

ANNEXURE 2
AMENDMENTS TO THE PARTICIPATING ORGANISATIONS' DIRECTIVES
Expansion of the Market Making Framework

PARTICIPATING ORGANISATIONS' DIRECTIVES ISSUED UNDER THE RULES OF BURSA MALAYSIA SECURITIES BERHAD

AMENDMENTS TO THE DIRECTIVES IN RELATION TO THE EXPANSION OF THE MARKET MAKING FRAMEWORK

(a) Directives in relation to Market ~~Making and Specified Securities~~ Makers and Derivatives Specialists (No. 4-001)

PARA GRAPH	CURRENT PROVISION	PARA GRAPH	PROPOSED AMENDMENTS
	Please refer to Annexure 2(A) below.		Please refer to Annexure 2(A) below.

(b) Directives on the Use of Day Trading Activities Account (No. 7.05(1)-001)

PARA GRAPH	CURRENT PROVISION	PARA GRAPH	PROPOSED AMENDMENTS
3.2	<p>Suspension on Day Trading</p> <p>(1) Without prejudice to any other powers that may be conferred on the Exchange in these Rules and these directives, the Exchange may suspend any order entry into the order book in the ATS for any further short sale of the Day Trading Eligible Securities of an Issuer, where the Day Trading Eligible Securities is also an Approved Securities, if a suspension is imposed against the carrying out of Regulated Short Selling on an Approved Securities in accordance with Part C of Chapter 8 of these Rules or Intraday Short Selling on an Approved Securities in accordance with Part D of Chapter 8 of these Rules.</p> <p>(2) Where the Day Trading Eligible Securities in paragraph 3.2(1) are shares of an Issuer, the suspension imposed on the Day Trading Eligible Securities pursuant to paragraph 3.2(1) is also applicable to the following:</p>	3.2	<p>Suspension on Day Trading</p> <p>(1) Without prejudice to any other powers that may be conferred on the Exchange in these Rules and these directives, the Exchange may suspend any order entry into the order book in the ATS for any further short sale of the Day Trading Eligible Securities of an Issuer, where the Day Trading Eligible Securities is also an Approved Securities <u>or a PSS Securities, as the case may be,</u> if a suspension is imposed against the carrying out of:</p> <p><u>(a) Permitted Short Selling on a PSS Securities in accordance with Part E of Chapter 4 of these Rules;</u></p> <p><u>(b) Regulated Short Selling on an Approved Securities in accordance with Part C of Chapter 8 of these Rules;</u> or</p>

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	<p>(a) all classes of securities other than the shares issued by the Issuer; and</p> <p>(b) all securities issued by any Issuer where the underlying instrument of the securities issued comprise solely the shares of an Issuer in relation to which the suspension pursuant to paragraph 3.2(1) has been imposed.</p> <p>(3) Unless directed otherwise by the Exchange, the suspension imposed on the Day Trading Eligible Securities pursuant to paragraph 3.2(1) will be removed concurrently when the suspension imposed against the carrying out of Regulated Short Selling or Intraday Short Selling as stipulated in paragraph 3.2(1) is uplifted.</p>		<p>(a)(c) Intraday Short Selling on an Approved Securities in accordance with Part D of Chapter 8 of these Rules.</p> <p>(2) Where the Day Trading Eligible Securities in paragraph 3.2(1) are shares of an Issuer, the suspension imposed on the Day Trading Eligible Securities pursuant to paragraph 3.2(1) is also applicable to the following:</p> <p>(b) all classes of securities other than the shares issued by the Issuer; and</p> <p>(b) all securities issued by any Issuer where the underlying instrument of the securities issued comprise solely the shares of an Issuer in relation to which the suspension pursuant to paragraph 3.2(1) has been imposed.</p> <p>(3) Unless directed otherwise by the Exchange, the suspension imposed on the Day Trading Eligible Securities pursuant to paragraph 3.2(1) will be removed concurrently when the suspension imposed against the carrying out of <u>Permitted Short Selling</u>, Regulated Short Selling or Intraday Short Selling as stipulated in paragraph 3.2(1) is uplifted.</p>
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(c) Directives on Regulated Short Selling (No. 8-002)

PARA GRAPH	CURRENT PROVISION	PARA GRAPH	PROPOSED AMENDMENTS
	Please refer to Annexure 2(B) below.		Please refer to Annexure 2(B) below.

[End of Amendments to BMS Directives]

ANNEXURE 2(A)
AMENDMENTS TO THE DIRECTIVES
EXPANSION OF THE MARKET MAKING FRAMEWORK

DIRECTIVES IN RELATION TO MARKET MAKING AND SPECIFIED <u>SECURITIES MAKERS AND DERIVATIVES SPECIALISTS</u>	No.4-001
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Relevant to : Rules 1.01, 4.02, 4.05, 4.06, 4.12(c), 4.13(5), and 5.16(1)
Introduced with effect from : 2 May 2013
Amended : 29 May 2017 vide R/R 5 of 2017, 1 March 2018 vide R/R 3 of 2018, 19 December 2018 vide R/R 16 of 2018, ~~and~~ 2 January 2019 vide R/R 15 of 2018, ~~and~~ 21 August 2020 vide R/R 11 of 2020 and 7 December 2020 vide R/R 13 of 2020
POs' Circular No(s). : R/R 3 of 2009 and R/R 10 of 2012
Refer also to Directive No(s). : CDS Circular ADA/DOD/033/2012, CDS Circular ADM/DOD/032/2012 and Bursa Malaysia Clearing Circular G1/2013

MARKET MAKER

1. Introduction

Chapter 4 of the Rules sets out the provisions relating to a Market Maker. This Directive sets out the minimum requirements in relation to those requirements.

2. Rule 1.01

- (1) Rule 1.01 sets out the definition of Specified Securities as securities specified by the Exchange as available for Market Making.
- (2) Pursuant to the above Rule, the Exchange prescribes the list of Specified Securities as set out in **Appendix 1** of this Directive.

3. Rule 4.02(1)

- (1) Rule 4.02(1) provides that an applicant who intends to apply to be a Market Maker for a Specified Security must apply to the Exchange in accordance with the Exchange's requirements and comply with any requirements as may be imposed by the Exchange.
- (2) Pursuant to the above Rule, an applicant must comply with the following requirements.

3.1 Application Form and Undertaking

An applicant for Market Maker must complete and submit to the Exchange, an application form together with a duly executed undertaking to comply with these Rules and Directives, in accordance with the requirements relating to admission of a Market Maker as set out in the Admission Guidelines.

3.2 Notification of Specified Security

An applicant approved to be a Market Maker must notify the Securities Trading Operations department of the Exchange of each Specified Security for which it will be undertaking Market Making activities prior to commencement of such activities.

4. Rule 4.0~~5~~4

- (1) Rule 4.0~~5~~4(1) requires a Market Maker for a Specified Security to enter bid and offer prices into the order book in the ATS for the purpose of buying and selling of the Specified Security as follows:

- (a) with a minimum presence as stipulated by the Exchange;
 - (b) within the maximum spread allowed by the Exchange; and
 - (c) not be less than the minimum quantity allowed by the Exchange.
- (2) Rule 4.0~~54~~(2) goes on to state that a Market Maker is exempted from entering bid and offer prices as required under Rule 4.0~~54~~(1) in circumstances deemed fit or allowed by the Exchange.
- (3) Pursuant to these Rules, the Market Maker must, amongst others, comply with the requirements set out below.

4.1 Market Making Obligations

The Market Making obligations imposed on Market Makers pursuant to Rule 4.0~~54~~(1) and the circumstances in which a Market Maker is exempted from fulfilling the same pursuant to Rule 4.0~~54~~(2) are as detailed in **Appendix 3** to this Directive.

5. Rule 4.0~~65~~

- (1) Rule 4.0~~65~~ requires a Market Maker to undertake all Market Making activities through trading accounts and Securities Accounts designated specifically for Market Making activities based on the terms ~~stipulated~~prescribed by the Exchange and the Depository respectively.
- (2) Pursuant to the above Rule, a Market Maker must, amongst others, comply with the requirements set out below.

~~5.1 Designated Accounts for Market Making~~

~~Designated accounts for Market Making must be maintained and operated as follows:~~

~~(a) In relation to Market Making for each ETF:~~

- ~~(i) Only one Securities Account can be opened for each ETF that the Market Maker is Market Making for.~~
- ~~(ii) A Market Maker can maintain one or more trading accounts for the purposes of Market Making for a particular ETF, all of which must be tagged to the Securities Account for each ETF. A Market Maker cannot co-mingle more than one ETF in a particular trading account.~~
- ~~(iii) The Securities Account referred to above must be designated in the manner prescribed by the Depository.~~

~~(b) In relation to Market Making for each structured warrant:~~

- ~~(i) A Market Maker can maintain one or more trading accounts for the purposes of market making for a structured warrant.~~

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- ~~(ii) — A Market Maker can maintain more than one Securities Account for the Market Making of a structured warrant. A Market Maker may also carry out Market Making for more than one structured warrant in a particular Securities Account or a trading account.~~
- ~~(iii) — All Securities Accounts opened for the Market Making of a structured warrant must be designated in the manner prescribed by the Depository.~~
- ~~(c) — In relation to Market Making for each ETB:
 - ~~(i) — A Market Maker can maintain one or more trading accounts for the purposes of market making for ETB.~~
 - ~~(ii) — A Market Maker can maintain more than one Securities Account for the Market Making of ETB. A Market Maker may also carry out Market Making for more than one ETB in a particular Securities Account or a trading account.~~
 - ~~(iii) — All Securities Accounts opened for the Market Making of ETB must be designated in the manner prescribed by the Depository.~~~~

5.21 Notification for Market Making of Designated Accounts

Market Makers for ETFs, structured warrants and ETB must submit to the Exchange information as required under Part A of Appendix ~~5 of these Rules~~ 4 of this Directive, setting out the particulars of the trading and Securities Accounts opened for the purposes of Market Making for a particular ETF, structured warrant or ETB, 2 days before the commencement of Market Making.

6. Rule 5.16(1)

- ~~(1) Rule 5.16(1) requires a the Participating Organisation and Registered Person to act with due skill, care and diligence, honestly and fairly, and in the best interests of the Participating Organisation's Clients.~~
- ~~(2) Pursuant to the above Rule, a Market Maker must comply with, amongst others, the requirements set out below.~~

6.1 POs to Pass Incentives on to Market Maker Clients

~~Where incentives are attributable to a Market Maker which is not a Participating Organisation, the Participating Organisation must pass those incentives on to its their clients who is the are Market Makers.~~

DERIVATIVES SPECIALIST

7. Rule 4.08(1)

- ~~(1) Rule 4.08(1) provides that an applicant who intends to apply to be a Derivatives Specialist, must apply to the Exchange in accordance with the Exchange's requirements and comply with any requirements as may be imposed by the Exchange.~~
- ~~(2) Pursuant to the above Rule, an applicant must comply with the following requirements.~~

7.1 Application Form and Undertaking

An applicant for Derivatives Specialist must complete and submit to the Exchange, an application form together with a duly executed undertaking to comply with these Rules and Directives, in accordance with the requirements relating to admission of a Derivatives Specialist as set out in the Admission Guidelines.

7.2 Notification of PSS Securities

An applicant approved to be a Derivatives Specialist must notify the Securities Trading Operations department of the Exchange of each PSS Securities for which it will be carrying out Permitted Short Selling prior to commencement of such activities.

8. Rule 4.10

- (1) Rule 4.10 requires a Derivatives Specialist to open a designated trading account and Securities Account based on the terms prescribed by the Exchange and the Depository respectively.
- (2) Pursuant to the above Rule, a Derivatives Specialist must, amongst others, comply with the requirements set out below.

8.1 Notification of Designated Accounts

Derivatives Specialists must submit to the Exchange information on the designated accounts as required under Part B of **Appendix 4** of this Directive, 2 days before the commencement of Permitted Short Selling.

PERMITTED SHORT SELLING

~~6.9.~~ Rule 4.126(c)

- (1) Rule 4.126(c) ~~stipulates~~ provides that a Market Maker or a Derivatives Specialist may commence Permitted Short Selling only if the Market Maker or the Derivatives Specialist has notified the Exchange that it intends to carry out Permitted Short Selling and has ~~provided to the Exchange the form stipulated in Appendix 5 of these Rules~~ submitted a written declaration in the form as prescribed by the Exchange, 2 Market Days prior to the commencement of Permitted Short Selling.
- (2) Pursuant to the above Rule, a Market Maker or Derivatives Specialist must comply with, amongst others, the requirements set out below.

~~69.1~~ Notification for Permitted Short Selling

- (1) Market Makers ~~of ETFs or Derivatives Specialists~~ which intend to commence Permitted Short Selling must ~~also~~ submit to the Exchange a declaration of compliance with the requirements in the format as set out in Part ~~BC~~ of **Appendix-5 4** of this Directive.
- (2) This declaration must be submitted to the Exchange 2 days before commencement of Permitted Short Selling.

~~7. Rule 4.13(5)~~

~~(1) Rule 4.13(5) requires the Market Maker to execute the following purchases through the designated trading accounts and Securities Accounts as stipulated by the Exchange after a shortsale for ETF units or Constituent Securities is executed:~~

~~(a) a purchase of any of the Constituent Securities or derivatives for the purposes of hedging of the short sale of ETF units within the same Market Day, if the short sale is in relation to ETF units; or~~

~~(b) a purchase of ETF units or derivatives for the purposes of hedging of the short sale of the Constituent Securities within the same Market Day, if the short sale is in relation to Constituent Securities.~~

~~(2) Pursuant to the above Rule, a Market Maker must, amongst others, comply with the requirements set out below.~~

~~7.1 Designated Accounts for Permitted Short Selling~~

~~Purchases of the ETF units, Constituent Securities and derivatives must be executed in the following accounts:~~

~~(a) In relation to purchases of ETF units and Constituent Securities, in the Securities Account and trading account as stipulated under paragraph 5.1(a) above for Market Making of ETFs.~~

~~(b) In relation to purchases of derivatives, in a designated trading account opened specifically for purposes stipulated under Rule 4.13(5).~~

~~7.2 Notification of derivatives account~~

~~Market Makers of ETFs must provide the particulars of the derivatives account used in carrying out transactions related to a Permitted Short Selling, if any, in the format prescribed in Part B of Appendix 5 of these Rules, to be submitted to the Exchange 2 days before commencement of Permitted Short Selling.~~

~~8. Rule 5.16(1)~~

~~(1) Rule 5.16(1) requires the Participating Organisation and Registered Person to act with due skill, care and diligence, honestly and fairly, and in the best interests of the Participating Organisation's Clients.~~

~~(2) Pursuant to the above Rule, a Market Maker must comply with, amongst others, the requirements set out below.~~

~~8.1 POs to Pass Incentives on to Market Maker Clients~~

~~Where incentives are attributable to a Market Maker which is not a Participating Organisation, the Participating Organisation must pass these incentives on to their clients who are Market Makers.~~

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9. ~~Submission of Appendix 5~~

- (1) ~~In relation to paragraphs 5.2, 6.1 and 7.2 above, any updates or changes to the particulars provided in the format prescribed under Appendix 5 of these Rules must be communicated to the Exchange by using the format in Appendix 5.~~
- (2) ~~The submission of the information prescribed under Appendix 5 is by way of email to the following address:~~
- ~~MSD-reporting@bursamalaysia.com~~
- (3) ~~The Market Maker must specify the subject matter of the email as "Notification of Market Making".~~

10. ~~Rule 4.15~~

- (1) ~~Rule 4.15 provides that Rules 4.13(5) and 4.14 do not apply to such types of ETFs as may be prescribed by the Exchange.~~
- (2) ~~Pursuant to the above Rule, the Exchange prescribes that Rules 4.13(5) and 4.14 do not apply to the following ETFs:~~
- (a) ~~futures-based ETFs;~~
 - (b) ~~synthetic ETFs;~~
 - (c) ~~commodity ETFs; and~~
 - (d) ~~feeder ETFs.~~

[End of Directive]

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Appendix 1

LIST OF SPECIFIED SECURITIES

- 1. All Structured Warrants**
- 2. All Exchange Traded Funds**
- 3. All Exchange Traded Bonds**

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Appendix 2

[Deleted]

[End of Appendix 2]

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Appendix 3

1. MARKET MAKING OBLIGATIONS IN RELATION TO STRUCTURED WARRANTS (SW), EXCHANGE TRADED FUNDS (ETF) AND EXCHANGE TRADED BONDS (ETB) PURSUANT TO RULE 4.05(1)

No.	Market Making Obligations	Market Maker for SW	Market Maker for ETF	Market Maker for ETB								
1.	The minimum presence of a Market Maker in providing 2-way quotes during the 'main trading phase' as referred to in the Trading Manual –on each day that Bursa Securities is open for trading in a SW/ETF/ETB issue	70%	70%*	70%*								
2.	The maximum spread of two-sided market making quotes entered by a Market Maker into the ATS.	25 bids	25 bids	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Tenure of ETB</th> <th style="width: 50%;">Maximum Spread*</th> </tr> </thead> <tbody> <tr> <td>5 years and below</td> <td style="text-align: center;">up to RM0.50</td> </tr> <tr> <td>5 years and up to 10 years</td> <td style="text-align: center;">up to RM1.00</td> </tr> <tr> <td>More than 10 years</td> <td style="text-align: center;">up to RM2.00</td> </tr> </tbody> </table>	Tenure of ETB	Maximum Spread*	5 years and below	up to RM0.50	5 years and up to 10 years	up to RM1.00	More than 10 years	up to RM2.00
Tenure of ETB	Maximum Spread*											
5 years and below	up to RM0.50											
5 years and up to 10 years	up to RM1.00											
More than 10 years	up to RM2.00											
3.	The minimum quantity on each of the two-sided market making quotes that a Market Maker enters into the ATS	10 board lots (1,000 units of SW)	10 board lots (1,000 units of ETF)*	10 board lots (100 units of ETB)*								

* Notes:

- (1) The market making obligations which are to be fulfilled by a Market Maker for ETF and ETB may vary from one Market Maker to another as allowed by Bursa Securities.
- (2) The Exchange may vary the market making obligations in relation to ETB under market conditions as determined by the Exchange. This could include providing the Market Maker with the discretion to widen the maximum spread under distressed market conditions (eg. if the Issuer is put under negative outlook and rating watch (ie. for possible downgrade by credit rating agency).

2. CIRCUMSTANCES IN WHICH MARKET MAKERS ARE EXEMPTED FROM PERFORMING THEIR OBLIGATIONS IN RELATION TO STRUCTURED WARRANTS (SW), EXCHANGE TRADED FUNDS (ETF) AND EXCHANGE TRADED BONDS (ETB) PURSUANT TO RULE 4.05(2)

Market Makers for SW, ETF and ETB	<ul style="list-style-type: none"> (i) if trading in the Specified Security is suspended; (ii) if the market is suspended or closed;
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	<p>(iii) if there is a malfunction of the system of the Participating Organisation through which the Market Maker undertakes its market making; or</p> <p>(iv) if market is not feasible based on the market condition as determined by the Exchange.</p>
Market Makers for SW (in addition to the above circumstances)	Circumstances stated in the prospectus of the issuer for whom the Market Maker provides liquidity for the issuance of SWs, as being circumstances in which the Market Maker is exempted from performing its market making obligations under the Rules of Bursa Securities unless decided otherwise by the Exchange.

[End of Appendix 3]

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Appendix 4

**~~APPENDIX 5—NOTIFICATION REQUIRED IN ORDER TO CARRY OUT MARKET MAKING AND
PERMITTED SHORT SELLING OF DESIGNATED ACCOUNTS BY MARKET MAKER AND
DERIVATIVES SPECIALIST~~ AND DECLARATION REQUIRED FOR PERMITTED SHORT
SELLING**

[RULE 4.0~~65~~, RULE 4.1~~20~~ AND RULE ~~4.13(5)~~ 4.16]

To: Bursa Malaysia Securities Berhad

PART A

**~~NOTIFICATION REQUIRED FOR MARKET MAKING OF DESIGNATED ACCOUNTS BY MARKET
MAKER~~**

Pursuant to the requirements of Rule 4.0~~65~~, we [name of Market Maker] provide notification as follows:

Name of Market Maker	
Designated trading account/s	
Designated Securities Account numbers:	
The date of opening of accounts:	

Dated this [] day of [] [year].

Signed : [Authorised Signatory]

Date :

PART B

NOTIFICATION OF DESIGNATED ACCOUNTS BY DERIVATIVES SPECIALIST

Pursuant to the requirements of Rule 4.10, we [name of Derivatives Specialist] provide notification as follows:

<u>Name of Derivatives Market Maker</u>	
<u>Designated trading account/s</u>	
<u>Designated Securities Account numbers:</u>	
<u>The date of opening of accounts:</u>	

Dated this [] day of [] [year].

Signed : [Authorised Signatory]

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Date _____:

Notes:

Any changes to the particulars submitted in Part A or Part B of Appendix 4 must be notified to the Exchange promptly.

PART ~~BC~~

~~Pursuant to the requirements of Rule 4.13(5), we [name of Market Maker] provide notification as follows:~~

Derivatives accounts numbers:	
The date of opening of accounts:	

DECLARATION ON COMPLIANCE WITH THE REQUIREMENTS ON PERMITTED SHORT SELLING

Pursuant to the requirements of Rule 4.1~~26~~, we [name of Market Maker / Derivatives Specialist] provide notification as follows:

1. that we have formulated the internal guidelines for ~~p~~Permitted ~~s~~Short ~~s~~Selling which have been approved by the board of directors; and
2. that all relevant systems and infrastructure including front office and/or back office systems have been verified and assessed in terms of application as well as software and the hardware capabilities and are confirmed to be operational and have all the functionalities, requirements and controls in place for the purpose of carrying out ~~p~~Permitted ~~s~~Short ~~s~~Selling activities in accordance with these Rules and Directives.

Signed : _____
[Authorised Signatory]

Date : _____

[End of Appendix 4]

ANNEXURE 2(B)
AMENDMENTS TO THE DIRECTIVES
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DIRECTIVES ON REGULATED SHORT SELLING	No. 8-002
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Relevant to : Rules 8.23(c), 8.25(5) and 8.30
Introduced with effect from : 2 May 2013
Amended : 12 December 2017 vide R/R 11 of 2017, 16 April 2018 vide R/R 5 of 2018, ~~and~~ 29 April 2019 vide R/R 1 of 2019 and 7 December 2020 vide R/R 13 of 2020
POs' Circular No(s). : R/R 16 of 2006
Refer also to Directive No(s). : N/A

1. Introduction

Part C of Chapter 8 requires a Participating Organisation to comply with the requirements in relation to Regulated Short Selling. This Directive clarifies the obligations to be complied with in relation to those requirements.

2. Rule 8.23(c)

- (1) Rule 8.23(c) provides that a Participating Organisation may only commence its Regulated Short Selling activities if it submits a written declaration in the form as prescribed by the Exchange of its compliance with Rules 8.23(a) and 8.23(b) at least 2 Market Days before commencing its Regulated Short Selling activities.
- (2) The declaration must be made in the form set out in **Appendix 1**.

3. Rule 8.25(5)

- (1) Rule 8.25(5) provides that a Participating Organisation may execute purchases or make use of the purchases of securities in the RSS Account only for the following purposes:
 - (a) to contra in full or in part any Regulated Short Sale of an Approved Securities executed in the RSS Account;
 - (b) for redelivery under a SBL Agreement or an ISSBNT Agreement ("Approved Securities for Redelivery"); or
 - (c) to use the Approved Securities for Redelivery:
 - (i) to execute another Regulated Short Sale; or
 - (ii) for lending under a SBL Agreement or sale under an ISSBNT Agreement.
- (2) The application of Rule 8.25(5) in relation to the purchase of securities permitted to be executed in the RSS Account is illustrated in Examples 1 and 2 in **Appendix 2**.

4. Rule 8.30

- (1) Rule 8.30 requires a Participating Organisation to report to the Exchange daily or in such other frequency as may be determined by the Exchange, in the format prescribed by the Exchange, the Net Short Position and any other information in relation to the Net Short Position as may be required by the Exchange from time to time.

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- (2) The application of Rule 8.30 in relation to the reporting requirement on the Net Short Position is illustrated in Example 3 in **Appendix 2**.

5.4 Rules 4.18 and 8.31

~~(1) Rule 4.18 provides that without affecting Rule 4.20, the Exchange may suspend any order entry into the order book in the ATS for any further Permitted Short Selling of PSS Securities, if the quantity of the total short position of a PSS Securities triggers such thresholds as may be prescribed by the Exchange.~~

~~(+)(2) Rule 8.31 provides that without affecting Rule 8.32, the Exchange may suspend any order entry into the order book in the ATS for any further Regulated Short Selling of Approved Securities, if the quantity of the total short position of an Approved Securities ~~or a class of Approved Securities~~ triggers such thresholds as may be prescribed by the Exchange.~~

5.1 Thresholds for suspension

~~(2) The thresholds for suspension prescribed by the Exchange pursuant to Rule 8.31 are as follows:~~

~~(a) The quantity of the total short position of an Approved Securities on a particular Market Day is 3% of the outstanding shares of the Issuer of the Approved Securities on that Market Day;~~

~~(b) The quantity of the total short position of a class of Approved Securities on a particular Market Day is 3% of the quantity of the outstanding securities of the class of Approved Securities on that Market Day; and~~

~~(c) The aggregated quantity of the total short position of an Approved Securities referred to in paragraph 5.1(2)(a) and paragraph 5.1(2)(b) above is at 10% of the quantity of outstanding shares or securities of the Approved Securities.~~

Total Gross Short Position threshold

~~(1) The daily limit threshold for suspension prescribed by the Exchange pursuant to Rule 8.31 is triggered when the quantity of the total gross short position of an Approved Securities on a particular Market Day is 3% of the outstanding securities of the Approved Securities on that Market Day.~~

Total Net Short Position threshold

~~(2) In addition to the limit in paragraph 5.1(1), the aggregate limit threshold for suspension prescribed by the Exchange pursuant to Rule 4.18 and Rule 8.31 is triggered when the aggregated quantity of the total net short position of an Approved Securities, PSS Securities or Dual List Securities, as the case may be, is at 10% of the quantity of the outstanding securities of such Approved Securities, PSS Securities or Dual List Securities, as the case may be.~~

~~(3) For the purpose of paragraph 5.1(2) above, the following applies:~~

~~(a) "Outstanding shares" means the total number of issued shares of the Issuer including the treasury shares;~~

- ~~(b) — “Outstanding securities” means total quantity of securities held by the holders of the securities;~~
- ~~(c) — “total short position” in paragraphs 5.1(2)(a) and 5.1(2)(b) means the total gross short position pursuant to Regulated Short Selling, Intraday Short Selling and short selling under Day Trading; and~~
- ~~(d) — “total short position” in paragraph 5.1(2)(c) means the total net short position pursuant to Regulated Short Selling only.~~

5.2 Suspension

- ~~(4)(1) The suspension in relation to the circumstances described in paragraphs 5.1(1)(2)(a) and 5.1(2)(b), may be for the remaining Market Day from the time the suspension was instituted on that Market Day.~~
- ~~(5)(2) The suspension in relation to the circumstance described in paragraph 5.1(2)(e), may be for the period until the aggregated quantity falls below 10% of the quantity of outstanding shares or securities, which can only occur when there is a redelivery of Eligible Securities under a SBL Agreement or of ISSBNT Eligible Securities under a ISSBNT Agreement.~~
- ~~(6) — If a suspension for Regulated Short Selling is imposed on the shares of an Issuer pursuant to paragraphs 5.1(2)(a) or 5.1(2)(c), such suspension would also apply to:~~
- ~~(a) — all securities referred to in paragraph 5.1(2)(b), although the total short position of the securities is not in breach of the limit referred to in paragraph 5.1(2)(b); and~~
- ~~(b) — all securities issued by any Issuer if the underlying instrument of the securities issued, comprises solely the shares of an Issuer in relation to which suspension under paragraphs 5.1(2)(a) or 5.1(2)(c) has been imposed.~~
- ~~(3) If a suspension for short selling is imposed under paragraph 5.1(1) on the shares of an Issuer or securities of a listed Collective Investment Scheme, which are Approved Securities (“Principal Securities of the total gross short position”), such suspension would also apply to:~~
- ~~(a) such other Approved Securities where its underlying instrument comprises the Principal Securities of the total gross short position, notwithstanding such securities has not triggered the limit as set out in paragraph 5.1(1); and~~
- ~~(b) such Day Trading Eligible Securities where its underlying instrument comprises solely the Principal Securities of the total gross short position.~~
- ~~(4) If a suspension for short selling is imposed under paragraph 5.1(2) on the shares of an Issuer or securities of a listed Collective Investment Scheme, which are Approved Securities, PSS Securities or Dual List Securities, as the case may be (“Principal Securities of the total net short position”), such suspension would also apply to:~~
- ~~(a) such other Approved Securities, PSS Securities or Dual List Securities, as the case may be, where its underlying instrument comprises the Principal Securities of the total net short position, notwithstanding such securities has not triggered the limit as set out in paragraph 5.1(2); and~~

ANNEXURE 2(B)
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(b) such Day Trading Eligible Securities where its underlying instrument comprises solely the Principal Securities of the total net short position.

(5) For the purposes of paragraphs 5.1 and 5.2 above, the following applies:

(a) “Collective Investment Scheme” has the same meaning assigned to that expression in the Main Market Listing Requirements;

(b) “Day Trading Eligible Securities” has the same meaning assigned to that expression in the Directives on the Use of Day Trading Activities Account (Directive No. 7.05(1)-001);

(c) “Dual List Securities” means a PSS Securities which is also an Approved Securities;

(d) “outstanding securities” means:

(i) in respect of shares, the total number of issued shares of the Issuer including the treasury shares, and

(ii) in respect of securities other than shares,- the total quantity of securities held by the holders of the securities;

(e) “the aggregated quantity of the total net short position of an Approved Securities” in paragraph 5.1(2) means the total net short position pursuant to Regulated Short Selling only;

(f) “the aggregated quantity of the total net short position of a Dual List Securities” in paragraph 5.1(2) means the total net short position pursuant to Regulated Short Selling and Permitted Short Selling; and

(g) “total gross short position” in paragraph 5.1(1) means the total gross short position pursuant to Regulated Short Selling, Intraday Short Selling and short selling under Day Trading.

[End of Directive]

ANNEXURE 2(B)
AMENDMENTS TO THE DIRECTIVES
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APPENDIX 1

DECLARATION ON COMPLIANCE FOR REGULATED SHORT SELLING
[Rules 8.23(c)]

To: Bursa Malaysia Securities Berhad

DECLARATION ON COMPLIANCE

Pursuant to the requirements of Rule 8.23(c), we [name of Participating Organisation] declare as follows:

1. that we have formulated a set of the internal guidelines for Regulated Short Selling which have been approved by the board of Directors;
2. the internal guidelines for Regulated Short Selling have been brought to the notice of the relevant employees and registered persons who have read and understood the contents;
3. that the internal guidelines for Regulated Short Selling comply with the requirements set out in Rule 8.23; and
4. that all relevant systems and infrastructure including front office and/or back office systems have been verified and assessed in terms of application as well as software and the hardware capabilities and are confirmed to be operational and have all the functionalities, requirements and controls in place for the purpose of carrying out Regulated Short Selling activities in accordance with these Rules.

Signed : _____
 [Authorised signatory]

Date : _____

[End of Appendix 1]

ANNEXURE 2(B)
AMENDMENTS TO THE DIRECTIVES
EXPANSION OF THE MARKET MAKING FRAMEWORK AND APPROVED SECURITIES LIST

APPENDIX 2

Example 1

Clarification in relation to application and operation of condition set out in Rule 8.25(5)

					Remarks	
			100			
Transaction Date	Transaction Sequence	SBL/ISSBNT	Quantity (unit) (2)	Transaction Positions		
				Net Short (units) (S-B) (3)	Long (units) (4)	
T	1	S	100	100	0	
	2	B	100	0	0	PO is permitted to execute a purchase of securities in the RSS account at any time after the execution of any RSS of an approved securities on the same market day
	3	S	100	100	0	Subsequent RSS of 100 is permitted because the net short position prior to the RSS transaction is 0 and there is a borrowing / purchase pursuant to ISSBNT of 100.
	4	B	80	20	0	This purchase is permitted because it is within the net short position of 100.
	5	S	80	100	0	PO must ensure that the total RSS executed at any one time shall not exceed the amount of borrowing / amount of purchase pursuant to ISSBNT, i.e. PO cannot do an RSS of 100 notwithstanding a borrowing / purchase pursuant to ISSBNT of 100 at this point because the net short position plus the subsequent RSS cannot be greater than the borrowing / purchase pursuant to ISSBNT of 100.
	6	B	140	0	40	The purchase of 40 is an over-purchase. PO must limit purchases to not more than the total quantity of net short position.
T+1	7	S	100	100	40	1. T+1 short is permitted provided the SBL / ISSBNT of 100 on T is still valid 2. The RSS of 100 must be reported as a net short of 100 and not a net short of 60 because the 40 is an over-purchase which should be reported under the long position.

S = Sell B = Buy

Example 2

ANNEXURE 2(B)
AMENDMENTS TO THE DIRECTIVES
EXPANSION OF THE MARKET MAKING FRAMEWORK AND APPROVED SECURITIES LIST

Options for Squaring-Off Over-Purchase Positions

						Remarks
			100			
Transaction Date	Transaction Sequence	SBL/ISSBNT Type of Trade (1)	Quantity (unit) (2)	Transaction Positions		
				Net Short (units) (S-B) (3)	Long (units) (4)	
T	1	S	100	100	0	
	2	B	100	0	0	
	3	S	100	100	0	
	4	B	80	20	0	
	5	S	80	100	0	
	6	B	140	0	40	
	7	S	60	60	40	The purchase of 40 is an over-purchase and PO must limit purchases to not more than the total quantity of net short position. Option 1 Amend to normal a/c; or if PO forgot to amend, go to Option 2;
T+2	7(a)	S Or	40	40	40	Option 2 The total securities balance on T+2 will be 80 (i.e. 40 long + balance of 40 from borrowing / purchase pursuant to ISSBNT) Client can do an RSS trade for 40, leaving a long position of 40 for partial return of the borrowing / purchase pursuant to ISSBNT (i.e. 80-40); or
	7(b)	S	40	40	40	Option 3 Sell the over-purchase of 40 which is reportable by the PO as part of the sell is to square-off the over-purchase of 40.

S = Sell B = Buy

ANNEXURE 2(B)
AMENDMENTS TO THE DIRECTIVES
EXPANSION OF THE MARKET MAKING FRAMEWORK

Example 3

Computation of Net Short (by Broker) of stock 1818 for reporting purposes

Trades:

Record No.	Stock No.	Matched Qty	Trx_type Transaction type	Buyer CDS	Seller CDS
1	1818	1000	06RSS	1111	2222
2	2323	2000	06RSS	3333	4444
3	1818	3000	06RSS	5555	6666
4	1818	4000	00Normal buy	2222	7777
5	1818	5000	06RSS	6666	9999
6	1818	6000	06RSS	8888	0000

Net Short for RSS stock 1818:

Seller CDS	Short Sell	Buy Back	Net Short	Value
2222	1000	4000	0	xxx
6666	3000	5000	0	xxx
9999	5000	0	5000	xxx
0000	6000	0	6000	xxx
		Total	11,000	xxx

[End of Appendix 2]