

BURSA MALAYSIA SECURITIES CLEARING SDN BHD

Date : 8 April 2016

No : SBL 3/2016

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD (“BURSA CLEARING (S)”):

- A. PURSUANT TO A REVIEW OF THE INSPECTION, INVESTIGATION AND ENFORCEMENT PROVISIONS; AND**
- B. CONSEQUENTIAL TO THE SECURITIES COMMISSION (AMENDMENT) ACT 2015.**

A. REVIEW OF THE INSPECTION, INVESTIGATION AND ENFORCEMENT PROVISIONS

1. Introduction

Bursa Clearing (S) has undertaken a review of the Rules of Bursa Clearing (S) with the aim of enhancing the framework for enforcement, including the approach and process for disciplinary actions as well as the powers of inspection and investigation.

2. Amendments To The Rules Of Bursa Clearing (S)

Following the said review, Bursa Clearing (S) has amended the Rules of Bursa Clearing (S) as set out in the attached “**ANNEXURE 1**” pursuant to section 9 of the Capital Markets and Services Act 2007.

The salient changes to the rules are as follows:

- (a) setting out the procedures and requirements relating to “expedited enforcement proceedings” whereby a person who has breached the rules now has the opportunity to agree with the decision made by Bursa Clearing (S) and give effect to the penalty imposed without being subjected to the process of a full disciplinary proceeding, thus saving time and cost;
- (b) incorporating provisions to allow a person who has breached the rules to propose an “agreed settlement” to Bursa Clearing (S), so that the breach can be resolved and completed expeditiously at the option of the person;
- (c) clarifying Bursa Clearing (S)’s powers for inspection and investigation;
- (d) enhancing the types of sanctions that may be imposed by Bursa Clearing (S) arising from disciplinary actions;
- (e) streamlining the procedures for disciplinary actions with the procedures contained in the Rules of Bursa Malaysia Securities Bhd and the Main Market and ACE Market Listing Requirements;
- (f) clarifying the effect of a disciplinary action;

- (g) clarifying the application of the amended enforcement provisions to a disciplinary action instituted prior to, on or after the date the rule amendments become effective;
- (h) empowering Bursa Clearing (S) to disclose and to make public any disciplinary actions it has taken;
- (i) empowering Bursa Clearing (S) to refer the conduct of a relevant person to the relevant authority; and
- (j) clarifying the requirement to keep confidential the inspection and investigation findings of Bursa Clearing (S) as well as testimony and documents in connection with the disciplinary proceedings.

The rule amendments have been approved by the Securities Commission Malaysia.

B. AMENDMENTS TO THE RULES OF BURSA CLEARING (S) CONSEQUENTIAL TO THE SECURITIES COMMISSION (AMENDMENT) ACT 2015

Separately, pursuant to section 9 of the Capital Markets and Services Act 2007, Bursa Clearing (S) has also amended the Rules of Bursa Clearing (S) as set out in “**ANNEXURE 1**” consequential to the Securities Commission (Amendment) Act 2015.

The salient changes to the rules are as follows:

- (a) to replace references to “Securities Commission Act 1993” with “Securities Commission Malaysia Act 1993”; and
- (b) to insert the word “Malaysia” after the term “Securities Commission”.

C. EFFECTIVE DATE

The amendments to the Rules of Bursa Clearing (S) referred to above will take effect from 3 May 2016.

D. CONTACT PERSONS

For more information or inquiries, kindly contact the following person:

Name	Contact
Michelle Hoh Suhuey	michellehoh@bursamalaysia.com 2034 7326

Please be informed that the amendments to the Rules of Bursa Clearing (S) referred to in this circular are available on Bursa Malaysia Berhad’s website at: <http://www.bursamalaysia.com>.

Regulation

Bursa Malaysia Berhad 303632-P

15th Floor, Exchange Square | Tel : 03-2034 7000 (GL)
Bukit Kewangan | Fax : 03-2026 3684
50200 Kuala Lumpur, Malaysia | Website : www.bursamalaysia.com

ANNEXURE 1

RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN. BHD.

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

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
Interpretation	New provision.	Interpretation	<u>“Books”</u> <u>Same meaning as is assigned to that expression in the Act.</u>
Interpretation	“Clearing Participant” A participant as defined in the Act, in relation to the Clearing House.	Interpretation	“Clearing Participant” A <u>Trading Clearing Participant or Non Trading Clearing Participant or any one or more of them, as the context may require</u> participant as defined in the Act, in relation to the Clearing House.
Interpretation	“Commission” The Securities Commission established under the Securities Commission Act 1993 (Act 498).	Interpretation	“Commission” The Securities Commission <u>Malaysia</u> established under the Securities Commission <u>Malaysia</u> Act 1993 (Act 498).
Interpretation	New provision.	Interpretation	<u>“Document”</u> <u>Same meaning as is assigned to that expression in the Act.</u>
Interpretation	New provision.	Interpretation	<u>“Participants”</u> <u>Clearing Participants and SBL Participants/Agents who are not Clearing Participants, or any one or more of them, as the context may require.</u>
Interpretation	New provision.	Interpretation	<u>“Record”</u> <u>Same meaning as is assigned to that expression in the Act.</u>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
Interpretation	New provision.	Interpretation	<u>A reference to a statute is to that statute so modified, re-enacted or consolidated and includes regulations, rules or other statutory instruments made under that statute.</u>
1.23	(b) It shall be the responsibility of the Clearing Participant to promptly check and reconcile with its own records details of such advice, statement and report and to promptly notify the Clearing House in writing of any errors or erroneous omissions therein, in any event within one business day of receipt of the said advice, report or statement. The Clearing House reserves the right to rectify the error or omission at any time.	1.23	(b) It shall be the responsibility of the Clearing Participant to promptly check and reconcile with its own Records details of such advice, statement and report and to promptly notify the Clearing House in writing of any errors or erroneous omissions therein , in any event within one business day of receipt of the said advice, report or statement. The Clearing House reserves the right to rectify the error or omission at any time.
1.25	<p>DISCLOSURE OF INFORMATION</p> <p>(a) The Clearing House shall have the authority to disclose the details of any information concerning a Clearing Participant in its possession if so required under any applicable law, decree, regulations or any governmental order, or order of any court, tribunal or other competent authority.</p> <p>(b) The Clearing House may disclose information at any time to the Exchange, the Commission, or any competent authority to which a Clearing Participant is subject or to any other person as the Clearing House deems appropriate, relating to or concerning the Clearing Participant and/or its activities in any of the services of the Clearing House or the services or facilities made available to the Clearing Participant if the Exchange, the Commission, any competent authority or other person requests any such information. The Clearing House may disclose information relating to any of its services or facilities made available to the Clearing Participant including information relating to any Clearing Participant and/or their activities in any of the services or facilities of the Clearing House to the Exchange, the Commission, a competent authority or to any other</p>	1.25	<p>DISCLOSURE OF INFORMATION</p> <p>(a) The Clearing House shall have the authority to disclose the details of any information concerning a Clearing Participant in its possession if so required under any applicable law, decree, regulations or any governmental order, or order of any court, tribunal or other competent authority.</p> <p>(b) The Clearing House may disclose information at any time to the Exchange, the Commission, or any competent authority to which a Clearing Participant is subject or to any other person as the Clearing House deems appropriate, relating to or concerning the Clearing Participant and/or its activities in any of the services of the Clearing House or the services or facilities made available to the Clearing Participant if the Exchange, the Commission, any competent authority or other person requests any such information. The Clearing House may disclose information relating to any of its services or facilities made available to the Clearing Participant including information relating to any Clearing Participant and/or their activities in any of the services or facilities of the Clearing House to the Exchange, the Commission, a</p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
	party as the Clearing House deems appropriate, if the Clearing House considers such disclosure to be in the general interest of the Clearing House or its Clearing Participant.		<p>competent authority or to any other party as the Clearing House deems appropriate, if the Clearing House considers such disclosure to be in the general interest of the Clearing House or its Clearing Participant.</p> <p><u>(c) The Clearing House may disclose any action taken by the Clearing House against a Participant under these Rules to the public or any other persons in any manner as the Clearing House considers fit or expedient.</u></p>
-	New provision.	1.25A	<p><u>ADDITIONAL ACTION THAT MAY BE TAKEN BY THE CLEARING HOUSE PURSUANT TO AN INSPECTION OR INVESTIGATION</u></p> <p><u>Pursuant to a finding from any inspection or investigation on a Clearing Participant, the Clearing House may 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></p>
1.28	<p>APPEALS AGAINST THE DECISION OF THE CLEARING HOUSE</p> <p>(1) 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>	1.28	<p>APPEALS AGAINST THE DECISIONS OF THE CLEARING HOUSE</p> <p>(1) 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. <u>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 provision of these Rules.</u></p>
1.28	(2) 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	1.28	(2) 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

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	Clearing House of its/his intention to appeal within fourteen (14) days from the receipt of the notification of the decision.		Clearing House of its/his intention to appeal within fourteen (14) days from the receipt of the notification of the decision. <u>The decision of the Clearing House on appeal is final and binding on the person appealing.</u>
1.28	(3) The Committee referred to herein shall comprise such person 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 appeal against.	1.28	(3) The Committee referred to herein shall comprise such person 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 appeal against.
1.28	(4) The Committee referred to herein may affirm, vary or set aside the decision appealed against or penalty imposed.	1.28	(4) The Committee referred to herein may affirm, vary or set aside the decision appealed against or penalty imposed.
1.28	(5) The decision of the Clearing House on appeal shall be final and binding on the appellant.	1.28	(5) The decision of the Clearing House on appeal shall be final and binding on the appellant.
3.6	CLEARING PARTICIPANT OR SBL PARTICIPANT/AGENT TO INCLUDE OTHER PERSONS A Clearing Participant or a SBL Participant/Agent is responsible to the Clearing House for all acts or omissions of its owners, principals, directors, officers, employees, trainees, agents, service providers and sub-contractors.	1.31	CLEARING PARTICIPANT OR SBL PARTICIPANT/AGENT TO INCLUDE OTHER PERSONS A Clearing Participant or a SBL Participant/Agent is responsible to the Clearing House for all acts or omissions of its owners, principals, directors, officers, employees, trainees, agents, service providers and sub-contractors.
3.1.3	The Clearing House may also notify the matter to the relevant authority to which the Clearing Participant or the SBL Participant/Agent is subject.	1.32	<u>REFERRAL OF CONDUCT TO OTHER AUTHORITIES</u> The Clearing House may also notify the matter to the relevant authority to which the Clearing Participant or the SBL Participant/Agent is subject, <u>at any time, refer the conduct of any Participant to the relevant authority, without giving notice to such person.</u>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
3.2A	<p>APPOINTMENT OF COMMITTEE OR SUBCOMMITTEE OR OFFICER(S)</p> <p>The Clearing House must appoint a committee, subcommittee or officer(s) of the Clearing House or the Exchange Holding Company to discharge the exercise of its powers under Rule 3.1 and 3.2.</p>	1.33	<p>APPOINTMENT OF COMMITTEE, OR SUB-COMMITTEE OR OFFICER(S)</p> <p>The Clearing House must <u>may</u> appoint a committee, subcommittee or officer(s) of the Clearing House or the Exchange Holding Company <u>or an agent</u> to discharge the exercise <u>the Clearing House's of its</u> powers under <u>these Rules, where appropriate</u> Rule 3.1 and 3.2.</p>
-	New provision.	1.34	<p><u>CONFIDENTIALITY</u></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 Participant or its employee or agent, the 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 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</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<u>fit, or to such parties as the Clearing House considers fit for the purposes of the Clearing House's investigation, enforcement or both.</u>
2.11	<p>BOOKS AND RECORDS</p> <p>(a) The Clearing Participant shall maintain books and records in sufficient detail of all transactions and other matters relating to any of its activities and/or related to such activities in any of the services or facilities made available to the Clearing Participant by the Clearing House. The Clearing Participant shall make available for inspection by any authorised employee or officer of the Clearing House or any agent or representative of the Clearing House all such books and records and allow such authorised employee, officer, agent or representative, during normal business hours, entry to its premises where such books and records, whether in the form of documents or electronic data, are maintained or kept and to inspect and make copies thereof.</p>	2.11	<p>BOOKS AND RECORDS</p> <p>(a) The Clearing Participant shall maintain bBooks and rRecords in sufficient detail of all transactions and other matters relating to any of its activities and/or related to such activities in any of the services or facilities made available to the Clearing Participant by the Clearing House. The Clearing Participant shall make available for inspection by any authorised employee or officer of the Clearing House or any agent or representative of the Clearing House all such books and records and allow such authorised employee, officer, agent or representative, during normal business hours, entry to its premises where such books and records, whether in the form of documents or electronic data, are maintained or kept and to inspect and make copies thereof.</p>
2.11	<p>(b) Where the Clearing Participant is declared a Defaulter by the Clearing House, it shall forthwith and at all times thereafter permit any official of the Clearing House to have unrestricted access to, and to make copies of, its books and records and all other documents deemed necessary by such official for the carrying out of his function under the Default Rules.</p>	2.11	<p>(b) Where the Clearing Participant is declared a Defaulter by the Clearing House, it shall forthwith and at all times thereafter permit any official of the Clearing House to have unrestricted access to, and to make copies of, its books and records and all other documents deemed necessary by such official for the carrying out of his function under the Default Rules.</p>
A2.4	<p>In relation to a Trading Clearing Participant that has acquired the status of an Investment Bank after its admission as a Trading Clearing Participant under Chapter 2 of these Rules, the said Trading 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</p>	A2.4	<p>In relation to a Trading Clearing Participant that has acquired the status of an Investment Bank after its admission as a Trading Clearing Participant under Chapter 2 of these Rules, the said Trading 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</p>

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	accompanied with such information or documents as may be required by the Clearing House.		accompanied with such information or e D o cuments as may be required by the Clearing House.
B2.4(e)	The Non Trading 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 Non Trading Clearing Participant or the Service Provider. The Non Trading 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.	B2.4(e)	The Non Trading 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 b Books (as defined in the Act) of the Non Trading Clearing Participant or the Service Provider. The Non Trading 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.
-	New chapter.	Chapter 2A	<u>CHAPTER 2A</u> <u>INSPECTION AND INVESTIGATION</u>
-	New provision.	2A.1	<u>DEFINITION</u> <u>In this Chapter 2A,</u> <u>“Relevant Person” means the Clearing Participant’s agents, directors and employees.</u>
-	New provision.	2A.2	<u>CLEARING HOUSE’S RIGHT TO INSPECTION</u> <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>
-	New provision.	2A.2	<u>(2) A Clearing Participant and Relevant Person must:</u> <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</u>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<p><u>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 2A.2.</u></p>
-	New provision.	2A.2	<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>
-	New provision.	2A.3	<p><u>INSPECTION COST</u></p> <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.	2A.4	<p><u>REPORTING</u></p> <p><u>(1) The Clearing House will notify the Clearing Participant concerned of the findings of the Clearing House's inspection.</u></p>
-	New provision.	2A.4	<p><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></p>
-	New provision.	2A.4	<p><u>(3) A Clearing Participant must within such time as may be stipulated by the Clearing House:</u></p> <p><u>(a) take corrective measure to address the Clearing House's findings; and</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<p><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></p>
-	New provision.	2A.5	<p><u>PROVISION OF AUDIT REPORT TO THE CLEARING HOUSE</u></p> <p><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></p> <p><u>(a) the performance by the Clearing Participant of its obligations under these Rules;</u></p> <p><u>(b) the Clearing Participant's capacity to continue to meet the requirements for admission or approval as a Clearing Participant;</u></p> <p><u>(c) any other matter necessary to assist the Clearing House in the discharge of the Clearing House's functions under these Rules.</u></p>
-	New provision.	2A.5	<p><u>(2) The Clearing Participant that is required to provide the report referred to in Rule 2A.5(1) must bear the costs in connection with obtaining the report.</u></p>
-	New provision.	2A.6	<p><u>POWER OF INVESTIGATION</u></p> <p><u>(1) The Clearing House may conduct an investigation on a Participant at any time on any matter in relation to these Rules, the Participant's internal policies and procedures and any other rules and regulations related to its functions as governed under these Rules.</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
-	New provision.	2A.6	<u>(2) The Clearing House is empowered to:</u> <u>(a) require a Participant to attend before the Clearing House at any time and to give such information that is relevant to the investigation;</u>
-	New provision.	2A.6(2)	<u>(b) record statements from the persons referred to in Rule 2A.6(2)(a). A recorded statement may be used in disciplinary proceedings against a Participant;</u>
-	New provision.	2A.6(2)	<u>(c) require a 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>
-	New provision.	2A.6(2)	<u>(d) require the 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 requiring the Relevant Person to make copies or the Clearing House taking extracts of the same;</u>
-	New provision.	2A.6(2)	<u>(e) enter the Participant's or Relevant Person's premises to seize, detain or take possession of any property, Document, Books or Records found at the 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.	2A.6(2)	<u>(f) impose such requirement on the Participant that the Clearing House thinks reasonably necessary to facilitate the investigation.</u>
-	New provision.	2A.6	<u>(3) A Participant and Relevant Person must:</u> <u>(a) not hinder or obstruct the Clearing House during</u>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<p><u>the investigation;</u></p> <p><u>(b) give the Clearing House all assistance the Clearing House reasonably requires to conduct the investigation; and</u></p> <p><u>(c) comply and give effect to any directives, orders, directions or procedures notes the Clearing House issues in exercising the powers under Rule 2A.6(2).</u></p>
-	New provision.	2A.7	<p><u>INVESTIGATION COST</u></p> <p><u>The Clearing House may require the Participant concerned to reimburse the Clearing House all costs the Clearing House incurs in connection with an investigation.</u></p>
Heading	<p align="center">CHAPTER 3</p> <p align="center">DISCIPLINARY ACTION</p>	Heading	<p align="center">CHAPTER 3</p> <p align="center">DISCIPLINARY ACTION</p> <p align="center"><u>GENERAL SECTION</u></p>
3.1	SUSPENSION, TERMINATION OF CLEARING PARTICIPANTSHIP AND OTHER DISCIPLINARY ACTION	3.1	SUSPENSION, TERMINATION OF CLEARING PARTICIPANTSHIP AND OTHER DISCIPLINARY ACTION
3.3	<p>APPEAL TO THE CLEARING HOUSE</p> <p>A Clearing Participant or a SBL Participant/Agent who has been the subject of any disciplinary action by the Clearing House may, within the period of time prescribed by the Clearing House, appeal in writing to the Clearing House.</p>	3.3	<p>APPEAL TO THE CLEARING HOUSE</p> <p>A Clearing Participant or a SBL Participant/Agent who has been the subject of any disciplinary action by the Clearing House may, within the period of time prescribed by the Clearing House, appeal in writing to the Clearing House.</p>
3.4	<p>EFFECT UPON SUSPENSION OR TERMINATION OF CLEARING PARTICIPANTSHIP</p> <p>Any Clearing Participant who has been suspended or</p>	3.4	<p>EFFECT UPON SUSPENSION OR TERMINATION OF CLEARING PARTICIPANTSHIP</p> <p>Any Clearing Participant who has been suspended or</p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
	terminated from Clearing Participantship shall be subjected to Rule 4.2, wherever appropriate.		terminated from Clearing Participantship shall be subjected to Rule 4.2, wherever appropriate.
3.5	<p>COMMUNICATION TO THE EXCHANGE AND THE COMMISSION</p> <p>The Clearing House shall inform the Exchange and the Commission of all actions taken under this Rule.</p>	3.5	<p>COMMUNICATION TO THE EXCHANGE AND THE COMMISSION</p> <p>The Clearing House shall inform the Exchange and the Commission of all actions taken under this Rule.</p>
3.6	<p>CLEARING PARTICIPANT OR SBL PARTICIPANT/AGENT TO INCLUDE OTHER PERSONS</p> <p>A Clearing Participant or a SBL Participant/Agent is responsible to the Clearing House for all acts or omissions of its owners, principals, directors, officers, employees, trainees, agents, service providers and sub-contractors.</p>	3.6	<p>CLEARING PARTICIPANT OR SBL PARTICIPANT/AGENT TO INCLUDE OTHER PERSONS</p> <p>A Clearing Participant or a SBL Participant/Agent is responsible to the Clearing House for all acts or omissions of its owners, principals, directors, officers, employees, trainees, agents, service providers and sub-contractors.</p>
3.1	<p>SUSPENSION, TERMINATION OF CLEARING PARTICIPANTSHIP AND OTHER DISCIPLINARY ACTION</p>	3.1	<p>SUSPENSION, TERMINATION OF CLEARING PARTICIPANTSHIP AND OTHER DISCIPLINARY ACTION <u>INTERPRETATION</u></p> <p>In this Chapter, "disciplinary proceedings" where the context permits includes appeal proceedings under Section C.</p>
3.1.1	<p>Without prejudice to any other provisions in these Rules, the Clearing House may institute disciplinary action against a Clearing Participant or a SBL Participant/Agent in respect of an act of misconduct which includes:</p> <p>(a) Breaches of any of the Rules, Operational Procedures, orders, directives, conditions or other requirements imposed by the Clearing House on the Clearing Participant or the SBL Participant/Agent ;</p> <p>(b) (With respect to a Trading Clearing Participant), any event that entitles the Clearing House to invoke its Default Rules against such a Clearing Participant;</p>	3.1.1	<p>Without prejudice to any other provisions in these Rules, the Clearing House may institute disciplinary action against a Clearing Participant or a SBL Participant/Agent in respect of an act of misconduct which includes:</p> <p>(a) Breaches of any of the Rules, Operational Procedures, orders, directives, conditions or other requirements imposed by the Clearing House on the Clearing Participant or the SBL Participant/Agent ;</p> <p>(b) (With respect to a Trading Clearing Participant), any event that entitles the Clearing House to invoke its Default Rules against such a Clearing Participant;</p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
	<p>(c) Failure to comply with any decision of the Clearing House;</p> <p>(d) Any conduct, the manner of which is detrimental to the interest of the Clearing House, any other Clearing Participant or SBL Participant/Agent;</p> <p>(e) Any conduct by the Clearing Participant or the SBL Participant/Agent the character of which is dishonourable, disgraceful or improper;</p> <p>(f) Any conduct the manner of which is disorderly or involves wilful obstruction of the clearing, settlement and other services or facilities of the Clearing House or otherwise;</p> <p>(g) The Clearing Participant or the SBL Participant/Agent, being the subject of an adverse finding by another regulatory body in the financial and capital market or the financial services industry to which the Clearing Participant or the SBL Participant/Agent is subject;</p> <p>(h) The directors, shareholders, partners, employees, officers or agents of the Clearing Participant or the SBL Participant/Agent thereof, knowingly, being involved in, or engages in any conduct or any neglect or default which constitutes an act of misconduct in terms of the provisions of sub-rule (a) – (e);</p> <p>(i) The Clearing Participant or the SBL Participant/Agent providing information which is incorrect, incomplete, misleading or false in a material way which the Clearing House in reliance on the information provided by the Clearing Participant or the SBL Participant/Agent, admitted the Clearing Participant or the SBL Participant/Agent to its participantship or extended to the Clearing Participant or the SBL Participant/Agent such other services or facilities or</p>		<p>(c) Failure to comply with any decision of the Clearing House;</p> <p>(d) Any conduct, the manner of which is detrimental to the interest of the Clearing House, any other Clearing Participant or SBL Participant/Agent;</p> <p>(e) Any conduct by the Clearing Participant or the SBL Participant/Agent the character of which is dishonourable, disgraceful or improper;</p> <p>(f) Any conduct the manner of which is disorderly or involves wilful obstruction of the clearing, settlement and other services or facilities of the Clearing House or otherwise;</p> <p>(g) The Clearing Participant or the SBL Participant/Agent, being the subject of an adverse finding by another regulatory body in the financial and capital market or the financial services industry to which the Clearing Participant or the SBL Participant/Agent is subject;</p> <p>(h) The directors, shareholders, partners, employees, officers or agents of the Clearing Participant or the SBL Participant/Agent thereof, knowingly, being involved in, or engages in any conduct or any neglect or default which constitutes an act of misconduct in terms of the provisions of sub-rule (a) – (e);</p> <p>(i) The Clearing Participant or the SBL Participant/Agent providing information which is incorrect, incomplete, misleading or false in a material way which the Clearing House in reliance on the information provided by the Clearing Participant or the SBL Participant/Agent, admitted the Clearing Participant or the SBL Participant/Agent to its participantship or extended to the Clearing Participant or the SBL Participant/Agent such other services or facilities or</p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
	<p>conferred on the Clearing Participant or the SBL Participant/Agent a benefit or privilege or other advantage;</p> <p>(j) The failure to pay a fine or comply with any other disciplinary action or penalty imposed by the Clearing House within the time specified by the Clearing House or any extension of time granted by the Clearing House;</p> <p>(k) Errors, delays or other conduct embarrassing, impeding or disrupting the operations, services or facilities of the Clearing House;</p> <p>(l) The Clearing Participant or the SBL Participant/Agent having violated, directly or indirectly, any provisions of the Act or of any regulations made thereunder;</p> <p>(m) The Clearing Participant or the SBL Participant/Agent having failed to cooperate with the Clearing House and/or any regulatory or relevant authority in matters concerning the clearing and settlement services or any other services or facilities of the Clearing House, whether or not relating to that Clearing Participant or that SBL Participant/Agent, which materially affects the interest of the Clearing House, other Clearing Participants or SBL Participants/Agents; or</p> <p>(n) The Clearing Participant having repeatedly failed to honour any ISS Instruction, ISS Confirmation or ISS Affirmation, or any instruction issued by the Clearing House in respect of an ISS Transaction.</p>		<p>conferred on the Clearing Participant or the SBL Participant/Agent a benefit or privilege or other advantage;</p> <p>(j) The failure to pay a fine or comply with any other disciplinary action or penalty imposed by the Clearing House within the time specified by the Clearing House or any extension of time granted by the Clearing House;</p> <p>(k) Errors, delays or other conduct embarrassing, impeding or disrupting the operations, services or facilities of the Clearing House;</p> <p>(l) The Clearing Participant or the SBL Participant/Agent having violated, directly or indirectly, any provisions of the Act or of any regulations made thereunder;</p> <p>(m) The Clearing Participant or the SBL Participant/Agent having failed to cooperate with the Clearing House and/or any regulatory or relevant authority in matters concerning the clearing and settlement services or any other services or facilities of the Clearing House, whether or not relating to that Clearing Participant or that SBL Participant/Agent, which materially affects the interest of the Clearing House, other Clearing Participants or SBL Participants/Agents; or</p> <p>(n) The Clearing Participant having repeatedly failed to honour any ISS Instruction, ISS Confirmation or ISS Affirmation, or any instruction issued by the Clearing House in respect of an ISS Transaction.</p>
3.1.2	<p>The Clearing House may take any one or more of the following actions against any Clearing Participant or SBL Participant/Agent who has been found to have committed any of the acts of misconduct stipulated in Rule 3.1.1:</p>	3.1.2	<p>The Clearing House may take any one or more of the following actions against any Clearing Participant or SBL Participant/Agent who has been found to have committed any of the acts of misconduct stipulated in Rule 3.1.1:</p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
	<p>(a) suspend or terminate its Clearing Participantship;</p> <p>(b) suspend or terminate the SBL Participant/Agent as a SBL Participant/Agent;</p> <p>(c) limit the activities or access of the Clearing Participant or the SBL Participant/Agent 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 or the SBL Participant/Agent a fine not exceeding five hundred thousand ringgit (RM 500,000.00);</p> <p>(e) reprimand the Clearing Participant or the SBL Participant/Agent (private or public); or</p> <p>(f) 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.</p>		<p>(a) suspend or terminate its Clearing Participantship;</p> <p>(b) suspend or terminate the SBL Participant/Agent as a SBL Participant/Agent;</p> <p>(c) limit the activities or access of the Clearing Participant or the SBL Participant/Agent 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 or the SBL Participant/Agent a fine not exceeding five hundred thousand ringgit (RM 500,000.00);</p> <p>(e) reprimand the Clearing Participant or the SBL Participant/Agent (private or public); or</p> <p>(f) 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.</p>
3.1.3	The Clearing House may also notify the matter to the relevant authority to which the Clearing Participant or the SBL Participant/Agent is subject.	3.1.3	The Clearing House may also notify the matter to the relevant authority to which the Clearing Participant or the SBL Participant/Agent is subject.
3.1.4	The Clearing House may determine other disciplinary action as it considers appropriate in the circumstances.	3.1.4	The Clearing House may determine other disciplinary action as it considers appropriate in the circumstances.
3.2	New provision	3.2	<u>DISCIPLINARY POWERS</u>
3.1.2	The Clearing House may take any one or more of the following actions against any Clearing Participant or SBL Participant/Agent who has been found to have committed any of the acts of misconduct stipulated in Rule 3.1.1:	3.2	The Clearing House may <u>exercise its disciplinary powers under this General Section of Chapter 3</u> take any one or more of the following actions against any Clearing Participant or SBL Participant/Agent who has been if the Participant is found to have committed any of the acts of

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			misconduct stipulated in Rule <u>3.3</u> (“Defaulting Participant”). 3.1.4: <u>The Clearing House’s disciplinary powers include the taking of one or more of the following actions:</u>
3.1.2	(a) suspend or terminate its Clearing Participantship;	3.2	(a) suspend or terminate its Clearing Participantship <u>in accordance with the terms prescribed by the Clearing House;</u>
3.1.2	(b) suspend or terminate the SBL Participant/Agent as a SBL Participant/Agent;	3.2	(b) suspend or terminate the <u>Defaulting SBL Participant/Agent</u> as a SBL Participant/Agent <u>in accordance with the terms prescribed by the Clearing House;</u>
3.1.2	(c) limit the activities or access of the Clearing Participant or the SBL Participant/Agent 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;	3.2	(c) <u>limit or disallow the activities or access of the Clearing Defaulting Participant or the SBL Participant/Agent to any of the services and or facilities of the Clearing House or suspend the Defaulting Participant’s privileges or activities</u> on such terms and for such period as the Clearing House may in its sole discretion determine, <u>including in relation to any function that has been outsourced;</u>
3.1.2	(d) impose on the Clearing Participant or the SBL Participant/Agent a fine not exceeding five hundred thousand ringgit (RM500,000.00);	3.2	(d) <u>impose on the Clearing Participant or the SBL Participant/Agent a fine not exceeding five hundred thousand ringgit (RM500,000.00); RM1 million on the Defaulting Participant;</u>
3.1.2	(e) reprimand the Clearing Participant or the SBL Participant/Agent (private or public); or	3.2	(e) reprimand <u>the Clearing Participant or the SBL Participant/Agent (privately or publicly) or the Defaulting Participant;</u>
-	New provision.	3.2	<u>(f) impose any restriction or condition in relation to the breach committed or on the activities that a Defaulting Participant who is a Clearing Participant undertakes;</u>
-	New provision.	3.2	<u>(g) impose one or more conditions for compliance including issuing a directive to take such steps to</u>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<u>remedy or mitigate the breach, other than a directive to make restitution;</u>
-	New provision.	3.2	<u>(h) direct a Defaulting Participant who is a Clearing Participant to take appropriate action against any of its employees or agents if such employees or agents caused the Defaulting Participant to commit the breach;</u>
-	New provision.	3.2	<u>(i) 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 who is a Clearing Participant, for its employees;</u>
-	New provision.	3.2	<u>(j) 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.	3.2	<u>(k) impose any restriction, prohibition or requirement regarding the disposal, holding or dealing with any monies or assets of a client by a Defaulting Participant who is a Clearing Participant; or</u>
3.1.4	The Clearing House may determine other disciplinary action as it considers appropriate in the circumstances.	3.2	<u>(l) The Clearing House may determine other disciplinary any other action the Clearing House as it considers appropriate, subject to consultation with the Commission in the circumstances.</u>
3.3	<p>APPEAL TO THE CLEARING HOUSE</p> <p>A Clearing Participant or a SBL Participant/Agent who has been the subject of any disciplinary action by the Clearing House may, within the period of time prescribed by the Clearing House, appeal in writing to the Clearing House.</p>	3.3	<p><u>APPEAL TO THE CLEARING HOUSE ACTS OF MISCONDUCT</u></p> <p>A Clearing Participant or a SBL Participant/Agent who has been the subject of any disciplinary action by the Clearing House may, within the period of time prescribed by the Clearing House, appeal in writing to the Clearing House.</p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
3.1.1	Without prejudice to any other provisions in these Rules, the Clearing House may institute disciplinary action against a Clearing Participant or a SBL Participant/Agent in respect of an act of misconduct which includes:	3.3	Without prejudice to any other provisions in these Rules, the Clearing House may institute disciplinary action against a Clearing Participant or a SBL Participant/Agent in respect of an act of misconduct which includes:
3.1.1	(a) Breaches of any of the Rules, Operational Procedures, orders, directives, conditions or other requirements imposed by the Clearing House on the Clearing Participant or the SBL Participant/Agent;	3.3	(a) Breaches of any of the Rules, Operational Procedures, orders, directives, conditions or other requirements imposed by the Clearing House on the Clearing Participant or the SBL Participant/Agent ;
3.1.1	(b) (With respect to a Trading Clearing Participant), any event that entitles the Clearing House to invoke its Default Rules against such a Clearing Participant;	3.3	(b) (With respect to a Trading Clearing Participant), any event that entitles the Clearing House to invoke its Default Rules against such a Clearing Participant;
3.1.1	(c) Failure to comply with any decision of the Clearing House;	3.3	(c) Failure to comply with any decision of the Clearing House;
3.1.1	(d) Any conduct, the manner of which is detrimental to the interest of the Clearing House, any other Clearing Participant or SBL Participant/Agent;	3.3	(d) Any conduct, the manner of which is detrimental to the interest of the Clearing House, or any other Clearing Participant or SBL Participant/Agent ;
3.1.1	(e) Any conduct by the Clearing Participant or the SBL Participant/Agent the character of which is dishonourable, disgraceful or improper;	3.3	(e) Any conduct by the Clearing Participant or the SBL Participant/Agent —the character of which is dishonourable, disgraceful or improper;
3.1.1	(f) Any conduct the manner of which is disorderly or involves willful obstruction of the clearing, settlement and other services or facilities of the Clearing House or otherwise;	3.3	(f) Any conduct the manner of which is disorderly or involves willful obstruction of the clearing, settlement and other services or facilities of the Clearing House or otherwise;
3.1.1	(g) The Clearing Participant or the SBL Participant/Agent, being the subject of an adverse finding by another regulatory body in the financial and capital market or the financial services industry to which the Clearing Participant or the SBL Participant/Agent is subject;	3.3	(g) The Clearing Participant or the SBL Participant/Agent , being the subject of an adverse finding by another regulatory body in the financial and capital market or the financial services industry to which the Clearing Participant or the SBL Participant/Agent is subject;
3.1.1	(h) The directors, shareholders, partners, employees, officers or agents of the Clearing Participant or the SBL	3.3	(h) The directors, shareholders, partners, employees, officers or agents of the Clearing Participant or the SBL

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
	Participant/Agent thereof, knowingly, being involved in, or engages in any conduct or any neglect or default which constitutes an act of misconduct in terms of the provisions of sub-rule (a) – (e);		Participant/Agent thereof, knowingly, being involved in, or engages in any conduct or any neglect or default which constitutes an act of misconduct in terms of the provisions of sub-rule (a) – (e);
3.1.1	(i) The Clearing Participant or the SBL Participant/Agent providing information which is incorrect, incomplete, misleading or false in a material way which the Clearing House in reliance on the information provided by the Clearing Participant or the SBL Participant/Agent, admitted the Clearing Participant or the SBL Participant/Agent to its participanship or extended to the Clearing Participant or the SBL Participant/Agent such other services or facilities or conferred on the Clearing Participant or the SBL Participant/Agent a benefit or privilege or other advantage;	3.3	(i) The Clearing Participant or the SBL Participant/Agent providing information which is incorrect, incomplete, misleading or false in a material way which the Clearing House in reliance on the information provided by the Clearing Participant or the SBL Participant/Agent , admitted the Clearing Participant or the SBL Participant/Agent to its participanship or extended to the Clearing Participant or the SBL Participant/Agent such other services or facilities or conferred on the Clearing Participant or the SBL Participant/Agent a benefit or privilege or other advantage;
3.1.1	(j) The failure to pay a fine or comply with any other disciplinary action or penalty imposed by the Clearing House within the time specified by the Clearing House or any extension of time granted by the Clearing House;	3.3	(j) The failure to pay a fine or comply with any other disciplinary action or penalty imposed by the Clearing House within the time specified by the Clearing House or any extension of time granted by the Clearing House;
3.1.1	(k) Errors, delays or other conduct embarrassing, impeding or disrupting the operations, services or facilities of the Clearing House;	3.3	(k) Errors, delays or other conduct embarrassing, impeding or disrupting the operations, services or facilities of the Clearing House;
3.1.1	(l) The Clearing Participant or the SBL Participant/Agent having violated directly or indirectly, any provisions of the Act or any regulations made thereunder;	3.3	(l) The Clearing Participant or the SBL Participant/Agent having violated directly or indirectly, any provisions of the Act or any regulations made thereunder;
3.1.1	(m) The Clearing Participant or the SBL Participant/Agent having failed to cooperate with the Clearing House and/or any regulatory or relevant authority in matters concerning the clearing and settlement services or any other services or facilities of the Clearing House, whether or not relating to that Clearing Participant or	3.3	(m) The Clearing Participant or the SBL Participant/Agent having failed to cooperate with the Clearing House and/or any regulatory or relevant authority in matters concerning the clearing and settlement services or any other services or facilities of the Clearing House, whether or not relating to that Clearing Participant or

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
	that SBL Participant/Agent, which materially affects the interest of the Clearing House, other Clearing Participants or SBL Participants/Agents; or		that SBL Participant/Agent , which materially affects the interest of the Clearing House, other Clearing Participants or <u>other SBL Participants/Agents</u> ; or
3.1.1	(n) The Clearing Participant having repeatedly failed to honour any ISS Instruction, ISS Confirmation or ISS Affirmation, or any instruction issued by the Clearing House in respect of an ISS Transaction.	3.3	(n) The Clearing Participant having repeatedly failed to honour any ISS Instruction, ISS Confirmation or ISS Affirmation, or any instruction issued by the Clearing House in respect of an ISS Transaction.
3.4	<p>EFFECT UPON SUSPENSION OR TERMINATION OF CLEARING PARTICIPANTSHIP</p> <p>Any Clearing Participant who has been suspended or terminated from Clearing Participantship shall be subjected to Rule 4.2, wherever appropriate.</p>	3.4	<p>EFFECT UPON SUSPENSION OR TERMINATION OF CLEARING PARTICIPANTSHIP PROCEDURES</p> <p>Any Clearing Participant who has been suspended or terminated from Clearing Participantship shall be subjected to Rule 4.2, wherever appropriate.</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>
-	New provision.	3.4	<p><u>(2) The Clearing House is not bound by legal rules of evidence and procedure in any disciplinary proceedings under this Chapter.</u></p>
3.5	<p>COMMUNICATION TO THE EXCHANGE AND THE COMMISSION</p> <p>The Clearing House shall inform the Exchange and the Commission of all actions taken under this Rule.</p>	3.5	<p>COMMUNICATION TO THE EXCHANGE AND THE COMMISSION AGREED SETTLEMENT</p> <p>The Clearing House shall inform the Exchange and the Commission of all actions taken under this Rule.</p> <p><u>(1) A 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></p> <p><u>(2) The Clearing House may reject, accept or vary the proposed settlement based on terms that the Clearing</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<p><u>House deems fit.</u></p> <p><u>(3) Where the Clearing House accepts the proposed settlement, the agreed settlement will be recorded as a decision of the Clearing House.</u></p> <p><u>(4) If the Clearing House is not agreeable to the proposed settlement, the proceedings under Section A of Chapter 3 will apply.</u></p>
3.6	<p>CLEARING PARTICIPANT OR SBL PARTICIPANT/AGENT TO INCLUDE OTHER PERSONS</p> <p>A Clearing Participant or a SBL Participant/Agent is responsible to the Clearing House for all acts or omissions of its owners, principals, directors, officers, employees, trainees, agents, service providers and sub-contractors.</p>	3.6	<p>CLEARING PARTICIPANT OR SBL PARTICIPANT/AGENT TO INCLUDE OTHER PERSONS REQUEST FOR ORAL REPRESENTATIONS</p> <p>A Clearing Participant or a SBL Participant/Agent is responsible to the Clearing House for all acts or omissions of its owners, principals, directors, officers, employees, trainees, agents, service providers and sub-contractors.</p> <p><u>(1) A 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 Participant.</u></p>
-	New provision.	3.6	<p><u>(2) A request under Rule 3.6(1) must be submitted with:</u></p> <p><u>(a) a Response as provided under Rule A3.2; or</u></p> <p><u>(b) a Notice of Appeal as provided under Rule C3.2.</u></p>
-	New provision.	3.6	<p><u>(3) The Clearing House may, in its absolute discretion, allow or disallow any request made pursuant to Rule 3.6(1), upon such terms and conditions as the Clearing House deems appropriate.</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
-	New provision.	3.7	<p><u>STANDARD OF PROOF</u></p> <p><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></p>
-	New provision.	3.8	<p><u>OTHER RIGHTS</u></p> <p><u>The exercise of powers in Rule 3.2 does not in any way prejudice the other rights of the Clearing House against a Participant, or any other person to whom these Rules are directed.</u></p>
-	New provision.	3.9	<p><u>ACTS OR OMISSIONS OF EMPLOYEES, AGENTS OR DIRECTORS</u></p> <p><u>Where the acts or omissions of an employee, agent or director of a Participant would have been subject to these Rules had such acts or omissions been committed by the Participant, then such acts or omissions are deemed to be committed by that Participant and disciplinary action may be taken against it.</u></p>
-	New section.	Section A	<p style="text-align: center;"><u>SECTION A</u></p> <p style="text-align: center;"><u>DISCIPLINARY PROCEEDINGS</u></p>
-	New provision.	A3.1	<p><u>REQUISITE NOTICE</u></p> <p><u>The Clearing House will serve on a Defaulting Participant against whom 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></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
-	New provision.	A3.2	<p><u>RESPONSE TO REQUISITE NOTICE</u></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.	A3.3	<p><u>NOTIFICATION OF DECISION</u></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 section.	Section B	<p style="text-align: center;"><u>SECTION B</u></p> <p style="text-align: center;"><u>EXPEDITED PROCEEDINGS</u></p>
-	New provision.	B3.1	<p><u>SCOPE</u></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 Section A of Chapter 3 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><u>(a) a reprimand; or</u></p> <p><u>(b) a fine of RM10,000.00; or</u></p> <p><u>(c) both the above.</u></p>
-	New provision.	B3.2	<p><u>PROCEDURE</u></p> <p><u>(1) 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</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<u>("Determination")</u> .
-	New provision.	B3.2	<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.	B3.2	<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.	B3.2	<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.	B3.2	<u>(5) If the Defaulting Participant does not agree with the Determination, the matter will proceed under Section A of Chapter 3. 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 A3.1. In deliberating the matter under Section A of Chapter 3, the Clearing House is not bound by the Determination and may impose a higher penalty based</u>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<u>on the facts or evidence presented during the proceedings under Section A of Chapter 3.</u>
-	New provision.	B3.3	<u>NO LIMITATION</u> <u>Nothing in Section B of Chapter 3 prevents the Clearing House from proceeding with disciplinary proceedings under Section A of Chapter 3 for any breach of a Rule.</u>
-	New section.	Section C	<u>SECTION C</u> <u>APPEAL</u>
-	New provision.	C3.1	<u>RIGHT OF APPEAL</u> <u>(1) In amplification of Rule 1.28, any party to the disciplinary proceedings taken under Section A of Chapter 3 and Rule B3.2(5) who is dissatisfied with a decision resulting from the disciplinary proceedings may appeal against such decision in the manner specified in Rule C3.2 unless the decision was recorded pursuant to an agreed settlement under Rule 3.5 (“the Appellant”).</u>
-	New provision.	C3.1	<u>(2) The Clearing House may suspend the enforcement of any action taken under Rule 3.2 that is the subject of the appeal until the disposal of the appeal.</u>
-	New provision.	C3.2	<u>NOTICE OF APPEAL</u> <u>The Appellant must, within the time stated in the notification of decision given under Rule A3.3, give to the Clearing House a notice (“Notice of Appeal”) that:</u> <u>(a) identifies the decision against which the appeal is made; and</u>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<u>(b) sets out the ground(s) of the appeal together with the representations to justify the ground(s) relied upon.</u>
-	New provision.	C3.3	<p><u>DELIBERATION OF APPEAL</u></p> <p><u>(1) An Appellant may produce evidence that was not presented at the initial disciplinary proceedings if:</u></p> <p><u>(a) the evidence was not available at the time of the initial disciplinary proceedings; and</u></p> <p><u>(b) the evidence would have been likely to have had a determining influence upon the decision appealed against.</u></p>
-	New provision.	C3.3	<u>(2) The Appellant must produce the new evidence as stated in Rule C3.3(1) when submitting the Notice of Appeal.</u>
-	New provision.	C3.3	<u>(3) The Clearing House may exercise its powers under Rule 2A.6 and produce new evidence arising from the Notice of Appeal submitted by a Defaulting Participant.</u>
-	New provision.	C3.3	<u>(4) The Clearing House may affirm, vary or set aside the decision appealed against.</u>
-	New provision.	C3.4	<p><u>NOTIFICATION OF DECISION ON APPEAL</u></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 section.	Section D	<p><u>SECTION D</u></p> <p><u>EFFECT OF DISCIPLINARY ACTION</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
-	New provision.	D3.1	<p><u>GENERAL</u></p> <p>(1) <u>A Defaulting Participant must give effect to a decision made under Section A or Section B of Chapter 3 or a decision affirmed or varied under Section C of Chapter 3 within the time stipulated by the Clearing House.</u></p>
-	New provision.	D3.1	<p>(2) <u>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 3.2.</u></p>
-	New provision.	D3.2	<p><u>PERIOD OF PAYMENT AND EFFECT OF NON-PAYMENT OF FINE</u></p> <p>(1) <u>Without prejudice to Rule D3.1(2), a fine imposed by the Clearing House must be paid by the Defaulting Participant within the time stipulated in the notice under Rule A3.3 or Rule C3.4.</u></p>
-	New provision.	D3.2	<p>(2) <u>Pursuant to Rule D3.2(1) and Rule B3.2(4), a Defaulting Participant who fails to make payment within the stipulated time frame will be summarily suspended from its functions and activities.</u></p>
-	New provision.	D3.2	<p>(3) <u>Where the fine remains unpaid 7 days after the suspension under Rule D3.2(2), the Clearing House may at any time thereafter summarily terminate the Defaulting Participant's Clearing Participantship or the Defaulting Participant/Agent as a SBL Participant/Agent, where relevant, by notice in writing.</u></p>
-	New provision.	D3.2	<p>(4) <u>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></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
3.4	<p>EFFECT UPON SUSPENSION OR TERMINATION OF CLEARING PARTICIPANTSHIP</p> <p>Any Clearing Participant who has been suspended or terminated from Clearing Participantship shall be subjected to Rule 4.2, wherever appropriate.</p>	D3.3	<p>EFFECT UPON SUSPENSION OR TERMINATION OF CLEARING PARTICIPANTSHIP</p> <p>Any Clearing Participant who has been suspended or terminated from Clearing Participantship shall be subjected to Rule 4.2, wherever appropriate.</p> <p><u>(1) A suspension imposed by the Clearing House upon the Defaulting Participant:</u></p> <p><u>(a) takes effect on the date notified in the notice under Rule A3.3 or Rule C3.4 (“the said notice”); and</u></p> <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 it considers appropriate.</u></p>
-	New provision.	D3.3	<p><u>(2) Nothing in this Rule D3.3 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.	D3.3	<p><u>(3) Any Defaulting Participant who has been suspended or terminated from Clearing Participantship shall be subject to Rule 4.2, wherever appropriate.</u></p>
-	New section.	Section E	<p><u>SECTION E</u></p> <p><u>TRANSITIONAL PROVISIONS</u></p>
-	New provision.	E3.1	<p><u>DISCIPLINARY ACTION INITIATED PRIOR TO THE EFFECTIVE DATE</u></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</u></p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
			<p><u>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 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.	E3.2	<p><u>DISCIPLINARY ACTION INITIATED ON OR AFTER THE EFFECTIVE DATE</u></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 Participant for acts or omissions committed prior to the 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></p>
7.8(a)	(iv) To collect all documents, forms, tax invoices or other documents relating to GST, 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;	7.8(a)	(iv) To collect all e D <u>ocuments</u> , forms, tax invoices or other e D <u>ocuments</u> relating to GST, 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;
7.8(a)	(vi) To furnish to the Clearing House such information or 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;	7.8(a)	(vi) To furnish to the Clearing House such information or e D <u>ocuments</u> 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;

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
7.12	PROVISION OF INFORMATION The Bursa SBL Participants and Lending Agents must furnish to the Clearing House or the Commission any information or document in relation to any Bursa SBL Transaction as required by the Clearing House or the Commission from time to time.	7.12	PROVISION OF INFORMATION The Bursa SBL Participants and Lending Agents must furnish to the Clearing House or the Commission any information or d <u>Documents</u> in relation to any Bursa SBL Transaction as required by the Clearing House or the Commission from time to time.
7.13	(a) disclose any information or to produce any document in its possession or control in relation to the Bursa SBL Transaction if required or requested to do so by the Commission; and	7.13	(a) disclose any information or to produce any d <u>Documents</u> in its possession or control in relation to the Bursa SBL Transaction if required or requested to do so by the Commission; and
7.16	(a) In the event that the Clearing House is required to suspend the operation of the Bursa SBL System, and the provision of all ancillary services where for any reason the records of the Clearing House, the Central Depository or the Bursa SBL System are unavailable, inaccessible, delayed or hindered in any manner, the Clearing House shall not be liable for any failure, hindrance or delay in the provision of services or for the failure to give or the delay in giving effect to any notice or communication from a Bursa SBL Participant or Lending Agent.	7.16	(a) In the event that the Clearing House is required to suspend the operation of the Bursa SBL System, and the provision of all ancillary services where for any reason the r <u>Records</u> of the Clearing House, the Central Depository or the Bursa SBL System are unavailable, inaccessible, delayed or hindered in any manner, the Clearing House shall not be liable for any failure, hindrance or delay in the provision of services or for the failure to give or the delay in giving effect to any notice or communication from a Bursa SBL Participant or Lending Agent.
Appendix 1, Chapter 7	1) we must provide to Bursa Clearing (S) or the Securities Commission, upon request, any information or document required by Bursa Clearing (S) or the Securities Commission pertaining to the Lending Participants or Lenders for whom we are acting;	Appendix 1, Chapter 7	1) we must provide to Bursa Clearing (S) or the Securities Commission <u>Malaysia</u> , upon request, any information or document required by Bursa Clearing (S) or the Securities Commission <u>Malaysia</u> pertaining to the Lending Participants or Lenders for whom we are acting;
8.6(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	8.6(b)	Without prejudice to the power conferred on the Clearing House in Rule 2.11 <u>2A.2</u> 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

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
	approval to act as a Lending Representative in the manner determined by the Clearing House.		Participant seeking approval to act as a Lending Representative in the manner determined by the Clearing House.
8.7(a)	(iii) To collect all documents, forms, agreements, deeds including any amendments or variations thereof relating to or governing the SBL Negotiated Transactions as the Clearing House may require from time to time, from the Said Approved SBLNT Lender for submission to the Clearing House and from the Clearing House for transmission to the Said Approved SBLNT Lender;	8.7(a)	(iii) To collect all d Documents, forms, agreements, deeds including any amendments or variations thereof relating to or governing the SBL Negotiated Transactions as the Clearing House may require from time to time, from the Said Approved SBLNT Lender for submission to the Clearing House and from the Clearing House for transmission to the Said Approved SBLNT Lender;
8.7(a)	(v) To furnish to the Clearing House such information or documents relating to the SBL Negotiated Transactions and such advice, statement and report on the operation of the SBL Negotiated Transactions at such times and in such manner as may be prescribed by the Clearing House;	8.7(a)	(v) To furnish to the Clearing House such information or d Documents relating to the SBL Negotiated Transactions and such advice, statement and report on the operation of the SBL Negotiated Transactions at such times and in such manner as may be prescribed by the Clearing House;
8.8(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 3, undertake any inspection and/or audit on the Clearing Participant seeking approval to act as a Borrowing Representative in the manner determined by the Clearing House.	8.8(b)	Without prejudice to the power conferred on the Clearing House in Rule 2-11 <u>2A.2</u> 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 3, undertake any inspection and/or audit on the Clearing Participant seeking approval to act as a Borrowing Representative in the manner determined by the Clearing House.
8.9(a)	(iii) To collect all documents, forms, agreements, deeds including any amendments or variations thereof relating to or governing the SBL Negotiated Transactions as the Clearing House may require from time to time, from the Said Approved SBLNT Lender for submission to the Clearing House and from the Clearing House for transmission to the Said Approved SBLNT Lender;	8.9(a)	(iii) To collect all d Documents, forms, agreements, deeds including any amendments or variations thereof relating to or governing the SBL Negotiated Transactions as the Clearing House may require from time to time, from the Said Approved SBLNT Lender for submission to the Clearing House and from the Clearing House for transmission to the Said Approved SBLNT Lender;

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
8.9(a)	(v) To furnish to the Clearing House such information or documents relating to the SBL Negotiated Transactions and such advice, statement and report on the operation of the SBL Negotiated Transactions at such times and in such manner as may be prescribed by the Clearing House;	8.9(a)	(v) To furnish to the Clearing House such information or e D o cuments relating to the SBL Negotiated Transactions and such advice, statement and report on the operation of the SBL Negotiated Transactions at such times and in such manner as may be prescribed by the Clearing House;
8.15	PROVISION OF INFORMATION The SBLNT Participants / Representatives must furnish to the Clearing House or the Commission any information or document in relation to any SBL Negotiated Transaction as required by the Clearing House or the Commission from time to time.	8.15	PROVISION OF INFORMATION The SBLNT Participants / Representatives must furnish to the Clearing House or the Commission any information or e D o cument in relation to any SBL Negotiated Transaction as required by the Clearing House or the Commission from time to time.
8.19	(a) In the event that the Clearing House is required to suspend the operation of the SBLNT System, as the case may be, and the provision of all ancillary services where for any reason the records of the Clearing House, the Central Depository or the Bursa SBL System are unavailable, inaccessible, delayed or hindered in any manner, the Clearing House shall not be liable for any failure, hindrance or delay in the provision of services or for the failure to give or the delay in giving effect to any notice or communication from a SBLNT Participant/Representative.	8.19	(a) In the event that the Clearing House is required to suspend the operation of the SBLNT System, as the case may be, and the provision of all ancillary services where for any reason the r R e cords of the Clearing House, the Central Depository or the Bursa SBL System are unavailable, inaccessible, delayed or hindered in any manner, the Clearing House shall not be liable for any failure, hindrance or delay in the provision of services or for the failure to give or the delay in giving effect to any notice or communication from a SBLNT Participant/Representative.
Appendix 1, Chapter 8	(1) we must provide to Bursa Clearing (S) or the Securities Commission, upon request, any information or document in relation to SBL required by Bursa Clearing (S) or the Securities Commission pertaining to the Approved SBLNT Lenders for whom we are acting;	Appendix 1, Chapter 8	(1) we must provide to Bursa Clearing (S) or the Securities Commission <u>Malaysia</u> , upon request, any information or document in relation to SBL required by Bursa Clearing (S) or the Securities Commission <u>Malaysia</u> pertaining to the Approved SBLNT Lenders for whom we are acting;
Appendix 2, Chapter 8	(4) The Approved SBLNT Lender expressly consents to the Lending Representative providing the Clearing House or the Securities Commission with any information or document in relation to any loan	Appendix 2, Chapter 8	(4) The Approved SBLNT Lender expressly consents to the Lending Representative providing the Clearing House or the Securities Commission <u>Malaysia</u> with any information or document in relation to any loan

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
	entered into by the Approved SBLNT Lender pursuant to the SBL Negotiated Transactions as required by the Clearing House from time to time.		entered into by the Approved SBLNT Lender pursuant to the SBL Negotiated Transactions as required by the Clearing House from time to time.
Appendix 3, Chapter 8	(1) we must provide to Bursa Clearing (S) or the Securities Commission, upon request, any information or document required by Bursa Clearing (S) or the Securities Commission pertaining to the Approved SBLNT Borrowers for whom we are acting;	Appendix 3, Chapter 8	(1) we must provide to Bursa Clearing (S) or the Securities Commission <u>Malaysia</u> , upon request, any information or document required by Bursa Clearing (S) or the Securities Commission <u>Malaysia</u> pertaining to the Approved SBLNT Borrowers for whom we are acting;
Appendix 4, Chapter 8	(4) The Approved SBLNT Borrower expressly consents to the Borrowing Representative providing the Clearing House or the Securities Commission with any information or document in relation to any loan entered into by the Approved SBLNT Borrower pursuant to the SBL Negotiated Transactions as required by the Clearing House from time to time.	Appendix 4, Chapter 8	(4) The Approved SBLNT Borrower expressly consents to the Borrowing Representative providing the Clearing House or the Securities Commission <u>Malaysia</u> with any information or document in relation to any loan entered into by the Approved SBLNT Borrower pursuant to the SBL Negotiated Transactions as required by the Clearing House from time to time.

[End of Rule Amendments]