

RULES OF BURSA MALAYSIA SECURITIES BERHAD

TABLE OF CONTENTS

| | | |
|------------------|---------------|---|
| CHAPTER 1 | | DEFINITION AND RELATED PROVISIONS |
| | Part A | DEFINITION AND INTERPRETATION |
| Rule | 1.01 | Definition |
| | 1.02 | Interpretation |
| | Part B | APPLICATION AND EFFECT OF THESE RULES |
| | 1.03 | Rules of the Exchange |
| | 1.04 | Binding Effect of Rules |
| | 1.05 | Covenants to Observe Rules |
| | 1.06 | Investment Banks |
| | Part C | TRANSITIONAL PROVISIONS |
| | 1.07 | Transitional Provision in Relation to the Conversion Date |
| | 1.08 | Transitional Provision in Relation to the Old Rules |
| | Part D | NOTICES |
| | 1.09 | Notices |
| | Part E | PERSONAL DATA NOTICE |
| | 1.10 | Personal Data Notice |
| | Part F | GOODS AND SERVICES TAX |
| | 1.11 | [Deleted] |
| | Part G | CONFIDENTIALITY |
| | 1.12 | Confidentiality of Findings |
| CHAPTER 2 | | ADMINISTRATION |
| | Part A | POWERS OF THE EXCHANGE |
| Rule | 2.01 | Exercise of Powers |
| | 2.02 | Disapplication of Chapter 15 |
| | 2.03 | Validity of Actions |
| | 2.04 | Powers of the Exchange Holding Company |

| | |
|---------------|---|
| 2.05 | Decisions of the Exchange and the Right of Appeal |
| 2.06 | Parties Affected by the Actions Taken by the Exchange |
| PART B | PROTECTION OF PUBLIC, CLIENT AND EXCHANGE'S INTEREST |
| 2.07 | Summary Powers |
| Part C | EMERGENCY SITUATIONS |
| 2.08 | Circumstances upon which the Exchange may take action |
| 2.09 | Actions |
| Part D | REGISTERS |
| 2.10 | [Deleted] |
| Part E | LIABILITY AND INDEMNITY |
| 2.11 | Non-liability of the Exchange |
| PART F | DISCLOSURE OF INFORMATION |
| 2.12 | Disclosure of information regarding Participating Organisations |

CHAPTER 3 PARTICIPATING ORGANISATIONS AND REGISTERED PERSON

| | | |
|-------------|---------------|--|
| | Part A | PARTICIPATING ORGANISATIONS |
| Rule | 3.01 | Qualification Criteria |
| | 3.02 | Application Procedure |
| | 3.03 | Appeals on Refusal to Register |
| | 3.04 | Change of Status |
| | 3.05 | Participantship |
| | 3.06 | Continuing Obligations |
| | 3.07 | Resignation |
| | 3.08 | Fees |
| | 3.09 | Continuing Liability |
| | Part B | REGISTERED PERSON |
| | 3.10 | Obligation to Register |
| | 3.11 | Registration Procedures |
| | 3.12 | Appeals on Refusal to Register |
| | 3.13 | Prohibition on Performing Functions Until Registered |
| | 3.14 | Obligations |
| | 3.15 | Continuing Obligations |

- 3.16 Duty to Manage Conflicts of Interest
- 3.17 Notice of Cessation
- 3.18 Vacancy of Registered Person
- 3.19 Striking Off the Register
- 3.20 Fees on Registration
- 3.21 Continuing Liability

Part C CHIEF EXECUTIVE OFFICER

- 3.22 Obligations
- 3.23 Engagement in Other Business

Part D HEADS

- 3.24 Minimum Number of Heads
- 3.25 Engagement in Other Business

Part E HEAD OF DEALING

- 3.26 Requirement
- 3.27 Qualification Criteria
- 3.28 Obligations
- 3.29 Reporting

Part F HEAD OF OPERATIONS

- 3.30 Requirement
- 3.31 Qualification Criteria
- 3.32 Obligations
- 3.33 Reporting

Part G HEAD OF COMPLIANCE

- 3.34 Requirement
- 3.35 Qualification Criteria
- 3.36 Obligations
- 3.37 Reporting
- 3.38 Reporting of Breaches or Irregularities
- 3.39 Reporting on Compliance Matters

Part H DIRECTORS

- 3.40 Requirement
- 3.41 Obligations

3.42 Engagement in Other Business

3.43 Deeming Provision

Part I DEALER'S REPRESENTATIVES

3.44 Categories

3.45 Requirement

3.46 Qualification Criteria

3.47 Obligations of a Dealer's Representative

3.48 Scope of Activities

3.49 Remuneration

3.50 Segregation of Assets

3.51 [Deleted]

3.52 Re-Designation

3.53 Transfer

Part J PROTECTION OF PUBLIC, CLIENT AND EXCHANGE'S INTEREST

3.54 [Deleted]

CHAPTER 4 MARKET MAKERS

Rule Part A REGISTRATION OF A MARKET MAKER

4.01 Qualification Criteria

4.02 Application Procedure

4.03 Continuing Obligations

Part B OBLIGATIONS OF A MARKET MAKER

4.04 Bid and Offer Prices

4.05 Designated Trading Account and Designated Securities Account

4.06 Conduct by Market Maker

Part C DERIVATIVES SPECIALISTS

4.07 General

4.08 Application Procedure

4.09 Continuing Obligations

4.10 Designated trading account and Securities Account

4.11 Conduct by Derivatives Specialist

Part D RESIGNATION

4.12 Resignation

- 4.13 Termination, Suspension or Restriction of the Activities of a Market Maker or a Derivatives Specialist
- 4.14 Continuing Liability

Part E PERMITTED SHORT SELLING

- 4.15 General
- 4.16 Commencement of Permitted Short Selling
- 4.17 Execution
- 4.18 Suspension of Permitted Short Selling
- 4.19 Delivery and Settlement
- 4.20 Action by the Exchange
- 4.21 General

CHAPTER 5 CONDUCT OF BUSINESS

- | | |
|-------------|--|
| Rule | Part A GENERAL REQUIREMENTS |
| | 5.01 Standard of Conduct |
| | 5.02 Conflicts of Interest and Risk Management |
| | 5.03 Structures, Internal Controls, Policies and Procedures |
| | 5.04 Records |
| | 5.05 Business Premises |
| | 5.06 Advertising |
| | 5.07 Communication within the Participating Organisation |
| | 5.08 Disputes |
| | 5.09 Statements, Information and Reports to the Exchange |
| | 5.10 Currency |
| | 5.11 Segregation of Client's Securities |
| | Part B RESOURCES |
| | 5.12 Proper Performance of Business Activities |
| | 5.13 Personnel |
| | 5.14 Trading Clerks |
| | Part C CLIENTS |
| | 5.15 Client Information and Opening of Accounts with Clients |
| | 5.16 Doing Business with Clients |
| | 5.16A Discretionary Account |
| | Part D OUTSOURCING |

5.17 Outsourcing Arrangements

5.18 Investment Bank

Part E INSURANCE REQUIREMENTS

5.19 Requirement to Take Out Insurance Policy

5.20 Notification of Claims

CHAPTER 6 ORGANISATION AND STRUCTURE OF PARTICIPATING ORGANISATIONS

| | | |
|-------------|---------------|--|
| | Part A | PERMITTED BUSINESS OF PARTICIPATING ORGANISATIONS |
| Rule | 6.01 | Permitted Business |
| | Part B | BRANCH OFFICE AND ELECTRONIC ACCESS FACILITIES |
| | 6.02 | Application |
| | 6.03 | Establishment of Branch Office |
| | 6.04 | [Deleted] |
| | 6.05 | [Deleted] |
| | Part C | BACK OFFICE FUNCTIONS |
| | 6.06 | Back Office System and Operations |
| | Part D | COMPLIANCE FUNCTION |
| | 6.07 | Compliance Function |
| | 6.08 | Accountability |
| | 6.09 | Reporting |
| | Part E | RISK MANAGEMENT OF PARTICIPATING ORGANISATIONS |
| | 6.10 | Risk Management Functions |
| | 6.11 | Composition of the Risk Management Committee |
| | Part F | INTERNAL AUDIT OF PARTICIPATING ORGANISATIONS |
| | 6.12 | Internal Audit Functions |
| | 6.13 | Composition of Audit Committee |
| | 6.14 | Scope of Internal Audit |
| | 6.15 | Reporting |

**Part G PERFORMANCE OF RISK MANAGEMENT COMMITTEE AND
AUDIT COMMITTEE FUNCTIONS AT GROUP LEVEL**

- 6.16 Risk Management Committee and Audit Committee
6.17 Investment Bank

CHAPTER 7 DEALINGS IN SECURITIES

Rule Part A DEALINGS IN SECURITIES

- 7.01 General
7.02 Quotation and Trading in Securities
7.03 Acting as Principal
7.04 Proprietary Trading
7.05 Trading Accounts
7.06 Breakdown or Malfunction
7.07 Lien on Securities
7.08 Reporting of Trade Dispute
7.09 Recognised Stock Exchange
7.10 Dealing With or Creation of Other Market

Part B OFF BALANCE SHEET TRANSACTIONS

- 7.11 Investment Banks
7.12 Records of Off-Balance Sheet Transactions
7.13 Reporting of Off-Balance Sheet Transactions

Part C DESIGNATED SECURITIES

- 7.14 Designated Securities

Part D CORNER

- 7.15 Declaration

Part E ISLAMIC STOCKBROKING ACTIVITIES

- 7.16 Approval of the Exchange

Part F SECURITIES BORROWING AND LENDING

- 7.17 Definitions
7.18 General
7.19 Internal Guidelines and Systems
7.20 Commencement of Securities Borrowing or Lending Activities
7.21 [Deleted]

- 7.22 Designated Accounts
- 7.23 [Deleted]
- 7.24 Actions by the Exchange

Part G TRANSACTION BY EMPLOYEES, DEALER'S REPRESENTATIVES, TRADING REPRESENTATIVES AND DIRECTORS

- 7.25 [Deleted]
- 7.26 Notification
- 7.27 [Deleted]
- 7.28 Definition

Part H FINANCING

- 7.29 Types of Financing Allowed
- 7.30 Margin Financing
- 7.31 Discretionary Financing
- 7.32 Other Types of Financing
- 7.33 Financing to Related Corporation

Part I ISLAMIC SECURITIES SELLING AND BUYING – NEGOTIATED TRANSACTION

- 7.34 Definitions
- 7.35 General
- 7.36 Internal Guidelines and Systems
- 7.37 Commencement of ISSBNT Activities
- 7.38 Designated Account
- 7.39 Actions by the Exchange

Part J LEVERAGED AND INVERSE EXCHANGE TRADED FUNDS

- 7.40 Trading in leveraged and inverse Exchange Traded Funds

CHAPTER 8 TRADING

Part A AUTOMATED TRADING SYSTEM

- Rule** 8.01 General
- 8.02 Trading Days, Trading Sessions and Trading Hours
- 8.03 Trading Status
- 8.04 Keying-In of Orders

| | |
|-------|---|
| 8.05 | Orders |
| 8.06 | Types of Orders |
| 8.07 | Validity Condition |
| 8.08 | Order Matching |
| 8.09 | Contract Amendment |
| 8.10 | Cancellation of Contract |
| 8.11 | System Failure or Malfunction or Mistakes by the Exchange |
| 8.12 | Mistakes by the Participating Organisation |
| 8.13 | Static price limits |
| 8.13A | Dynamic price limits |
| 8.13B | Last Price Limits |
| 8.14 | On-Market Married Transaction |

Part B DIRECT MARKET ACCESS

| | |
|------|-------------------------|
| 8.15 | Definition |
| 8.16 | General |
| 8.17 | Automatic Risk Filters |
| 8.18 | Clients |
| 8.19 | DMA Orders |
| 8.20 | Actions by the Exchange |

Part C REGULATED SHORT SELLING

| | |
|------|---|
| 8.21 | Definitions |
| 8.22 | Regulated Short Selling |
| 8.23 | Commencement of Regulated Short Selling |
| 8.24 | [Deleted] |
| 8.25 | Designated Trading Account and Securities Account |
| 8.26 | Execution |
| 8.27 | Contract Note for Regulated Short Sale |
| 8.28 | Prohibition on Amendments of Contract |
| 8.29 | Delivery and Settlement |
| 8.30 | Reporting by Participating Organisation |
| 8.31 | Suspension of Regulated Short Selling |
| 8.32 | Action by the Exchange |

Part D INTRADAY SHORT SELLING

| | |
|------|------------------------|
| 8.33 | Definitions |
| 8.34 | Intraday Short Selling |

| | |
|------|---|
| 8.35 | Commencement of Intraday Short Selling |
| 8.36 | Execution |
| 8.37 | Suspension of Intraday Short Selling |
| 8.38 | Suspension Following a Price Drop |
| 8.39 | Delivery and Settlement |
| 8.40 | Reporting by Participating Organisation |
| 8.41 | Actions by the Exchange |

Part E TRADING SUSPENSION

| | |
|------|--------------------|
| 8.42 | Trading Suspension |
|------|--------------------|

CHAPTER 9 DELIVERY AND SETTLEMENT

Part A GENERAL

| | | |
|-------------|------|----------------|
| Rule | 9.01 | Scope |
| | 9.02 | Clearing House |

Part B DELIVERY OF SECURITIES

| | |
|------|-------------------------------------|
| 9.03 | Ready Basis Contracts |
| 9.04 | Securities with Multiple Quotations |

Part C FAILED CONTRACTS OF BOARD LOTS

| | |
|------|--------------------------|
| 9.05 | Buying-In Without Notice |
| 9.06 | Buying-In Procedures |
| 9.07 | Cash Settlement |

Part D FAILED CONTRACTS OF ODD LOTS

| | |
|------|-----------------|
| 9.08 | Cash Settlement |
|------|-----------------|

Part E SETTLEMENT OF PAYMENT

| | |
|------|--|
| 9.09 | Settlement Between a Participating Organisation and Client |
| 9.10 | Contra |
| 9.11 | Set-Off |

Part F SELLING OUT

| | |
|------|---------------------|
| 9.12 | Default in Payment |
| 9.13 | Notice Not Required |

Part G CLAIMS AND ENTITLEMENTS ARISING OUT OF FAILURE TO DELIVER

- 9.14 Securities Transacted on “Cum-Entitlements” Basis
- 9.15 Securities Transacted on “Ex-Entitlement” Basis
- 9.16 Sale of Rights

Part H BUYING-IN UPON REQUEST

- 9.17 Buying-In Upon Request

CHAPTER 10 DIRECT BUSINESS TRANSACTIONS

Part A GENERAL

- Rule**
- 10.01 General
 - 10.02 Prohibition
 - 10.03 Delivery and Settlement
 - 10.04 Selling Out

Part B MODE OF DIRECT BUSINESS TRANSACTIONS

- 10.05 Conduct of Direct Business Transactions
- 10.06 Reporting of Direct Business Transactions
- 10.07 Accuracy of Reports
- 10.08 Trading Days, Trading Session and Trading Hours
- 10.09 Price of Securities

Part C THE FIRST DAY OF TRADING OF SECURITIES UPLIFTED FROM TRADING HALT OR SUSPENSION, LISTED AND QUOTED AND TRADING EX-ENTITLEMENT OR AFTER A CORPORATE ACTION

- 10.10 Reporting of Direct Business Transaction

Part D AMENDMENTS AND CANCELLATION OF DIRECT BUSINESS TRANSACTIONS

- 10.11 Amendments and Cancellation

Part E FAILURE TO DELIVER OR TO MAKE PAYMENT FOR A DIRECT BUSINESS TRANSACTION

- 10.12 Action by the Exchange

Part F SECURITIES COMMISSION LEVY

- 10.13 Claim

CHAPTER 11 COMMISSION AND OTHER FEES AND CHARGES

| | | |
|-------------|---------------|-------------------------------|
| | Part A | DEFINITIONS |
| Rule | 11.01 | Definitions |
| | Part B | COMMISSION |
| | 11.02 | Rates |
| | 11.03 | Net Contracts Prohibited |
| | Part C | OTHER FEES AND CHARGES |
| | 11.04 | Levy by Commission |
| | 11.05 | Clearing Fees |

CHAPTER 12 ACCOUNTING, AUDIT AND FINANCIAL REPORTING REQUIREMENTS

| | | |
|-------------|---------------|---|
| | Part A | ACCOUNTS AND FINANCIAL REPORTING |
| Rule | 12.01 | Accounts |
| | 12.02 | Financial Statements |
| | Part B | STATUTORY AUDIT |
| | 12.03 | Annual Statutory Audit |
| | Part C | SUSPENSION OF INTEREST AND PROVISIONS FOR BAD AND DOUBTFUL DEBTS |
| | 12.04 | Directives |
| | 12.05 | [Deleted] |

CHAPTER 13 CAPITAL REQUIREMENTS

| | | |
|-------------|---------------|--|
| | Part A | GENERAL |
| Rule | 13.01 | Investment Banks |
| | 13.02 | Definitions |
| | Part B | CAPITAL REQUIREMENTS |
| | 13.03 | Minimum Paid-up Capital and Minimum Shareholders' Funds Unimpaired by Losses |
| | Part C | CAPITAL ADEQUACY REQUIREMENTS |

| | |
|---------------|---|
| 13.04 | Obligations of a Participating Organisation |
| 13.05 | Obligations of an Investment Bank |
| Part D | LIQUID CAPITAL |
| 13.06 | General Principle |
| 13.07 | Computation of Liquid Capital |
| Part E | OPERATIONAL RISK |
| 13.08 | General Principle |
| 13.09 | Computation of Operational Risk Requirement |
| 13.10 | Minimum Operational Risk Requirement |
| 13.11 | Annual Expenditure Requirement |
| 13.12 | Adjustment |
| Part F | POSITION RISK |
| 13.13 | General Principle |
| 13.14 | Position Risk Requirement for Equity and Exchange Traded Derivatives Instruments |
| 13.15 | Position Risk Requirement for Debt Securities |
| 13.16 | Position Risk Requirement for Other Instruments |
| Part G | COUNTERPARTY RISK |
| 13.17 | General Principle |
| 13.18 | Computation of Counterparty Risk Requirement |
| 13.19 | Exceptional Instruments |
| 13.20 | Collateral |
| 13.21 | Hedging |
| 13.22 | Additional Counterparty Risk Requirement |
| Part H | LARGE EXPOSURE RISK |
| 13.23 | General Principles |
| 13.24 | Exposure to a Single Client or Counterparty |
| 13.25 | Direct Exposure to Debt Securities |
| 13.26 | Exposure to a Single Equity |
| Part I | UNDERWRITING RISK |
| 13.27 | General Principle |
| 13.28 | Computation |

13.29 Register of Underwriting Commitments

Part J GEARING RATIO

13.30 Definition

13.31 Gearing Ratio

Part K LIQUIDITY RISK

13.32 Compliance

13.33 Investment Banks

CHAPTER 14 INSPECTION AND INVESTIGATION

Part A DEFINITION

Rule 14.01 [Deleted]

Part B INSPECTION

14.02 Exchange's Right to Inspection

14.03 [Deleted]

14.04 Reporting

14.05 [Deleted]

Part C INVESTIGATION

14.06 Power of Investigation

14.07 [Deleted]

Part D CONFIDENTIALITY

14.08 [Deleted]

CHAPTER 15 DISCIPLINARY ACTIONS

Rule Part A DISCIPLINARY POWERS

15.01 General

15.02 Disciplinary Powers

15.03 Procedures

15.04 Agreed Settlement

15.05 Request for Oral Representations

15.06 Standard of Proof

15.07 [Deleted]

15.08 Other Rights

| | |
|---------------|---|
| Part B | VIOLATIONS |
| 15.09 | Violation by Participants |
| Part C | DISCIPLINARY PROCEEDINGS |
| 15.10 | Requisite Notice |
| 15.11 | Response to Requisite Notice |
| 15.12 | Notification of Decision |
| Part D | EXPEDITED PROCEEDINGS |
| 15.13 | Scope |
| 15.14 | Procedure |
| 15.15 | No Limitation |
| Part E | APPEAL |
| 15.16 | Right of Appeal |
| 15.17 | Notice of Appeal |
| 15.18 | Deliberation of Appeal |
| 15.19 | Notification of Decision on Appeal |
| Part F | EFFECT OF DISCIPLINARY ACTION |
| 15.20 | General |
| 15.21 | Period of Payment and Effect of Non-Payment of Fine |
| 15.22 | Effect of Suspension |

CHAPTER 16 LEAP MARKET

| | |
|---------------|---|
| Part A | GENERAL |
| 16.01 | Introduction |
| Part B | REQUIREMENTS FOR THE LEAP MARKET |
| 16.02 | Sophisticated Investor |
| 16.03 | Risk disclosure statement |
| 16.04 | Financing |
| 16.05 | Direct Business Transactions |

APPENDICES

| | |
|---------------------------------------|---|
| APPENDIX 1 (Chapter 7) | [Deleted] |
| APPENDIX 2 (Chapter 7) | DECLARATION ON OFF-BALANCE SHEET TRANSACTIONS |
| APPENDIX 3 (Chapter 7) | [Deleted] |
| APPENDIX 4 (Chapters 7 & 8) | [Deleted] |
| APPENDIX 5 (Chapter 4) | [Deleted] |
| APPENDIX 6 (Chapter 10) | [Deleted] |

SCHEDULES

| | |
|---------------------------------------|---|
| SCHEDULE 1 (Chapter 3) | DEALER'S REPRESENTATIVE'S SCOPE OF ACTIVITIES |
| SCHEDULE 2 (Chapters 7 & 9) | DELIVERY AND SETTLEMENT TIME FOR ON-MARKET TRANSACTIONS |
| SCHEDULE 3 (Chapter 10) | DELIVERY AND SETTLEMENT TIME FOR DIRECT BUSINESS TRANSACTIONS |
| SCHEDULE 4 (Chapter 10) | PRICES OF SECURITIES TRANSACTED IN DIRECT BUSINESS TRANSACTIONS |
| SCHEDULE 5 (Chapter 10) | PRICES OF SECURITIES TRANSACTED IN DIRECT BUSINESS TRANSACTIONS FOR THE FIRST DAY OF TRADING OF SECURITIES UPLIFTED FROM TRADING HALT OR SUSPENSION, LISTED AND QUOTED AND TRADING EX-ENTITLEMENT OR AFTER A CORPORATE ACTION |
| SCHEDULE 6 (Chapter 11) | COMMISSION RATES |
| SCHEDULE 7 (Chapter 11) | SC LEVY |