period as the Authority may permit, a copy of its —
 - (i) profit and loss accounts of the approved exchange for the preceding quarter; and
 - (ii) balance-sheet of the approved exchange for the preceding quarter;
- (c) within 3 months after the end of its financial year or such longer period as the Authority may permit, a report on how the approved exchange has discharged its responsibilities under the Act during that financial year;
- (d) within 5 months after the end of its financial year or such longer period as the Authority may permit, a copy of the balance-sheet of the fidelity fund of the approved exchange prepared in accordance with section 180 of the Act;

- (e) where the approved exchange is operating —
 - (i) an organised market in respect of specified products —
 - (A) Form 6 within 10 business days from the end of each month;
 - (B) Form 7 within 10 business days from the end of each quarter of a year;
 - (ii) an organised market in respect of derivatives contracts other than specified products and any other market that the Authority has prescribed pursuant to paragraph 1(b) of the First Schedule to the Act, Form 8 within 10 business days from the end of each month;
 - (f) when required by the Authority, a report relating to the business of the approved exchange; and
 - (g) when required by the Authority, such other report as the Authority may require for the proper administration of the Act.
- (2) The auditors' long form report referred to in paragraph (1)(a)(ii) shall include the findings and recommendations of the auditors, if any, on —
- (a) the internal controls of the approved exchange; and
 - (b) the non-compliance by the approved exchange with —
 - (i) any provision of the Act;
 - (ii) any direction issued by the Authority under the Act;
 - or
 - (iii) any other relevant laws or regulations.

Exceptions to obligation to maintain confidentiality

10.—(1) For the purposes of section 21(2)(a) of the Act, section 21(1) of the Act shall not apply to the disclosure of user information by an approved exchange or its officers or employees for the following purposes or in the following circumstances:

- (a) the disclosure of user information is necessary for the making of a complaint or report under any written law for an offence alleged or suspected to have been committed under such written law;
- (b) the disclosure of user information is permitted for such purpose specified in writing by the user or, where the user is deceased, by his appointed personal representative;
- (c) the user information is disclosed to the approved holding company of the approved exchange;
- (d) the disclosure of user information is necessary for the execution by the approved exchange of a transaction in any securities, units in collective investment schemes or derivatives contracts or for the clearing or settlement of a transaction and such disclosure is made only to another user which is —
 - (i) a party to the transaction; or
 - (ii) a member of an approved exchange, an approved clearing house or a recognised clearing house through which that transaction is executed, cleared or settled;
- (e) where there are any disciplinary proceedings of the approved exchange —

- (i) the disclosure of the user information is necessary in those disciplinary proceedings, and reasonable steps are taken to ensure that user information disclosed to any third person is used strictly for the purpose for which the user information is disclosed; or
 - (ii) the disclosure of the user information is necessary for the publication, in any form or manner, of the disciplinary proceedings and the outcome thereof;
- (f) the user information disclosed is already in the public domain;
- (g) the disclosure of user information is made in connection with —
 - (i) the outsourcing or proposed outsourcing of any function of the approved exchange to a third party;
 - (ii) the engagement or potential engagement of a third party by the approved exchange to create, install or maintain systems of the approved exchange; or
 - (iii) the appointment or engagement of an auditor, a lawyer, a consultant or other professional by the approved exchange under a contract for service;
- (h) the disclosure of user information is necessary, or is required by the Public Trustee or the Commissioner of Estate Duties in the course of —
 - (i) an application for a grant of probate or letters of administration or the resealing thereof in relation to the estate of a deceased user; or

- (ii) the administration of the estate of a deceased user; or
- (i) the disclosure of user information is made in connection with —
 - (i) the bankruptcy of a user who is an individual; or
 - (ii) the winding up or receivership of a user which is a body corporate.
- (2) Where user information is disclosed under paragraph 1(g), the approved exchange shall —
 - (a) maintain, and make available for inspection by the Authority, a record of —
 - (i) the circumstances relating to the disclosure of user information; and
 - (ii) the particulars of —
 - (A) in the case of the disclosure of information under paragraph (1)(g)(i), the outsourcing or proposed outsourcing of the function of the approved exchange;
 - (B) in the case of the disclosure of information under paragraph (1)(g)(ii), the engagement or potential engagement of the third party; and
 - (C) in the case of the disclosure of information under paragraph (1)(g)(iii), the appointment or engagement of the auditor, lawyer, consultant or other professional;

- (b) disclose the user information only insofar as this is necessary for the relevant purpose; and
- (c) take reasonable steps to ensure that —
 - (i) the user information disclosed is used by the person to whom the disclosure is made strictly for the relevant purpose; and
 - (ii) the user information is not disclosed by that person to any other person, except with the consent of the approved exchange.

(3) Where disclosure to a body corporate of user information is permitted to be made for any purpose or in any circumstance under paragraph (1), the user information may be disclosed only to those officers of the body corporate to whom the disclosure is necessary for the relevant purpose.

- (4) In paragraphs (2) and (3), “relevant purpose” means —
- (a) in the case of the disclosure of information under paragraph (1)(g)(i), facilitating the outsourcing or proposed outsourcing of the function of the approved exchange;
 - (b) in the case of the disclosure of information under paragraph (1)(g)(ii), facilitating the engagement or potential engagement of the third party; and
 - (c) in the case of the disclosure of information under paragraph (1)(g)(iii), facilitating the appointment or engagement of the auditor, lawyer, consultant or other professional.

Business continuity plan

11.—(1) An approved exchange shall maintain at all times a plan of action (referred to in this regulation as a business continuity plan) setting out the procedures and establishing the systems necessary to restore, in the event of any disruption to the operations of any organised market which it operates, fair, orderly and transparent operations of that organised market.

(2) An approved exchange shall review the procedures and systems referred to in paragraph (1) on such regular basis as may be specified in the business continuity plan.

(3) An approved exchange shall immediately notify the Authority of any activation of its business continuity plan and of any action taken or intended to be taken to restore fair, orderly and transparent operations of its organised market.

(4) An approved exchange shall, within 14 days or such longer period as may be permitted by the Authority, inform the Authority of any material change to the business continuity plan, and shall, if requested by the Authority, submit a copy of the new or amended plan to the Authority.

Provision of information

12. An approved exchange shall make available to any person upon his request, or publish in a manner that is accessible, information on —

- (a) all services of the approved exchange;
- (b) all products available on the organised markets operated by the approved exchange;
- (c) applicable fees and charges of the approved exchange;
- (d) applicable margin requirements; and
- (e) any arrangement that may be in place to compensate an investor who suffers pecuniary loss as a result of the

actions or insolvency of a participant of the approved exchange.

Fair and objective execution of orders

13.—(1) An approved exchange must, in relation to its handling or executing of any bids and offers for any derivatives contract, unit in a collective investment scheme or securities —

- (a) subject to paragraph (3), take all sufficient steps to obtain, when executing orders, the best possible result for their clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order;
- (b) have in place measures that facilitate its members' execution of their customers' orders in the customer's interest; or
- (c) have in place measures to ensure it handles and executes all orders on a fair and objective basis, taking into consideration the interest of participants.

(2) Notwithstanding paragraph (1), where there is a specific order instruction from any member or other market participant in relation to an order, the approved exchange must execute the order in accordance with the specific instruction.

(3) An approved exchange which operates an organised market that matches bids and offers in accordance with a set of pre-determined rules is treated as having satisfied the requirement in paragraph (1)(a).

Transmission and storage of user information

14.—(1) An approved exchange must take all reasonable measures to maintain the integrity and security of the transmission and storage of its user information.

(2) An approved exchange must immediately notify the Authority of —

- (c) any compromise of the integrity or security of the transmission or storage of any user information of the approved exchange; and
- (d) any action taken or intended to be taken to restore the integrity and security of the transmission and storage of that user information.

Requirements to register trading personnel

- 15.** An approved exchange shall not allow any person —
- (a) in or around any pit or other place provided by the approved exchange for trading of derivatives contracts, to purchase or sell for another person or for his own account any derivatives contract; or
 - (b) to use any electronic system provided by the approved exchange through which trading in derivatives contracts is carried out —
 - (i) to purchase or sell any derivatives contract in his capacity as an employee or agent of a member of the approved exchange; or
 - (ii) to purchase or sell any derivatives contract, directly without any intermediary, for another person or for his own account,

unless that person is registered with the approved exchange and such registration has not expired or been suspended or revoked by the approved exchange.

Amounts to be paid out of fidelity funds

16.—(1) For the purposes of section 186(10) of the Act, the prescribed amount shall be \$2 million.

(2) For the purposes of section 186(11) of the Act, the prescribed amount shall be \$50,000.

Division 2 — Rules of approved exchanges

Content of rules of approved exchanges

17. For the purposes of section 23(1)(a) of the Act, an approved exchange shall make provision in its business rules or in its listing rules, as the case may be, to the satisfaction of the Authority, for —

- (a) the criteria that the approved exchange would use to determine whether a person should or should not be admitted as a member of the approved exchange;
- (b) the continuing requirements to be satisfied by each member of the approved exchange, including —
 - (i) requirements that prohibit or prevent the member from engaging in improper conduct when participating in any organised market operated by the approved exchange;
 - (ii) requirements on the financial condition of the member such as to provide reasonable assurance that all obligations arising out of the activities of the member in any organised market operated by the approved exchange will be met;
 - (iii) requirements that facilitate the monitoring by the approved exchange of the compliance of the member with the business rules of the approved exchange; and
 - (iv) requirements providing for the expulsion, suspension or disciplining of the member for conduct inconsistent with just and equitable

principles in the transaction of business, or for a contravention of the business rules of the approved exchange;

(c) the class or classes of securities, units in collective investment schemes or derivatives contracts that may be traded on any organised market operated by the approved exchange;

(d) the terms and conditions under which securities, units in collective investment schemes or securities-based derivatives contracts may be listed for quotation by the approved exchange;

(e) the terms and conditions relating to the calculation of the final settlement price, the daily price limits and the accumulation of positions of derivatives contracts traded on any organised market operated by the approved exchange;

(f) the manner in which trades in securities, units in collective investment schemes or derivatives contracts are effected on any organised market operated by the approved exchange;

(g) where the approved exchange operates a trading floor, fair and properly supervised floor trading practices;

(h) the measures to prevent and deal with manipulation, market rigging and artificial market conditions in any organised market operated by the approved exchange;

(i) the arrangements for the safe and efficient clearing and settlement of trades concluded on any organised market operated by the approved exchange;

(j) matters relating to risks in the operation of any organised market that the approved exchange operates;

(k) the establishment of any compensation arrangement, or any other scheme or system accepted by the Authority, which would compensate any customer who suffers pecuniary loss through the defalcation of a member, or any of its directors, officers, employees or representatives, in respect of any money or other property —

(i) that was entrusted to or received by a member, or any of its directors, officers, employees or representatives, for or on behalf of the customer; or

(ii) in respect of which the member was a trustee;

(l) the dissemination of announcements by companies listed on any organised market operated by the approved exchange through a single and central facility; and

(m) the carrying on of business of the approved exchange with due regard to the interests and protection of the investing public.

Amendment of business rules and listing rules

18.—(1) For the purposes of section 23(2) of the Act, an approved exchange which proposes to amend its business rules or listing rules shall, prior to making the amendment, notify the Authority of —

(a) the proposed amendment;

(b) the purpose of the proposed amendment; and

(c) the date on which the approved exchange proposes that the amendment be brought into force.

(2) The approved exchange shall, prior to notifying the Authority under paragraph (1)(a), (b) and (c), consult the participants of the approved exchange on the proposed amendment, unless the proposed amendment would have limited impact on those participants.

(3) Subject to paragraphs (4) and (6), the date referred to in paragraph (1)(c) shall be at least 21 days after the date on which the Authority receives the notification referred to in paragraph (1).

(4) The Authority may, on its own initiative or on the application of the approved exchange, by notice in writing to the approved exchange, allow an amendment to come into force less than 21 days after the date on which the Authority receives the notification referred to in paragraph (1).

(5) Subject to paragraph (6), the Authority may, within 21 days after receiving the notification referred to in paragraph (1), by notice in writing to the approved exchange, disallow, alter or supplement the whole or any part of the proposed amendment and, thereupon, such whole or part of the proposed amendment, as the case may be —

(a) where it is disallowed, shall not come into force; or

(b) where it is altered or supplemented, shall come into force, on such date as the Authority may specify in the notice in writing, as altered or supplemented.

(6) The Authority, may on its own initiative, by notice in writing to the approved exchange, vary the period specified in paragraph (5), and where that period is extended, the amendment under paragraph (1) or the altered or supplemented agreement under paragraph (5), as the case may be, shall not come into force before the expiry of the extended period.

Division 3 — Matters requiring approval of Authority

Application and criteria for approval to acquire substantial shareholding

19.—(1) Any person applying for approval under section 27(1) or (2) of the Act shall submit to the Authority a written application that sets out —

- (a) the name of the applicant;
- (b) in the case where the applicant is a corporation —
 - (i) its place of incorporation;
 - (ii) its substantial shareholders;
 - (iii) its directors and chief executive officer; and
 - (iv) its principal business;
- (c) in the case where the applicant is a natural person —
 - (i) his nationality;
 - (ii) his principal occupation; and
 - (iii) his directorships;
- (d) all the corporations in which the applicant has a substantial shareholding;
- (e) the percentage of shareholding and voting power that the applicant has in the approved exchange;
- (f) the percentage of shareholding and voting power the applicant is seeking to have in the approved exchange;
- (g) the reasons for making the application;

(h) the mode and structure, as appropriate, under which the increase in shareholding would be carried out;

(i) whether the applicant will seek representation on the board of directors of the approved exchange; and

(j) any other information that may facilitate the determination of the Authority as to whether the applicant is a fit and proper person for the purposes of paragraph (3)(a).

(2) Where an application under paragraph (1) has been made, the Authority may require the applicant to furnish the Authority with such information or documents as the Authority considers necessary in relation to the application, and the applicant shall comply with that requirement.

(3) The Authority may grant its approval under section 27(1) or (2) of the Act if the Authority is satisfied that —

(a) the applicant is a fit and proper person to be a substantial shareholder, or a 12% controller or 20% controller (as the case may be) of the approved exchange;

(b) having regard to the applicant's likely influence, the approved exchange will, or will continue to, conduct its business prudently and in compliance with the provisions of the Act; and

(c) it would not be contrary to the interests of the public to do so.

(4) In paragraph (3), “12% controller” and “20% controller” have the same meanings as in section 27(3) of the Act.

Application for approval of chairman, chief executive officer, director and key persons

20. Where an approved exchange has made an application under section 28(1) or (2) of the Act, the Authority may require the approved exchange to furnish the Authority with such information or documents as the Authority considers necessary in relation to the application, and the approved exchange must comply with that requirement.

Criteria for approval of chairman, chief executive officer, director and key persons

21. For the purposes of section 28(4) of the Act, the Authority may have regard to the following matters in determining whether to approve or refuse to approve the appointment of a person under section 28(1) or (2) of the Act:

- (a) whether the person is fit and proper to be so appointed;
- (b) whether the appointment of the person would be consistent with any applicable written law relating to —
 - (i) the qualifications for the position; or
 - (ii) the requirements for the composition of the board of directors or any committee of the approved exchange;
- (c) whether it would be contrary to the interests of the public to approve the appointment of the person.

PART IV

REGULATION OF RECOGNISED MARKET OPERATORS

Obligation to notify Authority of certain matters

22. For the purposes of section 34(1)(c)(i) of the Act, a recognised market operator shall, as soon as practicable after the occurrence of any of the following circumstances, notify the Authority of such circumstance:

- (a) any civil or criminal legal proceeding instituted against the recognised market operator, whether in Singapore or elsewhere, which may have a material impact on the operations or finances of the recognised market operator;
- (b) any disciplinary action taken against the recognised market operator by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;
- (c) any material change to the regulatory requirements imposed on the recognised market operator by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;
- (d) any material disruption of, delay in, or suspension or termination of any trading procedure or trading practice of the recognised market operator, including those resulting from any system failure;
- (e) the recognised market operator becoming aware of any acquisition or disposal by any person of a substantial shareholding in the recognised market operator.

Obligation to submit periodic reports

23. For the purposes of section 37 of the Act, a recognised market operator shall submit to the Authority —

- (a) within 3 months after the end of its financial year or such longer period as the Authority may permit, a copy of its annual report;

- (b) when required by the Authority, a report relating to the business of the recognised market operator, and any dealing in capital markets products that the recognised market operator may conduct; and
- (c) when required by the Authority, such other report as the Authority may require for the proper administration of the Act.

Exceptions to obligation to maintain confidentiality

24.—(1) For the purposes of section 39(2)(a) of the Act, section 39(1) of the Act does not apply to the disclosure of user information by a recognised market operator or its officers or employees for the following purposes or in the following circumstances:

- (a) the disclosure of user information is necessary for the making of a complaint or report under any written law for an offence alleged or suspected to have been committed under such written law;
- (b) the disclosure of user information is permitted for such purpose specified in writing by the user or, where the user is deceased, by his appointed personal representative;
- (c) the user information is disclosed to a holding company of the recognised market operator, where that company is an approved holding company;
- (d) the disclosure of user information is necessary for the execution by the recognised market operator of a transaction in any securities, units in collective investment schemes or derivatives contracts or for the clearing or settlement of a transaction and such disclosure is made only to another user which is —

- (i) a party to the transaction; or
 - (ii) a member of an approved exchange, an approved clearing house or a recognised clearing house through which that transaction is executed, cleared or settled;
- (e) where there are any disciplinary proceedings of the recognised market operator —
- (i) the disclosure of the user information is necessary in those disciplinary proceedings, and reasonable steps are taken to ensure that user information disclosed to any third person is used strictly for the purpose for which the user information is disclosed; or
 - (ii) the disclosure of the user information is necessary for the publication, in any form or manner, of the disciplinary proceedings and the outcome thereof;
- (f) the user information disclosed is already in the public domain;
- (g) the disclosure of user information is made in connection with —
- (i) the outsourcing or proposed outsourcing of any function of the recognised market operator to a third party;
 - (ii) the engagement or potential engagement of a third party by the recognised market operator to create, install or maintain systems of the recognised market operator; or

(iii) the appointment or engagement of an auditor, a lawyer, a consultant or other professional by the recognised market operator under a contract for service;

(h) the disclosure of user information is necessary, or is required by the Public Trustee or the Commissioner of Estate Duties in the course of —

(i) an application for a grant of probate or letters of administration or the resealing thereof in relation to the estate of a deceased user; or

(ii) the administration of the estate of a deceased user; or

(i) the disclosure of user information is made in connection with —

(i) the bankruptcy of a user who is an individual; or

(ii) the winding up or receivership of a user which is a body corporate.

(2) Where user information is disclosed under paragraph 1(g), the recognised market operator must —

(a) maintain, and make available for inspection by the Authority, a record of —

(i) the circumstances relating to the disclosure of user information; and

(ii) the particulars of —

(A) in the case of the disclosure of user information under paragraph (1)(g)(i), the outsourcing or proposed outsourcing of the function of the recognised market operator;

- (B) in the case of the disclosure of user information under paragraph (1)(g)(ii), the engagement or potential engagement of the third party; and
 - (C) in the case of the disclosure of user information under paragraph (1)(g)(iii), the appointment or engagement of the auditor, lawyer, consultant or other professional;
- (b) disclose the user information only insofar as this is necessary for the relevant purpose; and
 - (c) take reasonable steps to ensure that —
 - (i) the user information disclosed is used by the person to whom the disclosure is made strictly for the relevant purpose; and
 - (ii) the user information is not disclosed by that person to any other person, except with the consent of the recognised market operator.

(3) Where disclosure to a body corporate of user information is permitted to be made for any purpose or in any circumstance under paragraph (1), the user information may be disclosed only to those officers of the body corporate to whom the disclosure is necessary for the relevant purpose.

(4) In paragraphs (2) and (3), “relevant purpose” means —

- (a) in the case of the disclosure of user information under paragraph (1)(g)(i), facilitating the outsourcing or proposed outsourcing of the function of the recognised market operator;
- (b) in the case of the disclosure of user information under paragraph (1)(g)(ii), facilitating the engagement or potential engagement of the third party; and

(c) in the case of the disclosure of user information under paragraph (1)(g)(iii), facilitating the appointment or engagement of the auditor, lawyer, consultant or other professional.

Business continuity plan

25.—(1) A recognised market operator shall maintain at all times a plan of action (referred to in this regulation as a business continuity plan) setting out the procedures and establishing the systems necessary to restore, in the event of any disruption to the operations of any organised market which it operates, fair, orderly and transparent operations of that organised market.

(2) A recognised market operator shall review the procedures and systems referred to in paragraph (1) on such regular basis as may be specified in the business continuity plan.

Provision of information

26. A recognised market operator shall make available to any person upon his request, or publish in a manner that is accessible , information on —

- (a) all services of the recognised market operator;
- (b) all products available on the organised markets that the recognised market operator operates;
- (c) applicable fees and charges of the recognised market operator;
- (d) applicable margin requirements; and
- (e) any arrangement that may be in place to compensate an investor who suffers pecuniary loss as a result of the actions or insolvency of a participant of the recognised market operator.

Fair and objective execution of orders

27.—(1) A recognised market operator must, in relation to its handling or executing of any bids and offers for any derivatives contract, unit in a collective investment scheme or securities—

- (a) subject to paragraph (3), take all sufficient steps to obtain, when executing orders, the best possible result for their clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order;
- (b) have in place measures that facilitate its members' execution of their customers' orders in the customer's interest; or
- (c) have in place measures to ensure it handles and executes all orders on a fair and objective basis, taking into consideration the interest of participants.

(2) Notwithstanding paragraph (1), where there is a specific order instruction from any member or other market participant in relation to the order, the recognised market operator must execute the order in accordance with the specific instruction.

(3) A recognised market operator which operates an organised market that matches bids and offers in accordance with a set of pre-determined rules is treated as having satisfied the requirement in paragraph (1)(a).

Transmission and storage of user information

28.—(1) A recognised market operator must take all reasonable measures to maintain the integrity and security of the transmission and storage of its user information.

(2) A recognised market operator must immediately notify the Authority of —

- (a) any compromise of the integrity or security of the transmission or storage of any user information of the recognised market operator; and
 - (b) any action taken or intended to be taken to restore the integrity and security of the transmission and storage of that user information.

Supervision of participants

29. A recognised market operator specified on the MAS website must —

- (a) have in place measures to ensure that its participants in Singapore comply with the rules of the recognised market operator;
- (b) have in place measures to monitor the compliance of participants in Singapore with Part XII of the Act;
- (c) take immediate action to terminate, suspend or restrict the access of a participant in Singapore to any organised market operated by the recognised market operator —
 - (i) where the participant is an entity licensed or authorised by the Authority, if the participant's licence or authorisation is revoked by the Authority; or
 - (ii) upon the direction of the Authority; and
- (d) within 14 days, or such longer period as the Authority may permit, after taking any disciplinary action against a participant in Singapore, notify the Authority of that disciplinary action.

PART V
MISCELLANEOUS

Criteria for determining whether officer failed to discharge duties or functions

30. For the purposes of section 43(2) of the Act, the Authority may, in determining whether a chairman, chief executive officer, director of an approved exchange or of a recognised market operator (being a Singapore corporation), or any person referred to in section 28(2) of the Act who is appointed to any key management position or committee of an approved exchange, has failed to discharge the duties or functions of his office or employment, have regard to whether that chairman, chief executive officer, director or person has taken reasonable steps to discharge the following duties:

- (a) ensure the proper functioning of the approved exchange or the recognised market operator (as the case may be);
- (b) ensure the compliance of the approved exchange or the recognised market operator (as the case may be), with all relevant legislation (including instruments, however described, having legislative effect), whether of Singapore or of any other jurisdiction in which it is incorporated or in which it operates;
- (c) set out and ensure compliance with written policies on all operational areas of the approved exchange or the recognised market operator (as the case may be), including its financial policies, accounting and internal controls, internal auditing and compliance with all legislation (including instruments, however described, having legislative effect), whether of Singapore or of any

other jurisdiction in which it is incorporated or in which it operates, and all business rules, governing its operations;

(d) identify, monitor and address the risks associated with the business activities of the approved exchange or the recognised market operator (as the case may be);

(e) ensure that the business activities of the approved exchange or the recognised market operator (as the case may be) are subject to adequate internal audit;

(f) oversee the financial undertakings and exposure (to risks of any nature) of the approved exchange or the recognised market operator (as the case may be), by setting out proper delegation limits and risk management controls; and

(g) ensure —

(i) that the approved exchange or the recognised market operator (as the case may be) maintains written records of the steps taken by it to monitor compliance with its policies, the limits on discretionary powers and its accounting and operating procedures; and

(ii) that every report, return or statement submitted by the approved exchange or the recognised market operator (as the case may be) to the Authority is complete and accurate.

Offences

31.—(1) Unless otherwise provided in these Regulations, any corporation which contravenes regulation 5, 8(2), 10(2), 11, 12, 13, 14, 15, 24(2), 25, 26, 27, 28 or 29 shall be guilty of an offence and

shall be liable on conviction to a fine not exceeding \$150,000 and, in the case of a continuing offence, to a further fine not exceeding \$15,000 for every day or part thereof during which the offence continues after conviction.

(2) Section 333(1) of the Act shall not apply to any offence referred to in paragraph (1).

PART VI REVOCATION

Revocation

32. The Securities and Futures (Markets) Regulations 2005 are revoked.

[...]