

PARTICIPATING ORGANISATIONS' CIRCULAR

Date : 30 June 2014

No : R/R 4 of 2014

1. **AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD (“RULES OF BURSA SECURITIES”) CONSEQUENTIAL TO CHANGES TO THE SECURITIES COMMISSION’S OUTSOURCING REQUIREMENTS**
2. **REVOCATION OF DIRECTIVES ON MATERIAL OUTSOURCING ARRANGEMENTS BY MARKET INTERMEDIARIES**

1. INTRODUCTION

- 1.1 The Securities Commission (“**SC**”) has on 30 June 2014 replaced the SC’s Guidelines on Outsourcing for Capital Market Intermediaries (“**Guidelines on Outsourcing**”) with chapter 10 in the SC’s Licensing Handbook, which sets out the SC’s revised requirements in relation to outsourcing arrangements.
- 1.2 Amendments have been made to the Rules of Bursa Securities and Directive 5.17-001 has been revoked to reflect the changes in the SC’s requirements on outsourcing arrangements.

2. RULE AMENDMENTS

- 2.1 The salient changes to the Rules of Bursa Securities are as follows:
 - (a) the requirement for a Participating Organisation to obtain the approval of the Exchange for a material outsourcing arrangement has been removed; and
 - (b) references to “Guidelines on Outsourcing” have been replaced with the “Commission’s Licensing Handbook”.

The rule amendments are set out in “**Annexure 1**” (“**Rule Amendments**”).

3. REVOCATION OF DIRECTIVES ON MATERIAL OUTSOURCING ARRANGEMENTS BY MARKET INTERMEDIARIES

- 3.1 Following the changes in the SC’s requirements on outsourcing arrangements, Directive No. 5.17-001 is revoked with effect from the Effective Date.

4. EFFECTIVE DATE

- 4.1 The Rule Amendments and the revocation of the Directive take effect from **30 June 2014** (“**Effective Date**”).

5. **CONTACT PERSON**

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This Circular is available at

<http://www.bursamalaysia.com/market/regulation/rules/bursa-malaysia-rules/securities/rules-of-bursa-malaysia-securities>

Regulation

**RULES OF BURSA MALAYSIA SECURITIES BHD
RULE AMENDMENTS CONSEQUENTIAL TO THE SECURITY COMMISSION'S GUIDELINES ON OUTSOURCING**

EXISTING PROVISIONS		AMENDED PROVISIONS
Rule 1.01	Group: Same meaning as in the Guidelines on Outsourcing.	Group: Same meaning as in the Guidelines on Outsourcing <u>Commission's Licensing Handbook</u> .
Rule 1.01	Guidelines on Outsourcing: Commission's Guidelines on Outsourcing for Capital Market Intermediaries.	[Deleted]
Rule 1.01	service provider: Same meaning in the Guidelines on Outsourcing.	service provider: Same meaning <u>as</u> in the Guidelines on Outsourcing <u>Commission's Licensing Handbook</u> .
Rule 1.01	sub-contractor: In relation to outsourcing of functions, the service provider to whom the initial service provider has further contracted the outsourced functions.	[Deleted]
Rule 5.17	<p>5.17 Outsourcing Arrangements</p> <p>(1) A Participating Organisation must not outsource any of its functions except in accordance with these Rules.</p> <p>(2) A Participating Organisation may outsource its functions if it –</p> <p style="padding-left: 20px;">(a) complies with these Rules, the Guidelines on Outsourcing and any Directives that may be issued by the Exchange on this matter; and</p> <p style="padding-left: 20px;">(b) has obtained the prior written approval of the Exchange for any material outsourcing arrangement as required under the Guidelines on Outsourcing.</p> <p>(3) A Participating Organisation which has outsourced its</p>	<p>5.17 Outsourcing Arrangements</p> <p>(1) A Participating Organisation must not outsource any of its functions except in accordance with these Rules.</p> <p>(2) A Participating Organisation may outsource its functions if it <u>which outsources its functions must –</u></p> <p>(a) <u>complies</u> with these Rules, the Guidelines on Outsourcing <u>Commission's Licensing Handbook</u> and any Directives that may be issued by the Exchange on this matter. ; <u>and</u></p> <p>(b) <u>has obtained the prior written approval of the Exchange for any material outsourcing arrangement as required under the Guidelines on</u></p>

EXISTING PROVISIONS	AMENDED PROVISIONS
<p>functions in accordance with this Rule 5.17 must, in relation to such functions:</p> <p>(a) comply with these Rules, the Guidelines on Outsourcing and any Directives that may be issued by the Exchange on this matter; and</p> <p>(b) ensure that its service provider or sub-contractor complies with the Rules that are applicable to the outsourced functions in the same manner as the Participating Organisation is required to.</p> <p>(4) The Exchange may, at any time, revoke any approval given to the Participating Organisation for its material outsourcing or direct the Participating Organisation to discontinue any outsourcing, partly or wholly, for any reason whatsoever.</p>	<p style="text-align: center;">Outsourcing-</p> <p>(32) A Participating Organisation which has outsourced its functions in accordance with this Rule 5.17 must, in relation to such functions:<u>must</u></p> <p>(a) comply with these Rules, the Guidelines on Outsourcing and any Directives that may be issued by the Exchange on this matter; and</p> <p>(b) ensure that its the service provider(s) or sub-contractor <u>complies comply</u> with the Rules that are applicable to the outsourced functions in the same manner as the Participating Organisation is required to.</p> <p>(3) A Participating Organisation remains accountable for all outsourced functions and will be held liable for any act or omission on the part of the service provider which results in a breach of these Rules.</p> <p>(4) The Exchange may, at any time, revoke any approval given to the Participating Organisation for its material outsourcing or direct the Participating Organisation to discontinue any outsourcing, partly or wholly, for any reason whatsoever.</p>

[End of Rule Amendments]