

Amendments to the Rules of Bursa Malaysia Securities Clearing Sdn Bhd in relation to Securities Borrowing and Lending Central Lending Agency and Securities Borrowing and Lending Negotiated Transaction (collectively, “SBL”), and Islamic Securities Selling and Buying (“ISSBNT”), relating to Potential Failed Trades

ANNEXURE 1

RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD

RULE AMENDMENTS IN RELATION TO SECURITIES BORROWING AND LENDING CENTRAL LENDING AGENCY AND SECURITIES BORROWING AND LENDING NEGOTIATED TRANSACTION (COLLECTIVELY, “SBL”), AND ISLAMIC SECURITIES SELLING AND BUYING (“ISSBNT”), RELATING TO POTENTIAL FAILED TRADES

| RULE | EXISTING PROVISIONS | RULE | AMENDED PROVISIONS |
|-----------------|--|-----------------|--|
| Rule 7.6 | PURPOSE OF SECURITIES BORROWING | Rule 7.6 | No change |
| | <p>(a) Any Borrower may borrow Eligible Securities only for any one of the following purposes subject to such requirements as may be prescribed by the Clearing House:</p> <p>(i) to facilitate the settlement of a Regulated Short Sale in Eligible Securities executed in accordance with the Exchange Rules;</p> <p>(ii) to facilitate the settlement of a sale of Eligible Securities where there are no Securities or insufficient Securities in the securities account of the seller as will enable the seller to meet its delivery obligations to the purchaser (in accordance with the Exchange Rules relating to delivery and settlement) as a result of a mistake howsoever made when executing the sale provided always that the mistake was made in good faith and discovered only after the sale has been executed;</p> | | <p>(a) Any Borrower may borrow Eligible Securities only for any one of the following purposes subject to such requirements as may be prescribed by the Clearing House:</p> <p>(i) No change</p> <p>(ii) to facilitate the settlement of a sale of Eligible Securities where there are no Securities or insufficient Securities in the securities account of the seller as will enable the seller to meet its delivery obligations to the purchaser (in accordance with the Exchange Rules relating to delivery and settlement) as a result of a mistake howsoever made when executing the sale provided always that the mistake was made in good faith and discovered only after the sale has been executed <u>or when the seller of Eligible Securities in relation to Intraday Short Selling executed in accordance with the Exchange Rules fails to close off the short sale within the same day (“potential failedtrade”);</u></p> |

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| | <p>(iii) to facilitate the settlement of a Permitted Short Sale in Eligible Securities executed in accordance with the Exchange Rules; or</p> <p>(iv) for such other purposes as may be determined by the Clearing House in consultation with the Commission.</p> | | <p>(iii) No change</p> <p>(iv) No change</p> |
| | <p>(b) For the purpose of this sub-rule (a), unless the context otherwise requires –</p> <p>(i) “Permitted Short Sale” refers to a short selling of Eligible Securities executed as “Permitted Short Selling” in accordance with the Exchange Rules; and</p> <p>(ii) “Regulated Short Sale” shall have the same meaning as is assigned to that expression in the Exchange Rules.</p> | | <p>(b) For the purpose of this sub-rule (a), unless the context otherwise requires –</p> <p>(i) “Permitted Short Sale” refers to a short selling of Eligible Securities executed as “Permitted Short Selling” in accordance with the Exchange Rules; and</p> <p>(ii) “Regulated Short Sale” shall have the same meaning as is assigned to that expression in the Exchange Rules; and</p> <p><u>(iii) “Intraday Short Selling” shall have the same meaning as is assigned to that expression in the Exchange Rules.</u></p> |
| <p>Rule 8.5</p> | <p>PURPOSE OF SECURITIES BORROWING</p> | <p>Rule 8.5</p> | <p>No change</p> |
| | <p>(a) An Approved SBLNT Borrower may borrow Eligible Securities only for any one of the following purposes subject to such requirements as may be prescribed by the Clearing House:</p> | | <p>(a) No change</p> |
| | <p>(i) to facilitate the settlement of a Regulated Short Sale in Eligible Securities executed in accordance with the Exchange Rules;</p> | | <p>(i) No change</p> |

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| | <p>(ii) to facilitate the settlement of a sale of Eligible Securities where there are no Securities or insufficient Securities in the securities account of the seller as will enable the seller to meet its delivery obligations to the purchaser (in accordance with the Exchange Rules relating to delivery and settlement) (“potential failed trade”) as a result of a mistake howsoever made when executing the sale provided always that the mistake was made in good faith and discovered only after the sale has been executed;</p> <p>(iii) to facilitate the settlement of a Permitted Short Sale in Eligible Securities executed in accordance with the Exchange Rules; or</p> <p>(iv) to onward lend the Loaned Securities provided that the participants in the onward lending transaction comply with these Rules and the Clearing House’s requirements in relation to Bursa SBL Transaction or SBL Negotiated Transactions (as applicable), including being approved as a Lender or Lending Participant or an Approved SBLNT Lender (as applicable); or</p> <p>(v) for such other purposes as may be determined by the Clearing House in consultation with the Commission.</p> | | <p>(ii) to facilitate the settlement of a sale of Eligible Securities where there are no Securities or insufficient Securities in the securities account of the seller as will enable the seller to meet its delivery obligations to the purchaser (in accordance with the Exchange Rules relating to delivery and settlement) (“potential failed trade”) as a result of a mistake howsoever made when executing the sale provided always that the mistake was made in good faith and discovered only after the sale has been executed <u>or when the seller of Eligible Securities in relation to Intraday Short Selling executed in accordance with the Exchange Rules fails to close off the short sale within the same day (“potential failed trade”)</u>;</p> <p>(iii) No change</p> <p>(iv) No change</p> <p>(v) No change</p> |
| | <p>(b) Where the Loaned Securities are borrowed to facilitate the settlement of a potential failed trade as provided in Rule</p> | | <p>(b) No change</p> |

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| | 8.5(a)(ii) above, the Approved SBLNT Borrower must return such Loaned Securities within the time prescribed by the Clearing House. | | |
| | <p>(c) For the purpose of this sub-rule (a), unless the context otherwise requires –</p> <p>(i) “Permitted Short Sale” refers to a short selling of Eligible Securities executed as “Permitted Short Selling” in accordance with the Exchange Rules; and</p> <p>(ii) “Regulated Short Sale” shall have the same meaning as is assigned to that expression in the Exchange Rules.</p> | | <p>(c) For the purpose of this sub-rule (a), unless the context otherwise requires –</p> <p>(i) “Permitted Short Sale” refers to a short selling of Eligible Securities executed as “Permitted Short Selling” in accordance with the Exchange Rules; and</p> <p>(ii) “Regulated Short Sale” shall have the same meaning as is assigned to that expression in the Exchange Rules; and</p> <p><u>(iii) “Intraday Short Selling” shall have the same meaning as is assigned to that expression in the Exchange Rules.</u></p> |
| Rule 9.5 | PURPOSES OF ISLAMIC SECURITIES SELLING AND BUYING | Rule 9.5 | No change |
| | <p>(a) An Approved User may buy ISSBNT Eligible Securities only for any one of the following purposes:</p> <p>(i) to settle a Regulated Short Sale in ISSBNT Eligible Securities;</p> <p>(ii) to settle a sale of ISSBNT Eligible Securities where there are no Securities or insufficient Securities in the securities account of the seller as will enable the seller to meet its delivery obligations to the purchaser (“potential failed trade”)</p> | | <p>(a) No change</p> <p>(i) No change</p> <p>(ii) to settle a sale of ISSBNT Eligible Securities where there are no Securities or insufficient Securities in the securities account of the seller as will enable the seller to meet its delivery obligations to the purchaser (“potential failed trade”)</p> |

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| | <p>as a result of a mistake howsoever made when executing the sale provided always that the mistake was made in good faith and discovered only after the sale has been executed;</p> <p>(iii) to settle a Permitted Short Sale in Eligible Securities executed in accordance with the Exchange Rules; or</p> <p>(iv) to perform an SBLNT or another ISSBNT, provided that the participants in such transactions comply with these Rules; or</p> <p>(v) for such other purposes as may be determined by the Clearing House in consultation with the Commission.</p> | | <p>as a result of a mistake howsoever made when executing the sale provided always that the mistake was made in good faith and discovered only after the sale has been executed <u>or when the seller of Eligible Securities in relation to Intraday Short Selling executed in accordance with the Exchange Rules fails to close off the short sale within the same day (“potential failed trade”);</u></p> <p>(iii) No change</p> <p>(iv) No change</p> <p>(v) No change</p> |
| | <p>(b) Where the ISSBNT Securities are bought to settle a potential failed trade as provided in Rule 9.5(a)(ii), the Approved User must execute Leg 2 of the ISSBNT within the time prescribed by the Clearing House.</p> | | <p>(b) No change</p> |
| | <p>(c) For the purpose of sub-rule (a), unless the context otherwise requires –</p> <p>(i) “Permitted Short Sale” refers to a short selling of Eligible Securities executed as “Permitted Short Selling” in accordance with the Exchange Rules; and</p> | | <p>(c) No change</p> <p>(i) “Permitted Short Sale” refers to a short selling of Eligible Securities executed as “Permitted Short Selling” in accordance with the Exchange Rules; and</p> <p>(ii) “Regulated Short Sale” shall have the same meaning as is assigned to that expression in the Exchange Rules; and</p> |

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| | (ii) “Regulated Short Sale” shall have the same meaning as is assigned to that expression in the Exchange Rules. | | <u>(iii) “Intraday Short Selling” shall have the same meaning as is assigned to that expression in the Exchange Rules.</u> |

[End of Rule Amendments]