

APPENDIX 11 PROHIBITED TRADING PRACTICES

This Appendix is provided to non-Accredited Investors (as defined in the Agreement) pursuant to Rule 3.3.5(b) of the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited (“**SGX-DT**”). It reproduces certain prohibited trading practices under the Securities and Futures Act, the Futures Trading Rules of the SGX-DT and Trading Rulebook of Asia Pacific Exchange Pte. Ltd.

Such Client acknowledges that it has read and understood this Appendix and undertakes not to engage in any such prohibited trading practices. Such Client further acknowledge that the provisions therein may be amended from time to time by the relevant authorities, and it should therefore refer to the relevant rules and regulations for the updated provisions on these prohibited trading practices.

Prohibited trading practices under the Securities and Futures Act

Section 197 False trading and market rigging transactions

- (1) No person shall do any thing, cause any thing to be done or engage in any course of conduct, if his purpose, or any of his purposes, for doing that thing, causing that thing to be done or engaging in that course of conduct, as the case may be, is to create a false or misleading appearance —
 - (a) of active trading in any capital markets products on an organised market; or
 - (b) with respect to the market for, or the price of, any capital markets products traded on an organised market.
- (1A) No person shall do any thing, cause any thing to be done or engage in any course of conduct that creates, or is likely to create, a false or misleading appearance of active trading in any capital markets products on an organised market, or with respect to the market for, or the price of, any capital markets products traded on an organised market, if —
 - (a) he knows that doing that thing, causing that thing to be done or engaging in that course of conduct will create, or will be likely to create, that false or misleading appearance; or
 - (b) he is reckless as to whether doing that thing, causing that thing to be done or engaging in that course of conduct will create, or will be likely to create, that false or misleading appearance.
- (2) A person must not maintain, inflate, depress, or cause fluctuations in, the market price of any capital markets products —
 - (a) by means of any purchase or sale of any capital markets products that does not involve a change in the beneficial ownership of the capital markets products; or
 - (b) by any fictitious transaction or device.
- (3) Without prejudice to the generality of subsection (1), it is presumed that a person’s purpose, or one of a person’s purposes, is to create a false or misleading appearance of active trading in capital markets products on an organised market if the person —
 - (a) effects, takes part in, is concerned in or carries out, directly or indirectly, any transaction of purchase or sale of the capital markets products, being a transaction

that does not involve any change in the beneficial ownership of the capital markets products;

- (b) makes or causes to be made an offer to sell the capital markets products at a specified price, where the person has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with the person has made or caused to be made or proposes to make or to cause to be made, an offer to purchase the same number, or substantially the same number, of the capital markets products at a price that is substantially the same as the first mentioned price; or
 - (c) makes or causes to be made an offer to purchase the capital markets products at a specified price, where the person has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with the person has made or caused to be made or proposes to make or to cause to be made, an offer to sell the same number, or substantially the same number, of the capital markets products at a price that is substantially the same as the first mentioned price.
- (4) The presumption under subsection (3) may be rebutted if the defendant establishes that the purpose or purposes for which he did the act was not, or did not include, the purpose of creating a false or misleading appearance of active trading in the capital markets products on the organised market.
- (5) For the purposes of this section, a purchase or sale of capital markets products does not involve a change in the beneficial ownership if any of the following persons has an interest in the capital markets products after the purchase or sale:
- (a) a person who had an interest in the capital markets products before the purchase or sale;
 - (b) a person associated with the person mentioned in paragraph (a).
- (6) In any proceedings against a person for a contravention of subsection (2) in relation to a purchase or sale of capital markets products that did not involve a change in the beneficial ownership of the capital markets products, it is a defence if the defendant establishes that the purpose or purposes for which the defendant purchased or sold the capital markets products was not, or did not include, the purpose of creating a false or misleading appearance with respect to the market for, or the price of, the capital markets products.
- (7) The reference in subsection (3)(a) to a transaction of purchase or sale of the capital markets products includes —
- (a) a reference to the making of an offer to purchase or sell the capital markets products; and
 - (b) a reference to the making of an invitation, however expressed, that expressly or impliedly invites a person to offer to purchase or sell the capital markets products.

Section 198 Market manipulation in relation to securities and securities-based derivatives contracts

- (1) A person must not effect, take part in, be concerned in or carry out, directly or indirectly, 2 or more transactions in securities, or securities-based derivatives contracts, of a corporation, being transactions that have, or are likely to have, the effect of raising, lowering, maintaining or stabilising the price of securities, or securities-based derivatives contracts, as the case may

be, of the corporation on an organised market, with the intent to induce other persons to subscribe for, purchase or sell securities, or securities-based derivatives contracts, as the case may be, of the corporation or of a related corporation.

- (2) A person must not effect, take part in, be concerned in or carry out, directly or indirectly, 2 or more transactions in securities, or securities-based derivatives contracts, of a business trust, being transactions that have, or are likely to have, the effect of raising, lowering, maintaining or stabilising the price of securities, or securities-based derivatives contracts, as the case may be, of the business trust on an organised market, with the intent to induce other persons to subscribe for, purchase or sell securities, or securities-based derivatives contracts, as the case may be, of the business trust.

- (3) In this section —

- (a) a reference to transactions in securities or securities-based derivatives contracts of a corporation includes —

- (i) a reference to the making of an offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be; and
- (ii) a reference to the making of an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be; and

- (b) a reference to transactions in securities or securities-based derivatives contracts of a business trust includes —

- (i) a reference to the making of an offer to purchase or sell such securities or securities-based derivatives contracts; and
- (ii) a reference to the making of an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities or securities-based derivatives contracts.

Section 199 False or misleading statements, etc.

No person shall make a statement, or disseminate information, that is false or misleading in a material particular and is likely —

- (a) to induce other persons to subscribe for securities, securities-based derivatives contracts or units in a collective investment scheme;
- (b) to induce the sale or purchase of securities, securities-based derivatives contracts or units in a collective investment scheme, by other persons; or
- (c) to have the effect (whether significant or otherwise) of raising, lowering, maintaining or stabilising the market price of securities, securities-based derivatives contracts or units in a collective investment scheme,

if, when he makes the statement or disseminates the information —

- (i) he does not care whether the statement or information is true or false; or

- (ii) he knows or ought reasonably to have known that the statement or information is false or misleading in a material particular.

Section 200 Fraudulently inducing persons to deal in capital markets products

- (1) No person shall —
 - (a) by making or publishing any statement, promise or forecast that he knows or ought reasonably to have known to be misleading, false or deceptive;
 - (b) by any dishonest concealment of material facts;
 - (c) by the reckless making or publishing of any statement, promise or forecast that is misleading, false or deceptive; or
 - (d) by recording or storing in, or by means of, any mechanical, electronic or other device information that he knows to be false or misleading in a material particular,

induce or attempt to induce another person to deal in capital markets products.

- (2) In any proceedings against a person for a contravention of subsection (1) constituted by recording or storing information as mentioned in subsection (1)(d), it is a defence if it is established that, at the time when the defendant so recorded or stored the information, he had no reasonable grounds for expecting that the information would be available to any other person.
- (3) In any proceedings against a person for a contravention of subsection (1) in relation to the dealing in capital markets products that are securities, securities-based derivatives contracts or units in a collective investment scheme, the opinion of any registered or public accountant as to the financial position of any company at any time or during any period in respect of which he has made an audit or examination of the affairs of the company according to recognised audit practice shall be admissible, for any party to the proceedings, as evidence of the financial position of the company at that time or during that period, notwithstanding that the opinion is based in whole or in part on book-entries, documents or vouchers or on written or verbal statements by other persons.

Section 201 Employment of manipulative and deceptive devices

No person shall, directly or indirectly, in connection with the subscription, purchase or sale of any capital markets products —

- (a) employ any device, scheme or artifice to defraud;
- (b) engage in any act, practice or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception, upon any person;
- (c) make any statement he knows to be false in a material particular; or
- (d) omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

Section 201A Bucketing

- (1) A person must not knowingly execute, or hold himself out as having executed, an order for the purchase or sale of a derivatives contract, without having effected in good faith a purchase or sale of that derivatives contract in accordance with the order or with the business rules and practices of an organised market on which the derivatives contract is to be purchased or sold.
- (2) A person must not knowingly execute, or hold himself out as having executed, an order to make a purchase or sale of a spot foreign exchange contract for purposes of leveraged foreign exchange trading, without having effected in good faith a purchase or sale in accordance with the order.

Section 201B Manipulation of price of derivatives contracts and cornering

A person must not, directly or indirectly —

- (a) manipulate or attempt to manipulate the price of a derivatives contract traded on an organised market, or of any underlying thing which is the subject of such derivatives contract; or
- (b) corner, or attempt to corner, any underlying thing which is the subject of a derivatives contract.

Section 202 Dissemination of information about illegal transactions

- (1) A person must not circulate or disseminate, or authorise or be concerned in the circulation or dissemination of, any statement or information to any of the following effect if any condition in subsection (2) is satisfied:
 - (a) the price of any securities or securities-based derivatives contract, of a corporation will, or is likely, to rise or fall or be maintained by reason of any transaction entered into or to be entered into or other act or thing done or to be done in relation to the securities or securities-based derivatives contracts, of that corporation (or of a related corporation) which to the person's knowledge was entered into or done in contravention of section 197, 198, 199, 200 or 201, or if entered into or done would be in contravention of section 197, 198, 199, 200 or 201;
 - (b) the price of any securities or securities-based derivatives contract, of a business trust will, or is likely, to rise or fall or be maintained by reason of any transaction entered into or to be entered into or other act or thing done or to be done in relation to the securities or securities-based derivatives contracts, of that business trust which to the person's knowledge was entered into or done in contravention of section 197, 198, 199, 200 or 201, or if entered into or done would be in contravention of section 197, 198, 199, 200 or 201;
 - (c) the price of a class of derivatives contracts will, or is likely to, rise or fall or be maintained by reason of any transaction entered into or to be entered into, or other act or thing done or to be done, in relation to that class of derivatives contracts by one or more persons which to the person's knowledge was entered into, or done, in contravention of section 197, 200, 201, 201A or 201B, or if entered into, or done, would be in contravention of section 197, 200, 201, 201A or 201B;
 - (d) the price of a class of spot foreign exchange contracts for purposes of leveraged foreign exchange trading, will, or is likely to, rise or fall or be maintained by reason of

any transaction entered into or to be entered into, or other act or thing done or to be done, in relation to that class of spot foreign exchange contracts for purposes of leveraged foreign exchange trading, by one or more persons which to the person's knowledge was entered into, or done, in contravention of section 197, 200, 201, 201A or 201B, or if entered into, or done, would be in contravention of section 197, 200, 201, 201A or 201B.

- (2) For the purpose of subsection (1), the condition is either —
- (a) the person mentioned in subsection (1), or a person associated with that person, has entered into or purports to enter into any such transaction, or has done or purports to do any such act or thing; or
 - (b) the person mentioned in subsection (1), or a person associated with that person, has received, or expects to receive, directly or indirectly, any consideration or benefit for circulating or disseminating, or authorising or being concerned in the circulation or dissemination of, the statement or information.

Section 218 Prohibited conduct by connected person in possession of inside information

- (1) Subject to this Division, where —
- (a) a person who is connected to a corporation possesses information concerning that corporation that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities or securities-based derivatives contracts of that corporation; and
 - (b) the connected person knows or ought reasonably to know that —
 - (i) the information is not generally available; and
 - (ii) if it were generally available, it might have a material effect on the price or value of those securities or securities-based derivatives contracts of that corporation,

subsections (2), (3), (4), (5) and (6) shall apply.

- (1A) Subsections (2), (3), (4A), (5) and (6) apply if —
- (a) a person is connected to —
 - (i) a corporation that is the trustee of, or manages or operates, a business trust; or
 - (ii) a corporation that is the trustee or manager of a collective investment scheme —
 - (A) that invests primarily in real estate and real estate-related assets specified by the Authority in the Code on Collective Investment Schemes; and
 - (B) all or any units of which are listed on an approved exchange;

- (b) the connected person possesses —
 - (i) where the person is connected to a corporation mentioned in paragraph(a)(i), any information concerning the corporation or business trust that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities or securities-based derivatives contracts of the corporation or business trust; or
 - (ii) where the person is connected to a corporation mentioned in paragraph (a)(ii), any information concerning the corporation or collective investment scheme that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities or securities-based derivatives contracts of the corporation, or the price or value of CIS units in the scheme; and
 - (c) the connected person knows or ought reasonably to know that —
 - (i) the information is not generally available; and
 - (ii) if it were generally available, it might have a material effect on —
 - (A) where the person is connected to a corporation mentioned in paragraph (a)(i), the price or value of securities or securities-based derivatives contracts of the corporation or business trust; or
 - (B) where the person is connected to a corporation mentioned in paragraph (a)(ii), the price or value of securities or securities-based derivatives contracts of the corporation, or the price or value of CIS units in the collective investment scheme.
- (2) The connected person must not (whether as principal or agent) —
- (a) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell —
 - (i) the securities or securities-based derivatives contracts mentioned in subsection (1); or
 - (ii) the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A); or
 - (b) procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell —
 - (i) the securities or securities-based derivatives contracts mentioned in subsection (1); or
 - (ii) the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A).
- (3) The connected person must not, directly or indirectly, communicate the information mentioned in subsection (1) or (1A), or cause the information to be communicated, to another person if the connected person knows, or ought reasonably to know, that the other person would or

would be likely to —

- (a) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell —
 - (i) the securities or securities-based derivatives contracts mentioned in subsection (1); or
 - (ii) the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A); or
 - (b) procure a third person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell —
 - (i) the securities or securities-based derivatives contracts mentioned in subsection (1); or
 - (ii) the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1A).
- (4) In any proceedings for a contravention of subsection (2) or (3) against a person connected to a corporation referred to in subsection (1), where the prosecution or plaintiff proves that the connected person was at the material time —
- (a) in possession of information concerning the corporation to which he was connected; and
 - (b) the information was not generally available,
- it shall be presumed, until the contrary is proved, that the connected person knew at the material time that —
- (i) the information was not generally available; and
 - (ii) if the information were generally available, it might have a material effect on the price or value of securities or securities-based derivatives contracts of that corporation.
- (4A) In any proceedings for a contravention of subsection (2) or (3) against a person connected to a corporation mentioned in subsection (1A)(a)(i) or (ii), the presumption in subsection (4B) applies until the contrary is proved, if the prosecution or plaintiff proves that the connected person was at the material time —
- (a) in possession of information concerning the corporation, business trust or collective investment scheme, as the case may be; and
 - (b) the information was not generally available.
- (4B) For the purpose of subsection (4A), the presumption is the connected person knew at the material time that —
- (a) the information was not generally available; and
 - (b) if the information were generally available, it might have a material effect on —

- (i) where the person is connected to a corporation mentioned in subsection (1A)(a)(i), the price or value of securities or securities-based derivatives contracts of the corporation or business trust; or
 - (ii) where the person is connected to a corporation mentioned in subsection (1A)(a)(ii), the price or value of the securities or securities-based derivatives contracts of the corporation or the price or value of CIS units in the collective investment scheme.
- (5) In this Division —
 - (a) “connected person” means a person referred to in subsection (1) or (1A) who is connected to a corporation; and
 - (b) a person is connected to a corporation if —
 - (i) he is an officer of that corporation or of a related corporation;
 - (ii) he is a substantial shareholder in that corporation or in a related corporation; or
 - (iii) he occupies a position that may reasonably be expected to give him access to information of a kind to which this section applies by virtue of —
 - (A) any professional or business relationship existing between himself (or his employer or a corporation of which he is an officer) and that corporation or a related corporation; or
 - (B) being an officer of a substantial shareholder in that corporation or in a related corporation.
- (6) In subsection (5), “officer”, in relation to a corporation, includes —
 - (a) a director, secretary or employee of the corporation;
 - (b) a receiver, or receiver and manager, of property of the corporation;
 - (c) a judicial manager of the corporation;
 - (d) a liquidator of the corporation; and
 - (e) a trustee or other person administering a compromise or arrangement made between the corporation and another person.

Section 219 Prohibited conduct by other persons in possession of inside information

- (1) Subject to this Division, where —
 - (a) a person who is not a connected person referred to in section 218 (referred to in this section as the insider) possesses information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities, securities-based derivatives contracts or CIS units; and

- (b) the insider knows that —
 - (i) the information is not generally available; and
 - (ii) if it were generally available, it might have a material effect on the price or value of those securities, securities-based derivatives contracts or CIS units, as the case may be,

subsections (2) and (3) shall apply.

- (2) The insider must not (whether as principal or agent) —
 - (a) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any such securities, securities-based derivatives contracts or CIS units, as the case may be; or
 - (b) procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, any such securities, securities-based derivatives contracts or CIS units, as the case may be.
- (3) The insider must not, directly or indirectly, communicate the information mentioned in subsection (1), or cause the information to be communicated, to another person if the insider knows, or ought reasonably to know, that the other person would or would be likely to —
 - (c) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1); or
 - (d) procure a third person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, the securities, securities-based derivatives contracts or CIS units mentioned in subsection (1).

Prohibited trading practices under the Futures Trading Rules of the Singapore Exchange Derivatives Trading Limited

Rule 3.4.1 Market Manipulation

A Member, Approved Trader or Registered Representative shall not manipulate or attempt to manipulate the price of a contract or of any underlying, or corner, or attempt to corner, any underlying.

Rule 3.4.2 Churning

A Member, Approved Trader or Registered Representative is prohibited from churning or generating commissions through creating excessive transactions in a Customer's Account.

Rule 3.4.3 False Trading, Bucketing, Fraudulent Inducement to Trade and Employment of Fraudulent Device

A Member, Approved Trader or Registered Representative shall not:

- (a) engage in, or knowingly act with any other Person in, any act or practice that will or is likely to create a false or misleading appearance of active trading in any contract or a false or misleading

appearance with respect to the price of any contract;

- (b) knowingly execute, or hold out as having executed, an order for the purchase or sale of a contract, without having effected a bona fide purchase or sale of the contract in accordance with this Rules;
- (c) induce or attempt to induce another person to trade in a contract:
 - (i) by making or publishing any statement, promise or forecast that it knows or ought reasonably to know to be false, misleading or deceptive;
 - (ii) by any dishonest concealment of material facts;
 - (iii) by the reckless making or publishing of any statement, promise or forecast that is false, misleading or deceptive; or
 - (iv) by recording or storing in any mechanical, electronic or other device information that is knowingly false or materially misleading;
- (d) directly or indirectly in connection with any trading in a contract:
 - (i) employ any device, scheme or artifice to defraud;
 - (ii) engage in any act, practice or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception upon any Person;
 - (iii) make any false statement of a material fact; or
- (e) omit to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Rule 3.4.5 Dissemination of False or Misleading Information

A Member, Approved Trader or Registered Representative shall not disseminate false or misleading reports concerning market information or conditions that may affect the price of any contract, if the Member, Approved Trader or Registered Representative:

- (a) knows or ought reasonably to know that the information is false or misleading; or
- (b) is reckless about the truth of the information.

This prohibition includes circulation or aiding in the circulation in any manner of rumours which cast doubt on the integrity of any contract or underlying.

Rule 3.4.9 Fictitious Transactions Without Change In Ownership

The creation of fictitious transactions or the placing of orders which do not involve any change in ownership, or the execution of such an order with knowledge of its character by a Member, Approved Trader or Registered Representative is prohibited. A Member, Approved Trader or Registered Representative shall not accept buying and selling orders at the same time and price from a Customer for the same contract month of the same futures contract or in the case of option contracts, a put or call option contract with the same class of options, the same strike price and expiration month. This Rule does not apply if orders are entered in the

following circumstances:

- (a) the orders are from a fund manager whose instructions are intended to switch the contract from one (1) sub-account to another for legitimate commercial reasons;
- (b) the orders will be booked out finally to different beneficial owners; or
- (c) if the Member or the Approved Trader establishes to the Exchange that it was not a purpose of the orders to create a false market.

Rule 3.4.10 Overtrading by a Member, Approved Trader or Customer

The following provisions apply in relation to overtrading:

- (a) a Member shall not execute any trade beyond any limits imposed by that Member's sponsoring Clearing Member, the Exchange, the Clearing House or MAS. A Member shall ensure that its Customers do not trade beyond any limits. A Member shall be guilty of overtrading if such Member or its Approved Trader enters into any trade or trades beyond any limits imposed from time to time by its sponsoring Clearing Member, the Exchange or MAS. If a Member is charged with violating this Rule:
 - (i) the Exchange may at its discretion suspend that Member from trading until such time as the Disciplinary Committee or the Appeals Committee has completed the hearing in respect of such charge against such Member;
 - (ii) its sponsoring Clearing Member shall, upon being notified by the Exchange or the Clearing House as the case may be, withhold any profits due or owing to such Member from the transaction that resulted in overtrading, or such monies due or owing to such Member as directed by the Exchange or the Clearing House, and shall not release any such profits or monies until the Disciplinary Committee or the Appeals Committee has completed the hearing in respect of the charge against the Member; and
 - (iii) without prejudice to the foregoing, the Exchange may, in any case of overtrading, direct the Clearing House to withhold any profits due or owing to any Clearing Member from the transaction that resulted in overtrading, or such monies due or owing to such Member, until the Disciplinary Committee or the Appeals Committee has completed the hearing in respect of the charge against the Member; and
- (b) each trade entered into beyond any limits imposed by a sponsoring Clearing Member, the Exchange, the Clearing House or MAS shall be deemed to be a distinct and separate violation of this Rule and shall be punishable as such. If a Member is charged by the Exchange for overtrading, it is not necessary for the Exchange to show that the Member intended to overtrade. The act of overtrading is sufficient to constitute an offence under this Rules.

Prohibited trading practices under the Trading Rulebook of Asia Pacific Exchange Pte. Ltd.

Rule 405(b)

- (b) No Member, Member's Trader, Member's Representative or other Person subject to the Rules, in relation to Contracts entered into, or orders placed, on the Market or otherwise in accordance with the Rules, shall:

- (1) commit any act of fraud or bad faith;
- (2) act dishonestly;
- (3) engage or attempt to engage in extortion;
- (4) continue (otherwise than to liquidate existing positions) to trade or enter into such Contracts or provide margin to or accept margin from the Exchange when not in compliance with the minimum financial requirement currently in force in relation to the category of membership to which it belongs;
- (5) knowingly or recklessly disseminate false, misleading or inaccurate reports concerning any Contract, product or market information or conditions that affect or tend to affect prices on the Market;
- (6) manipulate or attempt to manipulate the Market, or create or attempt to create a disorderly Market, or assist its clients, or any other person to do so;
- (7) make or report a false or fictitious trade;
- (8) knowingly front-run a Client's order, unless the Client has prescribed that the order be executed under specified conditions and the order cannot be executed by reason of those conditions;
- (9) enter into any Contract or fail to close out the same either intending to default in performance of the same or having no reasonable grounds for thinking that it would be able to avoid such default; or
- (10) use or reveal any information, records, materials or documents provided to or obtained by another Person by reason of participating in any investigation or disciplinary proceedings.

Rule 410 Wash Trades Prohibited

- (a) No Person shall place or accept buy and sell orders in the same Contract and expiration month, and, for a put or call option, the same strike price, where the Person knows or reasonably should know that the purpose of the orders is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales).
- (b) Buy and sell orders for different accounts with common beneficial ownership that are entered with the intent to negate market risk or price competition shall also be deemed to violate the prohibition on wash trades.
- (c) No Person shall knowingly execute or accommodate the execution of such orders by direct or indirect means.

Rule 411 Disruptive Trading Practices Prohibited

- (a) All orders must be entered for the purpose of executing bona fide transactions.
- (b) All non-actionable messages must be entered in good faith for legitimate purposes.

(c) No Person shall:

- (1) enter or cause to be entered an order with the intent, at the time of order entry, to cancel the order before execution or to modify the order to avoid execution;
- (2) enter or cause to be entered an actionable or non-actionable message or messages with intent to mislead other market participants;
- (3) enter or cause to be entered an actionable or non-actionable message or messages with intent to overload, delay, or disrupt the systems of the Exchange or other market participants;
- (4) engage in, or knowingly act with any other Person in, any act or practice that will or is likely to create a false or misleading appearance of active trading in any Contract or a false or misleading appearance with respect to the price of any Contract;
- (5) knowingly execute, or hold out as having executed, an order for the purchase or sale of a Contract, without having effected a bona fide purchase or sale of the Contract in accordance with these Rules;
- (6) induce or attempt to induce another person to trade in a Contract:
 - (i) by making or publishing any statement, promise or forecast that it knows or ought reasonably to know to be false, misleading or deceptive;
 - (ii) by any dishonest concealment of material facts;
 - (iii) by the reckless making or publishing of any statement, promise or forecast that is false, misleading or deceptive; or
 - (iv) by recording or storing in any mechanical, electronic or other device information that is knowingly false or materially misleading;or
- (7) directly or indirectly in connection with any trading in a Contract:
 - (i) employ any device, scheme or artifice to defraud;
 - (ii) engage in any act, practice or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception upon any Person;
 - (iii) make any false statement of a material fact; or
 - (iv) omit to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Important Notice

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