

**“ANNEXURE 3”**

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN. BHD. (“BURSA CLEARING (S)”) IN RELATION TO BURSA SECURITIES BORROWING AND LENDING (“BURSA SBL”)**

EXISTING PROVISIONS		AMENDED PROVISIONS	
	New provisions	<b>Interpretation</b>	<p><b>“Borrower”</b> means a Trading Clearing Participant or such other category of persons who may be prescribed by the Clearing House to be eligible to apply to become a Borrower and whose application to be a Borrower pursuant to the SBL Conditions has been approved by the Clearing House;</p> <p><b>“Bursa SBL”</b> means the Securities borrowing and lending business established and operated by the Clearing House acting as a central lending agency;</p> <p><b>“Bursa SBL System”</b> means the system for Securities borrowing and lending established and operated by the Clearing House for carrying out transactions relating to the Bursa SBL and/or transactions contemplated under the SBL Conditions;</p> <p><b>“Eligible Securities”</b> means the Securities prescribed by the Clearing House in the SBL Circulars from time to time as approved for lending to or borrowing from the Clearing House;</p> <p><b>“Lender”</b> means a Lending Participant who via the Bursa SBL has specified Eligible Securities as being available for lending and</p>

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EXISTING PROVISIONS		AMENDED PROVISIONS	
			<p>whose Specified Eligible Securities have been approved for loan to the Clearing House pursuant to the SBL Conditions;</p> <p><b>“Lending Agent”</b></p> <p>means a Clearing Participant who has been approved by the Clearing House to perform certain functions with respect to lending of Securities by the Lending Participant or the Lender to the Clearing House as specified in these Rules or any directives, circulars or instructions issued by the Clearing House and who is appointed as an agent to act on behalf of the Lending Participant or the Lender in respect of these functions;</p> <p><b>“Lending Participant”</b></p> <p>means a person who has been approved by the Clearing House as a lending participant and who has not since then withdrawn its application to be a lending participant;</p> <p><b>“Lending Interest”</b></p> <p>means a notification submitted by the Lending Participant or Lender of its wish to lend Eligible Securities to the Clearing House which includes, amongst others, the following –</p> <ul style="list-style-type: none"><li>(a) the description and quantity of the Eligible Securities it wishes to lend; and</li><li>(b) the account number of the securities account from which the Loaned Securities are to be debited;</li></ul>

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EXISTING PROVISIONS		AMENDED PROVISIONS	
			<p><b>“Loaned Securities”</b></p> <p>means the Specified Eligible Securities that are lent to or borrowed from the Clearing House subject to the SBL Conditions;</p> <p><b>“SBL Circulars”</b></p> <p>means any circulars, guidelines, procedures, terms and conditions and all other written requirements as may be prescribed and issued from time to time by the Clearing House, whether or not electronically, relating to the Bursa SBL and/or the SBL Conditions and/or the transactions contemplated under the SBL Conditions;</p> <p><b>“SBL Conditions”</b></p> <p>means the prescribed application to be approved as a Lending Participant together with the Bursa SBL (Terms and Conditions for Lending Participant and Lender) or the prescribed application to be approved as a Borrower together with the Bursa SBL (Terms and Conditions for Borrower) individually or collectively, as the context may require, as may be amended, modified or varied from time to time, and shall include the SBL Circulars for the time being in force;</p> <p><b>“Specified Eligible Securities”</b></p> <p>means the Eligible Securities specified by the Lending Participant or Lender via the Bursa SBL System which are available for lending to the Clearing House as may be updated from time to time through the Bursa SBL System;</p>

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EXISTING PROVISIONS		AMENDED PROVISIONS	
	New provisions	Rule A2.5	<p><b>MINIMUM FINANCIAL REQUIREMENTS</b></p> <p>Every Trading Clearing Participant shall comply with the minimum financial requirements imposed by the Exchange, as may be amended, varied, modified, supplemented or substituted, from time to time, as if it were the Participating Organisation referred to in the Exchange Rules. Such requirements shall be deemed to form part of these Rules.</p>
Rule 3.1	<b>SUSPENSION, WITHDRAWAL OF CLEARING PARTICIPANTSHIP AND OTHER DISCIPLINARY ACTION</b>	Rule 3.1	<b>SUSPENSION, TERMINATION OF CLEARING PARTICIPANTSHIP AND OTHER DISCIPLINARY ACTION</b>
<b>Rule 3.1.2</b>	<p>The following actions may be taken against any Clearing Participant who has been found <i>guilty under any disciplinary proceedings</i>:</p> <p>(a) to be <i>withdrawn</i> from the Clearing Participantship of the Clearing House; and/or</p> <p>(b) to be suspended from Clearing Participantship with the Clearing House or the Clearing House may limit its activities or access to the services and facilities of the Clearing House on such terms and such period as the Clearing House may in its sole discretion determine; and/or</p> <p>(c) to be imposed with a fine not exceeding five hundred thousand ringgit (RM 500,000.00); and/or</p>	<b>Rule 3.1.2</b>	<p>The following actions may be taken against any Clearing Participant who has been found <b>to have committed any of the acts of misconduct stipulated in Rule 3.1.1</b>:</p> <p>(a) suspend or <b>terminate</b> its Clearing Participantship;</p> <p>(b) <b>suspend or terminate the Clearing Participant as a Lending Agent</b>;</p> <p>(c) limit the activities or access of the Clearing Participant to the services and facilities of the Clearing House on such terms and for such period as the Clearing House may in its sole discretion determine;</p> <p>(d) impose on the Clearing Participant a fine not exceeding five hundred thousand ringgit (RM 500,000.00); and/or</p>

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	(d) to be reprimanded (private or public).		(e) reprimand the Clearing Participant (private or public).
<b>Rule 3.2</b>	<b>DISCIPLINARY ACTIONS</b>  If the Clearing House is in the opinion that a Clearing Participant is subjected to Rule 3.1, the Clearing House may take disciplinary action against the Clearing Participant.	<b>Rule 3.2</b>	<b>Deleted.</b>
<b>Rule 3.4</b>	<b>EFFECT UPON SUSPENSION OR WITHDRAWAL OF CLEARING PARTICIPANTSHIP</b>  Any Clearing Participant who has been suspended or <i>withdrawn</i> from Clearing Participantship shall be subjected to Rule 4.2, wherever appropriate.	<b>Rule 3.4</b>	<b>EFFECT UPON SUSPENSION OR TERMINATION OF CLEARING PARTICIPANTSHIP</b>  Any Clearing Participant who has been suspended or <b>terminated</b> from Clearing Participantship shall be subjected to Rule 4.2, wherever appropriate.
	New provisions	<b>CHAPTER 7 BURSA SBL</b>  <b>Rule 7.1</b>	<b>APPLICATION TO BE A LENDING PARTICIPANT OR LENDER</b>  Any person who wishes to be a Lending Participant or Lender must –  (a) submit a complete and duly executed application in the prescribed form to the Clearing House; and  (b) comply with all requirements prescribed by the Clearing House for a Lending Participant or Lender as contained in these Rules, the SBL Conditions or as prescribed by the Clearing House from time to time in relation to the Bursa SBL.

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EXISTING PROVISIONS		AMENDED PROVISIONS	
			The Clearing House reserves the right to reject an application by any person to be a Lending Participant or Lender.
	New provisions	Rule 7.2	<p><b>APPLICATION TO BE A BORROWER</b></p> <p>(a) A Trading Clearing Participant, or such other category of persons who may be prescribed by the Clearing House to be eligible to apply to become a Borrower, who wishes to be a Borrower must:-</p> <p>(i) submit a complete and duly executed application in the prescribed form to the Clearing House;</p> <p>(ii) comply with all requirements prescribed by the Clearing House for a Borrower as contained in these Rules, the SBL Conditions or as prescribed by the Clearing House from time to time in relation to the Bursa SBL; and</p> <p>(iii) where it is a Trading Clearing Participant, it must comply with Rule 608.4 of the Exchange Rules as may be amended, varied, modified, supplemented or substituted from time to time as if it were the Participating Organisation referred to in such Rule.</p> <p>(b) The Clearing House may exercise discretion over the approval of an application by a Trading Clearing Participant, or such other category of persons who may be prescribed by the Clearing House to be eligible to apply to become a Borrower, to be a Borrower, and may approve or reject such application as it deems fit. The</p>

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EXISTING PROVISIONS		AMENDED PROVISIONS	
			Clearing House may also approve an application unconditionally or subject to such conditions, as it deems fit.
	New provisions	Rule 7.3	<p><b>BORROWING AND LENDING BY CLEARING PARTICIPANT</b></p> <p>(a) A Clearing Participant who is a Trading Clearing Participant may borrow Eligible Securities from :-</p> <p>(i) the Clearing House whether for itself or its client and the borrowing is subject to such requirements as may be contained in these Rules, the SBL Conditions or prescribed by the Clearing House in relation to the Bursa SBL; or</p> <p>(ii) its client provided that such borrowing is for the sole purpose of lending the Eligible Securities borrowed to the Clearing House, subject to such requirements as may be contained in these Rules or prescribed by the Clearing House in relation to the Bursa SBL.</p> <p>(b) A Clearing Participant may lend Eligible Securities to :-</p> <p>(i) the Clearing House whether for itself or its client subject to such requirements as may be contained in these Rules, the SBL Conditions or prescribed by the Clearing House in relation to the Bursa SBL; or</p> <p>(ii) its client provided that the Clearing Participant is</p>

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EXISTING PROVISIONS		AMENDED PROVISIONS	
			a Trading Clearing Participant and the Eligible Securities being lent are the Eligible Securities that had been borrowed from the Clearing House for the sole purpose of lending to such client and such lending is subject to such requirements as may be contained in these Rules, the SBL Conditions or prescribed by the Clearing House in relation to the Bursa SBL.
	New provisions	Rule 7.4	<p><b>PURPOSE OF SECURITIES BORROWING</b></p> <p>(a) A Trading Clearing Participant, or such other category of persons who may be prescribed by the Clearing House to be eligible to apply to become a Borrower, who is approved to be a Borrower may only borrow the Loaned Securities from the Clearing House whether for itself or its client and/or lend such Loaned Securities to its client for any one of the following purposes:-</p> <p>(i) to facilitate the settlement of a regulated short sale in Eligible Securities and which is effected in accordance with the Exchange Rules, whether on its own account or on account of the Borrower’s client;</p> <p>(ii) to facilitate the settlement of a sale of Eligible Securities effected on the Exchange whether on the Borrower’s own account or on account of the Borrower’s client where there are no Securities or insufficient Securities in the securities account of the Borrower or the</p>



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EXISTING PROVISIONS		AMENDED PROVISIONS	
			<p>Borrower’s client as will enable the Borrower or the Borrower’s client to meet its delivery obligations to the purchaser (in accordance with the Exchange Rules relating to delivery and settlement) pursuant to a sale trade executed by the Borrower or the Borrower’s client on the Exchange, as a result of a mistake however made when executing the sale trade provided always that the mistake was made in good faith and discovered only after the sale trade has been executed; or</p> <p>(iii) for such other purposes as may be determined by the Clearing House in consultation with the Commission.</p> <p>(b) For the purpose of this sub-rule (a), “regulated short sale” shall have the same meaning as is assigned to that expression in the Exchange Rules.</p>
	New provisions	7.5	<p><b>APPROVAL AS LENDING AGENT</b></p> <p>(a) A Clearing Participant seeking approval to act as a Lending Agent must:-</p> <p>(i) satisfy the requirements of Rule 7.7(c) below;</p> <p>(ii) apply to the Clearing House to be approved as a Lending Agent; and</p> <p>(iii) submit to the Clearing House a written declaration</p>

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EXISTING PROVISIONS		AMENDED PROVISIONS	
			<p align="center">in the form prescribed in Appendix 1, together with its application as referred to above.</p> <p>(b) Without prejudice to the power conferred on the Clearing House in Rule 2.11 pertaining to the conduct of inspection on a Clearing Participant, the Clearing House may, at any time and/or from time to time prior to or after the receipt of the prescribed declaration in Appendix 1, undertake any inspection and/or audit on the Clearing Participant seeking approval to act as a Lending Agent in the manner determined by the Clearing House.</p> <p>(c) The Clearing House may, in approving any application made by a Clearing Participant pursuant to Rule 7.5(a), impose such requirements or conditions as it deems necessary to ensure the smooth operation of transactions relating to the Bursa SBL.</p> <p>(d) Notwithstanding and without prejudice to any other provisions in this Chapter, the Clearing House shall not be obligated to approve the application of every Clearing Participant to be a Lending Agent.</p> <p>(e) A Clearing Participant who has been approved to act as a Lending Agent shall act as the duly appointed agent of the Lending Participant or Lender when performing the functions and responsibilities set out under Rule 7.7(a) and as may be specified from time to time.</p> <p>(f) A Clearing Participant shall not perform the functions and responsibilities set out under Rule 7.7(a) for any</p>

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			Lending Participant or Lender as its agent, unless it has first been approved as a Lending Agent and has entered into a written agreement with such Lending Participant or Lender to be appointed as his or its Lending Agent, which agreement shall include the matters specified in Appendix 2 of these Rules.
	New provisions	7.6	<p><b>ACCESS TO BURSA SBL SYSTEM</b></p> <p>(a) Upon approval of an application to be a Lending Agent made pursuant to Rule 7.5(a), the Clearing Participant shall be given access to the Bursa SBL System to perform any of its functions and responsibilities as a Lending Agent in relation to the Bursa SBL.</p> <p>(b) Such Clearing Participant shall comply with any conditions or requirements prescribed by the Clearing House from time to time in relation to the access to or usage of the Bursa SBL System.</p>
	New provisions	7.7	<p><b>FUNCTIONS AND RESPONSIBILITIES OF LENDING AGENT</b></p> <p>(a) A Clearing Participant who is approved and appointed to be a Lending Agent for a Lending Participant or Lender shall have, amongst others, the following functions and responsibilities:-</p> <p>(i) To process the application of any person applying to be a Lending Participant (hereinafter in this Rule referred to as “the Said Lending</p>

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EXISTING PROVISIONS		AMENDED PROVISIONS	
			<p>Participant”);</p> <p>(ii) To give effect to any instructions or orders given by the Said Lending Participant or Lender (hereinafter in this Rule referred to as “the Said Lender”) which include, inter alia, the keying-in of Lending Interests into the Bursa SBL System;</p> <p>(iii) To transmit or forward to the Said Lending Participant or Said Lender any notification or update communicated by the Clearing House via the Bursa SBL System in relation to the transactions by the Said Lending Participant or Said Lender relating to the Bursa SBL (other than notices pertaining to the issue of announcements made by an issuer of the Securities comprised in the Loaned Securities of any action taken by such issuer in relation to or arising from its Securities including payment of dividend, issue of bonus Securities and other rights and interests associated with its Securities, capital restructuring and Securities consolidation) or received by the Lending Agent from the Clearing House for the information of the Said Lending Participant or Said Lender, including but not limited to, such matters relating to any approval of Lending Interests, recall of Loaned Securities, entitlement received or is to be received by the Said Lender arising from any corporate action with respect to the Loaned Securities in accordance with the SBL Conditions;</p>

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EXISTING PROVISIONS		AMENDED PROVISIONS	
			<p>(iv) To collect all documents, forms, agreements, deeds including any amendments or variations thereof relating to or governing the Bursa SBL as the Clearing House may require from time to time, from the Said Lending Participant or the Said Lender for submission to the Clearing House and from the Clearing House for transmission to the Said Lending Participant or the Said Lender;</p> <p>(v) To receive into the Lending Agent’s bank account designated for the receipt of any fees, charges or income arising with respect to any Loaned Securities due and payable by the Clearing House to the Said Lender relating to the Bursa SBL (“Designated Bank Account”) and to pay to the Said Lender such fees, charges or income as may be prescribed by the Clearing House from time to time and that have been credited into the Lending Agent’s Designated Bank Account by the Clearing House subject to the deduction of any fees and charges as may be agreed between the Said Lender and the Lending Agent, and to collect from the Said Lender and to pay to the Clearing House, any fees and charges due and payable by the Said Lender to the Clearing House relating to the Bursa SBL as may be prescribed by the Clearing House from time to time without any deduction or set off;</p>

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EXISTING PROVISIONS		AMENDED PROVISIONS	
			<p>(vi) To furnish to the Clearing House such documents relating to the Bursa SBL and such advice, statement and report on the operation of transactions relating to the Bursa SBL at such times and in such manner as may be prescribed by the Clearing House;</p> <p>(vii) To give effect to any instructions, directives or orders given by the Clearing House to facilitate the operation of any transactions by the Lending Participant or Lender relating to the Bursa SBL or the SBL Conditions; and</p> <p>(viii) Such other functions and responsibilities as may be specified by the Clearing House from time to time.</p> <p>(b) The Clearing House may, by notice given to the Clearing Participant from time to time, amend, vary or modify the functions and responsibilities of the Clearing Participant in relation to the Bursa SBL.</p> <p>(c) A Clearing Participant seeking approval to act as a Lending Agent or who is approved to act as a Lending Agent must ensure that it has in place, at all times, the requisite systems, infrastructure, functionalities and controls for the performance of the functions and responsibilities stipulated in Rule 7.7(a).</p> <p>(d) A Clearing Participant approved as a Lending Agent must perform the functions and responsibilities stipulated in Rule 7.7(a) on behalf of the Said Lending</p>

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EXISTING PROVISIONS		AMENDED PROVISIONS	
			Participant or Said Lender in accordance with the procedures or requirements as may be imposed by the Clearing House from time to time.
		7.8	<p><b>ACTION BY THE CLEARING HOUSE</b></p> <p>(a) Without prejudice to any other powers of the Clearing House contained in the Act, these Rules or any directives, circulars or instructions issued by the Clearing House from time to time, if the Clearing Participant commits a breach of any of the requirements stipulated in this Chapter, the Clearing House may exercise any of the following powers immediately without further reference to the Clearing Participant in question:-</p> <p>(i) prohibit the Clearing Participant from entering into any or all new transactions in relation to the Bursa SBL and/or transactions contemplated under the SBL Conditions; or</p> <p>(ii) suspend or terminate the Clearing Participant as a Lending Agent.</p> <p>(b) Where an action has been taken under Rule 7.8(a), a Clearing Participant may make representations to the Clearing House for the discontinuance of the action taken. The Clearing House may after the representations were made, discontinue with the action taken. However, such discontinuance shall not be construed as an omission or error of any kind on the part of the Clearing House in</p>

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EXISTING PROVISIONS		AMENDED PROVISIONS	
			<p>undertaking the action under Rule 7.8(a) in the first place.</p> <p>(c) The Clearing House shall not be held liable for any loss or damage suffered by any party arising from or in connection with the action taken by the Clearing House under Rule 7.8(a) provided that the Clearing House has acted in good faith.</p>
	New provisions	7.9	<p><b>LIABILITY</b></p> <p>The Clearing House shall not be liable to any person for any loss or damage that may be incurred or suffered by such person as a result of the exercise or intended exercise of any power or performance of any duty conferred or imposed on the Clearing House in relation to the Bursa SBL and exercised by the Clearing House in good faith.</p>
	New provisions	7.10	<p><b>INDEMNITY</b></p> <p>Each Clearing Participant shall be responsible for its own operations and functions as a Lending Agent in relation to the Bursa SBL as are required under these Rules, the SBL Circulars or otherwise and shall indemnify and hold indemnified the Clearing House, whether such indemnity is claimed by the Clearing House during or after the expiry of the tenure of the Clearing Participant as a Lending Agent, for any loss, legal costs (including third party legal costs), damage or liability suffered or incurred by the Clearing House, whether directly or otherwise, as a result of any negligence, omission, mistake, misrepresentation, fraud or</p>



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			error on the part of the Clearing Participant, its servants or agents, provided always that such action or omission were committed during its tenure as a Lending Agent.
	New provisions	<b>APPENDIX 1</b>	<p><b>To:</b></p> <p><b>Bursa Malaysia Securities Clearing Sdn Bhd</b>  <b>Exchange Square</b>  <b>Bukit Kewangan</b>  <b>50200 Kuala Lumpur</b></p> <p><b><u>COMPLIANCE WITH REQUIREMENTS IMPOSED BY BURSA MALAYSIA SECURITIES CLEARING SDN BHD (“BURSA CLEARING (S)”) IN RELATION TO THE LENDING AGENT</u></b></p> <p>Pursuant to the requirements of Rule 7.5(a) of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd (“Bursa Clearing (S) Rules”), we [name of Clearing Participant applying to be a Lending Agent] hereby declare and undertake as follows:</p> <ol style="list-style-type: none"> <li>1) we shall provide to Bursa Clearing (S) or the Securities Commission, upon request, any information required by Bursa Clearing (S) or the Securities Commission pertaining to the Lending Participants or Lenders for whom we are acting;</li> <li>2) we have formulated a set of Internal Guidelines for Acting as a Lending Agent which has been approved by our board of directors;</li> <li>3) the Internal Guidelines for Acting as a Lending Agent have been brought to the notice of the relevant</li> </ol>

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			<p>employees who have read and understood the contents therein;</p> <p>4) the Internal Guidelines for Acting as a Lending Agent comply with the requirements set out in Bursa Clearing (S) Rules; and</p> <p>5) all relevant systems and infrastructure including front office and/or back office systems have been verified and assessed in terms of application as well as software and the hardware capabilities and are confirmed to be operational and have all the functionalities, requirements and controls in place for the purpose of carrying out activities as a Lending Agent in accordance with Bursa Clearing (S) Rules, the Bursa SBL (Terms and Conditions for Lending Participant and Lender) or directives, circulars or instructions issued by Bursa Clearing (S).</p> <p>Dated this [ ] day of [ ] [ ].</p> <p>Signed [ ]  Name:  Designation:  Date:</p> <p align="right">[ End of Appendix ]</p>
	New provisions	APPENDIX 2	Matters which must be contained in the written agreement between the Lending Agent and the Lending Participant/Lender

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EXISTING PROVISIONS		AMENDED PROVISIONS	
			<p>(Rule 7.5(f))</p> <p>(1) The Lending Agent is the agent of the Lending Participant/Lender in performing the functions and responsibilities stipulated in these Rules or any directives, circulars or instructions issued by the Clearing House in relation to the Bursa SBL;</p> <p>(2) The functions and responsibilities of the Lending Agent stipulated in these Rules or any directives, circulars or instructions issued by the Clearing House in relation to the Bursa SBL, as the same may be amended, modified or varied from time to time; and</p> <p>(3) The Lending Agent must comply with the obligations imposed on a Lending Agent, as contained in the SBL Conditions and these Rules.</p> <p>[ End of Appendix ]</p>