

Appendix

Examples for Dynamic Price Band

Dynamic Price Band (DPB) sets out limits around the Reference Price (RP). Any buy orders above the reference price plus a fixed value or a percentage of the reference price (“upper band”), or any sell orders below the reference price minus a fixed value or a percentage of the reference price (“lower band”) will be rejected by the Exchange Trading Platform. Additionally, DPB with decimals will be rounded-in to the nearest tick (the upper band will be rounded-down and the lower band will be rounded-up) by the Exchange Trading Platform.

This document states the various scenarios in determining the reference price of the DPB. The sections comprise of first and subsequent pre-opening session(s) and the continuous trading sessions.

For illustration purposes, the DPB is assumed to be the RP +/- 1%. All DPB with decimals will be rounded-in to the nearest whole number.

PRE-OPENING SESSION

Example 1: First Pre-opening Session

For the first pre-opening session of a Trading Day, the RP will be the **previous day’s Daily Settlement Price (DSP)** throughout the entire duration of the pre-opening session.

Previous Day’s DSP	Reference Price	Lower Band	Upper Band
688	688	682 (688 * 0.99)	694 (688 * 1.01)

In this example, the RP will be **688**, which is the same as previous day’s DSP. Throughout the first pre-opening session, the price band will range from 682 to 694. Any buy orders above 694 and any sell orders below 682 will be rejected.

Example 2: Subsequent Pre-Opening Session(s)

For the subsequent pre-opening sessions, the RP will be the **latest reference price from the trading session prior to the given pre-opening session**. The price band will be calculated according to the same methodology as above and will **apply to the entire duration of the given pre-opening session**.

CONTINUOUS TRADING SESSION

For the continuous trading sessions, the RP may be:

- (i) The last traded price; or
- (ii) The best Bid price if it is higher than the last traded price; or
- (iii) The best Offer price if it is lower than the last traded price.

Example 3: Last Traded Price

Last Traded Price	Best Bid	Best Offer	Reference Price	Lower Band	Upper Band
691	677	699	691	685 (691 * 0.99)	697 (691 * 1.01)

In this example, the best Bid is not higher than the last traded price, and the best Offer is not lower than the last traded price. As a result, the RP will be **691**, which is the last traded price. The price band will range from 685 to 697. Any buy orders above 697 and any sell orders below 685 will be rejected.

***If the last traded price is not available, the previous day’s DSP will be used to compare against the best Bid and best Offer to determine the RP.**

Example 4: New Limit Order

Last Traded Price	Best Bid	Best Offer	Reference Price	Lower Band	Upper Band
691	693 (New)	699	693 (New)	687 (693 * 0.99)	699 (693 * 1.01)

In addition to the previous example, there is a new best Bid of 693. The new RP will be **693** as the best Bid (693) is higher than the last traded price (691). Therefore, the new price band will range from 687 to 699. Any buy orders above 699 and any sell orders below 687 will be rejected.

Example 5: New Matched Trade

Last Traded Price	Best Bid		Best Offer	
	Bid Price	Order Size	Offer Price	Order Size
691	693	20	692 (New)	50

In addition to the previous example, there is a new best Offer of 692. The sell orders will be partially matched and the latest traded price will be 692 (according to 3-Price Median Methodology). For more information about 3-Price Median Methodology, please refer to <https://www.asiapacificex.com/Trading/Trading-Related-Information/253.html>

Last Traded Price	Best Bid	Best Offer	Reference Price	Lower Band	Upper Band
692	-	692	692 (New)	686 (692 * 0.99)	698 (692 * 1.01)

After the matched trade, there are no remaining buy orders. The new RP will be **692** (last traded price), as the best Offer is not lower than the last traded price. The price band will range from 686 to 698. Any buy orders above 698 and any sell orders below 686 will be rejected.

Example 6: Order Cancellation

Reference Price	Last Traded Price	Best Bid		Best Offer	
		Bid Price	Order Size	Offer Price	Order Size
685	688			700	10
				690	10
				685	30
		680	10		
		679	10		

According to the current order book and last traded price shown in the table above, the RP is 685 as the best Offer (685) is lower than the last traded price (688).

Reference Price	Last Traded Price	Best Bid		Best Offer	
		Bid Price	Order Size	Offer Price	Order Size
685 (Previous)	688			700	10
				690	10
688 (New)				685	30
		680	10		
		679	10		

After the cancellation of the sell order (685, 30 lots), the new RP becomes **688** (last traded price), as the new best Offer (690) is not lower than the last traded price. Similarly, the best Bid is not higher than the last traded price. The price band will range from 682 to 694. Any buy orders above 694 and any sell orders below 682 will be rejected.

Example 7: New Market Order

If a new market order comes in, only resting orders on its opposite side within the DPB will be taken up.

With reference to Example 6, the RP will be **688** after the order cancellation. The price band will then range from 682 to 694. If there is a market buy order of 20 lots, it will be partially filled (10 lots at 690).

Example 8: Price Limit and DPB

If a Product has a price limit, the order price will be subjected to both price limit and DPB.

For this example, the DPB is assumed to be RP +/- 2% and the price limit is assumed to be +/- 5%. All DPB and price limits with decimals will be rounded-in to the nearest whole number.

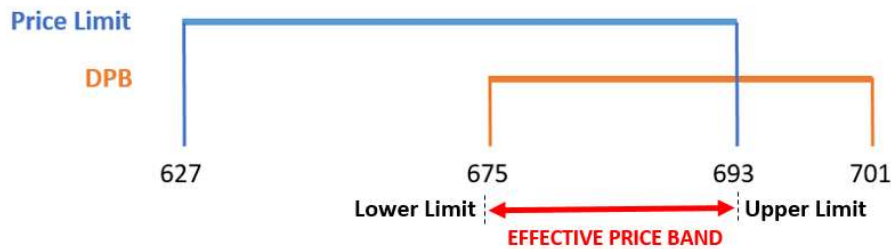
Changes to Lower Limit



The price band of the current RP (660) is between 647 and 673. The price limit of previous day's DSP (688) is between 654 and 722.

As the lower price limit falls within the DPB, the effective price band will range from 654 to 673.

Changes to Upper Limit



The price band of the current RP (688) is between 675 and 701. The price limit of previous day's DSP (660) is between 627 and 693.

As the upper price limit falls within the DPB, the effective price band will range from 675 to 693.