

PARTICIPATING ORGANISATIONS' CIRCULAR

Date : 6 AUGUST 2009

No : R/R 12 of 2009

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD ("RULES OF BURSA SECURITIES") IN RELATION TO TRADE CANCELLATION ARISING FROM KEYING-IN ERRORS ("SAID AMENDMENTS")

1. INTRODUCTION

Bursa Malaysia Securities Berhad ("Bursa Securities") has made amendments to the Rules of Bursa Securities to extend the circumstances for trade cancellation to include keying-in errors in the price of orders made by Dealer's Representatives and trading clerks who are duly authorised by the Participating Organisation ("PO") inter alia to enter orders into the ATS, to modify and cancel orders ("ATS Operators").

Kindly be advised that the said Amendments are set out in **Annexure 1** and further explained in paragraph 2 below.

2. AMENDMENTS TO THE RULES OF BURSA SECURITIES

The salient aspects of the said Amendments are as follows:-

- a) A new Rule 601.2B has been introduced to allow the PO to request for cancellation of a trade arising from a keying-in error in the price of an order made by ATS operators. The said Rule also provides the conditions that must be fulfilled before a PO may apply for cancellation of the above trade;
- b) Under new Rule 601.2B(4), Bursa Securities is vested with the discretion to cancel a trade when a request is made by a PO; and
- c) Under new Rule 601.2B(8), Bursa Securities may also take any other action it deems fit in lieu of cancellation of a trade.

3. EFFECTIVE DATE

Please be informed that the said Amendments to the Rules of Bursa Securities are effective from **17th August 2009**.

4. CONTACT PERSONS

In the event of any queries in relation to the said Amendments, kindly contact the following persons:

Name	Contact Details
Ponniah P. Ramiah	03-2034 7448 Ponniah@bursamalaysia.com
Lim Boon Hang	03-2034 7287 Lim_BH@bursamalaysia.com
Lim Yoke May	03-2034 7312 Yokemay_lim@bursamalaysia.com

This Circular is available at:

http://www.bursamalaysia.com/website/bm/regulation/rules/bursa_rules/bm_securities.html

REGULATORY POLICY & ADVISORY

ANNEXURE 1

RULE AMENDMENTS in relation to trade cancellation



RULES OF BURSA MALAYSIA SECURITIES BERHAD RULE AMENDMENTS IN RELATION TO TRADE CANCELLATION

The following sets out the rule amendments in relation to trade cancellation arising from keying in errors made by the ATS Operators.

1.0 RULE 100.1

Rule 101.1(1)

1.1 To insert a new definition as follows.

<u>ATS Operator</u>	<u>Has the same meaning given to that expression in Rule 701.1(1)</u>
---------------------	---

1.2 To insert a new definition as follows.

<u>Best Order Price</u>	<u>In relation to Prevailing Price, means either the best buy order price or the best sell order price as determined by the Exchange</u>
-------------------------	--

1.3 To insert a new definition as follows.

<u>Closing Price</u>	<u>Has the same meaning given to that expression in Rule 701.1(1)</u>
----------------------	---

1.4 To insert a new definition as follows.

<u>Last Done Price</u>	<u>Has the same meaning given to that expression in Rule 701.1(1)</u>
------------------------	---

ANNEXURE 1

RULE AMENDMENTS in relation to trade cancellation



1.5 To insert a new definition as follows.

No -Cancellation Range means the range of prices specified in the table below where the Exchange will not cancel a contract arising from a mistake made by a Participating Organisation as stipulated under Rule 601.2B. In relation to securities denominated in foreign currency, the range of prices stated below will equally apply but denominated in the foreign currency in which the securities are quoted and traded in.

<u>Prevailing Price (RM)</u>	<u>No Cancellation Range</u>
<u>Below 0.50</u>	<u>Between RM 0.075 below the Prevailing Price and RM 0.075 above the Prevailing Price.</u>
<u>Between 0.50 and 1.00</u>	<u>Between RM 0.15 below the Prevailing Price and RM 0.15 above the Prevailing Price.</u>
<u>Above 1.00</u>	<u>Between the price 15% below the Prevailing Price and the price 15% above the Prevailing Price.</u>

1.6 To insert a new definition as follows.

Opening Price Has the same meaning given to that expression in Rule 701.1(1)

1.7 To insert a new definition as follows.

Prevailing Price means the reference price used to establish the “No Cancellation Range’ and the price is the Last Done Price or any other price the Exchange deems fit, prior to and on the same trading session that the mistake as described in Rule 601.2B is made by the Participating Organisation.

1.8 To insert a new definition as follows.

Trading Loss In relation to Rule 601.2B(2), means the difference between the value of the trade if executed based on the Prevailing Price and the value of the trade executed arising from the mistake by the Participating Organisation as described in Rule 601.2B.

ANNEXURE 1

RULE AMENDMENTS in relation to trade cancellation



2.0 RULE 601.2

2.1 Rule 601.2(2)(b) be amended as follows.

- (b) The Exchange may cancel any contract executed in the ATS in the following circumstances:-
- (i) Where in the opinion of the Exchange, the contract executed in the ATS is in violation of the Rules and the Securities Laws;
 - (ii) the Exchange may, subsequent to the contract being executed in the ATS and upon an application being made to it in its absolute discretion cancel such a contract where:-
 - (aa) both the delivery and settlement relating to such contract have not been effected;
 - (bb) such cancellation is agreed to by buying and selling Participating Organisations and their respective clients; and
 - (cc) the relevant parties comply with all other requirements that may be imposed by the Exchange for the cancellation of the contract.
 - (iii) erroneous execution of contracts in the ATS arising from:-
 - (aa) system failure or malfunction in the ATS; or
 - (bb) a mistake by the Exchangein accordance with Rule 601.2A below.
 - (iv) [erroneous execution of contracts in the ATS arising from a mistake by a Participating Organisation in entering orders in the ATS as provided in Rule 601.2B.](#)

3.0 RULE 601.2B

3.1 New Rule 601.2B is introduced as follows.

Rule 601.2B MISTAKES BY THE PARTICIPATING ORGANISATION

- (1) [A mistake by a Participating Organisation refers to a mistake made by an ATS Operator of the Participating Organisation on the price of an order for board lot\(s\) entered into the ATS during the main trading phase.](#)
- (2) [A Participating Organisation may only apply to the Exchange to cancel a contract executed arising from a mistake by the Participating Organisation if:-](#)
 - (a) [the price at which the contract was executed falls outside the No Cancellation Range;](#)
 - (b) [the Participating Organisation which entered the order resulting in the erroneous contract makes the request to the Exchange to cancel the contract within 15 minutes of the execution of the contract; and](#)

ANNEXURE 1

RULE AMENDMENTS in relation to trade cancellation



- (c) The potential Trading Loss if the trade is not cancelled is at least RM10,000.00.
- (3) Once a request has been made to the Exchange to cancel a contract executed resulting from a mistake by a Participating Organisation pursuant to Rule 601.2B(2), the following procedures will apply:-

 - (a) the Exchange will immediately notify the counterparty Participating Organisation of the contract of the request; and
 - (b) the Exchange will immediately notify the market of the request and the details of the contract in relation to which the request for cancellation has been made.
- (4) The Exchange may cancel the contract specifically requested by the Participating Organisation for cancellation and any other contracts that may have been executed arising from the erroneous contract executed by the Participating Organisation if:-

 - (a) the Exchange is satisfied that it is in the interest of an orderly and fair market for the contracts to be cancelled ; and
 - (b) the relevant Participating Organisation complies with all other requirements that may be imposed by the Exchange for the cancellation of the contracts.
- (5) The cancellation of contracts pursuant to Rule 601.2B(4) will be effected on the day on which the contracts were executed.
- (6) If the Exchange cancels contracts pursuant to Rule 601.2B(5) above:-

 - (a) the Exchange will immediately notify the counterparty Participating Organisation of its decision ; and
 - (b) the Exchange will immediately notify the market of its decision and the details of the contracts which will be cancelled.
- (7) The Exchange is not precluded from taking action against Participating Organisation and/or the ATS Operator for the breach of Rule 701.7(2) although the contract has been cancelled under this Rule.
- (8) The Exchange may instead of cancelling the contract upon a request being made under 601.2B(2), take any other action it deems fit in lieu of cancellation.

[End of Rule Amendments]