

PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 31 March 2008

No.: R/R 5 of 2008

CORRIGENDUM TO PARTICIPATING ORGANISATIONS' CIRCULAR R/R 4 OF 2008 DATED 19 MARCH 2008 ("R/R 4 OF 2008")

Participating Organisations are hereby informed that Rules 704A.1, 704A.2 and 704A.8 in Annexure 1 of Participating Organisations' Circular R/R 4 of 2008 shall be replaced with Rules 704A.1, 704A.2 and 704A.8 as attached herein in Annexure 1, due to a typographical error in relation to the above Rules, wherein reference was made to the Securities Industry Act 1983 instead of the Capital Markets and Services Act 2007 which replaces the Securities Industry Act 1983.

The above amendments to the Rules of Bursa Securities are effective from 1 April 2008.

Please be informed that this circular is available on Bursa Malaysia's website at: http://www.bursamalaysia.com/website/aboutus/biz_rules.htm

Rule Development & Advisory

AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO PERMITTED SHORTSELLING

Rule	Current Rules	Rule	Amendments
Rule 704A.1	<p>RULE 704A.1 DEFINITION</p> <p>Authorised SBL Participant shall have the same meaning as is assigned to that expression in 704.1(1).</p> <p>constituent securities means any of the securities admitted on the Official List which forms the basket or part of the basket of securities required for the creation of an ETF unit and/or underlying an ETF unit.</p> <p>ETF equity based Exchange Traded Fund.</p> <p>Internal guidelines for permitted short selling means written guidelines formulated by Participating Organisations setting out the Participating Organisations' internal policies, procedures, controls and requirements in relation to permitted short selling activities to ensure strict compliance with laws and these Rules including any regulations, directives, guidelines and rulings issued thereunder in relation to permitted short selling.</p> <p>permitted short selling means the short selling of units of an ETF and/or constituent securities which is a class of securities to which <i>Section 41(4)(c)</i> of the <i>Securities Industry Act</i> applies.</p> <p>SBL Agreement shall have the same meaning as is assigned to that expression in Rule 704.1(1).</p>		<p>RULE 704A.1 DEFINITION</p> <p>Authorised SBL Participant shall have the same meaning as is assigned to that expression in 704.1(1).</p> <p>constituent securities means any of the securities admitted on the Official List which forms the basket or part of the basket of securities required for the creation of an ETF unit and/or underlying an ETF unit.</p> <p>ETF equity based Exchange Traded Fund.</p> <p>Internal guidelines for permitted short selling means written guidelines formulated by Participating Organisations setting out the Participating Organisations' internal policies, procedures, controls and requirements in relation to permitted short selling activities to ensure strict compliance with laws and these Rules including any regulations, directives, guidelines and rulings issued thereunder in relation to permitted short selling.</p> <p>permitted short selling means the short selling of units of an ETF and/or constituent securities which is a class of securities to which Section 98(4)(c) of the Capital Markets and Services Act applies.</p> <p>SBL Agreement shall have the same meaning as is assigned to that expression in Rule</p>

AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO PERMITTED SHORTSELLING

Rule	Current Rules	Rule	Amendments
	Trustee shall have the same meaning as is assigned to that expression in the Guidelines on Exchange Traded Funds.		704.1(1). Trustee shall have the same meaning as is assigned to that expression in the Guidelines on Exchange Traded Funds.
Rule 704A.2	<p>RULE 704A.2 PERMITTED SHORT SELLING</p> <p>(1) Unless determined otherwise, a Participating Organisation shall be allowed to execute permitted short selling for its proprietary positions only, in the manner set out in Rule 704A and section 41(4)(c) of the <i>Securities Industry Act</i>.</p> <p>(2) Unless it is otherwise provided in this Rule 704A, all other provisions in these Rules shall apply to permitted short sales, as if they were normal sales of securities.</p>		<p>RULE 704A.2 PERMITTED SHORT SELLING</p> <p>(1) Unless determined otherwise, a Participating Organisation shall be allowed to execute permitted short selling for its proprietary positions only, in the manner set out in Rule 704A and section 98(4)(c) of the Capital Markets and Services Act.</p> <p>(2) Unless it is otherwise provided in this Rule 704A, all other provisions in these Rules shall apply to permitted short sales, as if they were normal sales of securities.</p>
Rule 704A.8	<p>RULE 704A.8 ACTION BY THE EXCHANGE</p> <p>(1) Without prejudice to any other powers of the Exchange contained in the <i>Securities Industry Act</i>, this Rule 704A, these Rules and/or any other directives, ruling or guidelines issued by the Exchange from time to time, the Exchange may in the following circumstances take any of the actions enumerated under Rule 704A.8(2) in the manner stipulated therein against a Participating Organisation or its registered persons in relation to permitted short selling:</p> <p>(a) where there is a breach or likelihood of breach of any provisions in Rule 704A; or</p> <p>(b) where the execution of permitted short selling may lead or is likely to lead to the commission of any of the offences under the <i>Securities Industry Act</i>.</p>		<p>RULE 704A.8 ACTION BY THE EXCHANGE</p> <p>(1) Without prejudice to any other powers of the Exchange contained in the Capital Markets and Services Act, this Rule 704A, these Rules and/or any other directives, ruling or guidelines issued by the Exchange from time to time, the Exchange may in the following circumstances take any of the actions enumerated under Rule 704A.8(2) in the manner stipulated therein against a Participating Organisation or its registered persons in relation to permitted short selling:</p> <p>(a) where there is a breach or likelihood of breach of any provisions in Rule 704A; or</p> <p>(b) where the execution of permitted short selling may lead or is likely to lead to the commission of any of the offences under the Capital Markets and Services Act.</p>

AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO PERMITTED SHORTSELLING

Rule	Current Rules	Rule	Amendments
	<p>(2) Pursuant to Rule 704A.8(1) the following actions may be taken by the Exchange in relation to any or all ETFs or constituent securities and/or against any or all Participating Organisations and registered persons in the manner and for the period determined by the Exchange:</p> <p>(a) suspension and/or cessation of further permitted short selling whether in relation to all, some or a particular ETF or constituent securities by the Participating Organisation;</p> <p>(b) imposition of restrictions or conditions on permitted short selling carried out by the Participating Organisation; or/and</p> <p>(c) any other action deemed fit by the Exchange.</p>		<p>(2) Pursuant to Rule 704A.8(1) the following actions may be taken by the Exchange in relation to any or all ETFs or constituent securities and/or against any or all Participating Organisations and registered persons in the manner and for the period determined by the Exchange:</p> <p>(a) suspension and/or cessation of further permitted short selling whether in relation to all, some or a particular ETF or constituent securities by the Participating Organisation;</p> <p>(b) imposition of restrictions or conditions on permitted short selling carried out by the Participating Organisation; or/and</p> <p>(c) any other action deemed fit by the Exchange.</p>