

PARTICIPATING ORGANISATIONS' CIRCULAR

Date : 26 June 2007

No : R/R 9 of 2007

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PERTAINING TO INSURANCE REQUIREMENTS FOR PARTICIPATING ORGANISATIONS

1. Please be informed that pursuant to Section 9(3) of the Securities Industry Act 1983, the Rules of Bursa Malaysia Securities Berhad ("**Rules of Bursa Securities**") have been amended to provide for a Participating Organisation, either on its own or at group level, to take out and maintain an insurance policy to cover its business as permitted in Rule 503 of the Rules of Bursa Securities.
2. The aforesaid amendments (hereinafter referred to as "**the said Amendments**") are as set out in **ANNEXURE 1** attached herewith.
3. The said Amendments shall take effect from **1 July 2007** ("**the effective date**").
4. With the said Amendments, the following circulars are hereby revoked with effect from **1 July 2007**:-
 - (a) Members' Circular No. R/R 22 of 1997 ; and
 - (b) Members' Circular No. G 163 of 2002.
5. All rules, directives or circulars in force which make references to or contain provisions relating to the above matters shall have effect from the effective date as if such references or provisions relate to the said Amendments.
6. This circular is available on Bursa Malaysia's website at this link :-
http://www.bursamalaysia.com/website/bm/rules_and_regulations/bursa_rules/bm_securities.html
7. For further information or any enquiries on the above, kindly contact :-
 - (a) Encik Ahmad Sufian Mokhtar (20347242)
 - (b) Ms Lai Fui Sim (20347079).

LEGAL ADVISORY AND CORPORATE LEGAL AFFAIRS

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD
IN RELATION TO INSURANCE REQUIREMENTS FOR PARTICIPATING ORGANISATIONS**

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule		Rule	
	New provision.	407	INSURANCE REQUIREMENTS
	New provision.	407.1	<p>OBLIGATION TO HAVE INSURANCE</p> <p>(1) Every Participating Organisation must either, on its own or at Group level, take out and maintain at all times an insurance policy in connection with its business as permitted in Rule 503 (“Permitted Activities”).</p> <p>(2) The Participating Organisation must ensure that the insurance policy taken out and maintained in accordance with Rule 407.1 (1) above complies with the relevant laws, rules and guidelines.</p>
	New provision.	407.2	<p>AMOUNT AND NATURE OF COVER</p> <p>(1) The Participating Organisation must ensure that the insurance policy taken out and maintained in accordance with Rule 407.1 (1) above is adequate having regard to the nature and extent of its Permitted Activities and the responsibilities and risks assumed or which may be assumed by the Participating Organisation in connection with those activities.</p> <p>(2) Without restricting the generality of Rule 407.2 (1) above, the Participating Organisation must ensure that the insurance policy taken out and maintained by it :-</p> <p>(a) has a minimum limit of indemnity of RM5 million ; and</p> <p>(b) includes the areas of coverage set out in Schedule 11.</p> <p>(3) The Participating Organisation must within 2 weeks</p>

EXISTING PROVISIONS		AMENDED PROVISIONS	
			<p>following the issuance of a new insurance policy or the renewal of an existing insurance policy :-</p> <p>(a) notify the Exchange in writing of the following :- (i) the name of the insurer ; (ii) the amount and nature of cover; (iii) the date on which the cover becomes effective ; and (iv) the date on which the cover will expire.</p> <p>(b) submit to the Exchange a written confirmation that the amount and nature of cover complies with Rules 407.2(1) and 407.2(2).</p>
	New provision.	407.3	<p>NOTIFICATION OF CLAIMS</p> <p>(1) The Participating Organisation must notify the Exchange of any claim or potential claim against the insurance policy taken out and maintained in accordance with Rule 407.1 (1) above within 2 market days from when it becomes aware of the claim or potential claim.</p> <p>(2) The Participating Organisation must ensure that the notification includes the relevant details of the claim or potential claim.</p>
	New provision.		<p>SCHEDULE 11 [Chapter 4]</p> <p>SCHEDULE 11(Chapter 4) MINIMUM COVERAGE OF INSURANCE [Rule 407.2(2)(b)] POLICY</p> <ol style="list-style-type: none"> 1. Incomplete transactions. 2. Loss of securities/cash. 3. Forged, altered, stolen or counterfeit securities. 4. Infidelity of employees and Dealer's Representatives.

EXISTING PROVISIONS		AMENDED PROVISIONS	
			<p>5. Official investigation costs.</p> <p>6. Computer crimes :-</p> <p>(a) computer systems – fraudulent input, modification or destruction of electronic data ;</p> <p>(b) electronic computer instructions – fraudulent preparation or modification;</p> <p>(c) electronic data and media ;</p> <p>(d) electronic communications ;</p> <p>(e) assured service bureau operations ;</p> <p>(f) electronic transmission and electronic securities ;</p> <p>(g) forged telefacsimile ;</p> <p>(h) computer virus ;</p> <p>(i) errors and omissions.</p> <p>7. Negligence.</p> <p>8. Libel, slander and injurious falsehood.</p> <p>9. Breach of copyright.</p> <p>10. Civil liability.</p> <p>11. Inadvertent breach of trust and inadvertent breach of fiduciary duty.</p> <p>12. Dishonesty of employees and Dealer’s Representatives.</p>