

## PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 16 February 2005

No.: R/R 2 of 2005

### ESTABLISHMENT OF BRANCH OFFICES AND ELECTRONIC ACCESS FACILITIES ("EAF") AND ELECTRONIC ACCESS FACILITIES-PERMITTED ACTIVITIES ("EAF-PA") BY ELIGIBLE NON-UNIVERSAL BROKERS.

In respect of the above matter, please be informed that pursuant to Section 9(7) of the Securities Industry Act 1983 and in line with the Securities Commission's "Guidelines On The Establishment and Location of a Branch Office By Universal Brokers and Eligible Non-Universal Broker" issued on 5 November 2004, the following shall apply, with effect from 5 November 2004:

- (a) Rule 504 of the Rules of Bursa Malaysia Securities Berhad ("Rules of Bursa Securities") has been amended to provide that where a Participating Organisation which is a Non-Universal Broker, has acquired and surrendered to the Securities Commission, the licence of **at least** one other Participating Organisation ("the Eligible Non-Universal Broker"), it shall be allowed to establish a maximum of four (4) branch offices in addition to the branch office which the Participating Organisation is already entitled to establish under Rule 504.1(1)(c) unless directed otherwise by Bursa Malaysia Securities Bhd ("the Amendment"). A copy of the Amendment is attached herein as Annexure 1.
- (b) the Eligible Non-Universal Broker shall be allowed to establish EAFs and/or EAF-PAs defined under Members' Circular No. R/R 7 of 2001 and Members' Circular No. R/R 10 of 2002. Pursuant to the aforementioned and the Amendment as stipulated under item (a), the Eligible Non-Universal Broker may establish any combination of EAF/s, EAF-PA/s and/or branch office/s, provided always that the establishment of any of the above or a combination thereof does not exceed four (4).

In this regard, the provisions stipulated under Members' Circular No. R/R 7 of 2001 and Members' Circular No. R/R 10 of 2002 shall apply to EAFs and EAF-PAs proposed to be established by the Eligible Non-Universal Brokers, except for clause 2.1.1(d)(iii) and clause 2.1.1(d)(iv) of Members' Circular No. R/R 10 of 2002 and all provisions therein related to the aforementioned clauses. In addition to this, all references to "Executive Director Compliance" in Members' Circular No. R/R 7 of 2001 and Members' Circular No. R/R 10 of 2002, shall be read, in the case of Eligible Non-Universal Brokers, as the person in charge of the compliance function for the Eligible Non-Universal Broker.

- (c) References to the Securities Commission's "Guidelines On the Establishment of Electronic Access Facilities By A Universal Broker" in Members' Circular R/R 7

of 2001 and Members' Circular R/R 10 of 2002 shall be read as "Guidelines On The Establishment and Location of a Branch Office By Universal Brokers and Eligible Non-Universal Broker".

All rules, directives or circulars in force which make references to or contain provisions relating to the above matters shall have effect from 5 November 2004 as if such reference or provisions relate to the amended provision/s aforesaid.

Please be informed that the said Amendments are available on Bursa Malaysia's website at: <http://www.bursamalaysia.com>, specifically under the headings "About Us" / "The Organisation" / "Business Rules".

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**AMENDMENTS TO THE  
RULES OF BURSA MALAYSIA SECURITIES BERHAD RELATING TO THE ESTABLISHMENT OF BRANCH OFFICES BY  
ELIGIBLE NON-UNIVERSAL BROKERS.**

<b>Existing Rule</b>		<b>Amended Rule</b>	
		<b>504.2A</b>	<p style="text-align: center;"><b>Rule 504.2A Additional Branch Offices by a Non-Universal Broker</b></p> <p>(1) Where a Participating Organisation which is a Non-Universal Broker has merged with or acquired and surrendered to the Securities Commission the licence of at least one other Participating Organisation, that Participating Organisation shall be granted the right to establish and maintain a maximum of four (4) branch offices in addition to the right granted under Rule 504.1(1)(c) unless directed otherwise by the Exchange.</p>