

**PARTICIPATING ORGANISATIONS' CIRCULAR**

Date : 22 November 2007

No : R/R 19 OF 2007

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD  
("RULES OF BURSA SECURITIES") PERTAINING TO ORDERLY AND FAIR  
MARKET**

Kindly be advised that the Rules Bursa Securities has been amended and the same are contained in the attachment enclosed herewith as 'Attachment 1' ("the said Amendments").

The said Amendments are with the objective of enhancing the provision of an orderly and fair market and shall take effect from 5 December 2007.

The Exchange will be conducting a briefing on the said Amendments to all Heads of Dealing and Compliance Officers at a date to be notified.

All rules, directives, circulars in force which make reference or contain provisions relating to the above matters shall have effect from the date hereof as if such reference or provisions relate the amendments made herein.

This Circular is available at

[http://www.bursamalaysia.com/website/bm/rules\\_and\\_regulations/bursa\\_rules/bm\\_securities.html](http://www.bursamalaysia.com/website/bm/rules_and_regulations/bursa_rules/bm_securities.html)

In the event of any queries in relation to the said Amendments kindly contact the following persons:

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**LEGAL ADVISORY AND CORPORATE LEGAL AFFAIRS**

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PERTAINING TO ORDERLY AND FAIR MARKET

Existing Rules		Amended Rules	
201.1(2)	<p><b>Description of powers:</b> Subject to the provisions of the Securities Laws, the Exchange may exercise its powers in such manner and on such terms as it shall deem necessary or expedient and which powers shall include, without limitation, the following:</p> <p>(a) to (l) [Existing Rule]</p> <p>(m) to require the Participating Organisations to submit reports, information and/or documents to the Exchange; <i>and</i></p> <p>(n) to exercise all such other powers as may be necessary for purposes of monitoring compliance with and enforcement of these Rules.</p>	201.1(2)	<p><b>Description of powers:</b> Subject to the provisions of the Securities Laws, the Exchange may exercise its powers in such manner and on such terms as it shall deem necessary or expedient and which powers shall include, without limitation, the following:</p> <p>(a) to (l) [No change]</p> <p>(m) to require the Participating Organisations to submit reports, information and/or documents to the Exchange;</p> <p>(n) to exercise all such other powers as may be necessary for purposes of monitoring compliance with and enforcement of these Rules; <b>and</b></p> <p><b>(o) to exercise any powers and take any action for the purpose of maintaining an orderly and fair stock market.</b></p>
	<b>New Rules</b>	303.2(3)	<b>Responsibility of Participating Organisation: The Participating Organisation shall be responsible for all acts of its registered person(s).</b>
404.3(6)	<p><b>Client's order:</b> Every Participating Organisation shall ensure that its Dealer's Representatives carry out client's instructions with proper skill, care and diligence and give priority to execution of orders given by the clients in the sequence in which they are received, regardless of whether it is individual client or institutional client. <i>No Participating Organisation shall, prior to obtaining written authorisation from a client, accept or act on any instruction received from any other person</i></p>	404.3(6)	<p><b>Client's order:</b></p> <p><b>(a)</b> Every Participating Organisation shall ensure that its Dealer's Representatives carry out client's instructions with proper skill, care and diligence and give priority to execution of orders given by the clients in the sequence in which they are received.</p> <p><b>(b)</b> No Participating Organisation, <b>Head of Dealing and Dealer's Representative</b> shall, prior to obtaining written authorisation from a client, accept or act on any instruction received from any other person purporting to</p>

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Existing Rules		Amended Rules	
	<i>purporting to act on behalf of that client.</i>		act on behalf of that client.
	<b>New Rules.</b>	<b>404.4(8)</b>	<b>Arrangement with Clients:</b> Except where expressly permitted by the Exchange, no Participating Organisation, Head of Dealing and Dealer’s Representative shall – (a) accept a share in the profits of a client’s accounts or have any arrangement with a client to share in the profits of the client’s account; (b) have any arrangement with a third party to allocate profits or losses in a client’s account; and (c) lead a client to believe that the client will not suffer loss as a result of opening an account or dealing in securities.
	<b>New Rules.</b>	<b>404.4(9)</b>	<b>Unauthorised Trading Through Client’s Account:</b> No Participating Organisation, Head Of Dealing and Dealer’s Representative shall – (a) execute their personal trades in the account of a client; or (b) use a client’s account to trade for a third party.
604.1	<b>DECLARATION</b> (1) Notwithstanding any Rules to the contrary, the Exchange – (a) may, upon notification to the Commission,	604.1	<b>DESIGNATED SECURITIES</b> (1) Notwithstanding any Rules to the contrary, the Exchange- (a) may, upon notification to the Commission, declare any listed securities as “Designated Securities” if in its opinion there has been manipulation or

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Existing Rules		Amended Rules	
	<p>declare any listed securities as “Designated Securities” if in its opinion there has been manipulation or excessive speculation on such listed securities; or</p> <p>(b) shall, as directed by the Commission, declare <i>any listed securities</i> as “Designated Securities”; and</p> <p>(c) impose the declaration for such period as the Exchange may or, as the case may be, if in the case of a direction by the Commission, as the Commission may, deem fit,</p> <p>and shall make that declaration known to the public in such manner as the Exchange may decide.</p>		<p>excessive speculation on such listed securities; or</p> <p>(b) shall, as directed by the Commission, declare any securities <b>quoted on the Official List</b> as “Designated Securities”; and/or</p> <p>(c) impose the declaration for such period as the Exchange may or, as the case may be, if in the case of a direction by the Commission, as the Commission may, deem fit,</p> <p>and shall make that declaration known to the public in such manner as the Exchange may decide.</p>
604.1	<p>(2) For so long as the declaration remains in force, the Exchange may impose <i>all or any of the following conditions</i> -</p> <p>(a) a margin of cover on all dealings relating to such Designated Securities;</p> <p>(b) a restriction on all such dealings to delivery before sale bargains;</p> <p>(c) a restriction on all trading in the Designated Securities by a Participating Organisation to the extent that the outstanding contracts of that Participating Organisation in respect of the Designated</p>	604.1	<p>(2) For so long as the declaration remains in force, the Exchange may impose any conditions <b>on the dealings of the Designated Securities, including the following conditions:-</b></p> <p>(a) a margin of cover on all dealings relating to such Designated Securities;</p> <p>(b) a restriction on all such dealings to delivery before sale bargains;</p> <p>(c) a restriction on all trading in the Designated Securities by a Participating Organisation to the extent that the outstanding contracts of that Participating Organisation in respect of the Designated Securities at any one time do not exceed five per cent (5%) of the paid-up capital of the Issuer whose securities have been so designated or such other percentage as the Exchange may from time to time direct;</p>

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	<p>Securities at any one time do not exceed five per cent (5%) of the paid-up capital of the Issuer whose securities have been so designated or such other percentage as the Exchange may from time to time direct;</p> <p>(d) a prohibition on any sale of the Designated Securities unless the seller delivers the Designated Securities to the Participating Organisation at the time of entering into the contract sale;</p> <p>(e) prohibition of the use of margin financing for purchase transactions of Designated Securities;</p> <p>(f) any other conditions as the Exchange thinks fit.</p> <p>(3) Any condition or conditions imposed by the Exchange under this Rule 604 shall apply, whenever applicable, to all outstanding contracts entered into before or after the date when such securities were declared as "Designated Securities" as from the date of such declaration.</p> <p>(4) The Exchange may withdraw the declaration at its absolute discretion <i>if the Exchange is of the opinion that the Designated Securities are free from manipulation or excessive speculation.</i></p>		<p>(d) a prohibition on any sale of the Designated Securities unless the seller delivers the Designated Securities to the Participating Organisation at the time of entering into the contract sale;</p> <p>(e) prohibition of the use of margin financing for purchase transactions of Designated Securities;</p> <p>(3) Any condition or conditions imposed by the Exchange under this Rule 604 shall apply, whenever applicable, to all outstanding contracts entered into before or after the date when such securities were declared as "Designated Securities" as from the date of such declaration.</p> <p>(4) The Exchange may withdraw the declaration at its absolute discretion <b>or as directed by the Commission, in the case where the direction to designate the securities as “Designated Securities” is given by the Commission pursuant to Rule 604.1(1).</b></p>

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605.1	<p><b>DECLARATION</b></p> <p>(1) <i>Notwithstanding any Rules to the contrary, the Exchange –</i></p> <p>(a) Whenever it is of the opinion that a corner situation has been created or arisen in any securities (“Affected Securities”), or a single interest or group has acquired such control of the Affected Securities that the same cannot be obtained for delivery on existing contracts except at prices and on terms dictated by such interest or group, the Exchange may, upon notification to the Commission, by a resolution declare that a corner situation exists in such Affected Securities; or</p> <p>(b) shall, as directed by the Commission, declare that a corner situation exists in respect of any securities (also known as “Affected Securities”).</p> <p>(2) Upon such declaration, the Exchange shall have the power to do any one or more of the following -</p> <p>(a) to postpone the time for deliveries of the Affected Securities to such time as may be fixed by the Exchange or until further action by the Exchange;</p> <p>(b) from time to time to extend further the</p>	605.1	<p><b>DECLARATION</b></p> <p><b>(1) The Exchange may declare a corner situation in any securities (“the Affected Securities”) in the following circumstances:-</b></p> <p>(a) where it is of the opinion that a single interest or group has acquired such control of a securities <b>and that the same cannot be obtained for delivery</b> except at prices and on terms dictated by such interest or group, <b>or it is otherwise desirable in the interest of an orderly and fair market;</b> or</p> <p>(b) <b>where directed by the Commission.</b></p> <p><b>(2) Upon such declaration, the Exchange shall have the power to impose any conditions as it deems fit, including the following: -</b></p> <p>(a) to postpone the time for delivery of the Affected Securities to such time as may be fixed by the Exchange or until further action by the Exchange;</p> <p>(b) extend further the time of deliveries;</p> <p>(c) to declare that if the Affected Securities is not delivered on any contract at or before the time which has been fixed by the Exchange for such delivery such contract shall be settled not by delivery but by payment -</p> <p>(i) in the case of a seller who contracted to sell to the buyer at the price lower than the fair settlement price, by the seller to the buyer, of the difference between the fair settlement price and the contract price;</p> <p>(ii) in the case of a seller who contracted to sell at a higher price than the fair settlement price, by the buyer to the seller, of the</p>

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Existing Rules		Amended Rules	
	<p>time of deliveries;</p> <p>(c) to declare that if the Affected Securities is not delivered on any contract at or before the time which has been fixed by the Exchange for such delivery such contract shall be settled not by delivery but by payment -</p> <p>(i) in the case of a seller who contracted to sell to the buyer at the price lower than the fair settlement price, by the seller to the buyer, of the difference between the fair settlement price and the contract price;</p> <p>(ii) in the case of a seller who contracted to sell at a higher price than the fair settlement price, by the buyer to the seller, of the difference between the contract price and the fair settlement price;</p> <p>(iii) in the case of a buyer who contracted to buy from the seller at a price higher than the fair settlement price, by the buyer to the seller, of the difference between the contract price and the fair settlement price;</p> <p>(iv) in the case of a buyer who contracted to buy from the seller at a price lower than the fair</p>		<p>difference between the contract price and the fair settlement price;</p> <p>(iii) in the case of a buyer who contracted to buy from the seller at a price higher than the fair settlement price, by the buyer to the seller, of the difference between the contract price and the fair settlement price;</p> <p>(iv) in the case of a buyer who contracted to buy from the seller at a price lower than the fair settlement price, by the seller to the buyer, of the difference between the fair settlement price and the contract price.</p> <p>(3) The fair settlement price shall be determined in accordance with Rule 605.2 and shall be binding and conclusive on all parties to any outstanding contract dealings in the Affected Securities.</p>

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Existing Rules		Amended Rules	
	<p>settlement price, by the seller to the buyer, of the difference between the fair settlement price and the contract price.</p> <p>(3) The fair settlement price shall be determined in accordance with Rule 605.2 and shall be binding and conclusive on all parties to any outstanding contract dealings in the Affected Securities.</p>		
	<p><b>New Rule</b></p>		<p><b>RULE 1306.5 DISAPPLICATION</b></p> <p>(1) <b>Disapplication:</b> For the avoidance of doubt, the disciplinary proceedings stipulated in Rule 1303 shall be disapplicable in relation to any actions taken under Rule 201.1(2)(o).</p> <p>(2) <b>Representations:</b> Where an action is taken under Rule 201.1(2)(o), a Participating Organisation, a Head of Dealing or a Dealer’s Representative may make representations to the Exchange for the discontinuance of the action taken. The Exchange may, after considering the representations made, discontinue with the action taken. However such discontinuance shall not be construed as an omission or error of any kind on the part of the Exchange in undertaking the action under Rule 201.1(2)(o) in the first place.</p> <p>(3) <b>Extent of actions:</b> In the event that the Exchange undertakes any of the actions under Rule 201.1(2)(o) directed against a Participating Organisation, a Head of Dealing or a Dealer’s Representative or the clients of the Participating Organisation, Head of Dealing or Dealer’s Representative, such actions shall also be applicable and be binding to any person who is the proxy, agent, nominee or acting in concert with that Participating Organisation, Head of Dealing or Dealer’s Representative or that particular client of the Participating Organisation,</p>



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			<p>Head of Dealing or Dealer’s Representative, as the case may be.</p> <p>(4) <b>Liability of the Exchange:</b> The Exchange shall not be held liable for any loss or damage suffered by any party arising or in connection with the action taken by the Exchange under Rule 201.1(2)(o).</p> <p>(5) <b>Public notification:</b> The Exchange shall have the power to publish in the local newspapers, circulars, and/or any other public medium or in any other mode or manner, as it deems fit or expedient, the action it has taken under Rule 201.1(2)(o).</p>