

**PARTICIPATING ORGANISATIONS' CIRCULAR**

Date : 25 November 2021

No : R/R 8 of 2021

**AMENDMENTS TO THE RULES AND DIRECTIVES OF BURSA MALAYSIA SECURITIES BERHAD (“BMS RULES AND DIRECTIVES”) TO REMOVE THE ASSOCIATED PERSON RULE FROM THE REGULATED SHORT SELLING AND INTRADAY SHORT SELLING FRAMEWORKS**

**1.0 AMENDMENTS TO THE BMS RULES AND DIRECTIVES**

- 1.1 Bursa Malaysia Securities Berhad (the “**Exchange**”) has amended the Regulated Short Selling and Intraday Short Selling frameworks under the BMS Rules and Directives to remove the prohibition to execute the short selling if a person or any person on behalf of whom the first mentioned person is executing the short selling, is associated with the body corporate that issued or made available the securities (“**Associated Person Rule**”).
- 1.2 The removal of the Associated Person Rule was made after taking into consideration the following:
- (a) the Exchange has adequate safeguards against market manipulation, including price and volume controls that are applicable to all investors, including an Associated Person of the said body corporate; and
  - (b) the challenges faced by the Participating Organisations (“**POs**”) in operationalising the Associated Person Rule.
- 1.3 Pursuant to the above, amendments were made to Parts C and D of Chapter 8 of the BMS Rules and to the Directive on Intraday Short Selling (No. 8-003), to remove the reference to “Associated Person”, in addition to removing the restrictions on entering an order or executing a trade for short selling on behalf of an “Associated Person”.
- 1.4 The amendments have been approved by the Securities Commission Malaysia.
- 1.5 The detailed amendments to the BMS Rules and Directives are set out in **Annexure 1**.
- 1.6 Notwithstanding the removal of the Associated Person Rule, POs must continue to maintain the required standard of conduct and ensure that the relevant prescribed conditions for short selling are met before conducting any Regulated Short Selling or Intraday Short Selling under the BMS Rules and Directives.

**2.0 EFFECTIVE DATE**

The amendments to the BMS Rules and Directives will take effect on **1 January 2022**.

**3.0 CONTACT PERSONS**

In the event of any queries in relation to the above matter, kindly contact the Exchange as follows:

Name	Contact
Securities Market	<a href="mailto:pmd@bursamalaysia.com">pmd@bursamalaysia.com</a>
Regulatory Policy & Advisory (Rules and Directives)	<a href="mailto:rpa@bursamalaysia.com">rpa@bursamalaysia.com</a>

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**Regulation**