

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA DEPOSITORY SDN. BHD.
IN RELATION TO SECURITIES BORROWING AND LENDING NEGOTIATED TRANSACTIONS**

EXISTING PROVISIONS		PROPOSED PROVISIONS	
Rule 25.04A	<p>Authorisation for Bursa SBL Transaction:</p> <p>(1) Authorisation: The Depository shall be authorised by a depositor to effect any debit or credit entries in the depositor’s securities account upon the instructions of the Clearing House in accordance with the SBL Conditions or authorisation given by the depositor to the Clearing House, where a Bursa SBL Transaction has been executed for which the depositor’s securities account is to be used for delivery of securities into or from such securities account.</p> <p>(2) Definition: For the purposes of this Rule -</p>	Rule 25.04A	<p>Authorisation for Bursa SBL Transaction or SBL Negotiated Transaction:</p> <p>(1) Authorisation: The Depository shall be authorised by a depositor to effect any debit or credit entries in the depositor’s securities account upon the instructions of the Clearing House in accordance with the SBL Conditions, the Rules of the Clearing House or authorisation given by the depositor to the Clearing House, where a Bursa SBL Transaction or a SBL Negotiated Transaction has been executed or agreed or for which the depositor’s securities account is to be used for delivery of securities into or from such securities account.</p> <p>(2) Definition: For the purposes of this Rule -</p> <p>“Approved SBLNT Borrower”</p> <p>means a person whose application to participate as a borrower in SBL Negotiated Transactions either to borrow for itself or its client, has been approved by the Clearing House.</p> <p>“Approved SBLNT Lender”</p> <p>means a person whose application to participate as a lender in SBL Negotiated Transactions, either to lend its own securities or securities owned by its client, has been</p>

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	<p>“Bursa SBL” means the securities borrowing and lending business established and operated by the Clearing House acting as a central lending agency;</p> <p>“Bursa SBL Transaction” means <i>the</i> securities borrowing and lending transaction <i>entered into between the Clearing House and a person enabling the Clearing House to borrow or lend Eligible Securities from or to such person as the Clearing House may determine</i>;</p> <p>“Eligible Securities” means the securities prescribed by the Clearing House in the SBL Circulars from time to time as approved for lending to or borrowing <i>from the Clearing House</i>;</p> <p>“SBL Circulars” means any circulars, guidelines, procedures, terms and conditions and all other written requirements as may be prescribed and issued from time to time by the Clearing House, whether or not electronically, relating to the Bursa SBL <i>and/or</i> the SBL Conditions <i>and/or</i> the transactions contemplated under the SBL Conditions; <i>and</i></p> <p>“SBL Conditions” means the prescribed application to be approved as a Lending Participant together with the Bursa SBL (Terms and Conditions for Lending Participant and</p>		<p>approved by the Clearing House.</p> <p>“Bursa SBL” means the securities borrowing and lending business established and operated by the Clearing House acting as a central lending agency;</p> <p>“Bursa SBL Transaction” means a securities borrowing and lending transaction where Eligible Securities are borrowed from or lent to the Clearing House acting as a central lending agency;</p> <p>“Eligible Securities” means the securities prescribed by the Clearing House in the SBL Circulars from time to time as approved for lending to or borrowing either in a Bursa SBL Transaction or a SBL Negotiated Transaction;</p> <p>“SBL Circulars” means any circulars, guidelines, procedures, terms and conditions and all other written requirements as may be prescribed and issued from time to time by the Clearing House, whether or not electronically, relating to the Bursa SBL Transactions, the SBL Negotiated Transactions, the SBL Conditions or the transactions contemplated under the SBL Conditions;</p> <p>“SBL Conditions” means the prescribed application to be approved as a Lending Participant together with the Bursa SBL (Terms and Conditions for Lending Participant and Lender) or the prescribed application to be approved as a Borrower</p>

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	Lender) or the prescribed application to be approved as a Borrower together with the Bursa SBL (Terms and Conditions for Borrower) individually or collectively, as the context may require, as may be amended, modified or varied from time to time, and shall include the SBL Circulars for the time being in force.		together with the Bursa SBL (Terms and Conditions for Borrower) individually or collectively, as the context may require, as may be amended, modified or varied from time to time, and shall include the SBL Circulars for the time being in force; and “SBL Negotiated Transaction” means a securities borrowing and lending transaction entered into between an Approved SBLNT Lender and an Approved SBLNT Borrower where the parties may negotiate and agree on the terms of the transaction and the transaction is facilitated by the Clearing House in accordance with the Rules of the Clearing House.
Rule 26.08	<p>Pledging:</p> <p><i>Pursuant to section 40 of the Act and subject to Rule 25.02B, any person (hereinafter in this rule referred to as “a pledgee”) intending to accept any deposited securities which have been pledged or charged by another person (hereinafter in this rule referred to as “a pledgor”) to the pledgee shall, if he does not already have a pledged securities account, open a securities account solely for the purposes of handling pledged deposited securities.</i></p>	Rule 26.08	<p>Pledging:</p> <p>Subject to Rule 25.02B and Rule 33.09(6), any person (hereinafter in this rule referred to as “the pledgee”) intending to accept any deposited securities which have been pledged or charged by another person to the pledgee may use a securities account designated as a “pledged securities account” and maintained in the name of any of the following persons to hold the pledged securities:-</p> <ul style="list-style-type: none"> (a) The pledgee; (b) The pledgee’s wholly owned nominee company; or (c) A custodian which is a body corporate appointed by the pledgee.

“ANNEXURE 1”

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EXISTING PROVISIONS		PROPOSED PROVISIONS	
			Where the said securities account is designated as a “pledged securities account”, such account must be used solely to hold pledged securities.
Rule 33.04	<p>Mechanics of pledged securities accounts:</p> <p>(1) Establishment of accounts: Accounts which have been designated as pledged securities accounts may subject to Rule 33.09(1A) be established or opened –</p> <p style="padding-left: 40px;">(a) subject to Rule 33.05, by an authorised depository agent on behalf of the Depository for its clients; or</p> <p style="padding-left: 40px;">(b) by an authorised depository agent or an authorised direct member, as the case may be, in the name of its wholly owned nominee or company for itself.</p> <p>(2) Operation of accounts: A pledged securities account shall be credited with any deposited securities pledged, charged, mortgaged or otherwise encumbered (hereinafter referred to as “pledged deposited securities”) by any <i>depositor</i> (hereinafter referred to as “the pledgor”) in favour of <i>the account holder</i> (hereinafter referred to as “the pledgee”) and shall be debited with such securities upon any of the following circumstances -</p>	Rule 33.04	<p>Mechanics of pledged securities accounts:</p> <p>(1) (No change)</p> <p>(2) Operation of accounts: A pledged securities account shall be credited with any deposited securities pledged, charged, mortgaged or otherwise encumbered (hereinafter referred to as “pledged deposited securities”) by any person (hereinafter referred to as “the pledgor”) in favour of another person (hereinafter referred to as “the pledgee”) and shall be debited with such securities upon any of the following circumstances -</p>

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	<p>(a) a release or discharge of the said, pledge, charge, mortgage or encumbrance; or</p> <p>(b) a sale or disposal of such securities by the pledgee.</p>		<p>(a) a release or discharge of the said, pledge, charge, mortgage or encumbrance; or</p> <p>(b) a sale or disposal of such securities by the pledgee.</p>
(3)	<p>Release and discharge: Where a pledge, charge, mortgage or an encumbrance over any pledged deposited securities has been released or discharged, the Depository or the authorised depository agent, as the case may be, shall upon <i>receipt of a notice from the pledgee</i> transfer such securities into <i>the securities account of the pledgor</i>.</p>	(3)	<p>Release and discharge: Where a pledge, charge, mortgage or an encumbrance over any pledged deposited securities has been released or discharged, the Depository or the authorised depository agent, as the case may be, shall upon request by the pledged securities account holder transfer such securities into a securities account held by or for the pledgor.</p>
(4)	<p>Sale of pledged securities: Notwithstanding anything contained in these Rules, the Depository shall not be liable in respect of any sale by a pledgee of the pledged deposited securities pursuant to an exercise of any right or power of sale, disposal or otherwise. The Depository shall not be bound to inquire into the existence of any such right or power or on whether or not any right or power exercised or purported to be exercised by a pledgee has become exercisable or otherwise whatsoever.</p>	(4)	(No change)