

**Notice No.: SFA 02-N01 (Amendment) 2023**

**Issued Date: 27 July 2023**

**NOTICE ON LISTING, DE-LISTING OR TRADING OF RELEVANT PRODUCTS ON AN ORGANISED MARKET OF AN APPROVED EXCHANGE OR A RECOGNISED MARKET OPERATOR INCORPORATED IN SINGAPORE**

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**Introduction**

- 1 For presentational purposes, the amendments in this document are compared against the version of MAS Notice No. SFA 02-N01 on Listing, De-Listing or Trading of Relevant Products on an Organised Market of an Approved Exchange or a Recognised Market Operator Incorporated in Singapore [Notice No. SFA 02-N01] issued on 5 October 2018 and last revised on 3 June 2019.
- 2 This document shall be interpreted as follows:
  - (a) Text which is coloured and struck through represents deletion which will not appear on the untracked version of MAS Notice No. SFA 02-N01 revised on 27 July 2023, which is published on MAS' website [www.mas.gov.sg](http://www.mas.gov.sg) (the "Published Version"); and
  - (b) Text which is coloured and underlined represents insertion which will appear in the Published Version.
- 3 The amendments reflected in this document shall take effect on 28 July 2023.
- 4 This document is to be used for reference only. In the event of discrepancies between the amendments in this document and the Published Version, the Published Version shall prevail.



**Monetary Authority of Singapore**

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**SECURITIES AND FUTURES ACT  
2001**

**NOTICE ON LISTING, DE-LISTING OR TRADING OF  
RELEVANT PRODUCTS ON AN ORGANISED MARKET OF  
AN APPROVED EXCHANGE OR A RECOGNISED MARKET  
OPERATOR INCORPORATED IN SINGAPORE**

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Notice No.: SFA 02-N01

Issue Date: 5 October 2018 [last revised on 27 July 2023]

**NOTICE ON LISTING, DE-LISTING OR TRADING OF RELEVANT PRODUCTS ON AN ORGANISED MARKET OF AN APPROVED EXCHANGE OR A RECOGNISED MARKET OPERATOR INCORPORATED IN SINGAPORE**

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**1 Introduction**

1.1 This Notice is issued pursuant to section 45(1) of the Securities and Futures Act 2001 (“SFA”).

*[SFA 02-N01 (Amendment) 2023]*

1.2 This Notice applies to an exchange which operates an organised market on which any relevant product will be listed, or is listed or permitted for trading, but does not apply to an exchange in respect of any excluded warrants (as defined in this Notice) listed, or is listed or permitted for trading.

1.3 For the purposes of sections 29 and 41 of the SFA, this Notice sets out the ongoing and notification requirements relating to the listing, de-listing or trading of relevant products, other than excluded warrants, on an organised market.

1.4 This Notice takes effect on 8 October 2018.

**2 Definitions**

2.1 For the purposes of this Notice —

“alternative product” means a relevant product other than a futures contract or excluded warrant;

~~“conversion ratio”, in relation to a warrant, means the formula that determines the number or value of the underlying things to which each warrant relates;~~

“appropriate price limit”, in relation to a futures contract or a class of futures contracts, means a price limit imposed by an exchange in respect of the futures contract or class of futures contracts (as the case may be), for the purpose of ensuring the orderly trading of the futures contract or class of futures contract (as the case may be);

~~“daily leverage certificate” means an exchange traded certificate that changes in value based on the following formula:~~

~~$A \times B$~~

~~where—~~

~~“A” is the change in the value of:~~

- ~~(a) shares of a corporation, units in a business trust, units in a collective investment scheme, that are listed on a specified exchange; or~~
- ~~(b) a securities index;~~

~~as the case may be, since the commencement of the trading day; and~~

~~“B” is the leverage factor that is specified in the offer document for the certificate, being—~~

- ~~(a) where the underlying thing of the certificate is any share of a corporation, unit in a business trust or unit in a collective investment scheme, that is listed on a specified exchange, a leverage factor of not more than 5 times; and~~
- ~~(b) where the underlying thing of the certificate is any securities index, a leverage factor of not more than 7 times;~~

“detailed announcement”, in relation to a document mentioned in paragraph 4.4, means an announcement made by an exchange that contains a detailed description of a relevant product and the intended date of listing of the relevant product and, in relation to changes to the specifications of a relevant product under paragraph 3.20, means an announcement made by an exchange that contains a detailed description of the changes and the intended date that the changes will take effect;

[SFA 02-N01 (Amendment) 2019]

“exchange” means –

- (a) an approved exchange; or
- (b) a recognised market operator that is incorporated in Singapore;

“excluded warrant” ~~means—~~ means an instrument specified in Appendix 1;

~~(a) a warrant of which the underlying thing is—~~

- ~~(i) any share or debenture of a corporation that is listed on a specified exchange;~~
- ~~(ii) any unit in a business trust that is listed on a specified exchange;~~

~~(iii) any unit of a collective investment scheme that is listed on a specified exchange; or~~

~~(iv) any securities index comprising shares or units mentioned in paragraph (i), (ii) or (iii) above; or~~

~~(b) a daily leverage certificate of which the underlying thing is—~~

~~(i) any share of a corporation that is listed on a specified exchange;~~

~~(ii) any unit in a business trust that is listed on a specified exchange;~~

~~(iii) any unit of a collective investment scheme that is listed on a specified exchange; or~~

~~(iv) any securities index comprising shares or units mentioned in paragraph (i), (ii) or (iii) above;~~

[SFA 02-N01 (Amendment) 2023]

“futures equivalent basis”, in relation to an exchange-traded derivatives contract mentioned in paragraph (b) of the definition of a “futures contract” in section 2(1) of the SFA, means the basis by which the option is adjusted by the risk factor or delta coefficient of that option, such risk factor or delta coefficient being calculated at the close of trading on the last day on which that option was traded on an exchange, or at such other time as the exchange may determine;

“futures exchange” means an exchange that operates an organised market on which futures contracts are listed or permitted for trading;

“position” means a futures contract which is outstanding and has not been liquidated —

(a) by an offsetting transaction;

(b) by delivery of the commodity underlying the futures contract;

(c) through settlement of the futures contract in accordance with the business rules or practices set by the exchange; or

(d) by substituting the futures contract for a cash commodity;

“position accountability threshold”, in relation to a futures contract or class of futures contracts, means a value set by an exchange in respect of the futures contract or class of futures contracts, and that, when the position held by any

person is in excess of the value set, it will trigger reporting obligations to the exchange;

“position limit”, in relation to a futures contract, means the maximum position that is either net long or net short, which is determined by an exchange and held or controlled by any party to the futures contract;

“price limit”, in relation to a futures contract, means the limit set by an exchange in relation to the fluctuation of the price of the futures contract, which when exceeded, results in the exchange placing constraints on the trading of the futures contract;

“relevant product” has the same meaning as in section 29(8) and 41(8) of the SFA;

“relevant product exchange” means an exchange that operates an organised market on which relevant products are listed or permitted for trading, or will be listed or permitted for trading;

“sharp price movement”, in relation to a futures contract, means an increase or decrease in price between any two points in time, T and T-1, that is not commonly seen for the futures contract where –

“T” is the point in time at which the comparison in the price of futures contract takes place; and

“T-1” is a point in time before T, but at or after the time at which the daily settlement price of the last trading day was calculated;

~~“securities index” means an index comprising shares or debentures of a corporation, units in a business trust, or units in a collective investment scheme, that are listed on a specified exchange;~~

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~~“specified exchange” means—~~

~~(a) an approved exchange specified in Appendix 1; or~~

~~(b) a recognised market operator that is incorporated in Singapore and specified in Appendix 1; or~~

~~(c) a corporation declared by the Authority to be a recognised securities exchange in the Securities & Futures (Recognised Securities Exchange) Order 2018;~~

~~“warrant” means an exchange-traded derivatives contract under which—~~

~~(a) one party has the right, but not the obligation, to buy from or sell to another party, specified securities or specified units in a collective investment scheme on or before a specified future time and at a specified price payable at that future time; or~~

~~(b) the parties will discharge their obligations by settling in cash, on or before a specified date, the amount determined by the formula specified in paragraph 2.3.~~

2.2 For purposes of this Notice –

(a) “futures contract”, in relation an exchange, means a futures contract that is listed or permitted for trading on an organised market that the exchange operates; and

(b) “class of futures contracts”, in relation an exchange, means a class of futures contracts that is listed or permitted for trading on an organised market that the exchange operates.

2.3 ~~[Deleted by SFA 02-N01 (Amendment) 2023] For the purposes of paragraph (b) of the definition of “warrant”, the specified formula is as follows:~~

$$\begin{aligned} & \text{A} \times (\text{B} - \text{C}) = \text{D}, \text{ in the case of a call warrant; and} \\ & \text{A} \times (\text{C} - \text{B}) = \text{D}, \text{ in the case of a put warrant;} \end{aligned}$$

~~—where—~~

~~“A” is the conversion ratio in respect of the warrant;~~

~~“B” is—~~

~~(a) where the underlying thing of the warrant is any specified securities or units in a collective investment scheme, the value of the specified securities or units of the collective investment scheme (as the case may be) at a specified future time; and~~

~~(b) where the underlying thing of the warrant is any securities index, the value of the securities index at a specified future time;~~

~~“C” is—~~

~~(a) where paragraph (a) of the definition of “B” applies, the exercise price of the warrant; and~~

~~(b) where paragraph (b) of the definition of “B” applies, the value of the securities index at the time when the warrant was entered into;~~

~~–“D” is the amount mentioned in paragraph (b) of the definition of “warrant”.~~

2.4 The expressions used in this Notice, except where expressly defined in this Notice or where the context requires, have the same meanings as in the SFA.

### **3 Ongoing requirements in respect of relevant products, other than excluded warrants, listed or permitted for trading**

#### Requirements in relation to futures contracts

3.1 A futures exchange must ensure that the risks of disorderly trading arising from sharp price movements are mitigated for futures contracts.

3.2 A futures exchange may mitigate the risks of disorderly trading arising from sharp price movements for futures contracts through the imposition of appropriate price limits or otherwise, in relation to any futures contract or class of futures contracts.

3.3 Where a futures exchange imposes appropriate price limits in relation to any futures contract or class of futures contracts, the futures exchange must ensure that the appropriate price limits do not affect the orderly trading of the future contract or class of futures contracts (as the case may be).

3.4 A futures exchange must in respect to a futures contract or class of futures contracts –

(a) put in place position limits or position accountability thresholds that are effective in mitigating the risks of market manipulation –

(i) in the organised market on which the futures contract or class of futures contracts (as the case may be) are listed or permitted for trading; and

(ii) in the market on which the underlying thing or underlying things (as the case may be) of the futures contract or class of futures contracts (as the case may be) is traded;

(b) ensure that the position limits are not exceeded by any party to the futures contract or any futures contract that belongs to the class of futures contracts (as the case may be) through the acquisition of additional positions; and

(c) require the following information to be reported as part of the reporting obligation when a position accountability threshold is exceeded –



- (i) the reason why such a large position is being held;
- (ii) how the holding of said position furthers the person's trading strategy;  
and
- (iii) how the position is being used for hedging and the relevant contracts being hedged against (where applicable).

3.5 The Authority, in determining whether a futures exchange's position limit or position accountability threshold is effective in mitigating the risk of market manipulation, will consider (amongst other factors) if –

- (a) the position limit or position accountability threshold can materially reduce the likelihood of the accumulation of the open interest in any futures contract by one or more parties to the futures contract;
- (b) the position limit or position accountability threshold can materially reduce the likelihood of one or more parties to any futures contract (whether individually or collectively) being able to influence the price of the futures contract; and
- (c) the position limit or position accountability threshold reduces the likelihood of one or more parties to any futures contract (whether individually or collectively) influencing the price or value of one or more underlying things of the futures contract.

3.6 A futures exchange must, in determining whether any position limit or position accountability threshold in respect of any futures contract or class of futures contracts, has been exceeded by any party to the futures contract or any futures contract that belongs to the class of futures contracts (as the case may be) (called in this Notice the "specified party"), take into account—

- (a) any position held by any other person directly or indirectly controlled by the specified party;
- (b) any position held by any other person acting, pursuant to an express or implied agreement or understanding, as if such position were held by the specified party; and
- (c) any position held in respect of an option on the futures contract, calculated on a futures equivalent basis.

3.7 A futures exchange must have the capabilities to determine whether a specified party has exceeded any position limit or position accountability threshold set in respect of any futures contract in accordance to paragraph 3.6.

- 3.8 Where a futures exchange determines that a specified party has exceeded any position limit, the futures exchange must subject the specified party or any party specified in paragraph 3.6 (a) and (b) to one or more of the following conditions so as to correct the specified party's position limit —
- (a) to cease any further increase in his or their positions;
  - (b) to liquidate his or their positions to comply with the position limit within such time as the futures exchange may determine;
  - (c) to be subject to higher margin requirements as the futures exchange may impose, in respect of his or their positions; or
  - (d) to trade under such conditions and restrictions as the futures exchange may consider necessary to ensure his or their compliance with that position limit.
- 3.9 A futures exchange must ensure that each futures contract it lists or permits the trading of, has a methodology to set the daily settlement price that—
- (a) reliably reflects prevailing market conditions; and
  - (b) is not susceptible to manipulation.
- 3.10 A futures exchange must ensure that each futures contract it lists or permits the trading of, has a methodology to set the final settlement price that —
- (a) is not susceptible to manipulation; and
  - (b) ensures the final settlement price accurately reflects the price or value of the underlying thing or underlying things of the futures contract.
- 3.11 Where a futures contract allows for physical delivery, a futures exchange must have in place delivery procedures that ensures that the underlying thing or underlying things of the futures contract is delivered from the seller to the buyer of the futures contract in a safe, reliable and timely manner.

Requirement in relation to alternative products

- 3.12 An exchange that operates an organised market on which alternative products are listed or permitted for trading must demonstrate to the Authority on an ongoing basis that it has a framework to comprehensively identify and address all of the risks pertaining to each alternative product.
- 3.13 For the purposes of section 20(b)(i)(C) and 38(b)(i)(C) of the Act, an exchange must furnish to the Authority upon the Authority's request, written details of its

inquiries into and assessment of all the risks posed by each alternative product, and how such risks are mitigated pursuant to the framework referred to in paragraph 3.12 above.

Requirements in relation to relevant products, other than excluded warrants

- 3.14 A relevant product exchange must not list or permit the trading of relevant products whether individually or collectively, that will –
- (a) have a materially adverse impact on the fair, orderly and transparent functioning of the organised markets that the relevant product exchange operates;
  - (b) have a materially adverse impact on the efficient functioning of the organised markets, that the relevant product exchange operates, to allocate capital and transfer risks; or
  - (c) materially increase the systemic risk in Singapore.
- 3.15 A relevant product exchange must not list or permit the trading of any relevant product that does not have any economic utility.
- 3.16 A relevant product exchange must make an assessment of the reputational risks, legal risks and operational risks, that it faces on an ongoing basis and take the appropriate steps to mitigate such risks.
- 3.17 A relevant product exchange must –
- (a) have in place processes to identify the occurrence of any significant event that might result in any non-compliance with any requirement in this Notice; and
  - (b) notify the Authority as soon as practicable after becoming aware of any resulting non-compliance with any relevant requirement in this Notice, and provide details as to the steps taken or to be taken by the relevant product exchange to rectify the non-compliance.
- 3.18 A relevant product exchange must certify to the Authority, in the form and manner as the Authority may specify, in a document that is not false or misleading, and signed by its chief executive officer, or any such officer that he delegates his authority to that is approved by the Authority, in respect of every relevant product listed or permitted for trading on the organised market which the relevant product exchange operates, that nothing has come to the attention of the relevant product exchange that would change its assessment of its compliance

with the relevant requirements of this Notice, by not later than the following dates —

(a) where the relevant product was listed or permitted to trade by the relevant product exchange on a date which is before 8 October 2018 –

(i) 8 October 2019; and

(ii) every subsequent 8 October of every subsequent year;

*[SFA 02-N01 (Amendment) 2019]*

(b) where the relevant product will be listed or permitted to trade by the relevant product exchange on a date (called in this paragraph the listing date) which is on or after 8 October 2018 –

(i) the date which is twelve months from the listing date; and

(ii) every subsequent date which is twelve months from the date mentioned in sub-paragraph (b)(i).

3.19 For the purposes of section 20(b)(i)(C) and 38(b)(i)(C) of the Act, a relevant product exchange must furnish to the Authority upon the Authority's request, information supporting the certification in any document submitted by the relevant product exchange pursuant to paragraph 3.18 over the past five years.

3.20 A relevant product exchange that seeks to make changes to the specifications of a relevant product must –

(a) inform MAS no later than one week, before making a detailed announcement on the change, or one week before the changes are effected, whichever is the earlier; and

(b) ensure that the relevant product still complies with the requirements of this Notice before allowing the changes to take effect.

#### Requirements in relation to the de-listing of futures contracts

3.21 A relevant product exchange must before the de-listing of a futures contract –

(a) ensure that there remains no open interest in the futures contract;

(b) ensure there will be no open interest in the futures contract at the point of the de-listing; and

- (c) ensure that the de-listing of the futures contract is not in breach of any legal obligation that the relevant product exchange is subject to.

#### Requirements in relation to the de-listing of alternative products

- 3.22 An exchange that operates an organised market on which alternative products are listed or permitted for trading must before de-listing an alternative product –
  - (a) ensure that there remains no outstanding investor positions in the alternative product that is to be de-listed;
  - (b) satisfy itself that the de-listing of the alternative product will not cause any disruption to any other market; and
  - (c) ensure that the de-listing of the alternative product is not in breach of any legal obligation applicable to the exchange.

#### **4 Notification requirements in respect of relevant products, other than excluded warrants, listed or permitted for trading**

##### Notification requirements pertaining to futures contracts

- 4.1 A futures exchange must, prior to the listing or trading of a futures contract, in the form and manner as the Authority may specify, notify the Authority in a document signed by its chief executive officer, or any such officer that he delegates his authority to that is approved by the Authority, that —
  - (a) appropriate price limits, if any, consistent with the requirements in paragraphs 3.1, 3.2 and 3.3 have been set;
  - (b) appropriate position limits or position accountability thresholds consistent with the requirements in paragraphs 3.4, 3.5 and 3.6 have been set;
  - (c) it has the capabilities to determine that a specified person has exceeded any position limit or position accountability threshold set in respect of that futures contract;
  - (d) it has the powers to direct any person exceeding any position limit set by the exchange in the manner set out in paragraph 3.8;
  - (e) it has established methodologies to determine the daily settlement prices and final settlement prices that are consistent with the requirements in paragraphs 3.9 and 3.10; and

- (f) it has in place a set of delivery procedures that ensures any underlying thing to be delivered pursuant to the terms of the futures contract will be delivered from the seller to the buyer in a safe, reliable and timely manner.

Notification requirements pertaining to alternative products

4.2 An exchange that operates an organised market on which alternative products are listed or permitted for trading must, before the listing or trading of an alternative product<sup>1</sup>, in the form and manner as the Authority may specify, notify the Authority in a document signed by its chief executive officer, or any such officer that he delegates his authority to that is approved by the Authority, that —

- (a) it has a framework to comprehensively identify and mitigate all risks to the alternative product; and
- (b) it will be able to demonstrate the efficacy of such a framework to the Authority on an ongoing basis.

Notification requirements pertaining to all relevant products, other than excluded warrants

4.3 In addition to the notification requirements in paragraphs 4.1 or 4.2 (as the case may be), a relevant product exchange must, before the listing or trading of a relevant product, notify the Authority, in the form and manner as the Authority may specify, in a document signed by its chief executive officer, or any such officer that he delegates his authority to that is approved by the Authority, that —

- (a) it has satisfied itself that the listing or permitting of trading of the relevant product will satisfy the requirements set out in paragraph 3.14 above;
- (b) it has satisfied itself that the relevant product serves an economic purpose;
- (c) it has made an assessment of the reputational risks, legal risks and operational risks posed by the relevant product, and taken the appropriate steps to mitigate these risks;
- (d) it has satisfied itself that it has and will continue to have the capabilities to —

- (i) provide the signed document as specified in paragraph 3.19;
- (ii) monitor for significant events pertaining to the relevant product as set out in paragraph 3.17; and

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<sup>1</sup> If any exchange has any doubt as to the requirements or risks of any alternative product, such exchange is encouraged to seek the Authority's views on such alternative product as soon as possible before submitting its notification pursuant to this paragraph 4.2.

(iii) track compliance with the relevant requirements in this Notice pertaining to the relevant product; and

(iv) comply with the requirements in paragraph 3.20 should the exchange make changes to the specifications of a relevant product.

4.4 A relevant product exchange must submit each document mentioned in paragraphs 4.1, 4.2 and 4.3 of this Notice to the Authority –

(a) in the event that an announcement will be made, by no later than one week before a detailed announcement in respect of the relevant product is made to the public or to the members of the relevant product exchange, and not earlier than twelve weeks before the product is listed; or

(b) in the event that no announcement will be made, by no later than one week before the relevant product is listed, but not earlier than twelve weeks before the product is listed.

## **5 Notification requirements in respect of the de-listing of relevant products**

### Notification requirements pertaining to the de-listing of any futures contracts

5.1 A relevant product exchange must, not earlier than twelve weeks before the de-listing of a futures contract notify the Authority, in the form and manner as the Authority may specify, in a document signed by its chief executive officer, or any such officer that he delegates his authority to that is approved by the Authority, that it has taken measures to comply with the requirements set out in paragraph 3.21 above.

### Notification requirements pertaining to the de-listing of alternative products

5.2 An exchange that operates an organised market on which alternative products are listed or permitted for trading must, not earlier than twelve weeks before the de-listing of an alternative product notify the Authority, in the form and manner as the Authority may specify, in a document signed by its chief executive officer, or any such officer that he delegates his authority to that is approved by the Authority, that it has taken measures to comply with the requirements set out in paragraph 3.22 above.

#### \*Note on History of Amendment

1. SFA 02-N01 (Amendment) 2019 with effect from 3 June 2019.

2. SFA 02-N01 (Amendment) 2023 with effect from 28 July 2023.

## Appendix 1

### ~~1. Singapore Exchange Securities Trading Limited~~

#### **Part 1 – List of Excluded Warrants**

The following instruments are excluded warrants:

- (a) a daily leverage certificate of which the underlying thing is –
  - (i) any share of a corporation that is listed on a specified exchange;
  - (ii) any unit in a business trust that is listed on a specified exchange;
  - (iii) any unit in a collective investment scheme that is listed on a specified exchange; or
  - (iv) any securities index comprising shares or units mentioned in paragraph (i), (ii) or (iii) above;
- (b) a structured certificate of which the underlying thing is –
  - (i) any share of a corporation that is listed on a specified exchange;
  - (ii) any unit in a business trust that is listed on a specified exchange;
  - (iii) any unit in a collective investment scheme that is listed on a specified exchange; or
  - (iv) any securities index comprising shares or units mentioned in paragraph (i), (ii) or (iii) above;
- (c) a warrant of which the underlying thing is –
  - (i) any share or debenture of a corporation that is listed on a specified exchange;
  - (ii) any unit in a business trust that is listed on a specified exchange;
  - (iii) any unit in a collective investment scheme that is listed on a specified exchange; or
  - (iv) any securities index comprising shares or units mentioned in paragraph (i), (ii) or (iii) above.

#### **Part 2 – Interpretation of Appendix**

##### *General*

1. “Securities index” means an index comprising shares or debentures of a corporation, units in a business trust, or units in a collective investment scheme, that are listed on a specified exchange.
2. “Specified exchange” means –
  - (a) an approved exchange specified in paragraph 3;
  - (b) a recognised market operator that is incorporated in Singapore and specified in paragraph 3; or



(c) a corporation declared by the Authority to be a recognised securities exchange in the Securities and Futures (Recognised Securities Exchange) Order 2018.

3. The following exchanges are specified for the purpose of paragraph 2(a) and (b):

(a) Singapore Exchange Securities Trading Limited.

#### *Definitions related to Daily Leverage Certificates*

4. “Daily leverage certificate” means a certificate that changes in value based on the following formula:

$$A \times B$$

where –

“A” is the change in the value of the underlying thing since the commencement of the trading day; and

“B” is the leverage factor that is specified in the offer document for the certificate, being –

- (a) where the underlying thing of the certificate is any share of a corporation, unit in a business trust or unit in a collective investment scheme, that is listed on a specified exchange, a leverage factor of not more than 5 times; and
- (b) where the underlying thing of the certificate is any securities index, a leverage factor of not more than 7 times.

#### *Definitions related to Structured Certificates*

5. “Structured certificate” means a certificate which is cash-settled or physically settled under which –

(a) conditional distribution may be payable, and the value of the certificate on expiry is determined by the following formula:

- (i) where the terms of the certificate<sup>2</sup> provide for the occurrence of an early expiry event and a knock-in event,
  - (A)  $A \times B$ , if an early expiry event occurs, regardless whether a knock-in event occurs;
  - (B)  $A \times B$ , if no early expiry event and no knock-in event occurs; and

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<sup>2</sup> This may be known as an autocallable certificate.

- (C)  $A \times (B \text{ or } C, \text{ whichever is lower})$ , if no early expiry event occurs but a knock-in event occurs;
- (ii) where the terms of the certificate<sup>3</sup> provide for the occurrence of a knock-in event, but not an early expiry event,
- (A)  $A \times (B \text{ or } C, \text{ whichever is lower})$ , if a knock-in event occurs; and
- (B)  $A \times B$ , if no knock-in event occurs; or
- (iii) where the terms of the certificate<sup>4</sup> do not provide for the occurrence of an early expiry event or a knock-in event,  $A \times (B \text{ or } C, \text{ whichever is lower})$ ; or
- (b) no conditional distribution is payable, but the value of the certificate on expiry is determined by the following formula:
- (i) where the terms of the certificate<sup>5</sup> provide for the occurrence of a digital participation event and fix a payout cap,
- (A)  $A \times (B \text{ or } F, \text{ whichever is lower})$ , if a digital participation event occurs; and
- (B)  $A \times (B \text{ or } C, \text{ whichever is lower})$ , if no digital participation event occurs; and
- (ii) where the terms of the certificate<sup>6</sup> provide for the occurrence of a digital participation event, but do not fix a payout cap,
- (A)  $A \times F$ , if a digital participation event occurs; and
- (B)  $A \times C$ , if no digital participation event occurs;
- (iii) where the terms of the certificate<sup>7</sup> provide for the occurrence of an outperformance event and a knock-in event, and fix a payout cap,
- (A)  $A \times (B \text{ or } G, \text{ whichever is lower})$ , if a knock-in event and an outperformance event occur;
- (B)  $A \times C$ , if a knock-in event occurs but no outperformance event occurs; and
- (C)  $A \times (B \text{ or } (100\% \text{ or } G, \text{ whichever is higher}), \text{ whichever is lower})$ , if no knock-in event occurs, regardless whether an outperformance event occurs;

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<sup>3</sup> This may be known as a barrier discount certificate.

<sup>4</sup> This may be known as a discount certificate.

<sup>5</sup> This may be known as a capped digital participation certificate.

<sup>6</sup> This may be known as an uncapped digital participation certificate.

<sup>7</sup> This may be known as a capped outperformance barrier certificate.

- (iv) where the terms of the certificate<sup>8</sup> provide for the occurrence of an outperformance event and a knock-in event, but do not fix a payout cap,
- (A)  $A \times G$ , if a knock-in event and an outperformance event occur;
  - (B)  $A \times C$ , if a knock-in event occurs but no outperformance event occurs; and
  - (C)  $A \times (100\% \text{ or } G, \text{ whichever is higher})$ , if no knock-in event occurs, regardless whether an outperformance event occurs;
- (v) where the terms of the certificate<sup>9</sup> provide for the occurrence of an outperformance event but not a knock-in event, and fix a payout cap,
- (A)  $A \times (B \text{ or } G, \text{ whichever is lower})$ , if an outperformance event occurs; and
  - (B)  $A \times C$ , if no outperformance event occurs; or
- (vi) where the terms of the certificate<sup>10</sup> provide for the occurrence of an outperformance event but not a knock-in event, and do not fix a payout cap,
- (A)  $A \times G$ , if an outperformance event occurs; and
  - (B)  $A \times C$ , if no outperformance event occurs;

where –

“A” is the pre-determined notional value of the certificate;

“B” is a pre-determined percentage, which is the payout cap;

“C” is the closing level of the underlying thing divided by the strike level, expressed as a percentage;

“D” is a pre-determined percentage for a certificate which provides for the occurrence of a digital participation event in its terms;

“E” is a pre-determined percentage for a certificate which provides for the occurrence of an outperformance event in its terms;

“F” is the value represented by  $(100\% + D)$  or  $C$ , whichever is higher; and

“G” is the value represented by  $100\% + E \times (C - 100\%)$ .

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<sup>8</sup> This may be known as an uncapped outperformance barrier certificate.

<sup>9</sup> This may be known as a capped outperformance certificate.

<sup>10</sup> This may be known as an uncapped outperformance certificate.

6. For the purpose of paragraph 5,

- (a) “closing level”, in relation to an underlying thing, means the price or level of the underlying thing as at a final pre-determined date prior to the expiry of the certificate;
- (b) “payout cap” means the maximum payout of the certificate at expiry;
- (c) “strike level” means a pre-determined price or level of an underlying thing against which the closing level will be compared;
- (d) conditional distribution is payable in respect of a pre-determined date in the event that the price or level of the underlying thing as at that pre-determined date is equal to or exceeds a pre-determined price or level;
- (e) an early expiry event occurs when the price or level of the underlying thing as at one or more pre-determined dates is equal to or exceeds a pre-determined price or level, causing the early expiry of the certificate;
- (f) a knock-in event occurs when the price or level of the underlying thing as at one or more pre-determined dates falls below a pre-determined price or level, causing the value of the certificate to depend on the closing level of the underlying thing relative to the strike level;
- (g) a digital participation event occurs when the price or level of the underlying thing as at all pre-determined dates is equal to or exceeds a pre-determined price or level, causing the value of the certificate to factor in a pre-determined percentage,  $D$ , as a digital participation;
- (h) an outperformance event occurs when the closing price or level of the underlying thing is equal to or exceeds the strike level, causing the value of the certificate to factor in a pre-determined percentage,  $E$ , as a multiplier; and
- (i) a percentage, price, level or date is pre-determined if it is fixed as at the time that the certificate is issued.

*Definitions related to Warrants*

7. “Warrant” means an exchange-traded derivatives contract under which —

- (a) one party has the right, but not the obligation, to buy from or sell to another party, specified securities or specified units in a collective investment

scheme on or before a specified future time and at a specified price payable at that future time; or

- (b) the parties will discharge their obligations by settling in cash, on or before a specified date, the amount determined by the following formula:

$$A \times (B - C), \text{ in the case of a call warrant; and}$$
$$A \times (C - B), \text{ in the case of a put warrant,}$$

where –

“A” is the conversion ratio of the warrant;

“B” is –

- (i) where the underlying thing of the warrant is any specified securities or units in a collective investment scheme, the value of the specified securities or units in the collective investment scheme (as the case may be) at a specified future time; and
- (ii) where the underlying thing of the warrant is any securities index, the value of the securities index at a specified future time;

“C” is –

- (i) where paragraph (i) of the definition of “B” applies, the exercise price of the warrant; and
- (ii) where paragraph (ii) of the definition of “B” applies, the value of the securities index at the time when the warrant was entered into.

8. For the purpose of paragraph 7(b), “conversion ratio”, in relation to a warrant, means the formula that determines the number or value of the underlying things to which the warrant relates.

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