

**ANNEXURE 1**

**RULES OF BURSA MALAYSIA DERIVATIVES CLEARING BHD.**

**RULE AMENDMENTS PURSUANT TO A REVIEW OF THE INSPECTION, INVESTIGATION AND ENFORCEMENT PROVISIONS AND  
CONSEQUENTIAL TO THE SECURITIES COMMISSION (AMENDMENT) ACT 2015**

<b>RULE</b>	<b>EXISTING PROVISIONS</b>	<b>RULE</b>	<b>AMENDED PROVISIONS</b>
<b>Definitions &amp; Interpretation</b>	New provision.	<b>Definitions &amp; Interpretation</b>	<u>"Books"</u>  <u>As defined in the Act.</u>
<b>Definitions &amp; Interpretation</b>	"Commission"  The Securities Commission established under the Securities Commission Act 1993 (Act 498).	<b>Definitions &amp; Interpretation</b>	"Commission"  The Securities Commission <u>Malaysia</u> established under the Securities Commission <u>Malaysia</u> Act 1993 (Act 498).
<b>Definitions &amp; Interpretation</b>	New provision.	<b>Definitions &amp; Interpretation</b>	<u>"Document"</u>  <u>As defined in the Act.</u>
<b>Definitions &amp; Interpretation</b>	New provision.	<b>Definitions &amp; Interpretation</b>	<u>"Record"</u>  <u>As defined in the Act.</u>
<b>108</b>	<b>Disclosure</b>  The Clearing House has the authority of each Clearing Participant to supply any particulars or information relating to the activities, assets and liabilities of the Clearing Participant in the possession of the Clearing House to an Exchange or any of its committees as may be reasonably requested by such Exchange or committee. The Clearing House also has the authority of each Clearing Participant to supply any particulars and information in the possession of the Clearing House:  (a) to the Commission or to any other statutory body or	<b>108</b>	<b>Disclosure</b>  <u>(1)</u> The Clearing House has the authority of each Clearing Participant to supply any particulars or information relating to the activities, assets and liabilities of the Clearing Participant in the possession of the Clearing House to an Exchange or any of its committees as may be reasonably requested by such Exchange or committee.  <u>(2)</u> The Clearing House also has the authority of each Clearing Participant to supply any particulars and information in the possession of the Clearing House:

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
	<p>government agency;</p> <p>(b) if required by law; and</p> <p>(c) to any person if the Clearing House, in its absolute discretion feels it is necessary or desirable for the proper performance of its functions.</p>		<p>(a) to the Commission or to any other statutory body or government agency;</p> <p>(b) if required by law; and</p> <p>(c) to any person if the Clearing House, in its absolute discretion feels it is necessary or desirable for the proper performance of its functions.</p> <p><u>(3) The Clearing House may disclose any action taken by the Clearing House against a Clearing Participant under these Rules to the public or any other persons, in any manner as the Clearing House considers fit or expedient.</u></p>
111	<p><b>Appeals Against decisions of the Clearing House</b></p> <p>(a) The Clearing House shall establish a Committee to determine appeals provided in these Rules from a party against whom a decision has been made by the Clearing House.</p>	111	<p><b>Appeals <del>A</del>gainst decisions of the Clearing House</b></p> <p><u>(1a) The Clearing House shall establish a Committee to determine appeals provided in these Rules from a party against whom a decision has been made by the Clearing House. Any decision of the Clearing House is final and binding and a person may only appeal against any action or decision taken or made by the Clearing House under these Rules if the right of appeal is expressly provided for under the relevant provisions of these Rules.</u></p>
111	<p>(b) A person against whom a decision has been made by the Clearing House may, where provided under these rules, appeal against such decision by notifying the Clearing House of its/his intention to appeal within fourteen (14) days from receipt of the notification of the decision.</p>	111	<p><u>(2b) A person against whom a decision has been made by the Clearing House may, where provided under these rules, appeal against such decision by notifying the Clearing House of its/his intention to appeal within fourteen (14) days from receipt of the notification of the decision. The decision of the Clearing House on appeal is final and binding on the person appealing.</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
111	(c) The Committee referred to herein shall comprise such persons as may be appointed by the Clearing House, all of whom must not have been involved in any other Committee of the Clearing House that made the decision appealed against.	111	<del>(c) The Committee referred to herein shall comprise such persons as may be appointed by the Clearing House, all of whom must not have been involved in any other Committee of the Clearing House that made the decision appealed against.</del>
111	(d) The Committee referred to herein may affirm, vary or set aside the decision appealed against or any penalty imposed.	111	<del>(d) The Committee referred to herein may affirm, vary or set aside the decision appealed against or any penalty imposed.</del>
111	(e) The decision of the Clearing House on appeal shall be final and binding on the appellant.	111	<del>(e) The decision of the Clearing House on appeal shall be final and binding on the appellant.</del>
-	New provision.	114	<p><b><u>Referral of conduct to other authorities</u></b></p> <p><u>The Clearing House may, at any time, refer the conduct of any Clearing Participant to the relevant authority, without giving notice to such Clearing Participant.</u></p>
-	New provision.	115	<p><b><u>Confidentiality</u></b></p> <p><u>(1) If a finding or result of any inspection or investigation, or testimony or documentation in connection with a disciplinary proceeding or appeal under these Rules is disclosed to a Clearing Participant or its employee or agent, the Clearing Participant must keep the findings and results of such inspection or investigation, or testimony or documentation in connection with a disciplinary proceeding or appeal confidential and must not disclose the findings or results to any person except:</u></p> <p><u>(a) the Commission, any authorised officer of the Commission or any investigating governmental authority or agency; or</u></p> <p><u>(b) where necessary, for the procurement of legal or</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<p><u>expert advice in relation to the inspection, investigation, disciplinary proceeding or appeal, provided that the disclosure is restricted to the relevant persons and strictest confidentiality is maintained.</u></p> <p><u>(2) The Clearing House may release the findings and results of any inspection or investigation, or testimony or documentation in connection with a disciplinary proceeding or appeal to the Commission, Exchange or any other relevant body or authority (in Malaysia or outside of Malaysia) as the Clearing House considers fit, or to such parties as the Clearing House considers fit for the purposes of the Clearing House's investigation, enforcement or both.</u></p>
<b>214B(e)</b>	<p>The Direct Clearing Participant must ensure that the Clearing House or its agent shall at all times have access to and be allowed to make copies of the books (as defined in the Act) of the Direct Clearing Participant or the Service Provider. The Direct Clearing Participant shall procure a written consent through a letter of undertaking from the Service Provider to allow the Clearing House or its agent to exercise its powers as stated above.</p>	<b>214B(e)</b>	<p>The Direct Clearing Participant must ensure that the Clearing House or its agent shall at all times have access to and be allowed to make copies of the <del>b</del>Books <del>(as defined in the Act)</del> of the Direct Clearing Participant or the Service Provider. The Direct Clearing Participant shall procure a written consent through a letter of undertaking from the Service Provider to allow the Clearing House or its agent to exercise its powers as stated above.</p>
<b>215</b>	<p>In relation to a General Clearing Participant that has acquired the status of an Investment Bank after its admission as a General Clearing Participant under Chapter 2 of these Rules, the said General Clearing Participant shall notify the Clearing House in writing of the same at least seven (7) days (or such other time as may be determined by the Clearing House) prior to the commencement of its business as an Investment Bank, which notification shall be accompanied with such information or documents as may be required by the Clearing House.</p>	<b>215</b>	<p>In relation to a General Clearing Participant that has acquired the status of an Investment Bank after its admission as a General Clearing Participant under Chapter 2 of these Rules, the said General Clearing Participant shall notify the Clearing House in writing of the same at least seven (7) days (or such other time as may be determined by the Clearing House) prior to the commencement of its business as an Investment Bank, which notification shall be accompanied with such information or <del>d</del>Documents as may be required by the Clearing House.</p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
300	<p><b>Powers and duties of the Clearing House</b></p> <p>Without prejudice to any other provisions in the Rules, the following powers are in addition vested in the Clearing House, to be exercised in such manner and on such terms as it sees fit:-</p> <p>(a) to waive or modify compliance with a Rule or part of a Rule whether subject to the fulfilment of any condition or otherwise;</p> <p>(b) to take such actions as it may determine necessary in connection with the failure of any Clearing Participant to maintain the financial requirements pursuant to Chapter II of the Rules or to fully discharge any of its obligations to the Clearing House when due;</p> <p>(c) if any act or omission, whether actual or threatened, of a Clearing Participant poses a danger to the Clearing House, to take all such actions as it considers necessary at its absolute discretion to protect the integrity of the Clearing House;</p> <p>(d) to determine the variables used to calculate Margin for all or any Clearing Participants;</p> <p>(e) to request an Exchange to conduct audits or investigations and/or to obtain such documents or records from Clearing Participants as may be required by the Clearing House;</p> <p>(f) to direct and conduct audits, investigations, and inspection of records of Clearing Participants and question any Clearing Participant in relation to the compliance by the Clearing Participant with the Rules; and</p>	300	<p><b>Powers and duties of the Clearing House</b></p> <p>Without prejudice to any other provisions in the Rules, the following powers are in addition vested in the Clearing House, to be exercised in such manner and on such terms as it sees fit:-</p> <p>(a) to waive or modify compliance with a Rule or part of a Rule whether subject to the fulfilment of any condition or otherwise;</p> <p>(b) to take such actions as it may determine necessary in connection with the failure of any Clearing Participant to maintain the financial requirements pursuant to Chapter II of the Rules or to fully discharge any of its obligations to the Clearing House when due;</p> <p>(c) if any act or omission, whether actual or threatened, of a Clearing Participant poses a danger to the Clearing House, to take all such actions as it considers necessary at its absolute discretion to protect the integrity of the Clearing House;</p> <p>(d) to determine the variables used to calculate Margin for all or any Clearing Participants;</p> <p>(e) to request an Exchange to conduct audits or investigations and/or to obtain such <del>e</del>D<del>o</del>uments or <del>R</del>ecords from Clearing Participants as may be required by the Clearing House;</p> <p>(f) to direct and conduct audits, investigations, and inspection of <del>the</del> <del>R</del>ecords of Clearing Participants and question any Clearing Participant in relation to the compliance by the Clearing Participant with the Rules; and</p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
	(g) to direct a Clearing Participant to furnish the Clearing House with such information or records maintained by the Clearing Participant as it considers appropriate.		(g) to direct a Clearing Participant to furnish the Clearing House with such information or <del>Records</del> maintained by the Clearing Participant as it considers appropriate.  <u>(h) pursuant to a finding from any inspection or investigation on a Clearing Participant, require the Clearing Participant to take appropriate action against any of its employees or agents if such person caused the Clearing Participant to violate these Rules.</u>
<b>503</b>	<b>Audit and investigation</b>  Upon request from the Clearing House a Clearing Participant must make itself, its premises and its staff immediately available to the Clearing House and such persons appointed by the Clearing House for such audits and investigations as may be specified by the Clearing House and must promptly furnish all books, records, files and such other information to the Clearing House or such other person as may be directed by the Clearing House.	<b>503</b>	<b>Audit and investigation</b>  <del>Deleted. Upon request from the Clearing House a Clearing Participant must make itself, its premises and its staff immediately available to the Clearing House and such persons appointed by the Clearing House for such audits and investigations as may be specified by the Clearing House and must promptly furnish all books, records, files and such other information to the Clearing House or such other person as may be directed by the Clearing House.</del>
<b>605(d)</b>	If a Clearing Participant has made a bona fide error in any designated instruction, it may request the Clearing House to amend the records maintained by the Clearing House of the Unsegregated Account, Segregated Account or a Sub-Account of that Clearing Participant. The Clearing House may in its absolute discretion agree to or reject such request. Any such agreement or rejection must be advised to the Clearing Participant.	<b>605(d)</b>	If a Clearing Participant has made a bona fide error in any designated instruction, it may request the Clearing House to amend the <del>Records</del> maintained by the Clearing House of the Unsegregated Account, Segregated Account or a Sub-Account of that Clearing Participant. The Clearing House may in its absolute discretion agree to or reject such request. Any such agreement or rejection must be advised to the Clearing Participant.
<b>620</b>	(a) The Clearing House will maintain records in relation to Open Contracts created, liquidated, settled or otherwise dealt with in accordance with the Rules. Such records maintained by the Clearing House under this Rule 620 constitute prima facie evidence of the matters contained in those records.	<b>620</b>	(a) The Clearing House will maintain <del>Records</del> in relation to Open Contracts created, liquidated, settled or otherwise dealt with in accordance with the Rules. Such <del>Records</del> maintained by the Clearing House under this Rule 620 constitute prima facie evidence of the matters contained in those <del>Records</del> .

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
	(b) The Clearing House is entitled to rely without inquiry on all information provided to it by or on behalf of Clearing Participants in creating and in amending its records maintained pursuant to Rule 620(a).		(b) The Clearing House is entitled to rely without inquiry on all information provided to it by or on behalf of Clearing Participants in creating and in amending its <del>¶</del> Records maintained pursuant to Rule 620(a).
804	<p><b>Forgery</b></p> <p>The Clearing House does not have liability with respect to any forged instrument or document delivered to Clearing Participants pursuant to Rule 801 or 802 and the sole recourse of the Clearing Participant receiving such forged Instrument or document is to the Clearing Participant which delivered or caused to be delivered that forged Instrument or document.</p>	804	<p><b>Forgery</b></p> <p>The Clearing House does not have liability with respect to any forged instrument or <del>d</del>Document delivered to Clearing Participants pursuant to Rule 801 or 802 and the sole recourse of the Clearing Participant receiving such forged Instrument or <del>d</del>Document is to the Clearing Participant which delivered or caused to be delivered that forged Instrument or <del>d</del>Document.</p>
Chapter 9	<p style="text-align: center;"><b>Chapter 9</b></p> <p style="text-align: center;"><b>DISCIPLINARY ACTION</b></p>	Chapter 9	<p style="text-align: center;"><b>Chapter 9</b></p> <p style="text-align: center;"><b><u>INSPECTION, INVESTIGATION AND</u> DISCIPLINARY ACTION</b></p>
900	<p><b>Infringement of the Rules</b></p> <p>Deleted.</p>	900	<p><b><u>Infringement of the Rules Interpretation</u></b></p> <p><del>Deleted.</del><u>In this Chapter,</u></p> <p><u>“disciplinary proceedings” where the context permits includes appeal proceedings under Rules 920 to 923; and</u></p> <p><u>“Relevant Person” means the Clearing Participant’s agents, directors and employees.</u></p>
900	<p><b>Disciplinary action by the Clearing House</b></p> <p>(a) If a Clearing Member fails to comply with the Rules or is in default of its obligations to the Clearing House, the Clearing House may:</p>	900	<p><b><u>Disciplinary action by the Clearing House</u></b></p> <p><del>(a) If a Clearing Member fails to comply with the Rules or is in default of its obligations to the Clearing House, the Clearing House may:</del></p>

<b>RULE</b>	<b>EXISTING PROVISIONS</b>	<b>RULE</b>	<b>AMENDED PROVISIONS</b>
<b>900(a)</b>	(i) fine a Clearing Member up to RM 1 million; and/or	<b>900(a)</b>	<del>(i) fine a Clearing Member up to RM 1 million; and/or</del>
<b>900(a)</b>	(ii) suspend or terminate its Participantship.	<b>900(a)</b>	<del>(ii) suspend or terminate its Participantship.</del>
<b>900(a)</b>	(iii) in respect of a breach of these Rules that relates to a function that has been outsourced, impose any restriction or condition in relation to the breach committed or on the activities that a Clearing Participant undertakes.	<b>900(a)</b>	<del>(iii) in respect of a breach of these Rules that relates to a function that has been outsourced, impose any restriction or condition in relation to the breach committed or on the activities that a Clearing Participant undertakes.</del>
<b>900</b>	(b) In complying with Rule 900(a) the Clearing House is not bound by strict legal rules of evidence and procedure. The decision of the Clearing House is final unless otherwise prescribed by the Clearing House.	<b>900</b>	<del>(b) In complying with Rule 900(a) the Clearing House is not bound by strict legal rules of evidence and procedure. The decision of the Clearing House is final unless otherwise prescribed by the Clearing House.</del>
<b>900</b>	(c) Deleted.	<b>900</b>	<del>(c) Deleted.</del>
<b>900</b>	(d) The Clearing House must notify the Clearing Member in writing of any action taken under Rule 900(a).	<b>900</b>	<del>(d) The Clearing House must notify the Clearing Member in writing of any action taken under Rule 900(a).</del>
<b>901</b>	<b>Appointment of committee, sub-committee or officer(s)</b>  The Clearing House shall appoint a committee, sub-committee or officer(s) of the Clearing House or the Exchange Holding Company to discharge the exercise of its powers under Rule 900.	<b>901</b>	<del><b>Appointment of committee, sub-committee or officer(s)</b>  The Clearing House shall appoint a committee, sub-committee or officer(s) of the Clearing House or the Exchange Holding Company to discharge the exercise of its powers under Rule 900.</del>
-	New provision.	<b>901</b>	<u>(1) The Clearing House may conduct an inspection on a Clearing Participant at any time on any matter in relation to these Rules, the Clearing Participant's internal policies and procedures and any other rules and regulations related to its functions as governed under these Rules.</u>



RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
-	New provision.	901	<p><u>(2) A Clearing Participant and Relevant Person must:</u></p> <p><u>(a) give or procure for the Clearing House all information, Documents, Books and Records the Clearing House requests for and allow the Clearing House to take copies and extracts of such Documents, Books and Records; and</u></p> <p><u>(b) give the Clearing House access to the relevant premises for the Clearing House to conduct an inspection under Rule 901.</u></p>
-	New provision.	901	<p><u>(3) A Clearing Participant and Relevant Person must:</u></p> <p><u>(a) not hinder or obstruct the Clearing House during the inspection; and</u></p> <p><u>(b) give the Clearing House all assistance the Clearing House reasonably requires to conduct the inspection.</u></p>
902	<p><b>Communication to an Exchange and the Commission</b></p> <p>The Clearing House must inform the relevant Exchange(s) and the Commission of all actions taken under this Chapter.</p>	902	<p><del><b>Communication to an Exchange and the Commission</b></del></p> <p><del><b>Inspection cost</b></del></p> <p><del>The Clearing House must inform the relevant Exchange(s) and the Commission of all actions taken under this Chapter.</del></p>
-	New provision.	902	<p><u>The Clearing House may require the Clearing Participant concerned to pay the Clearing House a fee for carrying out the inspection.</u></p>
-	New provision.	903	<p><b><u>Reporting</u></b></p> <p><u>(1) The Clearing House will notify the Clearing Participant concerned of the findings of the Clearing House's inspection.</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
-	New provision.	903	<u>(2) A Clearing Participant must table the Clearing House's findings to the Clearing Participant's board of directors as soon as possible.</u>
-	New provision.	903	<u>(3) A Clearing Participant must within such time as may be stipulated by the Clearing House:</u>  <u>(a) take corrective measures to address the Clearing House's findings; and</u>  <u>(b) notify the Clearing House in writing of the Clearing Participant's board of director's decided course of action and corrective measures taken (if any) to address the Clearing House's findings.</u>
-	New provision.	904	<u><b>Provision of audit report to the Clearing House</b></u>  <u>(1) The Clearing House may, by notice to the Clearing Participant, require the Clearing Participant to provide a report from an independent auditor or other expert approved by the Clearing House expressing an opinion as to:</u>  <u>(a) the performance by the Clearing Participant of its obligations under these Rules;</u>  <u>(b) the Clearing Participant's capacity to continue to meet the requirements for admission as a Clearing Participant; or</u>  <u>(c) any other matter necessary to assist the Clearing House in the discharge of the Clearing House's functions under these Rules.</u>
-	New provision.	904	<u>(2) The Clearing Participant that is required to provide the report referred to in Rule 904(1) must bear the costs in connection with obtaining the report.</u>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
-	New provision.	<b>905</b>	<p><b><u>Power of investigation</u></b></p> <p><u>(1) The Clearing House may conduct an investigation on a Clearing Participant at any time on any matter in relation to these Rules, the Clearing Participant's internal policies and procedures and any other rules and regulations related to its functions as governed under these Rules.</u></p>
<b>503</b>	Upon request from the Clearing House a Clearing Participant must make itself, its premises and its staff immediately available to the Clearing House and such persons appointed by the Clearing House for such audits and investigations as may be specified by the Clearing House and must promptly furnish all books, records, files and such other information to the Clearing House or such other person as may be directed by the Clearing House.	<b>905</b>	<p><u>(2) Upon request from the Clearing House is empowered to:</u></p> <p><u>(a) require a Clearing Participant must make itself, its premises and its staff immediately available to attend before the Clearing House at any time and such persons appointed by the Clearing House for such audits and investigations as may be specified by the Clearing House and must promptly furnish all books, records, files and to give such other information that is relevant to the investigation; to the Clearing House or such other person as may be directed by the Clearing House.</u></p>
-	New provision.	<b>905(2)</b>	<p><u>(b) record statements from the persons referred to in Rule 905(2)(a). A recorded statement may be used in disciplinary proceedings against a Clearing Participant;</u></p>
-	New provision.	<b>905(2)</b>	<p><u>(c) require a Clearing Participant to procure the attendance of any Relevant Person or consultant before the Clearing House and to give or procure such information relevant to the investigation;</u></p>
-	New provision.	<b>905(2)</b>	<p><u>(d) require the Clearing Participant or Relevant Person to give or procure for the Clearing House information, Documents, Books or Records that may be relevant to the investigation including</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<u>requiring the Relevant Person to make copies or the Clearing House taking extracts of the same;</u>
-	New provision.	<b>905(2)</b>	<u>(e) enter the Clearing Participant's or Relevant Person's premises to seize, detain or take possession of any property, Document, Books or Records found at the Clearing Participant's or Relevant Person's premises or in the possession, custody or control of a Relevant Person that may be relevant to the investigation; or</u>
-	New provision.	<b>905(2)</b>	<u>(f) impose such requirement on the Clearing Participant that the Clearing House thinks reasonably necessary to facilitate the investigation.</u>
-	New provision.	<b>905</b>	<u>(3) A Clearing Participant and Relevant Person must:</u>  <u>(a) not hinder or obstruct the Clearing House during the investigation;</u>  <u>(b) give the Clearing House all assistance the Clearing House reasonably requires to conduct the investigation; and</u>  <u>(c) comply and give effect to any directions the Clearing House issues in exercising the powers under Rule 905(2).</u>
-	New provision.	<b>906</b>	<b><u>Investigation cost</u></b>  <u>The Clearing House may require the Clearing Participant concerned to reimburse the Clearing House all costs the Clearing House incurs in connection with an investigation.</u>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
-	New provision.	907	<p><b><u>Disciplinary powers</u></b></p> <p><u>The Clearing House may exercise its disciplinary powers under Rules 907 to 913 against a Clearing Participant if the Clearing Participant is found to have breached any of these Rules (“Defaulting Participant”). The Clearing House’s disciplinary powers include the taking of one or more of the following actions:</u></p>
900(a)(ii)	suspend or terminate its Participantsip.	907	<p><u>(a) suspend or terminate or suspend its Clearing Participantsip, in accordance with the terms prescribed by the Clearing House;</u></p>
900(a)(iii)	in respect of a breach of these Rules that relates to a function that has been outsourced, impose any restriction or condition in relation to the breach committed or on the activities that a Clearing Participant undertakes.	907	<p><u>(b) in respect of a breach of these Rules that relates to a function that has been outsourced, impose any restriction or condition in relation to the breach committed or on the activities that a Clearing Participant undertakes, limit or disallow the access of the Defaulting Participant to any of the services or facilities of the Clearing House or suspend the Defaulting Participant’s privileges or activities on such terms and for such period as the Clearing House may in its sole discretion determine, including in relation to any function that has been outsourced;</u></p>
900(a)(i)	fine a Clearing Member up to RM 1 million; and/or	907	<p><u>(c) impose a fine a Clearing Member up to not exceeding RM1 million on the Defaulting Participant; and/or</u></p>
-	New provision.	907	<p><u>(d) reprimand (publicly or privately) the Defaulting Participant;</u></p>
900(a)(iii)	in respect of a breach of these Rules that relates to a function that has been outsourced, impose any restriction or condition in relation to the breach committed or on the activities that a Clearing Participant undertakes.	907	<p><u>(e) in respect of a breach of these Rules that relates to a function that has been outsourced, impose any restriction or condition in relation to the breach committed or on the activities that a Clearing-Defaulting Participant undertakes;</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
-	New provision.	907	<u>(f) impose one or more conditions for compliance including issuing a direction to take such steps to remedy or mitigate the breach, other than a direction to make restitution;</u>
-	New provision.	907	<u>(g) direct a Defaulting Participant to take appropriate action against any of the Defaulting Participant's employees or agents if such person caused the Defaulting Participant to commit the breach;</u>
-	New provision.	907	<u>(h) mandate education, training or such other types of programme as may be determined by the Clearing House, to be undertaken or implemented by the Defaulting Participant for its employees;</u>
-	New provision.	907	<u>(i) direct payment of all or part of the costs incurred by the Clearing House in connection with the disciplinary proceedings commenced against the Defaulting Participant, subject to an internal criteria as approved by the Commission;</u>
-	New provision.	907	<u>(j) impose any restriction, prohibition or requirement regarding the disposal, holding or dealing with any monies or assets of a client by a Defaulting Participant; or</u>
-	New provision.	907	<u>(k) any other action the Clearing House considers appropriate, subject to consultation with the Commission.</u>
-	New provision.	908	<p><b><u>Procedures</u></b></p> <p><u>(1) The Clearing House will determine the procedures applicable to any disciplinary proceedings taken under this Chapter. Such procedures may vary to adapt to the circumstances of any particular case.</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
<b>900(b)</b>	In complying with Rule 900(a) the Clearing House is not bound by strict legal rules of evidence and procedure. The decision of the Clearing House is final unless otherwise prescribed by the Clearing House.	<b>908</b>	<del>(2) In complying with Rule 900(a) t</del> The Clearing House is not bound by <del>strict</del> legal rules of evidence and procedure <u>in any disciplinary proceedings under this Chapter. The decision of the Clearing House is final unless otherwise prescribed by the Clearing House.</u>
-	New provision.	<b>909</b>	<b><u>Agreed settlement</u></b>  (1) <u>A Clearing Participant may, at any time before the Clearing House makes a decision, propose a settlement of the disciplinary action by agreeing to a set of facts, liability or penalty with the Clearing House.</u>
-	New provision.	<b>909</b>	(2) <u>The Clearing House may reject, accept or vary the proposed settlement based on terms that the Clearing House deems fit.</u>
-	New provision.	<b>909</b>	(3) <u>Where the Clearing House accepts the proposed settlement, the agreed settlement will be recorded as a decision of the Clearing House.</u>
-	New provision.	<b>909</b>	(4) <u>If the Clearing House is not agreeable to the proposed settlement, the proceedings under Rules 914 to 916 will apply.</u>
-	New provision.	<b>910</b>	<b><u>Request for oral representations</u></b>  (1) <u>A Clearing Participant may request for an oral representation to make submissions or to procure the attendance of witnesses or legal representation at such oral representation for proceedings commenced against the Clearing Participant.</u>
-	New provision.	<b>910</b>	(2) <u>A request under Rule 910(1) must be submitted with:</u>  <u>(a) a Response as provided under Rule 915; or</u>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<u>(b) a Notice of Appeal as provided under Rule 921.</u>
-	New provision.	910	<u>(3) The Clearing House may, in its absolute discretion, allow or disallow any request made pursuant to Rule 910(1), upon such terms and conditions as the Clearing House deems appropriate.</u>
-	New provision.	911	<b><u>Standard of proof</u></b>  <u>The Clearing House will not find an allegation proven unless the Clearing House is satisfied that the allegation is proven on the balance of probabilities.</u>
-	New provision.	912	<b><u>Other rights</u></b>  <u>The exercise of powers in Rule 907 does not in any way prejudice the other rights of the Clearing House against a Clearing Participant or any other person to whom these Rules are directed.</u>
-	New provision.	913	<b><u>Acts or omissions of employees, agents or directors</u></b>  <u>Where the acts or omissions of an employee, agent or director of a Clearing Participant would have been subject to these Rules had such acts or omissions been committed by the Clearing Participant, then such acts or omissions are deemed to be committed by that Clearing Participant and disciplinary action may be taken against it.</u>
900(d)	The Clearing House must notify the Clearing Member in writing of any action taken under Rule 900(a).	914	<b><u>Requisite Notice for disciplinary proceedings</u></b>  <u>The Clearing House <del>must notify the Clearing Member in writing of any action taken under Rule 900(a).</del> will serve on a Defaulting Participant against whom the disciplinary action is proposed to be taken, a written notice specifying the nature and particulars of the breach the Defaulting Participant is alleged to have committed (“Requisite Notice”).</u>



RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
-	New provision.	915	<p><b><u>Response to Requisite Notice</u></b></p> <p><u>The Defaulting Participant may submit to the Clearing House a written response to the Requisite Notice (“Response”) within the time stipulated in the Requisite Notice.</u></p>
-	New provision.	916	<p><b><u>Notification of decision</u></b></p> <p><u>After the conclusion of the disciplinary proceedings, the Clearing House will notify the Defaulting Participant in writing of the decision including the penalty imposed (if any).</u></p>
-	New provision.	917	<p><b><u>Scope of expedited proceedings</u></b></p> <p><u>The Clearing House may initiate expedited proceedings against a Defaulting Participant against whom disciplinary action is proposed to be taken instead of the proceedings under Rules 914 to 916 in circumstances the Clearing House deems fit, such as in respect of a breach of the Rules which does not typically attract a penalty beyond:</u></p> <p>(a) <u>a reprimand; or</u></p> <p>(b) <u>a fine of RM10,000.00; or</u></p> <p>(c) <u>both the above.</u></p>
-	New provision.	918	<p><b><u>Procedure of expedited proceedings</u></b></p> <p>(1) <u>The Clearing House will notify the Defaulting Participant in writing that the matter will be proceeded with by way of expedited proceedings. The notice will specify the breach and penalty imposed for the breach (“Determination”).</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
-	New provision.	<b>918</b>	<u>(2) The Defaulting Participant must, within the time specified in the Determination, inform the Clearing House in writing whether or not the Defaulting Participant agrees with the Determination. A Defaulting Participant is deemed to have agreed with the Determination if the Defaulting Participant does not respond within the specified time.</u>
-	New provision.	<b>918</b>	<u>(3) If the Defaulting Participant agrees or is deemed to have agreed with the Determination, disciplinary action will be recorded as having been taken against the Defaulting Participant on the date of the Defaulting Participant's agreement or upon expiry of the specified time.</u>
-	New provision.	<b>918</b>	<u>(4) If the Defaulting Participant agrees or is deemed to have agreed with the Determination, any fine imposed as a penalty for the breach must be paid:</u>  <u>(a) upon the Defaulting Participant informing the Clearing House in writing of his agreement with the Determination; or</u>  <u>(b) within the time specified in the Determination;</u>  <u>as the case may be.</u>
-	New provision.	<b>918</b>	<u>(5) If the Defaulting Participant does not agree with the Determination, the matter will proceed under Rules 914 to 916. The Defaulting Participant may, within the time specified in the Determination, submit a written response to the Determination as if the Determination is a Requisite Notice under Rule 914. In deliberating the matter under Rules 914 to 916, the Clearing House is not bound by the Determination and may impose a higher penalty based on the facts or evidence presented during the proceedings under Rules 914 to</u>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<u>916.</u>
-	New provision.	<b>919</b>	<p><b><u>No limitation</u></b></p> <p><u>Nothing in Rules 917 and 918 prevent the Clearing House from proceeding with disciplinary proceedings under Rules 914 to 916 for any breach of a Rule.</u></p>
-	New provision.	<b>920</b>	<p><b><u>Right of appeal</u></b></p> <p><u>(1) In amplification of Rule 111, any party to the disciplinary proceedings taken under Rules 914 to 916 and Rule 918(5) who is dissatisfied with a decision resulting from the disciplinary proceedings may appeal against such decision in the manner specified in Rule 921 unless the decision was recorded pursuant to an agreed settlement under Rule 909 (“the Appellant”).</u></p>
-	New provision.	<b>920</b>	<p><u>(2) The Clearing House may suspend the enforcement of any action taken under Rule 907 that is the subject of the appeal until the disposal of the appeal.</u></p>
-	New provision.	<b>921</b>	<p><b><u>Notice of appeal</u></b></p> <p><u>The Appellant must, within the time stated in the notification of decision given under Rule 916, give to the Clearing House a notice (“Notice of Appeal”) that:</u></p> <p><u>(a) identifies the decision against which the appeal is made; and</u></p> <p><u>(b) sets out the ground(s) of the appeal together with the representations to justify the ground(s) relied upon.</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
-	New provision.	<b>922</b>	<p><b><u>Deliberation of appeal</u></b></p> <p>(1) <u>An Appellant may produce evidence that was not presented at the initial disciplinary proceedings if:</u></p> <p>(a) <u>the evidence was not available at the time of the initial disciplinary proceedings; and</u></p> <p>(b) <u>the evidence would have been likely to have had a determining influence upon the decision appealed against.</u></p>
-	New provision.	<b>922</b>	<p>(2) <u>The Appellant must produce the new evidence as stated in Rule 922(1) when submitting the Notice of Appeal.</u></p>
-	New provision.	<b>922</b>	<p>(3) <u>The Clearing House may exercise its powers under Rule 905 and produce new evidence arising from the Notice of Appeal submitted by a Defaulting Participant.</u></p>
-	New provision.	<b>922</b>	<p>(4) <u>The Clearing House may affirm, vary or set aside the disciplinary action appealed against.</u></p>
-	New provision.	<b>923</b>	<p><b><u>Notification of decision on appeal</u></b></p> <p><u>After the conclusion of an appeal, the Clearing House will notify the Defaulting Participant in writing of the decision of the appeal and such decision is final.</u></p>
-	New provision.	<b>924</b>	<p><b><u>General effect of disciplinary action</u></b></p> <p>(1) <u>A Defaulting Participant must give effect to a decision made under Rules 914 to 916 or Rule 918 or a decision affirmed or varied under Rule 922 within the time stipulated by the Clearing House.</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
-	New provision.	<b>924</b>	<u>(2) If a Defaulting Participant fails to give effect to or comply with such decision made, affirmed or varied, the Defaulting Participant is deemed to have committed a breach of these Rules and the Clearing House may take further action as stated under Rule 907.</u>
-	New provision.	<b>925</b>	<b><u>Period of payment and effect of non-payment of fine</u></b> <u>(1) Without prejudice to Rule 924(2), a fine imposed by the Clearing House must be paid by the Defaulting Participant within the time stipulated in the notice under Rule 916 or Rule 923.</u>
-	New provision.	<b>925</b>	<u>(2) Pursuant to Rule 925(1) and Rule 918(4), a Defaulting Participant who fails to make payment within the stipulated time frame will be summarily suspended from its functions and activities.</u>
-	New provision.	<b>925</b>	<u>(3) Where the fine remains unpaid 7 days after the suspension under Rule 925(2), the Clearing House may at any time thereafter summarily terminate the Defaulting Participant's Clearing Participantship by notice of writing.</u>
-	New provision.	<b>925</b>	<u>(4) A fine or any portion of a fine remaining unpaid by a Defaulting Participant is a debt owing by the Defaulting Participant to the Clearing House.</u>
-	New provision.	<b>926</b>	<b><u>Effect of suspension or termination</u></b> <u>(1) A suspension imposed by the Clearing House upon the Defaulting Participant:</u>  <u>(a) takes effect on the date notified in the notice under Rule 916 or Rule 923 ("the said notice"); and</u>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<p><u>(b) remains for such period as specified in the said notice but the period may be extended by the Clearing House for such period as it considers appropriate.</u></p>
-	New provision.	926	<p><u>(2) Nothing in this Rule 926 is to be construed as releasing or discharging such Defaulting Participant from remaining liable in all respects to fulfill all its obligations pursuant to or under these Rules.</u></p>
-	New provision.	926	<p><u>(3) Any Defaulting Participant who has been suspended or terminated from Clearing Participantship shall be subject to Rule 1001, wherever appropriate.</u></p>
-	New provision.	927	<p><b><u>Disciplinary action initiated prior to the Effective Date</u></b></p> <p><u>(1) Unless these Rules or the Clearing House provides otherwise, the Clearing House will apply the penalties, rules and procedures on disciplinary actions applicable prior to the effective date of these new provisions on disciplinary actions ("Effective Date") to a disciplinary action instituted by the Clearing House against a Clearing Participant prior to the Effective Date.</u></p> <p><u>(2) The previous penalties, disciplinary rules and procedures will also apply to an appeal against a decision on a disciplinary action instituted prior to the Effective Date.</u></p>
-	New provision.	928	<p><b><u>Disciplinary action initiated on or after the Effective Date</u></b></p> <p><u>Unless these Rules or the Clearing House provides otherwise, the Clearing House may on or after the Effective Date, institute disciplinary action against a Clearing Participant for acts or omissions committed prior to the</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<u>Effective Date if no disciplinary action has been instituted. In doing so, the Clearing House may apply the new penalties, rules and procedures on disciplinary actions applicable from the Effective Date.</u>

[End of Rule Amendments]