

# CHAPTER 1

## GENERAL RULES

### 1.1 COMPLIANCE WITH THE ACT

The Clearing House, its Officers, employees and agents shall at all times comply with the Act and lawful directions given thereunder by the relevant authority.

### 1.2 REPEAL OR CHANGE OF RULES

- (a) Any Rule may be added, repealed, or amended by the Clearing House subject to the approval of the Commission whenever necessary, as provided under the Act. Any repeal or amendment to the Rules may take effect so as to apply to contracts concerning a Clearing Participant at the time such repeal or amendment comes into effect. The Rules shall be binding upon all the Clearing Participants.
- (b) In addition to sub-rule (a) above:
  - (i) The Clearing House may from time to time amend, extend or delete the provisions of any Operational Procedures and such amendments, extension, or deletions may be made with immediate effect or otherwise as the Clearing House shall determine.
  - (ii) The Clearing House shall notify Clearing Participants of any amendments, exclusion, or deletion made to the Rules or Operational Procedures and the effective date thereof.
  - (iii) Clearing Participants shall be bound by and observe such amendments, extension or deletions to the Rules and Operational Procedures.
  - (iv) The Operational Procedures shall have effect and binding on the Clearing Participants. In the event of any conflict between the Rules and the Operational Procedure, unless otherwise determined by the Clearing House, the Rules shall prevail.
  - (v) The Clearing House may from time to time issue directives, orders, directions or procedure notes relating to all or any part of the operations, services or facilities of the Clearing House and such orders, directions or procedure notes shall be binding on the Clearing Participants or one or more categories of Clearing Participants. The Clearing Participant shall be required to comply with such directives, orders, directions or procedure rules in the same manner and to the same extent as if their provisions are contained in the Rules.

### 1.3 CLEARING PRIVILEGES

Clearing Privileges shall extend only to Clearing Participants.

## **1.4 ROLE AND OBLIGATIONS OF THE CLEARING HOUSE**

- (a) The Clearing House shall provide services which include the clearing and settlement of transactions in Securities effected on, or subject to the Exchange Rules and the Depository Rules, wherever applicable
- (b) In consideration of the role and obligations of the Clearing House under sub-rule(a) the Clearing House shall charge clearing fees at the rate which may be determined by the Clearing House and approved by the Commission, from time to time. The Clearing House shall inform all Clearing Participants of changes to the rate of the clearing fees by at least fourteen (14) days notice in writing.
- (c) Notwithstanding sub-rule (b), the Clearing Participant shall pay whether annually or otherwise such fees, charges, expenses and disbursement with respect to any of the services and facilities made available by the Clearing House to the Clearing Participant as shall be specified from time to time by the Clearing House or as provided under the Operational Procedures, to be payable at such times and in such manner as shall be specified by the Clearing House.

## **1.5 INDEMNITY BY CLEARING PARTICIPANT**

Each Clearing Participant shall indemnify the Clearing House, its agents, representatives, directors, officers and employees and hold each of them harmless against all costs, fees, expenses, liabilities, taxes, assessment, losses and damages of any nature whatsoever suffered or incurred by them directly or indirectly as a result of or in connection with the following matters:

- (a) the participation in any of the services or facilities of the Clearing House by the Clearing Participant or the Clearing Participant's activities in any of the services or facilities and all matters relating thereto as contemplated in the Rules;
- (b) the failure by the Clearing Participant to comply with the provisions of the Rules, Operational Procedures and any Agreement (including without limitation the representations and warranties contained therein) or to comply with any conditions imposed on the Clearing Participant or to comply with any directives or regulation of the Clearing House;
- (c) the actions and/or omission by the Clearing House, its agents, nominees, employees, directors, officers and representatives in reliance on any instructions or communication believed in good faith by any of them to have been given by or on behalf of the Clearing Participant, or the failure of the Clearing Participant to give instructions to the Clearing House as contemplated in the Rules.

## **1.6 PROHIBITION OF IMPROPER USE OF INFORMATION**

- (a) Any officer, employee or agent of the Clearing House or person who is or in relation to dealing in Securities of a Corporation, has any information which if generally known might reasonably be expected to affect materially the price of the subject-matter of the dealing on The Exchange and which:-
  - ii he holds by virtue of his official capacity or former official capacity;
  - iii it would be reasonable to expect a person in his official capacity or former official capacity not to disclose except for the proper performance of the functions attaching to that official capacity; and

iiii he knows is unpublished price-sensitive information in relation to Securities of the Corporation,

shall not make improper use of such information to gain, directly or indirectly, an advantage for himself or for any other person.

(b) Where any one of the persons stipulated under subsection (a) fails to comply with, observe or give effect to this Rule (“the person in default”), the Clearing House may take any action it deems fit against the person in default whether in accordance with the Rules.

## **1.7 IMMUNITY**

No liability shall be incurred by the Clearing House or any person acting for the Clearing House in respect of anything done or omitted to be done in good faith in the performance or purported performance of its/his duty.

## **1.8 PARTIAL INVALIDITY**

If at any time any provisions of the Rules becomes illegal, invalid or inapplicable in any respect, the legality, validity, or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

## **1.9 GOVERNING LAW AND JURISDICTION**

The interpretation, construction and operations of the Rules and the respective rights and obligations of the Clearing House and the Clearing Participant shall be determined under the laws of Malaysia and each Clearing Participant agrees to submit to the jurisdiction of the courts of Malaysia.

## **1.10 OPERATIONAL PROCEDURES**

The Clearing House shall, pursuant to the Rules, prescribe from time to time procedures and other regulations with respect to any of its services or facilities. Each Clearing Participant shall be bound by such procedures and regulations and any amendments thereto.

## **1.11 THIRD PARTY RIGHTS AND INTEREST NOT RECOGNISED**

The Clearing House does not recognise in relation to any of its services or facilities and in its dealings any parties or the rights and/or interests of any parties other than its Clearing Participant. Every transaction to be cleared and settled or cleared and settled by the Clearing House for account of the Clearing Participant shall be in accordance with the Rules.

## **1.12 THE CLEARING HOUSE TO INTERPRET RULES**

Subject to any law and unless expressly provided to the contrary, all issues relating to the interpretation or application of or any matter relating to the Rules, including without limitation, any Operational Procedure, directive, order, direction or practice note issued by the Clearing House, shall be determined by the Clearing House, whose decision shall be final and binding on all Clearing Participants.

### **1.13 POWER TO WAIVE OR MODIFY COMPLIANCE WITH THE RULES**

- (a) The Clearing House may, at any time, waive or modify compliance with a Rule or part of a Rule.
- (b) If the Clearing House waives or modifies compliance with a Rule or part of a Rule subject to a condition or conditions, such condition or conditions must be complied with for the waiver or modification of compliance to be effective.

### **1.14 NEW AND ADDITIONAL SERVICES**

The Clearing House may from time to time offer to Clearing Participants new or additional services, and Clearing Participants may elect to utilise such new or additional services, subject to compliance with and observations of any Rules or Operational Procedures pertaining thereto and such other requirements and conditions that the Clearing House may specify or impose on Clearing Participants from time to time.

### **1.15 SUSPENSION OF SERVICES**

- (a) If in the opinion of the Clearing House, any of its operations, services or facilities provided to Clearing Participants is or is likely to be impeded by any event or circumstances, the Clearing House may suspend the whole or any part of such operations, services or facilities, as the case may be, provided to the Clearing Participant for such duration as it considers necessary.
- (b) In addition to or as an alternative to suspension, the Clearing House may take such other actions as it deems necessary or appropriate in the circumstances in the interest of the Clearing Participants.
- (c) The Clearing House shall notify the Clearing Participants, the Exchange and the Commission as soon as practicable upon a decision to suspend any operation, service or facility and may also provide information as to any other action it proposes to take.

### **1.16 RECTIFICATION OF ERRORS AND OMISSIONS**

- (a) The Clearing House reserves the right to rectify any error made in the provision of any of its services, facilities or operations, including, without limitation to rectify any erroneous instruction to the Central Depository to debit or credit a Clearing Participant's designated securities account, any erroneous instruction to a clearing bank to effect payment or to receive payment from a Clearing Participant and any erroneous statement or report issued to a Clearing Participant by the Clearing House.
- (b) Without prejudice to any other right that the Clearing House may have, if the Clearing House has issued an erroneous instruction to credit securities to a Clearing Participant's designated securities account, the Clearing House shall require the Clearing Participant to return the erroneously credited Securities immediately or by such period as may be specified by the Clearing House. In this connection, and without prejudice to any rights the Clearing House may have, if, as a result of any rectification by the Clearing House of any erroneous credit to a designated securities account of a Clearing Participant pursuant to this Rule, there are insufficient or no Securities in the Clearing Participant's designated securities account to enable the erroneous credit to be rectified, the Clearing House may require the relevant Clearing Participant to replace the relevant amount of Securities. In this respect, the Clearing House may require the relevant Clearing Participant to provide to the Clearing House forthwith a cash sum in such amount as the Clearing House considers appropriate as

collateral. The Clearing House' only obligation in respect of any such funds paid to the Clearing House shall be to refund to the relevant Clearing Participant an amount equal to the cash sum paid to the Clearing House as collateral pending the return of the relevant Securities. If the relevant Securities are not returned by the Clearing Participant immediately or within the period specified by the Clearing House, the Clearing House may itself purchase the replacement Securities on behalf of the relevant Clearing Participant and the cost and expenses of such a purchase shall be borne by the said Clearing Participant.

- (c) The Clearing House shall notify the relevant Clearing Participant concerned in respect of such a purchase, which purchase shall be effected at the prevailing market price and terms available (but taking into account that the Clearing House may be required to act promptly and the Clearing House shall have no liability to the Clearing Participant if it acts in good faith in effecting the purchase).
- (d) Each Clearing Participant undertakes to indemnify the Clearing House against all costs, expenses, fees, liabilities, taxes, losses and damages of any nature whatsoever incurred by the Clearing House directly or indirectly as a result of or in connection with the purchase of the replacement Securities by the Clearing House on the Clearing Participant's behalf.
- (e) Without prejudice to any other rights that the Clearing House may have, if the Clearing House has issued an erroneous instruction to credit funds to a Clearing Participant's bank account, the Clearing House shall require the Clearing Participant to refund the erroneous credited funds immediately or by such other period as may be specified by the Clearing House. In this connection, and without prejudice to any other rights that the Clearing House may have, if the Clearing Participant fails to refund the funds immediately or by the period specified by the Clearing House, the Clearing Participant shall be required to pay the Clearing House interest on the said amount at the prevailing base lending rate of the Clearing House' clearing bank which effected the credit of the funds on the erroneous instructions.
- (f) The Clearing House shall have no liability to the Clearing Participant if such Clearing Participant incurs any loss due to any erroneous instruction, statement or report issued by the Clearing House as a result of any processing of or reliance on any erroneous instruction, report or statement issued to the Clearing Participant with respect to any service, facility or operations provided by the Clearing House or with respect to any rectification of any such erroneous report or statement issued by the Clearing House.
- (g) In the event that the Clearing House makes an erroneous calculation for any fund settlement to be made by the Clearing House to a Clearing Participant with respect to the settlement of any Market Contract or ISS Transaction, any cash payment relating to fees and charges or any other payment due from or to a Clearing Participant, which results in the Clearing House being overpaid or a Clearing Participant being underpaid, as the case may be, the Clearing House shall as soon as practical pay or refund such amount due to the Clearing Participant as a result of the underpayment by Clearing House or overpayment to the Clearing House, as the case may be.

### **1.17 DUTY TO ACT IN GOOD FAITH**

The Clearing House undertakes to perform only such duties and obligations as are expressly set out in the Rules and the Agreement, wherever applicable. For the avoidance of doubt and recognising that the Rules and Operational Procedures do not constitute a contract of uberrimae fides, the Clearing House shall act in good faith in respect to all matters and things to be undertaken or performed by the Clearing House under the Rules with respect to any services or facilities provided to the Clearing Participant or its operations.

## 1.18 LIABILITY FOR NEGLIGENCE, WILFUL MISCONDUCT AND FRAUD

Except as otherwise provided in the Rules, in the absence of negligence, wilful misconduct or fraud on the part of the Clearing House, the Clearing House shall not be liable to any Clearing Participant or to any other person with respect to any action or omission by the Clearing House in connection with the provision of any services to the Clearing Participant or its operations and facilities available thereunder and all other matters contemplated under these Rules.

## 1.19 FORCE MAJEURE

The Clearing House shall not be liable for:

- (a) any action taken or for any failure, hindrance or delay in the provision of services or for any failure to give effect to or delay in giving effect to any instructions from the Clearing Participant with respect to its clearing and settlement services, the ISS or other services and facilities or the performance in whole or in part of its obligations under the Rules or under any Market Contract or ISS Transaction if such failure, hindrance or delay arises out of causes beyond the Clearing House's control; and
- (b) military authority, embargoes, fire, flood, explosion, accidents, labour disputes, mechanical breakdowns, computer or system failure, defects in computer or system software, interruptions of power supply or other utilities or service, any law, decree, regulations or orders of government or courts, and any other causes beyond the control of the Clearing House, including without limitation to the foregoing, any similar causes affecting the Exchange or the Central Depository (whether or not specified in their rules).

## 1.20 THE CLEARING HOUSE NOT TO BE LIABLE

Except as otherwise expressly provided in the Rules, Clearing House shall have no liability for:-

- (a) a failure of a Clearing Participant to comply with or observe the Rules and Operational Procedures;
- (b) any action contemplated or permitted under the Rules;
- (c) the insolvency or the acts or omission of the Central Depository;
- (d) the insolvency or the acts or omission of the Exchange;
- (e) the insolvency or the acts or omission of the Clearing House' clearing bank(s);
- (f) the inability of the Clearing House to perform its function as a result of the invalidity or cancellation of any insurance or assurance, provided that the effecting of such insurance or assurance and the selection of the insurer by the Clearing House shall not be unreasonable at the time of the selection.

## 1.21 CONTINUING OBLIGATIONS OF THE CLEARING PARTICIPANT

Unless otherwise waived by the Clearing House, a Clearing Participant shall continue to comply with any condition of admission imposed by the Clearing House and such further conditions as may be imposed by the Clearing House from time to time.

## **1.22 FURTHER ASSURANCES**

The Clearing House shall be entitled from time to time to require a Clearing Participant to provide on demand assurances in such form, to such extent and in such manner as is determined by the Clearing House to be appropriate by reference to, inter alia, the level of exposure of such Clearing Participant to the Clearing House and/or such other matter as the Clearing House shall consider appropriate.

## **1.23 STATEMENTS AND REPORTS**

- (a) The Clearing House shall furnish to the Clearing Participant such advice, statement and report at such times and in such manner as may be prescribed by the Clearing House.
- (b) It shall be the responsibility of the Clearing Participant to promptly check and reconcile with its own Records details of such advice, statement and report and to promptly notify the Clearing House in writing of any errors or erroneous omissions, in any event within one Market Day of receipt of the said advice, report or statement. The Clearing House reserves the right to rectify the error or omission at any time.
- (c) Any advice, statement or report made available by the Clearing House to the Clearing Participant shall in the absence of any manifest error, (in any event after one Market Day after the availability of the said report, advice or statement) be conclusive as to its subject matter.
- (d) Except as otherwise provided, the failure of the Clearing Participant to notify the Clearing House of any error or omission with respect of any advice, statements or report promptly (or within one Market Day of the availability thereof) shall, subject to the Rules, constitute a waiver in favour of the Clearing House by such Clearing Participant of any rights, claims or damages or losses or of any right to require rectification.

## **1.24 SERVICE BUREAU**

- (a) The Clearing House may in its discretion establish a service bureau and provide the Clearing Participant with computer terminals and other facilities to allow the input of instructions and communications to the Clearing House and access to statements, reports and advices issued by the Clearing House in relation to any services made available to the Clearing Participant.
- (b) The scope of and the manner in which such facilities are to be provided will be as determined by the Clearing House from time to time and notified under the to the Clearing Participant. The Clearing House may impose such restriction with respect to the use of such facilities to different categories of Clearing Participant.

## **1.25 DISCLOSURE OF INFORMATION**

- (a) The Clearing House shall have the authority to disclose the details of any information concerning a Participant in its possession if so required under any applicable law, decree, regulations or any governmental order, or order of any court, tribunal or other competent authority.
- (b) The Clearing House may disclose information at any time to the Exchange, the Commission, or any competent authority to which a Participant is subject or to any other person as the Clearing House deems appropriate, relating to or concerning the Participant and/or its activities in any of the services of the Clearing House or the

services or facilities made available to the Participant if the Exchange, the Commission, any competent authority or other person requests any such information. The Clearing House may disclose information relating to any of its services or facilities made available to the Participant including information relating to any Participant and/or their activities in any of the services or facilities of the Clearing House to the Exchange, the Commission, a competent authority or to any other party as the Clearing House deems appropriate, if the Clearing House considers such disclosure to be in the general interest of the Clearing House or its Participant.

- (c) The Clearing House may disclose any action taken by the Clearing House against a Participant under these Rules to the public or any other persons in any manner as the Clearing House considers fit or expedient.

### **1.25A ADDITIONAL ACTION THAT MAY BE TAKEN BY THE CLEARING HOUSE PURSUANT TO AN INSPECTION OR INVESTIGATION**

Pursuant to a finding from any inspection or investigation on a Clearing Participant, the Clearing House may require the Clearing Participant to take appropriate action against any of its employees or agents if such person caused the Clearing Participant to violate these Rules.

### **1.26 INCIDENTAL POWERS ETC. OF THE CLEARING HOUSE**

Where any provision of the Rules empowers, authorises or enables the Clearing House to do or enforce the doing of any act or thing, the Clearing House shall have all such powers or rights as may be necessary or reasonably incidental to the Clearing House doing or enforcing the doing of the act or thing.

### **1.27 POWERS OF THE EXCHANGE HOLDING COMPANY**

- (a) Where any provision of the Rules confers a right or power on the Clearing House to do any act or thing, such provision shall be deemed to confer the right or power on the Exchange Holding Company to do such act or thing on behalf of the Clearing House.
- (b) A Clearing Participant must comply with, observe or give effect to any action of the Exchange Holding Company pursuant to sub-rule (a) above.

### **1.28 APPEALS AGAINST DECISIONS OF THE CLEARING HOUSE**

- (1) Any decision of the Clearing House is final and binding and a person may only appeal against any action or decision taken or made by the Clearing House under these Rules if the right of appeal is expressly provided for under the relevant provision of these Rules.
- (2) The decision of the Clearing House on appeal is final and binding on the person appealing.

### **1.29 PERSONAL DATA NOTICE**

- (1) Any person who provides or has provided personal data to the Clearing House or the Exchange Holding Company pursuant to or in connection with these Rules should read and be aware of the relevant notification in relation to the Personal Data



Protection Act 2010 (“PDPA”) available at the Exchange Holding Company’s website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“Personal Data Notice”).

- (2) Where the personal data provided is of another individual (“data subject”), the person providing such data must have notified the data subject in writing of the Personal Data Notice before providing the personal data unless:
  - (a) section 41 of the PDPA applies; or
  - (b) the Clearing House otherwise specifies in connection with the PDPA.
- (3) For the purposes of this Rule 1.29, ‘personal data’ shall have the same meaning given in section 4 of the PDPA.

### **1.30 [Deleted]**

### **1.31 PARTICIPANT TO INCLUDE OTHER PERSONS**

A Participant is responsible to the Clearing House for all acts or omissions of its owners, principals, directors, officers, employees, trainees, agents, service providers and sub-contractors.

### **1.32 REFERRAL OF CONDUCT TO OTHER AUTHORITIES**

The Clearing House may, at any time, refer the conduct of any Participant to the relevant authority, without giving notice to such person.

### **1.33 APPOINTMENT OF COMMITTEE, SUB-COMMITTEE OR OFFICERS**

The Clearing House may appoint a committee, sub-committee or officer(s) of the Clearing House or the Exchange Holding Company or an agent to exercise the Clearing House’s powers under these Rules, where appropriate.

### **1.34 CONFIDENTIALITY**

- (1) If a finding or result of any inspection or investigation, or testimony or documentation in connection with a disciplinary proceeding or appeal under these Rules is disclosed to a Participant or its employee or agent, the Participant must keep the findings and results of such inspection or investigation, or testimony or documentation in connection with a disciplinary proceeding or appeal confidential and must not disclose the findings or results to any person except:
  - (a) the Commission, any authorised officer of the Commission or any investigating governmental authority or agency; or
  - (b) where necessary, for the procurement of legal or expert advice in relation to the inspection, investigation, disciplinary proceeding or appeal, provided that the disclosure is restricted to the relevant persons and strictest confidentiality is maintained.
- (2) The Clearing House may release the findings and results of any inspection or investigation, or testimony or documentation in connection with a disciplinary proceeding or appeal to the Commission, Exchange or any other relevant body or authority (in Malaysia or outside of Malaysia) as the Clearing House considers fit, or

to such parties as the Clearing House considers fit for the purposes of the Clearing House's investigation, enforcement or both.

### **1.35 SURPRISE HOLIDAY**

- (1) If the Exchange is open for business on a Surprise Holiday, the Clearing House will be open for business on such day.
- (2) If both the Clearing House and the Exchange are open for business on a Surprise Holiday, a Participant and any other person to whom the Rules are directed must comply with and give effect to these Rules on such day.