



CIRCULAR

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ONLINE TRADING PLATFORM

The launch of the X-Gen trading platform by The Exchange in 2013 has resulted in the creation of online trading portals by Dealing Members. This initiative has provided the investing community with the opportunity to place orders for securities listed on The Exchange via the Order Management Systems (OMS) of Dealing Members from any location in real time.

Further to the above, The Exchange hereby informs Dealing Members that operate online trading portals to adhere to the following:

1. Dealing Members that intend to set up online trading portals shall implement and set up X-Net connectivity and an Order Management System (OMS) that is certified by The Exchange.
2. No Dealing Member shall operate an online trading portal without subjecting the online portal to regular penetration tests, which shall be no less than twice a year with a reputable firm and shall submit to The Exchange the certified Penetration Testing Reports from a credible Information Security company that the online portal platform is secured for usage. The Exchange will carry out routine spot checks to validate the Penetration Testing Reports on an annual basis and that any identified issues are rectified on a prompt basis.
3. All trading activities on the portal must be duly monitored and supervised by an Authorized Clerk employed by the Dealing Member. Any trading errors or anomalies shall be duly and promptly reported to the Exchange in line with the Exchange's Error Trade rules.
4. Any Dealing Member that intends to operate an online trading portal shall carry out a comprehensive "Know Your Client" requirement on all clients registered through the online trading portal before an online trading account is activated, or any transaction is carried out by investors on the portal, and keep the records in that regard for a minimum period of 6 (six) years, or as may be amended from time to time.
5. Disclose on its trading portal and account opening forms the risks associated with using the portal and shall comply with all The Exchange's Rules and Regulations including those on communications, advertisement and publication.
6. Applications used by clients to access the OMS system shall be protected with strong passwords, strong authentication in line with industry standards, optimised for performance and regular security testing.



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7. Any other rules that may apply from time to time.

Please be guided accordingly.

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Head, Broker Dealer Regulation