

**PARTICIPATING ORGANISATIONS' CIRCULAR**

Date :31 December 2007

No : R/R 21 of 2007

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD  
("RULES OF BURSA SECURITIES") PERTAINING TO BROKERAGE**

Kindly be advised that amendments have been made to the Rules of Bursa Securities pertaining to brokerage ("the said Amendments").

The said Amendments are set out in Annexure 1 attached herewith. The salient changes as set out in the said Amendments are as follows:

1. The minimum brokerage where applicable is RM40.00; and
2. The brokerage for the following transactions is fully negotiable:
  - Trades executed less than a board lot;
  - Trades routed via ECOS ;and
  - Trades where cash upfront has been given prior to the execution of the trades.

The minimum brokerage rate as stated in item 1 is not applicable for the above transactions.

The said Amendments shall take effect from 2 January 2008 ("the said Effective Date").

All rules, directives, circulars in force which make reference or contain provisions relating to the above matters shall have effect from the date hereof as if such reference or provisions relate the amendments made herein.

This Circular is available at

[http://www.bursamalaysia.com/website/bm/rules\\_and\\_regulations/bursa\\_rules/bm\\_securities.html](http://www.bursamalaysia.com/website/bm/rules_and_regulations/bursa_rules/bm_securities.html)

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

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**LEGAL ADVISORY AND CORPORATE LEGAL AFFAIRS**

**CHAPTER 10                      FEES AND CHARGES**

**RULE 1001                      BROKERAGE**

**RULE 1001.1 RATES**

- (1) Brokerage for buying and selling transactions in securities shall be charged in the manner prescribed in this Rule 1001.
- (2) Where a Participating Organisation acts for both the seller and the buyer in any bona fide transaction, brokerage as prescribed in this Rule 1001 shall be paid by each of the seller and the buyer.
- (3) For the purposes of this Chapter, the expression "contract value" in relation to securities means the total value of the securities purchased or sold, as the case may be, by a Participating Organisation on behalf of a client in any market day pursuant to any contract arising from any order or orders placed by the client for that market day determined by reference to the price at which the securities were purchased or sold, as the case may be PROVIDED THAT -
- (i) where a Participating Organisation is instructed by a client to appropriate various transactions executed on a particular market day to different contracts, each of such contracts thereby arising shall be deemed to be a separate order for the purposes of determining the brokerage payable to the Participating Organisation;
- (ii) where a Participating Organisation is instructed by a client to purchase or sell, as the case may be, different quantities of securities of the same counter at different prices on a particular market day, all such transactions shall be deemed to be one (1) contract for the purpose herein contained.
- (4) Brokerage rates chargeable shall be as follows -
- (a) **Stocks, ordinary shares, preference shares and other listed securities executed in board lots**
- For all trades (excluding Direct Business transactions) in stocks, ordinary shares, preference shares and other securities listed and traded on the stock market of the Exchange executed in board lots, but excluding the instruments described in Rule 1001.1(4)(b) and Rule 1001.1(7), the brokerage payable shall be the minimum brokerage as prescribed in Rule 1001.1(6) or such brokerage on a fully negotiated basis between the Participating Organisation and its client subject to a maximum of 0.70% of the contract value, whichever is the higher.
- (b) **Other instruments**
- For all trades in the instruments described hereinbelow regardless of the contract value or the nominal value, as the case may be, the brokerage payable shall be on a fully negotiated basis between the Participating Organisation and its client –
- (i) Government bonds, Municipal debentures, and Asian Dollar bonds;
- (ii) other non-convertible debentures;
- (iii) overseas options; and
- (iv) such other instruments as the Exchange may prescribe by way of any circulars, directives or guidelines issued by the Exchange from time to time.

(c) Online routed trades and Cash Upfront

Notwithstanding any other provisions in these Rules, all trades in securities listed and traded on the stock market of the Exchange including Direct Business transactions conducted in the manner stipulated in (i) and (ii) below, whether on a board lot basis or otherwise, the brokerage payable shall be on a fully negotiated basis between the Participating Organisation and its clients and the minimum brokerage as prescribed under Rule 1001.1(6) shall not be applicable:

- (i) Online routed trades; or
- (ii) trades paid by cash upfront

(d) Stocks, ordinary shares, preference shares and other listed securities **executed in less than a board lot**

Notwithstanding any other provisions in these Rules, all trades in securities listed and traded on the stock market of the Exchange including Direct Business transactions executed in less than a board lot, the brokerage payable shall be on a fully negotiated basis between the Participating Organisation and its clients and the minimum brokerage as prescribed under Rule 1001.1(6) shall not be applicable.

- (5) **Direct Business:** The brokerage payable in respect of any Direct Business transactions except for ABFMY1 trades shall be on a fully negotiated basis between the Participating Organisations and its clients but shall not be less than the Minimum Fixed Brokerage prescribed in Rule 1001.1(6)(a) **Provided Always** for all Direct Business transactions in respect of retail trades (as hereinafter defined), the brokerage payable shall not be less than the Minimum Fixed Brokerage prescribed in Rule 1001.1(6)(a), or less than half of the Minimum Retail Brokerage prescribed in Rule 1001.1(6)(b), whichever is the higher.
- (6) **Minimum brokerage:**
- (a) Subject to Rule 1001.1(4)(a) and unless otherwise provided, Participating Organisations are entitled to, and shall at all times ensure that, a minimum fixed brokerage ("Minimum Fixed Brokerage") is payable by both the buyer and the seller as follows –
    - (i) on transactions of loan instruments RM2.00;
    - (ii) on any other transaction RM ~~4042~~.00
  - (b) Notwithstanding the foregoing rule, Participating Organisations are entitled to, and shall at all times ensure that, a minimum brokerage ("Minimum Retail Brokerage") calculated as follows is payable by both the buyer and seller for retail trades –
    - (i) where the contract value is RM100,000 or below, the minimum brokerage payable shall be calculated at 0.6% of the contract value or the Minimum Fixed Brokerage, whichever is the higher;
    - (ii) where the contract value exceeds RM100,000, the minimum brokerage payable shall be calculated at 0.3% of the contract value or the Minimum Fixed Brokerage, whichever is the higher;
    - (iii) for trades of a particular securities where the outstanding purchase positions are settled against sale positions of the same securities when the purchase and sale transactions are transacted on the same contract date, the minimum brokerage payable shall be calculated at 0.15% of the contract value or the Minimum Fixed Brokerage, whichever is the higher.

(7) **Brokerage rates chargeable for ABFMY1 trades:**

Participating Organisations shall at all times ensure that the following brokerage is payable by both the buyer and the seller as follows –

- (a) For all retail trades or otherwise (excluding Direct Business transactions), the brokerage payable shall be calculated at a rate of up to a maximum of 0.3% of the contract value or RM 12.00, whichever is the higher ("Brokerage Payable");
- (b) For the avoidance of doubt, the Brokerage Payable shall also apply to all retail trades or otherwise (excluding Direct Business transactions), where the outstanding purchase positions for ABFMY1 are settled against sale positions of ABFMY1 when the purchase and sale transactions are transacted on the same contract date; and
- (c) Direct Business: The brokerage payable in respect of any Direct Business transactions in respect of retail trades or otherwise, shall be on a fully negotiated basis between the Participating Organisations and its clients, but shall not be less than RM 12.00.

(8) **Discounts:**~~(a) Online trades~~

~~Participating Organisations shall be permitted to give discounts on retail trades [excluding trades under Rule 1001.1(6)(b)(iii) and Rule 1001.1(7)(b)] of an amount up to the equivalent of thirty per cent (30%) of the brokerage prescribed under Rule 1001.1(4)(a) or Rule 1001.1(7)(a) where such retail trades are online routed trades, subject to the following –~~

- ~~(i) that the amount of brokerage after the abovementioned discount shall not be less than the Minimum Fixed Brokerage or in the case of ABFMY1, RM12; and~~
- ~~(ii) that the Participating Organisations formulate and implement adequate internal policies with regard to the manner in which the discount can be accorded to their clients as long as risk exposures in relation to online routed trades are addressed.~~

~~(ab) Transactions by employees:~~

~~Without derogation to Rule 1001.1(8)(a),~~ Participating Organisations shall be permitted to give discounts of an amount up to the equivalent to fifty percent (50%) of the brokerage payable in this Rule 1001.1 to their employees, provided that, the amount of brokerage after the abovementioned discount shall not be less than the Minimum Fixed Brokerage or in the case of ABFMY1, RM 12.

(9) **Definitions:** For the purposes herein, unless the context otherwise requires –

online routed trades

means trades arising from orders routed by clients through the Participating Organisations' Member Company's Electronic Client-Ordering System as envisaged in the Exchange's Participating Organisations' Circular R/R 1 of 2004 Members' Circular No. R/R 27 of 1995, as may be amended, varied, supplemented, substituted therefor or revoked by the Exchange from time to time or any code, directives or guidelines as may be issued by the Exchange from time to time in relation to electronic client ordering systems.

cash upfront

means full payment by the buying client to the buying Participating Organisation for the purchase of securities prior to

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the entry of the order to purchase into the ATS. Full payment shall be in the form of cash or any other mode of payment where clearance of or good value is given to the payment prior to the entry of the order as mentioned above.

retail trades

means trades or transactions other than trades or transactions by or on behalf of the following:-

- (a) life insurance companies;
- (b) general insurance companies;
- (c) superannuation or employees provident funds;
- (d) banks, including merchant banks and co-operative banks established and/or licensed to operate in Malaysia under the laws of Malaysia or elsewhere under the laws of the jurisdiction concerned;
- (e) a wholly-owned subsidiary of the institutions under paragraph (d) above;
- (f) finance companies;
- (g) asset management companies and unit trust management companies;
- (h) trust companies or institutions;
- (i) co-operatives established under statute;
- (j) central, state or local government-owned or -linked funds;
- (k) members or member companies of other recognised stock exchanges;
- (l) securities dealers who are not members of such recognised stock exchanges but who are authorised to carry out the business of dealing in securities by the relevant authorities in jurisdictions of the recognised stock exchanges; and
- (m) any other institutions or types of companies as determined from time to time by the Committee.

#### **RULE 1001.2 AMOUNT OF BROKERAGE TO BE SHOWN**

- (1) The brokerage charged in respect of transactions in securities in relation to any contract shall be evidenced in the contract notes required to be given by Participating Organisations to its clients as prescribed in the Regulations issued by the Minister pursuant to Section 90 of the Capital Markets and Services Act.

#### **RULE 1001.3 NET CONTRACTS PROHIBITED**

- (1) In amplification of Rule 1001.2, net contracts are prohibited and no Participating Organisation shall make such contract with any client.

**RULE 1001.4 BANK CHARGES**

- (1) All bank charges or expenses incurred by a Participating Organisation on behalf of its clients or in respect of any contracts entered into on behalf of its clients, as the case may be, shall be paid or apportioned in such manner as may be mutually agreed between the Participating Organisation and its client. Any other expenses incurred by a Participating Organisation on behalf of its clients or in respect of any contracts entered into on behalf of its clients, as the case maybe, shall be borne by the clients.
- (2) Bank charges or other expenses incurred by a Participating Organisation on behalf of its clients or in respect of any contracts entered into on behalf of its clients, as the case may be, in relation to transactions entered into with brokers of other recognised stock exchanges shall be paid or apportioned in such manner and by such amounts as may be mutually agreed pursuant to the terms of any agreement or contract made between the Participating Organisation and the parties thereto.

**RULE 1001.5 FLOTATION**

- (1) Where a company makes a flotation, whether by public issue, offer for sale, placing or tender and no brokerage is payable to Participating Organisations, then and in such cases Participating Organisations are prohibited from handling such public issue, offer, placing or tender unless a prior approval has been given by the Exchange.

**RULE 1001.6 REBATES ON BROKERAGE**

- (1) Sharing or rebate of the minimum brokerage prescribed in Rule 1001.1(6) shall be prohibited.

**RULE 1001.7 OVERSEAS SECURITIES**

- (1) Brokerage in respect of dealings in overseas securities which are not quoted on the Official List shall be charged at the rates pursuant to this Chapter or the rates applied by the recognised stock exchanges through which such securities are transacted, whichever is higher.