

## Summary of issues raised at the SMOC Meeting on 4<sup>th</sup> July 2018

No	Operational Issues	Comments & Suggestions	Response from Bursa
1.	Market Data Access Fee For Liquidity Providers	A PO suggested Bursa to consider incentivising Liquidity Providers on the monthly data access fee chargeable to them giving that they contributed significant trading activities to the marketplace.	Bursa updated that they are looking into the matter on a case-to-case basis.
2.	Margin Account Details	POs highlighted that in the recent Bursa's survey questionnaire, the amount of information / data / details on margin account that need to be furnished to Bursa is overwhelming.	Bursa has taken note of the feedback and has engaged directly with the POs. Bursa has KIV this survey exercise and that no further submission from brokers is required.
3.	Intraday Short Selling (IDSS)	<p>POs viewed that the SBL agreement is not clear and need clarifications from Bursa. Currently whenever there is not enough stock to cover the "Short" position, PO will cover it with 'Buying-In", instead of through SBL.</p> <p>POs suggested making the IDSS process easier instead of spending a lot of time to go into the SBL Agreement to satisfy the regulatory requirements.</p> <p>POs proposed Bursa to bridge the communication with SBL providers and act as a Mini Secretariat to have more communication between the POs and SBL providers.</p> <p>POs also highlighted that there is different interpretation of IDSS between the regulators. Once the CDS account is opened and tagged as</p>	<p>Bursa's Commercial &amp; Development to look into the SBL Agreement.</p> <p>Bursa clarified that as IDSS is not carried out in a designated account, not all sales transacted in the account will be treated as IDSS. The IDSS positions that should be bought back will be based on the day net position, i.e. the total day buy must be more than the total day of IDSS.</p>

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		<p>IDSS, all sales transacted under this account must be bought back on the same day to close the position. Failing which, it will be treated as short position which was not covered.</p>	
4.	<p>Intraday Short Selling (IDSS) - Take Over Announcement</p>	<p>POs highlighted their concern on the rule prohibiting IDSS / PDT to be executed by a PO if the Approved Securities have been declared as Designated Securities and during the period of 21 days immediately following a takeover announcement involving the issuer of an Approved Securities.</p>	<p>Bursa will bring up this matter with the SC during the six (6) months post implementation review, and will propose to SC to have the prohibiting rule removed.</p>
5.	<p>Intraday Short Selling (IDSS) - Client Failed To Close Short Position</p>	<p>POs highlighted that at present, clients who failed to cover on the same day will be categorized as a breach and will be penalized by the buy in cost. POs proposed Bursa to not categorize such clients as a breach.</p>	<p>Bursa's Regulation highlighted that the requirement referred to is in relation to Rule 8.34(4) of the Rules of Bursa Securities which states that "the short selling of Approved Securities must be closed off with a buy position on the same day as the selling by way of on-market transaction only". The regulatory framework on IDSS as approved by the SC is premised on, amongst others, the requirement that all short selling must be closed off with a buy on the same day as this is meant for short term and intra-day trading only.</p> <p>This is similar to the regulatory framework for Proprietary Day Traders ("PDT") which has been successful implemented for many years. If a client wants to short sell shares for a longer</p>

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			<p>term, the client may use the Regulated Short Selling (“RSS”) framework.</p> <p>The introduction of the IDSS framework was possible after many years despite strong regulatory concerns including the possibility of IDSS being used to depress / manipulate the share price. Towards allaying such concerns, requirement such as by buy back of the shares (involved in short selling) on intra-day basis and ensuring that there is adequate monitoring and supervision towards ensuring adherence of these rules / requirements in the IDSS framework were set out to prevent / mitigate such possibilities.</p>
6.	Trading Specialist	<p>POs requested for detail clarification on “Trading Specialist” category.</p> <p>Bursa updated that currently there are twelve (12) Trading Specialists. Based on brokers’ feedbacks, investors are worried to tag themselves as Trading Specialist (even though no registration is required), which may classify their trading as business activity and profit therein may be taxable.</p>	<p>Bursa informed that all POs had been notified via letter dated 20th April 2018 on the classification of Professional Investors as Trading Specialist, including details of eligibility criteria and incentives structure.</p> <p>Bursa’s Commercial &amp; Development to address this concern.</p>

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7.	Bursa-SGX Connect	POs requests for clear direction of Bursa-SGX Connect.	As announced by Prime Minister on 6 June 2018, the government will study and review the Bursa-SGX Connect. Bursa updated that they had conducted a survey on the Bursa-SGX Connect and communicated the survey results together with Bursa's views to the SC. Pending further direction from SC.
8.	LEAP Market	POs requested Bursa to review the admission requirements, application process and timing to facilitate more trading activities in the LEAP Market.	<p>Bursa informed that companies that applied for listing on LEAP Market provided with only 5 to 30 shareholders and they are not interested in trading. As such, it is difficult to see trading volume/greater liquidity. The issue is not due to the definition of the admission requirements of Sophisticated Investors.</p> <p>Bursa informed that they will approach SC on the admission requirements once Bursa has adequate statistic on trading and admission.</p>
9.	Counters Listed On Bursa	<p>PO highlighted the concern on reducing number of counters listed on Bursa and that once company falls under PN17, there are restrictions on their operations. PO suggested letting the PN17 companies to carry out their normal business process as usual and let the shareholders to decide for the company.</p> <p>POs also highlighted that many companies who are qualified to be listed on Main Board prefer to list under ACE Market due to</p>	Bursa to look into the concerns.

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		admission/regulatory requirements. POs suggested to bring up this matter to SC.	