



SGX STATEMENT

SGX ENHANCES TRANSPARENCY AND DETERS FAILED SHARE DELIVERY

22 September 2008 - Despite current market turbulence and global financial uncertainties, trading of securities listed on Singapore Exchange (SGX) has been orderly and settlement has been timely. Nevertheless, SGX would like to enhance existing transparency in the market and to deter failed deliveries.

Information about naked short positions which result in failure of delivery to CDP would be useful to market participants. Furthermore, cumulative short-selling of individual share securities without the discipline of borrowing to cover delivery obligations, may threaten the orderliness of our market with implications for the integrity of the clearing system. In Singapore, naked short selling which results in failed delivery to CDP are closed-out by buying-in from the market. Buying-in takes place from 11.30am every day.

With immediate effect, SGX will publish the list of buying-in securities and the volume of shares sought, at 11am every day. Publication will be done via SGXNET and SGX website. This will make dissemination of information more efficient than the present practice of having the information relayed through brokers who participate in the buying-in market.

After completion of buying-in, SGX will publish the list of securities bought-in (which includes individual counters), the volume and dollar-value at 8:30 am the following business day.

In addition to the current processing fee for buying-in of \$30 per contract, there will be a penalty of 5% of the value of the failed trade subject to a minimum of \$1,000. This penalty will take effect for trades executed from Thursday 25 September 2008 onwards. The fee will be reviewed from time to time to assess its effectiveness.

Market participants must not short-sell in the buying-in market as it runs counter to the objective of buying-in. Accordingly, any failure to deliver shares in the buying-in market may be liable to penalty of \$50,000 and/or disbarment from participating in the buying-in market. This will take effect from Thursday, 25 September 2008.

The measures introduced today will be reviewed after a month. SGX remains vigilant in maintaining the orderly functioning of the market and safe efficient clearing.

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For more information, kindly contact:

Joan Lew
Corporate Communications
Tel : (65) 6236 8658
Email : joan@sgx.com

Magdalyn Liew
Corporate Communications
Tel : (65) 6236 8857
Email : magdalynliew@sgx.com