

RULES OF BURSA MALAYSIA SECURITIES BERHAD

TABLE OF CONTENTS

CHAPTER 1		DEFINITION AND RELATED PROVISIONS
	Part A	DEFINITION AND INTERPRETATION
Rule	1.01	Definition
	1.02	Interpretation
	Part B	APPLICATION AND EFFECT OF THESE RULES
	1.03	Rules of the Exchange
	1.04	Binding Effect of Rules
	1.05	Covenants to Observe Rules
	1.06	Investment Banks
	Part C	TRANSITIONAL PROVISIONS
	1.07	Transitional Provision in Relation to the Conversion Date
	1.08	Transitional Provision in Relation to the Old Rules
	Part D	NOTICES
	1.09	Notices
	Part E	PERSONAL DATA NOTICE
	1.10	Personal Data Notice
	Part F	GOODS AND SERVICES TAX
	1.11	[Deleted]
	Part G	CONFIDENTIALITY
	1.12	Confidentiality of Findings
CHAPTER 2		ADMINISTRATION
	Part A	POWERS OF THE EXCHANGE
Rule	2.01	Exercise of Powers
	2.02	Disapplication of Chapter 15
	2.03	Validity of Actions
	2.04	Powers of the Exchange Holding Company

2.05	Decisions of the Exchange and the Right of Appeal
2.06	Parties Affected by the Actions Taken by the Exchange
PART B	PROTECTION OF PUBLIC, CLIENT AND EXCHANGE'S INTEREST
2.07	Summary Powers
Part C	EMERGENCY SITUATIONS
2.08	Circumstances upon which the Exchange may take action
2.09	Actions
Part D	REGISTERS
2.10	[Deleted]
Part E	LIABILITY AND INDEMNITY
2.11	Non-liability of the Exchange
PART F	DISCLOSURE OF INFORMATION
2.12	Disclosure of information regarding Participating Organisations

CHAPTER 3 PARTICIPATING ORGANISATIONS AND REGISTERED PERSON

	Part A	PARTICIPATING ORGANISATIONS
Rule	3.01	Qualification Criteria
	3.02	Application Procedure
	3.03	Appeals on Refusal to Register
	3.04	Change of Status
	3.05	Participantship
	3.06	Continuing Obligations
	3.07	Resignation
	3.08	Fees
	3.09	Continuing Liability
	Part B	REGISTERED PERSON
	3.10	Obligation to Register
	3.11	Registration Procedures
	3.12	Appeals on Refusal to Register
	3.13	Prohibition on Performing Functions Until Registered
	3.14	Obligations
	3.15	Continuing Obligations

- 3.16 Duty to Manage Conflicts of Interest
- 3.17 Notice of Cessation
- 3.18 Vacancy of Registered Person
- 3.19 Striking Off the Register
- 3.20 Fees on Registration
- 3.21 Continuing Liability

Part C CHIEF EXECUTIVE OFFICER

- 3.22 Obligations
- 3.23 Engagement in Other Business

Part D HEADS

- 3.24 Minimum Number of Heads
- 3.25 Engagement in Other Business

Part E HEAD OF DEALING

- 3.26 Requirement
- 3.27 Qualification Criteria
- 3.28 Obligations
- 3.29 Reporting

Part F HEAD OF OPERATIONS

- 3.30 Requirement
- 3.31 Qualification Criteria
- 3.32 Obligations
- 3.33 Reporting

Part G HEAD OF COMPLIANCE

- 3.34 Requirement
- 3.35 Qualification Criteria
- 3.36 Obligations
- 3.37 Reporting
- 3.38 Reporting of Breaches or Irregularities
- 3.39 Reporting on Compliance Matters

Part H DIRECTORS

- 3.40 Requirement
- 3.41 Obligations

3.42 Engagement in Other Business

3.43 Deeming Provision

Part I DEALER'S REPRESENTATIVES

3.44 Categories

3.45 Requirement

3.46 Qualification Criteria

3.47 Obligations of a Dealer's Representative

3.48 Scope of Activities

3.49 Remuneration

3.50 Segregation of Assets

3.51 [Deleted]

3.52 Re-Designation

3.53 Transfer

Part J PROTECTION OF PUBLIC, CLIENT AND EXCHANGE'S INTEREST

3.54 [Deleted]

CHAPTER 4 MARKET MAKERS

Rule Part A REGISTRATION OF A MARKET MAKER

4.01 Qualification Criteria

4.02 Application Procedure

4.03 Continuing Obligations

Part B OBLIGATIONS OF A MARKET MAKER

4.04 Bid and Offer Prices

4.05 Designated Trading Account and Designated Securities Account

4.06 Conduct by Market Maker

Part C DERIVATIVES SPECIALISTS

4.07 General

4.08 Application Procedure

4.09 Continuing Obligations

4.10 Designated trading account and Securities Account

4.11 Conduct by Derivatives Specialist

Part D RESIGNATION

4.12 Resignation

- 4.13 Termination, Suspension or Restriction of the Activities of a Market Maker or a Derivatives Specialist
- 4.14 Continuing Liability

Part E PERMITTED SHORT SELLING

- 4.15 General
- 4.16 Commencement of Permitted Short Selling
- 4.17 Execution
- 4.18 Suspension of Permitted Short Selling
- 4.19 Delivery and Settlement
- 4.20 Action by the Exchange
- 4.21 General

CHAPTER 5 CONDUCT OF BUSINESS

- | | |
|-------------|--|
| Rule | Part A GENERAL REQUIREMENTS |
| | 5.01 Standard of Conduct |
| | 5.02 Conflicts of Interest and Risk Management |
| | 5.03 Structures, Internal Controls, Policies and Procedures |
| | 5.04 Records |
| | 5.05 Business Premises |
| | 5.06 Advertising |
| | 5.07 Communication within the Participating Organisation |
| | 5.08 Disputes |
| | 5.09 Statements, Information and Reports to the Exchange |
| | 5.10 Currency |
| | 5.11 Segregation of Client's Securities |
| | Part B RESOURCES |
| | 5.12 Proper Performance of Business Activities |
| | 5.13 Personnel |
| | 5.14 Trading Clerks |
| | Part C CLIENTS |
| | 5.15 Client Information and Opening of Accounts with Clients |
| | 5.16 Doing Business with Clients |
| | 5.16A Discretionary Account |
| | Part D OUTSOURCING |

5.17 Outsourcing Arrangements

5.18 Investment Bank

Part E INSURANCE REQUIREMENTS

5.19 Requirement to Take Out Insurance Policy

5.20 Notification of Claims

CHAPTER 6 ORGANISATION AND STRUCTURE OF PARTICIPATING ORGANISATIONS

	Part A	PERMITTED BUSINESS OF PARTICIPATING ORGANISATIONS
Rule	6.01	Permitted Business
	Part B	BRANCH OFFICE AND ELECTRONIC ACCESS FACILITIES
	6.02	Application
	6.03	Establishment of Branch Office
	6.04	[Deleted]
	6.05	[Deleted]
	Part C	BACK OFFICE FUNCTIONS
	6.06	Back Office System and Operations
	Part D	COMPLIANCE FUNCTION
	6.07	Compliance Function
	6.08	Accountability
	6.09	Reporting
	Part E	RISK MANAGEMENT OF PARTICIPATING ORGANISATIONS
	6.10	Risk Management Functions
	6.11	Composition of the Risk Management Committee
	Part F	INTERNAL AUDIT OF PARTICIPATING ORGANISATIONS
	6.12	Internal Audit Functions
	6.13	Composition of Audit Committee
	6.14	Scope of Internal Audit
	6.15	Reporting

**Part G PERFORMANCE OF RISK MANAGEMENT COMMITTEE AND
AUDIT COMMITTEE FUNCTIONS AT GROUP LEVEL**

- 6.16 Risk Management Committee and Audit Committee
6.17 Investment Bank

CHAPTER 7 DEALINGS IN SECURITIES

- | Rule | Part A | DEALINGS IN SECURITIES |
|-------------|---------------|--|
| | 7.01 | General |
| | 7.02 | Quotation and Trading in Securities |
| | 7.03 | Acting as Principal |
| | 7.04 | Proprietary Trading |
| | 7.05 | Trading Accounts |
| | 7.06 | Breakdown or Malfunction |
| | 7.07 | Lien on Securities |
| | 7.08 | Reporting of Trade Dispute |
| | 7.09 | Recognised Stock Exchange |
| | 7.10 | Dealing With or Creation of Other Market |
| | Part B | OFF BALANCE SHEET TRANSACTIONS |
| | 7.11 | Investment Banks |
| | 7.12 | Records of Off-Balance Sheet Transactions |
| | 7.13 | Reporting of Off-Balance Sheet Transactions |
| | Part C | DESIGNATED SECURITIES |
| | 7.14 | Designated Securities |
| | Part D | CORNER |
| | 7.15 | Declaration |
| | Part E | ISLAMIC STOCKBROKING ACTIVITIES |
| | 7.16 | Approval of the Exchange |
| | Part F | SECURITIES BORROWING AND LENDING |
| | 7.17 | Definitions |
| | 7.18 | General |
| | 7.19 | Internal Guidelines and Systems |
| | 7.20 | Commencement of Securities Borrowing or Lending Activities |
| | 7.21 | [Deleted] |

- 7.22 Designated Accounts
- 7.23 [Deleted]
- 7.24 Actions by the Exchange

Part G TRANSACTION BY EMPLOYEES, DEALER'S REPRESENTATIVES, TRADING REPRESENTATIVES AND DIRECTORS

- 7.25 [Deleted]
- 7.26 Notification
- 7.27 [Deleted]
- 7.28 Definition

Part H FINANCING

- 7.29 Types of Financing Allowed
- 7.30 Margin Financing
- 7.31 Discretionary Financing
- 7.32 Other Types of Financing
- 7.33 Financing to Related Corporation

Part I ISLAMIC SECURITIES SELLING AND BUYING – NEGOTIATED TRANSACTION

- 7.34 Definitions
- 7.35 General
- 7.36 Internal Guidelines and Systems
- 7.37 Commencement of ISSBNT Activities
- 7.38 Designated Account
- 7.39 Actions by the Exchange

Part J LEVERAGED AND INVERSE EXCHANGE TRADED FUNDS

- 7.40 Trading in leveraged and inverse Exchange Traded Funds

CHAPTER 8 TRADING

Part A AUTOMATED TRADING SYSTEM

- Rule** 8.01 General
- 8.02 Trading Days, Trading Sessions and Trading Hours
- 8.03 Trading Status
- 8.04 Keying-In of Orders

8.05	Orders
8.06	Types of Orders
8.07	Validity Condition
8.08	Order Matching
8.09	Contract Amendment
8.10	Cancellation of Contract
8.11	Procedure in respect of a cancellation of Contract under Rule 8.10(1)(b) or (d)
8.12	Procedure in respect of a cancellation of Contract under Rule 8.10(1)(c)
8.12A	Price Adjustment of a Contract
8.12B	Action against the Participating Organisation
8.12C	Indemnity
8.13	Static price limits
8.13A	Dynamic price limits
8.13B	Last Price Limits
8.14	On-Market Married Transaction

Part B DIRECT MARKET ACCESS

8.15	Definition
8.16	General
8.17	Automatic Risk Filters
8.18	Clients
8.19	DMA Orders
8.20	Actions by the Exchange

Part C REGULATED SHORT SELLING

8.21	Definitions
8.22	Regulated Short Selling
8.23	Commencement of Regulated Short Selling
8.24	[Deleted]
8.25	Designated Trading Account and Securities Account
8.26	Execution
8.27	Contract Note for Regulated Short Sale
8.28	Prohibition on Amendments of Contract
8.29	Delivery and Settlement
8.30	Reporting by Participating Organisation
8.31	Suspension of Regulated Short Selling

8.32	Action by the Exchange
Part D	INTRADAY SHORT SELLING
8.33	Definitions
8.34	Intraday Short Selling
8.35	Commencement of Intraday Short Selling
8.36	Execution
8.37	Suspension of Intraday Short Selling
8.38	Suspension Following a Price Drop
8.39	Delivery and Settlement
8.40	Reporting by Participating Organisation
8.41	Actions by the Exchange
Part E	TRADING SUSPENSION
8.42	Trading Suspension

CHAPTER 9 DELIVERY AND SETTLEMENT

	Part A	GENERAL
Rule	9.01	Scope
	9.02	Clearing House
	Part B	DELIVERY OF SECURITIES
	9.03	Ready Basis Contracts
	9.04	Securities with Multiple Quotations
	Part C	FAILED CONTRACTS OF BOARD LOTS
	9.05	Buying-In Without Notice
	9.06	Buying-In Procedures
	9.07	Cash Settlement
	Part D	FAILED CONTRACTS OF ODD LOTS
	9.08	Cash Settlement
	Part E	SETTLEMENT OF PAYMENT
	9.09	Settlement Between a Participating Organisation and Client
	9.10	Contra
	9.11	Set-Off

Part F	SELLING OUT
9.12	Default in Payment
9.13	Notice Not Required

Part G	CLAIMS AND ENTITLEMENTS ARISING OUT OF FAILURE TO DELIVER
9.14	Securities Transacted on “Cum-Entitlements” Basis
9.15	Securities Transacted on “Ex-Entitlement” Basis
9.16	Sale of Rights

Part H	BUYING-IN UPON REQUEST
9.17	Buying-In Upon Request

CHAPTER 10 DIRECT BUSINESS TRANSACTIONS

	Part A	GENERAL
Rule	10.01	General
	10.02	Prohibition
	10.03	Delivery and Settlement
	10.04	Selling Out
	Part B	MODE OF DIRECT BUSINESS TRANSACTIONS
	10.05	Conduct of Direct Business Transactions
	10.06	Reporting of Direct Business Transactions
	10.07	Accuracy of Reports
	10.08	Trading Days, Trading Session and Trading Hours
	10.09	Price of Securities
	Part C	THE FIRST DAY OF TRADING OF SECURITIES UPLIFTED FROM TRADING HALT OR SUSPENSION, LISTED AND QUOTED AND TRADING EX-ENTITLEMENT OR AFTER A CORPORATE ACTION
	10.10	Reporting of Direct Business Transaction
	Part D	AMENDMENTS AND CANCELLATION OF DIRECT BUSINESS TRANSACTIONS
	10.11	Amendments and Cancellation

**Part E FAILURE TO DELIVER OR TO MAKE PAYMENT FOR A DIRECT
BUSINESS TRANSACTION**

10.12 Action by the Exchange

Part F SECURITIES COMMISSION LEVY

10.13 Claim

CHAPTER 11 COMMISSION AND OTHER FEES AND CHARGES

Rule Part A DEFINITIONS
11.01 Definitions

Part B COMMISSION

11.02 Rates

11.03 Net Contracts Prohibited

Part C OTHER FEES AND CHARGES

11.04 Levy by Commission

11.05 Clearing Fees

CHAPTER 12 ACCOUNTING, AUDIT AND FINANCIAL REPORTING REQUIREMENTS

Rule Part A ACCOUNTS AND FINANCIAL REPORTING
12.01 Accounts
12.02 Financial Statements

Part B STATUTORY AUDIT

12.03 Annual Statutory Audit

**Part C SUSPENSION OF INTEREST AND PROVISIONS FOR BAD AND
DOUBTFUL DEBTS**

12.04 Directives

12.05 [Deleted]

Part D OFF-BALANCE SHEET TRANSACTIONS

12.06 Investment Banks

12.07 Records of Off-Balance Sheet transactions

12.08 Reporting of Off-Balance Sheet transactions

CHAPTER 13

CAPITAL REQUIREMENTS

	Part A	GENERAL
Rule	13.01	Investment Banks
	13.02	Definitions
	Part B	CAPITAL REQUIREMENTS
	13.03	Minimum Paid-up Capital and Minimum Shareholders' Funds Unimpaired by Losses
	Part C	CAPITAL ADEQUACY REQUIREMENTS
	13.04	Obligations of a Participating Organisation
	13.05	Obligations of an Investment Bank
	Part D	LIQUID CAPITAL
	13.06	General Principle
	13.07	Computation of Liquid Capital
	Part E	OPERATIONAL RISK
	13.08	General Principle
	13.09	Computation of Operational Risk Requirement
	13.10	Minimum Operational Risk Requirement
	13.11	Annual Expenditure Requirement
	13.12	Adjustment
	Part F	POSITION RISK
	13.13	General Principle
	13.14	Position Risk Requirement for Equity and Exchange Traded Derivatives Instruments
	13.15	Position Risk Requirement for Debt Securities
	13.16	Position Risk Requirement for Other Instruments
	Part G	COUNTERPARTY RISK
	13.17	General Principle
	13.18	Computation of Counterparty Risk Requirement
	13.19	Exceptional Instruments
	13.20	Collateral
	13.21	Hedging

13.22 Additional Counterparty Risk Requirement

Part H LARGE EXPOSURE RISK

13.23 General Principles

13.24 Exposure to a Single Client or Counterparty

13.25 Direct Exposure to Debt Securities

13.26 Exposure to a Single Equity

Part I UNDERWRITING RISK

13.27 General Principle

13.28 Computation

13.29 Register of Underwriting Commitments

Part J GEARING RATIO

13.30 Definition

13.31 Gearing Ratio

Part K LIQUIDITY RISK

13.32 Compliance

13.33 Investment Banks

CHAPTER 14 INSPECTION AND INVESTIGATION

Part A DEFINITION
Rule 14.01 [Deleted]

Part B INSPECTION
14.02 Exchange's Right to Inspection
14.03 [Deleted]
14.04 Reporting
14.05 [Deleted]

Part C INVESTIGATION
14.06 Power of Investigation
14.07 [Deleted]

Part D CONFIDENTIALITY
14.08 [Deleted]

CHAPTER 15**DISCIPLINARY ACTIONS**

Rule	Part A	DISCIPLINARY POWERS
	15.01	General
	15.02	Disciplinary Powers
	15.03	Procedures
	15.04	Agreed Settlement
	15.05	Request for Oral Representations
	15.06	Standard of Proof
	15.07	[Deleted]
	15.08	Other Rights
	Part B	VIOLATIONS
	15.09	Violation by Participants
	Part C	DISCIPLINARY PROCEEDINGS
	15.10	Requisite Notice
	15.11	Response to Requisite Notice
	15.12	Notification of Decision
	Part D	EXPEDITED PROCEEDINGS
	15.13	Scope
	15.14	Procedure
	15.15	No Limitation
	Part E	APPEAL
	15.16	Right of Appeal
	15.17	Notice of Appeal
	15.18	Deliberation of Appeal
	15.19	Notification of Decision on Appeal
	Part F	EFFECT OF DISCIPLINARY ACTION
	15.20	General
	15.21	Period of Payment and Effect of Non-Payment of Fine
	15.22	Effect of Suspension

CHAPTER 16**LEAP MARKET**

Part A	GENERAL
16.01	Introduction
Part B	REQUIREMENTS FOR THE LEAP MARKET
16.02	Sophisticated Investor
16.03	Risk disclosure statement
16.04	Financing
16.05	Direct Business Transactions

APPENDICES

APPENDIX 1 (Chapter 7)	[Deleted]
APPENDIX 2 (Chapter 7)	DECLARATION ON OFF-BALANCE SHEET TRANSACTIONS
APPENDIX 3 (Chapter 7)	[Deleted]
APPENDIX 4 (Chapters 7 & 8)	[Deleted]
APPENDIX 5 (Chapter 4)	[Deleted]
APPENDIX 6 (Chapter 10)	[Deleted]

SCHEDULES

SCHEDULE 1 (Chapter 3)	DEALER'S REPRESENTATIVE'S SCOPE OF ACTIVITIES
SCHEDULE 2 (Chapters 7 & 9)	DELIVERY AND SETTLEMENT TIME FOR ON-MARKET TRANSACTIONS
SCHEDULE 3 (Chapter 10)	DELIVERY AND SETTLEMENT TIME FOR DIRECT BUSINESS TRANSACTIONS
SCHEDULE 4 (Chapter 10)	PRICES OF SECURITIES TRANSACTED IN DIRECT BUSINESS TRANSACTIONS
SCHEDULE 5 (Chapter 10)	PRICES OF SECURITIES TRANSACTED IN DIRECT BUSINESS TRANSACTIONS FOR THE FIRST DAY OF TRADING OF SECURITIES UPLIFTED FROM TRADING HALT OR SUSPENSION, LISTED AND QUOTED AND TRADING EX-ENTITLEMENT OR AFTER A CORPORATE ACTION

SCHEDULE 6 (Chapter 11)	COMMISSION RATES
SCHEDULE 7 (Chapter 11)	SC LEVY