

SGX CONSULTS PUBLIC ON REDUCED BOARD LOT SIZE

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Authors and Contributors: Tan Min-Li, Stephen Soh, Gregory Chan and Lincoln Tan.

Singapore Exchange (SGX) is consulting the public on its proposal to reduce the standard board lot size of securities listed on SGX from 1,000 to 100 units, with a view to reducing it to 1 unit in the longer term. The reduction of the board lot size to 100 units as a first step will allow SGX to assess the market impact before unitising the standard board lot. Amendments are proposed to be made to both the Mainboard and Catalyst Listing Rules to effect such changes, which SGX targets to introduce by first quarter 2014.

The proposed standard board lot size of 100 units will apply to ordinary shares, real estate investment trusts, business trusts, company warrants, structured warrants, extended settlement contracts and shares on GlobalQuote while existing board lot sizes of less than 100 units will remain unchanged. The board lot sizes for most exchange-traded funds, American Depositary Receipts and fixed income instruments, including Singapore Government Securities and preference shares will also remain unchanged.

SGX believes this move will benefit the public as individual retail investors will find it easier to invest in higher-priced shares, such as index component stocks and blue chips, and enable them to build a more balanced and diversified portfolio to grow their savings. Institutional investors will also be better able to manage their risk exposures through finer asset allocation of funds.

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