

PARTICIPATING ORGANISATIONS' CIRCULAR

Date : 6 December 2007

No : R/R 20 OF 2007

**PROPOSED AMENDMENTS TO THE PARTICIPATING ORGANISATIONS'
CIRCULAR NO. R/R 11 OF 1995 ISSUED IN RELATION TO 'MINIMUM STANDARDS
AND CONDUCT OF MEMBER COMPANIES IN RELATION TO TRADING IN CALL
WARRANTS' ("THE CIRCULAR")**

Reference is made to the Circular, a copy of which is attached herewith.

Kindly be advised that paragraph 1 after the caption entitled 'Directives Pursuant to Article 50(c) of Exchange's Articles of Association' as contained in the Circular has been amended. The amendments are in Annexure 1 appended herewith ("the said Amendments").

The said Amendments shall take effect from 13 December 2007 ("the said Effective Date").

All rules, directives, circulars in force which make reference or contain provisions relating to the above matters shall have effect from the date hereof as if such reference or provisions relate the amendments made herein.

This Circular is available at

http://www.bursamalaysia.com/website/bm/rules_and_regulations/bursa_rules/bm_securities.html

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

1. Ng G-Ming (20347364)
2. John Yoong (20347266)

LEGAL ADVISORY AND CORPORATE LEGAL AFFAIRS

**AMENDMENTS TO THE PARTICIPATING ORGANISATIONS' CIRCULAR NO. R/R 11 OF 1995 ISSUED IN
RELATION TO 'MINIMUM STANDARDS AND CONDUCT OF MEMBER COMPANIES IN RELATION TO TRADING
IN CALL WARRANTS'**

EXISTING PROVISIONS		AMENDED PROVISIONS	
	DIRECTIVES PURSUANT TO ARTICLE 50(c) OF THE EXCHANGE'S ARTICLES OF ASSOCIATION		DIRECTIVES PURSUANT TO ARTICLE 50(c) OF THE EXCHANGE'S ARTICLES OF ASSOCIATION
1	<p><u>Documents and Information</u></p> <p>Member Companies must provide a risk disclosure statement (in the prescribed form) to each client prior to executing the client's first instruction to trade in call warrants, which must be signed by the client and the Member Companies shall not under any circumstances whatsoever permit any client who fails to execute the risk disclosure statement to trade in the instrument.</p> <p><u>No credit to be given for purchases of call warrants</u></p> <p>Member Companies shall not extend credit facilities to their clients for the purpose of trading on margin account in call warrants</p>	1	<p><u>Documents and Information</u></p> <p>Member Companies must provide a risk disclosure statement (in the prescribed form) to each client prior to executing the client's first instruction to trade in call warrants, which must be signed by the client and the Member Companies shall not under any circumstances whatsoever permit any client who fails to execute the risk disclosure statement to trade in the instrument.</p> <p>[Deleted]</p>

KUALA LUMPUR STOCK EXCHANGE

MEMBERS' CIRCULAR NO: R/R 11 OF 1995

MINIMUM STANDARDS AND CONDUCT OF MEMBER COMPANIES
IN RELATION TO TRADING IN CALL WARRANTS

Members are hereby advised that in respect of the above matter, the Committee of the Exchange, after discussion with the Securities Commission, has decided that the said minimum standards and conduct of Member Companies be issued in the form of directives and guidelines, as set out below.

DIRECTIVES PURSUANT TO ARTICLE 50(c) OF EXCHANGE'S
ARTICLES OF ASSOCIATION

1. Documents and Information

Member Companies must provide a risk disclosure statement (in the prescribed form) to each client prior to executing the client's first instruction to trade in call warrants, which must be signed by the client and Member Companies shall not under any circumstances whatsoever permit any client who fails to execute the risk disclosure statement to trade in the instrument.

No credit to be given for purchases of call warrants

Member Companies shall not extend credit facilities to their clients for the purpose of trading on margin account in call warrants.

GUIDELINES AS ISSUED BY THE COMMITTEE OF THE
EXCHANGE.

1. Procedures for ensuring compliance

Member Companies must organise and manage their affairs in a responsible manner and have in place procedures and controls that will facilitate compliance with policies and guidelines relating to the conduct of dealers and remisiers. There should also be a system of monitoring the activities of dealers and remisiers to ensure compliance with these policies and guidelines and procedures to deal with breaches.

2. Training and Education

Member Companies must have adequate arrangements to ensure that all staff employed by and persons acting by arrangement with, the firm who deal in call warrants are suitable, adequately trained and properly supervised. The training should cover areas including an explanation of the product, the risks of trading call warrants, guidelines issued by SC and KLSE on call warrants, as well as terms relating to adjustments, exercise and settlement of call warrants.

3. Sales practices

Member Companies must ensure that any marketing or advertising with respect to call warrants, conveyed through materials or by conduct of the companies is not biased or misleading. A balanced view of the benefits and risks involved in the trading of call warrants must be presented.

4. Other documents and information

Member Companies must also provide to its clients who trade in call warrants such other materials or documents relating to call warrants directed by the SC or KLSE to be given to those clients. Member Companies must take reasonable steps to give a client, in a clear and timely manner, any information needed to enable such clients to make a balanced and informed decision.

5. Assessment and suitability of clients

Member Companies must not make any recommendation to clients unless they have given proper consideration to, and conducted reasonable investigation of the subject matter of the recommendation having regard to the client's financial circumstances, investment objectives and particular needs.

6. Continuing assessment of clients

Member Companies should have in place procedures to assess and monitor the financial capacity of clients to meet their obligations to the Member Companies with respect to trading in call warrants. This assessment should take into account the financial circumstances of the client and the Member Company's total financial exposure to the client. The procedures should be in place for the first and all subsequent trades by clients in call warrants.

7. Policies on call warrants

Member Companies should have clear policies concerning their own involvement in call warrants. These policies should deal with matters including investment objectives, as well as the identification, measurement and management of risks such as credit risks, legal risks, market risks and liquidity risks.

Member companies are required to abide by the above said minimum standards and conduct.

Date: 17 May 1995

Senior Assistant General Manager
Corporate & Legal Affairs ✓


KUALA LUMPUR STOCK EXCHANGE

MEMBERS' CIRCULAR NO. L/Q 2848 OF 1994

- (1) GUIDELINES & PROCEDURES FOR THE LISTING OF CALL WARRANTS
 - (2) DIRECTIVE FOR MEMBER COMPANIES ON THE TRADING OF CALL WARRANTS
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Members' attention is drawn to the attached press release dated 6 December 1994 which is self-explanatory.

Date : 6 December 1994

Senior Assistant General Manager, Listing 

PRESS RELEASE

- (1) GUIDELINES & PROCEDURES FOR THE LISTING OF CALL WARRANTS
 - (2) DIRECTIVE FOR MEMBER COMPANIES ON THE TRADING OF CALL WARRANTS
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Kuala Lumpur Stock Exchange is pleased to announce the launching of call warrants as a new instrument to be traded on the Exchange. Applications may now be received from Issuers for the admission to the Official List and listing and quotation of the call warrants.

In this connection, we are also pleased to announce the Procedures for Listing Application of Call Warrants & Guidelines for the Issue & Trading of Call Warrants. The Procedures & Guidelines are attached as appendix herewith.

As call warrants is a new instrument, purchasers of call warrants should be aware of the risks involved in the trading of this instrument.

In view of this, the Committee of the Exchange, pursuant to Article 50(c) of the Exchange's Articles of Association, has decided that all Member Companies shall require their clients to execute an acknowledgement of receipt of Risk Disclosure Statement prior to entering into any purchase contracts for call warrants.

This acknowledgement of receipt of Risk Disclosure Statement needs to be executed by the clients only once at the initial purchase and shall be effective for all subsequent purchases of any call warrants.

The format of the call warrants Risk Disclosure Statement is attached as appendix herewith.

For further information or clarification, kindly contact Mrs. Yoong Kim Yeng, Senior Assistant General Manager, Listing of the Exchange.

ISSUED BY : Communications Department
DATE OF ISSUE : 6 December 1994

PROCEDURES FOR LISTING APPLICATION OF CALL WARRANTS

1. The following are the usual steps in the listing application of call warrants :
 - (1) Issuer submits application to Securities Commission.
 - (2) Issuer submits Trust Deed and specimen warrant certificates to the Exchange for approval.
 - (3) Securities Commission approves listing.
 - (4) Issuer submits listing application and supporting papers to the Exchange.
 - (5) Exchange approves listing.
 - (6) Issuer files final prospectus with Registrar of Companies.
 - (7) Issuer advertises prospectus and files 250 copies of the printed prospectus to the Exchange for announcement.
 - (8) Call warrants admitted to the Official List.
 - (9) Call warrants traded on the Exchange 3 market days after certificates have been despatched.

2. Each listing application of call warrants consists of the following :
 - (1) Proposal for the issue of call warrants as submitted to the Securities Commission.
 - (2) Description of the issuer and risk manager, if applicable.
 - (3) Listing Undertaking.
 - (4) Listing fees.
 - (5) One copy each of all letters of approval from the relevant government authorities.

GUIDELINES FOR THE ISSUE AND TRADING OF CALL WARRANTS

1. TRADING

- (1) Any suspension in the underlying shares shall result in the automatic suspension in the trading of the warrants.
- (2) Trading of warrants to be suspended at least 10 market days prior to the maturity date.

2. CONTENTS OF TRUST DEED

The Trust Deed governing the issue of call warrants shall contain specific provisions for the following :

- (1) Upon exercise, to despatch certificates good for delivery to the warrant holder within 10 market days from the date of lodgement of the Form of Exercise together with the relevant warrant certificate, the duly executed transfer form, if necessary, and full payment of the exercise price.
- (2) The certificates of the underlying shares to be delivered in respect of any exercise need not be registered in the warrant holder's name.
- (3) Exercise shall be effected free of charge.
- (4) If books-closing date has been declared for an entitlement by the company of the underlying shares and that trading in the underlying shares is on a "Cum-Entitlement" basis, the shares to be delivered upon exercised shall be on an "Cum-Entitlement" basis also.
- (5) Cash alternative for settlement shall be at the option of the issuer.
- (6) In the case of cash alternative, the cash amount shall be equal to the difference of the exercise price and:-

(a) the average of the closing price of the shares (as derived from the Daily Diary of the Exchange, subject to any adjustments as may be necessary to such closing prices to reflect any capitalisation, rights issue, distribution or the like) for the thirty (30) market days prior to and including the market day immediately before the relevant exercise date, or

(b) the closing price of such shares on the market day immediately before the relevant exercise date,

whichever is the higher.

(7) Cash payment must be made and the cheque posted within 10 market days from the date of lodgement of the Form of Exercise for cash settlement option.

(8) Any suspension in the trading of the underlying shares shall not preclude the warrant holder from exercising his right.

3. **DISCLOSURE UNDERTAKING BY THE ISSUER**

(1) Within three (3) months after the close of the half year and year end, or such period as may be approved by the Exchange, to announce its unaudited/audited financial statements covering the profit and loss position and the balance sheet position, and to state whether there is any abnormal circumstance that has/will affect the business and financial position of the Issuer.

(2) To announce on a monthly basis the following :

(a) Number of warrants exercised during the month.

(b) Cumulative number of warrants exercised to date.

(c) Number of warrants outstanding.

(3) To announce at least 18 market days prior to the maturity, the maturity date of the warrants and the treatment of any warrants unexercised.

4. LISTING FEES FOR CALL WARRANTS

The rates for listing fees and annual fees for call warrants shall be half of the rates for shares.

CALL WARRANTS RISK DISCLOSURE STATEMENT

1. This statement is provided to you in accordance with the directive of the Committee of the Kuala Lumpur Stock Exchange dated 6 December 1994 pursuant to Article 50(c) of the Articles of the Exchange.
2. The purpose of this statement is to inform you that the risk of loss in purchasing call warrants can be substantial. You should therefore assess if the purchase of call warrants is suitable for you in light of your financial circumstances. In deciding whether to purchase call warrants you should be aware of the following :
 - (i) The purchaser of a call warrant is subject to the risk of losing the full purchase price of the call warrant and all transaction costs;
 - (ii) In order to realise any value from a call warrant, it is necessary to sell the call warrants or exercise the call warrants on or before their expiry date;
 - (iii) Under certain conditions, it may become difficult to sell the call warrants;
 - (iv) Upon exercise of the call warrants, the issuer may settle its obligations via actual delivery of the underlying assets, in cash or a combination of both depending on the terms of the issue of the call warrants;
 - (v) Placing of contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit your losses to the intended amount. Market conditions may not make it possible to execute such orders; and
 - (vi) The high degree of leverage that is obtainable from call warrants because of the small initial outlay can work against you as well as for you. The use of leverage can lead to large losses as well as gain.
3. This brief statement cannot disclose all the risks and other aspects of purchasing call warrants. You should therefore carefully study the terms and conditions of any call warrant before you decide to purchase. If you are in doubt in relation to any aspect of this statement or the terms of a call warrant, you should consult your broker.

ACKNOWLEDGEMENT OF RECEIPT OF THIS RISK DISCLOSURE STATEMENT

I acknowledge that I have received a copy of the CALL WARRANTS RISK DISCLOSURE STATEMENT and understand its contents which have been explained to me.

Signature: _____

Full Name : _____

Date : _____