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2017 Annual General Meeting

21 September 2017

CEO Loh Boon Chye's Welcome Address

1. Good morning board members, fellow shareholders, ladies and gentlemen. Welcome and thank you for attending today's AGM.
2. The past financial year has been an eventful one, not just for SGX as a business, but also in the context of a shifting economic and political landscape. Amidst a challenging business environment, we focused on executing our strategic priorities, with the aim of building a sustainable business that can deliver long-term returns.
3. I am pleased to report that we have achieved a commendable set of results in FY2017 and would like to highlight some of the initiatives we have taken to strengthen the company – not only in terms of our business performance, but also in terms of enhancing trust and resiliency of the marketplace.

FY2017 Business Highlights: Equities and Fixed Income

4. Let me begin by giving you an overall picture of how we have performed across our key business segments. Our Equities strategy focused on building an ecosystem that supports companies throughout their business cycles, from pre-listing to post-listing. FY2017 saw efforts to reinforce this strategy. We increased partnerships with private fundraising platforms and government agencies, as we seek to establish ourselves as a facilitator for companies to access our capital markets.
5. We continue to build on our six key target sectors – namely Real Estate, Technology, Consumer, Healthcare, Maritime & Offshore Services, and Minerals, Oil & Gas.
6. As for post-listing support, we have partnered with brokers, profiling close to 100 corporates to over 1,000 institutional investors in 9 cities. We continued to roll out investor education activities and research reports, which have been very well received by both retail and institutional investors.

7. All of these efforts saw encouraging results in FY2017 where we had 23 new equity listings, compared to 21 a year ago. Notably, the total new and secondary equity funds raised went up by about 27% from S\$12.9 billion to S\$16.4 billion. IPOs, RTOs and secondary listings added a total of S\$6.7 billion in market capitalisation to our equities market, bringing us to a total market capitalisation of S\$1 trillion.
8. Our Securities Daily Average Value, or SDAV, increased 2% year-on-year, with strong momentum in the second half of the financial year, where SDAV was 15% higher than the preceding first half of the financial year.
9. This year also marks the 10th anniversary of Catalist. Over the course of FY2017, we continued to develop the platform by welcoming new sponsors and engaging more stakeholders. The platform saw a total of S\$1.9 billion in market capitalisation added through new equity listings, bringing the total market capitalization to S\$12 billion. The past financial year also registered a 45% year-on-year growth in SDAV.
10. In Fixed Income, we broadened the base of new issuers, increased our range of listed debt securities and worked with intermediaries to grow our bond listings. We welcomed over 800 bond listings in the financial year, raising close to S\$400 billion, both of which represent a more than two-fold increase year-on-year. We also have a 40% market share in new G3 issuance, meaning 40% of new issuances denominated in USD, Euro and the Japanese Yen have a listing on SGX.

FY2017 Business Highlights: Derivatives

11. Moving on to our Derivatives business, we focused on building our platform and enhancing distribution. We successfully launched our derivatives platform, known as SGX Titan, where our derivatives members and participants can manage their positions round the clock. It trades now for 22 hours round the clock, 5 days in a week.
12. Our initiatives saw a growth in market share across almost all of our key derivative products. Despite a year of low volatility, our equity derivatives proved to be resilient, as we have sustained an increase in market share of our China, India and Taiwan contracts. Liquidity improved across the portfolio with average month-end open interest up 13% year-on-year.
13. We have also made significant headway in building our iron ore business, where SGX is a leader in seaborne iron ore and dry bulk freight derivatives, growing our market share of the offshore market for iron ore derivatives to almost 94%.
14. In FY2017, we completed the acquisition of the Baltic Exchange, supplementing our iron ore business. Going forward, we will leverage on the Baltic Exchange to further grow our existing freight derivatives business, by potentially developing new freight derivative products and benchmarks for other complementary

commodities such as LNG.

15. Our foreign exchange (FX) contracts have also performed very well, particularly the USD/CNH and INR/USD futures contracts, where our market shares are more than 70% and 40% respectively. Our FX futures volumes are experiencing strong momentum and beginning to reach critical mass. Last month, we achieved the highest total trading volume for our FX futures since their launch 4 years ago in 2013.

FY2017 Business Highlights: Market Data and Connectivity

16. Last but not least, I am also excited to see the growth of our Market Data & Connectivity business following our key initiatives in the financial year, where we expanded our co-location facility and our suite of SGX Proprietary Indices.
17. Our expanded co-location facility ensured our ability to meet the strong demand for co-location services, in conjunction with the launch of SGX Titan. The creation of new indices enables us to better cater to the needs of investors. In the financial year, we launched our first smart beta index, the Developed Asia ex Japan Quality Index, which was tailored to meet investor demand for a risk weighted index. New indices could in turn give rise to new products. One example of such would be the Phillip SGX APAC Dividend Leaders REIT ETF, the first ETF which tracks an index created by our very own SGX Index Edge.

Building Trust and Market Resiliency

18. As the main market platform operator in Singapore, it is critical that our infrastructure is operationally resilient and trusted by our market participants. In this regard, a key priority for SGX was to enhance the robustness of our technological and crisis management infrastructure so as to ensure market continuity. We developed what we call an ECC, or Enterprise Command Centre, to improve monitoring and provide a better line of sight into the status and availability of our infrastructure. We also conducted regular business continuity exercises which involved our members.
19. As a premier risk management venue in Asia, it is important that SGX is able to navigate the ever changing regulatory landscape. International regulatory bodies have introduced many regulations after the 2008 financial crisis. SGX has placed much emphasis on ensuring that we are attuned to the regulatory developments and hold all the necessary “international passports” to offer clearing services to US and European customers.
20. Perhaps one of the more significant developments for us on the regulatory front was the establishment of a subsidiary company – Singapore Exchange Regulation or SGX RegCo – which would undertake our regulatory function. This move will enhance the governance of SGX as a self-regulatory organisation, by making more

explicit the segregation of SGX RegCo's regulatory functions from SGX's commercial and operating activities.

21. We warmly welcome Professor Tan Cheng Han as the chairman of SGX RegCo, which started operations on the 15 of September.

Building for Future Success: FY2018 Strategic Priorities

22. Looking forward in FY2018, we will focus on three strategic priorities, namely, (1) to grow across asset classes and geographies, (2) advance our securities market and (3) continuing to optimize resources and control costs.
23. To further reinforce our branding as Asia's most international and multi-asset exchange, we will continue to grow our asset classes and geographies. We will expand our products suite in our fixed income and FX portfolios. These two areas were strategically chosen, based on first, the size of the potential market; second, existing ecosystem in Singapore to cater for growth in these areas; and third, SGX has the products and infrastructure in place to grow in these areas.
24. FX as an asset class that is the largest off-exchange market globally, with almost US\$5 trillion traded daily. Regulatory forces are pushing for greater transparency in this space, which will gradually shift these transactions onto the exchange. We are well-positioned to tap on opportunities arising from this, with Singapore being the largest FX centre in Asia Pacific, where we trade over half of US\$1 trillion daily. Currently, we have 21 currency futures contracts and we aim to complete the Asian FX products suite. We will grow this asset class by promoting it to our existing derivatives client base as a complementary risk hedging or margin offsetting instrument to their portfolio.
25. Fixed Income is a market comparable to that of the equity market, with the Asia (ex-Japan) bond market at US\$14 trillion. Leveraging on Singapore's status as one of the more developed financial centres in the region, our status as the leading listing venue for fixed income securities puts us in a good position to develop capabilities in the Asian local currency bond markets and establish our own trading platform, known as Bond Pro, as the leading G3 Asian bond trading platform. We will also look towards increasing our distribution in our offices overseas, and investing strategically in opportunities for growth.
26. Our second strategic priority is to advance our securities market and strengthen SGX's position as a key international venue for capital raising. We will continue to strengthen our IPO strategy to build on an ecosystem that can attract both homegrown companies and international companies, and support more primary and secondary listings. We will sustain our initiatives to build liquidity, such as our market maker and liquidity provider programmes, investor outreach and engagement of market participants. We will also continue to step up our research and profiling efforts of our listed companies. We are expanding our suite of

products to encourage liquidity, such as the introduction of the Daily Leverage Certificates (DLCs). Since its launch in mid-July about 2 months ago, it has generated a total turnover of more than S\$800 million. We hope that taken together, these initiatives will keep our securities market growing.

27. Our third priority is to optimise our resources and align our expenses with business growth. Our commitment to cost discipline has enabled us to deliver a flat revenue-expense jaw for FY2017 compared to a negative revenue-expense jaw in FY2016. This will also enable us to invest strategically in the future, for the future.

Appreciation of Support

28. To stay ahead of global competition, we must innovate and be nimble to respond to the demands and needs of market participants. To do so, we will need to engage with all market participants where necessary, seek public consultations to make adjustments to the market. When we do make changes, we seek your understanding that what works for one group of stakeholders may not work for another. We are constantly trying our best to balance the diverse interests of our stakeholders.

29. With the support of all stakeholders, I believe that we can together, build a vibrant market and ecosystem for investors and issuers alike. On behalf of SGX, thank you for your being our shareholder. We have received significant support from you in our initiatives and actions to improve the marketplace. Sincerely hope you will continue to journey with us as we work hard to deliver greater value to all our stakeholders.

30. Thank you very much.