

**RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
RULE AMENDMENTS IN RELATION TO CASH SETTLEMENT OF FAILED CONTRACTS**

The following sets out the rule amendments to the Rules of Bursa Malaysia Securities Clearing Sdn Bhd in relation to cash settlement of failed contracts.

1.0 AMENDMENTS TO PROVISIONS FOR DEFAULT IN DELIVERY

Interpretation

1.1 The following new definition be included in the "Interpretation" section of the Rules of Bursa Malaysia Securities Clearing Sdn. Bhd.:

Cash Settlement Amount The amount referred to in Rules 5.2A(b) and 5.2B and may include such fee or charge as the Clearing House thinks fit, and calculated and paid in the manner the Clearing House specifies from time to time in the Clearing House's directives.

Rule 5.2(a)

1.2 Rule 5.2(a) be amended as follows:

5.2 DEFAULT IN DELIVERY

~~(a)~~ — Where a Trading Clearing Participant, in respect of a Novated Contract, fails to deliver securities to the Clearing House by the due date and in the manner as prescribed under the Exchange Rules, the Clearing House may:

- ~~(ia)~~ in the case of securities sold in board lots (as defined in the Exchange Rules) ("Board Lot Securities"), subject to Rule 5.2(b), advise the Exchange to institute buying-in against the Trading Clearing Participant concerned on the Market Day following the due date to the Clearing House in accordance with the Exchange Rules; or
- ~~(iib)~~ resort to any other mode of making good the default in delivery by the Trading Clearing Participants pursuant to the relevant Exchange Rules or in any other manner as it considers appropriate in the circumstances.

Rule 5.2A

1.3 A new Rule 5.2A be introduced as follows:

5.2A DEFAULT IN DELIVERY OF SECURITIES SOLD IN BOARD LOTS

~~(a)~~ Where the Clearing House has advised the Exchange to institute a buying-in against a Trading Clearing Participant, the Clearing House may advise the Exchange to withdraw the buying-in if:

- ~~(i)~~ the securities are not bought-in in accordance with the Exchange Rules within such period as may be stipulated by the Clearing House; or
- ~~(ii)~~ in such other circumstances as the Clearing House deems fit.

- ~~(b) A contract for Board Lot Securities to which the withdrawal of the buying-in referred to in Rule 5.2A(a) relates shall then be settled by the selling Trading Clearing Participant paying in cash and the buying Trading Clearing Participant receiving a Cash Settlement Amount stipulated by the Clearing House in lieu of delivery of the Board Lot Securities.~~
- ~~(c) If the buying Trading Clearing Participant onward sells any part of the Board Lot Securities and is unable to deliver the Securities sold, the buying Trading Clearing Participant may be required to pay such Cash Settlement Amount as the Clearing House may stipulate for the total number of Securities sold.~~
- ~~(d) The ultimate buying Trading Clearing Participant of the Board Lot Securities referred to in Rule 5.2A(c) shall receive a Cash Settlement Amount in lieu of delivery of the Securities. For the purpose of this Rule, the "ultimate buying Trading Clearing Participant" means the last buying Trading Clearing Participant who has yet to receive the Board Lot Securities and who has not onward sold any part of the Board Lot Securities.~~

Rule 5.2B

- 1.4 A new Rule 5.2B be introduced, Rule 5.2(b) be renumbered Rule 5.2B and Rule 5.2(c) be deleted in its entirety.

5.2B DEFAULT IN DELIVERY OF SECURITIES SOLD IN ODD LOTS

- ~~(b) Where a Trading Clearing Participant, having sold Securities in odd lot (as defined in the Exchange Rules) ("the Odd Lot Securities") in respect of a Novated Contract, fails to deliver the Odd Lot Securities to the Clearing House by the due date and in the manner as prescribed under the Exchange Rules, the Clearing House shall advise the Exchange of the failure in delivery. The the said contract for Odd Lot Securities shall then be settled in the following manner:
 - ~~(i) The by the selling Trading Clearing Participant shall instead pay paying in cash and the buying Trading Clearing Participant shall receive receiving a Cash Settlement Price Amount stipulated by the Clearing House in lieu of delivery of the Odd Lot Securities; and~~
 - ~~(ii) For the purposes of these Rules the "Cash Settlement Price" means an amount which shall include a levy by way of compensation, and calculated and paid in the manner prescribed by the Clearing House from time to time in its directives.~~~~
- ~~(c) There shall be no buying-in against the selling Trading Clearing Participant of the Odd Lot Securities on the Market Day following the due date in accordance with the Exchange Rules where Rule 5.2(b) applies.~~

Rules 5.2(d) & (e)

- 1.5 Rules 5.2(d) and (e) be deleted in their entirety.

- ~~(d) In the event the buying Trading Clearing Participant onward sells the Odd Lot Securities in odd lot, and is unable to deliver in full the Securities sold, the buying Trading Clearing Participant may be required to pay a Cash Settlement Price for the total number of Securities sold.~~

~~(e) The ultimate buying Trading Clearing Participant of the odd lot Securities referred to in Rule 5.2(d) shall receive a Cash Settlement Price in lieu of delivery of the Securities. For the purpose of this Rule, the "ultimate buying Trading Clearing Participant" means the last Trading Clearing Participant who has yet to receive the odd lot Securities and who has not onward sold any part of the odd lot Securities.~~

2.0 APPLICATION OF RULE 5.5. TO NOVATED CONTRACT

Rule 5.5

2.1 Rule 5.5 be amended as follows:

5.5 CLAIMS ON DIVIDENDS, BONUS ISSUE, RIGHTS ISSUE AND OTHER ENTITLEMENTS

Claims on dividends, bonus issue, rights issue and other entitlements in relation to a Novated Contract may be prescribed by the Clearing House from time to time in accordance with the Exchange Rules.

3.0 CONSEQUENTIAL AMENDMENTS

Rule A5.2(b)(ii)

3.1 Rule A5.2(b)(ii) be amended as follows:

- (b) The Clearing House shall only accept an ISS Instruction and ISS Confirmation and/or ISS Affirmation in relation to an ISS Transaction for clearing and settlement under the ISS if:
- (i) such ISS Transaction results directly from or in a Market Contract; and
 - (ii) such ISS Transaction relates to the same Securities of the relevant Market Contract and the quantity ~~thereof of the ISS Transaction~~ shall:
 - (aa) for a Novated Contract, not ~~exceeding thereto~~exceed the quantity of such contract; or
 - (bb) for a Direct Business Contract, ~~being equal thereto~~not exceed the quantity of such contract; and
 - (iii) the ISS Transaction, is to be settled on the same due settlement day as the Market Contract to which it relates.

[End of Rule Amendments]