

ANNEXURE 1

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD IN RELATION TO INSTITUTIONAL SETTLEMENT SERVICE AND DIRECT BUSINESS CONTRACTS

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule A4.1	<p><i>DEFAULT PROCEEDINGS IN RELATION TO DIRECT BUSINESS CONTRACTS</i></p> <p>(a) <i>Subject to sub-rule (b), on the occurrence of a default by either party to a Direct Business Contract, the following Default Proceedings shall apply:-</i></p> <p style="padding-left: 40px;">(i) <i>in the event of default in delivery of Securities to the Clearing House, the Clearing House shall not complete the settlement of the Direct Business Contract; and</i></p> <p style="padding-left: 40px;">(ii) <i>in the event of default in the financial settlement of the Direct Business Contract, the Clearing House shall return the Securities in the SCANS Direct Business Account to the selling Trading Clearing Participant's securities account or the ultimate seller's securities account, as the case may be.</i></p> <p>(b) <i>The Clearing House shall not be responsible for any default by the Trading Clearing Participant in respect of Direct Business Contracts and the Trading Clearing Participant itself shall pursue all claims against its counterparty Trading Clearing Participant in default.</i></p>	Rule A4.1	[Deleted]

ANNEXURE 1

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD IN RELATION TO INSTITUTIONAL SETTLEMENT SERVICE AND DIRECT BUSINESS CONTRACTS

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule 5.8	<p>DIRECT BUSINESS CONTRACTS</p> <p>(a) All Direct Business Contracts shall be governed by Rule 5.8(a).</p> <p>(i) The clearing and settlement of Direct Business Contracts shall be effected through the Clearing House and will require input by the Trading Clearing Participant in respect of such contracts into the Direct Business Comparison System.</p> <p>(ii) The input by the Trading Clearing Participant will be subject to matching in accordance with the procedural requirements of the Direct Business Comparison System and when matched, the relevant Direct Business Contracts will, unless rejected by the Clearing House, be accepted for clearing and settlement.</p> <p>(iii) Upon acceptance for clearing and settlement, the Clearing House shall direct the Central Depository to deposit the Securities into the Clearing House Direct Business Account pursuant to Rule 5.8(b) or Section A of Chapter 5.</p> <p>(iv) In consideration of the role and obligation of the Clearing House under these Rules, the provision of Rule 1.4(b) in respect of clearing fees shall be applicable.</p>	Rule 5.8	<p>DIRECT BUSINESS CONTRACTS</p> <p>(a) [No change]</p>

ANNEXURE 1

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD IN RELATION TO INSTITUTIONAL SETTLEMENT SERVICE AND DIRECT BUSINESS CONTRACTS

EXISTING PROVISIONS	AMENDED PROVISIONS
<p>(v) For purposes of Rule 5.8 (a), the following expressions shall have the meaning set out opposite to them respectively:</p> <p>“Direct Business Comparison System” a comparison system to facilitate Clearing Participants to clear and settle Securities in respect of Direct Business Contracts.</p> <p>“Clearing House Direct Business Account” an account to facilitate the placement of Securities pending payment.</p> <p>(b) Except in relation to Direct Business Contracts cleared and settled through ISS under Section A of Chapter 5, clearing and settlement of all Direct Business Contracts shall be additionally governed by Rule 5.8(b) <i>and Section A of Chapter 4.</i></p> <p>(i) Upon receipt of <i>payment for</i> the said Securities, the Clearing House shall then credit the said Securities into the buying Trading Clearing Participant’s securities account and the proceeds <i>thereof shall be paid</i> to the selling Trading Clearing Participant’s financial settlement account. <i>In the event of a default in the financial settlement by the buying Trading Clearing Participant, Rule A4.1 shall apply.</i></p> <p>(ii) <i>No partial delivery of Securities and financial</i></p>	<p>(b) Except in relation to Direct Business Contracts cleared and settled through ISS under Section A of Chapter 5, clearing and settlement of all Direct Business Contracts shall be additionally governed by Rule 5.8(b) as follows:-</p> <p>(i) Upon receipt of the Securities (“Delivered Securities”) and payment for the said Securities, the Clearing House shall then credit the said Securities into the buying Trading Clearing Participant’s securities account and pay the proceeds for the Delivered Securities to the selling Trading Clearing Participant.</p> <p>(ii) In the event the selling Trading Clearing</p>

ANNEXURE 1

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD IN RELATION TO INSTITUTIONAL SETTLEMENT SERVICE AND DIRECT BUSINESS CONTRACTS

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p><i>settlement shall be allowed for Direct Business Contracts.</i></p>		<p>Participant makes partial delivery of the Securities under a Direct Business Contract to the Clearing House and provided that the buying Trading Clearing Participant makes payment on a pro-rated basis for the Delivered Securities in the manner prescribed under the Operational Procedures, the Clearing House shall credit the Delivered Securities into the buying Trading Clearing Participant's securities account and pay the proceeds received from the buying Trading Clearing Participant to the selling Trading Clearing Participant.</p> <p>(iii) Without prejudice to the rights and liabilities as between the Clearing Participants concerned and also the right of the Exchange to take action under the Exchange Rules, the Direct Business Contract or the portion of the Direct Business Contract that remains unsettled shall not be subject to automatic buy-in but shall be withdrawn from clearing and settlement by the Clearing House in accordance with the Rules and Operational Procedures.</p> <p>(iv) In the event of a failure by the buying Trading Clearing Participant to settle the full amount for the Delivered Securities —</p> <p>(aa) the Clearing House shall return all the</p>

ANNEXURE 1

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD IN RELATION TO INSTITUTIONAL SETTLEMENT SERVICE AND DIRECT BUSINESS CONTRACTS

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p>(iii) The Clearing House may in consultation with the Commission apply any other mode or requirements, not specifically mentioned herein, in respect of the clearing and settlement of Direct Business Contracts, as the Clearing House deems appropriate in the respective circumstances.</p>		<p>Delivered Securities in the manner prescribed under the Operational Procedures to the selling Trading Clearing Participant's securities account; and</p> <p>(bb) the Direct Business Contract shall be withdrawn from clearing and settlement by the Clearing House in accordance with the Rules and Operational Procedures.</p> <p>(v) The Clearing House shall not be responsible for any failure by the Trading Clearing Participant to settle any part of Direct Business Contracts to which the Trading Clearing Participant is a party.</p> <p>(vi) [No change]</p>
Rule A5.3	<p>CLEARANCE OF BUY AND SELL TRANSACTIONS</p> <p>(a) The clearance of any ISS Transaction to be settled under the ISS shall only be effected if the transacting Trading</p>	Rule A5.3	<p>CLEARANCE OF BUY AND SELL TRANSACTIONS</p> <p>(a) – (d) [No change]</p>

ANNEXURE 1

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD IN RELATION TO INSTITUTIONAL SETTLEMENT SERVICE AND DIRECT BUSINESS CONTRACTS

EXISTING PROVISIONS	AMENDED PROVISIONS
<p>Clearing Participant and Non Trading Clearing Participant(s), input an ISS Instruction, ISS Confirmation or ISS Affirmation, as the case may be, containing the Relevant Details as specified by the Clearing House in accordance with the Operational Procedures</p> <p>(b) Input of an ISS Instruction and corresponding ISS Confirmation or ISS Affirmation, as the case may be, by the relevant parties to an ISS Transaction, or any other instruction(s) relating to an ISS Transaction shall be in accordance with the Operational Procedures.</p> <p>(c) An ISS Transaction shall be subject to matching in accordance with the procedures laid down by the Clearing House based on the input of the ISS Instruction and the corresponding ISS Confirmation and/or ISS Affirmation, as the case may be.</p> <p>(ca) At any time prior to matching of the Relevant Details, the relevant Trading Clearing Participant and/or Non Trading Clearing Participant may delete or 'revert' an ISS Instruction, ISS Confirmation or ISS Affirmation, as the case may be, in the manner as prescribed in the Operational Procedures.</p> <p>(cb) At any time after matching of the Relevant Details but prior to settlement of the said ISS Transaction under the ISS, the said ISS Transaction may be cancelled by the relevant Clearing Participants in the manner as prescribed in the Operational Procedures.</p>	

ANNEXURE 1

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD IN RELATION TO INSTITUTIONAL SETTLEMENT SERVICE AND DIRECT BUSINESS CONTRACTS

EXISTING PROVISIONS	AMENDED PROVISIONS
<p>(cc) Upon matching of the Relevant Details, the said ISS Transaction shall, unless rejected by the Clearing House or where the said ISS Transaction is cancelled by the relevant Clearing Participants in the manner as prescribed in the Operational Procedures, be subject to settlement under the ISS in accordance with the Rules and Operational Procedures.</p> <p>(d) Any ISS Transaction, which remains unmatched by such time as specified in the Operational Procedures shall be automatically withdrawn from the system by the Clearing House and shall not be cleared and settled under the ISS.</p> <p>(e) For the avoidance of doubt, the Clearing House shall accept responsibility for the clearance and settlement of an ISS Transaction subject to the following:</p> <p style="padding-left: 20px;">(i) Where the ISS Transaction results from a Sell Transaction, the Clearing House shall accept the responsibility for settlement of the ISS Transaction, if the Non Trading Clearing Participant, who is due to deliver, delivers the relevant quantity of Securities to the designated securities account on the due settlement day, as prescribed by the Clearing House. Where any partial delivery is effected, the Clearing House' responsibility for settlement shall only relate to such partial delivery</p>	<p>(e) For the avoidance of doubt, the Clearing House shall accept responsibility for the clearance and settlement of an ISS Transaction for Novated Contracts subject to the following:</p> <p style="padding-left: 20px;">(i) [No change]</p>

ANNEXURE 1

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD IN RELATION TO INSTITUTIONAL SETTLEMENT SERVICE AND DIRECT BUSINESS CONTRACTS

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p>of Securities made by the Non Trading Clearing Participant.</p> <p>(ii) Where the ISS Transaction results from a Buy Transaction, the Clearing House shall accept responsibility for settlement of the ISS Transaction if the Securities have been delivered to the designated securities account of the Non Trading Clearing Participant, who is due to receive, on the due settlement day. Where only partial delivery is effected to the recipient Non Trading Clearing Participant, the recipient Non Trading Clearing Participant concerned shall effect money payment to the Clearing House on the due settlement day on a pro-rated basis. The Clearing House' responsibility to effect settlement, where partial delivery is effected, shall relate only to such partial delivery of Securities to the relevant Non Trading Clearing Participant.</p> <p>(iii) The Clearing House shall not accept responsibility in any way for any failure or partial failure of a Clearing Participant to settle an ISS Transaction relating to a Buy Transaction, if such failure or a partial failure results from the failure or partial failure of a Market Contract or the failure of the recipient Non Trading Clearing Participant to effect payment for Securities delivered to it on the due settlement day.</p>		<p>(ii) [No change]</p> <p>(iii) The Clearing House shall not accept responsibility in any way for any failure or partial failure of a Clearing Participant to settle an ISS Transaction relating to a Buy Transaction, if such failure or a partial failure results from the failure or partial failure of a Novated Contract or the failure of the recipient Non Trading Clearing Participant to effect payment for Securities delivered to it on the due</p>

ANNEXURE 1

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD IN RELATION TO INSTITUTIONAL SETTLEMENT SERVICE AND DIRECT BUSINESS CONTRACTS

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p>(iv) <i>There shall be no partial delivery of Securities for Direct Business Contracts cleared and settled through ISS under Section A of Chapter 5 and the Clearing House shall not be responsible to effect settlement thereto.</i></p> <p>(f) [New provision]</p>		<p>settlement day.</p> <p>(iv) [Deleted]</p> <p>(f) For the avoidance of doubt, the clearance and settlement of an ISS Transaction which results from a Direct Business Contract shall be subject to the following:</p> <p>(i) Where the ISS Transaction results from a Sell Transaction, the Clearing House shall proceed with settlement of the ISS Transaction in accordance with Rule 5.8 if the Party who is due to deliver Securities, delivers the relevant quantity of the Securities to the designated securities account in the manner prescribed under the Operational Procedures on the due settlement day. Where partial delivery is effected, the Clearing House shall proceed with the settlement only in relation to the partial delivery of Securities.</p> <p>(ii) Where the ISS Transaction results from a Buy Transaction, the Clearing House shall proceed with settlement of the ISS</p>

ANNEXURE 1

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD IN RELATION TO INSTITUTIONAL SETTLEMENT SERVICE AND DIRECT BUSINESS CONTRACTS

EXISTING PROVISIONS		AMENDED PROVISIONS	
			<p>Transaction in accordance with Rule 5.8 in relation to the Delivered Securities. Where only partial delivery is effected, the Party who is due to receive the Delivered Securities may effect money payment to the Clearing House on a pro-rated basis in accordance with the Operational Procedures on the due settlement day. Where full payment is made for the Delivered Securities, the Clearing House shall proceed with settlement of the ISS Transaction in accordance with Rule 5.8. In the event of failure to settle the full amount due for the Delivered Securities, Rule 5.8(b)(iii) shall apply.</p> <p>(iii) The Clearing House shall not be responsible in any way for any failure or partial failure of a Clearing Participant to settle an ISS Transaction due to the failure of the Clearing Participant to make delivery or effect the necessary payment, as the case may be.</p> <p>(iv) For the purpose of this Rule, unless the context otherwise requires, “Party” means the Trading Clearing Participant, the Non-Trading Clearing Participant or both.</p>
Rule A5.8	UNSETTLED ISS TRANSACTION	Rule A5.8	UNSETTLED ISS TRANSACTION

ANNEXURE 1

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD IN RELATION TO INSTITUTIONAL SETTLEMENT SERVICE AND DIRECT BUSINESS CONTRACTS

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p>(a) Without prejudice to the rights and liabilities as between the Clearing Participants concerned, any ISS Transaction resulting from Novated Contract, accepted for settlement by the Clearing House under ISS which remains unsettled or is partially settled on the due settlement day may be subject to automatic buy-in by the Clearing House in accordance with the Rules.</p> <p>(b) No partial settlement shall be allowed for any ISS Transaction resulting from Direct Business Contract.</p>		<p>(a) [No change]</p> <p>(b) Without prejudice to the rights and liabilities as between the Clearing Participants concerned and also the right of the Exchange to take action under the Exchange Rules, the ISS Transaction resulting from a Direct Business Contract or portion of the ISS Transaction resulting from a Direct Business Contract that remains unsettled shall not be subject to automatic buy-in but shall be withdrawn from clearing and settlement by the Clearing House in accordance with the Rules and Operational Procedures.</p>
Rule A5.11	<p>NON LIABILITY FOR NOVATED CONTRACTS</p> <p>(a) Without prejudice to any rights and liabilities that the Clearing Participant may have against each other, a Non Trading Clearing Participant shall be under no liability for any failure of a Trading Clearing Participant to settle a Novated Contract that results from a Buy Transaction or Sell Transaction, as the case may be.</p> <p>(b) The Trading Clearing Participant who is a party to the</p>	Rule A5.11	<p>LIABILITY FOR MARKET CONTRACTS</p> <p>(a) [No change]</p> <p>(b) [No change]</p>

ANNEXURE 1

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD IN RELATION TO INSTITUTIONAL SETTLEMENT SERVICE AND DIRECT BUSINESS CONTRACTS

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p>Novated Contract which fails to settle due to its inability to deliver Securities or funds, as the case may be, in settlement thereof shall be liable to the Clearing House with respect thereto.</p> <p>(c) For avoidance of doubt, sub-rules (a) and (b) above shall not apply to Direct Business Contracts as the default of delivery of securities and/or financial settlement shall have to be pursued amongst the Trading Clearing Participants themselves.</p>		<p>(c) In the case of Direct Business Contracts, failure of delivery of securities or financial settlement or both is a matter to be settled between the parties concerned and the Clearing House shall not in any way be held responsible.</p>