

AMENDMENTS TO THE MDCH BUSINESS RULES IN RELATION TO THE DEMUTUALISATION OF KUALA LUMPUR STOCK EXCHANGE

Rules	Existing Rules	Amended Rules
Definitions and Interpretation	<i>Chief Executive Officer</i>	Deleted.
Definitions and Interpretation	<p><i>Clearing Member</i></p> <p><i>Unless otherwise specified, an Affiliate of the Clearing House for the time being falling within any of the classes of membership set out in Rule 200.</i></p>	<p>Clearing Participant</p> <p>An Affiliate of the Clearing House.</p>
Relevant rules	All rules that contain the words “ <i>Clearing Member</i> ”.	All references to “Clearing Member” is to be replaced with the term “ Clearing Participant ” wherever it appears in the MDCH Business Rules.
Definitions and Interpretation	New definition and interpretation.	<p>Exchange Holding Company</p> <p>Kuala Lumpur Stock Exchange Berhad.</p>
Definitions and Interpretation	New definition and interpretation.	<p>Officer</p> <p>As defined in the Act.</p>

Rules	Existing Rules	Amended Rules
Rule 104 (b)	<p>104 Board of directors</p> <p>(b) Subject to the Articles, the <i>Board</i> may <i>delegate any of its powers to any person including the Chief Executive Officer or any committee established by the Board, on such terms and conditions as determined by the Board. The Board may in its absolute discretion revoke any delegation of its powers.</i> A Clearing Member is not obliged to make any enquiry in reasonable reliance on any action taken under the Rules by the <i>Board</i> or any person purporting to represent the Clearing House. All actions taken by the <i>Board</i> or <i>any committee established by the Board</i> or <i>any person acting under a delegation of power under the Rules</i> are valid and binding against Clearing Members <i>despite any irregularity or alleged irregularity in the proceedings of the Board or a committee, except actions taken by the Board or a committee with insufficient quorum.</i></p>	<p>104 Clearing House</p> <p>(b) Subject to the Articles, the Clearing House may appoint a committee, sub-committee or officers of the Clearing House or the Exchange Holding Company to discharge and perform any of its rights, powers, duties and function etc under the Rules on such terms and conditions as determined by the Clearing House. A Clearing Member is not obliged to make any enquiry in reasonable reliance on any action taken under the Rules by the person or body of persons purporting to represent the Clearing House. All actions taken by the Clearing House or any person or body of persons appointed by the Clearing House is valid and binding against the Clearing Member.</p>
Rule 104 (c)	<p>104 Board of Directors</p> <p>(c) A delegation of any power by <i>the Board</i> does not prevent <i>the Board</i> from exercising such power either concurrently with or to the exclusion of the <i>person or committee</i> to whom the power has been delegated.</p>	<p>104 Clearing House</p> <p>(c) A delegation of any power by the Clearing House does not prevent the Clearing House from exercising such power either concurrently with or to the exclusion of the committee, sub-committee or officers of the Clearing House or the Exchange Holding Company to whom the power has been delegated.</p>

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Rule 105	<p>105_Membership Committee</p> <p>(a) <i>The Board must establish a Membership Committee consisting of the Chief Executive Officer, an employee of the Clearing House (other than the Chief Executive Officer) having the responsibility for risk management and such other persons determined by the Board. The Board must determine the terms of office of all Membership Committee members and the quorum of the Membership Committee. The Membership Committee may meet, adjourn and otherwise regulate its meetings in such manner as it deems fit.</i></p> <p>(b) <i>The Membership Committee will consider applications for Membership pursuant to Rule 202 and applications to transfer Memberships pursuant to Rule 212.</i></p>	<p>105 Clearing Membership Applications</p> <p>The Clearing House will consider and approve or reject all applications for Membership and transfers of Memberships pursuant to Rule 212.</p>
Rule 111	New rule.	<p>111 Appeals Against decisions of the Clearing House</p> <p>(a) The Clearing House shall establish a Committee to determine appeals provided in these Rules from a party against whom a decision has been made by the Clearing House.</p> <p>(b) A person against whom a decision has been made by the Clearing House may, where provided under these rules, appeal against such decision</p>

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		<p>by notifying the Clearing House of its/his intention to appeal within fourteen (14) days from receipt of the notification of the decision.</p> <p>(c) The Committee referred to herein shall comprise such persons as may be appointed by the Clearing House, all of whom must not have been involved in any other Committee of the Clearing House that made the decision appealed against.</p> <p>(d) The Committee referred to herein may affirm, vary or set aside the decision appealed against or any penalty imposed.</p> <p>(e) The decision of the Clearing House on appeal shall be final and binding on the appellant.</p>
Rule 202	<p>202 Admission</p> <p><i>The Membership Committee must consider and approve or reject all applications for Membership after consideration of advice and recommendations made by the officers of the Clearing House submitted to the Committee at or prior to the meeting of the Committee held to consider the relevant applications.</i></p>	Deleted.
Rule 203	<p>202 Right to Appeal</p> <p>An applicant for membership whose application has been rejected by <i>the membership committee</i> may</p>	<p>203 Right To Appeal</p> <p>An applicant for membership whose application has been rejected by the clearing house may appeal against such decision.</p>

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	appeal against such decision.	
Rule 204	<p>204 Appeal process</p> <p><i>Any appeal against a decision of the Membership Committee must be submitted in writing to the Board within ten days of the applicant being advised of the decision of the Membership Committee. The decision of the Board in considering any appeal made under this Rule 204 is final.</i></p>	Deleted.
Rule 212	<p>212 Transfer of clearing membership</p> <p>(a) Any Clearing Member (the “transferor”) may apply to the Clearing House for approval to transfer its Membership to a related corporation (the “transferee”). Such application will be considered by the <i>Membership Committee</i> whose decision is subject to appeal to the Board in accordance with Rule 204. Any approval granted by the Membership Committee for such transfer shall be subject to the following conditions being satisfied:-</p> <ul style="list-style-type: none"> (i) the Membership is free and clear of all claims and encumbrances; (ii) the transferor is not subject or liable to be subject to Exchange or Clearing House proceedings involving a violation of Exchange Rules or the Rules; 	<p>212 Transfer of clearing membership</p> <p>(a) Any Clearing Member (the “transferor”) may apply to the Clearing House for approval to transfer its Membership to a related corporation (the “transferee”). Such application will be considered by the Clearing House whose decision is subject to appeal in accordance with Rule 204. Any approval granted for such transfer shall be subject to the following conditions being satisfied:-</p> <ul style="list-style-type: none"> (i) the Membership is free and clear of all claims and encumbrances; (ii) the transferor is not subject or liable to be subject to Exchange or Clearing House proceedings involving a violation of Exchange Rules or the Rules; (iii) the transferee giving an indemnity to the Clearing House in respect of any demands, claims, liabilities, or losses which may be incurred or sustained by the Clearing House as a result of an act or omission on the part of

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	<ul style="list-style-type: none"> (iii) the transferee giving an indemnity to the Clearing House in respect of any demands, claims, liabilities, or losses which may be incurred or sustained by the Clearing House as a result of an act or omission on the part of the transferor; and (iv) such other conditions as the Membership Committee may determine. (b) The transfer of a Membership does not release the transferor from any liability to the Clearing House or any other Clearing Member which existed at the time of the transfer or which may come into existence after the transfer in respect of any act or omission of the transferor prior to such transfer. (c) A Clearing Member may not transfer its Membership except in accordance with this Rule 212. 	<ul style="list-style-type: none"> the transferor; and (iv) such other conditions as the Clearing House may determine. (b) The transfer of a Membership does not release the transferor from any liability to the Clearing House or any other Clearing Member which existed at the time of the transfer or which may come into existence after the transfer in respect of any act or omission of the transferor prior to such transfer. (c) A Clearing Member may not transfer its Membership except in accordance with this Rule 212.
Rule 301	New rule.	<p>301 Incidental powers etc of the Clearing House</p> <p>Where any provision of the Rules empowers, authorises or enables the Clearing House to do or enforce the doing of any act or thing, the Clearing House shall have all such powers or rights as may be necessary or reasonably incidental to the Clearing House doing or enforcing the doing of the act or thing.</p>

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Chapter 3A	New rule.	<p style="text-align: center;">Chapter 3A</p> <p style="text-align: center;">THE EXCHANGE HOLDING COMPANY</p> <p>300A Powers of the Exchange Holding Company</p> <p>(a) Where any provision of these Rules confers a right or power on the Exchange to do any act or thing such provision shall be deemed to confer the right or power on the Exchange Holding Company to do such act or thing on behalf of the Clearing House.</p> <p>(b) Clearing Members and other persons to whom the Rules are directed must comply with, observe or give effect to any action of the Exchange Holding Company pursuant to sub-paragraph (a) above.</p>
Rule 406	<p>406 Application of Clearing Fund</p> <p>If an event described in Rule 405 occurs, the Clearing House may estimate the amount of losses which it will incur as a consequence of such event and draw such amount (or lesser amount as may be determined by the Clearing House) from the sources and in the order provided as follows:</p> <p>(a) such reserves of the Clearing House as are specifically set aside for this purpose, subject to the provision that until such time that reserves available to the Clearing</p>	<p>406 Application of Clearing Fund</p> <p>If an event described in Rule 405 occurs, the Clearing House may estimate the amount of losses which it will incur as a consequence of such event and draw such amount (or lesser amount as may be determined by the Clearing House) from the sources and in the order provided as follows:</p> <p>(a) such reserves of the Clearing House as are specifically set aside for this purpose, subject to the provision that until such time that reserves available to the Clearing House exceed RM2 million, the Clearing House may at its absolute discretion apply RM2 million from shareholders' funds of the Clearing House;</p>

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	<p>House exceed RM2 million, the <i>Board</i> may at its absolute discretion apply RM2 million from shareholders' funds of the Clearing House;</p> <p>(b) such surplus funds of the Clearing House as the <i>Board</i> may determine are in excess of funds for normal operations;</p> <p>(c) the Clearing Fund and Clearing Members in accordance with Rule 407.</p>	<p>(b) such surplus funds of the Clearing House as the Clearing House may determine are in excess of funds for normal operations;</p> <p>(c) the Clearing Fund and Clearing Members in accordance with Rule 407.</p>
Rule 900	<p>900 <i>Infringement of the Rules</i></p> <p>(a) <i>If a Clearing Member fails to comply with, or is in breach of, the Rules or is in default of its obligations to the Clearing House, the Chief Executive Officer may, subject to any directions of the Board from time to time, take cognizance of the breach or default and fine the Clearing Member up to RM25,000 for each such breach or default of its obligations.</i></p> <p>(b) <i>The Chief Executive Officer must notify the Clearing Member in writing of any fine imposed pursuant to Rule 900(a).</i></p> <p>(c) <i>Subject to Rule 900(d), a Clearing Member must pay any fine imposed pursuant to Rule 900(a) within fourteen days of such notification.</i></p> <p>(d) <i>A Clearing Member has fourteen days from</i></p>	Deleted.

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	<p><i>receiving such notification to lodge an appeal to the Board in writing. Such notice of appeal must state the grounds and reasons for appeal.</i></p> <p>(e) <i>A Clearing Member is entitled to be represented by a director, officer, employee or counsel at the hearing of an appeal before the Board.</i></p> <p>(f) <i>In considering any appeal, the Board is not bound by strict legal rules of evidence and procedure.</i></p> <p>(g) <i>The Board may affirm, vary or set aside the decision of the Chief Executive Officer. The decision of the Board is final.</i></p>	
Rule 901	<p>901 Disciplinary action by the Clearing House</p> <p>(a) If a Clearing Member fails to comply with the Rules or is in default of its obligations to the Clearing House, <i>the Board</i> may:</p> <p>(i) fine a Clearing Member up to RM 1 million; and/or</p> <p>(ii) terminate its Membership.</p> <p>(b) <i>Before exercising any powers pursuant to Rule 901(a), the Board must fix a hearing before the Board at which the Clearing Member will be entitled to be represented by a director, officer, employee or counsel.</i></p> <p>(c) <i>In conducting a hearing pursuant to Rule</i></p>	<p>900 Disciplinary action by the Clearing House</p> <p>(a) If a Clearing Member fails to comply with the Rules or is in default of its obligations to the Clearing House, the Clearing House may:</p> <p>(i) fine a Clearing Member up to RM 1 million; and/or</p> <p>(ii) terminate its Membership.</p> <p>(b) In complying with Rule 900(a) the Clearing House is not bound by strict legal rules of evidence and procedure. The decision of the Clearing House is final unless otherwise prescribed by the Clearing House.</p> <p>(c) Deleted.</p> <p>(d) The Clearing House must notify the Clearing Member in writing of any action taken under Rule 900(a).</p>

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	<p><i>901(b), the Board is not bound by strict legal rules of evidence and procedure. The decision of the Board is final.</i></p> <p>(d) <i>The Clearing House must notify the Clearing Member in writing of any action taken under Rule 901(a).</i></p>	
Rule 901	New rule.	<p>901 Appointment of committee, sub-committee or officer(s)</p> <p>The Clearing House shall appoint a committee, sub-committee or officer(s) of the Clearing House or the Exchange Holding Company to discharge the exercise of its powers under Rule 900.</p>