

PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 6 November 2013

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1. **AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD ("RULES OF BURSA SECURITIES") IN RELATION TO DYNAMIC PRICE LIMITS**
2. **AMENDMENTS TO THE PARTICIPATING ORGANISATIONS' TRADING MANUAL IN RELATION TO DYNAMIC PRICE LIMITS AND THE IMPLEMENTATION OF A NEW BURSA TRADING SYSTEM**

1. INTRODUCTION

- 1.1 As part of the implementation of the new Bursa Trading System ("BTS2"), Bursa Malaysia Securities Berhad ("the Exchange") is introducing dynamic price limits ("Dynamic Limits") in addition to the current static price limits under the Rules of Bursa Securities.
- 1.2 The Dynamic Limits refer to upper and lower price thresholds that are calculated based on a deviation of a percentage / absolute value from the last done price of securities during the main trading phase. It will be updated continuously during the main trading phase. If an order attempts to match with a resting order, namely, an existing order in the order book at a price outside of the Dynamic Limits, such order will be purged by the system without any disruption to the trading or matching of other orderly transactions.
- 1.3 Pursuant to the introduction of Dynamic Limits, the Exchange has amended the Rules of Bursa Securities. The amendments to the Rules of Bursa Securities are explained below in paragraph 2.
- 1.4 The Participating Organisations' Trading Manual ("Trading Manual") is amended to reflect the changes made in respect of Dynamic Limits and changes in trading features following the implementation of BTS2. The amendments to the Trading Manual are explained below in paragraph 3.

2. RULE AMENDMENTS

- 2.1 A new Rule 8.13A has been inserted to empower the Exchange to prescribe the Dynamic Limits. The salient amendments are as follows:
 - (a) the Exchange may prescribe Dynamic Limits i.e. the upper and lower price limits within which the securities are traded;
 - (b) any order for a Board Lot entered at a price outside of the Dynamic Limits will be executed where possible at prices at or within the Dynamic Limits and any remaining unmatched quantity will be automatically cancelled by the ATS; and

- (c) the Exchange may take any action it deems appropriate if a matching of an order for Board Lots in the ATS results in a breach of the Dynamic Limits.
- 2.2 The detailed amendments to the Rules of Bursa Securities are set out in **Annexure 1**. These amendments have been approved by the Securities Commission.

3. TRADING MANUAL AMENDMENTS

- 3.1 The salient amendments to the Trading Manual are as follows:
- (a) To introduce an order tagging requirement;
 - (b) To set out the application and requirements for Dynamic Limits;
 - (c) To include a requirement that the selling counterparty in a Direct Business Transaction (“DBT”) must be the party initiating the DBT reporting under Rule 10.06(1), and the buying party to confirm; and
 - (d) To introduce Stop Limit Order and Stop Market Order.
- 3.2 The amended Trading Manual is set out in **Annexure 2**.

4. EFFECTIVE DATE

The amendments to the Rules of Bursa Securities and the Trading Manual as set out in paragraphs 2 and 3 above take effect on **2 December 2013** (“the Effective Date”).

5. CONTACT PERSONS

In the event of any queries in relation to the above matter, kindly contact the following persons:

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