

## PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 1 March 2024

No: R/R 1 of 2024

### AMENDMENTS TO THE:

- (1) RULES AND DIRECTIVES OF BURSA MALAYSIA SECURITIES BERHAD (“BMS RULES” AND “BMS DIRECTIVES”); AND
- (2) PARTICIPATING ORGANISATIONS' (“POs”) TRADING MANUAL (“TRADING MANUAL”)

### IN RELATION TO ENHANCEMENTS TO THE PILOT MARKET MAKING PROGRAMME FOR ELIGIBLE STOCKS (“PMMP”) AND OTHER AMENDMENTS

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#### 1. BACKGROUND

- 1.1 Reference is made to POs' Circular No. R/R 2 of 2021 dated 17 May 2021.
- 1.2 Pursuant to the feedback from market participants, enhancements to the stock market making framework have been made to allow for all market making transactions, including any borrowing or Permitted Short Selling (“PSS”)<sup>1</sup>, to be performed in a single account. As a result, manual processes such as the need to carry out contract rectification on a market making account, would no longer be required and are removed under the revised framework accordingly.
- 1.3 The purpose of these amendments is to improve the efficiency and performance of market making by stock market makers, to enable them to implement their trading strategies more effectively and to lower cost.
- 1.4 Amendments to the BMS Rules and BMS Directives to facilitate the revised framework and separately, to provide clarity to the framework for PSS, have been approved by the Securities Commission Malaysia and are detailed in paragraph 2 below.

#### 2. AMENDMENTS TO THE BMS RULES AND BMS DIRECTIVES

- 2.1 Following the enhancements to the stock market making framework to allow for all transactions by a stock market maker to be carried out in a single account, amendments have been made to delete the requirement for a stock market maker to rectify any outstanding purchase contract in its account for market making and PSS under paragraph 5(3) of POs' Directive on PMMP for Eligible Stocks (Directive No. 4-002), as the requirement is no longer relevant.
- 2.2 Apart from the above, Bursa Malaysia Securities Berhad (“the Exchange”) has amended Rule 4.17 to clarify the requirements applicable prior to the execution of a PSS order.
- 2.3 The BMS Rules and BMS Directives on PMMP are attached as **Annexures 1** and **2** respectively.

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<sup>1</sup> PSS means the short selling of any of the securities traded on the stock market of the Exchange that is prescribed by the Exchange for the purposes of Permitted Short Selling under Rule 4.15(1) carried out in accordance with Part E of Chapter 4. Paragraph 5 of the POs' Directive on PMMP for Eligible Stocks (Directive No. 4-002) further sets out that a stock market maker may carry out PSS on any of the stocks traded on the stock market of the Exchange that is prescribed by the Exchange for the purposes of PMMP in the manner prescribed in Part E of Chapter 4 under BMS Rules, as part of its market making activities under the PMMP.

### 3. AMENDMENTS TO THE TRADING MANUAL

- 3.1 Amendments have been made to update the Trading Manual including amendments to paragraph 2.10 to remove the reference to contract rectification for PMMP.
- 3.2 The updated version of the Trading Manual is attached as **Annexure 3**.

### 4. EFFECTIVE DATE

- 4.1 The amendments under paragraphs 2 and 3 above will take effect on **4 March 2024**.

### 5. CONTACT PERSONS

- 5.1 In the event of any queries in relation to the above matter, kindly contact us at the following:

Name	Contact Details
<b>Product &amp; Market Development, Origination &amp; Listing</b> (PMMP framework)	<a href="mailto:pmd@bursamalaysia.com">pmd@bursamalaysia.com</a>
<b>Market Operations</b> (Trading related matters)	<a href="mailto:smo@bursamalaysia.com">smo@bursamalaysia.com</a> 03-2034 7777
<b>Participants Supervision</b> (Market maker registration)	<a href="mailto:isd2@bursamalaysia.com">isd2@bursamalaysia.com</a> 03-2034 7364  <a href="mailto:pa@bursamalaysia.com">pa@bursamalaysia.com</a> 03-2034 7242
<b>Regulatory Policy &amp; Advisory</b> (Rules and Directives)	<a href="mailto:rpa@bursamalaysia.com">rpa@bursamalaysia.com</a>

**This Circular is available at:**

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