

APPENDIX 3

RULES OF BURSA MALAYSIA SECURITIES BERHAD

RULE AMENDMENTS IN RELATION TO THE INTRODUCTION OF THE LEAP MARKET

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
1.01	New provision	1.01	Definition <u>LEAP Market</u> <u>The Exchange's stock market referred to as the LEAP Market.</u>
1.01	Listing Requirements: The rules governing the listing of securities and regulation of listed Issuer on the Main Market and ACE Market.	1.01	Listing Requirements: The rules governing the listing of securities and regulation of listed Issuers on the Main Market and ACE Market <u>stock market(s) of the Exchange.</u>
-	New Chapter	-	<u>CHAPTER 16 – LEAP MARKET</u>
16.01	New provision	16.01	<u>PART A GENERAL</u> <u>16.01 Introduction</u> <u>(1) In this Chapter, “Sophisticated Investor” means a person who falls within any one of the categories of investors set out in Part 1, Schedules 6 and 7 of the CMSA.</u> <u>(2) A Participating Organisation and its Registered Persons must comply with this Chapter in addition to other provisions of these Rules in relation to trading on the LEAP Market.</u>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
16.02	New provision	16.02	<p style="text-align: center;"><u>PART B REQUIREMENTS FOR THE LEAP MARKET</u></p> <p><u>16.02 Sophisticated Investor</u></p> <p>(1) <u>The LEAP Market is intended for trading by Sophisticated Investors only, except as specified in Rule 16.02(2)(b) and 16.02(3).</u></p> <p>(2) <u>A Participating Organisation must not allow a Client to trade or undertake transactions on the LEAP Market unless it is satisfied that the Client is either --</u></p> <p style="padding-left: 40px;">(a) <u>qualified as a Sophisticated Investor; or</u></p> <p style="padding-left: 40px;">(b) <u>not qualified as a Sophisticated Investor but is a current securities holder of a corporation listed on the LEAP Market and the trade is solely for selling the Client's existing securities in the corporation.</u></p> <p>(3) <u>A Participating Organisation may only undertake proprietary trading in securities listed on the LEAP Market, in such circumstances as may be prescribed by the Exchange.</u></p>
16.03	New provision	16.03	<p><u>16.03 Risk disclosure statement</u></p> <p><u>A Participating Organisation may only execute a Sophisticated Investor's first instruction to trade or carry out a transaction on the LEAP Market after receipt of a duly executed risk disclosure statement in the form provided by the Participating Organisation.</u></p>
16.04	New provision	16.04	<p><u>16.04 Financing</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<u>A Participating Organisation is not permitted to provide margin financing pursuant to Rule 7.30 for the purpose of the subscription to or purchase of LEAP Market securities.</u>
16.05	New provision	16.05	<p><u>16.05 Direct Business Transactions</u></p> <p><u>A Participating Organisation need not apply to the Exchange for prior approval in relation to a Direct Business Transaction undertaken on the LEAP Market, even though the Direct Business Transaction meets the criteria prescribed in Rule 10.01(1)(d).</u></p>
Item (d), Schedule 6	Note: see Appendix A for amendments to Schedule 6.		

APPENDIX A

**SCHEDULE 6
[Rule 11.02 & 11.03]
COMMISSION RATES***

	Type of Trade	Basis for determining commission	Minimum commission	Maximum commission
(a)	Online Routed Trades	Fully negotiable	Not applicable	Not applicable
(b)	Trades paid for by Cash Upfront	Fully negotiable	Not applicable	Not applicable
(c)	Direct Business Transactions except for Direct Business Transactions provided at items (a), (b) and (c)(i) and (c)(ii) below	Negotiable subject to the minimum commission	Minimum Fixed Commission	Not applicable
	(i) Direct Business Transactions of ABFMY1 trades	Negotiable subject to the minimum commission	RM12.00	Not applicable
	(ii) Direct Business Transactions of ETB trades	Fully negotiable	Not applicable	Not applicable
(d)	All trades in securities executed in Board Lots except for trades specifically mentioned in the other items this table and trades in securities provided at items (d)(i), and (d)(ii) and (d)(iii) below	Negotiable subject to the minimum and maximum commission, whichever is higher	Minimum Fixed Commission	0.7% of the Contract Value
	(i) ABFMY1 trades (including ABFMY1 Intraday Trades)	Negotiable subject to the minimum and maximum commission, whichever is higher	RM12.00	0.3% of the Contract Value
	(ii) ETB trades (including ETB Intraday Trades)	Negotiable subject to the maximum commission	Not applicable	0.3% of the Contract Value

	Type of Trade	Basis for determining commission	Minimum commission	Maximum commission
	<u>(iii) Trades in securities on the LEAP Market</u>	<u>Fully negotiable</u>	<u>Not applicable</u>	<u>Not applicable</u>
(e)	All trades in securities executed in less than a Board Lot except for trades specifically mentioned in the other items in this table	Fully negotiable	Not applicable	Not applicable

* Notes:

- (1) For transactions in securities denominated in foreign currency, the commission rate will be stipulated by the Exchange in the Directives.
- (2) Cash Upfront refers to full payment by the buying Client to the buying Client's Participating Organisation for the purchase of securities prior to the entry of the order to purchase into the ATS. For the purposes of this Schedule, the "full payment" in the definition of Cash Upfront must be in the form of cash or any other mode of payment where clearance of or good value is given to the mode of payment prior to the entry of the order.
- (3) Online Routed Trade refers to trade arising from an order routed by a Client to the Participating Organisation through an electronic order routing system for submission into ATS and includes an order routed through Direct Market Access.
- (4) Minimum Fixed Commission means:
 - (a) for trade other than Retail Trade
 - (i) on transactions in loan instruments RM2.00; and
 - (ii) on any other transaction RM40.00.
 - (b) for Retail Trade
 - (i) where the Contract Value is RM100,000 or below, the minimum commission payable shall be calculated at 0.6% of the Contract Value or the amount prescribed under paragraph 4(a) above, whichever is higher;
 - (ii) where the Contract Value exceeds RM100,000, the minimum commission payable shall be calculated at 0.3% of the Contract Value or the amount prescribed under paragraph 4(a) above, whichever is higher; and
 - (iii) where the trade is an Intraday Trade, the minimum commission payable shall be calculated at 0.15% of the Contract Value or the amount prescribed under paragraph 4(a) above, whichever is higher.

- (c) Notwithstanding paragraph 4(b) above:
- (i) for Direct Business Transactions in respect of Retail Trade, the minimum commission payable shall be the amount prescribed under paragraph 4(a) above or half of the amount prescribed in paragraph 4(b) above, whichever is higher; and
 - (ii) for transactions by employees, Dealer's Representatives and Trading Representatives, the minimum commission payable shall be the amount prescribed under paragraph 4(a) above.
- (5) For the avoidance of doubt, all commission rates set out in this Schedule are exclusive of GST.

[End of Schedule]

[End of Rule Amendments]

APPENDIX 3
RULES OF BURSA MALAYSIA SECURITIES BERHAD
AMENDMENTS TO THE DIRECTIVES IN RELATION TO THE INTRODUCTION OF THE LEAP MARKET

PARAGRAPH	EXISTING PROVISIONS	PARAGRAPH	AMENDED PROVISIONS
Directive on Monthly Compliance Report (Directive No. 3.39(5)-001)			
Appendix 1	New provision	Appendix 1	<u>15. On trading on the LEAP Market, the HOC must report on all non-compliances with the Securities Laws, the Rules of Bursa Securities and the Directives. Notwithstanding Rule 3.39, this item must be submitted every quarter of a calendar year.</u>
Directives on Conduct of Business (Directive No. 5-001)			
Paragraph 8.1	8.1. Essential information The essential information referred to in Rule 5.15(1)(a) includes essential facts about the Client's background including: <ul style="list-style-type: none"> (a) the Client's investment objectives, (b) the Client's knowledge and experience in dealing in securities; (c) the Client's financial position; (d) whether the Client is associated, within the meaning in section 3 of 	Paragraph 8.1	8.1. Essential information The essential information referred to in Rule 5.15(1)(a) includes essential facts about the Client's background including: <ul style="list-style-type: none"> (a) the Client's investment objectives, (b) the Client's knowledge and experience in dealing in securities; (c) the Client's financial position; (d) whether the Client is associated, within the meaning in section 3 of the Capital Markets

PARAGRAPH	EXISTING PROVISIONS	PARAGRAPH	AMENDED PROVISIONS
	<p>the Capital Markets and Services Act, to an employee, a director or a Dealer's Representative of the Participating Organisation; and</p> <p>(e) whether the Client is trading for himself as a Beneficial Owner or as an Authorised Nominee.</p>		<p>and Services Act, to an employee, a director or a Dealer's Representative of the Participating Organisation; and</p> <p>(e) whether the Client is trading for himself as a Beneficial Owner or as an Authorised Nominee.; <u>and</u></p> <p><u>(f) in respect of Clients who intend to trade on the LEAP Market, the Client's qualification as a Sophisticated Investor as defined in Chapter 16 or as a current securities holder as specified in Rule 16.02(2)(b).</u></p>
Directives on the use of Day Trading Activities Account (Directive No. 7.05(1)-001)			
Paragraph 2(1)	<p>2. Eligible Securities</p> <p>(1) The Exchange prescribes all securities admitted to the Official List, excluding securities listed on the ACE Market as securities that fall within the class of securities to which section 98(4)(c) of the Capital Markets and Services Act applies and to which a short sale may be executed subject to the terms of these Directives.</p>	Paragraph 2(1)	<p>2. Eligible Securities</p> <p>(1) The Exchange prescribes all securities admitted to the Official List, excluding securities listed on the ACE Market <u>and the LEAP Market</u> as securities that fall within the class of securities to which section 98(4)(c) of the Capital Markets and Services Act applies and to which a short sale may be executed subject to the terms of these Directives.</p>
Paragraph 3.1(1)(f)	<p>3.1 Opening of Day Trading Activities Account</p> <p>(1) A Participating Organisation may carry out Day Trading subject to the following conditions:</p>	Paragraph 3.1(1)(f)	<p>3.1 Opening of Day Trading Activities Account</p> <p>(1) A Participating Organisation may carry out Day Trading subject to the following conditions:</p>

PARAGRAPH	EXISTING PROVISIONS	PARAGRAPH	AMENDED PROVISIONS
	(f) no Day Trading is allowed for ACE Market Securities.		(f) no Day Trading is allowed for ACE Market <u>and LEAP Market securities</u> .
Paragraph 3.4(3)(c)	3.4 Procedures and Controls (3) A Participating Organisation must report to the Exchange the following: (c) the positions which are carried out for ACE Market securities in breach of paragraph 3.1(1)(f) and the reasons by 9.00 am on T+1.	Paragraph 3.4(3)(c)	3.4 Procedures and Controls (3) A Participating Organisation must report to the Exchange the following: (c) the positions which are carried out for ACE Market <u>and LEAP Market</u> securities in breach of paragraph 3.1(1)(f) and the reasons by 9.00 am on T+1.
Paragraph 3.4(4)(c)	3.4 Procedures and Controls (4) Pursuant to paragraph 3.1(5), a Participating Organisation must submit the report in the format attached to this Directive as Appendix 1(a), 1(b) and 1(c) (“Exceptional Reporting”) and in the following manner: (c) all reporting on the Day Trading carried out for ACE Market securities in breach of paragraph 3.1(1)(f) of these Directives must be in Appendix 1(c);	Paragraph 3.4(4)(c)	3.4 Procedures and Controls (4) Pursuant to paragraph 3.1(5), a Participating Organisation must submit the report in the format attached to this Directive as Appendix 1(a), 1(b) and 1(c) (“Exceptional Reporting”) and in the following manner: (c) all reporting on the Day Trading carried out for ACE Market <u>and LEAP Market</u> securities in breach of paragraph 3.1(1)(f) of these Directives must be in Appendix 1(c);
Appendix 1(c)	Part C Exceptional reporting – ACE Market securities	Appendix 1(c)	Part C Exceptional reporting – ACE Market <u>and LEAP Market</u> securities

PARAGRAPH	EXISTING PROVISIONS	PARAGRAPH	AMENDED PROVISIONS
Directives on proprietary trading by a Participating Organisation on the LEAP Market (Directive No. 16.02(3)-001)			
New Directive	<i>Note: see Appendix A.</i>		

APPENDIX A

DIRECTIVE ON PROPRIETARY TRADING BY A PARTICIPATING ORGANISATION ON THE LEAP MARKET	No. 16.02(3)-001
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Relevant to : Rule 16.02(3)
Introduced with effect from : 16 June 2017
Amended : N/A
POs' Circular No(s). : R/R 7 of 2017
Refer also to Directive No(s). : N/A

1. Rule 16.02(3)

- (1) Rule 16.02(3) states that a Participating Organisation may only undertake proprietary trading in securities listed on the LEAP Market, in such circumstances as may be prescribed by the Exchange.
- (2) Pursuant to the above Rule, the Exchange prescribes that a Participating Organisation's proprietary trading in securities listed on the LEAP Market may only be carried out in the following circumstances:
- (a) trading of securities arising from underwriting;
 - (b) Market Making;
 - (c) price stabilization in accordance with the Capital Markets and Services Act and the Listing Requirements;
 - (d) investments which are not closed out within T+3;
 - (e) hedging; and
 - (f) rectification of error.

[End of Directive]

[End of Amendments]