

PARTICIPATING ORGANISATIONS' CIRCULAR

Date : 26 August 2021

No : R/R 5 of 2021

- (I) EXTENSION OF THE TEMPORARY SUSPENSION OF INTRADAY SHORT SELLING¹ (“IDSS”) AND SHORT SALE OF DAY TRADING² ELIGIBLE SECURITIES (“PDT SHORT SALE”);
- (II) EXTENSION OF THE TEMPORARY WAIVERS IN RELATION TO DAY TRADING (“PDT TEMPORARY WAIVERS”); AND
- (III) SUBSEQUENT UPLIFTMENT OF THE TEMPORARY SUSPENSION OF IDSS AND PDT SHORT SALE AND REPEAL OF THE PDT TEMPORARY WAIVERS

1.0 INTRODUCTION

1.1 Reference is made to the following:

- (a) temporary suspension of IDSS and PDT Short Sale implemented from 24 March 2020 vide the Participating Organisations (“PO”) Circular No. R/R 5 of 2020, extended vide PO Circular No. R/R 7 of 2020, PO Circular No. R/R 10 of 2020, PO Circular No. R/R 15 of 2020 and PO Circular No. R/R 1 of 2021 to 30 June 2020, 31 December 2020, 28 February 2021 and 29 August 2021, respectively; and
- (b) PDT Temporary Waivers implemented vide the PO Circular No. R/R 9 of 2020, extended vide PO Circular No. R/R 15 of 2020 and PO Circular No. R/R 1 of 2021 to 28 February 2021 and 29 August 2021, respectively.

1.2 Pursuant to Bursa Malaysia Securities Berhad’s (the “Exchange”) objectives to ensure our regulatory framework remains relevant and meets the evolving market needs, underpinned by an orderly and fair market, with adequate investor protection, the Exchange has decided to:

- (a) further extend the temporary suspension of IDSS and PDT Short Sale and the PDT Temporary Waivers. The further extension is as set out in Section 2 below; and
- (b) subsequently uplift the temporary suspension of IDSS and PDT Short Sale, with additional control measures, and repeal the PDT Temporary Waivers, as set out in Section 3 below.

1.3 The decision to extend the suspension was made after careful consideration of the various initiatives currently undertaken to strengthen the control measures for intraday short selling activities in order to promote market stability and strengthen the integrity of the capital market. These involve the ongoing enhancements to Bursa Malaysia Berhad’s trading system to improve overall capacity and robustness of the Bursa Trade Securities 2 (BTS2) system, including the automated application of the “at-tick rule” as explained in paragraph 3.7 below.

¹ Pursuant to Rule 1.01 of the BMS Rules, “**Intraday Short Selling**” means the short selling of Approved Securities carried out in accordance with Part D of Chapter 8.

² Pursuant to Rule 1.01 of the BMS Rules, “**Day Trading**” means the taking of proprietary positions by the Participating Organisations on an intraday buy and sell and vice versa, and for the avoidance of doubt excludes Direct Business transactions.

2.0 FURTHER EXTENSION OF (1) THE TEMPORARY SUSPENSION OF IDSS AND PDT SHORT SALE AND (2) THE PDT TEMPORARY WAIVERS

2.1 The Exchange will further extend the temporary suspension of IDSS and PDT Short Sale to **31 December 2021**.

2.2 Consequential to the further extension of the temporary suspension of PDT Short Sale, the Exchange will also further extend the PDT Temporary Waivers **to 31 December 2021**.

3.0 UPLIFTMENT OF THE TEMPORARY SUSPENSION OF IDSS AND PDT SHORT SALE WITH ADDITIONAL CONTROL MEASURES AND REPEAL OF THE PDT TEMPORARY WAIVERS

3.1 Pursuant to Rule 2.01(2)(b) and Rule 2.01(2)(r) of the Rules of Bursa Malaysia Securities Berhad (“**BMS Rules**”), the Exchange will uplift the temporary suspension of IDSS and PDT Short Sale **effective from 1 January 2022** with additional control measures.

3.2 With the upliftment of the temporary suspension of IDSS and PDT Short Sale, the modifications to paragraph 5.1(1) of Directive on Regulated Short Selling (No. 8-002) (“**RSS Directive**”) in respect of the threshold for Total Gross Short Position implemented vide PO Circular No. R/R 15 of 2020 would no longer apply. This means that the threshold for Total Gross Short Position of an Approved Securities on a particular Market Day would **revert to 3%** of the outstanding securities of the Approved Securities on that Market Day.

3.3 For avoidance of doubt, the modifications to paragraphs 5.1(2) and 5.2(4) of RSS Directive in respect of the additional RSS threshold and suspension of related securities pursuant to the additional RSS threshold implemented vide PO Circular No. R/R 15 of 2020 will continue to apply.

3.4 In this connection, the provisions relating to short selling pursuant to the following BMS Rules and directives will apply again subject to the modifications set out in paragraph 3.5 below:

- (a) Part D of Chapter 8 of the BMS Rules;
- (b) Directives on the Use of Day Trading Activities Account No. 7.05(1)-001;
- (c) Directive on Intraday Short Selling No. 8-003; and
- (d) Paragraph 5.1(1) of the Directive on RSS.

3.5 The details of the modifications are as follows:

RULE/ PARA GRAPH	CURRENT PROVISION	MODIFICATIONS
Directives on the Use of Day Trading Activities Account No. 7.05(1)-001 (“Directive on Day Trading”)		
2	<p>Day Trading Eligible Securities</p> <p>(1) The Exchange prescribes all securities admitted to the Official List, excluding securities listed on the ACE Market and the LEAP Market as securities that fall within the class of securities to which section 98(4)(c) of the Capital Markets and Services Act applies and to which a short sale may</p>	<p>Paragraph 2(1) of the Directive on Day Trading is modified by replacing the prescription of “Day Trading Eligible Securities” with the following prescription:</p> <p><i>The Exchange prescribes all Main Market listed securities which are declared as Approved Securities by the Exchange pursuant to Rule 8.22(5) of these Rules as Day</i></p>



	<p>be executed subject to the terms of these Directives.</p> <p>(2) The Exchange may amend the list of Day Trading Eligible Securities from time to time.</p>	<p><i>Trading Eligible Securities and to which a short sale may be executed subject to the terms of these Directives.</i></p>
3.1	<p>Opening of Day Trading Activities Account</p> <p>(1) A Participating Organisation may carry out Day Trading subject to the following conditions:</p> <p>(a) the Participating Organisation must close off any sell positions with buy positions on T day itself;</p> <p>(b) the Participating Organisation must close off any buy positions with sell positions not later than T+1;</p> <p>(c) only a Proprietary Day Trader may carry out any Day Trading on behalf of the Participating Organisation;</p> <p>(d) the Participating Organisation must comply with these Rules and these directives and any other directives issued from time to time by the Exchange in relation to Day Trading;</p> <p>(e) the Participating Organisation must ensure compliance with these Rules and these directives by its Proprietary Day Traders and must remain liable for all actions of its Proprietary Day Traders; and</p> <p>(f) no Day Trading is allowed for ACE Market and LEAP Market securities.</p>	<p>Paragraph 3.1(1) of the Directive on Day Trading is modified by including an additional requirement prior to executing a short sale in Day Trading Eligible Securities, as follows:</p> <p><i>“(g) the Participating Organisation must have entered into an agreement to borrow the Day Trading Eligible Securities to settle all potential failed trades which may occur in the event the executed short sale in Day Trading Eligible Securities are not closed off on T day itself.”</i></p>

3.6 With the upliftment of the PDT Short Sale, the PDT Temporary Waivers would be repealed.

3.7 Further to the above, IDSS and PDT Short Sale will be subject to the ‘at-tick rule’, i.e. order price must be at prevailing best ask/selling price or higher. POs must ensure IDSS and PDT Short Sale are carried out in accordance with this requirement.

4.0 EFFECTIVE DATE

The upliftment of the temporary suspension of IDSS and PDT Short Sale, the implementation of the additional control measures and the repeal of the PDT Temporary Waivers as stated in paragraphs 3.1 to 3.7 above will take effect from **1 January 2022**.

5.0 CONTACT PERSON

5.1 In the event of any queries in relation to the above matter, kindly contact the Exchange as follows:

Name	Contact
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Regulatory Policy & Advisory (Rules and Directives)	rpa@bursamalaysia.com

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