

RULES OF BURSA MALAYSIA SECURITIES BHD (“BMS RULES”)
AMENDMENTS IN RELATION TO EXCHANGE TRADED FUNDS (“ETFs”)

RULE	CURRENT PROVISION	RULE	AMENDED PROVISION
1.01	<p>Definition</p> <p>Equity-based Exchange Traded Fund</p> <p>The Exchange Traded Fund that:</p> <p>(a) tracks the performance of a market index where constituent securities of that market index are wholly shares (“the constituent shares”); and</p> <p>(b) invests in the constituent shares of that market index.</p>	1.01	<p>Definition</p> <p>Equity-based Exchange Traded Fund</p> <p>The Exchange Traded Fund that:</p> <p>(a) tracks the performance of a market index where constituent securities of that market index are wholly shares (“the constituent shares”); and</p> <p>(b) invests in the constituent shares of that market index. [Deleted]</p>
1.01	New definition	1.01	<u>Inverse ETF</u> Same meaning as in the Guidelines on Exchange Traded Funds.
1.01	New definition	1.01	<u>Leveraged ETF</u> Same meaning as in the Guidelines on Exchange Traded Funds.
1.01	New definition	1.01	<u>Sophisticated Investor</u> A person who falls within any one of the categories of investors set out in Part I, Schedule 6 or 7 of the Capital Markets and Services Act.
4.11	<p>General</p> <p>(1) A Market Maker may execute short selling for an ETF for which it is registered as a Market Maker, in the manner set out in Part D of this Chapter 4 and the Capital Markets Services (Non-Application of Subsection 98(1))(Exchange Traded Funds) Order 2009.</p>	4.11	<p>General</p> <p>(1) A Market Maker may execute short selling for an ETF for which it is registered as a Market Maker, in the manner set out in Part D of this Chapter 4 and the Capital Markets Services (Non-Application of Subsection 98(1))(Exchange Traded Funds) Order 2009.</p>

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4.11	(3) In Part D of this Chapter 4, ETFs refer to Equity-based Exchange Traded Funds which are Specified Securities only.	4.11	(3) In Part D of this Chapter 4, ETFs refer to Equity-based Exchange Traded Funds which are Specified Securities only.
	New provision	<u>4.15</u>	<u>Disapplication of requirements on hedging and limits relating to Permitted Short Selling</u> <u>Rules 4.13(5) and 4.14 do not apply to such types of ETFs as may be prescribed by the Exchange.</u> <u>[Refer to Directive No. 4-001]</u>
4.15	Delivery and Settlement The Rules relating to delivery and settlement under Chapter 9 apply to Permitted Short Selling in the same manner as they apply to normal sales.	4.15 <u>4.16</u>	Delivery and Settlement The Rules relating to delivery and settlement under Chapter 9 apply to Permitted Short Selling in the same manner as they apply to normal sales.
4.16	Action by the Exchange (1) The Exchange may take any of the actions enumerated under Rule 4.16(2) summarily against a Market Maker or its Registered Person in relation to Permitted Short Selling if: (a) there is a breach or likelihood of breach of any provisions in Part D of this Chapter 4; or (b) the execution of Permitted Short Selling is likely to lead to the commission of any of the offences under the Capital Markets and Services Act. (2) Pursuant to Rule 4.16(1) the Exchange may take any one or more of the following actions: (a) suspend or direct the Market Maker or its Registered Person to cease further Permitted Short Selling whether in relation to all, some or a particular ETF or Constituent Securities for which the Market Maker is authorised to carry out Market Making activities;	4.16 <u>4.17</u>	Action by the Exchange (1) The Exchange may take any of the actions enumerated under Rule 4.16 <u>7</u> (2) summarily against a Market Maker or its Registered Person in relation to Permitted Short Selling if: (a) there is a breach or likelihood of breach of any provisions in Part D of this Chapter 4; or (b) the execution of Permitted Short Selling is likely to lead to the commission of any of the offences under the Capital Markets and Services Act. (2) Pursuant to Rule 4.16 <u>7</u> (1) the Exchange may take any one or more of the following actions: (a) suspend or direct the Market Maker or its Registered Person to cease further Permitted Short Selling whether in relation to all, some or a particular ETF or Constituent Securities for which the Market Maker is authorised to carry out Market Making activities;

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	<p>(b) impose restrictions or conditions on Permitted Short Selling carried out by the Market Maker or its Registered Person; or</p> <p>(c) any other action deemed fit by the Exchange.</p>		<p>(b) impose restrictions or conditions on Permitted Short Selling carried out by the Market Maker or its Registered Person; or</p> <p>(c) any other action deemed fit by the Exchange.</p>
	New provision	<u>7.40</u>	<p><u>PART J LEVERAGED AND INVERSE EXCHANGE TRADED FUNDS</u></p> <p><u>Trading in leveraged and inverse Exchange Traded Funds</u></p> <p><u>(1) Leveraged ETFs or Inverse ETFs (referred to collectively in this Rule as “L&I ETFs”) are only intended for trading by investors who satisfy such qualifying criteria as may be prescribed by the Exchange.</u></p>
	New provision	<u>7.40</u>	<p><u>(2) A Participating Organisation must not allow a Client to undertake trading in L&I ETFs units unless the Client fulfils all such conditions as prescribed by the Exchange for trading in L&I ETFs units.</u></p> <p><u>[Refer to Directive No. 7.40-001]</u></p>
16.01	<p>Introduction</p> <p>(1) In this Chapter, “Sophisticated Investor” means a person who falls within any one of the categories of investors set out in Part 1, Schedules 6 and 7 of the CMSA.</p>	16.01	<p>Introduction</p> <p>(1) In this Chapter, “Sophisticated Investor” means a person who falls within any one of the categories of investors set out in Part 1, Schedules 6 and 7 of the CMSA.</p>
16.01	<p>(2) A Participating Organisation and its Registered Persons must comply with this Chapter in addition to other provisions of these Rules in relation to trading on the LEAP Market.</p>	16.01	<p>(2) A Participating Organisation and its Registered Persons must comply with this Chapter in addition to other provisions of these Rules in relation to trading on the LEAP Market.</p>

[End of Amendments to the Rules]