

SRO CONFLICTS CODE AND INFORMATION BARRIER POLICY

This Code has been issued by the Conflicts Committee appointed by the Board to address a particular type of conflict (called “**SRO Conflicts**”) unique to for-profit exchanges around the world. This type of conflict is only found in organizations with a self-regulatory arm like the exchange. More background information on the nature of this unique type of conflict is found in **Annex A**. All employees of SGX are required to familiarize themselves with the contents of this Code and comply with the letter and spirit of this Code.

This Conflicts code is a guide to help employees live up to SGX's high ethical standards as a front-line regulator. Any doubts on the integrity of SGX's staff or its internal processes for dealing with SRO Conflicts may jeopardize our reputation as a trusted and accountable regulator. As such failure to comply with this Code is a serious matter and may lead to disciplinary action or in extreme cases termination of your employment. This Code deals with three main matters:

- (a) General ethical obligations in managing SRO Conflicts
- (b) RMR's obligation to conduct market consultations in an independent manner, free from undue commercial considerations
- (c) An Information Barrier Policy that protects the integrity of information gathered by SGX in its regulatory capacity

A. SGX'S FUNDAMENTAL RULES FOR MANAGING CONFLICT

Under this Code all SGX employees must adhere to the following fundamental rules:

- Employees in commercial areas of SGX must not seek to influence RMR's regulatory oversight decisions and thereby lead to a compromised discharge of SGX's regulatory responsibilities.
- All regulatory market consultations led by RMR shall be conducted independently after discussions with other financial regulators, market participants and public investors. RMR shall gather market intelligence from independent sources and not rely solely on input from the Products or Markets Group within SGX.
- RMR staff should guard against improper attempts to influence their independence which could compromise investor protection safeguards and market integrity.
- RMR decision making is to be quarantined from commercial areas of SGX. Any regulatory or liberalization initiative should be at the determination of RMR in light of evolving market practices and upon consultation with MAS, without improper influence from revenue owners within SGX.
- In the absence of countervailing regulatory safeguards Member Supervision, Market Surveillance, Issuer Regulation and Enforcement functions within the

RMR group shall not dilute regulatory standards or safeguards with the sole purpose of increasing SGX's revenues.

- RMR decisions must be consistent and applied fairly and equitably to all market participants and regulated parties. RMR decisions must not be influenced by any commercial relationship with any participant or entity.
- RMR staff should always keep in mind that they have an overriding duty to the public investor and to maintain a fair and orderly market. RMR staff should not subordinate their regulatory responsibilities to promote the for-profit aspirations of the other Groups within SGX. In the event of a conflict between their regulatory oversight responsibilities and commercial aspirations of other Groups, RMR staff are required to observe the procedures set out in the relevant SRO Decision-Making Framework.

B. MANAGING OUR CONFLICTS - INSTALLATION OF CHINESE WALLS (RMR and other Quasi-Regulatory Functions).

SGX has installed physical and virtual Chinese walls between its various functions. These walls are designed to prevent regulatory information from being used for commercial purposes without the express consent of third parties who divulged such information to SGX in connection with regulatory compliance. The Chinese walls are not only around the RMR Group but also around the other areas that perform partial regulatory functions within the Operations Group such as Market Control, Floor Operations and Clearing & Depository Operations.

1. **Others Subject to Restrictions.** Although you may not work within a protected RMR area, you may be asked to assist with RMR activity, such as extracting and analyzing technical information relating to where a broker has breached a trading rule. In this case you become subject to the same restrictions on disclosing that information as the staff within that area.

a. What Information Is Separated Or Restricted By The Chinese Walls?

In general, information and communication relating to a RMR decision is restricted between the commercial and RMR areas, in order to prohibit any influencing of that decision. This applies to situations such as processing admission requests from Brokers or Companies, examining requests for Rule waivers, identifying breaches of the Rules and determining disciplinary action.

b. Where and what level of information can be communicated across these Chinese Walls?

Information within the protected RMR area can be communicated to other staff only:

- Where it is necessary for the proper and orderly operation of the market (ie where a RMR decision will require action to be taken by other staff members to ensure an orderly and efficient market), and

- In other prescribed cases subject to the controls endorsed by the Conflicts Committee.

C. VIOLATION OF THIS CODE

Violation of this Code (including any related Code specific to your department) constitutes a serious breach of your contract of employment and may result in termination. Personnel will be required to sign this document to confirm that they have read and understood the Code. Human Resources will hold this on your employment file.

1. **Duty to Report.** Taking action to prevent problems and protect SGX's reputation is part of the SGX culture. If you see possible unethical or illegal conduct, you are required to report your concerns and possible violations by your colleagues to Internal Audit & Compliance.
2. **Anonymous Reporting of Violations.** There will be no retaliation against any employee who honestly reports a concern to SGX about illegal or unethical conduct. At the same time, it is unacceptable to file a report knowing it to be false.

The Code will continue to be updated as the Conflicts Committee issues more recommendations to help define and clarify information flow and give examples of conflict situations that you may find yourself in.

ANNEX A BACKGROUND TO CODE

A. BACKGROUND TO THE CODE

Prior to 1999, SGX was a not for profit self regulatory organization (“**SRO**”) whose sole role was to regulate and maintain an orderly and informed market. Sometime in the early 90s there was a global trend towards demutualization – where non-profit self regulatory organizations were converted into for-profit organizations. In 1999, SGX became a listed for-profit exchange. As a result a new arm was formed within SGX to pursue commercial/for profit initiatives. SGX therefore has two distinct arms – a for-profit commercial arm and a not for profit self regulatory arm (RMR). Conflicts arise from SGX’s dual role – as a market regulator on one hand and a commercial entity on the other hand. For the purposes of this Code such conflicts shall be referred to as “**SRO Conflicts**”

B. WHAT ARE SRO CONFLICTS?

Generally, the typical SRO Conflicts which arise from SGX’s dual role are:

- SGX having obligations to maximize shareholder value might relax (a) its listing approval requirements; or (b) be lenient in enforcing its listing rules with a view to maximizing or pleasing an important client of SGX.
- SGX might seek to use its enforcement powers to further its commercial objectives by (a) imposing excessive fines to enhance its revenue; or (b) threatening disciplinary action to induce compliance with a contract or otherwise gain a commercial advantage.
- SGX in direct or indirect commercial competition with an entity may impose stricter requirements on the entity.
- SGX having a commercial relationship or joint venture with an entity may impose reduced obligations for the entity. For example it may feel less inclined to take enforcement action against its biggest revenue generating broker.
- SGX’s cost saving obligations to shareholders may reduce RMR staff to reduce headcount costs.
- SGX may use its privileged access to regulatory information to fashion business models that serves a commercial as opposed to regulatory goals.

C. SRO CONFLICTS ARE NOT PERSONAL CONFLICTS

There are other more personal conflicts which individual staff must guard against. These are covered under the Code of Ethics and Conduct and addresses situations such as:

- Being related to, or having other relationships with a party that has a relationship with SGX.
- Disclosing or using sensitive or confidential information provided to SGX for private commercial gains.