

CHAPTER 2 ADMINISTRATION

PART A POWERS OF THE EXCHANGE

2.01 Exercise of powers

- (1) Subject to the provisions of the Securities Laws, the Exchange may exercise its powers in such manner and on such terms as it considers necessary or expedient.
- (2) The powers of the Exchange include:
 - (a) making new rules;
 - (b) adding to, repealing, enforcing, waiving or modifying compliance with any of these Rules or Directives;
 - (c) administering, managing and formulating policies in relation to these Rules;
 - (d) issuing Directives for the purposes of or in connection with any of these Rules;
 - (e) interpreting conclusively any provision in these Rules and any Directives having regard to the spirit, intention, purpose and the substance of such Rules and Directives;
 - (f) pursuant to a finding from any inspection or investigation on a Participating Organisation or a Registered Person, requiring a Registered Person or Participating Organisation to take appropriate action against the Participating Organisation's or Registered Person's employees or agents if such employees or agents have caused the Registered Person or the Participating Organisation to violate these Rules or Directives;
 - (g) *[Deleted]*
 - (h) granting, suspending, varying or revoking the rights of any Participating Organisation or Registered Person;
 - (i) imposing terms and conditions in relation to any decision, approval, or act done by the Exchange in connection with these Rules at any time and subsequently at any time revoke, waive, vary or amend such terms and conditions;
 - (j) enforcing the directions given by the Commission;
 - (k) requiring a Participating Organisation or a Registered Person to maintain and provide reports, information, Documents, Books and Records to the Exchange in relation to any matter under these Rules or Directives;

[Refer to Directives No. 2.01(2)-002, 2.01(2)-003, 2.01(2)-004 and 2.01(2)-005]

- (l) referring any act or conduct of a Participating Organisation or Registered Person to an appropriate authority;
- (m) imposing charges, fees and penalty for late payment or non-payment of fees, charges or any other amount due to the Exchange;
- (n) appointing a committee, sub-committee, officers of the Exchange or an agent to exercise the Exchange's powers under these Rules, where appropriate;

- (o) undertaking a readiness audit on a Participating Organisation or requiring a Participating Organisation to carry out its own readiness audit, with the scope, criteria and manner to be determined by the Exchange;

[Refer to Directive No. 2.01(2)-006]

- (p) undertaking any further, ancillary or consequential action pursuant to an initial decision or action taken by the Exchange, Commission, Clearing House or Depository in relation to a Participating Organisation, Registered Person or an Issuer;
 - (q) exercising all such other powers as may be necessary for the purposes of monitoring compliance with and enforcement of these Rules and Directives; and
 - (r) exercising any power and taking any action (including preventive or pre-emptive action) which in the Exchange's opinion is necessary for the existence or maintenance of an orderly and fair market.
- (3) The exercise of any specific powers conferred on the Exchange in any other provisions in these Rules does not prejudice or waive the exercise of any power by the Exchange under Rule 2.01(2).
 - (4) If any provision of these Rules empowers, authorises or enables the Exchange to do or enforce the doing of any act or thing, the Exchange has all such powers or rights as may be necessary or reasonably incidental to the Exchange doing or enforcing the doing of the act or thing.
 - (5) A Participating Organisation and a Registered Person must comply with and give effect to any Directives the Exchange issues in exercising the powers under these Rules.

2.02 Disapplication of Chapter 15

- (1) The disciplinary proceedings prescribed in Chapter 15 do not apply to any action taken under Rule 2.01(2)(r) or to any action described under these Rules or Directives as taken 'summarily' by the Exchange ("**the Relevant Rules**").
- (2) In taking any of the actions under the Relevant Rules, the Exchange need not give a Participating Organisation or a Registered Person a prior opportunity to be heard.
- (3) Where an action is taken under the Relevant Rules a Participating Organisation, or a Registered Person may make representations to the Exchange to discontinue the action taken. The Exchange may, after considering the representations made, discontinue with the action taken or take any other action it considers necessary in the circumstances. However, such discontinuance is not to be construed as an omission or error on the part of the Exchange in taking the action under the Relevant Rules in the first place.
- (4) The Exchange's decision after considering the representations made is final and binding on the Participating Organisation or Registered Person.

2.03 Validity of actions

- (1) Any amendments to the Rules or Directives ("**the Amendments**") do not affect:
 - (a) the accrued rights of the Exchange and the accrued obligations of Participating Organisations and Registered Persons under these Rules or Directives which are effective prior to the Amendments; and

- (b) any conditions, undertakings, decisions, waivers, act or thing imposed on or given by or done by Participating Organisations and Registered Persons prior to the Amendments.
- (2) Any action proposed to be taken or is in the process of being taken or has been taken by the Exchange in relation to any provisions of these Rules or Directives which are effective prior to the Amendments, will not be invalidated by the Amendments even if the above action is taken on or after the effective date of the Amendments.
- (3) The Exchange may apply the rules, procedures and penalties as may be applicable prior to, on or after the effective date of the Amendments, as it deems appropriate in relation to the following:
 - (a) disciplinary actions which were initiated prior to the effective date of the Amendments;
 - (b) appeals made prior to the effective date of the Amendments; or
 - (c) appeals made on or after the effective date of the Amendments in relation to disciplinary actions initiated or taken prior to the effective date of the Amendments.

2.04 Powers of the Exchange Holding Company

- (1) If any provision of these Rules confers a right or power on the Exchange to do any act or thing such provision will be deemed to confer the right or power on the Exchange Holding Company to do such act or thing on behalf of the Exchange.
- (2) A Participating Organisation, Registered Person and other person to whom these Rules are directed must comply with, observe or give effect to any action of the Exchange Holding Company pursuant to Rule 2.04(1).

2.05 Decisions of the Exchange and the Right of Appeal

- (1) Any decision of the Exchange, including a decision on appeal, is final and binding.
- (2) A person may only appeal against any action or decision taken or made by the Exchange under these Rules or Directives if the right of appeal is expressly provided for under the relevant provisions of these Rules.
- (3) The Exchange may affirm, vary or set aside the decision appealed against.

2.06 Parties affected by actions taken by the Exchange

A Participating Organisation and a Registered Person must ensure that a proxy, agent, nominee or other person acting in concert with the Participating Organisation, Registered Person or Clients of a Participating Organisation complies with any direction issued by the Exchange to the Participating Organisation and Registered Person

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PART B PROTECTION OF PUBLIC, CLIENT AND EXCHANGE'S INTEREST

2.07 Summary Powers

The Exchange may summarily take such action the Exchange thinks fit against a Participating Organisation or a Registered Person to protect the interests of Clients, the public or the Exchange if the Exchange is of the opinion that:

- (a) the manner in which the Participating Organisation or Registered Person conducts the Participating Organisation's business is or is likely to be detrimental to Clients, the public or the Exchange;
- (b) the Participating Organisation or Registered Person has committed an act or omission that is or is likely to be detrimental to Clients, the public or the Exchange;
- (c) the financial position or reputation of the Participating Organisation or Registered Person has a detrimental effect or is likely to be detrimental to Clients, the public or the Exchange.

[Refer to Directive No. 2.07-001]

PART C EMERGENCY SITUATIONS

2.08 Circumstances upon which the Exchange may take action

The Exchange may exercise its emergency powers where there is reasonable cause to believe that any of the following circumstances or circumstances similar to the following exist:

- (a) a situation that threatens, or may threaten, the integrity or the liquidity of any counter in the stock market or of the stock market;
- (b) a situation that threatens, or may threaten, the financial integrity of the Exchange or its Participating Organisations;
- (c) a manipulation or attempted manipulation of, or the creation of a corner situation in, any securities as described under Part C and Part D of Chapter 7 respectively;
- (d) any internal or external factors which are likely to have direct and adverse effect on the Exchange;
- (e) a situation where the operations of the Exchange are severely and adversely affected by the occurrence of any major incidents such as a fire, power failure or computer malfunction; or
- (f) any other situation likely to have an adverse impact on the operation of an orderly and fair market.

2.09 Actions

- (1) Upon determination by the Exchange under Rule 2.08 that an emergency exists or has arisen, the Exchange may, without prejudice to the generality of such powers, order that all or any of the following actions be taken to remedy the situation:
 - (a) suspend any of the provisions of these Rules or make or impose new temporary rules ("**Emergency Rules**") to ensure the existence or continuance of an orderly and fair market;
 - (b) suspend trading on the stock market of the Exchange;
 - (c) suspend trading in any securities on the stock market of the Exchange;
 - (d) modify Market Day or trading hours;
 - (e) impose higher financial requirements on a Participating Organisation;
 - (f) suspend a Participating Organisation's trading rights; and
 - (g) any other action deemed appropriate.
- (2) All Emergency Rules made and imposed by the Exchange are binding on all Participating Organisations, Registered Persons and employees for such period and in accordance with the terms and conditions prescribed by the Exchange.

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PART D REGISTERS

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PART E LIABILITY AND INDEMNITY

2.11 Non-liability of the Exchange

Without prejudice to any immunity or defence available to the following persons by statute or in law, none of the following persons is liable for, on account of or in respect of anything done or omitted to be done, any such statement made or omitted to be made by such persons or on behalf of such persons in good faith in connection with the discharge or performance or purported discharge or performance of any function or duty, or the exercise or intended exercise of any power under these Rules or any applicable law or in respect of any decision made or enforcement action taken or notice of publication in relation to such enforcement action, whether resulting in any loss of profit, costs, damages or damage to reputation or otherwise:-

- (a) the Exchange or the Exchange Holding Company;
- (b) any person acting on behalf of the Exchange or the Exchange Holding Company, including:
 - (i) any member of the board of the Exchange or Exchange Holding Company or any member of any committee or sub-committee of the Exchange or Exchange Holding Company;
 - (ii) any officer of the Exchange or Exchange Holding Company; or
 - (iii) any agent of, or any person acting under the direction of the Exchange or Exchange Holding Company.

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PART F DISCLOSURE OF INFORMATION

2.12 Disclosure of information regarding Participating Organisations

- (1) The Exchange may, where it considers appropriate, release any information including any confidential information in relation to a Participating Organisation, the Participating Organisation's Registered Person or Clients:
 - (i) to the Commission, Depository, Clearing House or any other relevant body or authority (in Malaysia or outside of Malaysia) as the Exchange considers fit; or
 - (ii) to such parties as the Exchange considers fit for the purposes of the Exchange's investigation, enforcement or both.

- (2) The Exchange may publish or disclose the following information to the Participating Organisations or any other persons as the Exchange considers fit:
 - (i) without identifying the Client of the Participating Organisation to whom the information relates, the volume or value of On-Market Transactions and Direct Business Transactions transacted by all or any or each of the Participating Organisations or Market Maker(s); or
 - (ii) any action taken against a Participating Organisation or a Registered Person by the Exchange under these Rules.

[Refer to Directive No. 2.12(2)-001]

[End of Chapter]