

PARTICIPATING ORGANISATIONS' CIRCULAR

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AMENDMENTS IN RELATION TO THE DELETION OF SECTION 94 OF THE CAPITAL MARKETS AND SERVICES ACT 2007

1. AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD (“RULES OF BURSA SECURITIES”)
2. AMENDMENTS TO DIRECTIVE NO. 3.36-001 (DIRECTIVES FOR HEAD OF COMPLIANCE) AND DIRECTIVE NO. 3.39(5)-001 (DIRECTIVES ON MONTHLY COMPLIANCE REPORT) (“DIRECTIVES”)

1. INTRODUCTION

- 1.1 In view of the deletion of section 94 of the Capital Markets and Services Act 2007 (“**CMSA**”) which took effect on 15 September 2015, Bursa Malaysia Securities Berhad (“**the Exchange**”) has amended the Rules of Bursa Securities and the Directives.
- 1.2 The amendments are detailed in paragraphs 2 and 3 below.

2. AMENDMENTS TO THE RULES OF BURSA SECURITIES

- 2.1 The key amendments to the Rules of Bursa Securities are as follows:
 - (a) Rule 7.25 is deleted to remove the prohibition for a Participating Organisation (“**PO**”) to open a trading account to trade in securities for employees, Dealer’s Representatives (“**DR**”) or Trading Representatives (“**TR**”) of another PO and the requirement that an employee, a DR or TR must only trade through the PO by whom the employee, DR or TR is employed or engaged. Instead, a PO must formulate its own internal policies to govern trading by such persons;
 - (b) Rule 7.26 is amended to remove the requirement for an employee, DR, TR or Director of a PO to seek prior approval in writing for each transaction for his own account. Instead, subject to compliance with the provisions on conflict of interests as set out in Rules 3.16 and 5.02, an employee, DR, TR or Director of a PO will now be required to notify the PO of trades in securities for his own account. Upon receipt of such notifications, a PO must take the necessary steps to ensure compliance with its obligations to manage conflicts and risks under Rule 5.02;
 - (c) Rule 7.27 is deleted as the requirement for a designated Dealer’s Representative to undertake securities transactions on behalf of, among others, a PO’s employees would no longer be necessary in view of the deletion of Rule 7.25 as mentioned above; and

- (d) Rule 7.30(6) is deleted to remove the restrictions on a PO to provide margin financing to its Directors, employees, DRs or TRs and other specified persons.

2.2 The detailed amendments to the Rules of Bursa Securities are set out in **Annexure 1**.

3. AMENDMENTS TO DIRECTIVES

3.1 The salient amendments to the Directives are as follows:

- (a) Directive No. 3.36-001 - clarifying that subject to compliance with the provisions on conflicts of interests as set out in Rules 3.16 and 5.02 of the Rules of Bursa Securities, an employee, DR, TR or Director of a PO would be required to notify the PO of any trading in securities for his own account, and would not be required to seek prior written approval from the PO; and
- (b) Directive No. 3.39(5)-001 - amending the details relating to the Monthly Compliance Report prepared by the Head of Compliance.

3.2 The details of the amended Directives are set out in **Annexure 2**.

4. EFFECTIVE DATE

4.1 The amendments to the Rules of Bursa Securities and the Directives as set out in paragraphs 2 and 3 take effect immediately.

5. FREQUENTLY ASKED QUESTIONS

5.1 Consequential amendments have been made to the Frequently Asked Questions (“**FAQs**”) on the Revamped Rules of Bursa Malaysia Securities Bhd and General FAQs on Rules of Bursa Securities to delete questions which are irrelevant following the amendments above.

6. CONTACT PERSON

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