

## ASIFMA Exchange Control Mechanisms Summary

June 2020

- ASIFMA has published a benchmark review of volatility control mechanisms (VCM's) across Asia Pacific exchanges, representing the collective work of its members.
- Members recommend minimum VCM standards (in Red) to promote more robust and stable markets, but also highlighting international best practice (in Amber) and additional guidance (in Green). Discussions with exchanges and regulators in the region are underway to share perspectives as well as to confirm accuracy of the analysis.
- High level benchmarking is expressed in moon shapes for clarity and ease of comparison across market mechanisms within the open auction, continuous session and the closing auction.
- Detailed analysis behind these charts is available for members only.

## ASIFMA Regional Analysis - Minimum Standards for Exchange Control Mechanisms

#	Exchange Control	Recommendation	Hong Kong	China	Australia	Japan	Singapore	Malaysia	Indonesia	Thailand	Philippines	India	Korea	Taiwan
<b>Market Integrity Enhancements</b>														
1	Opening Auction: Price Limit	Minimum Standard	●	●	○	●	⓪****	●	⓪	⓪	⓪	●	●	●
2	Opening Auction: Delay / Extend	Guidance	○	○	●	●	○	○	○	○	○	○	●	●
3	Continuous Trading Controls: Daily Price Limits or VCM	Minimum Standard												
3a	- Continuous Trading: Daily Price Limits (Day high low)	Minimum Standard	○	●	○	●	○	●	⓪***	⓪***	⓪	●	●	●
3b	- Continuous Trading: Volatility Control Mechanism	Minimum Standard	⓪	○	●*****	●*****	●	●	○	○	●	○	●	●
4	Closing Auction: Price Limit	Minimum Standard	●	⓪	○	⓪	⓪****	⓪	⓪	⓪	⓪	*	●	●
5	Closing Auction: Delay / Extend	Guidance	○	○	○	○	○	○	○	○	○	*	●	●
6	Closing Auction Support for all stocks for adequate duration	Minimum Standard	●	⓪	●	●	●	●	●	●	●	*	●	●
7	Separate Session for Closing Auction	Minimum Standard	●	●	●	○	●	●	●	●	●	○	●	●
8	Adequate Transparency in Auction Session	Minimum Standard	●	●	●	⓪	⓪	●	○	●	●	*	●	●
9	Trade Cancellation Policy (including erroneous trades)	Minimum Standard	⓪	⓪	⓪	●	⓪	●	⓪	○	●	⓪	○	●
10	Randomised Open/Close Time	Best Practise	●	○	●	○	●	○	○	●	○	⓪	○	○
11	Market/Index Wide Circuit Breaker	Best Practise	○	○	○	○	○	●	●	●	●	●	●	○
12	Price Limit Matrix	Guidance	●	○	●	●	○	●	●	○	○	●	○	○
<b>Other Enhancements</b>														
13	Amend / Cancel Ability in Auctions	Minimum Standard	●	⓪	●	●**	●	●	●	●	●	*	●	●
14	Timely Market Data Publication	Minimum Standard	●	⓪	●	●	●	●	●	●	●	●	●	●
15	Trading at Closing Price (runoff)	Guidance	○	⓪	○	○	●	●	●	○	●	○	●	●

- Clear policy / mechanism in place which is effective per industry consensus
- ⓪ Policy / mechanism exists but is not effective, unclear, or well understood by the market
- Policy / mechanism does not exist

- \* No Auction Periods
- \*\* No Auction Period but amend/cancel allowed for at-auction
- \*\*\* Temporary measures introduced amidst COVID-19
- \*\*\*\* Will launch collars in the auction periods by est 2H 2021 (SG)
- \*\*\*\*\* TSE has a VCM, whereas PTS (Chi-X Japan, SBI JapanNext) do not
- \*\*\*\*\* AOT thresholds (e.g. reference price methodologies and price bands) are not harmonised between ASX and Chi-X

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