

PARTICIPATING ORGANISATIONS' CIRCULAR

Date : 7 February 2017

No : R/R 3 of 2017

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BHD (“RULES OF BURSA SECURITIES”) IN RELATION TO THE REVISION OF THE UPTICK RULE AND THE EXPANSION OF THE PURPOSES OF SECURITIES BORROWING UNDER THE SECURITIES BORROWING AND LENDING-NEGOTIATED TRANSACTIONS (“SBL-NT”) FRAMEWORK TO FACILITATE THE SETTLEMENT OF POTENTIAL FAILED TRADES

1.0 INTRODUCTION

1.1 Bursa Malaysia Securities Berhad (“**the Exchange**”) is making amendments to the Rules of Bursa Securities, Directive No. 2.01(2)-004 (Directives on Submission of Periodic Reports) (“**Directive**”) and the Participating Organisations’ Trading Manual (“**Trading Manual**”) in relation to the revision of the uptick rule and the expansion of the purposes of securities borrowing under the SBL-NT framework to facilitate the settlement of potential failed trades.

2.0 RULE AMENDMENTS

2.1 The amendments to the Rules of Bursa Securities are as follows:

- (a) Deletion of Rule 7.23 which sets out a requirement to report on borrowing of Eligible Securities, to avoid duplication with the requirement under the Directive to report on the use of securities borrowing and lending for potential failed trades; and
- (b) Amendment to Rule 8.26(1)(c) to state that the order price of Approved Securities entered into the ATS must be `in compliance with all requirements as may be prescribed by the Exchange’. The detailed requirements relating to the new “at-tick rule” are set out in the Trading Manual.

2.2 The amendments to the Rules of Bursa Securities are as set out in **Annexure 1**.

2.3 The rule amendments have been approved by the Securities Commission Malaysia.

3.0 DIRECTIVES ON SUBMISSION OF PERIODIC REPORTS

3.1 Amendments have also been made to the Directive to delete Item No. 6 in the Schedule and Appendix 1f in relation to the requirement to report the use of securities borrowing and lending for potential failed trades.

3.2 Instead, a new Item No. 16 has been inserted in the Schedule together with a new Appendix 6 to clarify that reports in relation to the use of securities borrowing and lending for potential failed trades must be submitted on an ‘as and when basis’ using the prescribed template, and that the submission must be made by 5:30 pm on the next Market Day.

3.3 The amendments to the Directive are as set out in **Annexure 2**.

4.0 PARTICIPATING ORGANISATIONS' TRADING MANUAL

4.1 The Trading Manual has been updated to reflect the revision of the uptick rule.

4.2 The updated version of the Trading Manual is attached as **Annexure 3**.

5.0 EFFECTIVE DATE

5.1 The amendments to the Rules of Bursa Securities, the Directive and the Trading Manual referred to above will take effect from **27 February 2017**.

6.0 CONTACT PERSON

6.1 In the event of any queries in relation to the above matter, kindly contact the following persons:

Name	Contact
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