

CHAPTER 9

ISLAMIC SECURITIES SELLING AND BUYING NEGOTIATED TRANSACTION

9.1 PARTIES WHO MAY ENTER INTO AN ISSBNT

Only an ISSBNT Participant may enter into an ISSBNT.

9.2 APPLICATION TO BE AN APPROVED SUPPLIER

A person applying to participate as a supplier in ISSBNT either to sell its own Securities or Securities owned by its client must:

- (i) submit a complete and duly executed application and undertaking in the prescribed form via its Supplier Representative to the Clearing House; and
- (ii) comply with all requirements prescribed by the Clearing House for an Approved Supplier as contained in these Rules or as prescribed by the Clearing House in relation to ISSBNT.

9.3 APPLICATION TO BE AN APPROVED USER

Any person applying to participate as a user in ISSBNT either to buy Securities for itself or its client must:

- (a) fall within one of the categories of persons prescribed by the Clearing House to be eligible to become an Approved User;
- (b) submit a complete and duly executed application and undertaking in the prescribed form via its User Representative to the Clearing House;
- (c) comply with all requirements prescribed by the Clearing House for an Approved User as contained in these Rules or as prescribed by the Clearing House in relation to the ISSBNT; and
- (d) comply with Rule 7.37 of the Exchange Rules as if it were the Participating Organisation referred to in such Rule.

9.4 DISCRETION OF THE CLEARING HOUSE

- (a) The Clearing House may approve or reject such application as it deems fit. The Clearing House may also approve an application unconditionally or subject to such conditions, as it deems fit.
- (b) The Clearing House may revoke the approval given to an ISSBNT Participant, at any time without further reference to the ISSBNT Participant when any one or more of the following events occurs:
 - (i) when an ISSBNT Participant applies for revocation;

- (ii) when an ISSBNT Participant is no longer eligible under Rule 9.2 or Rule 9.3, as the case may be, to continue as an Approved Supplier or Approved User; or
 - (iii) where the Clearing House deems necessary in consultation with the Commission.
- (c) Where the Clearing House has revoked the approval given to an ISSBNT Participant, the Clearing House may direct such ISSBNT Participant to Extinguish the ISSBNT or to take such other action as may be determined by the Clearing House within the timeframe and in the manner as prescribed by the Clearing House.

9.5 PURPOSES OF ISLAMIC SECURITIES SELLING AND BUYING

- (a) An Approved User may buy ISSBNT Eligible Securities only for any one of the following purposes:
- (i) to settle a Regulated Short Sale in ISSBNT Eligible Securities;
 - (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 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 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”);
 - (iii) to settle a Permitted Short Sale in Eligible Securities executed in accordance with the Exchange Rules; or
 - (iv) to perform an SBLNT or another ISSBNT, provided that the participants in such transactions comply with these Rules; or
 - (v) for such other purposes as may be determined by the Clearing House in consultation with the Commission.
- (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.
- (c) For the purpose of sub-rule (a), unless the context otherwise requires –
- (i) “Permitted Short Sale” refers to a short selling of Eligible Securities executed as “Permitted Short Selling” in accordance with the Exchange Rules;
 - (ii) “Regulated Short Sale” shall have the same meaning as is assigned to that expression in the Exchange Rules; and
 - (iii) “Intraday Short Selling” shall have the same meaning as is assigned to that expression in the Exchange Rules.

9.6 APPROVAL AS SUPPLIER REPRESENTATIVE

- (a) To become a Supplier Representative, the person must:
 - (i) be a Trading Clearing Participant, a Non Trading Clearing Participant or fall within such other category of persons prescribed by the Clearing House as being eligible to become a Supplier Representative;
 - (ii) satisfy the requirements of Rule 9.7(c);
 - (iii) apply to the Clearing House to be approved as a Supplier Representative; and
 - (iv) submit to the Clearing House a written declaration in the form prescribed in Appendix 1 together with its application as referred to above.
- (b) Without prejudice to the power conferred on the Clearing House in Rule 2A.2, the Clearing House may, at any time prior to or after the receipt of the prescribed declaration in Appendix 1, undertake any inspection or audit on the person seeking approval to act as a Supplier Representative in the manner determined by the Clearing House.
- (c) The Clearing House may approve or reject the application to be a Supplier Representative as it deems fit.
- (d) The Clearing House may also approve the application to be a Supplier Representative unconditionally or subject to such conditions, as it deems necessary to ensure the smooth operation of the ISSBNT.
- (e) A Supplier Representative must act as the duly appointed representative of the Approved Supplier when performing the functions and responsibilities set out under Rule 9.7(a) and as may be specified by the Clearing House.
- (f) A person must not perform the functions and responsibilities set out under Rule 9.7(a) for any Approved Supplier, as its representative, unless it has first been approved as a Supplier Representative and has entered into a written agreement with such Approved Supplier to be appointed as its Supplier Representative, which agreement must include the matters specified in Appendix 2.

9.7 FUNCTIONS AND RESPONSIBILITIES OF SUPPLIER REPRESENTATIVE

- (a) A Supplier Representative appointed by an Approved Supplier must have the following functions and responsibilities:
 - (i) to process the application of any person to be an Approved Supplier (“Said Approved Supplier”);
 - (ii) to transmit or forward to the Said Approved Supplier any notification or update communicated by the Clearing House in relation to the Said Approved SBLNT Supplier’s ISSBNTs or received by the Supplier Representative from the Clearing House for the information of the Said Approved Supplier;
 - (iii) to collect all documents, forms, agreements, deeds including any amendments or variations to such documents relating to or governing the ISSBNTs as the Clearing House may require, from the Said Approved Supplier for submission to the Clearing House and from the Clearing House for transmission to the Said Approved Supplier;
 - (iv) to receive any fees and charges due and payable by the Said Approved Supplier to the Clearing House arising with respect to any of the services and

facilities provided by the Clearing House in relation to the ISSBNTs and to pay to the Clearing House such fees and charges in relation to the ISSBNTs;

- (v) to furnish to the Clearing House such information or documents relating to the ISSBNTs and such advice, statement and report on the operation of the ISSBNTs at such times and in such manner as may be prescribed by the Clearing House;
 - (vi) to give effect to any instructions, directives or orders given by the Clearing House to facilitate the operation of any transactions by the Said Approved Supplier relating to the ISSBNTs;
 - (vii) to immediately notify the Clearing House upon it becoming aware of any breach committed or likely to be committed by the Said Approved Supplier of any of these Rules or requirements imposed by the Clearing House on the Said Approved Supplier in relation to the ISSBNTs; and
 - (viii) such other functions and responsibilities as may be specified by the Clearing House.
- (b) The Clearing House may, by notice given to the Supplier Representative, amend, vary or modify the functions and responsibilities of a Supplier Representative.
- (c) A Supplier Representative must ensure that it has in place, at all times, the requisite systems, infrastructure, functionalities and controls for the performance of the functions and responsibilities stipulated in Rule 9.7(a).
- (d) In performing the functions and responsibilities stipulated in Rule 9.7(a) on behalf of the Approved Supplier, a Supplier Representative must comply with the procedures or requirements as may be imposed by the Clearing House.

9.8 APPROVAL AS USER REPRESENTATIVE

- (a) To become a User Representative, the person must:
- (i) be a Trading Clearing Participant or fall within such other category of persons prescribed by the Clearing House as being eligible to become a User Representative;
 - (ii) satisfy the requirements of Rule 9.9(c) below;
 - (iii) apply to the Clearing House to be approved as a User Representative; and
 - (iv) submit to the Clearing House a written declaration in the form prescribed in Appendix 3, together with its application as referred to above.
- (b) Without prejudice to the power conferred on the Clearing House in Rule 2A.2 pertaining to the conduct of inspection on a Clearing Participant, the Clearing House may, prior to or after the receipt of the prescribed declaration in Appendix 3, undertake any inspection or audit on the person seeking approval to act as a User Representative in the manner determined by the Clearing House.
- (c) The Clearing House may approve or reject the application to be a User Representative as it deems fit.
- (d) The Clearing House may also approve the application to be a User Representative unconditionally or subject to such conditions as it deems necessary to ensure the smooth operation of the ISSBNT.

- (e) A User Representative must act as the duly appointed representative of the Approved User when performing the functions and responsibilities set out under Rule 9.9(a) and as may be specified by the Clearing House.
- (f) A person must not perform the functions and responsibilities set out under Rule 9.9(a) for any Approved User as its representative, unless it has first been approved as a User Representative and has entered into a written agreement with such Approved User to be appointed as its User Representative, which agreement must include the matters specified in Appendix 4.

9.9 FUNCTIONS AND RESPONSIBILITIES OF USER REPRESENTATIVE

- (a) A User Representative appointed by an Approved User must have the following functions and responsibilities:
 - (i) to process the application of any eligible person applying to be an Approved User ("Said Approved User");
 - (ii) to transmit or forward to the Approved User any notification or update communicated by the Clearing House in relation to the Said Approved User's ISSBNTs or received by the User Representative from the Clearing House for the information of the Said Approved User;
 - (iii) to collect all documents, forms, agreements, deeds including any amendments or variations to such documents relating to or governing the ISSBNTs as the Clearing House may require from the Said Approved User for submission to the Clearing House and from the Clearing House for transmission to the Said Approved User;
 - (iv) to receive any fees and charges due and payable by the Said Approved User to the Clearing House arising with respect to any of the services and facilities provided by the Clearing House in relation to the ISSBNTs and to pay to the Clearing House such fees and charges in relation to the ISSBNTs;
 - (v) to furnish to the Clearing House such information or documents relating to the ISSBNTs and such advice, statement and report on the operation of the ISSBNTs at such times and in such manner as may be prescribed by the Clearing House;
 - (vi) to give effect to any instructions, directives or orders given by the Clearing House to facilitate the operation of any transactions by the Approved User relating to the ISSBNTs;
 - (vii) to immediately notify the Clearing House upon it becoming aware of any breach committed or likely to be committed by the Approved User of any of these Rules or requirements imposed by the Clearing House on the Approved User in relation to the ISSBNTs; and
 - (viii) such other functions and responsibilities as may be specified by the Clearing House from time to time.
- (b) The Clearing House may, by notice given to the User Representative, amend, vary or modify the functions and responsibilities of a User Representative.
- (c) A User Representative must ensure that it has in place, at all times, the requisite systems, infrastructure, functionalities and controls for the performance of the functions and responsibilities stipulated in Rule 9.9(a).

- (d) In performing the functions and responsibilities stipulated in Rule 9.9(a) on behalf of the Approved User, a User Representative must comply with the procedures or requirements as may be imposed by the Clearing House.

9.10 ISSBNT AGREEMENT

ISSBNT Participants or their clients may include the matters set out in Appendix 5 in the agreement that governs the terms and conditions of the ISSBNT that is facilitated by the Clearing House under Chapter 9 and if they do, such agreement will be deemed an ISSBNT agreement for the purposes of the relevant tax exemption order(s) applicable to ISSBNT.

9.11 ACCESS TO ISSBNT SYSTEM

- (a) A Supplier Representative or a User Representative will be given access to the ISSBNT System to perform any of its functions and responsibilities.
- (b) A Supplier Representative and a User Representative must comply with any conditions or requirements prescribed by the Clearing House in relation to the access to or usage of the ISSBNT System

9.12 REQUIREMENTS OF ISSBNT

- (a) The Approved User must ensure that it obtains a confirmation from the Approved Supplier that the Approved Supplier has the ISSBNT Eligible Securities available to be sold to the Approved User. Such confirmation must contain such details and be maintained in such manner as prescribed by the Clearing House.
- (b) ISSBNT Participants who have agreed on an ISSBNT and wish to have the ISSBNT Securities delivered, whether pursuant to Leg 1 or Leg 2 of the ISSBNT, must each notify the Clearing House of the prescribed details of the ISSBNT through their respective appointed Supplier Representative or User Representative and in the manner as prescribed by the Clearing House.
- (c) ISSBNT Participants who have agreed to cancel Leg 1 of the ISSBNT pursuant to the ISSBNT Model and wish to have the ISSBNT Securities re-delivered to the Approved Supplier must each notify the Clearing House of the prescribed details through their respective appointed Supplier Representative or User Representative within the time frame and in the manner as prescribed by the Clearing House.
- (d) Upon receipt of the relevant notifications from both the ISSBNT Participants, the Clearing House shall be authorised by the Approved Supplier and Approved User, respectively, to instruct the Central Depository to debit or credit the securities accounts provided by the Approved Supplier and Approved User, as the case may be, for the purpose of delivery of the ISSBNT Securities, provided that:
 - (i) the relevant details provided by the ISSBNT Participants are validated in the manner prescribed by the Clearing House; and
 - (ii) there are sufficient Securities in the securities account of the Approved Supplier or Approved User, as the case may be, at the relevant time as stipulated by the Clearing House to satisfy the delivery of the ISSBNT Securities.
- (e) The ISSBNT Participants may, at any time prior to the Extinguishment of the ISSBNT and in the manner prescribed by the Clearing House, adjust or vary the Securities comprised in the ISSBNT Securities (including the amount of the Securities) pursuant

to any action taken by the issuer of the ISSBNT Securities in relation to or arising from its Securities.

- (f) Upon the execution of Leg 2 of the ISSBNT by the ISSBNT Participants, the Approved User must deliver the ISSBNT Securities to the Approved Supplier within the timeframe and in the manner prescribed by the Clearing House.
- (g) Notwithstanding anything in these Rules, an ISSBNT Participant may Extinguish an ISSBNT without the execution of Leg 2 of the ISSBNT in any of the circumstances as may be prescribed by the Clearing House.
- (h) An ISSBNT Participant who intends to Extinguish the ISSBNT without the execution of Leg 2 of the ISSBNT under Rule 9.12(g) must do so in the manner specified by the Clearing House.
- (i) The Clearing House may prohibit the Extinguishment of the ISSBNT without the execution of Leg 2 of the ISSBNT referred to in Rule 9.12(g).
- (j) The Clearing House's facilitation of the Extinguishment of the ISSBNT without the execution of Leg 2 of the ISSBNT under Rule 9.12(g) does not prejudice the Clearing House's right or power to take action for breach of any of these Rules or the Clearing House's requirements in relation to ISSBNT.
- (k) Each ISSBNT Participant who is involved in an Extinguishment of the ISSBNT without the execution of Leg 2 of the ISSBNT must fully indemnify and hold indemnified the Clearing House, whether such indemnity is claimed by the Clearing House during or after the expiry of the tenure of the ISSBNT Participant as an Approved Supplier or Approved User, from and against any loss, damage, claim, liability, cost or expense (including but not limited to legal costs on a solicitor and client basis) suffered or incurred by the Clearing House, whether directly or indirectly, arising from or in connection with the Extinguishment of the ISSBNT without the execution of Leg 2 of the ISSBNT.
- (l) ISSBNT Participants are solely responsible for all rights and obligations arising from, and must assume all default and recovery risks associated with the relationship between the ISSBNT Participants. The Clearing House shall in no event be held liable for the performance of any obligation arising from the relationship between the ISSBNT Participants.

9.13 DESIGNATED SECURITIES ACCOUNT

An Approved User must ensure that all ISSBNT Securities are held in and where relevant, transferred to, the designated securities accounts as prescribed by the Clearing House and no other securities account.

9.14 ACTION BY THE CLEARING HOUSE

- (a) The Clearing House may exercise any of the powers set out in Rule 9.14(b) immediately without further reference to an ISSBNT Participant/Representative:
 - (i) if the SBLNT Participant/Representative commits a breach of any of the conditions or requirements imposed by the Clearing House in relation to the ISSBNTs;
 - (ii) if the Clearing House determines in its absolute discretion that the ISSBNT Participant/Representative is unable to conduct any of the ISSBNTs due to any circumstances including bankruptcy and insolvency;

- (iii) if the Clearing House determines that the ISSBNT Participant/Representative is likely to cause damage to other ISSBNT Participant/Representative as a result of violating any of the requirements or obligations in relation to the ISSBNTs; or
 - (iv) in any such circumstances which the Clearing House in its absolute discretion deems fit.
- (b) Without prejudice to any of the powers of the Clearing House contained in the Act, these Rules or any directives, circulars or instructions issued by the Clearing House, the actions which the Clearing House may take upon the happening of any of the events set out in Rule 9.14(a) include one or more of the following:
 - (i) prohibit the ISSBNT Participant/Representative from entering into any or all new ISSBNTs and/or transactions contemplated under any directives, circulars or instructions issued by the Clearing House in relation to the ISSBNTs;
 - (ii) suspend or terminate the ISSBNT Participant/Representative as an ISSBNT Participant/Representative;
 - (iii) notify all ISSBNT Participants/Representatives of the suspension or termination of any ISSBNT Participant/Representative; or
 - (iv) limit the activities or access of the ISSBNT Participant/Representative to the services and facilities provided by the Clearing House in relation to the ISSBNT on such terms and for such duration as the Clearing House may in its absolute discretion determine.
- (c) Where an action has been taken under Rule 9.14(b), an ISSBNT Participant/Representative may make representations to the Clearing House for discontinuance of the action taken. The Clearing House may after representations have been made, discontinue with the action taken. However, such discontinuance shall not be construed as an omission or error of any kind on the part of the Clearing House in undertaking the action under Rule 9.14(b) in the first place.
- (d) The Clearing House shall not be held liable for any loss or damage suffered by any party arising from or in connection with the action taken by the Clearing House under Rule 9.14(b) provided that the Clearing House has acted in good faith.
- (e) Notwithstanding any provisions to the contrary in these Rules, the Clearing House, where it deems necessary, may:
 - (i) suspend its services and facilities for the ISSBNTs entirely or partially for such duration as the Clearing House in its absolute discretion deems fit; or
 - (ii) direct an ISSBNT Participant to Extinguish its ISSBNTs in accordance with any directive or instruction issued by the Commission or required by any written law, and take such further action as may be determined by the Clearing House, the timeframe and in the manner as prescribed by the Clearing House.

9.15 PROVISION OF INFORMATION

The ISSBNT Participants/Representatives must furnish to the Clearing House or the Commission any information or Document in relation to any ISSBNT as required by the Clearing House or the Commission.

9.16 DISCLOSURE OF INFORMATION

Notwithstanding any provisions in these Rules, the Clearing House shall be entitled to:

- (a) disclose any information or to produce any document in its possession or control in relation to the ISSBNT if required or requested to do so by the Commission; and
- (b) disclose any information in its possession or control to the Commission or authorised personnel of the Exchange by way of granting such persons access to the ISSBNT System for the purpose of facilitating the performance of their duties and functions under the relevant requirements, rules or laws.

9.17 FEES AND CHARGES

- (a) An ISSBNT Participant/Representative must pay to the Clearing House the relevant fees and charges prescribed by the Clearing House in relation to any or all of the services and facilities provided by the Clearing House in relation to the ISSBNT.
- (b) The Clearing House may, from time to time where it deems necessary in its absolute discretion, vary or change any of the fees and charges by prescription in the ISSBNT Circulars and without any further notice to ISSBNT Participants/Representatives.

9.18 LIABILITY

The Clearing House shall not be liable to any person for any loss or damage that may be incurred or suffered by such person as a result of the exercise or intended exercise of any power or performance of any duty or function conferred or imposed on the Clearing House in relation to the ISSBNT and exercised by the Clearing House in good faith.

9.19 FORCE MAJEURE

- (a) In the event that the Clearing House is required to suspend the operation of the ISSBNT System, as the case may be, and the provision of all ancillary services where for any reason the records of the Clearing House, the Central Depository or the ISSBNT System are unavailable, inaccessible, delayed or hindered in any manner, the Clearing House shall not be liable for any failure, hindrance or delay in the provision of services or for the failure to give or the delay in giving effect to any notice or communication from an ISSBNT Participant/Representative.
- (b) The Clearing House or its directors, officers, employees or agents shall not be liable for any losses or damages that may be incurred or suffered by the ISSBNT Participant/Representative arising from causes beyond its reasonable control including, without limitation, acts of God or the public enemy, acts of a civil or military authority, natural disasters, embargoes, industrial action, fires, floods, mechanical breakdowns, computer or system failures or sabotage, delay or inability to act by any registrar, interruptions of power supplies or other utility or services, currency restrictions, any law, regulation or order of any government, competent authority or any court or tribunal, war or terrorism.

9.20 INDEMNITY BY SUPPLIER REPRESENTATIVE OR USER REPRESENTATIVE

Each Supplier Representative or User Representative shall be responsible for its own operations and functions as are required under these Rules, the ISSBNT Circulars or otherwise and must fully indemnify and hold indemnified the Clearing House, whether such indemnity is claimed by the Clearing House during or after the expiry of the tenure of such person as a Supplier Representative or User Representative, for any loss, legal costs (including third party legal costs), damage or liability suffered or incurred by the Clearing House, whether directly or otherwise, as a result of any negligence, omission, mistake, misrepresentation, fraud or error on the part of the Supplier Representative or User Representative, its servants or agents, provided always that such action or omission was committed during its tenure as a Supplier Representative or User Representative.

9.21 RULES OF CLEARING HOUSE TO TAKE PRECEDENCE

The ISSBNT Participants/Representatives must ensure that the provisions of the agreements entered into amongst the ISSBNT Participants/Representatives shall not in any way be inconsistent with any of these Rules or the requirements imposed by the Clearing House or the provisions of the agreements entered into between the ISSBNT Participants/Representatives and the Clearing House in relation to the ISSBNT ("the Rules of the Clearing House"), and the ISSBNT Participants/Representatives must give effect to the Rules of the Clearing House.

APPENDIX 1

To:

Bursa Malaysia Securities Clearing Sdn Bhd
Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

COMPLIANCE WITH REQUIREMENTS IMPOSED BY BURSA MALAYSIA SECURITIES CLEARING SDN BHD (“BURSA CLEARING (S)”) IN RELATION TO THE SUPPLIER REPRESENTATIVE

Pursuant to the requirements of Rule 9.6(a) of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd (“Bursa Clearing (S) Rules”), we [name of person applying to be a Supplier Representative] hereby declare and undertake as follows:

- (1) we must provide to Bursa Clearing (S) or the Securities Commission Malaysia, upon request, any information or document in relation to ISSBNT required by Bursa Clearing (S) or the Securities Commission Malaysia pertaining to the Approved Suppliers for whom we are acting;
- (2) we have formulated a set of Internal Guidelines for Acting as a Supplier Representative which has been approved by our board of directors;
- (3) the Internal Guidelines for Acting as a Supplier Representative have been brought to the notice of the relevant employees who have read and understood the contents therein;
- (4) the Internal Guidelines for Acting as a Supplier Representative comply with the requirements set out in Bursa Clearing (S) Rules; and
- (5) all relevant systems and infrastructure including front office and/or back office systems have been verified and assessed in terms of application as well as software and the hardware capabilities and are confirmed to be operational and have all the functionalities, requirements and controls in place for the purpose of carrying out activities as a Supplier Representative in accordance with Bursa Clearing (S) Rules or directives, circulars or instructions issued by Bursa Clearing (S).

Dated this [] day of [] [].

Signed []

Name:

Designation:

Date:

[End of Appendix]

APPENDIX 2

Matters which must be contained in the written agreement between the Supplier Representative and the Approved Supplier
(Rule 9.6(f))

- (1) The Supplier Representative is the representative of the Approved Supplier in performing the functions and responsibilities stipulated in these Rules or any requirements, directives, circulars or instructions issued by the Clearing House in relation to the ISSBNTs;
- (2) The functions and responsibilities of the Supplier Representative stipulated in these Rules or any directives, circulars or instructions issued by the Clearing House in relation to the ISSBNTs, as the same may be amended, modified or varied from time to time; and
- (3) The Supplier Representative must comply with the obligations imposed on a Supplier Representative, as contained in these Rules and as prescribed by the Clearing House from time to time.
- (4) The Approved Supplier expressly consents to the Supplier Representative providing the Clearing House or the Securities Commission Malaysia with any information or document in relation to any loan entered into by the Approved Supplier pursuant to the ISSBNT as required by the Clearing House from time to time.

[End of Appendix]

APPENDIX 3

To:

Bursa Malaysia Securities Clearing Sdn Bhd
Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

COMPLIANCE WITH REQUIREMENTS IMPOSED BY BURSA MALAYSIA SECURITIES CLEARING SDN BHD (“BURSA CLEARING (S)”) IN RELATION TO THE USER REPRESENTATIVE

Pursuant to the requirements of Rule 9.8(a) of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd (“Bursa Clearing (S) Rules”), we [name of person applying to be a User Representative] hereby declare and undertake as follows:

- (1) we must provide to Bursa Clearing (S) or the Securities Commission Malaysia, upon request, any information or document required by Bursa Clearing (S) or the Securities Commission Malaysia pertaining to the Approved Users for whom we are acting;
- (2) we have formulated a set of Internal Guidelines for Acting as a User Representative which has been approved by our board of directors;
- (3) the Internal Guidelines for Acting as a User Representative has been brought to the notice of the relevant employees who have read and understood the contents therein;
- (4) the Internal Guidelines for Acting as a User Representative comply with the requirements set out in Bursa Clearing (S) Rules; and
- (5) all relevant systems and infrastructure including front office and/or back office systems have been verified and assessed in terms of application as well as software and the hardware capabilities and are confirmed to be operational and have all the functionalities, requirements and controls in place for the purpose of carrying out activities as a User Representative in accordance with Bursa Clearing (S) Rules or any directives, circulars or instructions issued by Bursa Clearing (S).

Dated this [] day of [] [].

Signed []
Name:
Designation:
Date:

[End of Appendix]

APPENDIX 4

Matters which must be contained in the written agreement between the User Representative and the Approved User
(Rule 9.8(f))

- (1) The User Representative is the representative of the Approved User in performing the functions and responsibilities stipulated in these Rules or any directives, circulars or instructions issued by the Clearing House in relation to the ISSBNT;
- (2) The functions and responsibilities of the User Representative stipulated in these Rules or any requirements, directives, circulars or instructions issued by the Clearing House in relation to the ISSBNTs, as the same may be amended, modified or varied from time to time; and
- (3) The User Representative must comply with the obligations imposed on a User Representative, as contained in these Rules and as prescribed by the Clearing House from time to time.
- (4) The Approved User expressly consents to the User Representative providing the Clearing House or the Securities Commission Malaysia with any information or document in relation to any transaction entered into by the Approved User pursuant to the ISSBNT as required by the Clearing House from time to time.

[End of Appendix]

APPENDIX 5

Matters to be included in an agreement for ISSBNT
(Rule 9.10)

- (1) Unless the parties agree otherwise, the ISSBNT Eligible Securities must not be sold under Leg 1 unless collateral has been received or will be received simultaneously with the sale. As a minimum step towards the supplier's interest, collateral (if applicable) must be delivered directly to the supplier or the supplier's representative or a designated third party authorised by the supplier or the supplier's representative;
- (2) The ISSBNT Securities sold under Leg 1 and the collateral (if applicable) must be marked to market (at least daily) and the amount of collateral must be adjusted, if necessary;
- (3) How the ISSBNT may be extinguished by the supplier or the user, and how such extinguishment may be effected;
- (4) Which party shall be entitled to any dividends or other benefits or distributions accumulating on the ISSBNT Securities sold under Leg 1 and any Securities provided as collateral;
- (5) The rights and obligations of the supplier or user in the event of either the ISSBNT Securities or any Securities provided as collateral, as the case may be, being affected by a conversion, sub-division, consolidation, pre-emption, take-over of the issuer of the Securities comprised in the ISSBNT Securities or by other corporate actions affecting such Securities;
- (6) The ISSBNT Securities sold under Leg 1 must be delivered to the user free of any encumbrances or restrictions;
- (7) Provisions governing fees to be paid by either party under the agreement that governs the terms and conditions of the ISSBNT; and
- (8) The rights and remedies of either party in the event of a default by the other party.

[End of Appendix]