

# BURSA MALAYSIA SECURITIES BERHAD (635998 W)

## PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 30 June 2006

No: R/R 13 of 2006

1. **AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD ("RULES OF BURSA SECURITIES") PERTAINING TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION, ESTABLISHMENT OF BRANCH OFFICES AND ELECTRONIC ACCESS FACILITIES ("EAF")**
2. **REVOCATION OF MEMBERS' CIRCULAR NO. R/R 10 OF 2002 PERTAINING TO THE ESTABLISHMENT OF ELECTRONIC ACCESS FACILITIES-PERMITTED ACTIVITIES ("EAF-PA") AND THE CONVERSION OF EAF-PA TO BRANCH OFFICE**

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1. **Amendments to the Rules of Bursa Securities pertaining to the Guidelines on Permitted Activities for Stockbroking Companies Issued by the Securities Commission, Establishment of Branch Offices and EAF**

Please be informed that pursuant to Section 9(3) of the Securities Industry Act 1983 and in line with the "Guidelines On Permitted Activities for Stockbroking Companies" (the "Guidelines") issued by the Securities Commission on 26 October 2005, the Rules of Bursa Securities have been amended as set out in "ANNEXURE 1" (the "said Amendments") appended herewith.

The Guidelines is available on the Securities Commission's website at <http://www.sc.com.my/eng/html/resources/guidelines/stockbroking/GLpermittedactivities.pdf>.

In addition to the foregoing, the Rules of Bursa Securities have also been amended in relation to the establishment of branch offices and EAF, as set out in "ANNEXURE 2" (the "said Amendments") appended herewith.

In relation to the establishment of EAF, kindly be advised that the requirements pertaining to the same which are contained in the Members' Circular No. R/R 7 of 2001 are now incorporated into the Rules as set out in "ANNEXURE 2".

In this regard, the Members' Circular No. R/R 7 of 2001 pertaining to the establishment of EAF shall be revoked from the date herein.

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The said Amendments shall take effect from **30 June 2006**.

All rules, directives or circulars in force which make references to or contain provisions relating to the above matters shall have effect from the date herein as if such reference or provisions relate to the amended provisions aforesaid.

Please be informed that the said Amendments are available on Bursa Malaysia's website at: [http://www.bursamalaysia.com/website/aboutus/biz\\_rules.htm](http://www.bursamalaysia.com/website/aboutus/biz_rules.htm)

2. **Revocation of Members' Circular No. R/R 10 of 2002 pertaining to the Establishment of EAF-PA and the Conversion of EAF-PA to Branch Office**

Kindly also be informed that effective from **17 July 2006**, the Members' Circular No. R/R 10 of 2002 pertaining to the establishment of EAF-PA shall be revoked.

In respect hereto, the following shall apply with effect from **17 July 2006**:

- a) All EAF-PAs are hereby automatically converted into branch offices and therefore, shall be deemed, recognised and referred to as the branch offices of the Participating Organisations. Since the conversion is automatic, Participating Organisations are not required to submit any application to Bursa Malaysia Securities Berhad for the conversion thereof and no further changes to the current organisation structure and operations of the EAF-PA converted to branch office are required to be made by the Participating Organisations.
- b) The scope of permitted activities that can be carried out at the EAF-PA converted to branch office shall be subject to and in accordance with the scope of permitted activities of a branch office as stipulated in Rule 504.4 of the said Amendments.

In the event that the Participating Organisation intends to carry out any additional activities at the EAF-PA converted to branch office other than the activities carried out presently, the Participating Organisation shall submit an application to Bursa Securities for approval.

Accordingly, for any changes to the system infrastructure arising from the additional activities intended to be carried out by the Participating Organisation subsequent to its conversion from EAF-PA to branch office, the Participating Organisation shall be required to submit in writing the recommendations and/or proposal for such

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change of infrastructure accompanied by information in details as to the recommended and/or proposed changes thereof to the following:

Bursa Information Technology  
4<sup>th</sup> Floor, Bursa Malaysia Berhad  
Exchange Square, Bukit Kewangan  
Off Jalan Raja Chulan  
50200, Kuala Lumpur

- c) Participating Organisations shall, in respect of its EAF-PA converted to a branch office, comply with all requirements in the Rules of Bursa Securities in relation to branch offices;
- d) A person who is heading and supervising the EAF-PA prior to the conversion herewith shall, upon conversion of the EAF-PA to a branch office herewith be deemed as the Head of Branch Office pursuant to Rule 506.2(1)(a);
- e) A person who is heading and supervising the activities of dealing in securities of the EAF-PA prior to the conversion herewith shall, upon conversion of the EAF-PA to a branch office herewith be deemed as the Branch Head of Dealing pursuant to Rule 506.2(1)(b);
- f) A person who is heading and supervising the back office functions of the EAF-PA prior to the conversion herewith shall, upon conversion of the EAF-PA to a branch office herewith be deemed as the Branch Head of Operations pursuant to Rule 506.2(1)(c);
- g) Any application received by Bursa Malaysia Securities Berhad for the establishment of the EAF-PA prior to and after the effective date herein shall be deemed as application for the establishment of a branch office and the provisions in the Rules of Bursa Securities pertaining to a branch office shall apply to that application; and
- h) In the case where the compliance functions of the EAF-PA prior to the conversion herewith is undertaken or performed by the Compliance Officer at the principal office of the Participating Organisation, such arrangement is deemed to be approved by the Exchange and falling under Rule 506.3(1)(c) of the said Amendments. As such, no application for waiver is required to be made pursuant to Rule 506.3(1)(c) to Bursa Securities for this purpose.

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For further information or inquiries on the above matters, kindly contact the following persons at telephone no.:-

- i. Mr. Ng G-Ming (03- 20347364)
  - ii. Mr. Pasupathy Velauthah (03-20347141)
  - iii. Ms. Azrina Abd Rashid (03-20347326)
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**Date: 30 June 2006**

**“ANNEXURE 1”**

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PURSUANT TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION**

Existing Rules		Amended Rules	
101.1(1)	<p><b>New Definition.</b></p> <p>Non-Universal Broker means a Participating Organisation which is not a Universal Broker.</p> <p><b>New Definition.</b></p>	101.1(1)	<p><b>Eligible Non-Universal Broker</b> means a Non-Universal Broker which has merged with or acquired, as the case may be, the assets or any interests and business of at least one (1) other Member Company (ies) and/or Participating Organisation(s).</p> <p>Non-Universal Broker means a Participating Organisation which is not a Universal Broker <b>and includes Eligible Non-Universal Broker and Special Scheme Broker.</b></p> <p><b>Special Scheme Broker</b> shall have the same meaning as is ascribed thereto in the Commission’s Guidelines on Permitted Activities for Stockbroking Companies.</p>
302.3(1)(c)	no amendments to its memorandum and/or articles of association shall be made without the prior written approval of the Exchange;	302.3(1)(c)	<b>The Participating Organisation shall notify the Exchange in writing of any amendments to its memorandum and/or articles of association with a written confirmation to the Exchange that the amendments thereto are not inconsistent with any of the provisions of these Rules, directives, rulings or guidelines issued by the Exchange from time to time;</b>
303	<p><b>CATEGORIES</b></p> <p>(1) <b>Categories:</b> The categories of registered person(s) are as follows –</p> <p>(a) directors;</p> <p>(b) Compliance Officer;</p>	303	<p><b>CATEGORIES</b></p> <p>(1) <b>Categories:</b> The categories of registered person(s) are as follows –</p> <p>(a) directors;</p> <p>(b) Compliance Officer;</p>

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Existing Rules		Amended Rules	
	<ul style="list-style-type: none"> <li>(c) Dealer’s Representatives;</li> <li>(d) key appointments referred to in Rule 404.1(7)(g) and Rule 506.2;</li> <li>(e) trading clerks;</li> <li>(f) corporate finance executives; and</li> <li>(g) such other persons as may be prescribed by the Exchange from time to time.</li> </ul>		<ul style="list-style-type: none"> <li>(c) Dealer’s Representatives;</li> <li>(d) key appointments referred to in Rule 404.1(7)(g) and Rule 506.2;</li> <li>(e) trading clerks; <b>and</b></li> <li>(f) <b>Deleted.</b></li> <li>(g) such other persons as may be prescribed by the Exchange from time to time.</li> </ul>
307.4(1)	<p>(c) the Executive Director Compliance shall not do the following:</p> <ul style="list-style-type: none"> <li>(i) solicit or execute orders on behalf of the Universal Broker or a client and shall not act in a manner which may compromise his function and position, and/or</li> <li>(ii) effect any personal dealing in securities except for – <ul style="list-style-type: none"> <li>(aa) securities which he had been holding prior to becoming an Executive Director Compliance; and/or</li> <li>(bb) securities which he had been holding or hold by virtue of an Employee Share Option Scheme,</li> </ul> </li> </ul> <p><i>Provided Always</i> that any dealings permitted herein shall be subject to the requirements pertaining to transactions by employees as prescribed in these Rules.</p>	307.4(1)	<ul style="list-style-type: none"> <li>(c) the Executive Director Compliance shall not <b>solicit or execute orders on behalf of the Participating Organisation or a client and shall not act in a manner which may compromise his function and position.</b></li> <li>(d) <b>the Executive Director Compliance may effect any personal dealing in securities <i>Provided Always</i> that any dealings permitted herein shall be subject to the requirements pertaining to transactions by directors as prescribed in these Rules.</b></li> </ul>

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Existing Rules		Amended Rules	
309.9	<p><b>PERFORMANCE OF COMPLIANCE OFFICER</b></p> <p>(1) The performance of the Compliance Officer shall be appraised by the board of directors of the Participating Organisation, and such function shall not be delegated to any person/persons.</p>	309.9	<p><b>PERFORMANCE OF COMPLIANCE OFFICER</b></p> <p>(1) The performance of the Compliance Officer shall be appraised by the board of directors or <b>the Executive Director Compliance</b> of the Participating Organisation.</p>
309.3(1)	<p>(c) the Compliance Officer shall not do the following:-</p> <p>(i) solicit or execute orders on behalf of the Participating Organisation or a client and shall not act in a manner which may compromise his function and position, and/or</p> <p>(ii) effect any personal dealing in securities except for –</p> <p>(aa) securities which he had been holding prior to becoming a Compliance Officer; and/or</p> <p>(bb) securities which he had been holding or hold by virtue of an Employee Share Option Scheme,</p> <p><i>Provided Always</i> that any dealings permitted herein shall be subject to the requirements pertaining to transactions by employees as prescribed in these Rules.</p>	309.3(1)	<p>(c) the Compliance Officer shall not <b>solicit or execute orders on behalf of the Participating Organisation or a client and shall not act in a manner which may compromise his function and position.</b></p> <p>(d) <b>the Compliance Officer may effect any personal dealing in securities <i>Provided Always</i> that any dealings permitted herein shall be subject to the requirements pertaining to transactions by employees as prescribed in these Rules.</b></p>
313.	<p><b>CORPORATE FINANCE EXECUTIVES</b></p> <p><b>RULE 313.1 APPOINTMENT</b></p> <p>(1) <b>Registration:</b> A Universal Broker shall register all supervisory corporate finance executives (“Supervisory CF Executive”) with the Exchange.</p>	313	<b>Deleted.</b>

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Existing Rules		Amended Rules	
	<p>(2) <b>Notice of cessation:</b> A Universal Broker shall, upon ceasing to employ or engage a Supervisory CF Executive, forthwith give notice of such cessation to the Exchange within fourteen (14) days after such cessation whereupon the Supervisory CF Executive shall be removed from the Register of Supervisory CF Executives.</p> <p>(3) <b>Payment of fees:</b> A Universal Broker shall promptly within such period as may be stipulated pay all fees and charges imposed by the Exchange pursuant to these Rules.</p> <p><b>RULE 313.2 REGISTRATION</b></p> <p>(1) <b>Qualification:</b> No person shall be appointed as a Supervisory CF Executive by a Participating Organisation unless such person -</p> <p>(a) has been approved by the Commission to be appointed as a Supervisory CF Executive and has satisfied or will satisfy upon registration, the terms and conditions of, or imposed by the Commission related to, such approval; and</p> <p>(b) whose registration has been approved by the Exchange.</p> <p>(2) <b>Application procedures:</b> Universal Broker shall complete and submit an application to the Exchange in such form as the Exchange may from time to time prescribe and which shall be accompanied by –</p> <p>(a) certified true copy of the approval of the Commission to the appointment of the candidate as a Supervisory CF Executive of the Universal Broker; and</p>		



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Existing Rules		Amended Rules	
	<p>(b) payment of a non-refundable application fee prescribed by the Exchange;</p> <p>(c) a statutory declaration by the applicant as to the veracity of all information provided in the form prescribed in Appendix 2C; and</p> <p>(d) an undertaking to the Exchange in the form prescribed in Appendix 3B.</p> <p>(3) <b>Additional documents:</b> The Exchange may, as it thinks fit, require an applicant to provide such additional information and/or documents as it may determine.</p> <p><b>RULE 313.3 CONTINUING OBLIGATIONS</b></p> <p>(1) Without prejudice to any provisions of these Rules from time to time in force, a Supervisory CF Executive shall, at all times throughout the term of his registration, comply with the qualifications prescribed above.</p>		
404.4(6)	<p><b>Opening of clients’ accounts by Dealer’s Representative:</b></p> <p>(a) No Salaried Dealer’s Representative or Commissioned Dealer’s Representative shall submit an application to open an account for a client unless that client is present in person before such Dealer’s Representative.</p> <p>(b) A Salaried Dealer’s Representative or Commissioned Dealer’s Representative shall be held liable for any losses arising from</p>	404.4(6)	<p><b>Authentication of clients’ application for account opening by Dealer’s Representatives:</b></p> <p>(a) <b>Where a client submits an application to open an account with the Participating Organisation through a Dealer’s Representative, the Dealer’s Representative shall authenticate his client’s application for account opening by ensuring that the application form(s) for account opening is :-</b></p> <p>(i) <b>duly completed and all particulars and information of the</b></p>

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Existing Rules		Amended Rules	
	discrepancies in his client’s personal particulars of the account he causes to open, arising from his default.		<p><b>client in the application form(s) are verified against relevant supporting documents in accordance with the requirements stipulated by the Exchange, the Depository and the written procedures established by the Participating Organisation; and</b></p> <p><b>(ii) duly executed by his client in person before the Dealer's Representative.</b></p> <p>(b) A <b>Dealer’s Representative</b> shall be held liable for any losses arising from <b>his breach of Rule 404.4(6)(a).</b></p>
404.4(7)	<p><b>Exception:</b> Notwithstanding Rule 404.4(6), a Participating Organisation may –</p> <p>(a) in the case of an application for the opening of an account made by a reputable institution or corporation, approve such application without requiring the authorised representative of such institution or corporation to be present before the Participating Organisation or its Dealer’s Representative; or</p> <p>(b) in the case of an application by a client residing outside Malaysia, for the opening of an account approve the application without requiring such client to be present before the Participating Organisation or its Dealer’s Representative, provided always that the execution by the client of the application and all other forms and documents necessary thereafter have been duly attested by a Notary Public:</p> <p>PROVIDED THAT the Participating Organisation shall in such cases take all such steps as shall be necessary to ensure the genuineness or authenticity of the application.</p>	404.4(7)	<p><b>Exception:</b> Notwithstanding Rule 404.4(6)(a), a Participating Organisation may <b>at its discretion</b> –</p> <p>(a) in the case of an application for the opening of an account made by an institution or corporation, approve such application without requiring the authorised representative of such institution or corporation to be present before the Dealer’s Representative; or</p> <p>(b) in the case of an application by a client <b>other than that specified in Rule 404.4(7)(a), allow the authentication of a client’s application for account opening under Rule 404.4(6)(a) to be done by any of the following persons in place of a Dealer's Representative</b> –</p> <p><b>(i) officers authorised by the Participating Organisation;</b></p> <p><b>(ii) authorised officers of a Malaysian Embassy or High Commission Consulate;</b></p>

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Existing Rules		Amended Rules	
			<p>(iii) Notary Public, or in countries that do not have a Notary Public, advocates and solicitors or officers authorised by a licenced stockbroking company with a recognised stock exchange;</p> <p>(iv) officer of an exempt dealer, who is authorised by the exempt dealer to perform pass through activities; or</p> <p>(v) such other person as may be approved by the Exchange from time to time,</p> <p>PROVIDED THAT the Participating Organisation shall in such cases take all such steps as shall be necessary to ensure the genuineness or authenticity of the application.</p> <p>(c) Where reference is made to the following terms in Rule 404.4(7), it shall be construed respectively as follows:-</p> <p>(i) “pass through activities” means the act of an exempt dealer, of soliciting and accepting orders from its clients to transact in securities and passing such orders to a Participating Organisation for execution, as referred to in the context of the Guidelines.</p> <p>(ii) “exempt dealer” means Islamic banks and licensed institutions as declared to be exempt dealers under the Securities Industry (Exempt Dealer) Order 1996, of which may be revised from time to time.</p> <p>(iii) “Guidelines” means ‘Guidelines for Exempt Dealers on Pass Through Activities’ issued jointly by the Commission</p>

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Existing Rules		Amended Rules	
			<b>and Bank Negara Malaysia on 24 April 2003.</b>
501.1	<p>(b) which are Universal Brokers and Non-Universal Brokers respectively in respect of the following:</p> <ul style="list-style-type: none"> <li>(i) scope of permitted businesses;</li> <li>(ii) establishment and operation of branch office(s);</li> <li>(iii) permitted businesses of principal office and branch office(s);</li> <li>(iv) basic organisational and reporting structure of a branch office; and</li> <li>(v) proprietary trading; and</li> </ul> <p>(c) which are Universal Brokers in respect of the following:</p> <ul style="list-style-type: none"> <li>(i) compliance function;</li> <li>(ii) corporate finance activities;</li> <li>(iii) risk management;</li> <li>(iv) audit committee; and</li> <li>(v) internal audit department.</li> </ul>	501.1	<p>(b) which are Universal Brokers and Non-Universal Brokers respectively in respect of the following:</p> <ul style="list-style-type: none"> <li>(i) scope of permitted businesses;</li> <li>(ii) establishment and operation of branch office(s);</li> <li>(iii) permitted businesses of principal office and branch office(s);</li> <li>(iv) basic organisational and reporting structure of a branch office;</li> <li>(v) proprietary trading;</li> <li><b>(vi) corporate finance activities; and</b></li> <li><b>(vii) risk management; and</b></li> </ul> <p>(c) which are Universal Brokers in respect of the following:</p> <ul style="list-style-type: none"> <li>(i) compliance function.</li> <li><b>(ii) Deleted.</b></li> <li><b>(iii) Deleted.</b></li> <li><b>(iv) Deleted.</b></li> <li><b>(v) Deleted.</b></li> </ul>

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Existing Rules		Amended Rules	
501.2	<p><b>New Definition.</b></p> <p><b>New definition.</b></p>	501.2	<p><b>corporate finance activities</b> means all activities as envisaged in the Guidelines on Permitted Activities for Stockbroking Companies to be corporate finance activities.</p> <p><b>Guidelines on Permitted Activities for Stockbroking Companies</b> means the Guidelines on Permitted Activities for Stockbroking Companies issued by the Commission and includes amendments, modifications, variations, supplements or substitutes made thereto.</p>
503.1	<p><b>RULE 503.1 UNIVERSAL BROKER</b></p> <p>(1) Subject always to such terms, conditions, restrictions and/or limitations as may be imposed by the Exchange and/or the Commission from time to time and without derogation to any provisions of these Rules (including without limitation all directives, guidelines and circulars issued by the Exchange from time to time) and the Securities Laws, a Participating Organisation upon achieving the status of Universal Broker –</p> <p>(a) shall be permitted to carry out the businesses for which a licence under Part IV of the Securities Industry Act is required, including:</p> <p>(i) dealings in securities for its own account and/or as agent on account of its clients pursuant to Rule 601.3 and margin financing;</p> <p>(ii) corporate finance activities, including</p>	503.1	<p><b>RULE 503.1 UNIVERSAL BROKER</b></p> <p>(1) Subject always to such terms, conditions, restrictions and/or limitations as may be imposed by the Exchange and/or the Commission from time to time and without derogation to any provisions of these Rules (including without limitation all directives, guidelines and circulars issued by the Exchange from time to time) and the Securities Laws, a Participating Organisation upon achieving the status of Universal Broker –</p> <p>(a) shall be permitted to carry out the businesses for which a licence under Part IV of the Securities Industry Act is required, including:</p> <p>(i) dealings in securities for its own account and/or as agent on account of its clients pursuant to Rule 601.3 and margin financing;</p> <p>(ii) <b>corporate finance activities pursuant to Rule 508;</b> and</p>

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Existing Rules		Amended Rules	
	<p>activities as an Adviser pursuant to Rule 508; and</p> <p>(iii) provision of custodial services and fund management services,</p> <p>Provided Always the Universal Broker shall at all times fully comply with these Rules; and</p> <p>(b) shall be permitted to carry out the businesses for which a licence under Part III of the Futures Industry Act is required Provided Always the Universal Broker shall at all times fully comply with the rules (including without limitation regulations, directives, circulars and guidelines) of the relevant exchange company;</p> <p>(c) shall be permitted to carry out the business of dealings in debt securities, such as government and corporate debentures, at such time as may be appropriate Provided Always that the relevant framework, rules and regulations in respect thereof have been developed and implemented by the Exchange, in consultation with the Commission;</p> <p>(d) in the event of any other capital market products being introduced at any time in the future by the Commission, the Exchange or the exchange company, as the case may be, would be permitted to trade in such products Provided Always that the relevant framework, rules and regulations in respect</p>		<p>(iii) provision of custodial services and fund management services,</p> <p>Provided Always the Universal Broker shall at all times fully comply with these Rules; and</p> <p>(b) shall be permitted to carry out the businesses for which a licence under Part III of the Futures Industry Act is required Provided Always the Universal Broker shall at all times fully comply with the rules (including without limitation regulations, directives, circulars and guidelines) of the relevant exchange company;</p> <p>(c) shall be permitted to carry out the business of dealings in debt securities, such as government and corporate debentures, at such time as may be appropriate Provided Always that the relevant framework, rules and regulations in respect thereof have been developed and implemented by the Exchange, in consultation with the Commission;</p> <p>(d) in the event of any other capital market products being introduced at any time in the future by the Commission, the Exchange or the exchange company, as the case may be, would be permitted to trade in such products Provided Always that the relevant framework, rules and regulations in respect thereof have been developed and implemented by the Exchange, the exchange company or such other relevant authority, as the case may be;</p> <p>(e) in the event that the Universal Broker is a Participating Dealer, shall be permitted to carry out the activities of a</p>

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**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PURSUANT TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION**

Existing Rules			Amended Rules														
	<p>thereof have been developed and implemented by the Exchange, the exchange company or such other relevant authority, as the case may be;</p> <p>(e) in the event that the Universal Broker is a Participating Dealer, shall be permitted to carry out the activities of a Participating Dealer as stipulated in the Guidelines on Exchange Traded Funds Provided Always that the Universal Broker complies with the relevant rules, regulations, directives, guidelines or other instruments in respect of and relating to Exchange Traded Funds; and</p> <p>(f) shall be permitted to carry out all activities allowed to be undertaken by a Universal Broker or a Participating Organisation, in general, as the case may be, under the relevant guidelines, regulations or directives or other instruments issued by the Commission Provided Always that the Universal Broker complies with the relevant rules, regulations, directives, guidelines or other instruments issued in respect thereof by the Commission and/or the Exchange.</p>		<p>Participating Dealer as stipulated in the Guidelines on Exchange Traded Funds Provided Always that the Universal Broker complies with the relevant rules, regulations, directives, guidelines or other instruments in respect of and relating to Exchange Traded Funds; and</p> <p>(f) shall be permitted to carry out all activities allowed to be undertaken by a Universal Broker <b>pursuant to the Guidelines on Permitted Activities for Stockbroking Companies or such other</b> relevant guidelines, regulations or directives or other instruments issued by the Commission Provided Always that the Universal Broker complies with the relevant rules, regulations, directives, guidelines or other instruments issued in respect thereof by the Commission and/or the Exchange.</p>														
503.1	<p>(3) For the avoidance of doubt, the following provisions of these Rules shall not be applicable to a Universal Broker –</p> <table border="1"> <thead> <tr> <th>Rule</th> <th>Heading</th> <th>Extent of Inapplicability</th> </tr> </thead> <tbody> <tr> <td>402.2</td> <td>Interests Other Than Dealing in</td> <td>To the extent of the businesses permitted pursuant to Rule</td> </tr> </tbody> </table>	Rule	Heading	Extent of Inapplicability	402.2	Interests Other Than Dealing in	To the extent of the businesses permitted pursuant to Rule	503.1	<p>(3) For the avoidance of doubt, the following provisions of these Rules shall not be applicable to a Universal Broker –</p> <table border="1"> <thead> <tr> <th>Rule</th> <th>Heading</th> <th>Extent of Inapplicability</th> </tr> </thead> <tbody> <tr> <td>402.2</td> <td>Interests Other Than Dealing in Securities</td> <td>To the extent of the businesses permitted pursuant to Rule 503.1(1).</td> </tr> </tbody> </table>	Rule	Heading	Extent of Inapplicability	402.2	Interests Other Than Dealing in Securities	To the extent of the businesses permitted pursuant to Rule 503.1(1).		
Rule	Heading	Extent of Inapplicability															
402.2	Interests Other Than Dealing in	To the extent of the businesses permitted pursuant to Rule															
Rule	Heading	Extent of Inapplicability															
402.2	Interests Other Than Dealing in Securities	To the extent of the businesses permitted pursuant to Rule 503.1(1).															

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Existing Rules				Amended Rules			
		Securities	503.1(1).				
	601.4	New Issue of Securities	To the extent of – (a) its activities as an Adviser; and (b) the business permitted pursuant to Rule 503.1(1)(b).		601.4	New Issue of Securities	To the extent of – (c) its <b>corporate finance</b> activities; and (d) the business permitted pursuant to Rule 503.1(1)(b).
	1001.5	Flotation	To the extent of its activities as an Adviser.		1001.5	Flotation	To the extent of its <b>corporate finance</b> activities.
503.2	(1) Subject always to such terms, conditions, restrictions and/or limitations as may be imposed by the Exchange and/or the Commission from time to time and without derogation to any provisions of these Rules and the Securities Laws, a Non-Universal Broker shall be permitted to carry out only the following types of business <i>Provided Always</i> these Rules are at all times complied with –  (a) dealings in securities for its own account and/or as agent on account of its clients; and  (b) margin financing.  (c) in the event that the Non-Universal Broker is a Participating Dealer, carrying out the activities of a Participating Dealer as stipulated in the Guidelines on Exchange Traded Funds <i>Provided Always</i> that the Non-Universal Broker complies with the relevant rules, regulations, directives, guidelines or			503.2	(1) Subject always to such terms, conditions, restrictions and/or limitations as may be imposed by the Exchange and/or the Commission from time to time and without derogation to any provisions of these Rules and the Securities Laws, a Non-Universal Broker shall be permitted to carry out only the following types of business <i>Provided Always</i> these Rules are at all times complied with –  (a) dealings in securities for its own account and/or as agent on account of its clients;  (b) margin financing;  (c) <b>corporate finance activities pursuant to Rule 508;</b>  (d) in the event that the Non-Universal Broker is a Participating Dealer, carrying out the activities of a Participating Dealer as stipulated in the Guidelines on Exchange Traded Funds		



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Existing Rules		Amended Rules	
	<p>other instruments in respect of and relating to Exchange Traded Funds; and</p> <p>(d) all activities allowed to be undertaken by a Non-Universal Broker or a Participating Organisation, in general, as the case may be, under the relevant guidelines, regulations or directives or other instruments issued by the Commission Provided Always that the Non-Universal Broker complies with the relevant rules, regulations, directives, guidelines or other instruments issued in respect thereof by the Commission and/or Exchange.</p>		<p>Provided Always that the Non-Universal Broker complies with the relevant rules, regulations, directives, guidelines or other instruments in respect of and relating to Exchange Traded Funds; and</p> <p>(e) all activities allowed to be undertaken by a Non-Universal Broker <b>pursuant to the Guidelines on Permitted Activities for Stockbroking Companies or such other</b> relevant guidelines, regulations or directives or other instruments issued by the Commission Provided Always that the Non-Universal Broker complies with the relevant rules, regulations, directives, guidelines or other instruments issued in respect thereof by the Commission and/or Exchange.</p> <p>(2) <b>In addition to the permitted businesses under Rule 503.2(1), an Eligible Non-Universal Broker and Special Scheme Broker shall be permitted to undertake or carry out the business for which a licence under Part III of the Futures Industry Act is required Provided Always the Eligible Non-Universal Broker and Special Scheme Broker shall at all times fully comply with the requirements prescribed in Rule 503.2(3), which shall equally apply to Eligible Non-Universal Broker and Special Scheme Broker.</b></p>
	<b>New Rule.</b>	503.2(3)	<p>Subject to the Securities Laws, an Eligible Non-Universal Broker and Special Scheme Broker intending to carry out the businesses referred to in Rule 503.2(2) shall be required to make the requisite application(s) to –</p> <p>(a) <b>the Commission to be licensed under Part III of the Futures Industry Act;</b></p>

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Existing Rules		Amended Rules	
			<p>(b) to the exchange company to be admitted as a trading participant; and</p> <p>(c) to the clearing house to be admitted as a clearing participant,</p> <p>whereupon the <b>Eligible Non-Universal Broker and Special Scheme Broker</b> shall comply with, and be subject to, all rules, regulations, circulars, directives and guidelines as may from time to time be issued by the exchange company, or the clearing house, as the case may be.</p>
503.3	<p><b>FUTURES BROKING BUSINESS BY UNIVERSAL BROKER</b></p> <p>(1) <b>Structure:</b> A Universal Broker may at its discretion determine the structure of its futures broking activities permitted under Rule 503.1(1)(b), subject to the requirements prescribed in Rule 503.1(2) and the conditions hereinafter appearing being fulfilled to the satisfaction of the Exchange.</p>	503.3	<p><b>FUTURES BROKING BUSINESS BY UNIVERSAL BROKER, ELIGIBLE NON-UNIVERSAL BROKER AND SPECIAL SCHEME BROKER</b></p> <p>(1) <b>Structure:</b> A Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b> may at its discretion determine the structure of its futures broking activities permitted under Rule 503.1(1)(b) and <b>Rule 503.2(2)</b>, subject to the requirements prescribed in Rule 503.1(2) and <b>Rule 503.2(3)</b> and the conditions hereinafter appearing being fulfilled to the satisfaction of the Exchange.</p>
503.3(2)	<p><b>Subsidiary:</b> In relation to a Universal Broker which conducts futures broking business through its subsidiary or related company as licensed under the Futures Industry Act (“licensed futures company”), the Universal Broker shall be permitted to station the following persons at its principal office and/or any of its branch office(s):-</p> <p>(a) futures broker’s representatives engaged or employed by the licensed futures company; and</p> <p>(b) Local Members for whom the licensed futures company is a</p>	503.3(2)	<p><b>Subsidiary:</b> In relation to a Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b> which conducts futures broking business through its subsidiary or related company as licensed under the Futures Industry Act (“licensed futures company”), the Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b> shall be permitted to station the following persons at its principal office and/or any of its branch office(s):-</p> <p>(a) futures broker’s representatives engaged or employed by the licensed futures company; and</p>

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	Nominating Member,  <i>Subject Always</i> to the requirements prescribed hereinafter appearing.		(b) Local <b>Participants</b> for whom the licensed futures company is a Nominating <b>Participant</b> ,  <i>Subject Always</i> to the requirements prescribed hereinafter appearing.
503.3(3)	<p><b>Specific requirements:</b> Further to the preceding Rule, the Universal Broker shall ensure the following:-</p> <p>(a) the licences of the futures broker’s representatives engaged or employed by the licensed futures company who are stationed in the Universal Broker’s principal office or any of its branch office(s) are varied or cause to be varied, as the case may be, by the Commission accordingly;</p> <p>(b) the futures broking business permitted to be conducted at the Universal Broker’s principal office and/or any of its branch office(s) shall be segregated from the other activities of the Universal Broker, which measures shall include without limitation the following –</p> <p>(i) there shall be no sharing of employees who are common to the Universal Broker and the licensed futures company for any purpose except for the purpose of carrying out the back office system and operations in relation to the conduct of futures broking business at the Universal Broker’s principal office and/or any of its branch office(s);</p> <p>(ii) the back office system and operations in relation to the conduct of futures broking business at the Universal Broker’s principal office and/or any of its branch office(s) shall at all times remain under the auspices and purview of the licensed</p>	503.3(3)	<p><b>Specific requirements:</b> Further to the preceding Rule, the Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b> shall ensure the following:-</p> <p>(a) the licences of the futures broker’s representatives engaged or employed by the licensed futures company who are stationed in the Universal Broker’s, <b>Eligible Non-Universal Broker’s and Special Scheme Broker’s</b> principal office or any of its branch office(s) are varied or cause to be varied, as the case may be, by the Commission accordingly;</p> <p>(b) the futures broking business permitted to be conducted at the Universal Broker’s, <b>Eligible Non-Universal Broker’s and Special Scheme Broker’s</b> principal office and/or any of its branch office(s) shall be segregated from the other activities of the Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b>, which measures shall include without limitation the following –</p> <p>(i) there shall be no sharing of employees who are common to the Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b> and the licensed futures company for any purpose except for the purpose of carrying out the back office system and operations in relation to the conduct of futures broking business at the Universal Broker’s, <b>Eligible Non-Universal Broker’s and Special Scheme</b></p>

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<b>Existing Rules</b>		<b>Amended Rules</b>	
	<p>futures company;</p> <p>(iii) maintenance of Chinese Walls and firewalls to prevent the flow of information between the licensed futures company’s Local Members and futures broker’s representatives and the Universal Broker’s Dealer’s Representatives and in respect hereof, include without limitation:</p> <p>(aa) the trading facilities pertaining to futures broking business shall be physically segregated from the ATS of the Universal Broker; and</p> <p>(bb) the establishment and implementation of policies and procedures governing restricted access to the trading facilities pertaining to futures broking business and the ATS;</p> <p>(c) in relation to compliance functions –</p> <p>(i) the licensed futures company shall designate one or more of its Compliance Officers to carry out the supervisory responsibilities in relation to compliance with the business rules in respect of the futures broking business being conducted at the Universal Broker’s principal offices and/or any of its branch office(s), albeit the Compliance Officer need not be physically present thereat unless otherwise required by the Exchange and/or the exchange company;</p> <p>(ii) notwithstanding the preceding paragraph and unless otherwise required by the Exchange, the exchange company and/or the Commission, the licensed futures company may</p>		<p><b>Broker’s</b> principal office and/or any of its branch office(s);</p> <p>(ii) the back office system and operations in relation to the conduct of futures broking business at the Universal Broker’s, <b>Eligible Non-Universal Broker’s and Special Scheme Broker’s</b> principal office and/or any of its branch office(s) shall at all times remain under the auspices and purview of the licensed futures company;</p> <p>(iii) maintenance of Chinese Walls and firewalls to prevent the flow of information between the licensed futures company’s Local <b>Participants</b> and futures broker’s representatives and the Universal Broker’s, <b>Eligible Non-Universal Broker’s and Special Scheme Broker’s</b> Dealer’s Representatives and in respect hereof, include without limitation:</p> <p>(aa) the trading facilities pertaining to futures broking business shall be physically segregated from the ATS of the Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b>; and</p> <p>(bb) the establishment and implementation of policies and procedures governing restricted access to the trading facilities pertaining to futures broking business and the ATS;</p> <p>(c) in relation to compliance functions –</p> <p>(i) the licensed futures company shall designate one or more of its <b>compliance officers</b> to carry out the supervisory responsibilities in relation to compliance with the business rules in respect of the futures broking business being</p>

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Existing Rules		Amended Rules	
	<p>elect to have the Compliance Department of the Universal Broker undertake the supervisory responsibilities envisaged in the business rules <i>Provided Always</i>:</p> <p>(aa) the Universal Broker’s Compliance Officers’ roles and responsibilities are not in any way whatsoever compromised or affected; and</p> <p>(bb) the Universal Broker’s Compliance Officer so acting shall have passed the relevant examination approved by the exchange company pursuant to the business rules,</p> <p>whereupon the Universal Broker shall submit all compliance reports pertaining to futures broking business to the licensed futures company’s Compliance Officer but without derogation to the responsibility for supervisory activities of the futures broking business pursuant to the business rules being at all times vested in the licensed futures company and its Compliance Officer;</p> <p>(d) the Universal Broker furnishes a written declaration to the Exchange and shall cause the licensed futures company to furnish a written declaration to the exchange company, in form and substance acceptable to the Exchange or the exchange company, of –</p> <p>(i) the particulars of the futures broker’s representative stationed at the Universal Broker’s principal office and/or any of its branch office(s) and any changes thereto from time to time; and</p> <p>(ii) the respective activities of such futures broker’s</p>		<p>conducted at the Universal Broker’s, <b>Eligible Non-Universal Broker’s and Special Scheme Broker’s</b> principal offices and/or any of its branch office(s), albeit the <b>compliance officer</b> need not be physically present thereat unless otherwise required by the Exchange and/or the exchange company;</p> <p>(ii) notwithstanding the preceding paragraph and unless otherwise required by the Exchange, the exchange company and/or the Commission, the licensed futures company may elect to have the <b>Compliance Officers</b> of the Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b> undertake the supervisory responsibilities envisaged in the business rules <i>Provided Always</i>:</p> <p>(aa) the Universal Broker’s, <b>Eligible Non-Universal Broker’s and Special Scheme Broker’s</b> Compliance Officers’ roles and responsibilities are not in any way whatsoever compromised or affected; and</p> <p>(bb) the Universal Broker’s, <b>Eligible Non-Universal Broker’s and Special Scheme Broker’s</b> Compliance Officer so acting shall have passed the relevant examination approved by the exchange company pursuant to the business rules,</p> <p>whereupon the Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b> shall submit all compliance reports pertaining to futures broking business to the licensed futures company’s <b>compliance officer</b> but without derogation to the responsibility for supervisory activities of the futures broking business pursuant to the</p>

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<b>Existing Rules</b>		<b>Amended Rules</b>	
	<p>representatives, whether proprietary or agency trading; and</p> <p>(e) the Universal Broker gives the Exchange and the Commission, and shall cause the licensed futures company to give to the exchange company and the Commission, prior notification in writing of the respective locations of its Local Members who are stationed at the Universal Broker’s principal office and/or any of its branch office(s) and such notice shall not be less than fourteen (14) market days from the commencement date of the Local Member concerned at the Universal Broker’s premises.</p>		<p>business rules being at all times vested in the licensed futures company and its <b>compliance officer</b>;</p> <p>(d) the Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b> furnishes a written declaration to the Exchange and shall cause the licensed futures company to furnish a written declaration to the exchange company, in form and substance acceptable to the Exchange or the exchange company, of –</p> <p>(i) the particulars of the futures broker’s representative stationed at the Universal Broker’s, <b>Eligible Non-Universal Broker’s and Special Scheme Broker’s</b> principal office and/or any of its branch office(s) and any changes thereto from time to time; and</p> <p>(ii) the respective activities of such futures broker’s representatives, whether proprietary or agency trading; and</p> <p>(e) the Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b> gives the Exchange and the Commission, and shall cause the licensed futures company to give to the exchange company and the Commission, prior notification in writing of the respective locations of its Local <b>Participants</b> who are stationed at the Universal Broker’s, <b>Eligible Non-Universal Broker’s and Special Scheme Broker’s</b> principal office and/or any of its branch office(s) and such notice shall not be less than fourteen (14) market days from the commencement date of the Local <b>Participant</b> concerned at the Universal Broker’s, <b>Eligible Non-Universal Broker’s and Special Scheme Broker’s</b> premises.</p>
503.3(4)	<b>Integrated business:</b> In relation to a Universal Broker which intends to merge or amalgamate the futures broking business being	503.3(4)	<b>Integrated business:</b> In relation to a Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b> which intends to merge

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Existing Rules		Amended Rules	
	<p>carried out by a licensed futures company with its other businesses as a Universal Broker, the Universal Broker shall at all times comply with:-</p> <p>(a) the relevant business rules of the exchange company and the clearing house, including but not limited to the transfer of membership from the licensed futures company to the Universal Broker and contribution by the Universal Broker to the Fidelity Fund; and</p> <p>(b) such terms and conditions as may be prescribed by the Exchange, the exchange company, the clearing house and/or the Commission from time to time.</p>		<p>or amalgamate the futures broking business being carried out by a licensed futures company with its other businesses as a Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b>, the Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b> shall at all times comply with:-</p> <p>(a) the relevant business rules of the exchange company and the clearing house, including but not limited to the transfer of <b>participants</b> from the licensed futures company to the Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b> and contribution by the Universal Broker, <b>Eligible Non-Universal Broker and Special Scheme Broker</b> to the Fidelity Fund; and</p> <p>(b) such terms and conditions as may be prescribed by the Exchange, the exchange company, the clearing house and/or the Commission from time to time.</p>
503.5(2)	<p>(c) a Non-Universal Broker which has not undertaken or completed an acquisition, merger, take-over or amalgamation of the assets or any interests and business of at least one (1) Member Company/Participating Organisation pursuant to the Consolidation Policy Framework and desirous of dealing in private debt securities shall be required to procure the prior written consent of the Exchange pursuant to Rule 601.3(1)(f) and Rule 601.3(2) on a case to case basis;</p> <p>(d) a Non-Universal Broker which has undertaken or completed an acquisition, merger, take-over or amalgamation of the assets or any interests and business of at least one (1) Member Company/Participating Organisation pursuant to the Consolidation Policy Framework is exempted from having to</p>	503.5(2)	<p>(c) a Non-Universal Broker which has not <b>completed</b> an acquisition, merger, take-over or amalgamation of the assets or any interests and business of at least one (1) Member Company/Participating Organisation pursuant to the Consolidation Policy Framework and desirous of dealing in private debt securities shall be required to procure the prior written consent of the Exchange pursuant to Rule 601.3(1)(f) and Rule 601.3(2) on a case to case basis;</p> <p>(d) a Non-Universal Broker which has <b>completed</b> an acquisition, merger, take-over or amalgamation of the assets or any interests and business of at least one (1) Member Company/Participating Organisation pursuant to the Consolidation Policy Framework is exempted from having to procure the Exchange’s prior consent and/or approval pursuant to Rule 601.3(1)(f), Rule 601.3(2) and</p>

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	procure the Exchange’s prior consent and/or approval pursuant to Rule 601.3(1)(f), Rule 601.3(2) and Rule 602.2 subject to the conditions appearing hereinafter; and		Rule 602.2 subject to the conditions appearing hereinafter; and
505.1	<p>(1) In amplification of, and subject always to, Rule 503, a Universal Broker shall be permitted to carry out the following types of business in respect of its principal office –</p> <p>(a) the businesses for which a licence under Part IV of the Securities Industry Act is required, including:</p> <p>(i) dealings in securities for its own account and/or as agent on account of its clients and margin financing;</p> <p>(ii) corporate finance activities, including activities as an Adviser; and</p> <p>(iii) provision of custodial services and fund management services; and</p> <p>(b) the businesses for which a licence under Part III of the Futures Industry Act is required.</p> <p>(2) In amplification of, and subject always to, Rules 503 and 504, a Universal Broker shall, in respect of its branch office(s), be permitted to carry out the all the types of business permitted to be carried out by the principal office Subject Always to such terms, conditions, restrictions and/or limitations as may be imposed by the Exchange and/or the Commission from time to time <b>Provided Always</b> the Universal Broker has–</p>	505.1	<p>(1) In amplification of, and subject always to, Rule 503, a Universal Broker shall be permitted to carry out <b>all types of business permitted to be carried out by a Universal Broker under Rule 503</b> in respect of its principal office.</p> <p>(2) <b>In amplification of, and subject always to, Rule 503, a Non-Universal Broker shall be permitted to carry out all types of business</b> permitted to be carried out by a Non-Universal Broker under Rule 503 <b>in respect of its principal office.</b></p>



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	<p>(a) established and maintains effective and sufficient policies, practices and procedures on risk management and has in place a system of monitoring risk daily;</p> <p>(b) obtained its board of directors’ approval in respect of all activities carried out, and intended to be carried out, by the branch office(s); and</p> <p>(c) implemented and complied with the relevant rules, circulars, directives or guidelines issued from time to time by the Exchange in respect of or in connection with the segregation of the various businesses permitted to be carried out by the Universal Broker and/or its group of related or associated companies.</p>		
506.2(1)(e)	subject to Rule 508.4(1)(c), in the case of a Universal Broker which undertakes corporate finance activities at the branch office(s), one (1) person, approved and recognised by the Commission to be responsible for all matters relating to or in connection with the Universal Broker’s corporate finance activities thereat.	506.2(1)(e)	subject to Rule 508.4(1)(c), in the case of a Universal Broker <b>and Non-Universal Broker</b> which <b>undertake</b> corporate finance activities at the branch office(s), one (1) person, approved and recognised by the Commission to be responsible for all matters relating to or in connection with the Universal Broker’s <b>and Non-Universal Broker’s</b> corporate finance activities thereat.
506.3(1)(a)	<p>(iii) in the case of a Universal Broker and without derogation to the Universal Broker’s compliance at all times with the requirements relating to corporate finance activities prescribed in Rule 508 where:</p> <p>(aa) the sole activities of the branch office(s) are limited to corporate finance activities; and</p> <p>(bb) the branch office(s) does not directly or indirectly carry</p>	506.3(1)(a)	<p>(iii) in the case of a Universal Broker <b>and Non-Universal Broker</b> and without derogation to the Universal Broker’s <b>and Non-Universal Broker’s</b> compliance at all times with the requirements relating to corporate finance activities prescribed in Rule 508 where:</p> <p>(aa) the sole activities of the branch office(s) are limited to corporate finance activities; and</p> <p>(bb) the branch office(s) does not directly or indirectly carry</p>

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	out activities of dealing in securities in any manner whatsoever;		out activities of dealing in securities in any manner whatsoever;
506.3(1) (b)	(v) in the case of a Universal Broker and without derogation to the Universal Broker’s compliance at all times with the requirements relating to corporate finance activities prescribed in Rule 508 where:  (aa) the sole activities of the branch office(s) are limited to corporate finance activities; and  (bb) the branch office(s) does not directly or indirectly carry out activities of dealing in securities in any manner whatsoever;	506.3(1) (b)	(v) in the case of a Universal Broker <b>and Non-Universal Broker</b> and without derogation to the Universal Broker’s <b>and Non-Universal Broker’s</b> compliance at all times with the requirements relating to corporate finance activities prescribed in Rule 508 where:  (aa) the sole activities of the branch office(s) are limited to corporate finance activities; and  (bb) the branch office(s) does not directly or indirectly carry out activities of dealing in securities in any manner whatsoever;
	<b>RULE 508 CORPORATE FINANCE ACTIVITIES BY UNIVERSAL BROKER</b>		<b>RULE 508 CORPORATE FINANCE ACTIVITIES BY PARTICIPATING ORGANISATION</b>
508.1	<b>DEFINITION</b>  (1) For the purposes of this Rule:-  Adviser shall mean a Universal Broker in its capacity as an Adviser in the same manner as an adviser in the manner envisaged in Chapter 3 of the Commission’s Policies and Guidelines on Issue/Offer of Securities and the Consolidation Policy Framework or such other policies or guidelines as may from time to time be issued by the Commission (and includes amendments, modifications, variations, supplements or substitutes thereto).  (2) Persons connected with the Adviser shall mean -	508.1	<b>DEFINITION</b>  (1) For the purposes of this Rule:-  <b>Deleted.</b>  (2) Persons connected with the <b>Participating Organisation, in relation to corporate finance activities</b> shall mean -  (a) a director or substantial shareholder of the <b>Participating Organisation;</b>  (b) a person in his capacity as trustee of a private or family trust (other than a pension scheme), the beneficiaries of which include

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Existing Rules		Amended Rules	
	<p>(a) a director or substantial shareholder of the Adviser;</p> <p>(b) a person in his capacity as trustee of a private or family trust (other than a pension scheme), the beneficiaries of which include any person in (1) above;</p> <p>(c) a body corporate which is associated with the individual in (1) above by virtue of the said individual being a director of or having a substantial shareholding in the body corporate; or</p> <p>(d) a company which is a member of the same group of companies as the Adviser.</p>		<p>any person in (1) above;</p> <p>(c) a body corporate which is associated with the individual in (1) above by virtue of the said individual being a director of or having a substantial shareholding in the body corporate; or</p> <p>(d) a company which is a member of the same group of companies as the <b>Participating Organisation</b>.</p>
508.2	<p><b>ADVISER</b></p> <p>(1) A Participating Organisation may only carry out the activities of an Adviser after being granted the status of a Universal Broker by the Commission.</p>	508.2	<p><b>SCOPE OF CORPORATE FINANCE ACTIVITIES</b></p> <p>(1) <b>All Participating Organisations are permitted to carry out corporate finance activities, the scope and extent thereof shall be subject to the Guidelines on Permitted Activities for Stockbroking Companies or such other relevant guidelines, regulations or directives or other instruments issued by the Commission from time to time (and includes amendments, modifications, variations, supplements or substitutes thereto), Subject Always that in the case of Participating Organisations which are allowed to carry out the activities of principal adviser pursuant to the Guidelines on Permitted Activities for Stockbroking Companies, the Participating Organisations shall have and maintain its Effective Shareholders’ Fund (as defined in Rule 1105) of at least Ringgit Malaysia One Hundred Million (RM100,000,000.00) at all times or such other amount as may from time to time be prescribed by the Exchange or directed by</b></p>

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Existing Rules		Amended Rules	
			<b>the Commission.</b>
508.3	<p><b>OPERATIONS OF ADVISER</b></p> <p>(1) The Universal Broker shall be responsible for all its business activities as an Adviser, including but not limited to, any breach of the rules and/or directives of the Exchange. Any breach by a Universal Broker acting in its capacity as Adviser, shall be deemed to be a breach or act of non-compliance by the Universal Broker and the Exchange may then subject the Universal Broker to the relevant disciplinary action as stipulated in these Rules.</p> <p>(2) The Universal Broker undertaking the activities of an Adviser shall at all times comply and adhere to the Commission’s Policies and Guidelines on Issue/Offer of Securities and such other guidelines and policies on the same, as issued from time to time. A failure to comply or a breach of such policies and guidelines shall render the Universal Broker liable to the relevant disciplinary action as stipulated in these Rules.</p> <p>(3) Where the Universal Broker is desirous of providing its Adviser services to “persons connected with the Adviser” it shall thereupon inform the Commission and the Exchange, in writing of the same.</p> <p>(4) Where such Adviser services referred to in the foregoing paragraph is undertaken, the Universal Broker shall incorporate additional measures to avoid any conflict of interest.</p>	508.3	<p><b>GENERAL REQUIREMENTS</b></p> <p>(1) The <b>Participating Organisation</b> shall be responsible for all its business activities in relation to corporate finance, including but not limited to, any breach of the rules and/or directives of the Exchange. Any breach by a <b>Participating Organisation in carrying out the corporate finance activities</b>, shall be deemed to be a breach or act of non-compliance by the <b>Participating Organisation</b> and the Exchange may then subject the <b>Participating Organisation</b> to the relevant disciplinary action as stipulated in these Rules.</p> <p>(2) The <b>Participating Organisation</b> undertaking the <b>corporate finance</b> activities shall at all times comply and adhere to the <b>Guidelines on Permitted Activities for Stockbroking Companies</b> and such other guidelines and policies on the same, as issued from time to time. A failure to comply or a breach of such policies and guidelines shall render the <b>Participating Organisation</b> liable to the relevant disciplinary action as stipulated in these Rules.</p> <p>(3) Where the <b>Participating Organisation</b> is desirous of providing services <b>in relation to corporate finance activities</b> to persons connected with the <b>Participating Organisation</b>, it shall thereupon inform the Commission and the Exchange, in writing of the same.</p> <p>(4) Where such <b>Participating Organisation’s</b> services <b>in relation to corporate finance activities</b> referred to in the foregoing paragraph is undertaken, the <b>Participating Organisation</b> shall incorporate additional measures to avoid any conflict of interest.</p>

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Existing Rules		Amended Rules	
<b>508.4</b>	<p><b>SPECIFIC REQUIREMENTS</b></p> <p>(1) <b>Organisational requirements:</b> In relation to a Universal Broker permitted to conduct corporate finance activities pursuant to, and in accordance with this Chapter, the Universal Broker must –</p> <p>(a) establish and maintain an independent committee as envisaged in this Rule;</p> <p>(b) establish and maintain a separate department(s) (“Corporate Finance Department(s)”) to undertake the activities of corporate finance at its principal office and branch office(s) Subject Always to the following:</p> <p>(i) all corporate finance activities shall preferably be conducted at its principal office;</p> <p>(ii) in the event that corporate finance activities are to be conducted at any of its branch office(s), it shall notify, and identify such branch office(s) to, the Exchange and the Commission;</p> <p>(c) appoint one (1) person, approved and recognised by the Commission, to head the Corporate Finance Department(s) and to be responsible for all matters relating to or in connection with the Universal Broker’s corporate finance activities (“Head of Corporate Finance”) and notify the Exchange and the Commission on the location of the Head of Corporate Finance; and</p> <p>(d) appoint one (1) person, approved and recognised by the Commission to be responsible for all matters relating to or in</p>	<b>508.4</b>	<p><b>SPECIFIC REQUIREMENTS</b></p> <p>(1) <b>Organisational requirements:</b> In relation to a <b>Participating Organisation</b> permitted to conduct corporate finance activities pursuant to, and in accordance with this Chapter, the <b>Participating Organisation</b> must –</p> <p>(a) establish and maintain an independent committee as envisaged in this Rule;</p> <p>(b) establish and maintain a separate department(s) (“Corporate Finance Department(s)”) to undertake the activities of corporate finance at its principal office and branch office(s) Subject Always to the following:</p> <p>(i) all corporate finance activities shall preferably be conducted at its principal office;</p> <p>(ii) in the event that corporate finance activities are to be conducted at any of its branch office(s), it shall notify, and identify such branch office(s) to, the Exchange and the Commission;</p> <p>(c) appoint one (1) person, approved and recognised by the Commission, to head the Corporate Finance Department(s) and to be responsible for all matters relating to or in connection with the <b>Participating Organisation’s</b> corporate finance activities (“Head of Corporate Finance”); and</p> <p>(d) appoint one (1) person, approved and recognised by the Commission to be responsible for all matters relating to or in connection with the <b>Participating Organisation’s</b> corporate</p>

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	<p>connection with the Universal Broker’s corporate finance activities (“Secondary Head of Corporate Finance”) at each of the other office(s) of the Universal Broker carrying out corporate finance activities.</p> <p>(2) <b>Independent Committee:</b> The independent committee shall –</p> <p>(a) be comprised of such numbers and such persons as may be determined by the Universal Broker <i>Provided</i> that such persons do not hold a dealer’s representative licence; and</p> <p>(b) be authorised to do such acts, things and deeds in accordance with this Chapter as may be delegated by the Universal Broker’s board of directors (subject to such limitations or conditions as may be imposed).</p> <p>(3) <b>Requisite implementation:</b> The Universal Broker must –</p> <p>(a) develop and implement policies and procedures governing the role, function and activities of the independent committee which ensure that there are no situations of conflict of interest, actual or potential, and that there is strict and full confidentiality of all relevant information, including without limitation, information that on becoming generally available would or would tend to have a material effect on the price or value of securities; and</p> <p>(b) establish and maintain a reporting structure for the Corporate Finance Department(s) that ensures the confidentiality of information pertaining to all corporate finance activities, which shall include without limitation the implementation of the reporting structures envisaged in Rule 506.</p>		<p>finance activities (“Secondary Head of Corporate Finance”) at each of the other office(s) of the <b>Participating Organisation</b> carrying out corporate finance activities.</p> <p>(2) <b>Independent Committee:</b> The independent committee shall –</p> <p>(a) be comprised of such numbers and such persons as may be determined by the <b>Participating Organisation</b> <i>Provided</i> that such persons do not hold a dealer’s representative licence; and</p> <p>(c) be authorised to do such acts, things and deeds in accordance with this Chapter as may be delegated by the <b>Participating Organisation’s</b> board of directors (subject to such limitations or conditions as may be imposed).</p> <p>(3) <b>Requisite implementation:</b> The <b>Participating Organisation</b> must –</p> <p>(a) develop and implement policies and procedures governing the role, function and activities of the independent committee which ensure that there are no situations of conflict of interest, actual or potential, and that there is strict and full confidentiality of all relevant information, including without limitation, information that on becoming generally available would or would tend to have a material effect on the price or value of securities; and</p> <p>(b) establish and maintain a reporting structure for the Corporate Finance Department(s) that ensures the confidentiality of information pertaining to all corporate finance activities, which shall include without limitation the implementation of the reporting structures envisaged in Rule 506.</p>

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Existing Rules		Amended Rules	
	<p>(4) <b>Segregation:</b> The Universal Broker shall ensure that the Corporate Finance Department(s) at its principal office and where applicable, branch office(s) respectively are physically separated from the other activities of the Universal Broker <i>Subject Always</i> to such rules, circulars, directives or guidelines as may from time to time be issued by the Exchange in respect of or in connection with segregation of the various businesses permitted to be carried out by the Universal Broker and/or its group of related or associated companies.</p> <p>For the purposes herein, “physically separated”:</p> <p>(a) means that the Corporate Finance Department(s) shall be located on different floor(s) of the building wherein the other activities of the Universal Broker are situated; and</p> <p>(b) Universal Brokers are encouraged to locate the Corporate Finance Department(s) preferably to different premises from the building wherein the other activities of the Universal Broker are situated.</p>		<p>(4) <b>Segregation:</b> The <b>Participating Organisation</b> shall ensure that the Corporate Finance Department(s) at its principal office and where applicable, branch office(s) respectively are physically separated from the other activities of the <b>Participating Organisation Subject Always</b> to such rules, circulars, directives or guidelines as may from time to time be issued by the Exchange in respect of or in connection with segregation of the various businesses permitted to be carried out by the <b>Participating Organisation</b> and/or its group of related or associated companies, <b>as the case may be.</b></p> <p>For the purposes herein, “physically separated” <b>means :</b></p> <p>(a) that the Corporate Finance Department(s) shall be located on different floor(s) of the building wherein the other activities of the <b>Participating Organisation</b> are situated; <b>or</b></p> <p>(b) <b>that the Corporate Finance Department(s) shall be located at an area that is physically separated by wall(s) from the areas where the other activities of the Participating Organisation are carried out or situated. The wall(s) shall be constructed from the floor to the ceiling and made of solid and non transparent material.</b></p>
508.5	<p><b>REQUIREMENTS FOR BUSINESS CONDUCT</b></p> <p>(1) The Universal Broker must –</p> <p>(a) ensure that all submissions in respect of or in connection with corporate finance activities must be approved by the independent committee established in accordance with this Rule 508;</p>	508.5	<p><b>REQUIREMENTS FOR BUSINESS CONDUCT</b></p> <p>(1) The <b>Participating Organisation</b> must –</p> <p>(a) ensure that all submissions in respect of or in connection with corporate finance activities must be approved by the independent committee established in accordance with this Rule 508;</p>

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	<p>(b) ensure that any person, including without limitation a director, who is the holder of a dealer’s representative licence, shall be precluded from the deliberations and decisions in respect of or in connection with its corporate finance activities; and</p> <p>(c) ensure that all submissions to the Commission for approval be signed by the Head of Corporate Finance.</p> <p>(2) The Universal Broker must formulate and enforce adequate and effective internal guidelines in relation to its corporate finance activities which shall include, but not limited to –</p> <p>(a) code of conduct for its employees, including without limitation, guidelines on employee trading;</p> <p>(b) maintenance of “Chinese Wall” and firewalls to ensure that persons involved in other activities of the Universal Broker, particularly activities of dealing in securities, have no direct or indirect access to the corporate finance activities and taken all steps and actions necessary to implement and comply with the relevant rules, circulars, directives or guidelines issued from time to time by the Exchange in respect of or in connection with the segregation of the various businesses permitted to be carried out by the Universal Broker and/or its group of related or associated companies and in respect thereof, include without limitation the following:</p> <p>(i) measures to avoid the flow of material non-public information known by the Corporate Finance</p>		<p>(b) ensure that any person, including without limitation a director, who is the holder of a dealer’s representative licence, shall be precluded from the deliberations and decisions in respect of or in connection with its corporate finance activities; and</p> <p>(c) ensure that all submissions to the Commission for approval be signed by the Head of Corporate Finance.</p> <p>(2) The <b>Participating Organisation</b> must formulate and enforce adequate and effective internal guidelines in relation to its corporate finance activities which shall include, but not limited to –</p> <p>(a) code of conduct for its employees, including without limitation, guidelines on employee trading;</p> <p>(b) maintenance of “Chinese Wall” and firewalls to ensure that persons involved in other activities of the <b>Participating Organisation</b>, particularly activities of dealing in securities, have no direct or indirect access to the corporate finance activities and taken all steps and actions necessary to implement and comply with the relevant rules, circulars, directives or guidelines issued from time to time by the Exchange in respect of or in connection with the segregation of the various businesses permitted to be carried out by the <b>Participating Organisation</b> and/or its group of related or associated companies, <b>as the case may be</b>, and in respect thereof, include without limitation the following:</p> <p>(i) measures to avoid the flow of material non-public information known by the Corporate Finance Department(s) to persons involved in other activities of</p>



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<b>Existing Rules</b>		<b>Amended Rules</b>	
	<p>Department(s) to persons involved in other activities of the Universal Broker;</p> <p>(ii) procedures for communications between the personnel of the Corporate Finance Department(s) and persons involved in other activities of the Universal Broker;</p> <p>(iii) policies, procedures and internal controls and mechanisms to prevent the misuse or confidential information, including without limitation, information that on becoming generally available would or would tend to have a material effect on the price or value of securities;</p> <p>(iv) policies and procedures on permissible crossing of such barriers as may be erected;</p> <p>(v) policies and procedures on employee trading and avoidance of conflict of interest;</p> <p>(vi) prohibition against publication of research or other material with comments, recommendations or otherwise in respect of the securities which are the subject of corporate finance exercise(s);</p> <p>(vii) prohibition against:</p> <p>(aa) trading by the Universal Broker as principal, its directors and employees (as envisaged in Rule 803) in the securities of the clients of the Corporate Finance Department(s), including restrictions on the trading in futures, options</p>		<p>the <b>Participating Organisation</b>;</p> <p>(ii) procedures for communications between the personnel of the Corporate Finance Department(s) and persons involved in other activities of the <b>Participating Organisation</b>;</p> <p>(iii) policies, procedures and internal controls and mechanisms to prevent the misuse or confidential information, including without limitation, information that on becoming generally available would or would tend to have a material effect on the price or value of securities;</p> <p>(iv) policies and procedures on permissible crossing of such barriers as may be erected;</p> <p>(v) policies and procedures on employee trading and avoidance of conflict of interest;</p> <p>(vi) prohibition against publication of research or other material with comments, recommendations or otherwise in respect of the securities which are the subject of corporate finance exercise(s);</p> <p>(vii) prohibition against:</p> <p>(aa) trading by the <b>Participating Organisation</b> as principal, its directors and employees (as envisaged in Rule <b>702</b>) in the securities of the clients of the Corporate Finance Department(s), including restrictions on the trading in futures,</p>

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	<p>and other instruments derived from such securities;</p> <p>(bb) soliciting trades (whether as principal or agent, or from or by its employees and directors, or indirectly through any form of discretionary trading) in the securities of the clients of the Corporate Finance Department(s), including restrictions on the trading or soliciting trades in futures, options and other instruments derived from such securities;</p> <p>(viii) measures and procedures to ensure the Universal Broker does not conduct or undertake any activities tantamount, or likely to be tantamount or similar, to front-running;</p> <p>(ix) imposition of a “cooling-off” period and holding period for the securities of the clients of the Corporate Finance Department(s) (whether as principal or agent or by its employees and directors of indirectly through any form of discretionary trading) in the manner envisaged in such guidelines, directives or circular issued by the Exchange from time to time; and</p> <p>(x) in connection with the above, maintenance of a list of securities to which prohibitions or restrictions apply;</p> <p>(c) in addition to the taping of telephone conversations in respect of proprietary trades as required by these Rules, taping of telephone conversations by all personnel of the Corporate Finance Department(s) and such tapes must be retained for a</p>		<p>options and other instruments derived from such securities;</p> <p>(bb) soliciting trades (whether as principal or agent, or from or by its employees and directors, or indirectly through any form of discretionary trading) in the securities of the clients of the Corporate Finance Department(s), including restrictions on the trading or soliciting trades in futures, options and other instruments derived from such securities;</p> <p>(viii) measures and procedures to ensure the <b>Participating Organisation</b> does not conduct or undertake any activities tantamount, or likely to be tantamount or similar, to front-running;</p> <p>(ix) imposition of a “cooling-off” period and holding period for the securities of the clients of the Corporate Finance Department(s) (whether as principal or agent or by its employees and directors of indirectly through any form of discretionary trading) in the manner envisaged in such guidelines, directives or circular issued by the Exchange from time to time; and</p> <p>(x) in connection with the above, maintenance of a list of securities to which prohibitions or restrictions apply;</p> <p>(c) in addition to the taping of telephone conversations in respect of proprietary trades as required by these Rules, taping of telephone conversations by all personnel of the Corporate Finance Department(s) and such tapes must be retained for a</p>

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	<p>period of not less than two (2) years; and</p> <p>(d) maintenance at all times of professional standards and sufficient resources in, and for, the carrying out of its corporate finance activities.</p> <p>(3) Without derogation to the foregoing provisions, a Universal Broker shall develop and maintain–</p> <p>(a) internal controls and mechanisms to monitor its trading activities in respect of the securities of the clients of the Corporate Finance Department(s), including any prohibitions or restrictions on the trading or soliciting trades in futures, options and other instruments derived from such securities; and</p> <p>(b) internal policies and controls for avoidance of insider dealing,</p> <p>which ensure that there are no situations of conflict of interest, actual or potential, and that there is strict and full confidentiality of all relevant information, including without limitation, information that on becoming generally available would or would tend to have a material effect on the price or value of securities.</p> <p>(4) In amplification of the foregoing provisions, a Universal Broker may maintain –</p> <p>(a) a list of securities to which prohibitions or restrictions apply primarily for the Universal Broker’s internal control against, and for compliance with the provisions in these Rules and/or the Securities Laws in respect of, the following –</p>		<p>period of not less than two (2) years; and</p> <p>(d) maintenance at all times of professional standards and sufficient resources in, and for, the carrying out of its corporate finance activities.</p> <p>(3) Without derogation to the foregoing provisions, a <b>Participating Organisation</b> shall develop and maintain–</p> <p>(a) internal controls and mechanisms to monitor its trading activities in respect of the securities of the clients of the Corporate Finance Department(s), including any prohibitions or restrictions on the trading or soliciting trades in futures, options and other instruments derived from such securities; and</p> <p>(b) internal policies and controls for avoidance of insider dealing,</p> <p>which ensure that there are no situations of conflict of interest, actual or potential, and that there is strict and full confidentiality of all relevant information, including without limitation, information that on becoming generally available would or would tend to have a material effect on the price or value of securities.</p> <p>(4) In amplification of the foregoing provisions, a <b>Participating Organisation</b> may maintain –</p> <p>(a) a list of securities to which prohibitions or restrictions apply primarily for the <b>Participating Organisation’s</b> internal control against, and for compliance with the provisions in these Rules and/or the Securities Laws in respect of, the following –</p> <p>(i) insider trading and/or misuse of confidential information,</p>

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	<p>(i) insider trading and/or misuse of confidential information, including without limitation, information that on becoming generally available would or would tend to have a material effect on the price or value of securities;</p> <p>(ii) market manipulation; and</p> <p>(iii) other offences relating to the abuse of confidential information, including without limitation, information that on becoming generally available would or would tend to have a material effect on the price or value of securities; and</p> <p>(b) a list of securities to which prohibition against dealings during the prescribed cooling-off or holding period, if supported by adequate internal controls, surveillance and compliance mechanisms pertaining to the maintenance of information confidentiality.</p>		<p>including without limitation, information that on becoming generally available would or would tend to have a material effect on the price or value of securities;</p> <p>(ii) market manipulation; and</p> <p>(iii) other offences relating to the abuse of confidential information, including without limitation, information that on becoming generally available would or would tend to have a material effect on the price or value of securities; and</p> <p>(b) a list of securities to which prohibition against dealings during the prescribed cooling-off or holding period, if supported by adequate internal controls, surveillance and compliance mechanisms pertaining to the maintenance of information confidentiality.</p>
<b>508.6</b>	<p><b>REVIEW OF CORPORATE FINANCE ACTIVITIES</b></p> <p>(1) The activities of the Corporate Finance Department(s) shall be subject to regular reviews by the Compliance Department.</p> <p>(2) The Compliance Department shall ensure the following –</p> <p>(a) the adequacy of all internal controls and information barriers developed and implemented by the Universal Broker pursuant to Rule 508.5;</p>	<b>508.6</b>	<p><b>REVIEW OF CORPORATE FINANCE ACTIVITIES</b></p> <p>(1) <b>The corporate finance activities</b> shall be subject to regular reviews by the <b>Compliance Officers</b>.</p> <p>(2) The Compliance <b>Officers</b>, shall ensure the following –</p> <p>(a) the adequacy of all internal controls and information barriers developed and implemented by the <b>Participating Organisation</b> pursuant to Rule 508.5;</p>

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	<p>(b) the internal controls and information barriers referred to in the preceding paragraph are effectively implemented and complied with by the Universal Broker;</p> <p>(c) adequate supervision and monitoring of all the activities of the Corporate Finance Department(s);</p> <p>(d) the Universal Broker shall not effect, take part in, engage in, be concerned in, or carry out, either directly or indirectly, any activities which are tantamount, or likely to be considered tantamount, or similar, to front-running, insider dealing and other offences related to the abuse of confidential information, including without limitation, information that on becoming generally available would or would tend to have a material effect on the price or value of securities.</p>		<p>(b) the internal controls and information barriers referred to in the preceding paragraph are effectively implemented and complied with by the <b>Participating Organisation</b>;</p> <p>(c) adequate supervision and monitoring of all the activities of the Corporate Finance Department(s);</p> <p>(d) the <b>Participating Organisation</b> shall not effect, take part in, engage in, be concerned in, or carry out, either directly or indirectly, any activities which are tantamount, or likely to be considered tantamount, or similar, to front-running, insider dealing and other offences related to the abuse of confidential information, including without limitation, information that on becoming generally available would or would tend to have a material effect on the price or value of securities.</p>
<b>508.7</b>	<p><b>STRUCTURE OF CORPORATE FINANCE ACTIVITIES</b></p> <p>(1) <b>Structure:</b> A Universal Broker may at its discretion determine the structure of its corporate finance activities permitted under Rule 503.1(1)(a)(ii) subject to the relevant requirements prescribed in these Rules.</p> <p>(2) <b>Subsidiary:</b> In relation to a Universal Broker which conducts corporate finance activities through a subsidiary (“subsidiary investment adviser”), the Universal Broker shall at all times comply with the following conditions:-</p> <p>(a) the Universal Broker has controlling shareholding in the subsidiary investment adviser (for the purposes herein “controlling shareholding” of a subsidiary shall mean not</p>	<b>508.7</b>	<p><b>STRUCTURE OF CORPORATE FINANCE ACTIVITIES</b></p> <p>(1) <b>Structure:</b> A <b>Participating Organisation</b> may at its discretion determine the structure of its corporate finance activities permitted under Rule 503.1(1)(a)(ii) <b>and Rule 503.2(1)(c)</b> subject to the relevant requirements prescribed in these Rules.</p> <p>(2) <b>Subsidiary:</b> In relation to a <b>Participating Organisation</b> which conduct corporate finance activities through a subsidiary, the <b>Participating Organisation</b> shall at all times comply with the following conditions:-</p> <p>(a) the <b>Participating Organisation</b> has controlling shareholding in the subsidiary (for the purposes herein “controlling shareholding” of a subsidiary shall mean not less than fifty per</p>

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<b>Existing Rules</b>		<b>Amended Rules</b>	
	<p>less than fifty per cent (50%) of the issued and paid-up capital of the subsidiary plus one (1) share);</p> <p>(b) the subsidiary investment adviser is licensed as an investment adviser pursuant to the Securities Industry Act;</p> <p>(c) the activities of the subsidiary investment adviser is, subject always to the terms, conditions and restrictions of the licence issued thereto, at all times limited to the following –</p> <p>(i) submission to the Commission of all applications for proposals requiring the approval of the Commission pursuant to any law, rules and regulations as may be applicable; and</p> <p>(ii) acting in a strictly advisory capacity only to the Universal Broker in relation to, <i>inter alia</i>, underwriting and placement of securities;</p> <p>(d) the Universal Broker ensures that the subsidiary investment adviser deals with and addresses issues of conflict of interest adequately in the same manner and degree as required of the Universal Broker pursuant to the relevant provisions of these Rules;</p> <p>(e) the Universal Broker procures the entry by the subsidiary investment adviser with the Exchange into an agreement, in such form and substance as may be stipulated by the Exchange from time to time, and which agreement shall contain, <i>inter alia</i>, the following terms –</p> <p>(i) that the Exchange shall be permitted to conduct such</p>		<p>cent (50%) of the issued and paid-up capital of the subsidiary plus one (1) share);</p> <p>(b) the subsidiary is licensed as an investment adviser pursuant to the Securities Industry Act;</p> <p>(c) the activities of the subsidiary is, subject always to the terms, conditions and restrictions of the licence issued thereto, at all times limited to the following –</p> <p>(i) submission to the Commission of all applications for proposals requiring the approval of the Commission pursuant to any law, rules and regulations as may be applicable; and</p> <p>(ii) acting in a strictly advisory capacity only to the <b>Participating Organisation</b> in relation to, <i>inter alia</i>, underwriting and placement of securities;</p> <p>(d) the <b>Participating Organisation</b> ensures that the subsidiary deals with and addresses issues of conflict of interest adequately in the same manner and degree as required of the <b>Participating Organisation</b> pursuant to the relevant provisions of these Rules;</p> <p>(e) the <b>Participating Organisation</b> procures <b>an agreement with</b> the subsidiary in such form and substance as may be stipulated by the Exchange from time to time, and which agreement shall contain, <i>inter alia</i>, the following terms –</p> <p>(i) that the Exchange shall be permitted to conduct such inspections as may from time to time be deemed necessary by the Exchange in accordance with its powers pursuant to</p>

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<b>Existing Rules</b>		<b>Amended Rules</b>	
	<p>inspections as may from time to time be deemed necessary by the Exchange in accordance with its powers pursuant to these Rules;</p> <p>(ii) that the subsidiary investment company shall comply with the relevant provisions of these Rules, including without limitation:</p> <p>(aa) the provisions relating to Chinese Walls and firewalls;</p> <p>(bb) the provisions relating to the authority and duties of the Compliance Officer in the supervision and monitoring of the activities of the subsidiary investment adviser; and</p> <p>(cc) the provisions relating to the reporting structure of the Corporate Finance Department(s) of the Universal Broker.</p>		<p>these Rules;</p> <p>(ii) that the subsidiary shall comply with the relevant provisions of these Rules, including without limitation:</p> <p>(aa) the provisions relating to Chinese Walls and firewalls;</p> <p>(bb) the provisions relating to the authority and duties of the Compliance Officer in the supervision and monitoring of the activities of the subsidiary; and</p> <p>(cc) the provisions relating to the reporting structure of the Corporate Finance Department(s) of the <b>Participating Organisation</b>.</p>
<b>509</b>	<b>RISK MANAGEMENT DEPARTMENT AND COMMITTEE OF UNIVERSAL BROKER</b>	<b>509</b>	<b>RISK MANAGEMENT DEPARTMENT AND COMMITTEE OF PARTICIPATING ORGANISATION</b>
<b>509.1</b>	<b>SPECIFIC REQUIREMENTS</b>	<b>509.1</b>	<b>SPECIFIC REQUIREMENTS</b>
	<p>(1) <b>Establishment:</b> Every Universal Broker shall establish and maintain the following –</p> <p>(a) a Risk Management Department at its principal office which shall report daily to the Executive Director Operations; and</p>		<p>(1) <b>Establishment:</b> Every <b>Participating Organisation upon commencement of any of the activities stipulated under Rule 503.1 and Rule 503.2 other than dealing in securities and margin financing</b>, shall establish and maintain the following –</p> <p>(a) a Risk Management Department at its principal office which shall report daily to the Executive Director</p>

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**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PURSUANT TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION**

Existing Rules		Amended Rules	
	<p>(b) a Risk Management Committee which shall report to its board of directors periodically as the board of directors may determine.</p> <p>(2) <b>Implementation:</b> The Universal Broker shall develop and implement relevant terms of reference, policies and procedures to govern the conduct and activities of the Risk Management Committee.</p> <p>(3) <b>Reporting:</b> The Risk Management Committee shall report directly to the Universal Broker’s board of directors.</p>		<p>Operations;</p> <p>(b) a Risk Management Committee which shall report to its board of directors periodically as the board of directors may determine.</p> <p>(2) <b>Implementation:</b> The <b>Participating Organisation</b> shall develop and implement relevant terms of reference, policies and procedures to govern the conduct and activities of the Risk Management Committee.</p> <p>(3) <b>Reporting:</b> The Risk Management Committee shall report directly to the <b>Participating Organisation’s</b> board of directors, <b>as the case may be.</b></p>
509.2	<p><b>FUNCTIONS</b></p> <p>(1) The function of the Risk Management Committee shall include but not be limited to the following –</p> <p>(a) to develop and implement adequate risk assessment, monitoring and management policies and procedures with the objective of ensuring that the risks assumed by the Universal Broker in relation to the permitted businesses pursuant to Rule 503 will be managed and monitored accordingly and any requisite steps and action in mitigating such risks are effective; and</p> <p>(b) to ensure that the Universal Broker is at all times in compliance with the following:</p>	509.2	<p><b>FUNCTIONS</b></p> <p>(1) The function of the Risk Management Committee shall include but not be limited to the following –</p> <p>(a) to develop and implement adequate risk assessment, monitoring and management policies and procedures with the objective of ensuring that the risks assumed by the <b>Participating Organisation</b> in relation to the permitted businesses pursuant to Rule 503 will be managed and monitored accordingly and any requisite steps and action in mitigating such risks are effective; and</p> <p>(b) to ensure that the <b>Participating Organisation</b> is at all times in compliance with the following:</p>



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**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PURSUANT TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION**

Existing Rules		Amended Rules	
	<p>(i) Capital Adequacy Requirements promulgated in Rule 1105;</p> <p>(ii) all requirements from time to time of the exchange company and clearing house in respect of risks and exposures in relation to the permitted business pursuant to Rule 503.1(1)(b); and</p> <p>(iii) all such other requirements from time to time in respect of risks and exposures in relation to such other businesses as may be permitted pursuant to Rule 503.1(1)(c), or Rule 503.1(1)(d), as the case may be.</p> <p>(2) The Risk Management Department(s) shall ensure that the policies and procedures established and formulated by the Risk Management Committee are efficaciously and effectively implemented at each branch office(s).</p>		<p>(i) Capital Adequacy Requirements promulgated in Rule 1105;</p> <p>(ii) all requirements from time to time of the exchange company and clearing house in respect of risks and exposures in relation to the permitted business pursuant to Rule 503.1(1)(b) <b>and Rule 503.2(2)</b>; and</p> <p>(iii) all such other requirements from time to time in respect of risks and exposures in relation to such other businesses as may be permitted pursuant to <b>Rule 503.1(1)(a)(ii)</b>, Rule 503.1(1)(c), Rule 503.1(1)(d), <b>Rule 503.1(1)(e)</b>, <b>Rule 503.1(1)(f)</b>, <b>Rule 503.2(1)(c)</b>, <b>Rule 503.2(1)(d)</b> <b>and Rule 503.2(1)(e)</b>, as the case may be.</p> <p>(2) The Risk Management Department(s) shall ensure that the policies and procedures established and formulated by the Risk Management Committee are efficaciously and effectively implemented at each branch office(s).</p>
509.3	<p><b>COMPOSITION OF RISK MANAGEMENT COMMITTEE</b></p> <p>(1) Unless otherwise determined by the Exchange upon notification to the Commission, the Risk Management Committee shall be comprised of such number and such persons as may be determined by the Universal Broker <b><i>Provided Always</i></b> –</p> <p>(a) the person does not hold a dealer’s representative licence; and</p>	509.3	<p><b>COMPOSITION OF RISK MANAGEMENT COMMITTEE</b></p> <p>(1) Unless otherwise determined by the Exchange upon notification to the Commission, the Risk Management Committee shall be comprised of such number and such persons as may be determined by the <b>Participating Organisation <i>Provided Always</i></b> –</p> <p>(a) the person does not hold a dealer’s representative licence; and</p>

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**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PURSUANT TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION**

<b>Existing Rules</b>		<b>Amended Rules</b>	
	<p>(b) the following persons shall be members:</p> <p style="padding-left: 40px;">(i) Executive Director Operations; and</p> <p style="padding-left: 40px;">(ii) Executive Director Compliance.</p> <p>(2) Without being in derogation to the foregoing paragraph, the Executive Director Dealing may be invited to attend at meetings or proceedings of the Risk Management Committee when there are issues concerning risk management that affect or may affect the activities of dealing in securities of the Universal Broker.</p>		<p>(b) the following persons shall be members:</p> <p style="padding-left: 40px;">(i) Executive Director Operations; and</p> <p style="padding-left: 40px;">(ii) Executive Director Compliance <b>or in the case of Non-Universal Broker, Compliance Officer.</b></p> <p>(2) Without being in derogation to the foregoing paragraph, the Executive Director Dealing may be invited to attend at meetings or proceedings of the Risk Management Committee when there are issues concerning risk management that affect or may affect the activities of dealing in securities of the <b>Participating Organisation.</b></p>
510.1	<p><b>DEDICATED AUDIT COMMITTEE</b></p> <p>(1) A Universal Broker shall not be permitted to establish and maintain an audit committee at its holding company, but shall maintain its own audit committee, whose functions are as prescribed in these Rules, unless otherwise permitted by the Exchange upon notification to the Commission in the cases where -</p> <p style="padding-left: 40px;">(a) the sole business of its immediate PLC is the business of dealings in securities; or</p> <p style="padding-left: 40px;">(b) the core business of its immediate PLC includes all or any of the businesses which fall within the purview of the Commission as prescribed in the Securities Commission Act.</p>	510.1	<p><b>Deleted.</b></p>

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Existing Rules		Amended Rules	
	<p>(2) For the purposes of this Rule:-</p> <p>(a) in relation to a Participating Organisation which is -</p> <p>(i) directly owned by a public listed company, immediate PLC means its immediate holding company;</p> <p>(ii) indirectly owned by a public listed company, immediate PLC means its most immediate holding company which is a public listed company;</p> <p>(iii) owned, directly or indirectly, by a public listed company, Group means the Participating Organisation’s immediate PLC and all subsidiaries and associated companies of the immediate PLC; and</p> <p>(iv) not owned, directly or indirectly, by a public listed company, Group means the Participating Organisation’s immediate holding company and all subsidiaries and associated companies of the immediate PLC;</p> <p>(b) the businesses which fall within the purview of the Commission as prescribed in the Securities Commission Act are considered as a Group’s core business if those businesses collectively contribute to not less than seventy five per cent (75%) of the Group’s average audited profit before taxation or turnover over the five (5) years immediately preceding the date of application</p>		

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Existing Rules		Amended Rules	
	<p>for recognition as a Universal Broker; and</p> <p>(c) associated means where not less than twenty per cent (20%) and not more than fifty per cent (50%) of voting shares of a company or corporation are held by the following:</p> <p>(i) another company or corporation;</p> <p>(ii) a person connected to a director or shareholder of that company, as defined in the Companies Act,</p> <p>that first-mentioned company or corporation and the company or corporation referred to in (i) and the persons referred to in (ii) shall be deemed to be associated to each other.</p>		
510.2	<p><b>COMPOSITION</b></p> <p>(1) In amplification of the provisions of these Rules in respect of the composition of the audit committee –</p> <p>(a) the Executive Director Compliance shall be a member of the audit committee; and</p> <p>(b) to the extent reasonably practicable, a Universal Broker shall endeavour to ensure that there is an adequate number of independent directors in the audit committee and that such independent directors are qualified to undertake their responsibilities.</p>	510.2	<b>Deleted.</b>

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**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PURSUANT TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION**

<b>Existing Rules</b>		<b>Amended Rules</b>	
	<p>(2) For the purposes of this Rule, the expression “independent directors” shall be construed in the same manner as envisaged in the Commission’s Guidelines On Firewalls - Measures To Contain Risks And To Manage Issues Of Conflicts Of Interest Between A Stockbroking Company And Its Affected Related Companies, as may be amended, varied, modified or supplemented from time to time.</p> <p>(3) In the case where the Universal Broker’s audit committee is permitted to be established and maintained at its holding company in the manner envisaged in Rule 510.1, the composition of the audit committee shall comprise persons who –</p> <p>(a) possesses adequate knowledge, expertise and experience about the mechanics of, and risks associated with, the immediate PLC’s relevant businesses which fall within the purview of the Commission as prescribed in the Securities Commission Act; and</p> <p>(b) are in the position to make sufficient and effective scrutiny, query and recommendations in respect of the audit findings, internal controls and risk management issues related to the Universal Broker as may be raised by the internal audit department in the discharge of its functions.</p>		
510.3	<p><b>INAPPLICABILITY OF RULES</b></p> <p>(1) For the avoidance of doubt, the following provisions of these Rules shall not be applicable to a Universal Broker–</p>	510.3	<b>Deleted.</b>

**“ANNEXURE 1”**

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PURSUANT TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION**

Existing Rules			Amended Rules										
	<table border="1"> <thead> <tr> <th>Rule</th> <th>Heading</th> <th>Extent of Inapplicability</th> </tr> </thead> <tbody> <tr> <td>1202.1(2)</td> <td>Audit Committee</td> <td>To the extent that the audit committee may be established at the holding company, unless otherwise permitted as envisaged in Rule 510.1</td> </tr> <tr> <td>1202.1(4)</td> <td>Composition of Audit Committee at Holding Company</td> <td>Not applicable in its entirety, unless otherwise permitted as envisaged in Rule 510.1, in which case all references to “Compliance Officer” and “Head of the Compliance Department” therein shall be substituted with “Executive Director Compliance”.</td> </tr> </tbody> </table>	Rule	Heading	Extent of Inapplicability	1202.1(2)	Audit Committee	To the extent that the audit committee may be established at the holding company, unless otherwise permitted as envisaged in Rule 510.1	1202.1(4)	Composition of Audit Committee at Holding Company	Not applicable in its entirety, unless otherwise permitted as envisaged in Rule 510.1, in which case all references to “Compliance Officer” and “Head of the Compliance Department” therein shall be substituted with “Executive Director Compliance”.			
Rule	Heading	Extent of Inapplicability											
1202.1(2)	Audit Committee	To the extent that the audit committee may be established at the holding company, unless otherwise permitted as envisaged in Rule 510.1											
1202.1(4)	Composition of Audit Committee at Holding Company	Not applicable in its entirety, unless otherwise permitted as envisaged in Rule 510.1, in which case all references to “Compliance Officer” and “Head of the Compliance Department” therein shall be substituted with “Executive Director Compliance”.											
511.1	<p><b>DEDICATED INTERNAL AUDIT DEPARTMENT</b></p> <p>(1) A Universal Broker shall not be permitted to establish and maintain an internal audit department at its holding company, but shall establish and maintain its own internal audit department, whose functions are as prescribed in these Rules.</p> <p>(1) Notwithstanding the foregoing paragraph, the internal audit department of the Universal Broker may carry out the internal audit function of its holding company and all subsidiaries thereof within the Group (as defined in Rule 510) which are incorporated and existing within Malaysia <i>Provided</i> that the following conditions are satisfied –</p> <p>(a) the focus of the functions of the internal audit</p>		511.1	<b>Deleted.</b>									

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**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PURSUANT TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION**

<b>Existing Rules</b>		<b>Amended Rules</b>	
	<p>department of the Universal Broker must primarily be on the Universal Broker;</p> <p>(b) the internal audit functions provided by the internal audit department of the Universal Broker to the Group as permitted herein must not:</p> <p style="padding-left: 20px;">(i) affect or compromise its functions and activities at the Universal Broker; and</p> <p style="padding-left: 20px;">(ii) affect or compromise its functions and activities at the subsidiary(ies) carrying out the businesses which fall within the purview of the Commission as prescribed in the Securities Commission Act; and</p> <p>(c) the size and personnel of the internal audit department of the Universal Broker must, in the opinion of the Exchange, be adequate to perform the functions and activities contemplated.</p> <p>(3) For the purposes of this Part, the expression “subsidiary” shall have the meaning as defined in Section 5 of the Companies Act.</p>		

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**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PURSUANT TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION**

Existing Rules		Amended Rules							
511.2	<p><b>INAPPLICABILITY OF RULES</b></p> <p>(1) For the avoidance of doubt, the following provisions of these Rules shall not be applicable to a Universal Broker–</p> <table border="1"> <thead> <tr> <th>Rule</th> <th>Heading</th> <th>Extent of Inapplicability</th> </tr> </thead> <tbody> <tr> <td>1202.1(1)</td> <td>Internal Audit Department</td> <td>To the extent that the internal audit department may be established at the holding company.</td> </tr> </tbody> </table>	Rule	Heading	Extent of Inapplicability	1202.1(1)	Internal Audit Department	To the extent that the internal audit department may be established at the holding company.	511.2	<b>Deleted.</b>
Rule	Heading	Extent of Inapplicability							
1202.1(1)	Internal Audit Department	To the extent that the internal audit department may be established at the holding company.							
1202.1(3)	<p><b>Composition of Audit Committee at Participating Organisation:</b> Unless otherwise determined by the Exchange, the audit committee shall comprise of at least three (3) members, two (2) of whom shall be non-executive directors of the Participating Organisation. The chairman of the audit Exchange shall be appointed from amongst the non-executive directors of the Participating Organisation. The Participating Organisation’s Compliance Officer appointed under Rule 309 or the head of the Compliance Department for cases where more than one (1) Compliance Officer was appointed, shall be one of the member of the audit committee.</p> <p>In the event that the composition of the audit committee exceeds the prescribed minimum stipulated herein, Non-Executive Directors shall form the majority of such audit committee.</p>	1202.1(3)	<p><b>(a) Composition of Audit Committee at Participating Organisation:</b> Unless otherwise determined by the Exchange, the audit committee shall comprise of at least three (3) members, two (2) of whom shall be non-executive directors of the Participating Organisation. The chairman of the audit <b>committee</b> shall be appointed from amongst the non-executive directors of the Participating Organisation. The Participating Organisation’s Compliance Officer appointed under Rule 309, <b>the head of the Compliance Department for cases where more than one (1) Compliance Officer was appointed or Executive Director Compliance in the case of a Universal Broker,</b> shall be one of the member of the audit committee.</p> <p>In the event that the composition of the audit committee exceeds the prescribed minimum stipulated herein, Non-Executive Directors shall form the majority of such audit committee.</p> <p><b>(b) Quorum: Two (2) members of the audit committee, comprising a Non-Executive Director and the Compliance Officer or Executive Director Compliance in the case of a Universal Broker, shall constitute a quorum at any meeting of the audit committee.</b></p>						



**“ANNEXURE 1”**

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PURSUANT TO THE GUIDELINES ON PERMITTED  
ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION**

<b>Existing Rules</b>		<b>Amended Rules</b>	
1202.1(5)	Quorum: Two (2) members of the audit committee, comprising a Non-Executive Director and the Compliance Officer or Executive Director Compliance in the case of a Universal Broker, shall constitute a quorum at any meeting of the audit committee.	1202.1(5)	<b>Deleted.</b>

**“ANNEXURE 2”**

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PERTAINING TO THE FLEXIBILITIES GRANTED TO THE PARTICIPATING ORGANISATIONS PURSUANT TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION**

Existing Rules		Proposed Amendments	
501.2	New Definitions.	501.2	<p><b>EAF Guidelines</b> means the Commission’s Guidelines on the Establishment of Electronic Access Facilities by a Universal Broker and Eligible Non-Universal Broker, as may be amended from time to time.</p> <p><b>ECOS Code</b> means any code, directives or guidelines as may be issued by the Exchange from time to time in relation to electronic order routing system for clients.</p> <p><b>electronic access facility</b> means any physical site, location or premise at which is situated or installed physical hardware or equipment –</p> <p>(a) that does, or as the case may be, is able to, house or accommodate electronic systems, devices or platforms; and</p> <p>(b) which hardware or equipment when used in conjunction with the electronic systems therein does, or as the case may be, is able to, provide broker-client linkages or electronic client ordering systems.</p> <p><b>Supervisory branch office</b> means a branch office of a Universal Broker or an Eligible Non-Universal Broker, which undertakes and performs the compliance functions of another branch office of the Universal Broker or Eligible Non-Universal Broker as envisaged in this Chapter.</p>

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**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PERTAINING TO THE FLEXIBILITIES GRANTED TO THE PARTICIPATING ORGANISATIONS PURSUANT TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION**

<b>Existing Rules</b>		<b>Proposed Amendments</b>	
	<p><b>RULE 504.2A ADDITIONAL BRANCH OFFICES BY A NON-UNIVERSAL BROKER</b></p> <p>(1) Where a Participating Organisation which is a Non-Universal Broker has merged with or acquired and surrendered to the Securities Commission the licence of at least one other Participating Organisation, that Participating Organisation shall be granted the right to establish and maintain a maximum of four (4) branch offices in addition to the right granted under Rule 504.1(1)(c), unless directed otherwise by the Exchange.</p>		<p><b>RULE 504.2A ADDITIONAL BRANCH OFFICES BY AN ELIGIBLE NON-UNIVERSAL BROKER</b></p> <p>(1) <b>With effect from 3 January 2006, an Eligible Non-Universal Broker shall be permitted to establish and maintain branch office(s) Subject Always to the Commission’s criteria and guidelines in respect thereof.</b></p>
	<p><b>New Rules.</b></p>	<p><b>504A</b></p>	<p><b>RULE 504A ESTABLISHMENT OF ELECTRONIC ACCESS FACILITY</b></p> <p><b>RULE 504A.1 SCOPE</b></p> <p>(1) <b>This Rule 504A shall only apply to any electronic access facilities located outside a principal office and/or branch office.</b></p> <p><b>RULE 504A.2 ESTABLISHMENT</b></p> <p>(1) <b>A Universal Broker or an Eligible Non-Universal Broker may establish, maintain and operate electronic access facility(ies) Subject Always to the approval of both the Commission and the Exchange and compliance with the provisions of the ECOS Code, EAF Guidelines and other directives and guidelines as may be issued by the Exchange and the Commission, from time to time in relation to the electronic access facility(ies).</b></p> <p>(2) <b>Application: No Universal Broker or Eligible Non-Universal Broker as the case may be shall establish any electronic access facility(ies) without</b></p>

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**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PERTAINING TO THE FLEXIBILITIES GRANTED TO THE PARTICIPATING ORGANISATIONS PURSUANT TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION**

Existing Rules		Proposed Amendments	
			<p>making an application to both the Exchange and the Commission.</p> <p>(3) <b>Application Procedures:</b> A Universal Broker and Eligible Non-Universal Broker shall submit to both the Commission and the Exchange a written application, in such form and substance as may from time to time be prescribed by, or acceptable to, the Commission and/or the Exchange, together with a written notification of the intended commencement date of the operations of the electronic access facility, not later than thirty (30) market days prior to the intended commencement date of the operations of the electronic access facility.</p> <p><b>RULE 504A.3 APPROVAL</b></p> <p>(1) The Exchange, on receipt of the application made by a Universal Broker or an Eligible Non-Universal Broker, as the case may be, to establish an electronic access facility(ies) under Rule 504A.2, undertakes a readiness audit, the scope, criteria and manner of which shall be as prescribed by the Exchange. After completion of the readiness audit by the Exchange, the Exchange shall submit its recommendation to the Commission. The Exchange may require the Universal Broker and Eligible Non-Universal Broker to bear the cost of the electronic access facility readiness audit.</p> <p>(2) The Exchange may appoint the Exchange holding company and/or any firm of auditors to conduct the electronic access facility readiness audit on behalf of the Exchange, the cost of which shall be borne by the Universal Broker and Eligible Non-Universal Broker, as the case may be.</p> <p>(3) The Commission may upon receipt of the recommendation from the Exchange, approve the application to establish an electronic access facility(ies).</p>

“ANNEXURE 2”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PERTAINING TO THE FLEXIBILITIES GRANTED TO THE PARTICIPATING ORGANISATIONS PURSUANT TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION**

Existing Rules		Proposed Amendments	
			<p><b>RULE 504A.4 COMMENCEMENT OF OPERATIONS</b></p> <p>(1) Upon the approval of the application referred to in Rule 504A.3 by the Commission and the Exchange and the fulfilment of conditions imposed by the Commission and the Exchange, if any, the Exchange may allow the Universal Broker or Eligible Non-Universal Broker, as the case may be, to commence with the operations of the electronic access facility.</p> <p>(2) The Commission and/or the Exchange may from time to time after commencement of the operations of the electronic access facility, amend, vary, add or modify any conditions imposed on the Universal Broker or the Eligible Non-Universal Broker as the case may be, in relation to the operations of the electronic access facility.</p> <p>(3) A Universal Broker’s or an Eligible Non-Universal Broker’s electronic access facility(ies) shall form part of the Universal Broker’s or the Eligible Non-Universal Broker’s business as a single entity recognised by law.</p> <p>(4) An electronic access facility which is established, maintained and operated by a Universal Broker or an Eligible Non-Universal Broker shall not be considered to be a branch office of the Universal Broker or the Eligible Non-Universal Broker and as such the relevant rules, circulars, directives and guidelines in respect of branch office shall not be applicable.</p> <p><b>RULE 504A.5 PERMITTED ACTIVITIES</b></p> <p>(1) A Universal Broker and Eligible Non-Universal Broker shall, in respect of its electronic access facility(ies), be permitted to carry out the following activities:-</p> <p style="padding-left: 40px;">(a) the deposit and collection of relevant forms duly executed by the</p>

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<b>Existing Rules</b>		<b>Proposed Amendments</b>	
			<p>clients (save and except where such forms are required to be witnessed in accordance with these Rules and the relevant Depository Rules) for onward transmission to the Universal Broker’s or Eligible Non-Universal Broker’s principal office or branch office(s); and</p> <p>(b) the publication or dissemination of written analyses or reports or any similar communications (or part or parts thereof) promulgated by the Universal Broker and Eligible Non-Universal Broker in the course of its activities as an investment adviser incidental to its business of dealing in securities.</p> <p>(2) A Universal Broker or an Eligible Non-Universal Broker, as the case may be, which establishes, maintains or operates an electronic access facility is permitted to position or station at its electronic access facility such number, as it may in its discretion deem expedient, of its employee(s), or as may be permitted by the Exchange, such third party(ies) as may be engaged or appointed by the Universal Broker or the Eligible Non-Universal Broker solely and exclusively for the following purposes only-</p> <p>(a) providing technical assistance to clients utilising the electronic access facility;</p> <p>(b) providing maintenance services to the electronic access facility;</p> <p>(c) providing security to the electronic access facility and its site(s); and</p> <p>(d) such other activities as may be approved by the Commission and/or Exchange from time to time.</p> <p><b>RULE 504A.6 PROHIBITED ACTIVITIES</b></p>

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Existing Rules		Proposed Amendments	
			<p>(1) A Universal Broker or an Eligible Non-Universal Broker, as the case may be, which establishes, maintains and operates an electronic access facility in the manner envisaged in these Rules shall ensure that the following activities related to its business of dealing in securities shall not be carried out or undertaken at the electronic access facility-</p> <p>(a) any type of front office and back office operations and activities, including without limitation –</p> <ul style="list-style-type: none"> <li>(i) the opening and closing of trading accounts and/or securities accounts (as defined in the Securities Industry (Central Depositories) Act);</li> <li>(ii) dealings in securities, but excluding such orders entered into the electronic access facility by the clients in the manner envisaged in these Rules;</li> <li>(iii) the processing, production of printing of contract notes;</li> <li>(iv) the acceptance of payment of moneys from clients for any reason whatsoever;</li> <li>(v) the activities of an investment adviser; and</li> <li>(vi) such other activities as may be stipulated by the Commission and/or the Exchange from time to time by way of any circulars, directives or guidelines.</li> </ul> <p><b>RULE 504A.7 ADDITIONAL PROHIBITION</b></p> <p>(1) A Universal Broker or an Eligible Non-Universal Broker, as the case may be, shall be prohibited from positioning or stationing any Dealer’s Representatives at the site(s) of the electronic access facility(ies).</p>

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Existing Rules		Proposed Amendments	
			<p><b>RULE 504A.8 OBLIGATIONS</b></p> <p>(1) A Universal Broker or an Eligible Non-Universal Broker, as the case may be shall be responsible for all business activities of its electronic access facility(ies) including but not limited to any breach of the rules and/or directives of the Exchange. Any breach by the electronic access facility is deemed to be a breach or act of non-compliance by the Universal Broker or Eligible Non-Universal Broker, as the case may be, and the Exchange may subject the Universal Broker or Eligible Non-Universal Broker to the relevant disciplinary action(s).</p> <p>(2) A Universal Broker and an Eligible Non-Universal Broker shall notify and provide the Exchange with the identity and relevant particulars of the person(s) responsible for the management of the electronic access facility(ies) and any changes or replacement therefrom.</p> <p>(3) The electronic access facility shall carry the name of the Universal Broker or the Eligible Non-Universal Broker as the case may be and not any other name.</p> <p>(4) A Universal Broker or the Eligible Non-Universal Broker operating an electronic access facility shall in addition to the normal requirements to operate an electronic access facility, put in place and enforce internal guidelines on -</p> <p style="padding-left: 40px;">(a) adequate monitoring of the electronic access facility activities with sufficient systems and controls to ensure compliance with these Rules; and</p> <p style="padding-left: 40px;">(b) reporting requirements by the electronic access facility to the principal office and/or branch office to ensure sufficient supervision and control.</p>



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Existing Rules		Proposed Amendments	
			<p>(5) A Universal Broker or an Eligible Non-Universal Broker, as the case may be, shall be responsible for the commissioning of the electronic access facility, notwithstanding that a third party vendor(s) may be engaged or appointed to undertake the commissioning of the electronic access facility.</p> <p>(6) A Universal Broker or an Eligible Non-Universal Broker, as the case may be, shall be responsible for the quality, reliability and integrity of the electronic access facility.</p> <p>(7) A Universal Broker or an Eligible Non-Universal Broker, as the case may be, shall be accountable and liable for all orders entered into through the electronic access facility that is accepted by the SCORE.</p> <p>(8) A Universal Broker or an Eligible Non-Universal Broker, as the case may be, shall obtain the prior approval of the Commission and the Exchange in respect of any material change(s), from time to time, to the electronic access facility implemented pursuant to these Rules.</p> <p>(9) A Universal Broker or an Eligible Non-Universal Broker, as the case may be, shall comply with all terms and conditions as may be prescribed by the Commission and/or the Exchange from time to time in relation to the electronic access facility.</p> <p><b>RULE 504A.9 SPECIFIC SECURITY AND SYSTEM REQUIREMENTS</b></p> <p>(1) A Universal Broker or an Eligible Non-Universal Broker, as the case may be, shall ensure that the electronic access facility established, maintained or operated or, as the case may be, intended to be established, maintained or operated shall contain adequate and effective specifications and capabilities to ensure the electronic access facility is reasonably and adequately secure such that the security of</p>

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Existing Rules		Proposed Amendments	
			<p>transactions and confidentiality of clients are at all times preserved.</p> <p>(2) Without limitation to the generality of the foregoing paragraph, the Universal Broker or the Eligible Non-Universal Broker, as the case may be, shall ensure the following:</p> <p>(a) the electronic access facility is, in term of the applications or software, the physical site location and the hardware, reasonably secure from unauthorised tampering and intrusion and in this respect, the Universal Broker and Eligible Non-Universal Broker shall at the minimum strictly comply with all relevant rules, circulars, directives, guidelines, and codes relating to security issued by the Commission and/or the Exchange from time to time; and</p> <p>(i) the applications at the electronic access facility conform in all material respects with –</p> <p>(aa) all relevant rules, circulars, directives, guidelines, codes and standards issued by the Commission and/or the Exchange with respect to the use of information technology, including but not limited to the ECOS Code; and</p> <p>(bb) all relevant rules, circulars, directives and guidelines issued by the Commission and/or the Exchange from time to time with respect to trading of securities on the stock market.</p> <p><b>RULE 504A.10      CONVERSION OF BRANCH OFFICE TO ELECTRONIC ACCESS FACILITY</b></p>

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Existing Rules		Proposed Amendments	
			<p>(1) In the event a Universal Broker or an Eligible Non-Universal Broker, as the case may be, elects to convert a branch office to an electronic access facility, the Universal Broker or Eligible Non-Universal Broker shall-</p> <p>(a) submit to both the Commission and the Exchange, at least three (3) months prior to the date of the proposed conversion, a written application in accordance with Rule 504A.2; and</p> <p>(b) give prior written notification to its clients who may be affected by the proposed conversion, which notification shall not be less than two (2) months before the proposed date of conversion.</p> <p>(2) The provisions of Rule 504A.2 to Rule 504A.9 shall apply in relation to an application made under Rule 504A.10.</p>
	New Rules.	504.4	<p><b>RULE 504.4 PERMITTED ACTIVITIES AT THE BRANCH</b></p> <p>(1) In amplification of, and subject always to, Rule 503 and 504, a Universal Broker or an Eligible Non-Universal Broker, as the case may be, shall, in respect of its branch office(s), be permitted to carry out all types of business permitted to be carried out by the principal office Subject Always to such terms, conditions, restrictions and/or limitations as may be imposed by the Exchange and/or the Commission from time to time <i>Provided Always</i> the Universal Broker or an Eligible Non-Universal Broker has–</p> <p>(a) established and maintains effective and sufficient policies, practices and procedures on risk management and has in place a system of monitoring risk daily;</p>

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Existing Rules		Proposed Amendments	
			<p>(b) obtained its board of directors’ approval in respect of all activities carried out, and intended to be carried out, by the branch office(s); and</p> <p>(c) implemented and complied with the relevant rules, circulars, directives or guidelines issued from time to time by the Exchange in respect of or in connection with the segregation of the various businesses permitted to be carried out by the Universal Broker and Eligible Non-Universal Broker and/or its group of related or associated companies.</p>
	New Rules.	<b>504.5</b>	<p><b>RULE 504.5 CONVERSION OF ELECTRONIC ACCESS FACILITY TO BRANCH OFFICE</b></p> <p>(1) In the event a Universal Broker or an Eligible Non- Universal Broker, as the case may be, elects to convert an electronic access facility to a branch office, the Universal Broker or Eligible Non-Universal Broker shall submit to both the Commission and the Exchange, at least three (3) months prior to the date of the proposed conversion, a written application in accordance with Rule 504.3.</p> <p>(2) The provisions of Rule 504.3 to Rule 504.4 shall apply in relation to an application made under Rule 504.5.</p>
506.3(1)	<p>(c) a Branch Compliance Officer if the conditions below are fulfilled or are able to be fulfilled, as the case may be, to the satisfaction of the Exchange –</p> <p>(i) the compliance function in respect of the branch office(s) shall be capable of being undertaken and performed effectively by the Compliance Department at the principal office in the same</p>	506.3(1)	<p>(c) a Branch Compliance Officer if the conditions below are fulfilled or are able to be fulfilled, as the case may be, to the satisfaction of the Exchange –</p> <p>(i) the compliance function in respect of the branch office(s) shall be capable of being undertaken and performed effectively by the Compliance Officer at the principal office or <b>Supervisory branch</b></p>

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	<p>manner and degree as if a full-time Compliance Officer has been appointed to the branch office(s);</p> <p>(ii) the compliance function of the Participating Organisation shall not in any way whatsoever be compromised or affected as a result of such waiver;</p> <p>(iii) the Compliance Officer at the principal office responsible for the branch office(s) is at all times able to satisfy his obligations in relation to branch office(s) as stipulated in guidelines, directives and/or circulars relating to compliance functions issued by the Exchange and/or the Commission from time to time;</p> <p>(iv) the internal audit department of the Participating Organisation shall conduct regular internal audits in respect of the branch office(s) in accordance with the scope prescribed in Rule 1202.2(2) and the internal audit report shall be submitted to the Exchange and the Commission in separate copies as soon as reasonably practicable after the completion of the internal audits envisaged; and</p> <p>(v) the branch office(s) should preferably be within close geographical proximity to the principal office,</p> <p><i>Provided Always</i> the waiver granted by the Exchange may at any time be revoked in the event of the Exchange not being satisfied that the relevant controls and monitoring policies and procedures of the Participating Organisation as required herein is/are adequate and/or effective.</p>		<p><b>office</b>, in the same manner and degree as if a full-time Compliance Officer has been appointed to the branch office(s);</p> <p>(ii) the compliance function of the Participating Organisation shall not in any way whatsoever be compromised or affected as a result of such waiver;</p> <p>(iii) the Compliance Officer at the principal office <b>or Supervisory branch office</b> responsible for the branch office(s) is at all times able to satisfy his obligations in relation to branch office(s) as stipulated in guidelines, directives and/or circulars relating to compliance functions issued by the Exchange and/or the Commission from time to time; and</p> <p>(iv) the internal audit department of the Participating Organisation shall conduct regular internal audits in respect of the branch office(s) in accordance with the scope prescribed in Rule 1202.2(2) and the internal audit report shall be submitted to the Exchange and the Commission in separate copies as soon as reasonably practicable after the completion of the internal audits envisaged; and</p> <p>(v) <b>the frequency of visits by the Compliance Officer(s) of the principal office or the Supervisory branch office, as the case may be, to the branch office(s), to be clearly determined and stipulated at the outset in the internal policies and procedures of the Participating Organisation,</b></p> <p><i>Provided Always</i> the waiver granted by the Exchange may at any time be revoked in the event of the Exchange not being satisfied that the relevant controls and monitoring policies and procedures of the Participating Organisation as required herein is/are adequate and/or effective.</p>

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