

PARTICIPATING ORGANISATION'S CIRCULAR

Date: 30 September 2005

No.: R/R 14 of 2005

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PERTAINING TO CREDIT FACILITIES GRANTED TO THE SPOUSE, PARENT AND CHILD OF COMMISSIONED DEALER'S REPRESENTATIVES

Please be informed that pursuant to Section 9(3) of the Securities Industry Act 1983, the Rules of Bursa Malaysia Securities Berhad have been amended to allow credit facilities to be granted to the spouse, parent and child of Commissioned Dealer's Representatives ("the said Amendments"). The said Amendments are as set out in **ANNEXURE 1** appended herewith.

Kindly be advised that the said Amendments shall take effect from **3 October 2005** ("the effective date").

For the existing margin accounts already opened by the spouse, parent and child of Commissioned Dealer's Representatives, the Commissioned Dealer's Representatives through whom the margin accounts have been opened are required to declare those margin accounts to their respective Participating Organisations. All Commissioned Dealer's Representatives are required to make such declarations on or before **17 October 2005**. Participating Organisations shall ensure that all their Commissioned Dealer's Representatives are informed of the aforesaid requirement and to submit the requisite declaration to their Participating Organisations within the timeframe stipulated above.

All rules, directives or circulars in force which make references to or contain provisions relating to the above matters shall have effect from the effective date as if such references or provisions relate to the amended provisions aforesaid.

Please be informed that the said Amendments are available on Bursa Malaysia's website at this link: http://www.bursamalaysia.com/website/aboutus/biz_rules.htm.

Date: 30 September 2005

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD (“RULES OF BURSA SECURITIES”) TO REMOVE THE RESTRICTION ON CREDIT FACILITIES TO THE SPOUSE, PARENT AND CHILD OF COMMISSIONED DEALER’S REPRESENTATIVES

Rule	Existing Provisions of Rules of Bursa Securities	Rule	Amended Provisions of Rules of Bursa Securities
401	PROHIBITED CONDUCT, ADVERTISING AND STAFF PINCHING AMONG PARTICIPATING ORGANISATIONS	401	PROHIBITED CONDUCT, ADVERTISING AND STAFF PINCHING AMONG PARTICIPATING ORGANISATIONS
401.3	STAFF PINCHING AMONG PARTICIPATING ORGANISATIONS (1) Participating Organisations shall at all times promote the continuous enhancement of business professionalism in the stockbroking industry. Participating Organisations shall ensure that the training system established and implemented by them pursuant to Rule 404.2 promotes such professionalism among their employees. (2) A Participating Organisation shall recruit and train its own employees and shall not employ an employee of another Participating Organisation except in accordance with guidelines or directives as may be issued by the Exchange in respect thereof from time to time. (3) For the purposes herein, the provisions of this Rule shall apply mutatis mutandis to Commissioned Dealer’s Representatives and all references to “employ” shall be deemed to refer to “engage”.	401.3	STAFF PINCHING AMONG PARTICIPATING ORGANISATIONS (1) Participating Organisations shall at all times promote the continuous enhancement of business professionalism in the stockbroking industry. Participating Organisations shall ensure that the training system established and implemented by them pursuant to Rule 404.2 promotes such professionalism among their employees <u>and Commissioned Dealer’s Representatives</u> . (2) A Participating Organisation shall recruit and train its own employees <u>and Commissioned Dealer’s Representatives</u> and shall not employ an employee <u>or engage a Commissioned Dealer’s Representative</u> of another Participating Organisation except in accordance with guidelines or directives as may be issued by the Exchange in respect thereof from time to time. (3) <u>[Deleted]</u>
702	TRANSACTIONS BY EMPLOYEES AND DIRECTORS	702	TRANSACTIONS BY EMPLOYEES, <u>COMMISSIONED DEALER’S REPRESENTATIVES</u> AND DIRECTORS
702.1	DEFINITION The provisions of this Rule 702 shall apply mutatis mutandis to	702.1	<u>[Deleted]</u>

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Rule	Existing Provisions of Rules of Bursa Securities	Rule	Amended Provisions of Rules of Bursa Securities
	<p>Commissioned Dealer’s Representatives and all references to “employed” shall be deemed to refer to “engaged” and “engagement” shall be construed accordingly.</p>		
702.2	<p>TRANSACTIONS BY EMPLOYEES</p> <p>(1) Restrictions: No employee may open a trading account other than with the Participating Organisation by whom he is employed.</p> <p>(2) Authorisation: A Dealer's Representative shall not place an order on behalf of an employee of the Participating Organisation to whom the Dealer’s Representative is attached, unless for each transaction the order is first authorised in writing by a director of the Participating Organisation.</p> <p>(3) Director’s Consent:</p> <p>(a) No business shall be transacted by a Participating Organisation on account of its employee except with the prior and separate written consent for each transaction from a director of the Participating Organisation, provided always that no such consent shall be given unless the director is satisfied that the said transaction does not in any way conflict with the interests of the clients of his Participating Organisation. All transactions executed on account of its employees shall be subject to strict supervision and control by the Participating Organisation.</p>	702.2	<p>TRANSACTIONS BY EMPLOYEES <u>AND COMMISSIONED DEALER’S REPRESENTATIVES</u></p> <p>(1) Restrictions: No employee <u>or Commissioned Dealer's Representative</u> may open a trading account other than with the Participating Organisation by whom he is employed <u>or engaged</u>.</p> <p>(2) Authorisation: A Dealer's Representative shall not place an order on behalf of an employee <u>or Commissioned Dealer's Representative</u> of the Participating Organisation to whom the Dealer’s Representative is attached, unless for each transaction the order is first authorised in writing by a director of the Participating Organisation.</p> <p>(3) Director’s Consent:</p> <p>(a) No business shall be transacted by a Participating Organisation on account of its employees <u>or Commissioned Dealer's Representatives</u> except with the prior and separate written consent for each transaction from a director of the Participating Organisation, provided always that no such consent shall be given unless the director is satisfied that the said transaction does not in any way conflict with the interests of the clients of his Participating Organisation. All transactions executed on account of its employees <u>and Commissioned Dealer's Representatives</u> shall be</p>

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Rule	Existing Provisions of Rules of Bursa Securities	Rule	Amended Provisions of Rules of Bursa Securities
	<p>(b) Notwithstanding the foregoing Rule, the board of directors of the Participating Organisation may resolve to authorise the Head of Branch Office to grant consent for and on behalf of the designated director abovestated in respect of the business transacted on account of the employees of the branch office concerned on the same grounds therein Provided Always:</p> <p>(i) the board of directors has developed and maintains internal controls and mechanisms to monitor the business transacted for and on behalf of the Participating Organisation’s employees, including without limitation:</p> <p>(aa) ratification by the board of directors or designated director aforesaid, as the case may be, of the employees’ trades approved by the Head of Branch Office; and</p> <p>(bb) the restrictions and prohibitions envisaged in Rule 508; and</p> <p>(ii) internal policies and controls for avoidance of insider dealing,</p>		<p>subject to strict supervision and control by the Participating Organisation.</p> <p>(b) Notwithstanding the foregoing Rule, the board of directors of the Participating Organisation may resolve to authorise the Head of Branch Office to grant consent for and on behalf of the designated director abovestated in respect of the business transacted on account of the employees <u>and Commissioned Dealer’s Representatives</u> of the branch office concerned on the same grounds therein Provided Always:</p> <p>(i) the board of directors has developed and maintains internal controls and mechanisms to monitor the business transacted for and on behalf of the Participating Organisation’s employees <u>and Commissioned Dealer’s Representatives</u>, including without limitation:</p> <p>(aa) ratification by the board of directors or designated director aforesaid, as the case may be, of the employees’ <u>and Commissioned Dealer’s Representatives</u> trades approved by the Head of Branch Office; and</p> <p>(bb) the restrictions and prohibitions envisaged in Rule 508; and</p> <p>(ii) internal policies and controls for avoidance of insider dealing,</p>

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Rule	Existing Provisions of Rules of Bursa Securities	Rule	Amended Provisions of Rules of Bursa Securities
	<p>which ensure that there are no situations of conflict of interest, actual or potential.</p> <p>(c) In the circumstance of the foregoing Rule where the board of directors of the Participating Organisation has resolved to authorise the Head of Branch as provided above to consent to employees’ transactions, the transactions of the Head of Branch Office shall nevertheless be subject to the prior and separate written consent of the director designated pursuant to Rule 702.2(3)(a) as envisaged therein.</p> <p>(4) Designated Dealer’s Representative: Every Participating Organisation shall identify and designate a Dealer’s Representative to undertake transactions by all its employees and its Commissioned Dealer’s Representatives.</p> <p>(5) Brokerage: Brokerage payable by employees shall not be less than one-half (1/2) of the rates set out in Chapter 10.</p> <p>(6) Monitoring: Every Participating Organisation shall maintain proper records on all its employees’ accounts and ensure that all such accounts are subject to active monitoring by its Compliance Officer.</p>		<p>which ensure that there are no situations of conflict of interest, actual or potential.</p> <p>(c) In the circumstance of the foregoing Rule where the board of directors of the Participating Organisation has resolved to authorise the Head of Branch as provided above to consent to employees’ <u>and Commissioned Dealer’s Representatives</u> transactions, the transactions of the Head of Branch Office shall nevertheless be subject to the prior and separate written consent of the director designated pursuant to Rule 702.2(3)(a) as envisaged therein.</p> <p>(4) Designated Dealer’s Representative: Every Participating Organisation shall identify and designate a Dealer’s Representative to undertake transactions by all its employees and its Commissioned Dealer’s Representatives.</p> <p>(5) Brokerage: Brokerage payable by employees <u>and Commissioned Dealer’s Representatives</u> shall not be less than one-half (1/2) of the rates set out in Chapter 10.</p> <p>(6) Monitoring: Every Participating Organisation shall maintain proper records on all its employees’ accounts and ensure that all such accounts are subject to active monitoring by its Compliance Officer.</p>
702.4	DISCLOSURE	702.4	DISCLOSURE
	(1) All transactions undertaken by an employee or a director shall		(1) All transactions undertaken by an employee, <u>a Commissioned</u>

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Rule	Existing Provisions of Rules of Bursa Securities	Rule	Amended Provisions of Rules of Bursa Securities
	be disclosed to the Participating Organisation and the onus of such disclosure is on the employee or the director concerned.		Dealer's Representative and or a director shall be disclosed to the Participating Organisation and the onus of such disclosure is on the employee, <u>Commissioned Dealer's Representative</u> or the director concerned.
703	MARGIN ACCOUNT	703	MARGIN ACCOUNT
703.6	RESTRICTIONS (1) No Participating Organisation shall extend credit facilities to the following persons - (a) any of its directors, employees or Dealer's Representatives; (b) any firm in which any of its directors, employees or Dealer's Representatives is interested as a partner, manager, guarantor or agent other than as a stockbroking agent; (c) any corporation in which any of its directors, employees or Dealer's Representatives is interested as a partner, manager, guarantor or agent other than as a stockbroking agent; (d) any corporation in which any of its directors, employees or Dealer's Representatives holds shares save and except -	703.6	RESTRICTIONS (1) No Participating Organisation shall extend credit facilities to the following persons - (a) any of its directors, employees or <u>Commissioned Dealer's Representatives</u> ; (b) any firm in which any of its directors, employees or <u>Commissioned Dealer's Representatives</u> is interested as a partner, manager, guarantor or agent other than as a stockbroking agent; (c) any corporation in which any of its directors, employees or <u>Commissioned Dealer's Representatives</u> is interested as a partner, manager, guarantor or agent other than as a stockbroking agent; (d) any corporation in which any of its directors, employees or <u>Commissioned Dealer's Representatives</u> holds shares save and except -

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Rule	Existing Provisions of Rules of Bursa Securities	Rule	Amended Provisions of Rules of Bursa Securities
	<p>(i) where none of its executive directors, employees or Dealer’s Representatives holds five per cent (5%) or more of the issued share capital of that corporation;</p> <p>(ii) in respect of any corporation, whether listed or not listed on the Exchange where no non-executive director of the Participating Organisation holds, directly or indirectly five per cent (5%) or more of the issued share capital of that corporation;</p> <p>(iii) in respect of a corporation not listed on the Exchange, where no non-executive director of a Participating Organisation holds shares in his personal capacity;</p> <p>(e) any individual to whom any of its directors, employees or Dealer’s Representatives has provided a guarantee;</p> <p>(f) any person who is prohibited under Section 93(2) of the Securities Industry Act; and</p> <p>(g) any other person as may be determined by the Minister with prior written notice given to all the Participating Organisations.</p> <p>For the purposes of this Rule 703.6, the term “director”, “employee” or</p>		<p>(i) where none of its executive directors, employees or <u>Commissioned</u> Dealer’s Representatives holds five per cent (5%) or more of the issued share capital of that corporation;</p> <p>(ii) in respect of any corporation, whether listed or not listed on the Exchange where no non-executive director of the Participating Organisation holds, directly or indirectly five per cent (5%) or more of the issued share capital of that corporation;</p> <p>(iii) in respect of a corporation not listed on the Exchange, where no non-executive director of a Participating Organisation holds shares in his personal capacity;</p> <p>(e) any individual to whom any of its directors, employees or <u>Commissioned</u> Dealer’s Representatives has provided a guarantee;</p> <p>(f) any person who is prohibited under Section 93(2) of the Securities Industry Act; and</p> <p>(g) any other person as may be determined by the Minister with prior written notice given to all the Participating Organisations.</p>

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Rule	Existing Provisions of Rules of Bursa Securities	Rule	Amended Provisions of Rules of Bursa Securities
	<p>“Dealer’s Representatives” shall include the spouse, parent or child thereof.</p>		<p>For the purposes of this Rule 703.6, the term “director” <u>and</u>; “employee” or “Dealer’s Representatives” shall include the spouse, parent or child thereof.</p>
703.8	<p>CONTROL BY PARTICIPATING ORGANISATIONS</p> <p>(1) Every Participating Organisation shall establish and implement internal guidelines and procedures for the granting of credit facilities in relation to any margin account. Such guidelines and procedures shall include –</p> <ul style="list-style-type: none"> (a) detailed procedures to process applications for credit facilities by a client; (b) the criteria to assess the credit rating of a client; (c) the documentation in respect of credit facilities extended to a client; and (d) an effective monitoring system. 	703.8	<p>CONTROL <u>AND MAINTENANCE OF RECORDS</u> BY PARTICIPATING ORGANISATIONS</p> <p>(1) Every Participating Organisation shall establish and implement internal guidelines and procedures for the granting of credit facilities in relation to any margin account. Such guidelines and procedures shall include –</p> <ul style="list-style-type: none"> (a) detailed procedures <u>on the to-processing of</u> applications for credit facilities by a client, <u>including but not limited to, procedures to ensure compliance with Rule 703.6(1) by the Participating Organisation;</u> (b) the criteria to assess the credit rating of a client; (c) the documentation in respect of credit facilities extended to a client; and (d) an effective monitoring system. <p><u>(2) Without derogation to the generality of the foregoing provision, when granting credit facilities to a client, every Participating Organisation shall require its client to disclose as to whether the client is a spouse, parent or child of any of its Commissioned Dealer’s Representatives in order for the Participating</u></p>

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Rule	Existing Provisions of Rules of Bursa Securities	Rule	Amended Provisions of Rules of Bursa Securities
			<u>Organisation to, and which it shall, maintain proper records of all margin accounts opened in the name of the Commissioned Dealer's Representatives' spouse, parent and child.</u>
404	BEST BUSINESS PRACTICE	404	BEST BUSINESS PRACTICE
404.4	<p>CLIENTS' ACCOUNTS</p> <p>(2) Maintenance of Records: Participating Organisation shall in respect of each client's account maintain records including the following -</p> <ul style="list-style-type: none"> (a) date of opening of the account; (b) client's financial position; (c) name of the officer which approved the opening of the account and the date of approval; (d) the types of transactions for which the account is approved; (e) in respect of the transactions effected under the account, the following information - <ul style="list-style-type: none"> (i) particulars of all transactions including amount of commissions charged in respect of each transaction and type of transactions; (ii) current position of the account including compliance with any margin set by the 	404.4	<p>CLIENTS' ACCOUNTS</p> <p>(2) Maintenance of Records: Participating Organisation shall in respect of each client's account maintain records including the following -</p> <ul style="list-style-type: none"> (a) date of opening of the account; (b) client's financial position; (c) name of the officer which approved the opening of the account and the date of approval; (d) the types of transactions for which the account is approved; (e) in respect of the transactions effected under the account, the following information - <ul style="list-style-type: none"> (i) particulars of all transactions including amount of commissions charged in respect of each transaction and type of transactions; (ii) current position of the account including compliance with any margin set by the

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Rule	Existing Provisions of Rules of Bursa Securities	Rule	Amended Provisions of Rules of Bursa Securities
	Participating Organisation; and (f) the Dealer’s Representative handling the account.		Participating Organisation; and (f) the Dealer’s Representative handling the account; <u>and</u> <u>(g) where credit facilities have been granted to the client, the information as to whether the client is a spouse, parent or child of any of the Commissioned Dealer’s Representatives of the Participating Organisation.</u>