

PARTICIPATING ORGANISATIONS' CIRCULAR

Date : 19 October 2009

No : R/R 15 of 2009

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD ("RULES OF BURSA SECURITIES") IN RELATION TO ON-MARKET MARRIED TRANSACTIONS

1. INTRODUCTION

Kindly be advised that amendments have been made to the Rules of Bursa Securities in relation to On-Market Married Transactions as set out in Annexure 1 (**"the said Amendments"**).

An On-Market Married Transaction is a transaction where a Participating Organisation ("**PO**") matches a buy order to a sell order of the same price and quantity, by simultaneously entering and executing the buy and sell orders into the ATS between two clients of the same PO or the PO and its client.

With the implementation of the facility to enable On-Market Married Transactions as stated in item 3, the relevant provisions in the Rules of Bursa Securities relating to Direct Business Transactions which may be accepted by Bursa Malaysia Securities Clearing Sdn Bhd to be cleared and settled as novated contracts would no longer be applicable from the Effective Date as stated below.

2. AMENDMENTS TO THE RULES

The salient aspects of the said Amendments are as follows:

- (a) The existing definition of "on-market transaction" in Rule 101.1 is amended to reflect the introduction of On-Market Married Transaction and a definition of "On-Market Married Transaction" is inserted in Rule 101.1;
- (b) The definition of "Last Done Price" in Rule 701.1 which will be impacted by the introduction of On-Market Married Transaction is amended;
- (c) A new Rule 701.8A which sets out the conditions for On-Market Married Transaction has been inserted; and
- (d) A new Rule 901.1(5) to clarify that the computation of volume weighted average price ("VWAP") for purposes of Direct Business Transactions ("**DBT**") will not include On-Market Married Transaction has been inserted.

3. EFFECTIVE DATE

The said Amendments (except the amendments to Rules 801.1(3) and 1001.1(5)(b) of the Rules of Bursa Securities to discontinue the clearing and settlement of Direct Business Transactions as novated contracts) shall take effect from 26 October 2009. The amendments to Rules 801.1(3) and 1001.1(5)(b) of the Rules of Bursa Securities shall take effect from 27 October 2009. Thus, Direct Business Transactions effected on 23 October 2009 may still be cleared and settled as novated contracts on 26 October 2009.

4. REMINDER

When executing an On-Market Married Transaction, you should take particular care that it is not a transaction that does not involve any change in the beneficial ownership of the securities or a trade between associated persons, both of which violate section 175(3)(b) and (c) of the Capital Markets and Services Act 2007.

5. CONTACT PERSONS

In the event of any queries in relation to the said Amendments kindly contact the following persons:

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Please be informed that this circular is available on Bursa Malaysia's website at:
http://www.bursamalaysia.com/website/bm/regulation/rules/bursa_rules/bm_securities.html

REGULATORY POLICY & ADVISORY

**RULE AMENDMENTS
in relation to On-Market Married Transaction**



**RULES OF BURSA MALAYSIA SECURITIES BERHAD
RULE AMENDMENTS IN RELATION TO ON-MARKET MARRIED TRANSACTIONS**

The following sets out the rule amendments in relation to On-Market Married Transactions.

1.0 RULE 101.1

Rule 101.1

1.1 Rule 101.1 be amended as follows:

on-market transaction means either a transaction which is concluded by way of automatic order matching in accordance with Rule 701.8 or a transaction which is concluded in accordance with Rule 701.8A

1.2 The following definition be introduced in Rule 101.1 as follows:

On-Market Married Transaction means a match of a buy order to a sell order for the same price and quantity made by the same Participating Organisation simultaneously entering and executing the buy and sell orders into the ATS in accordance with Rule 701.8A between:

(a) two clients of the same Participating Organisation; or
(b) a Participating Organisation and its client.

1.3 The following definition be introduced in Rule 101.1 as follows:

Day Trading means Day Trading as defined in the 'Directives On The Use Of Day Trading Activities Account ("The Said Directives")' issued vide the Participating Organisations' Circular dated 22 December 2006 and numbered as R/R 17 of 2006

2.0 RULE 701.1

Rule 701.1

2.1 Rule 701.1 be amended as follows:

Last Done Price means the last traded price of an on-market transaction

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in relation to On-Market Married Transaction**3.0 RULE 701.5A****Rule 701.5A(1)**

3.1 Rule 701.5A(1) be amended as follows:

(1) **Trading Phases**

- (a) Subject to the provisions of these Rules, all trading in securities shall be carried out in the phases stipulated in Rule 701.5A. The sequence of the trading phases shall be in the order set out hereinafter.
- (b) The Exchange may change the trading phases and the sequence of the trading phases as it deems fit.

(c) This Rule does not apply to an On-Market Married Transaction.

4.0 RULE 701.7(1)(f)**Rule 701.7(1)(f)**

4.1 A new Rule 701.7(1)(f) be introduced as follows:

(1) **General Terms and Conditions:**

(f) **On-Market Married Transaction:** Rule 701.7(1)(d) above is not applicable to orders entered into the ATS in relation to an On-Market Married Transaction.

5.0 RULE 701.8(1)**Rule 701.8(1)**

5.1 Rule 701.8(1) be amended as follows:

- (1) **Eligibility:** Unless otherwise determined by the Exchange, each order for securities listed on the Official Lists entered into the ATS during trading hours as prescribed under Rule 701.5 shall ~~immediately~~ be considered for a possible match ~~subject to in accordance with~~ Rule 701.5A. The provisions of Rule 601.2 shall apply to all orders matched and executed in the ATS in accordance with this Rule, notwithstanding that the matching and execution of the orders take place after trading hours.

Rule 701.8(3)(c)

5.2 Rule 701.8(3)(c) be amended as follows:

(c) Price/Time priority:

- (i) best price: A buy order at the highest price ("best buy price") and a sell order at the lowest price ("best sell price") has priority over other orders entered for the same securities; and

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- (ii) earliest time-stamp: Each order receives a time stamp upon entry into the ATS. In the event that there are competing orders, or identical prices entered for the orders, the orders are matched in the order of time in which the orders are entered into the ATS. The time stamp given to an order entered into the ATS shall be changed in any of the following circumstances:
 - (aa) where the quantity of the order is increased; or
 - (bb) where a change is made to the price of the order.

6.0 RULE 701.8A

Rule 701.8A

6.1 A new Rule 701.8A be introduced as follows:

RULE 701.8A ON-MARKET MARRIED TRANSACTION

(1) A Participating Organisation must comply with the following conditions when executing an On-Market Married Transaction:

- (a) Must only allow buy and sell orders from within the same branch of the same Participating Organisation to be matched;
- (b) Both the buy and sell orders must be entered into the ATS by the same Dealer's Representative;
- (c) Must only execute the On-Market Married Transaction during the main trading phase or the trading-at-last phase;
- (d) Must only enter limit orders for the On-Market Married Transaction;
- (e) Must not execute the On-Market Married Transaction for regulated short selling (as defined in Rule 704), permitted short selling (as defined in Rule 704A) and Day Trading;
- (f) Must not execute the On-Market Married Transaction in odd lots; and
- (g) May amend and request for the cancellation of the On-Market Married Transaction in accordance with Rule 601.2.

(2) Price Limits:

- (a) If an On-Market Married Transaction is executed during the main trading phase, a Participating Organisation must effect the On-Market Married Transaction based on the following price:
 - (i) at or within the best buy price and the best sell price in the ATS at the time of execution;

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(ii) if there is no best buy price, at or within the Lower Limit Price and the best sell price in the ATS at the time of execution;

(iii) if there is no best sell price, at or within the best buy price in the ATS at the time of execution and the Upper Limit Price; or

(iv) if there is no best buy price and no best sell price, at or within the Lower Limit Price and the Upper Limit Price.

(b) If an On-Market Married Transaction is executed during the trading-at-last phase, a Participating Organisation must effect the On-Market Married Transaction at the closing price.

7.0 RULE 801.1(3)

Rule 801.1(3)

7.1 Rule 801.1(3) to be amended as follows:

(3) All the provisions in this Chapter are only applicable to on-market transactions ~~and Direct Business Transactions which are cleared and settled as Novated Contracts in the Clearing House Rules.~~

8.0 RULE 901.1(5)

Rule 901.1(5)

8.1 A new Rule 901.1(5) be introduced as follows:

RULE 901.1 GENERAL REQUIREMENTS

(5) The computation of VWAP, where VWAP is referred to in this Chapter 9, will not include On-Market Married Transactions.

9.0 RULE 1001.1(5)(b)

Rule 1001.1(5)(b)

9.1 Rule 1001.1(5)(b) be deleted in its entirety.

(b) ~~[Deleted]The brokerage payable in respect of Direct Business Transactions which have been accepted by the Clearing House to be cleared and settled as Novated Contracts as defined in the Clearing House Rules, shall be the brokerage payable in respect of on-market transactions and the brokerage prescribed in Rule 1001.1(5)(a) above shall not be applicable.~~

[End of Rule Amendments]