

**ANNEXURE 1  
GUIDANCE  
in relation to rebate on commission**

<b>GUIDANCE IN RELATION TO REBATE ON COMMISSION</b>	<b>No. 11.02(3B)-001</b>
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Relevant to : Rule 11.02(3B)  
Introduced with effect from : 9 September 2015  
Amended : N/A  
POs' Circular No(s). : N/A  
Refer also to Directive No(s). : N/A

**1. Rule 11.02(3B)**

Rule 11.02(3B) of the Rules of Bursa Malaysia Securities Berhad (“**Rules of Bursa Securities**”) provides that a Participating Organisation and its Dealer’s Representatives must not give any rebate on the commission that results in the Client paying less than the minimum commission set out in Schedule 6.

**2. Non-cash rewards or incentives**

- (1) The obligation stated in Rule 11.02(3B) refers to an obligation not to give any cash rebate on the commission that results in the Client paying less than the minimum commission set out in Schedule 6. Non-cash rewards or incentives do not form part of the obligation under Rule 11.02(3B) and may be offered to Clients without being subjected to the minimum commission set out in Schedule 6.
- (2) Such non-cash rewards or incentives may take the following forms:
  - (a) Educational training and research materials - a Participating Organisation and its Dealer’s Representatives may offer its Clients free investment seminars or talks, or a free subscription to financial journals or magazines;
  - (b) Accumulation and redemption of points or free gifts - a Participating Organisation and its Dealer’s Representatives may offer its Clients electronic products such as computers or telephones based on the accumulation and redemption of points, or free gifts; or
  - (c) Lucky draws - a Participating Organisation and its Dealer’s Representatives may invite its Clients to participate in a lucky draw based on the reward points accumulated by the Clients.
- (3) The list of non-cash rewards or incentives above are merely examples and are non-exhaustive.

**3. Reminder**

When offering non-cash rewards or incentives as stated in paragraph 2 above, Participating Organisations must not breach any of the provisions in the Rules of Bursa Securities and directives issued by the Exchange, in particular:

- (a) Rule 5.01 of the Rules of Bursa Securities in relation to the standard of conduct;
- (b) Rule 5.03 of the Rules of Bursa Securities in relation to structures, internal controls, policies and procedures;
- (c) Rule 5.06 of the Rules of Bursa Securities in relation to advertising;

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- (d) Paragraph 1.1(e) of Directive No. 5-001 in relation to the prohibition of unlawful or unhealthy practice; and
- (e) Paragraph 11.4 of Directive No. 5-001 in relation to Know-Your-Client requirements.

[End of Best Practices]