

ANNEXURE A
RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN. BHD. (BMSC)
PROPOSED RULE AMENDMENTS IN RELATION TO ISLAMIC SECURITIES SELLING AND BUYING NEGOTIATED TRANSACTIONS (ISSBNT)

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
Interpretation	New provision.	Interpretation	<u>“Approved Supplier”</u> <u>A person approved by the Clearing House to be a supplier in an ISSBNT.</u>	This provision introduces this term used in this Chapter, e.g. in the definition of “ISSBNT”.
Interpretation	New provision.	Interpretation	<u>“Approved User”</u> <u>A person approved by the Clearing House to be a user in an ISSBNT.</u>	This provision introduces this term used in this Chapter, e.g. in the definition of “ISSBNT”.
Interpretation	New provision.	Interpretation	<u>“Effective Shareholders’ Funds”</u> <u>Latest audited shareholders’ funds less unaudited losses.</u>	This provision introduces this term used in Rules 7.3, 8.3(d) and 9.3(d). We have moved the requirement for minimum effective shareholders’ funds on the part of the borrower from the Rules of Bursa Malaysia Securities Berhad (“BMS”) to the Rules of BMSC as the same would be more relevant in the latter set of rules.
Interpretation	New provision.	Interpretation	<u>“Extinguishment of the ISSBNT”</u> <u>The removal of the ISSBNT from the ISSBNT System in the manner and subject to the conditions as may be prescribed by the Clearing House, and the word “Extinguish” is to be construed accordingly.</u>	This provision introduces and defines this term which is used in various parts of this Chapter.

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Interpretation	New provision.	Interpretation	<p><u>“ISSB Negotiated Transaction or ISSBNT”</u></p> <p><u>A Securities selling and buying transaction entered into between an Approved Supplier and an Approved User based on the ISSBNT Model and facilitated by the Clearing House in accordance with the Rules.</u></p>	This provision introduces and defines this term which is used throughout this Chapter.
Interpretation	New provision.	Interpretation	<p><u>“ISSBNT Circulars”</u></p> <p><u>Any circulars, guidelines, procedures, terms and conditions and all other written requirements as may be prescribed and issued by the Clearing House, whether or not electronically, relating to the ISSBNT.</u></p>	This provision introduces the term “ISSBNT Circulars” which is referred to in the new ISSBNT chapter e.g. Rules 9.17 and 9.20.
Interpretation	New provision.	Interpretation	<p><u>“ISSBNT Eligible Securities”</u></p> <p><u>That portion of the Eligible Securities prescribed by the Clearing House as approved for an ISSBNT.</u></p>	This provision introduces the term “ISSBNT Eligible Securities” which is referred to in the new ISSBNT Chapter e.g. Rules 9.5 and 9.12.
Interpretation	New provision.	Interpretation	<p><u>“ISSBNT Model”</u></p> <p><u>The prevailing Islamic Securities Selling and Buying – Negotiated Transaction model endorsed by the Shariah Advisory Council of Securities Commission Malaysia.</u></p>	This provision introduces the term “ISSBNT Model” which is referred to in the new ISSBNT chapter e.g. Rule 9.10. The Shariah Advisory Council of SCM had on 26/2/2015 resolved that the proposed ISSBNT model, which is structured based on 2 outright bai’ (sale) transactions that includes the feature of wa’dan (2 unilateral promises/ undertakings), khiyar al-shart (conditional option) and the

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				<p>provision of collateral as security for the indebtedness, is permissible.</p> <p>The other aspects of the ISSBNT Model as stated in the consultation paper issued together with these draft rules will be set out in FAQs issued by BMSC.</p>
Interpretation	New provision.	Interpretation	<p><u>“ISSBNT Participant”</u></p> <p><u>The Approved Supplier or Approved User, or both, as the context may require.</u></p>	This provision introduces this term used in this Chapter, e.g. in Rules 9.1, 9.4 and 9.10.
Interpretation	New provision.	Interpretation	<p><u>“ISSBNT Participant/Representative”</u></p> <p><u>The Approved Supplier, Approved User, Supplier Representative or User Representative, or any one or more of them, as the context may require.</u></p>	This is for ease of reference for each of the ISSBNT Participants/Representatives either in its respective context or collectively.
Interpretation	New provision.	Interpretation	<p><u>“ISSBNT Securities”</u></p> <p><u>The ISSBNT Eligible Securities that are sold or purchased in relation to an ISSBNT.</u></p>	This provision introduces this term used in this Chapter, e.g. in Rules 9.5 and 9.12.
Interpretation	New provision.	Interpretation	<p><u>“ISSBNT System”</u></p> <p><u>The system operated by the Clearing House to facilitate ISSBNT.</u></p>	This provision introduces this term used in Rule 9.11.
Interpretation	New provision.	Interpretation	<p><u>“Leg 1 of the ISSBNT”</u></p>	This provision introduces this term used in Chapter 9 e.g. in Rule 9.12(b).

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			<u>The initial sale of the ISSBNT Eligible Securities by the Approved Supplier to the Approved User in accordance with the ISSBNT Model.</u>	
Interpretation	New provision.	Interpretation	<p><u>“Leg 2 of the ISSBNT”</u></p> <p><u>Any subsequent sale by the Approved User to the Approved Supplier of similar or equivalent securities as that of Leg 1 of the relevant ISSBNT in accordance with the ISSBNT Model.</u></p>	<p>This provision introduces this term used in Chapter 9 e.g in Rule 9.12(b), (f) – (k).</p> <p>‘Leg 2 of the ISSBNT’ refers to any subsequent sale(s) to facilitate the equivalent of SBLNT’s “partial return” of ISSBNT Securities, or full return of the ISSBNT Securities reflected in the ISSBNT System.</p> <p>The subsequent sale(s) must be done in accordance with the ISSBNT Model and as such, the amount of securities sold in Leg 2 should be up to the amount of ISSBNT Securities in relation to the ISSBNT between the User and Supplier as reflected in the ISSBNT System.</p>
Interpretation	<p>“Participants”</p> <p>Clearing Participants and SBL Participants/Agents who are not Clearing Participants, or any one or more of them, as the context may require.</p>	Interpretation	<p>“Participants”</p> <p>Clearing Participants, and SBL Participants/Agents <u>and ISSBNT Participants/Representatives</u> who are not Clearing Participants, or any one or more of them, as the context may require.</p>	<p>The definition has been amended to include the ISSBNT Participants/Representatives as a Participant of the Clearing House. This definition is used in the context of disciplinary actions in Chapter 3 of the Rules of BMSC.</p>

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Interpretation	New provision.	Interpretation	<p><u>“Supplier Representative”</u></p> <p><u>A person approved by the Clearing House to perform certain functions with respect to the selling of Securities by the Approved Supplier in an ISSBNT.</u></p>	This provision introduces this term used in this Chapter, e.g. in Rule 9.6.
Interpretation	New provision.	Interpretation	<p><u>“User Representative”</u></p> <p><u>A person approved by the Clearing House to perform certain functions with respect to the buying of Securities by the Approved User in an ISSBNT.</u></p>	This provision introduces this term used in this Chapter, e.g. in Rule 9.8.
3.2	<p>DISCIPLINARY POWERS</p> <p>The Clearing House may exercise its disciplinary powers under this General Section of Chapter 3 against a Participant if the Participant is found to have committed any of the acts of misconduct stipulated in Rule 3.3 (“Defaulting Participant”). The Clearing House’s disciplinary powers include the taking of one or more of the following actions:</p> <p>(a) suspend or terminate its Clearing Participantship in accordance with the terms prescribed by the Clearing House;</p> <p>(b) suspend or terminate the Defaulting Participant as a SBL Participant/Agent in accordance with</p>	3.2	<p>DISCIPLINARY POWERS</p> <p>The Clearing House may exercise its disciplinary powers under this General Section of Chapter 3 against a Participant if the Participant is found to have committed any of the acts of misconduct stipulated in Rule 3.3 (“Defaulting Participant”). The Clearing House’s disciplinary powers include the taking of one or more of the following actions:</p> <p>(a) suspend or terminate its Clearing Participantship in accordance with the terms prescribed by the Clearing House;</p> <p>(b) suspend or terminate the Defaulting Participant as a SBL Participant/Agent <u>or ISSBNT Participant/Representative</u></p>	Pursuant to the introduction of the ISSBNT Participant/Representative the Clearing House should be empowered to suspend or terminate the relevant defaulting ISSBNT Participant/Representative if found to have committed an act of misconduct under Rule 3.3 of the Rules of BMSC. In this regard, we have amended Rule 3.2(b) to extend the same to the ISSBNT Participant/Representative.



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	<p>the terms prescribed by the Clearing House;</p> <p>(c) limit or disallow the access of the Defaulting Participant to any of the services or facilities of the Clearing House or suspend the Defaulting Participant's privileges or activities on such terms and for such period as the Clearing House may in its sole discretion determine, including in relation to any function that has been outsourced;</p> <p>(d) impose a fine not exceeding RM1 million on the Defaulting Participant;</p> <p>(e) reprimand (privately or publicly) the Defaulting Participant;</p> <p>(f) impose any restriction or condition in relation to the breach committed or on the activities that a Defaulting Participant who is a Clearing Participant undertakes;</p> <p>(g) impose one or more conditions for compliance including issuing a directive to take such steps to remedy or mitigate the breach, other than a directive to make restitution;</p> <p>(h) direct a Defaulting Participant who is a Clearing Participant to take appropriate action against any of its</p>		<p>in accordance with the terms prescribed by the Clearing House;</p> <p>(c) limit or disallow the access of the Defaulting Participant to any of the services or facilities of the Clearing House or suspend the Defaulting Participant's privileges or activities on such terms and for such period as the Clearing House may in its sole discretion determine, including in relation to any function that has been outsourced;</p> <p>(d) impose a fine not exceeding RM1 million on the Defaulting Participant;</p> <p>(e) reprimand (privately or publicly) the Defaulting Participant;</p> <p>(f) impose any restriction or condition in relation to the breach committed or on the activities that a Defaulting Participant who is a Clearing Participant undertakes;</p> <p>(g) impose one or more conditions for compliance including issuing a directive to take such steps to remedy or mitigate the breach, other than a directive to make restitution;</p> <p>(h) direct a Defaulting Participant who is a Clearing Participant to take appropriate action against any of its</p>	



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	<p>employees or agents if such employees or agents caused the Defaulting Participant to commit the breach;</p> <p>(i) mandate education, training or such other types of programme as may be determined by the Clearing House, to be undertaken or implemented by the Defaulting Participant who is a Clearing Participant, for its employees;</p> <p>(j) [Deleted];</p> <p>(k) impose any restriction, prohibition or requirement regarding the disposal, holding or dealing with any monies or assets of a client by a Defaulting Participant who is a Clearing Participant; or</p> <p>(l) any other action the Clearing House considers appropriate, subject to consultation with the Commission.</p>		<p>employees or agents if such employees or agents caused the Defaulting Participant to commit the breach;</p> <p>(i) mandate education, training or such other types of programme as may be determined by the Clearing House, to be undertaken or implemented by the Defaulting Participant who is a Clearing Participant, for its employees;</p> <p>(j) [Deleted];</p> <p>(k) impose any restriction, prohibition or requirement regarding the disposal, holding or dealing with any monies or assets of a client by a Defaulting Participant who is a Clearing Participant; or</p> <p>(l) any other action the Clearing House considers appropriate, subject to consultation with the Commission.</p>	
7.3	<p>APPLICATION TO BE A BORROWER</p> <p>Any person who wishes to be a Borrower must:-</p> <p>(a) be a Trading Clearing Participant or such other category of persons who is prescribed by the Clearing House to be eligible to become a Borrower;</p>	7.3	<p>APPLICATION TO BE A BORROWER</p> <p>Any person who wishes to be <u>To become a Borrower, the person</u> must:-</p> <p>(a) be a Trading Clearing Participant or such other category of persons who is prescribed by the Clearing House to be eligible to become a Borrower;</p>	<p>This provision is amended consequential to the proposed removal of Rule 7.20(a) of the Rules of BMS. The requirement relating to the Effective Shareholders' Funds is to be complied with by a person seeking to be a borrower and who may not necessarily be a Participating Organisation, and in this connection, it</p>

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	<p>(b) submit a complete and duly executed application and undertaking in the prescribed form to the Clearing House;</p> <p>(c) comply with all requirements prescribed by the Clearing House for a Borrower as contained in these Rules, the SBL Conditions or as prescribed by the Clearing House from time to time in relation to the Bursa SBL; and</p> <p>(d) comply with Rules 7.20(a) and (b) of the Exchange Rules as may be amended, varied, modified, supplemented or substituted from time to time as if it were the Participating Organisation referred to in such Rules.</p>		<p>(b) submit a complete and duly executed application and undertaking in the prescribed form to the Clearing House;</p> <p>(c) comply with all requirements prescribed by the Clearing House for a Borrower as contained in these Rules, the SBL Conditions or as prescribed by the Clearing House from time to time in relation to the Bursa SBL; and</p> <p><u>(d) have Effective Shareholders' Funds of not less than RM50,000,000 as at the date of the application referred to in Rule 7.3(b) and on a continuous basis; and</u></p> <p><u>(ed) comply with Rules 7.3720(a) and (b) of the Exchange Rules as may be amended, varied, modified, supplemented or substituted from time to time as if it were the Participating Organisation referred to in such Rules.</u></p>	<p>is viewed that the requirement should be placed under the BMSC Rules.</p>
<p>8.3</p>	<p>APPLICATION TO BE AN APPROVED SBLNT BORROWER</p> <p>Any person who wishes to be an Approved SBLNT Borrower must:-</p>	<p>8.3</p>	<p>APPLICATION TO BE AN APPROVED SBLNT BORROWER</p> <p>Any person who wishes to be <u>To become</u> an Approved SBLNT Borrower, <u>the person</u> must:-</p>	<p>This provision is amended consequential to the proposed removal of Rule 7.20(a) of the Rules of BMS. The requirement relating to the Effective Shareholders' Funds is to be complied with by a person seeking to be a borrower and who may not</p>



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
	<p>(a) fall within one of the categories of persons prescribed by the Clearing House to be eligible to become an Approved SBLNT Borrower;</p> <p>(b) submit a complete and duly executed application and undertaking in the prescribed form via its Borrowing Representative to the Clearing House;</p> <p>(c) comply with all requirements prescribed by the Clearing House for an Approved SBLNT Borrower as contained in these Rules or as prescribed by the Clearing House from time to time in relation to the SBL Negotiated Transactions; and</p> <p>(d) comply with Rules 7.20(a) and (b) of the Exchange Rules as may be amended, varied, modified, supplemented or substituted from time to time as if it were the Participating Organisation referred to in such Rules.</p>		<p>(a) fall within one of the categories of persons prescribed by the Clearing House to be eligible to become an Approved SBLNT Borrower;</p> <p>(b) submit a complete and duly executed application and undertaking in the prescribed form via its Borrowing Representative to the Clearing House;</p> <p>(c) comply with all requirements prescribed by the Clearing House for an Approved SBLNT Borrower as contained in these Rules or as prescribed by the Clearing House from time to time in relation to the SBL Negotiated Transactions; and</p> <p><u>(d) have Effective Shareholders' Funds of not less than RM50,000,000 as at the date of application referred to in Rule 8.3(b) and on a continuous basis; and</u></p> <p><u>(ed) comply with Rules 7.3720(a) and (b) of the Exchange Rules as may be amended, varied, modified, supplemented or substituted from time to time</u> as if it were the Participating Organisation referred to in such Rules.</p>	<p>necessarily be a Participating Organisation, and in this connection, it is viewed that the requirement should be placed under the BMSC Rules.</p>

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
	New chapter.	Chapter 9	<u>CHAPTER 9</u> <u>ISLAMIC SECURITIES SELLING AND BUYING NEGOTIATED TRANSACTION</u>	This chapter is introduced to set out the requirements relating to an ISSB Negotiated Transaction.
	New provision.	9.1	<u>PARTIES WHO MAY ENTER INTO AN ISSBNT</u> <u>Only an ISSBNT Participant may enter into an ISSBNT.</u>	This is to clarify the types of eligible persons who may participate in ISSBNT services. A participant who has been approved to do Bursa SBL Transactions or SBL Negotiated Transactions would not be automatically allowed to do ISSBNT. In order to do ISSBNT, such participant would need to get BMSC's prior approval by registering as an ISSBNT Participant.
	New provision.	9.2	<u>APPLICATION TO BE AN APPROVED SUPPLIER</u> <u>A person applying to participate as a supplier in ISSBNT either to sell its own Securities or Securities owned by its client must:</u> <u>(a) submit a complete and duly executed application and undertaking in the prescribed form via its Supplier Representative to the Clearing House; and</u> <u>(b) comply with all requirements prescribed by the Clearing House for an Approved Supplier as contained in</u>	This is to clarify the application process to be an Approved Supplier. Similar to the SBLNT model, the applicant would also have to submit an undertaking to comply with the Rules of BMSC, the format of which will be prescribed via the Operational Procedures. This is to establish the contractual nexus with BMSC. It should be noted that for ISSBNT, both the Approved Supplier and Approved User will be required to make a one-off declaration that they will ensure that the agreement that governs the terms and conditions of

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			<p><u>these Rules or as prescribed by the Clearing House in relation to ISSBNT.</u></p>	<p>the ISSBNT as well as the ISSBNTs are in line with the ISSBNT model.</p>
	<p>New provision.</p>	<p>9.3</p>	<p><u>APPLICATION TO BE AN APPROVED USER</u></p> <p><u>A person applying to participate as a user in ISSBNT either to buy Securities for itself or its client must:</u></p> <p><u>(a) fall within one of the categories of persons prescribed by the Clearing House to be eligible to become an Approved User;</u></p> <p><u>(b) submit a complete and duly executed application and undertaking in the prescribed form via its User Representative to the Clearing House;</u></p> <p><u>(c) comply with all requirements prescribed by the Clearing House for an Approved User as contained in these Rules or as prescribed by the Clearing House in relation to ISSBNT;</u></p> <p><u>(d) have Effective Shareholders' Funds of not less than RM50,000,000 as at the date of the application referred to in Rule 9.3(b) and on a continuous basis; and</u></p>	<p>The persons eligible to become an Approved User are the same as those who are eligible to become Approved SBLNT Borrowers and this includes a financial institution licensed by BNM, local fund manager, foreign fund manager, foreign financial institution and a stockbroking company that is a member of another recognised stock exchange as defined in the Rules of the Exchange. The list of persons eligible will be set out in the application form for Approved Users.</p> <p>This is to clarify the application process to be an Approved User. The application process is similar to the process to be an Approved SBLNT Borrower in relation to SBLNT in Rule 8.3 of the Rules of BMSC.</p>

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			<u>(e) comply with Rule 7.37 of the Exchange Rules as if it were the Participating Organisation referred to in such Rules.</u>	
	New provision.	9.4	<u>DISCRETION OF THE CLEARING HOUSE</u> <u>(a) The Clearing House may approve or reject such application as it deems fit. The Clearing House may also approve an application unconditionally or subject to such conditions, as it deems fit.</u>	This provision is introduced to ensure that only applicants who meet the minimum criteria, conditions and requirements prescribed by BMSC are approved to undertake ISSB Negotiated Transactions.
	New provision.	9.4	<u>(b) The Clearing House may revoke the approval given to an ISSBNT Participant, at any time without further reference to the ISSBNT Participant when any one or more of the following events occurs:</u> <u>(i) when an ISSBNT Participant applies for revocation;</u> <u>(ii) when an ISSBNT Participant is no longer eligible under Rule 9.2 or Rule 9.3, as the case may be, to continue as an Approved Supplier or Approved User; or</u> <u>(iii) where the Clearing House deems necessary in</u>	BMSC reserves the right to revoke approval given to an ISSBNT Participant. One of the situations include where the ISSBNT Participant is no longer eligible, e.g. if the ISSBNT Participant no longer falls within any of the categories of persons prescribed under Rule 9.3(a).

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			<u>consultation with the Commission.</u>	
	New provision.	9.4	<u>(c) Where the Clearing House has revoked the approval given to an ISSBNT Participant, the Clearing House may direct such ISSBNT Participant to Extinguish the ISSBNT or take such other action as may be determined by the Clearing House within the timeframe and in the manner as prescribed by the Clearing House.</u>	<p>This is to clarify the obligations of the ISSBNT Participant upon revocation by the Clearing House of approval as an ISSBNT Participant.</p> <p>BMSC is similarly empowered under Rule 8.4(b) of the Rules of BMSC in relation to SBLNT.</p> <p>To note that the other actions that the Clearing House may direct the ISSBNT Participant to take includes the execution of Leg 2.</p>
	New provision.	9.5	<p><u>PURPOSES OF ISLAMIC SECURITIES SELLING AND BUYING</u></p> <p><u>(a) An Approved User may buy ISSBNT Eligible Securities only for any one of the following purposes:</u></p> <p><u>(i) to settle a Regulated Short Sale in ISSBNT Eligible Securities;</u></p> <p><u>(ii) to settle a sale of ISSBNT Eligible Securities where there are no Securities or insufficient Securities in the securities account of the seller as will enable the seller to meet its delivery obligations to the purchaser ("potential failed</u></p>	<p>This is to clarify that ISSB Negotiated Transactions entered into by an Approved User are subject not only to these Rules but also to such requirements as may be prescribed by BMSC in the ISSBNT procedures or circulars.</p> <p>This provision also sets out the circumstances when ISSBNT is allowed.</p>



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			<p><u>trade”) as a result of a mistake howsoever made when executing the sale provided always that the mistake was made in good faith and discovered only after the sale has been executed;</u></p> <p><u>(iii) in relation to ISSBNT Eligible Securities that are ETF units or the Constituent Securities (the ETF Units, the Constituent Securities or any one of the Constituent Securities shall hereinafter be collectively referred to as “the ETF Related Securities”), to settle a sale in the ETF Related Securities where the following requirements are complied with:</u></p> <p><u>(aa) the sale was executed by the Approved User in its capacity as Market Maker for that particular ETF Related Securities or executed by the Approved User for its client who is a Market Maker for that particular ETF Related Securities; and</u></p> <p><u>(bb) the Approved User executed the sale as part of its Permitted Short Selling activities or as part</u></p>	

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			<p style="text-align: center;"><u>of the Permitted Short Selling activities of the Approved User's client;</u></p> <p><u>(iv) to perform another SBLNT or ISSBNT, provided that the participants in such transactions comply with these Rules; or</u></p> <p><u>(v) for such other purposes as may be determined by the Clearing House in consultation with the Commission.</u></p>	
	New provision.	9.5	<p><u>(b) Where the ISSBNT Securities are bought to settle a potential failed trade as provided in Rule 9.5(a)(ii), the Approved User must execute Leg 2 of the ISSBNT within the time prescribed by the Clearing House.</u></p>	In allowing ISSBNT to facilitate the settlement of a potential failed trade, BMSC will include an additional condition that the Approved User executes Leg 2 of the ISSBNT within 6 market days from the date of the execution of the potential failed trade. The purpose of this is to mitigate the risk of abuse of the ISSBNT facility and to ascertain that the purpose of the ISSBNT is indeed meant for the settlement of a potential failed trade.
	New provision.	9.5	<p><u>(c) For the purpose of sub-rule (a), unless the context otherwise requires –</u></p> <p><u>(i) “Constituent Securities” shall have the meaning as is assigned to that expression in the Exchange Rules;</u></p>	This provision defines the terms used in Rule 9.5(a).



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			<p><u>(ii) "ETF" means exchange traded fund as defined in the Commission's Guidelines on Exchange Traded Funds;</u></p> <p><u>(iii) "Market Maker" shall have the meaning as is assigned to that expression in the Exchange Rules;</u></p> <p><u>(iv) "Permitted Short Selling" shall have the meaning as is assigned to that expression in the Exchange Rules; and</u></p> <p><u>(v) "Regulated Short Sale" shall have the same meaning as is assigned to that expression in the Exchange Rules.</u></p>	
	New provision.	9.6	<p><u>APPROVAL AS SUPPLIER REPRESENTATIVE</u></p> <p><u>(a) To become a Supplier Representative, the person must:</u></p> <p><u>(i) be a Trading Clearing Participant, a Non Trading Clearing Participant or fall within such other category of persons prescribed by the Clearing House as being eligible to become a Supplier Representative;</u></p>	This provision sets out the eligibility criteria and approval process for a Supplier Representative.

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			<p><u>(ii) satisfy the requirements of Rule 9.7(c);</u></p> <p><u>(iii) apply to the Clearing House to be approved as a Supplier Representative; and</u></p> <p><u>(iv) submit to the Clearing House a written declaration in the form prescribed in Appendix 1 together with its application as referred to above.</u></p>	
	New provision.	9.6	<u>(b) Without prejudice to the power conferred on the Clearing House in Rule 2A.2, the Clearing House may, at any time prior to or after the receipt of the prescribed declaration in Appendix 1, undertake any inspection or audit on the person seeking approval to act as a Supplier Representative in the manner determined by the Clearing House.</u>	This provision empowers BMSC to conduct inspections on the persons seeking approval to be a Supplier Representative with the view of ensuring compliance by such persons with the requirements imposed by BMSC on the Supplier Representative.
	New provision.	9.6	<u>(c) The Clearing House may approve or reject the application to be a Supplier Representative as it deems fit.</u>	The purpose of this provision is to provide BMSC with the discretion in relation to applications to be a Supplier Representative and is consistent with Rules 2.5A, 7.4, 7.7(d), 8.4(a) and 8.6(d).
	New provision.	9.6	<u>(d) The Clearing House may also approve the application to be a Supplier Representative unconditionally or subject to such</u>	This provision empowers BMSC to impose any necessary requirements or conditions relating to a Supplier Representative's application should

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<u>conditions, as it deems necessary to ensure the smooth operation of the ISSBNT.</u>	the same be necessary to ensure the smooth operation of the ISSBNT. This is a standard provision that is included in any provision relating to approval of applications for admission or registration.
	New provision.	9.6	<u>(e) A Supplier Representative must act as the duly appointed representative of the Approved Supplier when performing the functions and responsibilities set out under Rule 9.7(a) and as may be specified by the Clearing House.</u>	This provision clarifies that the Supplier Representative acts as the representative of the Approved Supplier in performing the functions and responsibilities in Rule 9.7(a).
	New provision.	9.6	<u>(f) A person must not perform the functions and responsibilities set out under Rule 9.7(a) for any Approved Supplier, as its representative, unless it has first been approved as a Supplier Representative and has entered into a written agreement with such Approved Supplier to be appointed as its Supplier Representative, which agreement must include the matters specified in Appendix 2.</u>	The Supplier Representative must ensure that it enters into a written agreement with the Approved Supplier before it acts as the Supplier Representative. This is to establish the contractual relationship with the Approved Supplier. The minimum contents of the agreement have been prescribed under Appendix 2. This, however, is not a sample agreement but merely contains matters which must be reflected in the agreement.
	New provision.	9.7	<u>FUNCTIONS AND RESPONSIBILITIES OF SUPPLIER REPRESENTATIVE</u> <u>(a) A Supplier Representative appointed by an Approved Supplier must have</u>	This provision clarifies the functions and responsibilities of a Supplier Representative, which are similar to that of a Lending Representative for the SBLNT model in Rule 8.7 of the Rules of BMSC.



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<p><u>the following functions and responsibilities:</u></p> <p><u>(i) to process the application of any person applying to be an Approved Supplier ("Said Approved Supplier");</u></p> <p><u>(ii) to transmit or forward to the Said Approved Supplier any notification or update communicated by the Clearing House in relation to the Said Approved Supplier's ISSBNTs or received by the Supplier Representative from the Clearing House for the information of the Said Approved Supplier;</u></p> <p><u>(iii) to collect all documents, forms, agreements, deeds including any amendments or variations to such documents relating to or governing the ISSBNTs as the Clearing House may require, from the Said Approved Supplier for submission to the Clearing House and from the Clearing House for transmission to the Said Approved Supplier;</u></p> <p><u>(iv) to receive any fees, charges and the GST amount referred to in Rule 1.30(1) due and payable by the Said Approved Supplier to</u></p>	



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<p><u>the Clearing House arising with respect to any of the services and facilities provided by the Clearing House in relation to the ISSBNTs and to pay to the Clearing House such fees, charges and the GST amount referred to in Rule 1.30(1) in relation to the ISSBNTs;</u></p> <p><u>(v) to furnish to the Clearing House such information or documents relating to the ISSBNTs and such advice, statement and report on the operation of the ISSBNTs at such times and in such manner as may be prescribed by the Clearing House;</u></p> <p><u>(vi) to give effect to any instructions, directives or orders given by the Clearing House to facilitate the operation of any transactions by the Said Approved Supplier relating to the ISSBNTs;</u></p> <p><u>(vii) to immediately notify the Clearing House upon it becoming aware of any breach committed or likely to be committed by the Said Approved Supplier of any of these Rules or requirements imposed by the Clearing House on the Said Approved Supplier in relation to the ISSBNTs; and</u></p>	

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in relation to ISSBNT**



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<u>(viii) such other functions and responsibilities as may be specified by the Clearing House.</u>	
	New provision.	9.7	<u>(b) The Clearing House may, by notice given to the Supplier Representative, amend, vary or modify the functions and responsibilities of a Supplier Representative.</u>	<p>This is to facilitate any changes to the functions and responsibilities of a Supplier Representative in relation to ISSBNTs as may be prescribed by BMSC from time to time.</p> <p>The same power is accorded to BMSC in relation to a Lending Representative under SBLNT in Rule 8.7(b) of the Rules of BMSC.</p>
	New provision.	9.7	<u>(c) A Supplier Representative must ensure that it has in place, at all times, the requisite systems, infrastructure, functionalities and controls for the performance of the functions and responsibilities stipulated in Rule 9.7(a).</u>	<p>This is to ensure that a Clearing Participant (“CP”), upon approval to act as a Supplier Representative, is ready to commence ISSBNT operations.</p> <p>The same obligation is placed on the CP seeking approval to act as a Lending Representative in relation to SBLNT in Rule 8.7(c) of the Rules of BMSC.</p>
	New provision.	9.7	<u>(d) In performing the functions and responsibilities stipulated in Rule 9.7(a) on behalf of the Approved Supplier, a Supplier Representative must comply with the procedures or requirements as may be imposed by the Clearing House.</u>	<p>This is to ensure compliance by a Supplier Representative with all requirements prescribed by BMSC in relation to ISSBNT.</p> <p>The same obligation is placed on the Lending Representative in relation to</p>

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
				SBLNT in Rule 8.7(d) of the Rules of BMSC.
	New provision.	9.8	<p><u>APPROVAL AS USER REPRESENTATIVE</u></p> <p><u>(a) To become a User Representative, the person must:</u></p> <p><u>(i) be a Trading Clearing Participant or fall within such other category of persons prescribed by the Clearing House as being eligible to become a User Representative;</u></p> <p><u>(ii) satisfy the requirements of Rule 9.9(c) below;</u></p> <p><u>(iii) apply to the Clearing House to be approved as a User Representative; and</u></p> <p><u>(iv) submit to the Clearing House a written declaration in the form prescribed in Appendix 3, together with its application as referred to above.</u></p>	This provision sets out the eligibility criteria and approval process for a User Representative, which is similar to that of a Supplier Representative.
	New provision.	9.8	<p><u>(b) Without prejudice to the power conferred on the Clearing House in Rule 2A.2, the Clearing House may, prior to or after the receipt of the prescribed declaration in Appendix 3,</u></p>	This provision empowers BMSC to conduct inspections on the CP seeking approval to be a User Representative with the view of ensuring compliance with the CP with the requirements

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<u>undertake any inspection or audit on the person seeking approval to act as a User Representative in the manner determined by the Clearing House.</u>	imposed by BMSC on the User Representative.
	New provision.	9.8	<u>(c) The Clearing House may approve or reject the application to be a User Representative as it deems fit.</u>	The purpose of this provision is to provide BMSC with the discretion in relation to applications to be a User Representative and is consistent with Rules 2.5A, 7.4, 7.7(d), 8.4(a), 8,6(d) and the proposed new Rule 9.6(d).
	New provision.	9.8	<u>(d) The Clearing House may also approve the application to be a User Representative unconditionally or subject to such conditions as it deems necessary to ensure the smooth operation of the ISSBNT.</u>	This provision empowers BMSC to impose any necessary requirements or conditions relating to a User Representative's application should the same be necessary to ensure the smooth operation of the ISSBNT. This is a standard provision that is included in any provision relating to approval of applications for admission or registration.
	New provision.	9.8	<u>(e) A User Representative must act as the duly appointed representative of the Approved User when performing the functions and responsibilities set out under Rule 9.9(a) and as may be specified the Clearing House.</u>	This provision clarifies that the User Representative acts as the representative of the Approved User in performing the functions and responsibilities in Rule 9.9(a).
	New provision.	9.8	<u>(f) A person must not perform the functions and responsibilities set out under Rule 9.9(a) for any Approved User as its representative, unless it</u>	The User Representative must ensure that it enters into a written agreement with the Approved User before it acts as the User Representative. This is to

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<p><u>has first been approved as a User Representative and has entered into a written agreement with such Approved User to be appointed as its User Representative, which agreement must include the matters specified in Appendix 4.</u></p>	<p>establish the contractual relationship with the Approved User. The minimum contents of the agreement have been prescribed under Appendix 4. This, however is not a sample agreement but merely contains matters which must be reflected in the agreement.</p>
	<p>New provision.</p>	<p>9.9</p>	<p><u>FUNCTIONS AND RESPONSIBILITIES OF USER REPRESENTATIVE</u></p> <p><u>(a) A User Representative appointed by an Approved User must have the following functions and responsibilities:</u></p> <p><u>(i) to process the application of any eligible person applying to be an Approved User ("Said Approved User");</u></p> <p><u>(ii) to transmit or forward to the Approved User any notification or update communicated by the Clearing House in relation to the Said Approved User's ISSBNTs or received by the User Representative from the Clearing House for the information of the Said Approved User;</u></p> <p><u>(iii) to collect all documents, forms, agreements, deeds including any amendments or variations to such documents relating to or</u></p>	<p>This provision sets out the functions and responsibilities of a User Representative, which are similar to that of a Borrowing Representative for the SBLNT model in Rule 8.9 of the Rules of BMSC.</p>



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<p><u>governing the ISSBNTs as the Clearing House may require from the Said Approved User for submission to the Clearing House and from the Clearing House for transmission to the Said Approved User;</u></p> <p><u>(iv) to receive any fees, charges and the GST amount referred to in Rule 1.30(1) due and payable by the Said Approved User to the Clearing House arising with respect to any of the services and facilities provided by the Clearing House in relation to the ISSBNTs and to pay to the Clearing House such fees, charges and the GST amount referred to Rule 1.30(1) in relation to the ISSBNTs;</u></p> <p><u>(v) to furnish to the Clearing House such information or documents relating to the ISSBNTs and such advice, statement and report on the operation of the ISSBNTs at such times and in such manner as may be prescribed by the Clearing House;</u></p> <p><u>(vi) to give effect to any instructions, directives or orders given by the Clearing House to facilitate the operation of any transactions by</u></p>	

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<p><u>the Approved User relating to the ISSBNTs;</u></p> <p><u>(vii) to immediately notify the Clearing House upon it becoming aware of any breach committed or likely to be committed by the Approved User of any of these Rules or requirements imposed by the Clearing House on the Approved User in relation to the ISSBNTs;</u> <u>and</u></p> <p><u>(viii) such other functions and responsibilities as may be specified by the Clearing House.</u></p>	
	New provision.	9.9	<u>(b) The Clearing House may, by notice given to the User Representative, amend, vary or modify the functions and responsibilities of a User Representative.</u>	<p>This is to facilitate any changes to the functions and responsibilities of the User Representative in relation to ISSBNTs as may be prescribed by BMSC from time to time.</p> <p>The same power is accorded to BMSC in relation to a Borrowing Representative under SBLNT in Rule 8.9(b) of the Rules of BMSC.</p>
	New provision.	9.9	<u>(c) A User Representative must ensure that it has in place, at all times, the requisite systems, infrastructure, functionalities and controls for the performance of the functions and responsibilities stipulated in Rule 9.9(a).</u>	<p>This is to ensure that a CP, upon approval to act as a User Representative, is ready to commence ISSBNT operations.</p> <p>The same obligation is placed on the CP seeking approval to act as a</p>

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
				Borrowing Representative in relation to SBLNT in Rule 8.9(c) of the Rules of BMSC.
	New provision.	9.9	<u>(d) In performing the functions and responsibilities stipulated in Rule 9.9(a) on behalf of the Approved User, a User Representative must comply with the procedures or requirements as may be imposed by the Clearing House.</u>	This is to ensure compliance by the User Representative with all requirements prescribed by BMSC in relation to ISSBNT. The same obligation is placed on the Borrowing Representative in relation to SBLNT in Rule 8.9(d).
	New provision.	9.10	<u>ISSBNT AGREEMENT</u> <u>ISSBNT Participants or their clients may include the matters set out in Appendix 5 in the agreement that governs the terms and conditions of the ISSBNT that is facilitated by the Clearing House under Chapter 9 and if they do, such agreement will be deemed an ISSBNT agreement for the purposes of the relevant tax exemption order(s) issued in connection with ISSBNT.</u>	This provision clarifies that an ISSBNT agreement that includes the matters sets out in Appendix 5 will be deemed to be an ISSBNT agreement for the purposes of the relevant tax exemption order that is being contemplated to be issued in connection with ISSBNT. This will enable the Approved Supplier or Approved User to be eligible for income tax exemption if the other conditions in the relevant tax exemption order are satisfied. It should be noted that such proposed tax exemption is subject to the approval of the relevant authority.
	New provision.	9.11	<u>ACCESS TO ISSBNT SYSTEM</u> <u>(a) A Supplier Representative or a User Representative will be given access to the ISSBNT System to perform any of its functions and responsibilities.</u>	This provision clarifies that access to the ISSBNT system will only be given to the relevant representatives upon approval being granted to act as a Supplier Representative or User Representative.

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
	New provision.	9.11	<u>(b) A Supplier Representative and a User Representative must comply with any conditions or requirements prescribed by the Clearing House in relation to the access to or usage of the ISSBNT System.</u>	<p>This provision requires the CP to comply with such conditions or requirements imposed by BMSC in relation to the ISSBNT system.</p> <p>The same obligation is placed in relation to the SBLNT system in Rule 8.11(b).</p>
	New provision.	9.12	<p><u>REQUIREMENTS OF ISSBNT</u></p> <p><u>(a) The Approved User must ensure that it obtains a confirmation from the Approved Supplier that the Approved Supplier has the ISSBNT Eligible Securities available to be sold to the Approved User. Such confirmation must contain such details and be maintained in such manner as prescribed by the Clearing House.</u></p>	<p>This provision is to ensure that both the Approved Supplier and the Approved User have agreed to the ISSBNT before the Approved User or its client executes a short sale. This is consistent with Rule 8.25 of the Rules of Bursa Malaysia Securities Berhad which requires a confirmation to be in place before a regulated short sale can be effected.</p>
	New provision.	9.12	<u>(b) ISSBNT Participants who have agreed on an ISSBNT and wish to have the ISSBNT Securities delivered, whether pursuant to Leg 1 or Leg 2 of the ISSBNT, must each notify the Clearing House of the prescribed details of the ISSBNT through their respective appointed Supplier Representative or User Representative and in the manner as prescribed by the Clearing House.</u>	<p>The Approved Supplier and Approved User through their representatives must key-in the relevant details into the ISSBNT System in order for BMSC to instruct Bursa Malaysia Depository Sdn. Bhd. ("BM Depo") to effect the relevant entries in their securities account. Unlike SBLNT Rule 8.12(b) which only applies for the "borrow" leg, this Rule 9.12(b) would apply to both Leg 1 and Leg 2 of the ISSBNT.</p> <p>It should be noted that Leg 2 of the ISSBNT will be triggered upon the</p>

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
				circumstances as agreed upon between the parties and this could include when the Approved Supplier wishes to buy back the securities for any reason e.g. to exercise its voting rights or where there is a corporate action by the issuer of the ISSBNT Securities.
	New provision.	9.12	<u>(c) ISSBNT Participants who have agreed to cancel Leg 1 of the ISSBNT pursuant to the ISSBNT Model and wish to have the ISSBNT Securities re-delivered to the Approved Supplier must each notify the Clearing House of the prescribed details through their respective appointed Supplier Representative or User Representative within the time frame and in the manner as prescribed by the Clearing House.</u>	<p>The ISSBNT Model which was resolved to be permissible by 169th Shariah Advisory Council of the SCM Meeting on 26 February 2015 includes khiyar al-shart, i.e. a conditional option to cancel a previous agreed sale within a specific number of days.</p> <p>This provision is introduced to facilitate the cancellation of ISSBNT Leg 1 by the ISSBNT Participants in exercising khiyar al-shart provided that such cancellation be done within 2 market days from the receipt of the Leg 1 securities. This is the time frame that will be prescribed by the Clearing House.</p>
	New provision.	9.12	<u>(d) Upon receipt of the relevant notifications from both the ISSBNT Participants, the Clearing House shall be authorised by the Approved Supplier and Approved User, respectively, to instruct the Central Depository to debit or credit the securities accounts provided by the</u>	<p>The keying-in of the notifications by the Approved Supplier and the Approved User are taken as authorisation for BMSC to instruct BM Depo to move the securities from the Approved Supplier's or Approved User's accounts to the other parties' account. Under the ISSBNT Operational</p>

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<p><u>Approved Supplier and Approved User, as the case may be, for the purpose of delivery of the ISSBNT Securities, provided that:</u></p> <p><u>(i) the relevant details provided by the ISSBNT Participants are validated in the manner prescribed by the Clearing House; and</u></p> <p><u>(ii) there are sufficient Securities in the securities account of the Approved Supplier or Approved User, as the case may be, at the relevant time as stipulated by the Clearing House to satisfy the delivery of the ISSBNT Securities.</u></p>	<p>Procedures, the Approved User will key-in the notifications and the Approved Supplier has to confirm the same or vice versa in the case of Leg 2 of the ISSBNT. If there are insufficient securities in the relevant account, BMSC will notify the relevant ISSBNT Participant for them to proceed with the necessary and key-in the relevant notifications into the ISSBNT System again.</p>
	New provision.	9.12	<p><u>(e) The ISSBNT Participants may, at any time prior to the Extinguishment of the ISSBNT and in the manner prescribed by the Clearing House, adjust or vary the Securities comprised in the ISSBNT Securities (including the amount of the Securities) pursuant to any action taken by the issuer of the ISSBNT Securities in relation to or arising from its Securities.</u></p>	<p>The ISSBNT Participants may decide to adjust the ISSBNT Securities to incorporate any changes to the quantity of the ISSBNT Securities arising from any corporate actions e.g. a bonus issue of shares where the parties decide to retain the ISSBNT Securities, instead of executing Leg 2. This provision is included to facilitate the adjustment of quantity of the ISSBNT Securities.</p>
	New provision.	9.12	<p><u>(f) Upon the execution of Leg 2 of the ISSBNT by the ISSBNT Participants, the Approved User must deliver the</u></p>	<p>This is to ensure that the Approved User, in Leg 2 of the ISSBNT, complies with the relevant requirements</p>

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<u>ISSBNT Securities to the Approved Supplier within the timeframe and in the manner prescribed by the Clearing House.</u>	prescribed by BMSC in respect of the delivery of the ISSBNT Securities.
	New provision.	9.12	<u>(g) Notwithstanding anything in these Rules, an ISSBNT Participant may Extinguish an ISSBNT without the execution of Leg 2 of the ISSBNT in any of the circumstances as may be prescribed by the Clearing House.</u>	<p>This rule provides for the extinguishment of ISSBNT without the execution of Leg 2. It is envisaged that the circumstances in which the ISSBNT Participant may do so will be set out in the procedures manuals relating to ISSBNT, and will include the following:</p> <p>(i) Where any of the events of default under the agreement between the ISSBNT Participants setting out the terms and conditions of the transaction are triggered; and</p> <p>(ii) Where Leg 2 cannot be performed as a result of an event beyond the control of the ISSBNT Participant and this would include where the Approved User does not have the ISSBNT Eligible Securities which have ceased to become Shariah compliant.</p>
	New provision.	9.12	<u>(h) An ISSBNT Participant who intends to Extinguish the ISSBNT without the execution of Leg 2 of the ISSBNT under Rule 9.12(g) must do so in the</u>	The procedures for termination of an ISSBNT without the execution of Leg 2 will be set out in the ISSBNT Operational Procedures.

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<u>manner specified by the Clearing House.</u>	
	New provision.	9.12	<u>(i) The Clearing House may prohibit the Extinguishment of the ISSBNT without the execution of Leg 2 of the ISSBNT referred to in Rule 9.12(g) without assigning any ground or reason for its decision.</u>	This provision is to provide BMSC with the power to prohibit the termination of the ISSBNT without the execution of Leg 2 of the ISSBNT if the BMSC thinks that sufficient reason does not exist to warrant the SBLNT Participants to terminate the ISSBNT without the execution of Leg 2, e.g. where the ISSBNT Participant's proof of default does not match with the purported event of default for which the ISSBNT Participant has based its request to extinguish the ISSBNT. Also, this provision preserves BMSC's powers to take action for breach under these Rules and is modelled after Rule 8.12(i) of the Rules of BMSC.
	New provision.	9.12	<u>(j) The Clearing House's facilitation of the Extinguishment of the ISSBNT without the execution of Leg 2 of the ISSBNT under Rule 9.12(g) does not prejudice the Clearing House's right or power to take action for breach of any of these Rules or the Clearing House's requirements in relation to ISSBNT.</u>	This is to protect the Clearing House from any claims that the Clearing House may be subject to as a result of the termination of the ISSBNT without the execution of Leg 2 of the ISSBNT. This is similarly provided for in relation to SBLNT under Rule 8.12(j) of the Rules of BMSC.
	New provision.	9.12	<u>(k) Each ISSBNT Participant who is involved in an Extinguishment of the ISSBNT without the execution of Leg 2 of the ISSBNT must fully indemnify</u>	Participants should note that this indemnity is an indemnity provision in the rules to which the participants are subject, and participants are not

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<p><u>and hold indemnified the Clearing House, whether such indemnity is claimed by the Clearing House during or after the expiry of the tenure of the ISSBNT Participant as an Approved Supplier or Approved User, from and against any loss, damage, claim, liability, cost or expense (including but not limited to legal costs on a solicitor and client basis) suffered or incurred by the Clearing House, whether directly or indirectly, arising from or in connection with the Extinguishment of the ISSBNT without the execution of Leg 2 of the ISSBNT.</u></p>	<p>required to provide this indemnity separately.</p>
	<p>New provision.</p>	<p>9.12</p>	<p><u>(l) ISSBNT Participants are solely responsible for all rights and obligations arising from, and must assume all default and recovery risks associated with the relationship between the ISSBNT Participants. The Clearing House shall in no event be held liable for the performance of any obligation arising from the relationship between the ISSBNT Participants.</u></p>	<p>This provision clarifies that the Clearing House's role in ISSBNTs is limited to facilitating the ISSBNT between the Approved Supplier and the Approved User by instructing BM Depo to debit or credit the securities accounts of the supplier and user upon receipt of the relevant notifications from the supplier and user. The Clearing House does not act as the central counter party. The risk of the user's or supplier's default in connection with Leg 2 of the ISSBNT is borne by the supplier and user respectively.</p> <p>A similar obligation is placed on the SBLNT Participants under Rule 8.12(l) of the Rules of BMSC.</p>

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
	New provision.	9.13	<p><u>DESIGNATED SECURITIES ACCOUNT</u></p> <p><u>An Approved User must ensure that all ISSBNT Securities are held in and where relevant, transferred to, the designated securities accounts as prescribed by the Clearing House and no other securities account.</u></p>	This is to clarify that the ISSBNT Securities must be held in and where relevant, moved to the designated securities account as prescribed by the Clearing House and in no other securities account.
	New provision.	9.14	<p><u>ACTION BY THE CLEARING HOUSE</u></p> <p><u>(a) The Clearing House may exercise any of the powers set out in Rule 9.14(b) immediately without further reference to a ISSBNT Participant/Representative:</u></p> <p><u>(i) if the ISSBNT Participant/ Representative commits a breach of any of the conditions or requirements imposed by the Clearing House in relation to the ISSBNTs;</u></p> <p><u>(ii) if the Clearing House determines in its absolute discretion that the ISSBNT Participant/ Representative is unable to conduct any of the ISSBNTs due to any circumstances including bankruptcy and insolvency;</u></p> <p><u>(iii) if the Clearing House determines that the ISSBNT Participant/Representative is</u></p>	<p>In order to ensure that there are fair and orderly transactions in ISSBNT, BMSC retains the discretion to take certain actions upon the occurrence of events as specified.</p> <p>BMSC is similarly empowered in relation to SBLNT under Rule 8.14(a) of the Rules of BMSC.</p>

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<p><u>likely to cause damage to other ISSBNT Participants/ Representatives as a result of violating any of the requirements or obligations in relation to the ISSBNTs; or</u></p> <p><u>(iv) in any such circumstances which the Clearing House in its absolute discretion deems fit.</u></p>	
	New provision.	9.14	<p><u>(b) Without prejudice to any of the powers of the Clearing House contained in the Act, these Rules or any directives, circulars or instructions issued by the Clearing House, the actions which the Clearing House may take upon the happening of any of the events set out in Rule 9.14(a) include one or more of the following:</u></p> <p><u>(i) prohibit the ISSBNT Participant/ Representative from entering into any or all new ISSBNTs and/or transactions contemplated under any directives, circulars or instructions issued by the Clearing House in relation to the ISSBNTs;</u></p> <p><u>(ii) suspend or terminate the ISSBNT Participant/ Representative as an ISSBNT Participant/ Representative;</u></p>	<p>This provision clarifies the types of actions that may be taken by BMSC upon the occurrence of the events as specified in Rule 9.14(1).</p> <p>BMSC is similarly empowered in relation to SBLNT under Rule 8.14(b) of the Rules of BMSC.</p>

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Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<p><u>(iii) notify all ISSBNT Participants/ Representatives of the suspension or termination of any ISSBNT Participant/ Representative; or</u></p> <p><u>(iv) limit the activities or access of the ISSBNT Participant/ Representative to the services and facilities provided by the Clearing House in relation to the ISSBNTs on such terms and for such duration as the Clearing House may in its absolute discretion determine.</u></p>	
	New provision.	9.14	<p><u>(c) Where an action has been taken under Rule 9.14(b), an ISSBNT Participant/ Representative may make representations to the Clearing House for discontinuance of the action taken. The Clearing House may after representations have been made, discontinue with the action taken. However, such discontinuance shall not be construed as an omission or error of any kind on the part of the Clearing House in undertaking the action under Rule 9.14(b) in the first place.</u></p>	<p>This provision clarifies the ability of the ISSBNT Participant/ Representative to make representations to BMSC in relation to the action taken by BMSC pursuant to Rule 9.14(2).</p> <p>The same treatment is allowed to SBLNT Participant/ Representatives under Rule 8.14(c) of the Rules of BMSC.</p>
	New provision.	9.14	<p><u>(d) The Clearing House shall not be held liable for any loss or damage suffered by any party arising from or in connection with the action taken by</u></p>	<p>This provision clarifies the scope of liability of BMSC in relation to any losses or damages that may be suffered by any party arising from</p>

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in relation to ISSBNT**



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<u>the Clearing House under Rule 9.14(b) provided that the Clearing House has acted in good faith.</u>	effecting any of the actions under Rule 9.14(2). A similar scope of liability is applied in relation to any actions taken by BMSC in relation to SBLNT as per Rule 8.14(d) of the Rules of BMSC.
	New provision.	9.14	<u>(e) Notwithstanding any provisions to the contrary in these Rules, the Clearing House, where it deems necessary, may:</u> <u>(i) suspend its services and facilities for the ISSBNTs entirely or partially for such duration as the Clearing House in its absolute discretion deems fit; or</u>	This provision empowers BMSC to suspend its ISSBNT services. Where it is wholly suspended, no ISSBNT activities can further take place. BMSC is similarly empowered under Rule 8.14(e)(i) of the Rules of BMSC in relation to ISSBNT.
			<u>(ii) direct an ISSBNT Participant to Extinguish its ISSBNTs or take such other action as may be determined by the Clearing House, the timeframe and in the manner as prescribed by the Clearing House.</u>	This provision sets out the power of BMSC to reduce the ISSBNTs in the market when directed by SCMor when required by any written law. BMSC is similarly empowered under Rule 8.14(e)(ii) of the Rules of BMSC in relation to SBLNT.
	New provision.	9.15	<u>PROVISION OF INFORMATION</u> <u>The ISSBNT Participants/ Representatives must furnish to the Clearing House or the Commission any information or Document in relation to any ISSBNT as required by the Clearing House or the Commission.</u>	There may be situations where the SC or BMSC may need further information regarding the ISSBNT, and this provision enables the SCM and BMSC to obtain such information to discharge its respective duties. As such, the ISSBNT Participants/ Representatives

**PROPOSED AMENDMENTS TO THE RULES OF BMSC
in relation to ISSBNT**



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
				<p>must provide such information as requested by the SCM or BMSC.</p> <p>The same requirement is placed on SBLNT Participants/ Representatives in relation to SBLNT under Rule 8.15 of the Rules of BMSC.</p>
	New provision.	9.16	<p><u>DISCLOSURE OF INFORMATION</u></p> <p><u>Notwithstanding any provisions in these Rules, the Clearing House shall be entitled to:</u></p> <p><u>(a) disclose any information or to produce any document in its possession or control in relation to the ISSBNT if required or requested to do so by the Commission; and</u></p> <p><u>(b) disclose any information in its possession or control to the Commission or authorised personnel of the Exchange by way of granting such persons access to the ISSBNT System, for the purpose of facilitating the performance of their duties and functions under the relevant requirements, rules or laws.</u></p>	<p>This authorises BMSC to disclose any ISSBNT-related information or documents to the SCM or Bursa Malaysia Securities, whether upon request or to facilitate the discharge of duties and functions by such authorities.</p> <p>BMSC is similarly entitled to do so in relation SBLNT under Rule 8.16 of the Rules of BMSC.</p>
	New provision.	9.17	<p><u>FEES AND CHARGES</u></p> <p><u>(a) An ISSBNT Participant/ Representative must pay to the Clearing House the relevant fees and</u></p>	<p>As not all ISSBNT Participants/ Representatives are CPs of BMSC, the CP's obligation to pay fees and charges under Rule 1.4(c) may not apply to them. This provision clarifies</p>

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in relation to ISSBNT**



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<u>charges prescribed by the Clearing House in relation to any or all of the services and facilities provided by the Clearing House in relation to the ISSBNT.</u>	the obligation of an ISSBNT Participant/Representative, whether or not it is a CP, to pay the relevant fees and charges for the use of any of the ISSB services and facilities. The SBLNT Participants/Representatives are similarly obligated under Rule 8.17(a) of the Rules of BMSC.
	New provision.	9.17	<u>(b) The Clearing House may, from time to time where it deems necessary in its absolute discretion, vary or change any of the fees and charges by prescription in the ISSBNT Circulars and without any further notice to the ISSBNT Participant/ Representative.</u>	This provision is introduced to facilitate any changes to the prescribed fees and charges by BMSC. This would be similar to Rule 8.17(b) of the Rules of BMSC in relation to SBLNT.
	New provision.	9.18	<u>LIABILITY</u> <u>The Clearing House shall not be liable to any person for any loss or damage that may be incurred or suffered by such person as a result of the exercise or intended exercise of any power or performance of any duty or function conferred or imposed on the Clearing House in relation to the ISSBNT and exercised by the Clearing House in good faith.</u>	This provision is inserted to clarify the extent of BMSC's liability in relation to the ISSBNT. The same scope of liability is applied in relation to SBLNT under Rule 8.18 of the Rules of BMSC.
	New provision.	9.19	<u>FORCE MAJEURE</u>	This provision is inserted to clarify the extent on liability of BMSC in the event

**PROPOSED AMENDMENTS TO THE RULES OF BMSC
in relation to ISSBNT**



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<p><u>(a) In the event that the Clearing House is required to suspend the operation of the ISSBNT System, as the case may be, and the provision of all ancilliary services where for any reason the records of the Clearing House, the Central Depository or the ISSBNT System are unavailable, inaccessible, delayed or hindered in any manner, the Clearing House shall not be liable for any failure, hindrance or delay in the provision of services or for the failure to give or the delay in giving effect to any notice or communication from an ISSBNT Participant/ Representative.</u></p>	<p>of a force majeure. This provision is consistent with the force majeure provision currently provided in Rules 7.16 and 8.19 for the SBL-CLA model and SBLNT model, respectively.</p>
	New provision.	9.19	<p><u>(b) The Clearing House or its directors, officers, employees or agents shall not be liable for any losses or damages that may be incurred or suffered by the ISSBNT Participant/ Representative arising from causes beyond its reasonable control including, without limitation, acts of God or the public enemy, acts of a civil or military authority, natural disasters, embargoes, industrial action, fires, floods, mechanical breakdowns, computer or system failures or sabotage, delay or inability to act by any registrar, interruptions of power supplies or other utility or services, currency restrictions, any law, regulation or order of any government,</u></p>	

**PROPOSED AMENDMENTS TO THE RULES OF BMSC
in relation to ISSBNT**



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<p style="text-align: center;"><u>competent authority or any court or tribunal, war or terrorism.</u></p>	
	New provision.	9.20	<p style="text-align: center;"><u>INDEMNITY BY SUPPLIER REPRESENTATIVE OR USER REPRESENTATIVE</u></p> <p><u>Each Supplier Representative or User Representative shall be responsible for its own operations and functions as are required under these Rules, the ISSBNT Circulars or otherwise and must fully indemnify or hold indemnified the Clearing House, whether such indemnity is claimed by the Clearing House during or after the expiry of the tenure of such person as a Supplier Representative or User Representative, for any loss, legal costs (including third party legal costs), damage or liability suffered or incurred by the Clearing House, whether directly or otherwise, as a result of any negligence, omission, mistake, misrepresentation, fraud or error on the part of the Supplier Representative or User Representative, its servants or agents, provided always that such action or omission was committed during its tenure as a Supplier Representative or User Representative.</u></p>	<p>This provides for the duty of a Supplier Representative and User Representative in relation to ISSBNT to indemnify BMSC for any losses incurred or damages suffered by BMSC as a result of any act or omission committed by the Supplier Representative and the User Representative during the period when they act as representatives to the Approved Supplier and Approved User.</p> <p>Participants to note that this indemnity is an indemnity provision in the rules to which the participants are subject to, and participants are not required to provide this indemnity separately.</p>
	New provision.	9.21	<p style="text-align: center;"><u>RULES OF CLEARING HOUSE TO TAKE PRECEDENCE</u></p> <p><u>The ISSBNT Participants/Representatives must ensure that the provisions of the</u></p>	<p>This is to ensure that ISSBNT Participants/ Representatives do not enter into agreements which contravene any of the rules and</p>

**PROPOSED AMENDMENTS TO THE RULES OF BMSC
in relation to ISSBNT**



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<p><u>agreements entered into amongst the ISSBNT Participants/Representatives shall not in any way be inconsistent with any of these Rules or the requirements imposed by the Clearing House or the provisions of the agreements entered into between the ISSBNT Participants/Representatives and the Clearing House in relation to the ISSBNT (“the Rules of the Clearing House”), and the ISSBNT Participants/ Representatives must give effect to the Rules of the Clearing House.</u></p>	<p>requirements prescribed by BMSC in relation to ISSBNT.</p> <p>The same is provided for in relation to SBLNT under Rule 8.21 of the Rules of BMSC</p>
	New provision.	Appendix 1	<p><u>To:</u></p> <p><u>Bursa Malaysia Securities Clearing Sdn Bhd</u> <u>Exchange Square</u> <u>Bukit Kewangan</u> <u>50200 Kuala Lumpur</u></p> <p><u>COMPLIANCE WITH REQUIREMENTS IMPOSED BY BURSA MALAYSIA SECURITIES CLEARING SDN BHD (“BURSA CLEARING (S)”) IN RELATION TO THE SUPPLIER REPRESENTATIVE</u></p> <p><u>Pursuant to the requirements of Rule 9.6(a) of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd (“Bursa Clearing (S) Rules”), we [name of person applying to be a Supplier Representative] hereby declare and undertake as follows:</u></p>	<p>Appendix 1 is the form of written declaration to be submitted to BMSC by the CP when seeking approval to be a Supplier Representative, as referred to in Rule 9.6(a).</p>

**PROPOSED AMENDMENTS TO THE RULES OF BMSC
in relation to ISSBNT**



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
	New provision.	Appendix 1	<u>(1) we must provide to Bursa Clearing (S) or the Securities Commission Malaysia, upon request, any information or document in relation to ISSBNT required by Bursa Clearing (S) or the Securities Commission Malaysia pertaining to the Approved Suppliers for whom we are acting;</u>	This undertaking by the Supplier Representative is to reinforce the Supplier Representative's responsibility under Rule 9.7(a)(v) to furnish BMSC with such information or documents relating to ISSBNT at such times as may be prescribed by BMSC. Pursuant to this undertaking, the Supplier Representative is also obligated to provide any information or document in relation to ISSBNT upon request by SCM.
	New provision.	Appendix 1	<u>(2) we have formulated a set of Internal Guidelines for Acting as a Supplier Representative which has been approved by our board of directors;</u>	This requires the Supplier Representative to formulate a set of Internal Guidelines, which has to be approved by its board of directors.
	New provision.	Appendix 1	<u>(3) the Internal Guidelines for Acting as a Supplier Representative have been brought to the notice of the relevant employees who have read and understood the contents therein;</u>	This undertaking ensures that the employees of the Supplier Representative are aware and have read the Internal Guidelines for Acting as a Supplier Representative.
	New provision.	Appendix 1	<u>(4) the Internal Guidelines for Acting as a Supplier Representative comply with the requirements set out in Bursa Clearing (S) Rules; and</u>	This is to ensure that the Supplier Representative's internal guidelines are in line with the rules.
	New provision.	Appendix 1	<u>(5) all relevant systems and infrastructure including front office and/or back office systems have been verified and assessed in terms of application as</u>	This undertaking would be in line with the obligation of the Supplier Representative under Rule 9.7(c), which requires the Supplier

**PROPOSED AMENDMENTS TO THE RULES OF BMSC
in relation to ISSBNT**



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
	New provision.		<p><u>well as software and the hardware capabilities and are confirmed to be operational and have all the functionalities, requirements and controls in place for the purpose of carrying out activities as a Supplier Representative in accordance with Bursa Clearing (S) Rules or directives, circulars or instructions issued by Bursa Clearing (S).</u></p> <p><u>Dated this [] day of [] [] .</u></p> <p><u>Signed []</u> <u>Name:</u> <u>Designation:</u> <u>Date:</u></p>	Representative to have the requisite systems, infrastructure, functionalities and controls in place.
	New provision.	Appendix 2	<u>Matters which must be contained in the written agreement between the Supplier Representative and the Approved Supplier (Rule 9.6(f))</u>	Appendix 2 lists out the minimum matters that must be contained in the agreement between the Supplier Representative and the Approved Supplier.
	New provision.	Appendix 2	<u>(1) The Supplier Representative is the representative of the Approved Supplier in performing the functions and responsibilities stipulated in these Rules or any requirements, directives, circulars or instructions issued by the Clearing House in relation to the ISSBNTs;</u>	This ensures that the Approved Supplier properly appoints the Supplier Representative to act on its behalf.
	New provision.	Appendix 2	<u>(2) The functions and responsibilities of the Supplier Representative stipulated</u>	This ensures that both the Approved Supplier and the Supplier

**PROPOSED AMENDMENTS TO THE RULES OF BMSC
in relation to ISSBNT**



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<u>in these Rules or any directives, circulars or instructions issued by the Clearing House in relation to the ISSBNTs, as the same may be amended, modified or varied from time to time; and</u>	Representative are aware of the Supplier Representative's functions and responsibilities as prescribed under Rule 9.7(a), and to cater for such amendments, modifications and variations of the same pursuant to Rule 9.7(b).
	New provision.	Appendix 2	<u>(3) The Supplier Representative must comply with the obligations imposed on a Supplier Representative, as contained in these Rules and as prescribed by the Clearing House from time to time.</u>	This results in there being a contractually agreement between the Supplier Representative and the Approved Supplier for the Supplier Representative to comply with its obligations under the Rules.
	New provision.	Appendix 2	<u>(4) The Approved Supplier expressly consents to the Supplier Representative providing the Clearing House or the Securities Commission Malaysia with any information or document in relation to any transaction entered into by the Approved Supplier pursuant to the ISSBNT as required by the Clearing House from time to time.</u>	This is to ensure that the Supplier Representative is properly authorised by the Approved Supplier to facilitate the discharge of the Supplier Representative's responsibility to provide BMSC or SCM, upon request, with such information or documents in relation to the Approved Supplier's ISSBNT.
	New provision.	Appendix 3	<u>To: Bursa Malaysia Securities Clearing Sdn Bhd Exchange Square Bukit Kewangan 50200 Kuala Lumpur</u>	Appendix 3 is the form of written declaration to be submitted to BMSC by the CP when seeking approval to be a User Representative, as referred to in Rule 9.8(a). It should be noted that the requirements of this declaration and the declaration in Appendix 1 which is to be given by the CP seeking approval to be a Supplier

**PROPOSED AMENDMENTS TO THE RULES OF BMSC
in relation to ISSBNT**



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<p><u>COMPLIANCE WITH REQUIREMENTS IMPOSED BY BURSA MALAYSIA SECURITIES CLEARING SDN BHD (“BURSA CLEARING (S)”) IN RELATION TO THE USER REPRESENTATIVE</u></p> <p>Pursuant to the requirements of Rule 9.8(a) of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd (“Bursa Clearing (S) Rules”), we [name of person applying to be a User Representative] hereby declare and undertake as follows:</p>	<p>Representative are essentially similar to each other.</p>
	New provision.	Appendix 3	<p><u>(1) we must provide to Bursa Clearing (S) or the Securities Commission Malaysia, upon request, any information or document required by Bursa Clearing (S) or the Securities Commission Malaysia pertaining to the Approved Users for whom we are acting;</u></p>	<p>This undertaking by the User Representative is to reinforce the User Representative’s responsibility under Rule 9.9(a)(v) to furnish BMSC with such information or documents relating to ISSBNT at such times as may be prescribed by BMSC.</p> <p>Pursuant to this undertaking, the User Representative is also obligated to provide any information or document in relation to ISSBNT upon request by the SCM.</p>
	New provision.	Appendix 3	<p><u>(2) we have formulated a set of Internal Guidelines for Acting as a User Representative which has been approved by our board of directors;</u></p>	<p>This requires the User Representative to formulate a set of Internal Guidelines, which has to be approved by its board of directors.</p>
	New provision.	Appendix 3	<p><u>(3) the Internal Guidelines for Acting as a User Representative have been</u></p>	<p>This undertaking ensures that the employees of the User Representative</p>

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in relation to ISSBNT**



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<u>brought to the notice of the relevant employees who have read and understood the contents therein;</u>	are aware and have read the Internal Guidelines for Acting as a User Representative.
	New provision.	Appendix 3	<u>(4) the Internal Guidelines for Acting as a User Representative comply with the requirements set out in Bursa Clearing (S) Rules; and</u>	This is to ensure that the User Representative's internal guidelines are in line with the rules.
	New provision.	Appendix 3	<u>(5) all relevant systems and infrastructure including front office and/or back office systems have been verified and assessed in terms of application as well as software and the hardware capabilities and are confirmed to be operational and have all the functionalities, requirements and controls in place for the purpose of carrying out activities as a User Representative in accordance with Bursa Clearing (S) Rules or any directives, circulars or instructions issued by Bursa Clearing (S).</u>	This undertaking would be in line with the obligation of the User Representative under Rule 9.9(c), which requires the User Representative to have the requisite systems, infrastructure, functionalities and controls in place.
	New provision.	Appendix 3	<u>Dated this [] day of [] [] .</u> <u>Signed []</u> <u>Name:</u> <u>Designation:</u> <u>Date:</u>	
	New provision.	Appendix 4	<u>Matters which must be contained in the written agreement between the User Representative and the Approved User (Rule 9.8(f))</u>	Appendix 4 lists out the minimum matters that must be included in the written agreement between the User

**PROPOSED AMENDMENTS TO THE RULES OF BMSC
in relation to ISSBNT**



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
				Representative and the Approved User.
	New provision.	Appendix 4	<u>(1) The User Representative is the representative of the Approved User in performing the functions and responsibilities stipulated in these Rules or any directives, circulars or instructions issued by the Clearing House in relation to the ISSBNT;</u>	This ensures that the Approved User properly appoints the User Representative to act on its behalf.
	New provision.	Appendix 4	<u>(2) The functions and responsibilities of the User Representative stipulated in these Rules or any requirements, directives, circulars or instructions issued by the Clearing House in relation to the ISSBNTs, as the same may be amended, modified or varied from time to time; and</u>	This ensures that both the Approved User and the User Representative are aware of the User Representative's functions and responsibilities as prescribed under Rule 9.9(a), and to cater for such amendments, modifications and variations of the same pursuant to Rule 9.9(b).
	New provision.	Appendix 4	<u>(3) The User Representative must comply with the obligations imposed on a User Representative, as contained in these Rules and as prescribed by the Clearing House from time to time.</u>	This results in there being a contractual agreement between the User Representative and the Approved User for the User Representative to comply with its obligations under the Rules.
	New provision.	Appendix 4	<u>(4) The Approved User expressly consents to the User Representative providing the Clearing House or the Securities Commission Malaysia with any information or document in relation to any transaction entered into by the Approved User pursuant to the</u>	This is to ensure that the User Representative is properly authorised by the Approved User to facilitate the discharge of the User Representative's responsibility to provide BMSC or SCM, upon request, with such information or documents in relation to the Approved User's ISSBNT.

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in relation to ISSBNT**



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<u>ISSBNT as required by the Clearing House from time to time.</u>	
	New provision.	Appendix 5	<p><u>Matters to be included in an agreement for ISSBNT (Rule 9.10)</u></p> <p><u>(1) Unless the parties agree otherwise, the ISSBNT Eligible Securities must not be sold under Leg 1 unless collateral has been received or will be received simultaneously with the sale. As a minimum step towards the supplier's interest, collateral (if applicable) must be delivered directly to the supplier or the supplier's representative or a designated third party authorised by the supplier or the supplier's representative;</u></p> <p><u>(2) The ISSBNT Securities sold under Leg 1 and the collateral (if applicable) must be marked to market (at least daily) and the amount of collateral must be adjusted, if necessary;</u></p> <p><u>(3) How the ISSBNT may be extinguished by the supplier or the user, and how such extinguishment may be effected;</u></p> <p><u>(4) Which party shall be entitled to any dividends or other benefits or distributions accumulating on the ISSBNT Securities sold under Leg 1 and any Securities provided as collateral;</u></p>	This provision is consequential to the inclusion of Rule 9.10 and is to clarify the matters to be included in an ISSBNT agreement between the Approved User and Approved Supplier in order for the agreement to be deemed an ISSBNT agreement for the purposes of the relevant tax exemption order that is being contemplated to be issued in connection with ISSBNT. These matters are standard matters that should be included in a typical ISSBNT agreement.



Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS	RATIONALE
			<p><u>(5) The rights and obligations of the supplier or user in the event of either the ISSBNT Securities sold under Leg 1 or any Securities provided as collateral, as the case may be, being affected by a conversion, sub-division, consolidation, pre-emption, take-over of the issuer of the Securities comprised in the ISSBNT Securities sold under Leg 1 or by other corporate actions affecting such Securities;</u></p> <p><u>(6) The ISSBNT Securities sold under Leg 1 must be delivered to the user free of any encumbrances or restrictions;</u></p> <p><u>(7) Provisions governing fees to be paid by either party under the agreement that governs the terms and conditions of the ISSBNT; and</u></p> <p><u>(8) The rights and remedies of either party in the event of a default by the other party.</u></p>	

[End of Proposed Rule Amendments]