

Frequently Asked Questions (FAQs) on the New Short Selling Regulation:

1. How are the regulation changed? When does it take effect?

- SET has tightened short selling regulation, only for the price rule, in which short selling could be transacted only at uptick rule (the price higher than the last trading price), instead of at zero plus tick (the price not lower than the last trading price) as currently used.
- This new rule takes effect starting from the afternoon trading session of March 13, 2020 and will be last no longer than June 30, 2020.

2. How will the exchange oversee and monitor the short selling in accordance with the new rule?

- Following the original rule, The Exchange's system automatically monitors short selling prices. However, this new adjustment is a temporary measure, SET, therefore, uses a post-audit method to ensure that all short selling transaction comply with the SET's rule strictly. Verification and request for additional documents to ensure compliance with such regulation may be asked as the Exchange deems fit.

3. How do members handle with the new rule?

- SET requests cooperation for members to communicate with all investors regarding the rule changes and take measures to ensure compliance with the rule. Given the new regulation is imposed temporarily, members, therefore, do not need to modify their systems. However, if members want to modify the system to support new rule, members must notify the Exchange accordingly.
- Since the new rule became effective immediately, members using automated program trading may not be able to modify the system to support the new rule in short period. Members should immediately file a request for a waiver from SET.

4. Can a market maker perform as usual?

- Market makers for Depositor of the Receipt (DR), Derivatives Warrant (DW), Exchange Traded Fund (ETF), and Single Stock Futures, can continue to operate as usual and are not obliged to the new short selling rule.