

PART II RULES RELATING TO AUTHORISED DEPOSITORY AGENTS**Chapter 2.0 Appointment of Authorised Depository Agents**

Rule 2.01 Deleted

Rule 2.02 Appointment of authorised depository agents:

(1) **Eligibility:** Any of the following persons may in writing apply to the Depository to be appointed as its authorised depository agent-

- (a) a Stock Exchange;
- (b) a Clearing House;
- (c) a participating organisation;
- (d) a bank licensed under the Islamic Banking Act 1983;
- (e) a bank, merchant bank or finance company licensed under subsection 6(4) of the Banking and Financial Institutions Act 1989;
- (f) a bank established under an Act of Parliament; or
- (g) a body corporate of a type prescribed by the Minister under the Act.

(2) **Conditions:** Unless directed otherwise by the Depository, the conditions for appointment as an authorised depository agent are as follows-

- (a) **Capital funds:** the applicant has a minimum amount of capital funds of not less than twenty million ringgit unimpaired by losses or in the case of a participating organisation, the minimum paid-up capital and shareholders' funds unimpaired

by losses as may be prescribed from time to time under the Rules of the Stock Exchange;

- (b) **Personnel, experience and skill:** the applicant has adequate number of personnel having the experience and skill acceptable to the Depository;
- (c) **Ability to provide required equipment, etc:** the applicant is able to provide adequate equipment and facilities for the provision of the services, and performance of the duties and obligations, required under the Act and these Rules;
- (d) **Legal proceedings, etc:** the applicant is not subject to any legal or administrative proceedings which might adversely affect its financial or business condition or its ability to comply with any requirements under these Rules.

For the purposes of these Rules, “capital funds”, in relation to an applicant, means the paid-up capital, the share premiums and reserves as at the last statutory audit balance date of the applicant but does not include any paid-up redeemable preference shares.

- (3) **Application and accompanying information:** An application under this Rule shall be made in writing and shall be accompanied with such information as may be necessary in order to assist the Depository in determining the application and the suitability of the applicant to act as an authorised depository agent. An application for opening a branch office of an authorised depository agent shall be made separately in writing. In the case of an Investment Bank, the approval of an application for opening a branch office shall be subject to the applicant receiving the approval of the Central Bank for the same.
- (4) **Additional information:** At any time after receiving an application the Depository may, in writing, require the applicant to furnish additional information or documents.

- (5) **Deleted**
- (6) **Availability:** Notwithstanding any of the provisions in this Rule the Depository may refuse to process the application of any person to be appointed as its authorised depository agent if the computer system or any of the network related to the computer system is unavailable for the time being to such person. Any person who is unsuccessful in their application may however apply to be placed on the waiting list of the Depository.
- (7) **No obligation to appoint:** Notwithstanding and without prejudice to any other provisions in this chapter the Depository need not (without giving any reason whatsoever) be obligated to appoint every person who is eligible under Rule 2.02(1) to be an authorised depository agent. Any person so aggrieved by virtue of not being appointed as an agent may appeal to the Depository. Upon presentation of the appeal, such person shall submit to the decision of the Depository whose decision shall be final and binding upon that person.

Rule 2.03 Deleted

Rule 2.03A Fees and other charges:

- (1) **Processing fee:** Upon making an application for appointment as an authorised depository agent or a branch office, each applicant shall pay a processing fee as prescribed by the Depository.
- (2) **Deleted**
- (3) **Deleted**

Rule 2.04 Conditions of appointment:

Every authorised depository agent shall, throughout the term of its appointment -

- (a) not later than six (6) months after the end of its each financial year or such longer period as the Depository may allow, submit to the Depository a copy of its audited annual balance sheet, profit and loss account and statement, and such other documents as may be required by the Depository from time to time; and
- (b) comply with these Rules (whether in this Part or otherwise), the Procedures Manual, the provisions of the Act and the Regulations to such extent to which the same purports to apply to them.

Rule 2.05 Additional conditions:

The Depository may, in approving an application, impose such requirements or conditions as it considers necessary to ensure orderly deposits, withdrawals, transfers and dealings in securities deposited or to be deposited with it.

Rule 2.05A Opening of an authorised depository agent's securities accounts:

The Depository shall open the first principal account for the said authorised depository agent. Thereafter, the authorised depository agent shall be allowed to open all subsequent principal accounts and any nominee accounts for its nominee company subject to the conditions and in the manner prescribed by the Depository.

Rule 2.06 Identity codes:

- (1) **Allocation of codes:** The Depository shall allocate to every authorised depository agent an identity code.
- (2) **Branch identity codes:** An authorised depository agent may, from time to time with the prior approval of the Depository and in the case of an authorised depository agent which is an Investment Bank, with the prior approval of both the Depository and the Central Bank, authorise any of its branch offices to perform any

of its approved functions. Every branch office of an authorised depository agent which has been approved by the Depository shall be allocated a branch identity code.

- (3) **Single entity:** Notwithstanding the allocation of different identity codes for an authorised depository agent and its branch offices by the Depository, the authorised depository agent and its branch offices shall, for the purposes of these Rules, be treated as a single entity.

Rule 2.07 Commencement of operations:

- (1) **Commencement of operations as an authorised depository agent:** No person shall be allowed to commence operations as an authorised depository agent without-
- (a) obtaining prior clearance in writing from any authorised person of the Depository for the time being in charge of security measures and control;
 - (b) having paid the appointment fee, if applicable, prescribed in Rule 2.03A; and
 - (c) having executed such agency agreement or agreements, as may be prescribed by the Depository, to establish the confidential terms and conditions in respect to the contractual relationship between that person and the Depository.
- (2) **Commencement of operations as a branch office of an authorised depository agent:** No person shall be allowed to commence operations as a branch office of any authorised depository agent without obtaining prior clearance in writing from an authorised person of the Depository for the time being in charge of security measures and control.

- (3) **When deemed to have commenced operations:** For the purposes of this Rule an authorised depository agent or a branch office of an authorised depository agent shall be deemed to have commenced operations if it has opened any securities account for any of its clients.

Rule 2.08 Rules of the Stock Exchange, etc:

In addition to these Rules, every authorised depository agent which is a participating organisation and/or a clearing participant shall in such capacity, comply with the Rules of the Stock Exchange and/or the Rules of the Clearing House. Nothing in these Rules shall operate to relieve an authorised depository agent from any obligation imposed on it by the Rules of the Stock Exchange and/or the Rules of the Clearing House in its capacity as a participating organisation or a clearing participant.

Rule 2.09 Indemnity:

Every authorised depository agent shall be responsible for its own operations and functions as required to be maintained under the Act, the Regulations, these Rules and the Procedures Manual and shall indemnify and hold indemnified the Depository, whether such indemnity is claimed by the Depository during the appointment of or after the termination of appointment of the authorised depository agent, for any loss, legal costs (including third party legal costs), damage or liability suffered or incurred by the Depository, whether directly or otherwise, as a result of any negligence, omission, mistake, misrepresentation, fraud or error on the part of the authorised depository agent, its servants or agents, provided always that such acts were committed during its tenure as an authorised depository agent of the Depository.

Rule 2.10 Inspection

- (1) **Depository's right to inspection:**
- (a) The Depository may conduct an inspection on an authorised depository agent at any time in the following circumstances:

- (i) on any matter in relation to these Rules, the authorised depository agent's internal policies and procedures and any other rules and regulations related to its functions as an authorised depository agent; or
 - (ii) where the Depository has reason to suspect that the authorised depository agent has engaged in an activity that has affected or may affect the integrity of the Depository's computer system or the orderly handling of deposited securities.
- (b) An authorised depository agent and its Relevant Person must:
 - (i) give or procure for the Depository all information, documents, books and records the Depository requests for and allow the Depository to take copies and extracts of such documents, books and records; and
 - (ii) give the Depository access to the relevant premises, including its terminals and other computer peripherals situated at the authorised depository agent's premises, for the Depository to conduct an inspection under Rule 2.10.
- (c) An authorised depository agent and its Relevant Person must:
 - (i) not hinder or obstruct the Depository during the inspection; and
 - (ii) give the Depository all assistance the Depository reasonably requires to conduct the inspection.

(2) **Deleted**

- (3) **Reporting:**
- (a) The Depository will notify the authorised depository agent concerned of the findings of the Depository's inspection.
 - (b) An authorised depository agent must table the Depository's findings to the authorised depository agent's board of directors as soon as possible.
 - (c) An authorised depository agent must within such time as may be stipulated by the Depository:
 - (i) take corrective measures to address the Depository's findings; and
 - (ii) notify the Depository in writing of the authorised depository agent's board of director's decided course of action and corrective measure taken (if any) to address the Depository's findings.
- (4) **Deleted**

Rule 2.11 Statement of Accounts and Notices:

- (1) **Access to Statement of Accounts and Notices:** Where any provision in these Rules requires the Depository to send or issue statement of accounts or notices to a depositor and such depositor is an authorised depository agent or its nominee company, the Depository shall do so by providing the authorised depository agent or its nominee company access to such statement of accounts and notices in relation to its principal or nominee accounts (hereinafter referred to as "the Statements and Notices") in the following manner:-
- (a) by placing the Statements and Notices on the computer system of the Depository in accordance with the directions issued by the Depository; and

- (b) by allowing the retrieval of the Statements and Notices from the computer system of the Depository in accordance with the directions issued by the Depository.

(2) **Issuance:**

- (a) For the purposes of this Rule, the Statements and Notices are deemed issued by the Depository to the authorised depository agent and its nominee company when the same is placed on the computer system of the Depository and is capable of being retrieved by the authorised depository agent in accordance with the directions issued by the Depository.
- (b) where through no fault of the Depository, the Statements and Notices are not capable of being retrieved by the authorised depository agent and its nominee company, in accordance with the directions issued by the Depository, the Statements and Notices are nevertheless deemed issued pursuant to Rule 2.11(2)(a).

(3) **Frequency of issuance:**

- (a) subject to Rule 2.11(1), the provisions of Rule 32.01 shall apply *mutatis mutandis* to all authorised depository agents.
- (b) where reference is made to the following terms in Rule 32.01, it shall be construed respectively as follows:
 - (i) depositor shall be construed as an authorised depository agent; and
 - (ii) securities account shall be construed as the principal or nominee account of the authorised depository agent opened pursuant to Rule 33.01.

- (4) **Discrepancies:** Any authorised depository agent who disputes any entries shown on the Statements and Notices, is to report the discrepancy to the Depository directly within seven days from the date the Statements and Notices are issued to the authorised depository agent and its nominee company.
- (5) **Paper Copy:** No paper copy of the Statements and Notices shall be issued to an authorised depository agent and its nominee company unless expressly stated otherwise by the Depository.

Rule 2.12 Outsourcing by Authorised Depository Agents:

- (1) **Outsourcing:** An authorised depository agent which outsources its Depository Functions must comply with these Rules and the Commission's Licensing Handbook as though the authorised depository agent is the CMSL holder mentioned in the Commission's Licensing Handbook.
- (2) **Directions:** An authorised depository agent must ensure that the Service Provider(s) comply with the Rules that are applicable to the outsourced functions in the same manner as the authorised depository agent is required to.
- (3) **Accountability:** An authorised depository agent remains accountable for all outsourced Depository Functions and will be held liable for any act or omission on the part of the Service Provider which results in a breach of these Rules.
- (4) **Investment Bank:**
 - (a) This Rule 2.12 is not applicable to an authorised depository agent which is an Investment Bank.
 - (b) An authorised depository agent which is an Investment Bank must instead comply with the Guidelines on Investment Banks and such other requirements of the Central Bank relating to the matter.

Rule 2.13 Investment Bank:

In relation to an authorised depository agent that has acquired the status of an Investment Bank after its appointment as an authorised depository agent under Part II of these Rules, the said authorised depository agent shall notify the Depository in writing of the same at least seven (7) days (or such other time as may be determined by the Depository) 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 Depository.

Chapter 3.0**Suspension as an Authorised
Depository Agent, etc****Rule 3.01 Circumstances and Actions:**

- (1) **Circumstances which warrant action:** Any authorised depository agent may be subjected to any one or more of the actions set out in Rule 3.01(2) to be taken by the Depository if-
- (a) it has been suspended from trading as a participating organisation of the Stock Exchange;
 - (b) the Stock Exchange has withdrawn its recognition as a participating organisation;
 - (c) it has violated the Rules;
 - (d) it has failed to comply with any recommendations made by the advisory committee;
 - (e) it has violated, whether directly or indirectly, any provisions of the Act;
 - (f) it has failed to pay any debts due and owing to the Depository, an authorised depository agent, an authorised direct member, an issuer or depositor in accordance with these Rules;
 - (g) it has failed to indemnify the Depository in accordance with Rule 2.09;
 - (h) it has become or is likely to become insolvent or has been or is likely to be wound up under the Companies Act 2016 or any rules or regulations thereto;
 - (i) it has failed to pay any penalties or fines imposed by the Depository pursuant to these Rules;

- (j) where it is a statutory body established under any Act of Parliament, it has been placed under the control of the Government of Malaysia or any of its appointees by reason that it is financially insolvent;
 - (k) it is necessary to facilitate the carrying out of any instructions, directives, orders or decisions made by the Stock Exchange or the Commission in respect of the authorised depository agent;
 - (l) the Depository is not satisfied with the security features and controls of the authorised depository agent; or
 - (m) a receiver or a receiver and manager has been appointed over it.
- (2) **Actions that may be taken by the Depository:** Upon the happening of any of the events set out in Rule 3.01(1), the Depository may take any one or more of the following actions against an authorised depository agent or any branch office-
- (a) suspend the authorised depository agent from maintaining or performing any or all of the approved functions of an authorised depository agent;
 - (b) issue instructions, directives or orders to the authorised depository agent in relation to the control and management of the securities accounts of depositors who have maintained their accounts with such authorised depository agent and the performance of any or all of the approved functions of the authorised depository agent;
 - (c) enter the premises of the authorised depository agent and supervise the management of the securities accounts of depositors who have maintained their accounts with such authorised depository agent and the

performance of any or all of the approved functions of the authorised depository agent;

- (d) enter the premises of the authorised depository agent and take over the control and management of the securities accounts of depositors who have maintained their accounts with such authorised depository agent;
- (e) enter the premises of the authorised depository agent and take possession or control of all records and communications in relation to all securities accounts of depositors maintained with the authorised depository agent, and such other records and accounts as will sufficiently explain the transactions and operations of the authorised depository agents in relation to the deposited securities;
- (f) assume total control of the management of all securities accounts maintained with the authorised depository agent and transfer the whole operation of the authorised depository agent in its capacity as an authorised depository agent to another location to be determined by the Depository in its absolute discretion; or
- (g) terminate the appointment as an authorised depository agent,

provided that no such action shall be effected by the Depository without prior consultation with -

- (a) the Stock Exchange and the Commission where the authorised depository agent is a participating organisation; and
- (b) the Central Bank and the Commission where such authorised depository agent is a bank, merchant bank or finance company.
- (c) **Deleted**

Rule 3.02 Deleted**Rule 3.02A Appeal:**

Where any person has been suspended or whose appointment as authorised depository agent has been terminated under Rule 3.01 and is thereby aggrieved as a result of the decision of the Depository, that person may appeal to the Depository stating the reasons why it should not be suspended or its appointment terminated. The decision of the Depository shall be final and binding unless an appeal against the decision is made to the Commission. Upon presentation of the appeal, such person shall submit to the decision of the Commission whose decision shall be final and binding upon that person.

Rule 3.03 Appointment of manager:

The Depository upon consultation with the Commission may appoint any suitable and competent person or persons, with remuneration to be paid by the authorised depository agent for the purpose of exercising any of the powers specified in Rule 3.01(2) paragraphs (c), (d), (e) and (f).

Rule 3.04 Actions against branch offices:

- (1) **Actions that may be taken by the Depository:** Notwithstanding any provision in this chapter the Depository may take any one or more of the actions set out in Rules 3.01(2) or 3.02(2), as the case may be in respect of a particular branch office of an authorised depository agent-
- (a) by reasons stipulated under Rules 3.01(1) or 3.02(1), as the case may be; or
 - (b) if the Depository is not satisfied with the capabilities of that branch office to discharge any of the approved functions,

provided however that where the branch office is that of a bank, merchant bank, finance company, Islamic bank or a bank established under an Act of Parliament

no such action shall be effected without prior consultation with the Central Bank and where such authorised depository agent is a participating organisation or a Clearing House, prior consultation is also held with the relevant Exchanges and the Commission.

- (2) **Termination of appointment:** In the event the Depository suspends or terminates the appointment as authorised depository agent under this chapter, such suspension or termination shall mean the automatic suspension or termination of any of its approved branch offices but the suspension or termination of appointment of any branch office of an authorised depository agent shall not operate to relieve any other branch office or the main office from performing any duties or functions imposed on it under the Act or in these Rules.

Rule 3.05 Variation of procedures:

Where the Depository takes any one or more of the action under Rule 3.01(2), the procedures set out in Part II and V of these Rules as may be applicable to the authorised depository agent and the depositors whose securities accounts are maintained with the authorised depository agent respectively, may be varied to such extent as the Depository may deem fit or necessary.

Rule 3.06 Deleted

Rule 3.07 Obstruction:

The authorised depository agent shall indemnify and hold indemnified the Depository for any loss, damage, cost, expense, liability or claim suffered or incurred by the Depository whether directly or otherwise by reason of -

- (a) the authorised depository agent in any way not complying with the instructions and/or directions issued by the Depository and/or obstructing or hindering the

Depository in the exercise of its powers under this chapter; or

- (b) the authorised depository agent failing to give to the Depository such assistance as is required by the Depository.

Rule 3.08 Liability:

The Depository shall not be liable to any person for any loss or damage that may be incurred or suffered by such person as a result of the exercise or intended exercise of any power or performance of any duty conferred or imposed on the Depository under this chapter and exercised by the Depository in good faith.

Rule 3.09 Indemnification:

The exercise by the Depository of the powers referred to in Rule 3.01(2) shall not in any way affect the right of the Depository to claim indemnification from the authorised depository agent whether such right to indemnification is pursuant to these Rules or otherwise.

Rule 3.10 Rights or liabilities of the authorised depository agent prior to termination:

Where the appointment of an authorised depository agent is terminated pursuant to Rule 3.01, such termination shall not affect any rights or liabilities of the authorised depository agent prior to such termination.

Chapter 4.0 Procedures Manual and Standard of Facilities

Rule 4.01 Directions:

- (1) **Authorised depository agents bound by Directions:** The Depository may, from time to time, issue directions to or for, authorised depository agents in order to ensure the orderly handling of securities deposited or lodged with such agents and to facilitate all other services and functions incidental thereto. Every authorised depository agent shall be bound by such directions and any amendment thereto in the same manner as it is bound by the provisions of these Rules.
- (2) **Rules to prevail:** Notwithstanding anything in Rule 4.01(1) in the event where there is a conflict between any of the provisions of these Rules and anything in the directions, the Rules shall prevail.

Rule 4.02 Standard of facilities:

Every authorised depository agent shall throughout its appointment install and maintain the equipment and facilities, including the hardware and software, specified in writing by the Depository from time to time.

Chapter 4A.0 Miscellaneous**Rule 4A.01 Authorised depository agent shall refuse to act:**

An authorised depository agent shall refuse to act on the instructions of a depositor in performing and discharging any of the depositor's transactions specified under Rule 25.04(2) relating to any deposited securities where -

- (a) the authorised depository agent has reason to believe that the depositor's transactions are intended to facilitate the dealing in securities or interest in securities outside a stock market of the Stock Exchange, or
- (b) the transactions are in breach of any provisions of the Act, these Rules, the Procedures Manual or any securities laws.

Rule 4A.02 Authorised depository agent shall not perform certain transactions:

An authorised depository agent shall not perform and discharge any of the transactions specified under Rule 25.04(2) relating to any deposited securities held in its Principal or nominee accounts where -

- (a) the transactions are intended to facilitate the dealing in securities or interest in securities outside a stock market of the Stock Exchange, or
- (b) where the transactions are in breach of any provisions of the Act, these Rules, the Procedures Manual or any securities laws.

Rule 4A.03 Authorisation:

- (1) The Depository shall be authorised by an authorised depository agent to perform and discharge all Depositor's Transactions specified under Rule 25.04(2) in respect of its principal and nominee accounts-
 - (a) upon the written instructions of the authorised depository agent, in such manner as may be prescribed under these Rules; or
 - (b) where a trade has been initiated and conducted through the stock market of the Stock Exchange for which the principal or nominee account is to be used for settlement of such trade, as the case may be, upon the instructions of the Clearing House in accordance with the Rules of the Stock Exchange and the Rules of the Clearing House.

Rule 4A.04 Compliance with Rules, etc:

Every authorised depository agent shall comply with the provisions of the Act, the Regulations and these Rules, whether in this part or otherwise, where they purport to apply to him, directly or indirectly.

Rule 4A.05 Authorised Depository Agent to include other persons

An authorised depository agent is responsible to the Depository for all acts or omissions of its owners, principals, directors, officers, employees, trainees, agents, service providers and sub-contractors.

Chapter 5.0 Opening and Maintenance of Securities Accounts

Rule 5.01 Account details:

Every securities account, upon approval by the Depository, shall bear the name, national identity card number or passport number and address of the depositor and an account number and shall state whether it is a securities account belonging to a Malaysian or a foreigner.

Rule 5.02 Processing period:

An authorised depository agent must process an application to open a securities account within two market days from the date of receipt of the complete application and the relevant supporting documents.

Rule 5.02A Opening of securities accounts:

- (1) An authorised depository agent must require any person who intends to open a securities account or formalise a securities account that has been opened by the Depository under a public offer to submit to it an application containing the information together with the relevant supporting documents as prescribed by the Depository, unless such application is submitted to it via CDS eServices.
- (2) An authorised depository agent must comply with the procedures as may be determined by the Depository relating to the application to open or formalise a securities account, including verifying the applicant's identity and the authenticity of the application in the manner prescribed by the Depository when processing an application to open a securities account that it received directly or via CDS eServices.
- (3) **Deleted**

- (4) The authorised depository agent shall be liable for and shall indemnify and hold indemnified the Depository against any loss, damage, cost, expense, liability or claim suffered or incurred by the Depository, whether directly or otherwise arising from or in connection with:
- (a) a breach of Rule 5.02A(2); or
 - (b) any wilful act, omission, neglect, fraud or error on the part of any third party relied on to verify the applicant's identity and the authenticity of the application.
- (5) In the event of any wilful act, omission, neglect, fraud or error on the part of any third party referred to in Rule 5.02A(4)(b), the authorised depository agent shall be deemed to have committed a breach of the provision of this Rule as if the wilful act, omission, neglect, fraud or error had been committed by the authorised depository agent and be subject to the powers of the Depository pursuant to Rule 39.02.

Rule 5.03 Approval or rejection:

- (1) **Disclaimer of obligation:** The Depository shall not be under any obligation to accept every application to open a securities account.
- (2) **No right of refusal:** Notwithstanding anything in Rule 5.03(1), no authorised depository agent shall refuse to process an application to open a securities account with such agent for any person, whether that person is a client of the agent or otherwise, in respect of an application for securities under a public offer pursuant to section 37 of the Act unless in the honest opinion of the agent, such person appearing before the agent may be opening the account to facilitate fraudulent practices.
- (3) **Fees and Charges:** Where the Depository refuses to open a securities account for any person, any fees or charges (other than stamping fees) collected from such person shall be refunded by the authorised depository agent.

Rule 5.04 Criteria for opening of clients' accounts:

Every authorised depository agent shall comply with Rule 25.02 in its selection of clients who are eligible to open a securities account with it.

Rule 5.05 Responsibility for entries in securities accounts:

Every authorised depository agent shall be responsible for all entries made by such agent, its employees or servants in the securities accounts of its depositors and shall, in respect of any such entries, fully indemnify such depositors for any loss, damage or liability suffered by them arising from any wilful act, omission, neglect, fraud or error on the part of such agent, its employees or servants in respect thereof and shall indemnify and hold indemnified the Depository against any claim, action or proceeding instituted against the Depository by the depositors or any other third party towards any cost, expense, loss, damage or liability suffered or incurred by the Depository as a result of such claim, action or proceeding.

Rule 5.06 Prohibition against variation of contract:

- (1) **Terms and conditions of Depository to prevail:** The agreements governing the contractual relationship between the Depository and the depositors must be made in the manner and contain the terms and conditions prescribed by the Depository. The terms and conditions prescribed by the Depository must not be varied, deleted or added to without the prior written approval of the Depository.
- (2) **Prohibition on additional agreements:** No authorised depository agent shall enter into any additional agreement, whether supplemental or principal, with their depositors, not already approved by the Depository which may
 - (a) exclude, exempt, disclaim, reduce, limit or waive any loss, damage or liability on the part of the agent for any wilful act, omission,

neglect, fraud or error on the part of such agent; and

- (b) vary, delete, amend any provisions as may be stated under this Rules or in the directions issued by the Depository.
- (3) **Other agreements:** No authorised depository agent who is a participating organisation of the Stock Exchange shall incorporate or include any term or condition relating to the securities accounts of their depositors as part of the contract or agreement governing these depositors' trading or custodian accounts also held with such participating organisation which may exclude, exempt, disclaim, reduce, limit or waive any loss, damage or liability on the part of the agent for any wilful act, omission, neglect, fraud or error on the part of such agent.
- (4) **Deleted**

Rule 5.07 Closing of securities account:

Unless expressly authorised by the Depository, no securities account may be closed by an authorised depository agent without obtaining prior written consent of the depositor. An application to close a securities account shall be made in the prescribed form.

Rule 5.08 Balance enquiry:

- (1) **Depositor may request enquiry:** A depositor may, by completing the prescribed form in the Procedures Manual, require an authorised depository agent with whom the depositor's securities account is maintained to enquire into the balance status of the depositor's securities account.
- (2) **Authorisation by depositor:** A depositor may, by way of a written authorisation permit the authorised depository agent with whom his securities account is maintained, to allow any person duly authorised by the depositor and specifically named in the written

authorisation, to enquire into the balance status of the depositor's securities account. Where the person authorised is a person other than a dealer's representative of that authorised depository agent, the written authorisation shall only be effective for the purpose of making one balance enquiry. Where the person authorised is a dealer's representative of that authorised depository agent, the written authorisation must be in the form prescribed in the Procedures Manual and shall be valid for such period as may be stipulated by the depositor in the written authorisation unless revoked by the depositor by submitting to that authorised depository agent a notice in writing in the form prescribed in the Procedures Manual. Notwithstanding the foregoing, the authorisation effected under this Rule shall cease to be of effect if the dealer's representative authorised under this Rule ceases to be a dealer's representative of the authorised depository agent with whom the depositor maintains a securities account.

- (3) **Revocation of authorisation:** Where the person authorised by a depositor is a dealer's representative, the depositor may revoke such authorisation by providing written notice to the authorised depository agent in the prescribed form in the Procedures Manual.
- (4) **Responsibility of authorised depository agent for disclosure:** Without prejudice to the provisions of section 45 of the Act and pursuant to this Rule, it shall be the responsibility of the authorised depository agent to ensure that no information relating to the balance status of any securities account shall be disclosed to any person except to the person duly authorised under Rule 5.08(2).
- (5) **Interpretation:** For the purposes of this Rule, "dealer's representative" shall refer to a dealer's representative who is in the employment of, or acting for or by arrangement with the authorised depository agent with whom the depositor giving the authorisation maintains a securities account.

Rule 5.09 Dormant account:

- (1) **Reactivation:** An authorised depository agent must require any depositor who intends to reactivate a dormant account that has not been closed pursuant to Rule 26.06A(2) to submit to it the duly completed form as prescribed by the Depository.
- (2) **Processing period:** An authorised depository agent must process an application to reactivate a dormant account within two market days from the date of receipt of the hard copy of the complete application.
- (3) **Prohibition:** No authorised depository agent unless otherwise directed by the Depository, in consultation with the Commission, shall effect a debit or credit entry in any dormant account unless the provisions in Rule 5.09(1) and (2) have been complied with.
- (4) **Interpretation:** Dormant account shall have the same meaning as defined under Rule 26.10.

Rule 5.10 Inactive account:

- (1) **Reactivation:** An authorised depository agent must require any depositor who intends to reactivate an inactive account to submit to it the duly completed form as prescribed by the Depository.
- (2) **Processing period:** An authorised depository agent must process an application to reactivate an inactive account within two market days from the date of receipt of the hard copy of the complete application.
- (3) **Prohibition:** No authorised depository agent unless otherwise directed by the Depository, in consultation with the Commission, shall effect a debit entry in any inactive account unless the provisions in Rule 5.10(1) and (2) have been complied with.
- (4) **Interpretation:** Inactive account shall have the same meaning as defined under Rule 26.11.

Chapter 6.0 Deposit of Scrips by Authorised Depository Agents

Rule 6.01 Prescribed securities and unlisted securities:

Securities accepted for deposit: All authorised depository agents shall accept prescribed securities and unlisted securities to be deposited with the Depository provided always that the requirements for deposit as stipulated in Rule 6.04 have been fully complied with.

Rule 6.01A Mandatory deposits:

- (1) **Deposits upon prescription of securities listed or proposed to be listed:** Upon prescription of any securities listed or proposed to be listed on the Stock Exchange the holders of those securities shall deposit the securities within the prescribed date with the Depository.
- (2) **Deposits of existing prescribed securities:** All holders of existing prescribed securities shall deposit their securities with the Depository within the time frame stipulated in the Act.
- (3) **Exception to mandatory deposits:**
 - (a) Rule 6.01A(1) and Rule 6.01A(2) shall not apply to the following securities or class of securities of an issuer -
 - (i) Deleted
 - (ii) securities or class of securities of an issuer listed, quoted or traded on a stock market other than a stock market of the Stock Exchange, as may be prescribed by the Depository; or

- (iii) any other securities or class of securities of an issuer, as may be determined by the Depository after consultation with the Commission. (hereinafter referred to as “the Exempted Securities”)
- (b) The Depository may with respect to the Exempted Securities prescribe-
 - (i) the period of exemption; and
 - (ii) upon the expiry of the period of exemption, the manner of deposit of the same.

Rule 6.02 Deleted

Rule 6.03 Deposit Period:

- (1) **Prescribed securities:** Prescribed securities shall be deposited with the Depository via the authorised depository agents with or through whom securities accounts are maintained from the deposit date.
- (2) **Unlisted securities:** Unlisted securities of an issuer may be deposited at any time and from time to time with the Depository via the authorised depository agents with or through whom securities accounts are maintained on or after the date the Depository prescribes such securities of the issuer as being eligible for deposit.

Rule 6.04 Procedures for deposits:

- (1) **One deposit form for each type of security:** When a depositor lodges with an authorised depository agent, two or more types of prescribed or unlisted securities to be deposited with the Depository, the agents shall ensure that the depositor completes a separate prescribed form for each type of security.

- (2) **Documents to lodge:** It shall be the responsibility of the authorised depository agent, in processing a deposit of scrip lodged by a depositor (hereinafter in this chapter such deposit is referred to as a "Deposit"), to check and ensure the completeness, accuracy and genuineness of the documents lodged as follows-
- (a) the prescribed form (deposit request), if any, fully and properly completed in triplicate;
 - (b) that the scrips and instruments of transfer to be deposited are "good for delivery" and that such scrips are those mentioned in the deposit request form; and
 - (c) such other accompanying documents duly processed in such manner as the Depository may, from time to time, determine in its Procedures Manual.

A fee prescribed in Part VII of these Rules shall be collected by the authorised depository agent on behalf of the Depository when a depositor submits the above documents.

- (2A) (a) **Deleted**
- (b) **Moratorium securities:**
- (i) Moratorium securities shall be deposited into the securities account of the person whose name appears on the scrip unless permitted otherwise by the Commission and the securities shall be placed under suspense.
 - (ii) All moratorium securities deposited pursuant to Rule 6.04(2A)(b)(i), shall, in the securities account be designated as moratorium securities and the designation shall be removed after the expiry of then moratorium period upon confirmation by the issuer.

- (3) **“good for delivery”**: For the purposes of this chapter, a scrip and the instrument of transfer is good for delivery if-
- (a) the scrip has not been reported lost or stolen at the time of deposit;
 - (b) the scrip has been issued in accordance with section 97 of the Companies Act 2016; and
 - (c) the instrument of transfer has been duly executed by the transferor and duly witnessed by a person other than the transferor’s spouse and presented with such other documents, if any, as may be required by the issuer concerned to enable lawful registration of the transfer to be effected notwithstanding that the transferee’s portion of the instrument of transfer be left uncompleted (blank).

Rule 6.05 Processing of deposits:

- (1) **Processing period**: Any information relating to a deposit shall be recorded by the computer system if the appropriate entries are made by an authorised depository agent before 12.30 p.m. on any date of lodgement (D). All entries entered in after 12.30 p.m. on (D) shall be updated by the computer system on the following market day.
- (1A) **Lodging period**: All deposits of scrips lodged by a depositor with an authorised depository agent before 12.00 p.m. on any market day shall be entered by the authorised depository agent into the computer system before 12.30 p.m. on the same market day.
- (1B) **Securities account**: An authorised depository agent shall ensure that the entries for deposits are only made into the securities account of the beneficial owners or the authorised nominees of the deposited securities.

- (2) **Depository to execute as transferee:** All documents required with respect to a deposit of prescribed and unlisted security shall be forwarded by the authorised depository agent duly processed (with the instrument of transfer and in the case of prescribed security only the transferee part duly certificated and signed by the authorised depository agent in favour of the Bursa Malaysia Depository Nominees Sdn. Bhd.) to the Depository.
- (3) **Time period for delivery:** Where an authorised depository agent is located within the Kuala Lumpur-Klang Valley, the authorised depository agent shall deliver the necessary documents relating to a deposit to reach the Depository by 4.00 p.m. on (D) itself. All other authorised depository agents located outside of the Kuala Lumpur-Klang Valley shall follow the guidelines for delivery as stated in the Procedures Manual.
- (4) **Delivery to the issuer:** All necessary documents relating to a deposit shall, after proper processing by the Depository, be delivered to the appropriate issuer or its company registrar, as the case may be, by (D+2). It shall be the responsibility of the Depository to ensure that such documents are delivered safely to the issuer or its company registrar, as the case may be, and on time.

Rule 6.06 Status of securities pending verification:

- (1) **Securities in suspense:** Where prescribed securities are deposited with the Depository under these Rules, pending verification by the issuers pursuant to Rule 18.03, such securities shall be credited into the securities accounts of the respective depositors and designated as “securities in suspense” However during the transitional period, the Depository is authorised to utilise such securities in suspense belonging to a selling depositor for settlement purposes subject to any buying-in requirements under the Rules of the Stock Exchange and the Rules of the Clearing House.

- (2) **Depositor not to perform Depositor's Transactions:** Where unlisted securities are deposited with the Depository under these Rules, pending verification by the issuers pursuant to Rule 18.03, no depositor's transactions as defined under Rule 25.04(2) shall be allowed with respect to the unlisted securities and such additional securities credited as the case may be, arising from any corporate actions in relation to the unlisted securities, notwithstanding the crediting of those securities into the securities accounts of the respective depositors.

Rule 6.07 Time is of essence:

Unless arrangement has been made for delivery via the Depository's courier service, it shall be the responsibility of the authorised depository agents to ensure that such documents relating to any deposit under Rule 6.05 are delivered safely to the Depository and on time as detailed under these Rules, the Procedures Manual or other directives or circulars issued by the Depository. Unless otherwise allowed by the Depository, time wherever is mentioned in this Rule shall be of essence.

Rule 6.08 Deposit reference number and deposit request forms:

Every authorised depository agent shall, in relation to a deposit under this chapter, record the deposit reference number generated by the computer system on the deposit request form, if any. A copy of the form shall then be given to the depositor (as acknowledgement) and a second copy given to the Depository.

Rule 6.09 Deposit listing:

A listing shall be generated automatically at the terminal by the computer system indicating all deposits lodged with the authorised depository agent which has been recorded by the computer system and it shall be the responsibility of the authorised depository agent to ensure that the necessary documents relating to such deposits tally with the listing before dispatching the same to the Depository.

Rule 6.10 Accepted deposits:

Upon confirmation from the respective issuer or its company registrar, as the case may be, that the security underlying a scrip is capable of being transferred into the name of Bursa Malaysia Depository Nominees Sdn. Bhd. in accordance with Rule 18.03, such security shall be immediately redesignated by the Depository as "free securities". However, in circumstances where the authorised depository agent requires the confirmation from the issuer at an earlier date the Depository may, on a case by case basis, allow such security to be redesignated as "free securities" provided that the agent provides an indemnity in a form acceptable to the Depository and the issuer to provide replacement securities, whether wholly or in part, and to pay for any fees and charges involved in obtaining such securities in the event that the former security underlying the scrip is incapable of registration.

Rule 6.11 Rejected deposits:

Documents relating to a deposit which have been rejected by the Depository and listed in the Rejection Covering Letter and Report issued by the Depository shall, unless withheld for investigation purposes, be returned as "Rejected Securities" and the securities in respect thereof shall be debited from the securities account of the relevant depositor.

Rule 6.12 Bare trustee:

- (1) All registrable securities deposited with the Depository shall be held in the name of Bursa Malaysia Depository Nominees Sdn. Bhd. which acts as bare trustee for the depositors.
- (2) All bearer securities deposited with the Depository are held by the Depository as bare trustee for the depositors.

Rule 6.13 Misplaced, lost or destruction of scrips:

The Depository shall not be liable to a depositor for any scrip or instruments of transfers which have been misplaced, lost, destroyed or stolen by any of its authorised depository agents. In the event of any legal suits brought against the Depository by the depositor or any other party by reasons thereof, the agent hereby agrees to indemnify and to hold indemnified the Depository for any loss, damage or liability suffered by the aggrieved party arising from any scrip or instruments of transfers in respect thereof.

Rule 6.14 Deleted**Rule 6.14A Deposits to the principal or nominee accounts:**

Deposits made by authorised depository agent to the agent's principal or nominee accounts shall be subject to the rules in this chapter.

Rule 6.15 No deposits during corporate actions:

The Depository may refrain any authorised depository agent from accepting any deposits of any particular security for such period of time prescribed by the Depository in relation to any corporate action undertaken by an issuer.

Chapter 7.0 Withdrawal of Securities

Rule 7.01 Prohibitions:

An authorised depository agent must not allow a depositor to withdraw deposited securities from the Depository except in the following circumstances -

- (a) where a body corporate has been removed from the official list of a stock exchange;
- (b) where such securities are unlisted securities; or
- (c) in any other circumstances determined by the Depository from time to time, after consultation with the Commission.

Rule 7.01A Processing of withdrawal of securities:

All requests for withdrawal of securities pursuant to Rule 7.01 shall be made and processed in accordance with these Rules and directions issued by the Depository.

Rule 7.02 Deleted

Rule 7.03 Deleted

Rule 7.04 Deleted

Rule 7.05 Deleted

Rule 7.06 Deleted

Rule 7.07 Deleted

Rule 7.08 Deleted

Rule 7.09 Deleted

Rule 7.10 No withdrawals during corporate actions:

The Depository may refrain any authorised depository agent from accepting any withdrawals of any particular security for such period of time prescribed by the Depository in relation to any corporate action undertaken by an issuer.

Chapter 8.0**Transfer of Securities between
Securities Accounts held by the
Same Depositor****Rule 8.01 Transfer of securities:**

(1) Deleted

(2) Deleted

Rule 8.02 Deleted**Rule 8.03 Processing of securities:**

(1) Deleted

(2) Deleted

**Rule 8.03A “Earmarking” of securities destined for
transfer:**

(1) Deleted

Rule 8.04 Deleted**Rule 8.05 Deleted****Rule 8.05A Deleted****Rule 8.06 Deleted**

Chapter 9.0 Transfer of Securities**Rule 9.01 Transfer of securities:**

- (1) **Request for transfer:** Subject to the provisions of Rule 9.02, a depositor (hereinafter in this chapter referred to as “Transferring Depositor”) may request an authorised depository agent with whom the Transferring Depositor’s securities account is maintained, to transfer any securities held in the Transferring Depositor’s securities account to another securities account belonging to himself or to another depositor (hereinafter in this chapter referred to as “the Recipient Depositor”) maintained either with that agent or with another authorised depository agent or authorised direct member provided always that the request is made in accordance with the rules and directions issued by the Depository.
- (2) **Request for transfer by any other person:** Notwithstanding Rule 9.01(1), the Depository may issue directions to allow any other person apart from the Transferring Depositor to request for a transfer of securities between securities accounts.
- (3) **Transfers of unlisted securities:** The restrictions on transfers of securities imposed via the approved reasons for transfer of securities prescribed by the Depository, shall not apply to transfers of unlisted securities between securities accounts.

Rule 9.02 Restriction:

Save and except as provided in the Foreign Ownership Regulations, no deposited securities which are for the time being designated as “securities in suspense” shall be utilised for any book-entry transfer from one account to another.

Rule 9.03 Processing:

- (1) **Manner of processing:** All requests for the transfer of securities shall be processed in accordance with these

Rules and the directions issued by the Depository from time to time.

- (2) **Duty of authorised depository agent:** It shall be the duty and responsibility of the authorised depository agent, in processing the transfer of securities, to ensure that the Transferring Depositor complies with all provisions of these Rules and the directions of the Depository pertaining to transfer of securities.
- (3) **Rejection of transfer:** In processing the transfer of securities, the authorised depository agent shall reject such transfer of securities under any of the following circumstances :-
 - (a) The Transferring Depositor fails to comply with any of the provisions of these Rules and the directions of the Depository;
 - (b) The securities have been designated in the computer system to be utilised for any of the depositor's transactions specified under Rule 25.04(2) of these Rules; and
 - (c) Any other circumstances determined in the directions issued by the Depository from time to time.
- (4) **Non-acceptance of transfer:** The Depository may refrain authorised depository agents from accepting any transfer of securities in such circumstances determined by the Depository from time to time.
- (5) **Construction:** For the purposes of this Rule, the expression "processing the transfer of securities" shall include the making of entries into the computer system.

Rule 9.03A Lodging period:

- (1) **Deleted**
- (2) **Deleted**

Rule 9.03B Transfer entered into the computer system:

Once the transfer of securities has been entered into the computer system and has not been rejected pursuant to Rule 9.03(3), such securities shall only be utilised to effect such transfer of securities and not for any other transactions.

Rule 9.04 Updating of transfers:

- (a) Deleted
- (b) Deleted

Rule 9.05 Deleted**Rule 9.06 Deleted****Rule 9.07 "Earmarking" of securities destined for transfer:**

- (1) Deleted
- (2) Deleted
- (3) Deleted

Rule 9.08 Rejected transfers:

All transfers which have been rejected by the authorised depository agent shall be immediately reported by the authorised depository agent to the Transferring Depositor.

Rule 9.09 Deleted

Rule 9.10 Notice to depositors and the Stock Exchange:

(1) Deleted

(2) Deleted

(3) Deleted

Rule 9.11 Deleted

Rule 9.11A Deleted

Rule 9.12 Deleted

Rule 9.13 Deleted

Chapter 10.0 Depository Trade Delivery and Settlement

Rule 10.01 Deleted

Rule 10.02 Stock Exchange rules:

Unless otherwise provided in these Rules, all trading in respect of prescribed securities, shall be subject to the Rules of the Stock Exchange.

Rule 10.03 Application of this chapter:

In this chapter unless otherwise expressed to the contrary, a reference to an authorised depository agent shall be restricted to a reference to an authorised depository agent who is a participating organisation of the Stock Exchange.

Rule 10.04 Prerequisite to trade:

No trade shall be effected by an authorised depository agent, whether a participating organisation or otherwise, in respect of any prescribed security from the deposit date of such security for or on behalf of a client who does not have a securities account.

Rule 10.05 Delivery of securities:

- (1) **Book-entry delivery:** The book-entry delivery of any deposited security pursuant to trade done on 'T' shall be effected by the Depository through the computer system on a book entry basis between the securities account.
- (2) **Validity of accounts:** Pursuant to a trade done (T) the Depository shall, upon receipt of the daily trade information from the Clearing House or the Stock Exchange acting on the instructions of the Clearing House verify the validity of the account numbers of the

respective receiving and/or purchasing and delivering/selling depositors.

- (3) **Transfer by book–entry delivery:** Upon verification of the account numbers pursuant to Rule 10.05(2) and provided however there are sufficient securities in the delivering/selling depositor's account during the processing for book entry delivery on the Settlement Date, the Depository shall proceed to transfer from the delivering/selling depositor's account to the receiving/purchasing depositor's account the appropriate amount of deposited securities.
- (4) **Failed Trade:** Where during the processing for book entry delivery on Settlement Date, it is discovered that there are none or insufficient securities in the delivering and/or selling depositor's securities account, the Depository shall report such event to the Clearing House or on the instructions of the Clearing House, the Stock Exchange as a failed trade, whether partial or as a whole on the part of the delivering and/or selling depositor.

Rule 10.06 Deleted

Rule 10.07 Deleted

Rule 10.08 Deleted

Rule 10.09 Deleted

Rule 10.10 Deleted

Rule 10.11 Cash settlement:

Settlement of cash between the participating organisations and the Clearing House shall be made in accordance with the Rules of the Clearing House.

Chapter 11.0 Buying-In

Rule 11.01 Deleted

Rule 11.02 Report for insufficient securities for delivery:

After the processing for book entry delivery on Settlement Date, a report containing information on the delivering and/or selling depositors' securities accounts for which there are no or insufficient deposited securities for book-entry delivery, shall be transmitted by the Depository to the Clearing House or if instructed by the Clearing House, the Stock Exchange for the appropriate action. Any such report transmitted to the Clearing House or the Stock Exchange pursuant to this Rule shall be *prima facie* evidence of the truth of the matters so reported.

Rule 11.03 Deleted

Chapter 12.0 Selling-Out**Rule 12.01 Application of this chapter:**

In this chapter, unless otherwise expressed to the contrary, a reference to an authorised depository agent shall be restricted to a reference to an authorised depository agent who is a participating organisation of the Stock Exchange.

Rule 12.02 Conditions:

If a purchasing participating organisation is not paid within the time prescribed in the Rules of the Stock Exchange for deposited securities that are purchased and to be credited into the securities account of a depositor maintained with the authorised depository agent which is the purchasing participating organisation, a selling out may be instituted by the purchasing participating organisation as permitted under the Rules of the Stock Exchange, directly from the account of such depositor.

Rule 12.03 Deleted

Rule 12.04 Deleted

Rule 12.05 Deleted

Rule 12.06 Deleted

Rule 12.07 Deleted

Chapter 13.0 Direct Business

Rule 13.01 Deleted

Rule 13.02 Deleted