



Bursa Malaysia Depository Sdn Bhd (165570 W)

CDS Circular No: ADA/LAC/056/2006

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA DEPOSITORY
SDN. BHD. IN RELATION TO INVESTMENT BANKS**

Kindly be advised that pursuant to section 7 of the Securities Industry (Central Depositories) Act 1991, the Rules of Bursa Malaysia Depository Sdn. Bhd. ("Bursa Depository") have been amended as set out in "**ANNEXURE 1**" appended herewith. The said amendments to the Rules of Bursa Depository in relation to Investment Banks ("the said Amendments") are consequential to the Guidelines on Investment Banks which were issued jointly by the Securities Commission and Bank Negara Malaysia on 1 July 2005.

In accordance with section 9 of the Securities Industry (Central Depositories) Act 1991, all authorised depository agents shall give effect to the said Amendments which take effect from the date hereof.

Please be informed that the said Amendments are available on Bursa Malaysia's website at : <http://www.bursamalaysia.com>.

For further information or inquiries on the said Amendments, kindly contact the following persons at telephone no. 03-2034 7000:-

Hor Su Fern (Ext 7296)
Noraishah Ismail (Ext 7297)

Kindly be guided accordingly.

Legal Advisory & Corporate Legal Affairs

Dated : 8 November 2006

AMENDMENTS TO THE RULES OF BURSA MALAYSIA DEPOSITORY SDN BHD IN RELATION TO INVESTMENT BANKS

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule		Rule	
Relevant Rules	All Rules that contain the term “branch” except for “branch identity code”.	Relevant Rules	With the exception of “branch identity code”, the term “branch” wherever it appears in these Rules shall be replaced with the term “ branch office ”.
Relevant Rules	All Rules that contain the term “Securities Commission”.	Relevant Rules	The term “Securities Commission” wherever it appears in these Rules shall be replaced with the term “ Commission ”.
Relevant Rules	All Rules that contain the term “Central Bank of Malaysia”.	Relevant Rules	The term “Central Bank of Malaysia” wherever it appears in these Rules shall be replaced with the term “ Central Bank ”.
1.01	“branch office”, means a branch office of an authorized depository agent or a authorized direct member which has been allocated and approved branch identity code by the Depository pursuant to Rule 2.06 and Rule 14.12 respectively;	1.01	“branch office”, means a branch office of an authorized depository agent or a authorized direct member which has been allocated and approved branch identity code by the Depository pursuant to Rule 2.06 and Rule 14.12 respectively and in the case of an authorised depository agent which is an Investment Bank, such branch office which has been approved by the Central Bank;
1.01	New provision	1.01	“Central Bank” means the Central Bank of Malaysia established under section 3 of the Central Bank of Malaysia Act 1958;
1.01	New provision	1.01	“Guidelines on Investment Banks” means the Guidelines on Investment Banks issued jointly by the Central Bank and the Commission, including subsequent amendments, modifications, variations, supplements or substitutes thereto and any directives or guidelines as may be issued thereunder.

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule		Rule	
1.01	New provision	1.01	“Investment Bank” means an Investment Bank referred to under the Guidelines on Investment Banks.
2.02	<p>Appointment of authorised depository agents:</p> <p>(1) (No change)</p> <p>(2) Conditions: Unless directed otherwise by the Depository, the conditions for appointment as an authorised depository agent are as follows-</p> <p>(a) Capital funds: the applicant has a minimum amount of capital funds of not less than twenty million ringgit unimpaired by losses;</p> <p>(b)-(d) (No change)</p> <p>For the purposes of these Rules, “capital funds”, in relation to an applicant, means the paid-up capital, the share premiums and reserves as at the last statutory audit balance date of the applicant but does not include any paid-up redeemable preference shares.</p> <p>(3) Application and accompanying information: An application under this Rule shall be made in writing and shall be accompanied with such information as may be necessary in order to assist the Depository in</p>	2.02	<p>Appointment of authorised depository agents:</p> <p>(1) (No change)</p> <p>(2) Conditions: Unless directed otherwise by the Depository, the conditions for appointment as an authorised depository agent are as follows-</p> <p>(a) Capital funds: the applicant has a minimum amount of capital funds of not less than twenty million ringgit unimpaired by losses or in the case of a participating organisation, the minimum paid-up capital and shareholders’ funds unimpaired by losses as may be prescribed from time to time under the Rules of the Stock Exchange;</p> <p>(b)-(d) (No change)</p> <p>For the purposes of these Rules, “capital funds”, in relation to an applicant, means the paid-up capital, the share premiums and reserves as at the last statutory audit balance date of the applicant but does not include any paid-up redeemable preference shares.</p> <p>(3) Application and accompanying information: An application under this Rule shall be made in writing and shall be accompanied with such information as may be necessary in order to assist the</p>

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule		Rule	
	<p>determining the application and the suitability of the applicant to act as an authorised depository agent. An application for opening a branch of an authorised depository agent shall be made separately in writing.</p> <p>(4) – (7) (No change)</p>		<p>Depository in determining the application and the suitability of the applicant to act as an authorised depository agent. An application for opening a branch office of an authorised depository agent shall be made separately in writing. In the case of an Investment Bank, the approval of an application for opening a branch office shall be subject to the applicant receiving the approval of the Central Bank for the same.</p> <p>(4) – (7) (No change)</p>
2.06	<p>Identity codes:</p> <p>(1) (No change)</p> <p>(2) Branch identity codes: An authorised depository agent may, from time to time with the prior approval of the Depository, authorise any of its branches to perform any of its approved functions. Every branch of an authorised depository agent which has been approved by the Depository shall be allocated a branch identity code.</p> <p>(3) Single entity: Notwithstanding the allocation of different identity codes for an authorised depository agent and its branches by the Depository, the authorised depository agent and its branches shall, for the purposes of these Rules, be treated as a single entity.</p>	2.06	<p>Identity codes:</p> <p>(1) (No change)</p> <p>(2) Branch identity codes: An authorised depository agent may, from time to time with the prior approval of the Depository and in the case of an authorised depository agent which is an Investment Bank, with the prior approval of both the Depository and the Central Bank, authorise any of its branch offices to perform any of its approved functions. Every branch office of an authorised depository agent which has been approved by the Depository shall be allocated a branch identity code.</p> <p>(3) Single entity: Notwithstanding the allocation of different identity codes for an authorised depository agent and its branch offices by the Depository, the authorised depository agent and its branch offices shall, for the purposes of these Rules, be treated as a single entity.</p>

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule		Rule	
2.07	<p>Commencement of operations:</p> <p>No person shall be allowed to commence operations as an authorised depository agent without-</p> <p>(a) obtaining prior clearance in writing from any authorised person of the Depository for the time being in charge of security measures and control;</p> <p>(b) having paid the appointment fee, if applicable, prescribed in Rule 2.03; and</p> <p>(c) having executed such agency agreement or agreements, as may be prescribed by the Depository, to establish the confidential terms and conditions in respect to the contractual relationship between that person and the Depository.</p> <p>New provision</p> <p>For the purposes of this Rule an authorised depository agent shall be deemed to have commenced operations if it has opened any securities account for any of its clients.</p>	2.07	<p>Commencement of operations:</p> <p>(1) Commencement of operations as an authorised depository agent: No person shall be allowed to commence operations as an authorised depository agent without-</p> <p>(a) obtaining prior clearance in writing from any authorised person of the Depository for the time being in charge of security measures and control;</p> <p>(b) having paid the appointment fee, if applicable, prescribed in Rule 2.03A; and</p> <p>(c) having executed such agency agreement or agreements, as may be prescribed by the Depository, to establish the confidential terms and conditions in respect to the contractual relationship between that person and the Depository.</p> <p>(2) Commencement of operations as a branch office of an authorised depository agent: No person shall be allowed to commence operations as a branch office of any authorised depository agent without obtaining prior clearance in writing from an authorised person of the Depository for the time being in charge of security measures and control.</p> <p>(3) When deemed to have commenced operations: For the purposes of this Rule an authorised depository agent or a branch office of an authorised depository agent shall be deemed to have commenced operations if it has opened any securities</p>

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule		Rule	
			account for any of its clients.
2.12	<p>Outsourcing of Back Office Functions:</p> <p>(1) – (3) (No change)</p> <p>New provision</p>	2.12	<p>Outsourcing of Back Office Functions:</p> <p>(1) – (3) (No change)</p> <p>(4) Investment Bank: Rules 2.12(1), (2) and (3) above shall not apply to an authorised depository agent which is an Investment Bank. An authorised depository agent which is an Investment Bank shall comply with the Guidelines on Investment Banks and such other requirements of the Central Bank relating to the outsourcing of back-office functions, if any, insofar as the same are applicable to an Investment Bank (“the Relevant Guidelines and Requirements”). The Relevant Guidelines and Requirements shall be regarded as part of these Rules and consequently any breach by an authorised depository agent which is an Investment Bank of the Relevant Guidelines and Requirements shall be deemed to be a breach of these Rules.</p>
	New provision	2.13	<p>Investment Bank:</p> <p>In relation to an authorised depository agent that has acquired the status of an Investment Bank after its appointment as an authorised depository agent under Part II of these Rules, the said authorised depository agent shall notify the Depository in writing of the same at least seven (7) days (or such other time as may be determined by the Depository) prior to the commencement of its business as an Investment Bank, which notification shall be accompanied with such information or documents as may be required by the Depository.</p>

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3.03	<p>Appointment of manager:</p> <p>The Depository upon consultation with the <i>Securities</i> Commission may appoint any suitable and competent person or persons, with remuneration to be paid by the authorised depository agent for the purpose of exercising any of the powers specified in Rule 3.01(2) paragraphs (c), (d), (e) and (f) <i>and Rule 3.02(2) paragraphs (c), (d), (e) and (f).</i></p>	3.03	<p>Appointment of manager:</p> <p>The Depository upon consultation with the Commission may appoint any suitable and competent person or persons, with remuneration to be paid by the authorised depository agent for the purpose of exercising any of the powers specified in Rule 3.01(2) paragraphs (c), (d), (e) and (f).</p>
3.04	<p>Actions against branches:</p> <p>(1) Actions that may be taken by the Depository: Notwithstanding any provision in this chapter the Depository may take any one or more of the actions set out in Rules 3.01(2) <i>or 3.02(2), as the case may be</i> in respect of a particular branch of an authorised depository agent-</p> <p>(a) by reasons stipulated under Rules 3.01(1) <i>or 3.02(1), as the case may be</i>; or</p> <p>(b) if the Depository is not satisfied with the capabilities of that branch to discharge any of the approved functions,</p> <p>provided however that where the branch is that of a bank, merchant bank, finance company, Islamic bank or a bank established under an Act of Parliament no such action shall be effected without prior consultation with the Central Bank of <i>Malaysia</i> and where such authorised depository agent is a participating organisation or a Clearing House, prior</p>	3.04	<p>Actions against branch offices:</p> <p>(1) Actions that may be taken by the Depository: Notwithstanding any provision in this chapter the Depository may take any one or more of the actions set out in Rule 3.01(2) in respect of a particular branch office of an authorised depository agent-</p> <p>(a) by reasons stipulated under Rule 3.01(1); or</p> <p>(b) if the Depository is not satisfied with the capabilities of that branch office to discharge any of the approved functions,</p> <p>provided however that where the branch office is that of a bank, merchant bank, finance company, Islamic bank or a bank established under an Act of Parliament no such action shall be effected without prior consultation with the Central Bank and where such authorised depository agent is a participating</p>

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule		Rule	
	<p>consultation is also held with the relevant Exchanges and the Commission.</p> <p>(2) Termination of appointment: In the event the Depository suspends or terminates the appointment as authorised depository agent under this chapter, such suspension or termination shall mean the automatic suspension or termination of any of its approved branches but the suspension or termination of appointment of any branch of an authorised depository agent shall not operate to relieve any other branch or the main office from performing any duties or functions imposed on it under the Act or in these Rules.</p>		<p>organisation or a Clearing House, prior consultation is also held with the relevant Exchanges and the Commission.</p> <p>(2) Termination of appointment: In the event the Depository suspends or terminates the appointment as authorised depository agent under this chapter, such suspension or termination shall mean the automatic suspension or termination of any of its approved branch offices but the suspension or termination of appointment of any branch office of an authorised depository agent shall not operate to relieve any other branch office or the main office from performing any duties or functions imposed on it under the Act or in these Rules.</p>
3.05	<p>Variation of procedures:</p> <p>Where the Depository takes any one or more of the action under Rules 3.01(2) or 3.02(2), as <i>the case may be</i>, the procedures set out in Part II and V of these Rules as may be applicable to the authorised depository agent and the depositors whose securities accounts are maintained with the authorised depository agent respectively, may be varied to such extent as the Depository may deem fit or necessary.</p>	3.05	<p>Variation of procedures:</p> <p>Where the Depository takes any one or more of the action under Rule 3.01(2), the procedures set out in Part II and V of these Rules as may be applicable to the authorised depository agent and the depositors whose securities accounts are maintained with the authorised depository agent respectively, may be varied to such extent as the Depository may deem fit or necessary.</p>
3.06	<p>Authorised depository agent to give assistance:</p> <p>The authorised depository agent, its servants or agents shall render all such assistance as is required by the Depository where any one or more of the actions set out in Rules 3.01(2) and 3.02(2) is or are taken by the Depository and not in any way obstruct or hinder the Depository in the exercise of its powers under this</p>	3.06	<p>Authorised depository agent to give assistance:</p> <p>The authorised depository agent, its servants or agents shall render all such assistance as is required by the Depository where any one or more of the actions set out in Rule 3.01(2) is or are taken by the Depository and not in any way obstruct or hinder the Depository in the exercise of its</p>

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	chapter.		powers under this chapter.
3.09	<p>Indemnification:</p> <p>The exercise by the Depository of the powers referred to in Rules 3.01(2) or 3.02(2) shall not in any way affect the right of the Depository to claim indemnification from the authorised depository agent whether such right to indemnification is pursuant to these Rules or otherwise.</p>	3.09	<p>Indemnification:</p> <p>The exercise by the Depository of the powers referred to in Rule 3.01(2) shall not in any way affect the right of the Depository to claim indemnification from the authorised depository agent whether such right to indemnification is pursuant to these Rules or otherwise.</p>
3.10	<p>Rights or liabilities of the authorised depository agent prior to termination:</p> <p>Where the appointment of an authorised depository agent is terminated pursuant to Rules 3.01 or 3.02, such termination shall not affect any rights or liabilities of the authorised depository agent prior to such termination.</p>	3.10	<p>Rights or liabilities of the authorised depository agent prior to termination:</p> <p>Where the appointment of an authorised depository agent is terminated pursuant to Rule 3.01, such termination shall not affect any rights or liabilities of the authorised depository agent prior to such termination.</p>
14.12	<p>Identity codes :</p> <p><i>The provisions stated in Rule 2.06 shall apply, mutatis mutandis, to every authorised direct member as if it were an authorised agent mentioned therein.</i></p>	14.12	<p>Identity codes :</p> <p>(1) Allocation of codes: The Depository shall allocate to every authorised direct member an identity code.</p> <p>(2) Branch identity codes: An authorised direct member may, from time to time with the prior approval of the Depository, authorise any of its branch offices to perform any of its approved functions. Every branch office of an authorised direct member which has been approved by the Depository shall be allocated a branch identity code.</p>

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Rule		Rule	
			(3) Single entity: Notwithstanding the allocation of different identity codes for an authorised direct member and its branch offices by the Depository, the authorised direct member and its branch offices shall, for the purposes of these Rules, be treated as a single entity.