

**“ANNEXURE 1”**

**PROPOSED AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN. BHD. (“BURSA CLEARING (S)”) IN RELATION TO SECURITIES BORROWING AND LENDING NEGOTIATED TRANSACTIONS (“SBL NEGOTIATED TRANSACTIONS”)**

EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	New provisions	Interpretation	<p><b>“Approved Borrower”</b></p> <p>means a person whose application to participate as a borrower in SBL Negotiated Transactions has been approved by the Clearing House.</p> <p><b>“Approved Lender”</b></p> <p>means a person whose application to participate as a lender in SBL Negotiated Transactions, either to lend its own Securities or Securities owned by its client, has been approved by the Clearing House.</p> <p><b>“Borrowing Agent”</b></p> <p>means a Trading Clearing Participant or such other category of persons prescribed by the Clearing House to be eligible to apply to become a Borrowing Agent, who has been approved by the Clearing House to perform certain functions with respect to borrowing of Securities by the Approved Borrower.</p> <p><b>“Bursa SBL Participant”</b></p>	<p>This is to distinguish the term “Approved Borrower” used in the context of SBL Negotiated Transactions from the term “Borrower” used in the context of Bursa SBL Transactions.</p> <p>This is to distinguish the term “Approved Lender” used in the context of SBL Negotiated Transactions from the term “Lender” used in the context of Bursa SBL Transactions.</p> <p>This is to introduce the new role of a Borrowing Agent who acts as an agent of the Approved Borrower in relation to SBL Negotiated Transactions.</p> <p>This is for ease of</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p><b>means the Lending Participant, Lender or Borrower or any one or more of them, as the context may require.</b></p> <p><b>“SBL Negotiated Transaction or SBLNT”</b></p> <p><b>means a Securities borrowing and lending transaction entered into between an Approved Lender and an Approved Borrower where the parties may negotiate and agree on the terms of the transaction.</b></p> <p><b>“SBL Participant/Agent”</b></p> <p><b>means the Lending Participant, Lender, Borrower, Approved Lender, Approved Borrower, Lending Agent or Borrowing Agent, or any one or more of them, as the context may require.</b></p> <p><b>“SBLNT Participant”</b></p> <p><b>means the Approved Lender or Approved Borrower, or both, as the context may require.</b></p> <p><b>“SBLNT System”</b></p> <p><b>means the system operated by the Clearing House to facilitate SBL Negotiated</b></p>	<p>reference for each of these Bursa SBL Participants, either in its respective context or collectively.</p> <p>This is to differentiate the 2 SBL models i.e. to distinguish the SBLNT model from the SBL Central Lending Agency (SBL-CLA) model.</p> <p>This is for ease of reference for each of these SBL Participants/Agents, either in its respective context or collectively.</p> <p>This is for ease of reference for each of these SBL Participants, either in its respective context or collectively.</p> <p>This is to distinguish the term “SBLNT System” used in the context of SBL</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<b>Transactions.</b>	Negotiated Transactions from the term “Bursa SBL System” used in the context of Bursa SBL Transactions.
Interpretation	<p>“Bursa SBL Transaction”</p> <p><i>the Securities borrowing and lending transaction entered into between the Clearing House and a person enabling the Clearing House to borrow or lend Eligible Securities from or to such person as the Clearing House may determine.</i></p>	Interpretation	<p>“Bursa SBL Transaction”</p> <p><b>a Securities borrowing and lending transaction where Eligible Securities are borrowed from or lent to the Clearing House acting as a central lending agency.</b></p>	This is to provide clarity to the existing definition.
Interpretation	<p>“Eligible Securities”</p> <p>means the Securities prescribed by the Clearing House in the SBL Circulars from time to time as approved for lending <i>to</i> or borrowing <i>from the Clearing House</i>;</p>	Interpretation	<p>“Eligible Securities”</p> <p>means the Securities prescribed by the Clearing House in the SBL Circulars from time to time as approved for lending or borrowing <b>either in a Bursa SBL Transaction or a SBL Negotiated Transaction.</b></p>	The changes are made to clarify that this term applies to both the SBL-CLA model and SBLNT model.
Interpretation	<p>“Lending Agent”</p> <p>means a Clearing Participant who has been approved by the Clearing House to perform certain functions with respect to lending of Securities by the Lending Participant <i>or the Lender to the</i></p>	Interpretation	<p>“Lending Agent”</p> <p>means a Clearing Participant who has been approved by the Clearing House to perform certain functions with respect to lending of Securities by the Lending Participant, the Lender</p>	The changes are made to clarify that this term applies to both the SBL-CLA model and SBLNT model.

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	<i>Clearing House as specified in these Rules or any directives, circulars or instructions issued by the Clearing House and who is appointed as an agent to act on behalf of the Lending Participant or the Lender in respect of these functions;</i>		<b>or Approved Lender, as the case may be.</b>	
Interpretation	“Loaned Securities”  means the Specified Eligible Securities that are lent to or borrowed from the Clearing House subject to the SBL Conditions;	Interpretation	“Loaned Securities”  means the Eligible Securities that are lent or borrowed.	The changes are made to refine the definition of this term.
Interpretation	“SBL Circulars”  means any circulars, guidelines, procedures, terms and conditions and all other written requirements as may be prescribed and issued from time to time by the Clearing House, whether or not electronically, relating to the Bursa SBL and/or the SBL Conditions and/or the transactions contemplated under the SBL Conditions;	Interpretation	“SBL Circulars”  means any circulars, guidelines, procedures, terms and conditions and all other written requirements as may be prescribed and issued from time to time by the Clearing House, whether or not electronically, relating to the Bursa SBL <b>Transactions, the SBL Negotiated Transactions</b> , the SBL Conditions or the transactions contemplated under the SBL Conditions.	The changes are made to clarify that this term applies to both the SBL-CLA model and SBLNT model.
	CHAPTER 7  <i>BURSA SBL</i>		CHAPTER 7  <b>SECURITIES BORROWING AND LENDING</b>	The changes are made to clarify that this Chapter applies to both

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
				the SBL-CLA model and SBLNT model.
Rule 3.1.1	<p>Without prejudice to any other provisions in these Rules, the Clearing House may institute disciplinary action against a Clearing Participant in respect of an act of misconduct which includes:</p> <p>(a) Breaches of any of the Rules, Operational Procedures, orders, directives, conditions or other requirements imposed by the Clearing House on the Clearing Participant;</p> <p>(b) (With respect to a Trading Clearing Participant), any event that entitles the Clearing House to invoke its Default Rules against such a Clearing Participant;</p> <p>(c) Failure to comply with any decision of the Clearing House;</p> <p>(d) Any conduct, the manner of which is detrimental to the interest of the Clearing House or any other Clearing Participant;</p> <p>(e) Any conduct by the Clearing Participant the character of which is dishonourable,</p>	Rule 3.1.1	<p>Without prejudice to any other provisions in these Rules, the Clearing House may institute disciplinary action against a Clearing Participant <b>or a SBL Participant/Agent</b> in respect of an act of misconduct which includes:</p> <p>(a) Breaches of any of the Rules, Operational Procedures, orders, directives, conditions or other requirements imposed by the Clearing House on the Clearing Participant <b>or the SBL Participant/Agent</b>;</p> <p>(b) (With respect to a Trading Clearing Participant), any event that entitles the Clearing House to invoke its Default Rules against such a Clearing Participant;</p> <p>(c) Failure to comply with any decision of the Clearing House;</p> <p>(d) Any conduct, the manner of which is detrimental to the interest of the Clearing House, any other Clearing Participant <b>or SBL Participant/Agent</b>;</p> <p>(e) Any conduct by the Clearing Participant <b>or the SBL Participant/Agent</b> the character</p>	<p>The changes are made to clarify that certain circumstances under which disciplinary action may be taken by Bursa Clearing (S) apply to both the SBL-CLA model and SBLNT model as the context so requires.</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>disgraceful or improper;</p> <p>(f) Any conduct the manner of which is disorderly or involves wilful obstruction of the clearing, settlement and other services or facilities of the Clearing House or otherwise;</p> <p>(g) The Clearing Participant, being the subject of an adverse finding by another regulatory body in the financial and capital market or the financial services industry to which the Clearing Participant is subject;</p> <p>(h) The directors, shareholders, partners, employees, officers or agents of the Clearing Participant thereof, knowingly, being involved in, or engages in any conduct or any neglect or default which constitutes an act of misconduct in terms of the provisions of sub-rule (a) – (e);</p> <p>(i) The Clearing Participant providing information which is incorrect, <i>evasive</i>, misleading or false in a material way which the Clearing House in reliance on the information provided by the Clearing Participant, admitted the Clearing</p>		<p>of which is dishonourable, disgraceful or improper;</p> <p>(f) Any conduct the manner of which is disorderly or involves wilful obstruction of the clearing, settlement and other services or facilities of the Clearing House or otherwise;</p> <p>(g) The Clearing Participant <b>or the SBL Participant/Agent</b>, being the subject of an adverse finding by another regulatory body in the financial and capital market or the financial services industry to which the Clearing Participant <b>or the SBL Participant/Agent</b> is subject;</p> <p>(h) The directors, shareholders, partners, employees, officers or agents of the Clearing Participant <b>or the SBL Participant/Agent</b> thereof, knowingly, being involved in, or engages in any conduct or any neglect or default which constitutes an act of misconduct in terms of the provisions of sub-rule (a) – (e);</p> <p>(i) The Clearing Participant <b>or the SBL Participant/Agent</b> providing information which is incorrect, <b>incomplete</b>, misleading or false in a material way which the Clearing House in reliance on the information provided by the Clearing</p>	<p>The term “evasive” is replaced by the term “incomplete” to provide clarity as the former is ambiguous and may cause confusion.</p>

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	<p>Participant to its participants or extended to the Clearing Participant such other services or facilities or conferred on the Clearing Participant a benefit or privilege or other advantage;</p>		<p>Participant <b>or the SBL Participant/Agent</b>, admitted the Clearing Participant <b>or the SBL Participant/Agent</b> to its participants or extended to the Clearing Participant <b>or the SBL Participant/Agent</b> such other services or facilities or conferred on the Clearing Participant <b>or the SBL Participant/Agent</b> a benefit or privilege or other advantage;</p>	
(j)	<p>The failure to pay a fine or comply with any other disciplinary action or penalty imposed by the Clearing House within the time specified by the Clearing House or any extension of time granted by the Clearing House;</p>	(j)	<p>The failure to pay a fine or comply with any other disciplinary action or penalty imposed by the Clearing House within the time specified by the Clearing House or any extension of time granted by the Clearing House;</p>	
(k)	<p>Errors, delays or other conduct embarrassing, impeding or disrupting the operations, services or facilities of the Clearing House;</p>	(k)	<p>Errors, delays or other conduct embarrassing, impeding or disrupting the operations, services or facilities of the Clearing House;</p>	
(l)	<p>The Clearing Participant having violated, directly or indirectly, any provisions of the Act or of any regulations made thereunder;</p>	(l)	<p>The Clearing Participant <b>or the SBL Participant/Agent</b> having violated, directly or indirectly, any provisions of the Act or of any regulations made thereunder;</p>	
(m)	<p>The Clearing Participant having failed to cooperate with the Clearing House and/or any regulatory or relevant authority in matters concerning the clearing and</p>	(m)	<p>The Clearing Participant <b>or the SBL Participant/Agent</b> having failed to cooperate with the Clearing House and/or any regulatory or relevant authority in</p>	

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	<p>settlement services or any other services or facilities of the Clearing House, whether or not relating to that Clearing Participant, which materially affects the interest of the Clearing House <i>and/or</i> other Clearing Participants; or</p> <p>(n) The Clearing Participant having repeatedly failed to honour any ISS Instruction, ISS Confirmation or ISS Affirmation, or any instruction issued by the Clearing House in respect of an ISS Transaction.</p>		<p>matters concerning the clearing and settlement services or any other services or facilities of the Clearing House, whether or not relating to that Clearing Participant <b>or that SBL Participant/Agent</b>, which materially affects the interest of the Clearing House, other Clearing Participants <b>or SBL Participants/Agents</b>; or</p> <p>(n) The Clearing Participant having repeatedly failed to honour any ISS Instruction, ISS Confirmation or ISS Affirmation, or any instruction issued by the Clearing House in respect of an ISS Transaction.</p>	
Rule 3.1.2	<p>The following actions may be taken against any Clearing Participant who has been found to have committed any of the acts of misconduct stipulated in Rule 3.1.1:</p> <p>(a) suspend or terminate its Clearing Participantship;</p> <p>(b) suspend or terminate the <i>Clearing Participant as a Lending Agent</i>;</p> <p>(c) limit the activities or access of the Clearing Participant to the services and facilities of</p>	Rule 3.1.2	<p>The following actions may be taken against any Clearing Participant <b>or SBL Participant/Agent</b> who has been found to have committed any of the acts of misconduct stipulated in Rule 3.1.1:</p> <p>(a) suspend or terminate its Clearing Participantship;</p> <p>(b) suspend or terminate the <b>SBL Participant/Agent</b> as a <b>SBL Participant/Agent</b>;</p> <p>(c) limit the activities or access of the Clearing Participant <b>or the SBL</b></p>	<p>In view of the expansion of Bursa’s purview to include SBL Participants/Agents who may not be Clearing Participants, changes are made to clarify that all types of disciplinary action which Bursa Clearing (S) may take, except for suspension or termination of Clearing Participantship, will also</p>



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	<p>the Clearing House on such terms and for such period as the Clearing House may in its sole discretion determine;</p> <p>(d) impose on the Clearing Participant a fine not exceeding five hundred thousand ringgit (RM 500,000.00); and/or</p> <p>(e) reprimand the Clearing Participant (private or public).</p>		<p><b>Participant/Agent</b> to the services and facilities of the Clearing House on such terms and for such period as the Clearing House may in its sole discretion determine;</p> <p>(d) impose on the Clearing Participant <b>or the SBL Participant/Agent</b> a fine not exceeding five hundred thousand ringgit (RM 500,000.00); and/or</p> <p>(e) reprimand the Clearing Participant <b>or the SBL Participant/Agent</b> (private or public).</p>	apply to SBL Participants/Agents.
Rule 3.1.3	The Clearing House may also notify the matter to the relevant authority to which the Clearing Participant is a subject.	Rule 3.1.3	The Clearing House may also notify the matter to the relevant authority to which the Clearing Participant <b>or the SBL Participant/Agent</b> is a subject.	This is a consequential amendment to the changes in Rule 3.1.2.
Rule 3.2A	<p>APPOINTMENT OF COMMITTEE OR SUBCOMITTEE</p> <p>The Clearing House <i>shall</i> 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.</p>	Rule 3.2A	<p>APPOINTMENT OF COMMITTEE, SUB-COMMITTEE OR OFFICER(S)</p> <p>The Clearing House <b>must</b> appoint a committee, sub-committee <b>or officer(s)</b> of the Clearing House or the Exchange Holding Company to discharge the exercise of its powers under Rule 3.1.</p>	This amendment is to clarify that certain powers as stipulated under Rule 3.2A may be exercised by an officer of Bursa Clearing (S). This is particularly in a situation where the misconduct may be

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				<p>very minor.</p> <p>Further, Rule 3.2 has already been deleted, therefore, rendering the reference to Rule 3.2 unnecessary.</p>
Rule 3.3	<p>APPEAL TO THE <i>BOARD</i></p> <p>A Clearing Participant who has been the subject of any disciplinary action by the Clearing House may, within the period of time prescribed by the Clearing House, appeal in writing to the Clearing House.</p>	Rule 3.3	<p>APPEAL TO THE <b>CLEARING HOUSE</b></p> <p>A Clearing Participant <b>or a SBL Participant/Agent</b> who has been the subject of any disciplinary action by the Clearing House may, within the period of time prescribed by the Clearing House, appeal in writing to the Clearing House.</p>	<p>The changes are made to clarify that the right to lodge an appeal to Bursa Clearing (S) arising from any disciplinary action taken by Bursa Clearing (S) applies also to SBLNT Participants.</p>
Rule 3.6	<p>CLEARING PARTICIPANT TO INCLUDE OTHER PERSONS</p> <p>A Clearing Participant shall be responsible to the Clearing House for the conduct of its owners, principals, directors, officers, employees, trainees and agents. Such conduct shall be treated for the purpose of the Rules as the conduct of the Clearing Participant. For the purpose of these Rules, conduct shall include misconduct, omission, default or neglect.</p>	Rule 3.6	<p>CLEARING PARTICIPANT <b>OR SBL PARTICIPANT/AGENT</b> TO INCLUDE OTHER PERSONS</p> <p>A Clearing Participant <b>or a SBL Participant/Agent</b> shall be responsible to the Clearing House for the conduct of its owners, principals, directors, officers, employees, trainees and agents. Such conduct shall be treated for the purpose of these Rules as the conduct of the Clearing Participant <b>or the SBL Participant/Agent</b>. For the purpose of these</p>	<p>The changes are made to clarify that the responsibility to Bursa Clearing (S) on conduct applies also to SBLNT Participants.</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			Rules, conduct shall include misconduct, omission, default or neglect.	
	CHAPTER 7 <i>BURSA SBL</i>		CHAPTER 7 <b>SECURITIES BORROWING AND LENDING</b>	This is to better reflect the contents of this chapter which encompasses the relevant provisions in relation to both the existing Bursa SBL Transactions under the SBL-CLA model and the proposed SBL Negotiated Transactions under the SBLNT model.
	New provisions	<b>Rule 7.1</b>	<b>SECURITIES BORROWING AND LENDING TRANSACTIONS</b>  The Securities borrowing and lending services provided by the Clearing House shall encompass the following types of transactions:-  (i) <b>Bursa SBL Transactions; and</b>  (ii) <b>SBL Negotiated Transactions.</b>	This is to distinguish the 2 different types of SBL transactions i.e. Bursa SBL Transactions and SBL Negotiated Transactions.

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	New provisions	<b>Rule 7.2</b>	<p><b>PARTIES WHO MAY PARTICIPATE AS LENDER OR BORROWER</b></p> <p>The following persons may participate in the Securities borrowing and lending services provided by the Clearing House in the following manner, subject to compliance with the relevant requirements set out in these Rules:-</p> <p>(i) A Bursa SBL Participant may enter into a Bursa SBL Transaction; and</p> <p>(ii) A SBLNT Participant may enter into a SBL Negotiated Transaction.</p>	<p>This is to clarify the types of eligible persons who may participate in SBL services.</p> <p>A participant who has been approved to do Bursa SBL Transactions may enter into Bursa SBL Transactions only. It is not automatically allowed to do SBL Negotiated Transactions. In order to do SBL Negotiated Transactions, it would have to get Bursa Clearing (S)’s prior approval.</p>
<b>Rule 7.1</b>	<p>APPLICATION TO BE A LENDING PARTICIPANT OR LENDER</p> <p>Any person who wishes to be a Lending Participant or Lender must –</p> <p>(i) submit a complete and duly executed</p>	<b>Rule 7.3</b>	<p>APPLICATION TO BE A LENDING PARTICIPANT, LENDER OR APPROVED LENDER</p> <p>Any person who wishes to be a Lending Participant, Lender or Approved Lender, as the case may be, must:-</p> <p>(i) submit a complete and duly executed</p>	<p>The changes are made to clarify that the application process and procedures apply to both the SBL-CLA model and SBLNT model. In addition to the application form, the applicant would</p>

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	<p>application in the prescribed form to the Clearing House; and</p> <p>(ii) comply with all requirements prescribed by the Clearing House for a Lending Participant or Lender as contained in these Rules, the SBL Conditions or as prescribed by the Clearing House from time to time in relation to <i>the Bursa SBL</i>.</p> <p><i>The Clearing House reserves the right to reject an application by any person to be a Lending Participant or Lender.</i></p>		<p>application <b>and undertaking</b> in the prescribed form to the Clearing House; and</p> <p>(ii) comply with all requirements prescribed by the Clearing House for a Lending Participant, Lender <b>or Approved Lender, as the case may be</b>, as contained in these Rules, the SBL Conditions or as prescribed by the Clearing House from time to time <b>in relation to Securities borrowing and lending</b>.</p>	<p>also have to submit an undertaking to comply with the Rules of Bursa Clearing (S), the format of which will be prescribed via the Operational Procedures. This is to establish the contractual nexus with Bursa Clearing (S).</p>
Rule 7.2	<p><b>APPLICATION TO BE A BORROWER</b></p> <p>(a) <i>A Trading Clearing Participant, or such other category of persons who may be prescribed by the Clearing House to be eligible to apply to become a Borrower, who wishes to be a Borrower must:-</i></p> <p>(i) submit a complete and duly executed application in the prescribed form to the Clearing House;</p> <p>(ii) comply with all requirements prescribed by the Clearing House for</p>	Rule 7.4	<p><b>APPLICATION TO BE A BORROWER OR APPROVED BORROWER</b></p> <p>(a) <b>Any person</b> who wishes to be a Borrower must:-</p> <p>(i) <b>be a Trading Clearing Participant or such other category of persons who is prescribed by the Clearing House to be eligible to become a Borrower;</b></p> <p>(ii) submit a complete and duly executed application <b>and</b></p>	<p>Currently, only Trading Clearing Participants are allowed to apply to be borrowers, both for the Bursa SBL Transactions and the SBL Negotiated Transactions. Bursa Clearing (S) may at a later stage prescribe some other categories of persons to be eligible to become borrowers. The participant that can be an Approved Borrower will be</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>a Borrower as contained in these Rules, the SBL Conditions or as prescribed by the Clearing House from time to time in relation to the Bursa SBL; and</p> <p>(iii) where it is a Trading Clearing Participant, it must comply with Rule 608.4 of the Exchange Rules as may be amended, varied, modified, supplemented or substituted from time to time as if it were the Participating Organisation referred to in such Rule.</p> <p>(b) <i>The Clearing House may exercise discretion over the approval of an application by a Trading Clearing Participant, or such other category of persons who may be prescribed by the Clearing House to be eligible to apply to become a Borrower, to be a Borrower, and 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.</i></p>		<p><b>undertaking</b> in the prescribed form to the Clearing House;</p> <p>(iii) comply with all requirements prescribed by the Clearing House for a Borrower as contained in these Rules, the SBL Conditions or as prescribed by the Clearing House from time to time in relation to the Bursa SBL; and</p> <p>(iv) comply with Rule 608.4 of the Exchange Rules as may be amended, varied, modified, supplemented or substituted from time to time as if it were the Participating Organisation referred to in such Rule.</p> <p>(b) <b>Any person who wishes to be an Approved Borrower must:–</b></p> <p>(i) <b>fall within one of the categories of persons prescribed by the Clearing House to be eligible to become an Approved Borrower;</b></p> <p>(ii) <b>submit a complete and duly executed application and</b></p>	<p>prescribed in the Operational Procedures.</p> <p>The proposed changes also clarify that the requirements currently imposed by Bursa Securities on Borrowers under Rule 608.4 of the Rules of Bursa Malaysia Securities Berhad in relation to Bursa SBL Transactions also apply to an Approved Borrower in relation to the SBL Negotiated Transactions. Such requirements are as follows :-</p> <ul style="list-style-type: none"> <li>➤ Effective Shareholders’ Fund of not less than RM50 million;</li> <li>➤ Establishment of Internal Guidelines for SBL;</li> <li>➤ Systems and</li> </ul>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p>undertaking in the prescribed form via its Borrowing Agent to the Clearing House;</p> <p>(iii) comply with all requirements prescribed by the Clearing House for an Approved Borrower as contained in these Rules, the SBL Conditions or as prescribed by the Clearing House from time to time in relation to the SBL Negotiated Transactions; and</p> <p>(iv) comply with Rule 608.4 of the Exchange Rules as may be amended, varied, modified, supplemented or substituted from time to time as if it were the Participating Organisation referred to in such Rule.</p>	<p>infrastructure for the performance of SBL activities;</p> <p>➤ Submission of written declaration on compliance with Rule 608.4.</p> <p>In addition to the application form, the applicant applying to be an Approved Borrower would also have to submit an undertaking to comply with the Rules of Bursa Clearing (S), the format of which will be prescribed via the Operational Procedures. This is to establish the contractual nexus with Bursa Clearing (S).</p>
	New provisions	Rule 7.5	<p><b>DISCRETION OF THE CLEARING HOUSE</b></p> <p>(a) The Clearing House may exercise discretion over the approval of an application to be a Bursa SBL</p>	<p>This is to ensure that only applicants who meet the minimum</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p><b>Participant or SBLNT Participant, as the case may be, and 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></p> <p><b>(b) The Clearing House may revoke the approval given to a SBLNT Participant, at any time without further reference to the SBLNT Participant when any one or more of the following events occurs:-</b></p> <p><b>(i) When a SBLNT Participant applies for revocation;</b></p> <p><b>(ii) When a SBLNT Participant is no longer eligible under Rule 7.3 or Rule 7.4, as the case may be, to continue as an Approved Lender or Approved Borrower;</b></p> <p><b>(iii) Where it is deemed necessary by the Clearing House.</b></p>	<p>criteria, conditions and requirements prescribed by Bursa Clearing (S) are approved to undertake SBL transactions.</p> <p>Bursa Clearing (S) reserves the right to revoke approval given. One of the situations stated include where the SBLNT Participant is no longer eligible. An example is if the SBLNT Participant no longer falls within the categories of persons prescribed under Rule 7.4(b)(i).</p>
Rule 7.3	<p>BORROWING AND LENDING BY <i>CLEARING PARTICIPANT</i></p> <p>(a) A Clearing Participant who is a Trading Clearing Participant may borrow Eligible Securities from :-</p>	Rule 7.6	<p>BORROWING AND LENDING BY <b>BURSA SBL PARTICIPANTS</b></p> <p>(a) A Clearing Participant who is a Trading Clearing Participant may borrow Eligible Securities from :-</p>	<p>This is to clarify that these provisions are only applicable to Bursa SBL Transactions.</p> <p>It is also to clarify the</p>



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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>(i) the Clearing House whether for itself or its client and the borrowing is subject to such requirements as may be contained in these Rules, the SBL Conditions or prescribed by the Clearing House in relation to the Bursa SBL; or</p> <p>(ii) its client provided that such borrowing is for the sole purpose of lending the Eligible Securities borrowed to the Clearing House, subject to such requirements as may be contained in these Rules or prescribed by the Clearing House in relation to the Bursa SBL.</p> <p>(b) A Clearing Participant may lend Eligible Securities to :-</p> <p>(i) the Clearing House whether for itself or its client subject to such requirements as may be contained in these Rules, the SBL Conditions or prescribed by the Clearing House in relation to the Bursa SBL; or</p> <p>(ii) its client provided that the Clearing</p>		<p>(i) the Clearing House <b>via a Bursa SBL Transaction</b> whether for itself or its client subject to such requirements as may be contained in these Rules, the SBL Conditions or prescribed by the Clearing House in relation to the Bursa SBL; or</p> <p>(ii) its client provided that such borrowing is for the sole purpose of lending such Securities to the Clearing House <b>via a Bursa SBL Transaction</b> subject to such requirements as may be contained in these Rules or prescribed by the Clearing House in relation to the Bursa SBL.</p> <p>(b) A Clearing Participant may lend Eligible Securities to :-</p> <p>(i) the Clearing House <b>via a Bursa SBL Transaction</b> whether for itself or its client subject to such requirements as may be contained in these Rules, the SBL Conditions or prescribed by the Clearing House in relation to the Bursa SBL; or</p> <p>(ii) its client provided that the Clearing</p>	<p>capacity in which a Borrower or a Lender will transact with Bursa in a Bursa SBL Transaction.</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	Participant is a Trading Clearing Participant and the Eligible Securities being lent are the Eligible Securities that had been borrowed from the Clearing House for the sole purpose of lending to such client and such lending is subject to such requirements as may be contained in these Rules, the SBL Conditions or prescribed by the Clearing House in relation to the Bursa SBL.		Participant is a Trading Clearing Participant and the Eligible Securities being lent are Securities that had been borrowed from the Clearing House <b>via a Bursa SBL Transaction</b> for the sole purpose of lending to such client and such lending is subject to such requirements as may be contained in these Rules, the SBL Conditions or prescribed by the Clearing House in relation to the Bursa SBL.  <b>(c) For the avoidance of doubt, in either of the circumstances stated in Rule 7.6(a) or Rule 7.6(b) above, the Borrower or Lender must act as the principal to the Bursa SBL Transaction.</b>	
Rule 7.4	<p>PURPOSE OF SECURITIES BORROWING</p> <p>(a) <i>A Trading Clearing Participant, or such other category of persons who may be prescribed by the Clearing House to be eligible to apply to become a Borrower, who is approved to be a Borrower may only borrow the Loaned Securities from the Clearing House whether for itself or its client and/or lend such Loaned Securities to its client for any one of the following purposes:-</i></p>	Rule 7.7	<p>PURPOSES OF SECURITIES BORROWING</p> <p>(a) <b>Any Borrower or Approved Borrower may borrow Eligible Securities only for any one of the following purposes <b>subject to such requirements as may be prescribed by the Clearing House:-</b></b></p>	This is to clarify that SBL transactions entered into by a Borrower or an Approved Borrower are subject to not only these Rules but also such requirements prescribed by Bursa Clearing (S) in the SBL

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>(i) to facilitate the settlement of a regulated short sale in Eligible Securities <i>and which is effected</i> in accordance with the Exchange Rules, <i>whether on its own account or on account of the Borrower’s client,</i></p> <p>(ii) to facilitate the settlement of a sale of Eligible Securities <i>effected on the Exchange whether on the Borrower’s own account or on account of the Borrower’s client</i> where there are no Securities or insufficient Securities in</p>		<p>(i) to facilitate the settlement of a regulated short sale in Eligible Securities <b>executed</b> 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 <b>seller</b> as will enable the <b>seller</b> to meet its delivery</p>	<p>procedures or circulars.</p> <p>This is to expand the circumstances where borrowing is allowed to include a situation where the regulated short sale (“RSS”) is executed by the client of the Borrower or the Approved Borrower through one broker whereas the securities borrowing is executed through another broker. The manner in which the RSS and the securities borrowing must be executed is provided in the Rules of Bursa Securities and the Operational Procedures of Bursa Clearing (S) respectively.</p> <p>Under the SBL-CLA model in relation to the settlement of a sale to prevent trade settlement failure, the sale and the securities</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>the securities account of the <i>Borrower or the Borrower’s client</i> as will enable the <i>Borrower or the Borrower’s client</i> to meet its delivery obligations to the purchaser (in accordance with the Exchange Rules relating to delivery and settlement) <i>pursuant to a sale trade executed by the Borrower or the Borrower’s client on the Exchange</i>, as a result of a mistake however made when executing the sale <i>trade</i> provided always that the mistake was made in good faith and discovered only after the sale <i>trade</i> has been executed;</p>		<p>obligations to the purchaser (in accordance with the Exchange Rules relating to delivery and settlement) as a result of a mistake however 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>borrowing must be executed through the same broker. Under the SBLNT model, the sale may be executed by the Approved Borrower’s client through one broker whereas the securities borrowing may be executed through another broker. The manner in which the sale and the securities borrowing must be executed is provided in the Rules of Bursa Securities and the Operational Procedures of Bursa Clearing (S) respectively. The term “Borrower or the Borrower’s client” has been replaced by the term “seller” as the latter better describes its capacity in which it delivers securities to the purchaser pursuant to the sale.</p>
	(iii) in relation to Eligible Securities that are		(iii) in relation to Eligible Securities that	Under the SBL-CLA

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>ETF units or the Constituent Securities (the ETF Units, the Constituent Securities or any one of the Constituent Securities shall hereinafter be collectively referred to as “the ETF Related Securities”), to facilitate the settlement of a sale in the ETF Related Securities where the following requirements are complied with:-</p> <p>(aa) the sale was executed by the Borrower in its capacity as a Participating Dealer for that particular ETF Related Securities; and</p> <p>(bb) the Borrower executed the sale as part of its Permitted Short Selling activities in accordance with the rules on Permitted Short Selling as contained in 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>are ETF units or the Constituent Securities (the ETF Units, the Constituent Securities or any one of the Constituent Securities shall hereinafter be collectively referred to as “the ETF Related Securities”), to facilitate the settlement of a sale in the ETF Related Securities where the following requirements are complied with:-</p> <p>(aa) the sale was executed by the Borrower <b>or the Approved Borrower</b> in its capacity as a Participating Dealer for that particular ETF Related Securities; and</p> <p>(bb) the Borrower <b>or the Approved Borrower</b> executed the sale as part of its Permitted Short Selling activities in accordance with the rules on Permitted Short Selling as contained in the Exchange Rules; or</p> <p>(iv) (No change)</p>	<p>model and SBL-OTC model in relation to the settlement of a permitted short sale (“PSS”) in ETF Related Securities, the PSS and the securities borrowing must be executed through the same broker. The manner in which the PSS and the securities borrowing must be executed is provided in the Rules of Bursa Securities and the Operational Procedures of Bursa Clearing (S) respectively.</p> <p>Further, changes are made to clarify that all the prescribed purposes of SBL apply to both the SBL-CLA model and SBLNT model.</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>(b) For the purpose of this sub-rule (a), unless the context otherwise requires –</p> <p>(i) “Constituent Securities” shall have the meaning as is assigned to that expression in the Exchange Rules;</p> <p>(ii) “ETF” means exchange traded fund as defined in the Commission’s Guidelines on Exchange Traded Funds;</p> <p>(iii) “Participating Dealer” shall have the meaning as is assigned to that expression in the Commission’s Guidelines on Exchange Traded Funds;</p> <p>(iv) “Permitted Short Selling” shall have the meaning as is assigned to that expression in the Exchange Rules; and</p> <p>(v) “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) (No change)</p> <p>(ii) (No change)</p> <p>(iii) (No change)</p> <p>(iv) “Permitted Short Selling” shall have the meaning as is assigned to that expression in the Exchange Rules; and</p> <p>(v) “regulated short sale” shall have the same meaning as is assigned to that expression in the Exchange Rules.</p>	
Rule 7.5	<p>APPROVAL AS LENDING AGENT</p> <p>(a) A Clearing Participant seeking approval to</p>	Rule 7.8	<p>APPROVAL AS LENDING AGENT</p> <p>(a) A Clearing Participant seeking approval to</p>	<p>This provision has been extended to apply to SBL Negotiated</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>act as a Lending Agent must:-</p> <p>(i) satisfy the requirements of Rule 7.7(c) <i>below</i>;</p> <p>(ii) apply to the Clearing House to be approved as a Lending Agent; and</p> <p>(iii) submit to the Clearing House a written declaration in the form prescribed in Appendix 1, together with its application as referred to above.</p> <p>(b) Without prejudice to the power conferred on the Clearing House in Rule 2.11 pertaining to the conduct of inspection on a Clearing Participant, the Clearing House may, at any time and/or from time to time prior to or after the receipt of the prescribed declaration in Appendix 1, undertake any inspection and/or audit on the Clearing Participant seeking approval to act as a Lending Agent in the manner determined by the Clearing House.</p>		<p>act as a Lending Agent must:-</p> <p>(i) satisfy the requirements of Rule 7.9(c) <b>or Rule 7.10(c)</b> , as the case may be;</p> <p>(ii) apply to the Clearing House to be approved as a Lending Agent <b>and specify whether it is applying to be a Lending Agent for Bursa SBL Transactions or a Lending Agent for SBL Negotiated Transactions or both</b>; and</p> <p>(iii) submit to the Clearing House a written declaration in the form prescribed in Appendix 1 together with its application as referred to above.</p> <p>(b) Without prejudice to the power conferred on the Clearing House in Rule 2.11 pertaining to the conduct of inspection on a Clearing Participant, the Clearing House may, at any time and/or from time to time prior to or after the receipt of the prescribed declaration in Appendix 1, undertake any inspection and/or audit on the Clearing Participant seeking approval to act as a Lending Agent in the manner determined by the Clearing House.</p>	<p>Transactions.</p> <p>A Clearing Participant may apply to be a Lending Agent for a Bursa SBL Transaction or a SBL Negotiated Transaction. Thus, in the application, it must specify which Lending Agent position it is applying for.</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>(c) The Clearing House may, in approving any application made by a Clearing Participant pursuant to Rule 7.5(a), impose such requirements or conditions as it deems necessary to ensure the smooth operation of <i>transactions relating to the Bursa SBL</i>.</p> <p>(d) Notwithstanding and without prejudice to any other provisions in this Chapter, the Clearing House shall not be obligated to approve the application of every Clearing Participant to be a Lending Agent.</p> <p>(e) A Clearing Participant who has been approved to act as a Lending Agent <i>shall</i> act as the duly appointed agent of the Lending Participant or Lender when performing the functions and responsibilities set out under Rule 7.7(a) and as may be specified from time to time.</p> <p>(f) A Clearing Participant <i>shall</i> not perform the functions and responsibilities set out under Rule 7.7(a) for any Lending Participant <i>or</i> Lender as its agent, unless it has first been approved as a Lending Agent and has entered into a written agreement with such Lending Participant <i>or</i> Lender to be</p>		<p>(c) The Clearing House may, in approving any application made by a Clearing Participant pursuant to Rule 7.8(a), impose such requirements or conditions as it deems necessary to ensure the smooth operation of <b>the Bursa SBL Transactions or the SBL Negotiated Transactions</b>.</p> <p>(d) Notwithstanding and without prejudice to any other provisions in this Chapter, the Clearing House shall not be obligated to approve the application of every Clearing Participant to be a Lending Agent.</p> <p>(e) A Clearing Participant who has been approved to act as a Lending Agent <b>must</b> act as the duly appointed agent of the Lending Participant, Lender <b>or Approved Lender, as the case may be</b>, when performing the functions and responsibilities set out under Rule 7.9(a) <b>or Rule 7.10(a)</b> and as may be specified by the Clearing House from time to time.</p> <p>(f) A Clearing Participant <b>must</b> not perform the functions and responsibilities set out under Rule 7.9(a) <b>or Rule 7.10(a)</b> for any Lending Participant, Lender <b>or Approved Lender, as the case may be</b>, as its agent, unless it has first been approved as a Lending Agent and has entered into a</p>	<p>The minimum contents of the agreement to be entered into between the Lending Agent and the lender will differ depending on whether it is for Bursa SBL</p>



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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	appointed as his or its Lending Agent, which agreement <i>shall</i> include the matters specified in Appendix 2 of these Rules.		written agreement with such Lending Participant, Lender <b>or Approved Lender</b> to be appointed as his or its Lending Agent, which agreement <b>must</b> include the matters specified in Appendix 2 <b>or Appendix 3, respectively</b> of these Rules.	Transactions or SBL Negotiated Transactions. A new Appendix 3 has been incorporated for Lending Agents acting for Approved Lenders.
Rule 7.7	<p><b>FUNCTIONS AND RESPONSIBILITIES OF LENDING AGENT</b></p> <p>(a) A Clearing Participant who is approved and appointed to be a Lending Agent for a Lending Participant or Lender <i>shall</i> have, amongst others, the following functions and responsibilities:-</p> <p>(i) To process the application of any person applying to be a Lending Participant (hereinafter in this Rule referred to as “the Said Lending Participant”);</p> <p>(ii) To give effect to any instructions or orders given by the Said Lending Participant or Lender (hereinafter in this Rule referred to as “the Said Lender”) which include, inter alia, the keying-in of Lending Interests into the Bursa SBL System;</p>	Rule 7.9	<p><b>FUNCTIONS AND RESPONSIBILITIES OF LENDING AGENT FOR BURSA SBL TRANSACTIONS</b></p> <p>(a) A Clearing Participant who is approved and appointed to be a Lending Agent for a Lending Participant or Lender <b>must</b> have, amongst others, the following functions and responsibilities:-</p> <p>(i) (No change)</p> <p>(ii) (No change)</p>	<p>This is to :-</p> <ul style="list-style-type: none"> <li>➤ clarify that these functions and responsibilities apply to a Lending Agent for the SBL-CLA model and not to a Lending Agent for the SBLNT model;</li> <li>➤ provide accuracy and clarity to the existing functions and responsibilities of a Lending Agent in relation to Bursa SBL Transactions; and</li> <li>➤ reflect the changes in the numbering of</li> </ul>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>(iii) To transmit or forward to the Said Lending Participant or Said Lender any notification or update communicated by the Clearing House via the Bursa SBL System in relation to the transactions by the Said Lending Participant or Said Lender relating to the Bursa SBL (other than notices pertaining to the issue of announcements made by an issuer of the Securities comprised in the Loaned Securities of any action taken by such issuer in relation to or arising from its Securities including payment of dividend, issue of bonus Securities and other rights and interests associated with its Securities, capital restructuring and Securities consolidation) or received by the Lending Agent from the Clearing House for the information of the Said Lending Participant or Said Lender, including but not limited to, such matters relating to any approval of Lending Interests, recall of Loaned Securities, entitlement received or is to be received by the Said Lender arising from any corporate action with respect to the Loaned Securities in accordance with the SBL Conditions;</p>		<p>(iii) To transmit or forward to the Said Lending Participant or Said Lender any notification or update communicated by the Clearing House in relation to the transactions <b>entered into</b> by the Said Lending Participant or Said Lender relating to the Bursa SBL (other than notices pertaining to the issue of announcements made by an issuer of the Securities comprised in the Loaned Securities of any action taken by such issuer in relation to or arising from its Securities including payment of dividend, issue of bonus Securities and other rights and interests associated with its Securities, capital restructuring and Securities consolidation) or received by the Lending Agent from the Clearing House for the information of the Said Lending Participant or Said Lender, including but not limited to, such matters relating to any approval of Lending Interests, recall of Loaned Securities, entitlement received or is to be received by the Said Lender arising from any corporate action with respect to the Loaned Securities in accordance with the SBL Conditions;</p>	<p>the relevant Rules.</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>(iv) To collect all documents, forms, agreements, deeds including any amendments or variations thereof relating to or governing the Bursa SBL as the Clearing House may require from time to time, from the Said Lending Participant or the Said Lender for submission to the Clearing House and from the Clearing House for transmission to the Said Lending Participant or the Said Lender;</p> <p>(v) To receive into the Lending Agent’s bank account designated for the receipt of any fees, charges or income arising with respect to any Loaned Securities due and payable by the Clearing House to the Said Lender relating to the Bursa SBL (“Designated Bank Account”) and to pay to the Said Lender such fees, charges or income as may be prescribed by the Clearing House from time to time and that have been credited into the Lending Agent’s Designated Bank Account by the Clearing House subject to the deduction of any fees and charges as may be agreed between the Said Lender and the Lending Agent, and</p>		<p>(iv) (No change)</p> <p>(v) (No change)</p>	

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>to collect from the Said Lender and to pay to the Clearing House, any fees and charges due and payable by the Said Lender to the Clearing House relating to the Bursa SBL as may be prescribed by the Clearing House from time to time without any deduction or set off;</p> <p>(vi) To furnish to the Clearing House such documents relating to the Bursa SBL and such advice, statement and report on the operation of transactions relating to the Bursa SBL at such times and in such manner as may be prescribed by the Clearing House;</p> <p>(vii) To give effect to any instructions, directives or orders given by the Clearing House to facilitate the operation of any transactions by the Lending Participant or Lender relating to the Bursa SBL or the SBL Conditions; and</p> <p>(viii) Such other functions and responsibilities as may be specified by the Clearing House from time to time.</p> <p>(b) The Clearing House may, by notice given to</p>		<p>(vi) To furnish to the Clearing House such <b>information or</b> documents relating to the Bursa SBL and such advice, statement and report on the operation of transactions relating to the Bursa SBL at such times and in such manner as may be prescribed by the Clearing House;</p> <p>(vii) (No change)</p> <p>(viii) (No change)</p> <p>(b) (No change)</p>	

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**PROPOSED AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN. BHD. (“BURSA CLEARING (S)”) IN RELATION TO SECURITIES BORROWING AND LENDING NEGOTIATED TRANSACTIONS (“SBL NEGOTIATED TRANSACTIONS”)**

EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>the Clearing Participant from time to time, amend, vary or modify the functions and responsibilities of the Clearing Participant in relation to the Bursa SBL.</p> <p>(c) A Clearing Participant seeking approval to act as a Lending Agent or who is approved to act as a Lending Agent 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 7.7(a).</p> <p>(d) A Clearing Participant approved as a Lending Agent must perform the functions and responsibilities stipulated in Rule 7.7(a) on behalf of the Said Lending Participant or Said Lender in accordance with the procedures or requirements as may be imposed by the Clearing House from time to time.</p>		<p>(c) A Clearing Participant seeking approval to act as a Lending Agent or who is approved to act as a Lending Agent 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 7.9 (a).</p> <p>(d) <b>In performing</b> the functions and responsibilities stipulated in Rule 7.9(a) on behalf of the Said Lending Participant or Said Lender, <b>a Clearing Participant approved as a Lending Agent must comply</b> with the procedures or requirements as may be imposed by the Clearing House from time to time.</p>	
	New provisions	<b>Rule 7.10</b>	<p><b>FUNCTIONS AND RESPONSIBILITIES OF LENDING AGENT FOR SBL NEGOTIATED TRANSACTIONS</b></p> <p>(a) <b>A Clearing Participant who is approved and appointed to be a Lending Agent for an Approved Lender must have, amongst others, the following</b></p>	This is to set out the functions and responsibilities of a Lending Agent in

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p><b>functions and responsibilities:-</b></p> <p><b>(i) To process the application of any person applying to be an Approved Lender (hereinafter in this Rule referred to as “the said Approved Lender”);</b></p> <p><b>(ii) To transmit or forward to the Said Approved Lender any notification or update communicated by the Clearing House in relation to the Said Approved Lender’s SBL Negotiated Transactions or received by the Lending Agent from the Clearing House for the information of the Said Approved Lender;</b></p> <p><b>(iii) To collect all documents, forms, agreements, deeds including any amendments or variations thereof relating to or governing the SBL Negotiated Transactions as the Clearing House may require from time to time, from the Said Approved Lender for submission to the Clearing House and from the Clearing House for transmission to the Said</b></p>	<p>relation to the SBLNT model. They are substantially similar to that of a Lending Agent for the SBL-CLA model except for the following functions:-</p> <p>(i) Removal of the function to give effect to instructions or orders given by the Approved Lender. This is because it is irrelevant as it is a private arrangement between the Lending Agent and the Approved Lender under the SBLNT model and does not involve Bursa Clearing (S);</p> <p>(ii) Removal of the function in relation to the transmission of corporate action notices between the lender and the borrower. This is because under the SBLNT model, Bursa Clearing (S) is not a</p>

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**PROPOSED AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN. BHD. (“BURSA CLEARING (S)”) IN RELATION TO SECURITIES BORROWING AND LENDING NEGOTIATED TRANSACTIONS (“SBL NEGOTIATED TRANSACTIONS”)**

EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p><b>Approved Lender;</b></p> <p><b>(iv) To receive any fees and charges due and payable by the Said Approved Lender to the Clearing House arising with respect to any of the services and facilities provided by the Clearing House in relation to the SBL Negotiated Transactions and to pay to the Clearing House such fees and charges in relation to the SBL Negotiated Transactions;</b></p> <p><b>(v) To furnish to the Clearing House such information or documents relating to the SBL Negotiated Transactions and such advice, statement and report on the operation of the SBL Negotiated Transactions at such times and in such manner as may be prescribed by the Clearing House;</b></p> <p><b>(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 Lender</b></p>	<p>party to the SBL Negotiated Transactions, thus, will not be involved in any corporate action;</p> <p>(iii) Removal of the obligation to pay into a designated bank account any fees and charges payable between the Approved Lender and Bursa Clearing (S). This is because under the SBLNT model, the Lending Agent will not be required to open a designated bank account for the purpose of receiving the relevant fee which is payable by the Approved Lender to Bursa Clearing (S) for the use of the SBL service and facilities; and</p> <p>(iv) Insertion of a new function for the Lending Agent to notify Bursa Clearing (S) of any</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p>relating to the SBL Negotiated Transactions;</p> <p>(vii) To immediately notify the Clearing House upon it becoming aware of any breach committed or likely to be committed by the Said Approved Lender of any of these Rules or requirements imposed by the Clearing House on the Said Approved Lender in relation to the SBL Negotiated Transactions; and</p> <p>(viii) Such other functions and responsibilities as may be specified by the Clearing House from time to time.</p> <p>(b) The Clearing House may, by notice given to the Clearing Participant from time to time, amend, vary or modify the functions and responsibilities of the Clearing Participant as a Lending Agent in relation to the SBL Negotiated Transactions.</p>	<p>breach of the SBLNT rules and requirements by the Approved Lender. This is to enable Bursa to give “warnings” to other Approved Lenders of the default of an Approved Lender.</p> <p>This is to facilitate any changes to the functions and responsibilities of a Lending Agent in relation to SBL Negotiated Transactions as may be prescribed by Bursa Clearing (S) from time to time.</p>



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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p>(c) A Clearing Participant seeking approval to act as a Lending Agent or who is approved to act as a Lending Agent 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 7.10(a).</p> <p>(d) In performing the functions and responsibilities stipulated in Rule 7.10(a) on behalf of the Said Approved Lender, a Clearing Participant approved as a Lending Agent must comply with the procedures or requirements as may be imposed by the Clearing House from time to time.</p>	<p>This is to ensure that a Clearing Participant, upon approval to act as a Lending Agent by Bursa Clearing (S), is ready to commence SBL operations.</p> <p>This is to ensure compliance by a Lending Agent with all requirements prescribed by Bursa Clearing (S) in relation to SBL Negotiated Transactions.</p>
	New provisions	Rule 7.11	<p><b>APPROVAL AS BORROWING AGENT</b></p> <p>(a) A Clearing Participant seeking approval to act as a Borrowing Agent in relation to the SBL Negotiated Transactions must:-</p> <p>(i) satisfy the requirements of Rule 7.12(c) below;</p> <p>(ii) apply to the Clearing House to be approved as a Borrowing Agent;</p>	<p>This is to provide for the approval process of a Borrowing Agent, which is similar to that of a Lending Agent. The Borrowing Agent would also have to provide a written declaration similar to that provided by a</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p align="center">and</p> <p>(iii) submit to the Clearing House a written declaration in the form prescribed in Appendix 4, together with its application as referred to above.</p> <p>(b) Without prejudice to the power conferred on the Clearing House in Rule 2.11 pertaining to the conduct of inspection on a Clearing Participant, the Clearing House may, at any time and/or from time to time prior to or after the receipt of the prescribed declaration in Appendix 4, undertake any inspection and/or audit on the Clearing Participant seeking approval to act as a Borrowing Agent in the manner determined by the Clearing House.</p> <p>(c) The Clearing House may, in approving any application made by a Clearing Participant pursuant to Rule 7.11(a), impose such requirements or conditions as it deems necessary to ensure the smooth operation of the SBL Negotiated Transactions.</p> <p>(d) Notwithstanding and without prejudice to any other provisions in this Chapter,</p>	<p>Lending Agent.</p> <p>This is to ensure that a Clearing Participant, upon approval to act as a Borrowing Agent by Bursa Clearing (S), is ready to undertake SBL transactions.</p> <p>This is to empower Bursa Clearing (S) to impose continuous obligations which are to be complied with by a Borrowing Agent on an ongoing basis.</p> <p>This is to enable Bursa Clearing (S) to exercise</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p>the Clearing House shall not be obligated to approve the application of every eligible Clearing Participant to be a Borrowing Agent.</p> <p>(e) A Clearing Participant who has been approved to act as a Borrowing Agent must act as the duly appointed agent of the Approved Borrower when performing the functions and responsibilities set out under Rule 7.12(a) and as may be specified from time to time.</p> <p>(f) A Clearing Participant must not perform the functions and responsibilities set out under Rule 7.12(a) for any Approved Borrower as its agent, unless it has first been approved as a Borrowing Agent and has entered into a written agreement with such Approved Borrower to be appointed as his or its Borrowing Agent, which agreement must include the matters specified in Appendix 5 of these Rules.</p>	<p>discretion in approving a Clearing Participant to be a Borrowing Agent.</p> <p>This is to ensure compliance by a Borrowing Agent with the respective functions and responsibilities prescribed by Bursa Clearing (S).</p> <p>The Borrowing Agent must ensure that it enters into a written agreement with the Approved Borrower before it acts as the Borrowing Agent. This is to establish the contractual relationship with the Approved Borrower. The minimum contents of the agreement have been prescribed under Appendix 5. This, however, is not a sample agreement but merely contains matters</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
				which must be reflected in the agreement.
	New provisions	Rule 7.12	<p><b>FUNCTIONS AND RESPONSIBILITIES OF BORROWING AGENT</b></p> <p>(a) A Clearing Participant who is approved and appointed to be a Borrowing Agent for an Approved Borrower must have, amongst others, the following functions and responsibilities:-</p> <p>(i) To process the application of any eligible person applying to be an Approved Borrower (hereinafter in this Rule referred to as “the Said Approved Borrower”);</p> <p>(ii) To transmit or forward to the Said Approved Borrower any notification or update communicated by the Clearing House in relation to the Said Approved Borrower’s SBL Negotiated Transactions or received by the Borrowing Agent from the Clearing House for the information of the Said Approved Borrower;</p> <p>(iii) To collect all documents, forms,</p>	<p>This is to set out the functions and responsibilities of a Borrowing Agent in relation to the SBLNT model. They are substantially similar to the functions and responsibilities of a Lending Agent for the SBL-CLA model except for the following functions:-</p> <p>(i) Removal of the function to give effect to instructions or orders given by the Approved Borrower. This is because it is irrelevant as it is a private arrangement between the Borrowing Agent and the Approved Borrower under the</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p><b>agreements, deeds including any amendments or variations thereof relating to or governing the SBL Negotiated Transactions as the Clearing House may require from time to time, from the Said Approved Borrower for submission to the Clearing House and from the Clearing House for transmission to the Said Approved Borrower;</b></p> <p><b>(iv) To receive any fees and charges due and payable by the Said Approved Borrower to the Clearing House arising with respect to any of the services and facilities provided by the Clearing House in relation to the SBL Negotiated Transactions and to pay to the Clearing House such fees and charges in relation to the SBL Negotiated Transactions;</b></p> <p><b>(v) To furnish to the Clearing House such information or documents relating to the SBL Negotiated Transactions and such advice, statement and report on the operation of the SBL Negotiated Transactions at such times and</b></p>	<p>SBLNT model and does not involve Bursa Clearing (S);</p> <p>(ii) Removal of the function in relation to the transmission of corporate action notices between the lender and the borrower. This is because under the SBLNT model, Bursa Clearing (S) is not a party to the SBL Negotiated Transactions, thus, will not be involved in any corporate action;</p> <p>(iii) Removal of the obligation to pay into a designated bank account any fees and charges payable between the Approved Borrower and Bursa Clearing (S). This is because under the SBLNT model, the Borrowing Agent will not be required to open a designated bank</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p>in such manner as may be prescribed by the Clearing House;</p> <p>(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 Borrower relating to the SBL Negotiated Transactions;</p> <p>(vii) To immediately notify the Clearing House upon it becoming aware of any breach committed or likely to be committed by the Said Approved Borrower of any of these Rules or requirements imposed by the Clearing House on the Said Approved Borrower in relation to the SBL Negotiated Transactions; and</p> <p>(viii) Such other functions and responsibilities as may be specified by the Clearing House from time to time.</p> <p>(b) The Clearing House may, by notice given to the Clearing Participant from time to time, amend, vary or modify the functions and responsibilities of the</p>	<p>account for the purpose of receiving the relevant fee which is payable by the Approved Borrower to Bursa Clearing (S) for the use of the SBL service and facilities; and</p> <p>(iv) Insertion of a new function for the Borrowing Agent to notify Bursa Clearing (S) of any breach of the SBLNT rules and requirements by the Approved Borrower. This is to enable Bursa to give “warnings” to other Approved Borrowers of the default of an Approved Borrower.</p> <p>This is to facilitate any changes to the functions and responsibilities of a</p>

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**PROPOSED AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN. BHD. (“BURSA CLEARING (S)”) IN RELATION TO SECURITIES BORROWING AND LENDING NEGOTIATED TRANSACTIONS (“SBL NEGOTIATED TRANSACTIONS”)**

EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p><b>Clearing Participant as a Borrowing Agent in relation to the SBL Negotiated Transactions.</b></p> <p><b>(c) A Clearing Participant seeking approval to act as a Borrowing Agent or who is approved to act as a Borrowing Agent 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 7.12(a).</b></p> <p><b>(d) In performing the functions and responsibilities stipulated in Rule 7.12(a) on behalf of the Said Approved Borrower, a Clearing Participant must comply with the procedures or requirements as may be imposed by the Clearing House from time to time.</b></p>	<p>Borrowing Agent as may be prescribed by Bursa Clearing (S) from time to time.</p> <p>This is to ensure that a Clearing Participant, upon approval to act as a Borrowing Agent, is ready to commence SBL operations.</p> <p>This is to ensure compliance by a Borrowing Agent with all requirements prescribed by Bursa Clearing (S) in relation to SBL Negotiated Transactions.</p>
Rule 7.6	<p><b>ACCESS TO BURSA SBL SYSTEM</b></p> <p>(a) Upon approval of an application to be a Lending Agent made pursuant to Rule 7.5(a), the Clearing Participant shall be given access to the Bursa SBL System to perform any of its functions and</p>	Rule 7.13	<p><b>ACCESS TO BURSA SBL SYSTEM OR SBLNT SYSTEM</b></p> <p>(a) Upon approval of an application to be a Lending Agent <b>or a Borrowing Agent</b> made pursuant to Rule 7.8(a) <b>or Rule 7.11(a) respectively</b>, the Clearing</p>	<p>There will be 2 separate systems used for SBL i.e. Bursa SBL System and SBLNT System. Thus, the Lending Agent or the Borrowing Agent will be</p>

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**PROPOSED AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN. BHD. (“BURSA CLEARING (S)”) IN RELATION TO SECURITIES BORROWING AND LENDING NEGOTIATED TRANSACTIONS (“SBL NEGOTIATED TRANSACTIONS”)**

EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>responsibilities as a Lending Agent in relation to the Bursa SBL.</p> <p>(b) Such Clearing Participant <i>shall</i> comply with any conditions or requirements prescribed by the Clearing House from time to time in relation to the access to or usage of the Bursa SBL System.</p>		<p>Participant shall be given access to the Bursa SBL System <b>or the SBLNT System, as the case may be</b>, to perform any of its functions and responsibilities as a Lending Agent <b>or a Borrowing Agent</b> in relation to the Bursa SBL Transactions <b>or the SBL Negotiated Transactions, respectively.</b></p> <p>(b) Such Clearing Participant <b>must</b> comply with any conditions or requirements prescribed by the Clearing House from time to time in relation to the access to or usage of the Bursa SBL System <b>or the SBLNT System, respectively.</b></p>	<p>given access to the relevant SBL systems for which it has been approved to act as Lending Agent or Borrowing Agent.</p>
	New provisions	Rule 7.14	<p><b>SBL NEGOTIATED TRANSACTIONS</b></p> <p>(a) <b>The Approved Borrower must ensure that it obtains a confirmation from the Approved Lender that the Approved Lender has the Eligible Securities available to be lent to the Approved Borrower. Such confirmation must contain such details and be maintained in such manner as prescribed by the Clearing House.</b></p>	<p>This is to ensure that both the Approved Lender and the Approved Borrower have agreed to the SBL transaction before the Approved Borrower or its client executes a short sale. This is consistent with Rule 704.6(2) of the Rules of Bursa Securities which requires a borrow</p>



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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p>(b) <b>SBLNT Participants who have agreed on a SBL Negotiated Transaction and wish to have the Loaned Securities delivered must notify the Clearing House of the prescribed details of the SBL Negotiated Transaction through their appointed Lending Agent or Borrowing Agent respectively and in the manner as prescribed by the Clearing House.</b></p> <p>(c) <b>Upon receipt of the relevant notifications from both the SBLNT Participants, the Clearing House shall be authorised by the Approved Lender and Approved Borrower, respectively, to instruct the Central Depository to debit or credit the securities accounts provided by the Approved Lender and Approved Borrower, as the case may be, for the purpose of delivery of the Loaned Securities to the Approved Borrower provided that:-</b></p> <p>(i) <b>the relevant details provided by</b></p>	<p>confirmation to be in place first before a regulated short sale can be effected.</p> <p>The Approved Lender and the Approved Borrower must key-in the relevant details into the SBLNT System in order for Bursa Clearing (S) to instruct Bursa Depository to effect the relevant entries in their securities accounts.</p> <p>The keying-in of the notifications by the Approved Lender and the Approved Borrower are taken as authorisation for the Clearing House to instruct the Central Depository to move the securities from the Approved Lender’s securities account to the Approved Borrower’s securities account. Under the Operational</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p>the SBLNT Participants are validated in the manner prescribed by the Clearing House; and</p> <p>(ii) there are sufficient Securities in the securities account of the Approved Lender at the relevant time as stipulated by the Clearing House to satisfy the delivery of the Loaned Securities.</p> <p>(d) The Clearing House shall not be obliged to enquire into the existence of a valid securities borrowing and lending agreement between the Approved Lender and the Approved Borrower or the existence or adequacy of the collateral provided for the SBL Negotiated Transaction</p>	<p>Procedures, the Approved Borrower will key-in the notifications and the Approved Lender has to confirm the same. The details on such notifications will be validated by the SBLNT System. If there are insufficient securities in the Approved Lender’s securities account, the Clearing House will notify the Approved Lender and the Approved Borrower for them to proceed with the necessary and key-in the relevant notifications into the SBLNT System.</p> <p>As this is an OTC transaction, the Clearing House will assume that there is an agreement for SBL in place between the Approved Lender and the Approved Borrower.</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p>prior to the delivery of the Loaned Securities to the Approved Borrower.</p> <p>(e) The SBLNT Participants may adjust or vary the amount of Loaned Securities at any time prior to the termination of the loan in the manner prescribed by the Clearing House.</p> <p>(f) SBLNT Participants who wish to return the Loaned Securities partially or in full must notify the Clearing House of the prescribed details of the return through their appointed Lending Agent or Borrowing Agent, respectively. Upon receipt of the relevant notifications from both the SBLNT Participants, the Clearing House shall be authorised by the Approved Lender and Approved Borrower, respectively, to instruct the Central Depository to debit or credit the securities accounts provided by</p>	<p>It will not be making enquiries on that fact but will proceed purely on the basis of the notifications keyed into the SBLNT System.</p> <p>This is to allow SBLNT Participant to adjust the amount of Loaned Securities pursuant to share entitlements arising from corporate action which include bonus issue, subdivision of shares or share consolidation.</p> <p>SBLNT Participants who wish to return the loaned securities must also notify the Clearing House through the SBLNT System so that the Clearing House can direct the Central Depository to move the securities back from the Approved Borrower’s securities account to the Approved Lender’s securities account.</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p>the Approved Lender and Approved Borrower, as the case may be for re-delivery of the Loaned Securities to the Approved Lender provided that –</p> <ul style="list-style-type: none"> <li>(i) the relevant details provided by the SBLNT Participants are validated in the manner prescribed by the Clearing House; and</li> <li>(ii) there are sufficient Securities in the securities account of the Approved Borrower at the relevant time as stipulated by the Clearing House to satisfy the re-delivery of the Loaned Securities.</li> </ul> <p>(g) Upon termination of the loan by the Approved Lender or the Approved Borrower, the Approved Borrower must return the Loaned Securities to the Approved Lender within the timeframe and in the manner prescribed by the Clearing House.</p>	<p>This is to ensure that the Approved Borrower, in returning the Loaned Securities to the Approved Lender upon termination of the loan, must comply with the relevant requirements prescribed by Bursa Clearing (S).</p>
Rule 7.8	ACTION BY THE CLEARING HOUSE	Rule 7.15	ACTION BY THE CLEARING HOUSE	

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**PROPOSED AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN. BHD. (“BURSA CLEARING (S)”) IN RELATION TO SECURITIES BORROWING AND LENDING NEGOTIATED TRANSACTIONS (“SBL NEGOTIATED TRANSACTIONS”)**

EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>(a) <i>Without prejudice to any other powers of the Clearing House contained in the Act, these Rules or any directives, circulars or instructions issued by the Clearing House from time to time, if the Clearing Participant commits a breach of any of the requirements stipulated in this Chapter, the Clearing House may exercise any of the following powers immediately without further reference to the Clearing Participant in question:-</i></p>		<p><b>(a) The Clearing House may exercise any of the powers set out in Rule 7.15(b) immediately without further reference to a SBL Participant/Agent if :-</b></p> <p><b>(i) the SBL Participant/Agent commits a breach of any of the conditions or requirements imposed by the Clearing House in relation to the Bursa SBL Transactions or the SBL Negotiated Transactions;</b></p> <p><b>(ii) the Clearing House determines in its absolute discretion that the SBL Participant/Agent is in a state of being unable to conduct any of the Bursa SBL Transactions or the SBL Negotiated Transactions due to any circumstances including bankruptcy and insolvency;</b></p> <p><b>(iii) the Clearing House determines that the SBL Participant/Agent is likely to damage other SBL Participants/Agents as a result of violating any of the requirements or obligations in relation to the Bursa SBL Transactions or the SBL Negotiated Transactions; or</b></p>	<p>In order to ensure that there are fair and orderly transactions in SBL, the Clearing House retains the discretion to take certain actions upon the occurrence of events as specified. The events have been expanded given that now Clearing Participants can also participate in SBL Negotiated Transactions which do not involve the Clearing House as a party. Under the Bursa SBL, some of these events are stipulated in the Terms and Conditions for the Lender and the Borrower, such as suspension of further lending and borrowing by the Lender and the Borrower and termination of contractual relationship with the Lender or the Borrower.</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>(i) prohibit the <i>Clearing Participant</i> from entering into any or all new transactions in relation to the Bursa SBL and/or transactions contemplated under the SBL Conditions; or</p> <p>(ii) suspend or terminate the <i>Clearing Participant</i> as a <i>Lending Agent</i>.</p>		<p>(iv) in any such circumstances which the Clearing House in its absolute discretion deems fit.</p> <p>(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 from time to time, the actions which the Clearing House may take upon the happening of any of the events set out in Rule 7.15(a) include one or more of the following:-</p> <p>(i) prohibit the <b>SBL Participant/Agent</b> from entering into any or all new <b>Bursa SBL Transactions or SBL Negotiated Transactions</b> and/or transactions contemplated under any directives, circulars or instructions issued by the Clearing House in relation to the Bursa SBL Transactions or the SBL Negotiated Transactions;</p> <p>(ii) suspend or terminate the <b>SBL Participant/Agent</b> as a <b>SBL Participant/Agent</b>;</p> <p>(iii) <b>notify all SBL Participants/Agents of the suspension or termination</b></p>	<p>The actions that may be taken have been expanded to take into account SBL Negotiated Transactions.</p> <p>This is to enable us to give “warnings” to other</p>

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**PROPOSED AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN. BHD. (“BURSA CLEARING (S)”) IN RELATION TO SECURITIES BORROWING AND LENDING NEGOTIATED TRANSACTIONS (“SBL NEGOTIATED TRANSACTIONS”)**

EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p align="center"><b>of any SBL Participant/Agent; or</b></p> <p><b>(iv) limit the activities or access of the SBL Participant/Agent to the services and facilities provided by the Clearing House in relation to the Bursa SBL Transactions or the SBL Negotiations Transactions on such terms and for such duration as the Clearing House may in its absolute discretion determine.</b></p> <p><b>(c)</b> Where an action has been taken under Rule 7.15(b), a <b>SBL Participant/Agent</b> may make representations to the Clearing House for the discontinuance of the action taken. The Clearing House may after the representations were 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 7.15(b) in the first place.</p> <p><b>(d)</b> 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 7.15(b) provided that the Clearing House has acted in good faith.</p>	SBLNT Participants of the default of a SBLNT Participant.

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**PROPOSED AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN. BHD. (“BURSA CLEARING (S)”) IN RELATION TO SECURITIES BORROWING AND LENDING NEGOTIATED TRANSACTIONS (“SBL NEGOTIATED TRANSACTIONS”)**

EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>(b) Where an action has been taken under Rule 7.8(a), a <i>Clearing Participant</i> may make representations to the Clearing House for the discontinuance of the action taken. The Clearing House may after the representations were made, discontinue with the action taken. However, such discontinuance <i>shall</i> not be construed as an omission or error of any kind on the part of the Clearing House in undertaking the action under Rule 7.8(a) in the first place.</p> <p>(c) 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 7.8(a) provided that the Clearing House has acted in good faith.</p>		<p>(e) <b>Notwithstanding any provisions to the contrary as contained in these Rules, the Clearing House, where it deems necessary, may:-</b></p> <p>(i) <b>suspend its services and facilities for the Bursa SBL Transactions or the SBL Negotiated Transactions entirely or partially for such duration as the Clearing House in its absolute discretion deems fit; or</b></p> <p>(ii) <b>terminate a Bursa SBL Transaction or direct a SBLNT Participant to terminate its SBL Negotiated Transaction, in accordance with any directive or instruction issued by any relevant authority in Malaysia or required by any written law, and further direct the Borrower or Approved Borrower to re-deliver the Loaned Securities to the Lender or Approved Lender respectively within the timeframe and in the manner as prescribed by the Clearing House.</b></p>	<p>This empowers the Clearing House to suspend its services for SBL. Where it is wholly suspended, no SBL activities can further take place.</p> <p>This is the power of the Clearing House to reduce the SBL Negotiated Transactions in the market.</p>



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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	New provisions	<b>Rule 7.16</b>	<p><b>PROVISION OF INFORMATION</b></p> <p>The SBL Participants/Agents must furnish to the Clearing House or the Commission any information or document in relation to any Bursa SBL Transaction or SBL Negotiated Transaction respectively as required by the Clearing House or the Commission from time to time.</p>	There may be situations where the SC or the Clearing House may need further information regarding the SBL transaction. This is to enable the SC and the Clearing House to discharge its respective duties. As such, the SBL Participants must provide such information as requested by the SC or the Clearing House.
	New provisions	<b>Rule 7.17</b>	<p><b>DISCLOSURE OF INFORMATION</b></p> <p>Notwithstanding any provisions in these Rules, the Clearing House shall be entitled to do the following :-</p> <p>(a) disclose any information or to produce any document in its possession or control in relation to the Bursa SBL Transaction or SBL Negotiated Transaction respectively if required or requested to do so by the</p>	This is an authorisation to Bursa Clearing (S) to disclose any SBL-related information or documents to the SC or Bursa Securities, whether upon request or to facilitate the discharge of duties and functions by such authorities.

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**PROPOSED AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN. BHD. (“BURSA CLEARING (S)”) IN RELATION TO SECURITIES BORROWING AND LENDING NEGOTIATED TRANSACTIONS (“SBL NEGOTIATED TRANSACTIONS”)**

EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p>Commission; and</p> <p>(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 Bursa SBL System or the SBLNT System, for the purpose of facilitating the performance of their duties and functions under the relevant requirements, rules or laws.</p>	
	New provisions	Rule 7.18	<p><b>FEES AND CHARGES</b></p> <p>(a) A SBL Participant/Agent 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 Bursa SBL Transactions or the SBL Negotiated Transactions, as the case may be.</p>	<p>As not all SBL Participants/Agents are Clearing Participants of Bursa Clearing (S), this Rule clarifies the obligation of a SBL Participant/Agent, irrespective of whether or not it is a Clearing Participant, to pay the relevant fees and charges for the use of any of the SBL services and facilities.</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			(b) <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 SBL Circulars and without any further notice to the SBL Participant/Agent.</b>	This is to facilitate any changes to the prescribed fees and charges by Bursa Clearing (S).
Rule 7.9	<p>LIABILITY</p> <p>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 conferred or imposed on the Clearing House in relation to the Bursa SBL and exercised by the Clearing House in good faith.</p>	Rule 7.19	<p>LIABILITY</p> <p>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 <b>or function</b> conferred or imposed on the Clearing House in relation to the Bursa SBL <b>Transactions or the SBL Negotiated Transactions, as the case may be,</b> and exercised by the Clearing House in good faith.</p>	The changes are made to clarify that the existing exclusion of liability provision in this Rule also applies to the SBLNT model.
	New provisions	Rule 7.20	<p><b>FORCE MAJEURE</b></p> <p>(a) <b>In the event that the Clearing House is required to suspend the operation of the Bursa SBL System or the SBLNT System, as the case may be, and the provision of all ancillary services where for any reason the records of the</b></p>	This Rule is inserted to clarify the extent on liability of Bursa Clearing (S) in the event of force majeure. This provision is consistent with the force majeure provision

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p><b>Clearing House, the Central Depository, the Bursa SBL System or the SBLNT 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 a SBL Participant/Agent.</b></p> <p><b>(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 SBL Participant/Agent 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.</b></p>	currently contained in the Terms and Conditions for the Lender and the Borrower under the SBL-CLA model.
Rule 7.10	INDEMNITY	Rule 7.21	INDEMNITY BY LENDING AGENT OR	The existing indemnity

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>Each Clearing Participant shall be responsible for its own operations and functions as a Lending Agent in relation to the Bursa SBL as are required under these Rules, the SBL Circulars or otherwise and <i>shall</i> 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 Clearing Participant as a Lending Agent, 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 Clearing Participant, its servants or agents, provided always that such action or omission were committed during its tenure as a Lending Agent.</p>		<p><b>BORROWING AGENT</b></p> <p>Each Clearing Participant shall be responsible for its own operations and functions as a Lending Agent <b>or Borrowing Agent</b> in relation to the Bursa SBL <b>Transactions or the SBL Negotiated Transactions</b> as are required under these Rules, the SBL Circulars or otherwise and <b>must fully</b> 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 Clearing Participant as a Lending Agent <b>or Borrowing Agent</b>, 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 Clearing Participant, its servants or agents, provided always that such action or omission were committed during its tenure as a Lending Agent <b>or Borrowing Agent</b>.</p>	<p>provision has been expanded to cover the duty of a Lending Agent and a Borrowing Agent in relation to SBL Negotiated Transactions to indemnify Bursa Clearing (S) for any losses incurred or damage suffered by Bursa Clearing (S) as a result of any action or omission committed by the Lending Agent and the Borrowing Agent during the period when they act as agents to the Approved Lenders and the Approved Borrowers.</p>
	New provisions	<b>Rule 7.22</b>	<p><b>INDEMNITY BY BURSA SBL PARTICIPANT OR SBLNT PARTICIPANT</b></p> <p><b>Each Bursa SBL Participant or SBLNT Participant must fully indemnify and hold the Clearing House indemnified from and against any loss, damage, claim, liability, cost or expense (including but not limited to</b></p>	<p>This is to distinguish the duty of indemnity by Bursa SBL Participants and SBLNT Participants from the duty of indemnity by Lending Agents and Borrowing Agents, as</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p><b>legal costs on a solicitor and client basis) suffered or incurred by the Clearing House, whether directly or indirectly, for, on account of, or in respect of anything done, any statement made or omitted to be done or made, by the Clearing House in connection with the discharge or performance or purported discharge or performance of any duties or functions under these Rules or in the exercise or intended exercise of any power under these Rules, including, without limiting the generality of the foregoing, any loss, damage, claim, liability, cost or expense suffered or incurred as a result of the act, statement or omission of the Clearing House in the delivery or re-delivery of Loaned Securities in relation to a SBL Negotiated Transaction notified to the Clearing House, where such act, statement or omission was done in good faith. This obligation to indemnify the Clearing House shall survive the termination of the Bursa SBL Transaction or the SBL Negotiated Transaction respectively.</b></p>	<p>the capacities in which SBL Participants and Lending/Borrowing Agents act in are different. SBL Participants act as principals whereas Lending Agents and Borrowing Agents act as agents to the SBL Participants.</p>
	New provisions	Rule 7.23	<p><b>RULES OF CLEARING HOUSE TO TAKE PRECEDENCE</b></p> <p><b>The SBL Participants/Agents must ensure that the provisions of the agreements entered</b></p>	<p>This is to ensure that SBL Participants/Agents do not enter into agreements which</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<b>into amongst the SBL Participants/Agents 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 SBL Participants/Agents and the Clearing House in relation to the Bursa SBL Transaction or SBL Negotiated Transaction respectively (“the Rules of the Clearing House”), and the SBL Participants/Agents must give effect to the Rules of the Clearing House.</b>	contravene any of the rules and requirements prescribed by Bursa Clearing (S) in relation to SBL.
APPENDIX 1	<p>To:</p> <p>Bursa Malaysia Securities Clearing Sdn Bhd Exchange Square Bukit Kewangan 50200 Kuala Lumpur</p> <p><b><u>COMPLIANCE WITH REQUIREMENTS IMPOSED BY BURSA MALAYSIA SECURITIES CLEARING SDN BHD (“BURSA CLEARING (S)”) IN RELATION TO THE LENDING AGENT</u></b></p> <p>Pursuant to the requirements of Rule 7.5(a) of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd (“Bursa Clearing (S) Rules”), we [name of Clearing Participant applying to be a Lending Agent] hereby declare and undertake as follows:</p> <p>(1) we <i>shall</i> provide to Bursa Clearing (S) or the Securities Commission, upon request, any</p>	APPENDIX 1	<p>To:</p> <p>Bursa Malaysia Securities Clearing Sdn Bhd Exchange Square Bukit Kewangan 50200 Kuala Lumpur</p> <p><b><u>COMPLIANCE WITH REQUIREMENTS IMPOSED BY BURSA MALAYSIA SECURITIES CLEARING SDN BHD (“BURSA CLEARING (S)”) IN RELATION TO THE LENDING AGENT</u></b></p> <p>Pursuant to the requirements of Rule 7.8(a) of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd (“Bursa Clearing (S) Rules”), we [name of Clearing Participant applying to be a Lending Agent] hereby declare and undertake as follows:</p> <p>(1) we <b>must</b> provide to Bursa Clearing (S) or</p>	<p>The changes are made to clarify that the requirement to provide this declaration and undertaking by a Lending Agent applies not only to the SBL-CLA model but also the SBLNT model.</p> <p>Further, the term</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>information required by Bursa Clearing (S) or the Securities Commission pertaining to the Lending Participants or Lenders for whom we are acting;</p> <p>(2) we have formulated a set of Internal Guidelines for Acting as a Lending Agent which has been approved by our board of directors;</p> <p>(3) the Internal Guidelines for Acting as a Lending Agent have been brought to the notice of the relevant employees who have read and understood the contents therein;</p> <p>(4) the Internal Guidelines for Acting as a Lending Agent comply with the requirements set out in Bursa Clearing (S) Rules; and</p> <p>(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 Lending Agent in accordance with Bursa Clearing (S) Rules, the Bursa SBL (Terms and Conditions for Lending Participant and Lender) or directives, circulars or instructions issued by Bursa Clearing (S).</p>		<p>the Securities Commission, upon request, any information <b>or document</b> in relation to SBL required by Bursa Clearing (S) or the Securities Commission pertaining to the *Lending Participants, Lenders <b>or Approved Lenders</b> for whom we are acting;</p> <p>(2) we have formulated a set of Internal Guidelines for Acting as a Lending Agent which has been approved by our board of directors;</p> <p>(3) the Internal Guidelines for Acting as a Lending Agent have been brought to the notice of the relevant employees who have read and understood the contents therein;</p> <p>(4) the Internal Guidelines for Acting as a Lending Agent comply with the requirements set out in Bursa Clearing (S) Rules; and</p> <p>(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 Lending Agent in accordance with Bursa Clearing (S)</p>	<p>“document” is inserted to ensure that a Lending Agent must provide, apart from SBL-related information, any SBL-related documents as requested by Bursa Clearing (S) or the SC.</p>



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**PROPOSED AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN. BHD. (“BURSA CLEARING (S)”) IN RELATION TO SECURITIES BORROWING AND LENDING NEGOTIATED TRANSACTIONS (“SBL NEGOTIATED TRANSACTIONS”)**

EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>Dated this [ ] day of [ ] [ ].</p> <p>Signed [ ]</p> <p>Name:</p> <p>Designation:</p> <p>Date:</p> <p align="right">[ End of Appendix ]</p>		<p>Rules, *the Bursa SBL (Terms and Conditions for Lending Participant and Lender) or directives, circulars or instructions issued by Bursa Clearing (S).</p> <p>Dated this [ ] day of [ ] [ ].</p> <p>Signed [ ]</p> <p>Name:</p> <p>Designation:</p> <p>Date:</p> <p><b>*Delete where inapplicable</b></p> <p align="right">[ End of Appendix ]</p>	
APPENDIX 2	<p>Matters which must be contained in the written agreement between the Lending Agent and the Lending Participant/Lender (Rule 7.5(f))</p> <p>(1) The Lending Agent is the agent of the Lending Participant/Lender 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 Bursa SBL;</p> <p>(2) The functions and responsibilities of the</p>	APPENDIX 2	<p>Matters which must be contained in the written agreement between the Lending Agent and the Lending Participant/Lender (Rule 7.8(f))</p> <p>(1) The Lending Agent is the agent of the Lending Participant/Lender 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 Bursa SBL;</p>	<p>This amendment is made consequential to the renumbering of the existing Rule 7.5(f) to Rule 7.8(f).</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
	<p>Lending Agent stipulated in these Rules or any directives, circulars or instructions issued by the Clearing House in relation to the Bursa SBL, as the same may be amended, modified or varied from time to time; and</p> <p>(3) The Lending Agent must comply with the obligations imposed on a Lending Agent, as contained in the SBL Conditions and these Rules.</p> <p align="right">[ End of Appendix ]</p>		<p>(2) The functions and responsibilities of the Lending Agent stipulated in these Rules or any directives, circulars or instructions issued by the Clearing House in relation to the Bursa SBL, as the same may be amended, modified or varied from time to time; and</p> <p>(3) The Lending Agent must comply with the obligations imposed on a Lending Agent, as contained in the SBL Conditions and these Rules.</p> <p align="right">[ End of Appendix ]</p>	
	New provisions	<b>APPENDIX 3</b>	<p><b>Matters which must be contained in the written agreement between the Lending Agent and the Approved Lender (Rule 7.8(f))</b></p> <p>(1) <b>The Lending Agent is the agent of the Approved Lender 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 SBL Negotiated Transactions;</b></p> <p>(2) <b>The functions and responsibilities of the Lending Agent stipulated in these</b></p>	<p>This is to ensure that a Lending Agent and an Approved Lender duly incorporate the minimum prescribed requirements into their agency agreement. These prescribed requirements are essentially similar to the minimum requirements set out in Appendix 2 in relation to the agreement between the Lending Agent and the Lender under the SBL-</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p>Rules or any directives, circulars or instructions issued by the Clearing House in relation to the SBL Negotiated Transactions, as the same may be amended, modified or varied from time to time; and</p> <p>(3) The Lending Agent must comply with the obligations imposed on a Lending Agent, as contained in these Rules and as prescribed by the Clearing House from time to time.</p> <p>(4) The Approved Lender expressly consents to the Lending Agent providing the Clearing House or the Securities Commission with any information or document in relation to any loan entered into by the Approved Lender pursuant to the SBL Negotiated Transactions as required by the Clearing House from time to time.</p> <p align="right">[ End of Appendix ]</p>	<p>CLA model, except for the insertion of the authorisation provided in item (4) of Appendix 3.</p> <p>This serves as an authorisation by the Approved Lender to the Lending Agent to provide any SBL-related information or documents to Bursa Clearing (S) or the SC.</p>
	New provisions	APPENDIX 4	<p>To:</p> <p><b>Bursa Malaysia Securities Clearing Sdn Bhd</b>  <b>Exchange Square</b>  <b>Bukit Kewangan</b>  <b>50200 Kuala Lumpur</b></p>	<p>This is to distinguish the declaration and undertaking which is to be provided by a Borrowing Agent to Bursa Clearing (S) from</p>

**“ANNEXURE 1”**

**PROPOSED AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN. BHD. (“BURSA CLEARING (S)”) IN RELATION TO SECURITIES BORROWING AND LENDING NEGOTIATED TRANSACTIONS (“SBL NEGOTIATED TRANSACTIONS”)**

EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p><b><u>COMPLIANCE WITH REQUIREMENTS IMPOSED BY BURSA MALAYSIA SECURITIES CLEARING SDN BHD (“BURSA CLEARING (S)”) IN RELATION TO THE BORROWING AGENT</u></b></p> <p>Pursuant to the requirements of Rule 7.11(a) of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd (“Bursa Clearing (S) Rules”), we [name of Clearing Participant applying to be a Borrowing Agent] hereby declare and undertake as follows:</p> <ol style="list-style-type: none"> <li>(1) we must provide to Bursa Clearing (S) or the Securities Commission, upon request, any information or document required by Bursa Clearing (S) or the Securities Commission pertaining to the Approved Borrowers for whom we are acting;</li> <li>(2) we have formulated a set of Internal Guidelines for Acting as a Borrowing Agent which has been approved by our board of directors;</li> <li>(3) the Internal Guidelines for Acting as a Borrowing Agent have been brought to the notice of the relevant employees who have read and understood the contents therein;</li> <li>(4) the Internal Guidelines for Acting as a</li> </ol>	<p>that which is to be provided by a Lending Agent to Bursa Clearing (S). The requirements of both declarations and undertakings are essentially similar to each other.</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p>Borrowing Agent comply with the requirements set out in Bursa Clearing (S) Rules; and</p> <p>(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 Borrowing Agent in accordance with Bursa Clearing (S) Rules or any directives, circulars or instructions issued by Bursa Clearing (S) in relation to the SBL Negotiated Transactions.</p> <p>Dated this [ ] day of [ ] [ ].</p> <p>Signed [ ] Name: Designation: Date:</p> <p align="right">[ End of Appendix ]</p>	
	New provisions	APPENDIX 5	Matters which must be contained in the written agreement between the Borrowing	This is to ensure that a Borrowing Agent and

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p><b>Agent and the Approved Borrower (Rule 7.11(f))</b></p> <p>(1) The Borrowing Agent is the agent of the Approved Borrower 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 SBL Negotiated Transactions;</p> <p>(2) The functions and responsibilities of the Borrowing Agent stipulated in these Rules or any requirements, directives, circulars or instructions issued by the Clearing House in relation to the SBL Negotiated Transactions, as the same may be amended, modified or varied from time to time; and</p> <p>(3) The Borrowing Agent must comply with the obligations imposed on a Borrowing Agent, as contained in these Rules and as prescribed by the Clearing House from time to time.</p> <p>(4) The Approved Borrower expressly consents to the Borrowing Agent providing the Clearing House or the Securities Commission with any</p>	<p>an Approved Borrower duly incorporate the minimum prescribed requirements into their agency agreement. These prescribed requirements are essentially similar to the minimum requirements set out in Appendix 2 in relation to the agreement between the Lending Agent and the Lender under the SBL-CLA model, except for the insertion of the authorisation provided in item (4) of Appendix 5.</p> <p>This serves as an authorisation by the Approved Borrower to the Borrowing Agent to</p>

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EXISTING PROVISIONS		PROPOSED PROVISIONS		RATIONALE
			<p style="text-align: center;"><b>information or document in relation to any loan entered into by the Approved Borrower pursuant to the SBL Negotiated Transactions as required by the Clearing House from time to time.</b></p> <p style="text-align: right;"><b>[ End of Appendix ]</b></p>	<p>provide any SBL-related information or documents to Bursa Clearing (S) or the SC.</p>