

**AMENDMENTS TO THE RULES OF SECURITIES CLEARING AUTOMATED NETWORK SERVICES SDN. BHD
IN RELATION TO THE DEMUTUALISATION OF KUALA LUMPUR STOCK EXCHANGE**

Rules	Existing Rules	Amended Rules
INTERPRETATION	"Board"	<u>Deleted.</u>
INTERPRETATION	<p>"Central Depository"</p> <p><i>shall mean a body corporate which :</i></p> <p>(a) <i>establishes and operates a system for the central handling of Securities, whether or not listed on any Exchange:-</i></p> <p>(i) <i>whereby all such Securities are deposited with and held in custody by, or registered in the name of, that body corporate or its nominee company for the depositors and dealings in respect of those Securities are effected by means of entries in Securities accounts without the physical delivery of certificates; or</i></p> <p>(ii) <i>which permits or facilitates the settlement of Securities transactions or dealing in Securities without the physical delivery of certificates; and</i></p> <p>(iii) <i>provides other facilities and services incidental thereto.</i></p>	<p>"Central Depository"</p> <p><u>Shall have the same meaning as is assigned to that expression in the Act.</u></p>

Rules	Existing Rules	Amended Rules
INTERPRETATION	<p>"Clearing Member":</p> <p><i>A person admitted for the time being by SCANS under any category of Clearing Member more particularly described under Chapter 2.</i></p>	<p><u>"Clearing Participant "</u>:</p> <p><u>a participant as defined in the Act.</u></p>
Relevant Rules	All provisions in the Rules containing the words " <i>clearing member</i> "	To amend by substituting the words "clearing member" with the words "clearing participant" where ever it appears in SCANS Rules.
INTERPRETATION	New interpretation	<p><u>"Clearing House"</u></p> <p><u>Securities Clearing Automated Network Services Sdn. Bhd.</u></p>
INTERPRETATION	New interpretation	<p><u>"Exchange Holding Company"</u></p> <p><u>Kuala Lumpur Stock Exchange Berhad.</u></p>
INTERPRETATION	"Management Committee"	<u>Deleted</u>
INTERPRETATION	<p>"Officer"</p> <p><i>In relation to a Corporation includes:-</i></p> <p>(a) <i>any director, secretary or employee of the Corporation;</i></p> <p>(b) <i>a receiver and manager of any part of the undertaking of the Corporation appointed under a</i></p>	<p>"Officer"</p> <p><u>Shall have the same meaning as is assigned to that expression in the Act.</u></p>

Rules	Existing Rules	Amended Rules
	<p><i>power contained in any instrument; and</i></p> <p>(c) <i>any liquidator of a company appointed in a voluntary winding up,</i></p> <p><i>but does not include:-</i></p> <p>(d) <i>any receiver who is not also a manager,</i></p> <p>(e) <i>any receiver and manager appointed by the Court; or</i></p> <p>(f) <i>any liquidator appointed by the Court or by the creditors.</i></p>	
INTERPRETATION	<p>“Rules”</p> <p><i>Shall mean the memorandum of association and the articles of association, or the rules, Operational Procedures and directions, by whatever name called and wherever contained, governing the membership, management, operations or procedures of SCANS and without limiting the generality of the foregoing, include rules and directions relating to:-</i></p> <p>(a) <i>the provision of clearing and settlement services, and suspension or withdrawal of such services;</i></p> <p>(b) <i>the provision of services other than the services referred to in subparagraph (a);</i></p> <p>(c) <i>the persons who may participate in one or more of the services referred to in subparagraph (a) or (b); and</i></p>	<p>“Rules”</p> <p><u>Shall have the same meaning as is assigned to that expression in the Act.</u></p>

Rules	Existing Rules	Amended Rules
	(d) <i>the specification of fees and charges.</i>	
<p>INTERPRETATION and All rules that contain the word “SCANS” <u>except</u> for the definition of “SCANS Direct Business Account” and the term “SCANS Direct Business Account” referred to in Rule 5.8 of the Rules of SCANS.</p>	<p>“SCANS”</p>	<p>“the Clearing House”</p>
<p>INTERPRETATION</p>	<p>“Securities”</p> <p><i>Shall mean debentures, stocks and shares in a public company or corporation, or bonds of any government or of any body, corporate or unincorporate, and includes any right or option in respect thereof and any interest in unit trust schemes.</i></p>	<p>“Securities”</p> <p><u>Shall have the same meaning as is assigned to that expression in the Act.</u></p>
<p>INTERPRETATION</p>	<p>“The Exchange”</p> <p><i>The Kuala Lumpur Stock Exchange, Malaysian Exchange of Securities Dealing and Automated Quotation Berhad or any other exchange as the Board may recognise from time to time.</i></p>	<p>“The Exchange”</p> <p><u>Any body corporate which has been approved by the Minister under subsection (2) of section 8 of the Act for which the Clearing House provides its services on the clearing and settlement of transactions in securities effected on or subject to the rules of the stock exchange.</u></p>

Rules	Existing Rules	Amended Rules
INTERPRETATION	<i>The term “Rules” shall, where the context so admits, include the Operational Procedures.</i>	<u>Deleted</u>
Rule 1.1	<p>1.1 COMPLIANCE WITH THE ACT</p> <p>SCANS, its Board, Management Committees, Officers and employees shall at all times comply with the Act and lawful directions given thereunder by the relevant authority.</p>	<p>1.1 COMPLIANCE WITH THE ACT</p> <p><u>The Clearing House</u>, its Officers, employees and <u>agents</u> shall at all times comply with the Act and lawful directions given thereunder by the relevant authority.</p>
Rule 1.4(b)	<p>1.4 ROLE AND OBLIGATIONS OF SCANS</p> <p>(a) SCANS shall provide services which include the clearing and settlement of transactions in Securities effected on, or subject to the rules of the Exchange and the rules of the Central Depository, whenever applicable.</p> <p>(b) In consideration of the role and obligations of SCANS under sub-rule(a) SCANS shall charge clearing fees at the rate which may be determined by <i>the Board</i> and approved by the Commission, from time to time. SCANS shall inform all Clearing Members of changes to the rate of the clearing fees by at least fourteen (14) days notice in writing.</p> <p>(c) Notwithstanding sub-rule (b), the Clearing Member shall pay whether annually or otherwise such fees, charges, expenses and disbursements with respect to any of the services and facilities made available by SCANS to the Clearing Member as shall be</p>	<p>1.4 ROLE AND OBLIGATIONS OF THE CLEARING HOUSE</p> <p>(a) The Clearing House shall provide services which include the clearing and settlement of transactions in Securities effected on, or subject to the rules of the Exchange and the rules of the Central Depository, wherever applicable.</p> <p>(b) In consideration of the role and obligations of the Clearing House under sub-rule(a) the Clearing House shall charge clearing fees at the rate which may be determined by <u>the Clearing House</u> and approved by the Commission, from time to time. The Clearing House shall inform all Clearing Members of changes to the rate of the clearing fees by at least fourteen (14) days notice in writing.</p> <p>(c) Notwithstanding sub-rule (b), the Clearing Member shall pay whether annually or otherwise such fees, charges, expenses and</p>

Rules	Existing Rules	Amended Rules
	<p>specified from time to time by SCANS or as provided under the Operational Procedures, to be payable at such times and in such manner as shall be specified by SCANS.</p>	<p>disbursement with respect to any of the services and facilities made available by the Clearing House to the Clearing Member as shall be specified from time to time by the Clearing House or as provided under the Operational Procedures, to be payable at such times and in such manner as shall be specified by the Clearing House.</p>
<p>1.6</p>	<p>1.6 PROHIBITION OF IMPROPER USE OF INFORMATION</p> <p><i>Any member of the Board or any officer, employee or agent of SCANS or person who is or in relation to dealing in Securities of a Corporation, has any information which if generally known might reasonably be expected to affect materially the price of the subject-matter of the dealing on The Exchange and which:-</i></p> <ul style="list-style-type: none"> (a) he holds by virtue of his official capacity or former official capacity; (b) it would be reasonable to expect a person in his official capacity or former official capacity not to disclose except for the proper performance of the functions attaching to that official capacity; and (c) he knows is unpublished price-sensitive information in relation to Securities of the Corporation, <p>shall not make improper use of such information to gain, directly or indirectly, an advantage for</p>	<p>1.6 PROHIBITION OF IMPROPER USE OF INFORMATION</p> <p>(a) Any officer, employee or agent of the Clearing House or person who is or in relation to dealing in Securities of a Corporation, has any information which if generally known might reasonably be expected to affect materially the price of the subject-matter of the dealing on The Exchange and which:-</p> <ul style="list-style-type: none"> i. he holds by virtue of his official capacity or former official capacity; ii. it would be reasonable to expect a person in his official capacity or former official capacity not to disclose except for the proper performance of the functions attaching to that official capacity; and iii. he knows is unpublished price-sensitive information in relation to Securities of the Corporation, <p>shall not make improper use of such information to gain, directly or indirectly, an advantage for</p>

Rules	Existing Rules	Amended Rules
	himself or for any other person.	<p>himself or for any other person.</p> <p>(b) Where any of the persons stipulated under subsection (a) fails to comply with, observe or give effect to this Rules (“the person in default“), the Clearing House may take any action it deems fit against the person in default in accordance with these Rules.</p>
Rule 1.26	New rule	<p>1.26 INCIDENTAL POWERS ETC. OF THE CLEARING HOUSE</p> <p><u>Where any provision of the Rules empowers, authorises or enables the Clearing House to do or enforce the doing of any act or thing, the Clearing House shall have all such powers or rights as may be necessary or reasonably incidental to the Clearing House doing or enforcing the doing of the act or thing.</u></p>
Rule 1.27	New rule	<p>1.27 POWERS OF THE EXCHANGE HOLDING COMPANY</p> <p><u>(a) Where any provision of the Rules confers a right or power on the Clearing House to do any act or thing, such provision shall be deemed to confer the right or power on the Exchange Holding Company to do such act or thing on behalf of the Clearing House.</u></p> <p><u>(b) A Clearing Member must comply with, observe or give effect to any action of the Exchange Holding Company pursuant to sub-rule (a) above.</u></p>

Rules	Existing Rules	Amended Rules
Rule 1.28	New rule	<p>1.28 APPEALS AGAINST THE DECISION OF THE CLEARING HOUSE</p> <p><u>(1) The Clearing House shall establish a Committee to determine appeals provided in these Rules from a party against whom a decision has been made by the Clearing House.</u></p> <p><u>(2) A person against whom a decision has been made by the Clearing House may, where provided under these rules, appeal against such decision by notifying the Clearing House of its/his intention to appeal within fourteen (14) days from the receipt of the notification of the decision.</u></p> <p><u>(3) The Committee referred to herein shall comprise such person as may be appointed by the Clearing House all of whom must not have been involved in any other Committee of the Clearing House that made the decision appeal against.</u></p> <p><u>(4) The Committee referred to herein may affirm, vary or set aside the decision appealed against or penalty imposed.</u></p> <p><u>(5) The decision of the Clearing House on appeal shall be final and binding on the appellant.</u></p>
Rule 2.5A	New rule	<p>2.5A NO OBLIGATION TO APPOINT</p> <p><u>The Clearing House need not be obligated to admit every person who is eligible under Rule 2.5 to be a Clearing Member. Any person who is aggrieved by virtue of not being admitted as</u></p>

Rules	Existing Rules	Amended Rules
		<p><u>a Clearing Member may appeal in writing to the Clearing House. Upon presentation of the appeal, such person shall submit to the decision of the Clearing House whose decision shall be final and binding on that person.</u></p>
Rule A2.1	<p>A2.01 APPLICATION FROM OUTSIDE MALAYSIA Where an application for clearing membership is from outside Malaysia, SCANS may consider its eligibility for clearing membership with stipulated criteria which may be determined by <i>the Board</i> from time to time.</p>	<p>A2.01 APPLICATION FROM OUTSIDE MALAYSIA Where an application for clearing membership is from outside Malaysia, the Clearing House may consider its eligibility for clearing membership with stipulated criteria which may be determined by <u>the Clearing House</u> from time to time.</p>
Rule 3.2	<p>3.2 PROCEDURE FOR DISCIPLINARY ACTIONS</p> <p>(a) If SCANS is in the opinion that a Clearing Member is subjected to Rule 3.1, SCANS shall give at least fourteen (14) days notice to the Clearing Member in default and the Clearing Member aggrieved by the act of the Clearing Member in default (if any) and the grounds for the disciplinary action shall be stated in such notice. SCANS shall thereafter form a “disciplinary committee” to conduct a hearing and at such hearing the Clearing Member in default shall be required to show cause why action should not be taken against it. The Clearing Member may be represented by this duly authorised Officer or employee at the hearing. The disciplinary committee shall if it is satisfied that such Clearing Member has failed to show cause, take the appropriate action</p>	<p>3.2 DISCIPLINARY ACTIONS</p> <p>If the Clearing House is in the opinion that a Clearing Member is subjected to Rule 3.1, <u>the Clearing House may take disciplinary action against the Clearing Member.</u></p>

Rules	Existing Rules	Amended Rules
	<p><i>against the Clearing Member pursuant to Rule 3.1.</i></p> <p>(b) <i>For the purpose of sub-rule (a) the composition of the disciplinary committee shall be determined by SCANS from time to time.</i></p> <p>(c) <i>The procedure of the disciplinary committee shall be as may be determined by SCANS.</i></p> <p>(d) <i>Notwithstanding sub-rules(a) - (c) above, in the event where circumstances render necessary, SCAN may immediately take the appropriate action in respect of the Clearing Member relating to the misconduct pursuant to sub-rule 3.1.1 above and impose sanctions relating to the disciplinary action pursuant to sub-rule 3.1.2 and/or 3.1.4.</i></p>	
Rule 3.2A	New rule	<p>3.2A APPOINTMENT OF COMMITTEE OR SUBCOMITTEE</p> <p><u>The Clearing House shall appoint a committee or subcommittee of the Clearing House or the Exchange Holding Company to discharge the exercise of its powers under Rule 3.1 and 3.2.</u></p>
Rule 3.3	<p>3.3 APPEAL TO THE BOARD</p> <p>A Clearing Member who has been the subject of any disciplinary action by the <i>disciplinary committee</i> may within <i>ten (10) days of any such decision by the disciplinary committee</i> appeal in</p>	<p>3.3 APPEAL TO THE <u>CLEARING HOUSE</u></p> <p>A Clearing Member who has been the subject of any disciplinary action by <u>the Clearing House</u> may, within the period of time prescribed by the Clearing House, appeal in writing to <u>the Clearing</u></p>

Rules	Existing Rules	Amended Rules
	<p>writing to the Board. Appellate hearings before the Board shall require the presence of at least a majority of SCANS Board Members. A two-third majority of the Board Members present shall be necessary to set aside or modify the decision from which the appeal was taken.</p>	<p><u>House.</u></p>
<p>Rule 5.3(a)(i)</p>	<p>5.3 FINANCIAL SETTLEMENT</p> <p>(a) (i) Financial Settlement of Securities shall be on a “net basis”, as may be prescribed by <i>the Board</i> from time to time.</p> <p>(ii) For the purpose of sub-rule (a) “net basis” means a process whereby monetary obligations by Clearing Members are pooled and off-set with each other, resulting in one final position for each Clearing Member.</p> <p>(b) Each Clearing Member shall have a designated account with a designated clearing bank for the purpose of the financial settlement services.</p> <p>(c) Remittances and deposits paid by Clearing Members to SCANS shall be in the form of transfer instructions via the clearing bank or any other instruments which can be cleared within the same day and the clearing bank shall obtain value on the same day.</p>	<p>5.3 FINANCIAL SETTLEMENT</p> <p>(a) (i) Financial Settlement of Securities shall be on a “net basis”, as may be prescribed by <u>the Clearing House</u> from time to time.</p> <p>(ii) For the purposes of sub-rule (a) “net basis” means a process whereby monetary obligations by Clearing Members are pooled and off-set with each other, resulting in one final position for each Clearing Member.</p> <p>(b) Each Clearing Member shall have a designated account with a designated clearing bank for the purpose of the financial settlement services.</p> <p>(c) Remittances and deposits paid by Clearing Members to the Clearing House shall be in the form of transfer instructions via the clearing bank or any other instruments which can be cleared within the same day and the clearing bank shall obtain value on the same day.</p>

Rules	Existing Rules	Amended Rules
Rule 5.5	<p>5.5 CLAIMS ON DIVIDENDS, BONUS ISSUE, RIGHTS ISSUE AND OTHER ENTITLEMENTS</p> <p>Claims on dividends, bonus issue, rights issue and other entitlements may be prescribed by <i>the Board</i> from time to time accordance with the Exchange Rules.</p>	<p>5.5 CLAIMS ON DIVIDENDS, BONUS ISSUE, RIGHTS ISSUE AND OTHER ENTITLEMENTS</p> <p>Claims on dividends, bonus issue, rights issue and other entitlements may be prescribed by <u>the Clearing House</u> from time to time in accordance with the Exchange Rules.</p>
Rule 5.6(b)	<p>5.6 SECURITIES NOT GOOD FOR DELIVERY</p> <p>(a) Securities not good for delivery occurs when a transfer of ownership could not subsequently be registered by the registrar of the Company whose Securities are quoted on the official list of the Exchange.</p> <p>(b) <i>The Board</i> may at its entire discretion prescribe directives on all matters relating to Securities not good for delivery.</p>	<p>5.6 SECURITIES NOT GOOD FOR DELIVERY</p> <p>(a) Securities not good for delivery occurs when a transfer of ownership could not subsequently be registered by the registrar of the Company whose Securities are quoted on the official list of the Exchange</p> <p><u>(b) The Clearing House</u> may at its entire discretion prescribe directives on all matters relating to Securities not good for delivery.</p>
Rule A5.1	<p>A5.1 CONDITION PRECEDENT FOR USE OF ISS</p> <p>Use of the ISS is conditional upon the Non Trading Clearing Member and other Clearing Members agreeing in writing, in the prescribed form, to be bound by and observe the Rules, Operational Procedures, directives and other regulations of SCANS for the time being in force, any decision or directives of SCANS, <i>its Board, appointed Committees</i> and the obligations imposed on the Non Trading Clearing Member upon admission, the continuing obligations, including without limitation, to uphold the highest</p>	<p>A5.1 CONDITION PRECEDENT FOR USE OF ISS</p> <p>Use of the ISS is conditional upon the Non Trading Clearing Member and other Clearing Members agreeing in writing, in the prescribed form, to be bound by and observe the Rules, Operational Procedures, directives and other regulations of the Clearing House for the time being in force, any decision or directives of <u>the Clearing House</u> and the obligations imposed on the Non Trading Clearing Member upon admission, the continuing obligations, including without limitation, to uphold the highest standards</p>

Rules	Existing Rules	Amended Rules
	<p>standards of competence and integrity, as the case may be.</p> <p>For avoidance of doubt, this Chapter shall apply to all ISS Transaction resulting either from Market contract on the Exchange or Direct Business Contract.</p>	<p>of competence and integrity, as the case may be.</p> <p>For avoidance of doubt, this Chapter shall apply to all ISS Transaction resulting either from Market Contract on the Exchange or Direct Business Contract.</p>