

ANNEXURE 1

RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD

RULE AMENDMENTS TO CLARIFY THE NOVATION PROCESS FOR ON-MARKET TRANSACTIONS

EXISTING PROVISIONS		AMENDED PROVISIONS
INTERPRETATION	New Definition	<p><u>“ATS”</u></p> <p><u>The automated and computerised Securities trading system established by the Exchange.</u></p>
INTERPRETATION	New Definition	<p><u>“Book-entry”</u></p> <p><u>In relation to any transaction made or effected in respect of Securities, the debiting of the delivering depositor’s or the selling depositor’s securities account with the number of Securities sold and the crediting of the receiving depositor’s or the purchasing depositor’s securities account with the number of Securities purchased.</u></p>
INTERPRETATION	<p>“Novated Contract”</p> <p>A contract which is subject to the rules of the Clearing House and entered into by the Clearing House with a Trading Clearing Participant pursuant to a novation for the purpose of the clearing and settlement of transactions in Securities using the clearing facility of the Clearing House. For the avoidance of doubt, this includes a contract for an on-market transaction as defined in the Exchange Rules.</p>	<p>“Novated Contract”</p> <p>A contract which is subject to the rules of the Clearing House and entered into by the Clearing House with a Trading Clearing Participant pursuant to a novation for the purpose of the clearing and settlement of transactions in Securities using the clearing facility of the Clearing House. For the avoidance of doubt, this includes a contract for an on market transaction as defined in the Exchange Rules.<u>A contract between the Clearing House and a Trading Clearing Participant arising as a result of the novation of an On-Market Transaction referred to in Rule 5.1A(a).</u></p>

EXISTING PROVISIONS		AMENDED PROVISIONS
INTERPRETATION	New Definition	<p><u>“On-Market Transaction”</u></p> <p><u>A transaction in Securities that is concluded by way of:</u></p> <p><u>(a) automated matching of orders entered into the order book maintained in the ATS in accordance with Rule 701.8 of the Exchange Rules; or</u></p> <p><u>(b) a transaction that is concluded in accordance with Rule 701.8A of the Exchange Rules.</u></p>
INTERPRETATION	New Definition	<p><u>“Tradeable Balance”</u></p> <p><u>Balances of securities in a securities account which are good for settlement of trade.</u></p>
Rule 5.1A	New provision	<p><u>5.1A NOVATION OF ON-MARKET TRANSACTIONS</u></p>
		<p><u>(a) Immediately after acceptance of an On-Market Transaction for clearing and settlement by the Clearing House, the On-Market Transaction is novated to the Clearing House and replaced with two Novated Contracts.</u></p> <p><u>(b) Upon novation of the On-Market Transaction to the Clearing House:</u></p> <p><u>(i) the obligation of the buying Trading Clearing Participant to pay the purchase consideration to the selling Trading Clearing Participant is replaced by the obligation of the buying Trading Clearing Participant to pay the purchase consideration to the Clearing House;</u></p> <p><u>(ii) the right of the buying Trading Clearing Participant to</u></p>

EXISTING PROVISIONS		AMENDED PROVISIONS
		<p><u>receive the Securities from the selling Trading Clearing Participant is replaced by the right of the buying Trading Clearing Participant to receive the Securities from the Clearing House via Book-entry;</u></p> <p><u>(iii) the obligation of the selling Trading Clearing Participant to deliver the Securities to the buying Trading Clearing Participant is replaced by the obligation of the selling Trading Clearing Participant to deliver the Securities to the Clearing House via Book-entry; and</u></p> <p><u>(iv) the right of the selling Trading Clearing Participant to receive the purchase consideration from the buying Trading Clearing Participant is replaced by the right of the selling Trading Clearing Participant to receive the purchase consideration from the Clearing House.</u></p> <p><u>(c) The obligations and rights under Novated Contracts:</u></p> <p><u>(i) between the buying Trading Clearing Participant and the Clearing House; and</u></p> <p><u>(ii) between the selling Trading Clearing Participant and the Clearing House.</u></p> <p><u>are owed by and to parties as principals to each other notwithstanding that the buying and selling Trading Clearing Participants may have acted as agents for their respective clients in executing or clearing and settling the relevant On-Market Transaction.</u></p> <p><u>(d) Subject as otherwise provided in these Rules, the terms of the Novated Contracts shall be on the same terms as the relevant On-Market Transaction replaced by such Novated Contracts.</u></p>

EXISTING PROVISIONS		AMENDED PROVISIONS
Rule 5.1B	New provision	<u>5.1B DELIVERY OF SECURITIES UNDER A NOVATED CONTRACT</u>
		<p><u>(a) The selling Clearing Participant must ensure that the Securities sold pursuant to a Novated Contract are available as Tradeable Balance in the relevant securities account of the selling Clearing Participant or its client by the time specified in the Exchange Rules. In order to fulfil its obligation to deliver the Securities to the Clearing House, the selling Clearing Participant irrevocably authorises the Clearing House to instruct the Central Depository to debit the Securities from the relevant securities account of the selling Clearing Participant or its client.</u></p> <p><u>(b) The Clearing House's right to receive Securities on any due settlement day from a selling Clearing Participant pursuant to a Novated Contract is satisfied by the debiting of such Securities from the relevant securities account of the selling Clearing Participant or its client before 10.00am on the due settlement day by the Central Depository, upon the instructions of the Clearing House.</u></p> <p><u>(c) The buying Clearing Participant irrevocably authorises the Clearing House to deliver the Securities purchased pursuant to a Novated Contract, by instructing the Central Depository to credit the Securities into the relevant securities account of the buying Clearing Participant or its client.</u></p> <p><u>(d) The Clearing House's obligation to deliver Securities to a buying Clearing Participant pursuant to a Novated Contract on any due settlement day is discharged by the crediting of such Securities to the relevant securities account of the buying Clearing Participant or its client by 10.00am on the due settlement day.</u></p>

[End of Rule Amendments]