

ANNEXURE 1

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD IN RELATION TO CLEARING AND SETTLEMENT OF DIRECT BUSINESS CONTRACTS AS NOVATED CONTRACTS

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule 5.8	(c) [New provision]	Rule 5.8	<p>(c) (i) Notwithstanding Rule 5.8(a) and (b) and subject to Rule 5.8(c)(vi), a Trading Clearing Participant may elect to have a Direct Business Contract cleared and settled as a Novated Contract provided that the Direct Business Contract is a married transaction (as defined below) and all of the following conditions are satisfied:</p> <p>(aa) the Securities that are the subject matter of the Direct Business Contract are transacted in a board lot or a multiple of a board lot;</p> <p>(bb) the price at which the Direct Business Contract is transacted is at or within the price range as prescribed in the Operational Procedures of the Clearing House at the time the Trading Clearing Participant inputs the Direct Business Contract into the Direct Business Comparison System (or such other system as may be implemented by the Clearing House or the Exchange from time to time to clear and settle Securities in respect of Direct Business Contracts);</p>

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			<p>(cc) the election to clear and settle Direct Business Contracts as Novated Contracts must be made within the time prescribed in the Operational Procedures; and</p> <p>(dd) the Securities that are the subject matter of the Direct Business Contract are not Designated Securities as defined in the Exchange Rules.</p> <p>For purposes of Rule 5.8(c)(i), a “married transaction” shall mean an off-market transaction in Securities where the Trading Clearing Participant acts on behalf of both its buying and selling clients or where the Trading Clearing Participant acts on its own behalf and on behalf of its clients.</p> <p>(ii) Where a Direct Business Contract is accepted by the Clearing House for clearing and settlement as a Novated Contract under Rule 5.8(c)(i), the Direct Business Contract becomes a Novated Contract for purposes of these Rules and the relevant provisions in these Rules pertaining to Novated Contracts shall apply.</p>

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			<p>(iii) Without prejudice to any of its rights under these Rules, the Clearing House may reject an election to clear and settle a Direct Business Contract as a Novated Contract:</p> <p>(aa) where the Trading Clearing Participant fails to satisfy any of the conditions set out under Rule 5.8(c)(i); or</p> <p>(bb) where in the opinion of the Clearing House, acceptance of the election poses or is likely to pose undue risks to the Clearing House or the rejection is warranted in the interest of maintaining orderly clearing and settlement of Market Contracts.</p> <p>(iv) Where the Clearing House exercises its power under Rule 5.8(c)(iii), the Direct Business Contract shall be cleared and settled in accordance with Rule 5.8(a) and Section A of Chapter 5, where relevant.</p> <p>(v) Failure to satisfy any of the conditions under Rule 5.8(c)(i) shall constitute a breach of this Rule by the Trading Clearing Participant</p>

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			<p>irrespective of whether the Direct Business Contract is cleared and settled as a Novated Contract or otherwise.</p> <p>(vi) The provisions of this Rule 5.8(c) in relation to election by a Trading Clearing Participant to have a Direct Business Contract cleared and settled as a Novated Contract shall only be applicable for such period of time as the Clearing House, in its absolute discretion, shall determine.</p>