

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
Interpretation	(New definition)	Interpretation	“Default Proceedings” Any proceedings or other action taken by the Clearing House under its Default Rules.
Interpretation	“Default Rules” <i>Rules which enable the Clearing House to take action in the event that a Trading Clearing Participant appearing to be unable or likely to become unable to meet its obligation in respect of all or any unsettled Market Contracts to which the Trading Clearing Participant is a party.</i>	Interpretation	“Default Rules” Rules which provide for the taking of Default Proceedings by the Clearing House as set out in Chapter 4.
Interpretation	(New definition)	Interpretation	“Defaulter” A Trading Clearing Participant who is the subject of any Default Proceedings.
Interpretation	(New definition)	Interpretation	“Event of Default” An event or state of affairs relating to a Trading Clearing Participant as referred to in Rule 4.1.
Interpretation	“Market Contracts”	Interpretation	“Market Contract”

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p><i>Shall mean contracts:</i></p> <p>(a) entered into by a Trading Clearing Participant on, or <i>otherwise</i> subject to the rules of, the Exchange which is, or is to be, cleared and settled through the Clearing House; or</p> <p>(b) <i>subject to the rules of the Clearing House, entered into by the Clearing House pursuant to a novation for the purposes of, or in connection with, the provision of clearing and settlement services for transactions effected on, or subject to the rules of the Exchange.</i></p>		<p>Means:</p> <p>(a) Novated Contract; or</p> <p>(b) a contract entered into by a Trading Clearing Participant on, or subject to the rules of, the Exchange, which is, or is to be, cleared and settled through the Clearing House.</p>
Interpretation	(New definition)	Interpretation	<p>“Novated Contract”</p> <p>a contract which is subject to the rules of the Clearing House and entered into by the Clearing House with a Trading Clearing Participant pursuant to a novation for the purpose of the clearing and settlement of transactions in Securities effected on, or subject to the rules of, the Exchange.</p>
	(New definition)	Interpretation	<p>“Relevant office-holder”</p> <p>Means:</p> <p>(i) the Director General of Insolvency appointed under section 70 of the Bankruptcy Act 1967 [Act 360];</p>

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
			<p>(ii) any person acting in relation to a company as its liquidator, provisional liquidator, receiver or manager;</p> <p>(iii) any person acting in relation to an individual as his trustee in bankruptcy or interim receiver of his property;</p> <p>(iv) any person appointed pursuant to an order for the administration in bankruptcy of an insolvent estate of a deceased person; or</p> <p>(v) a Special Administrator appointed under the Pengurusan Danaharta Nasional Berhad Act 1998 [Act 587].</p>
Rule 2.11	<p>BOOKS AND RECORDS</p> <p>(a) The Clearing Participant shall maintain books and records in sufficient detail of all transactions and other matters relating to any of its activities and/or related to such activities in any of the services or facilities made available to the Clearing Participant by the Clearing House. The Clearing Participant shall make available for inspection by any authorised employee or officer of the Clearing House or any agent or representative of the Clearing House all such books and records and allow such authorised employee, officer, agent or</p>	Rule 2.11	<p>BOOKS AND RECORDS</p> <p>(a) The Clearing Participant shall maintain books and records in sufficient detail of all transactions and other matters relating to any of its activities and/or related to such activities in any of the services or facilities made available to the Clearing Participant by the Clearing House. The Clearing Participant shall make available for inspection by any authorised employee or officer of the Clearing House or any agent or representative of the Clearing House all such books and records and allow such authorised employee, officer, agent or</p>

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p>representative, during normal business hours, entry to its premises where such books and records, whether in the form of documents or electronic data, are maintained or kept and to inspect and make copies thereof.</p> <p>(b) Where the Clearing Participant is declared a <i>defaulter</i> by the Clearing House, it shall forthwith and at all times thereafter permit any official of the Clearing House to have unrestricted access to, and to make copies of, its books and records and all other documents deemed necessary by such official for the carrying out of his function under the Default Rules.</p>		<p>representative, during normal business hours, entry to its premises where such books and records, whether in the form of documents or electronic data, are maintained or kept and to inspect and make copies thereof.</p> <p>(b) Where the Clearing Participant is declared a Defaulter by the Clearing House, it shall forthwith and at all times thereafter permit any official of the Clearing House to have unrestricted access to, and to make copies of, its books and records and all other documents deemed necessary by such official for the carrying out of his function under the Default Rules.</p>
Rule 4.1	<p>CHAPTER 4 DEFAULT RULES</p> <p>EVENTS OF DEFAULT</p> <p>(a) The Clearing House may institute any action under Rule 4.2 in the event <i>of</i> a Trading Clearing Participant <i>being</i> unable, or likely to become unable, to meet its obligations in respect of all or any unsettled <i>Market</i> Contracts to which the Trading Clearing Participant is a party.</p> <p>(b) For the purposes of sub-rule (a) <i>events which</i> a Trading Clearing Participant is deemed to be unable, or likely to become unable, to meet its obligations in respect of all or any unsettled <i>Market</i> Contracts to which the Trading</p>	Rule 4.1	<p>CHAPTER 4 DEFAULT RULES</p> <p>NOVATED CONTRACTS</p> <p>EVENTS OF DEFAULT</p> <p>(a) The Clearing House may institute any action under Rule 4.2 in the event a Trading Clearing Participant has failed, or appears to be unable, or likely to become unable, to meet its obligations in respect of all or any unsettled Novated Contracts to which the Trading Clearing Participant is a party.</p> <p>(b) For the purposes of sub-rule (a) but without limiting the generality of the same, a Trading Clearing</p>

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p>Clearing Participant is a party <i>includes:-</i></p> <p>(i) <i>default in payment of any sum payable to the Clearing House;</i></p> <p>(ii) <i>failure to pay when due any sum due and payable, or is otherwise in default under the terms of any financial agreement between the Trading Clearing Participant and the Clearing House or threatens or proposes to suspend payment or to default under the terms of such financial agreement;</i></p> <p>(iii) <i>presentation of a bankruptcy or winding-up petition or notice of a proposal for a resolution for the Trading Clearing Participant’s winding-up is given, or a voluntary arrangement is approved by a Court of Law for the benefit of its creditors;</i></p> <p>(iv) <i>appointment of a receiver, manager or an administrative receiver or a composition or scheme of arrangement is approved by a Court of Law against the Trading Clearing Participant;</i></p> <p>(v) <i>when an assignment or composition is made by a Trading Clearing Participant for the benefits of its creditors or any of them;</i></p> <p>(vi) <i>passing of a resolution to wind-up the Trading Clearing Participant (save for the purpose of</i></p>		<p>Participant is deemed to have failed, or appear to be unable, or likely to become unable, to meet its obligations in respect of all or any unsettled Novated Contracts to which the Trading Clearing Participant is a party in the event, inter alia, that:-</p> <p>(i) the Trading Clearing Participant’s licence is suspended or revoked by the Commission or has expired and is not renewed by the Commission;</p> <p>(ii) the Trading Clearing Participant fails to comply with or settle any of its financial obligations in relation to a Novated Contract under these Rules or the Exchange Rules or the rules and regulations of any exchange or clearing house in which the Trading Clearing Participant is a participant or member;</p> <p>(iii) the Trading Clearing Participant fails to pay when due any sum due and payable, or is otherwise in default under the terms of any loan or other agreement relating to the Trading Clearing Participant’s indebtedness, or threatens or proposes to suspend, stop, defer or reschedule payment or to default under the terms of such loan or agreement;</p> <p>(iv) a Trading Clearing Participant is insolvent, or unable to pay its debts when they fall due, or a bankruptcy or winding-up petition is presented, or a notice of a proposal for a</p>

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p>amalgamation or reconstruction) or a bankruptcy or winding-up order is made;</p> <p>(vii) <i>when</i> any distress, execution or other process is levied or enforced or served upon or against any property of a Trading Clearing Participant.</p>		<p>resolution for the Trading Clearing Participant’s winding-up is given, or a voluntary arrangement is approved by a Court of Law for the benefit of its creditors, or an assignment or composition is made by the Trading Clearing Participant for the benefit of its creditors or any of them, or the Clearing House considers in its absolute discretion that the occurrence of any such events or their equivalent is imminent or likely in any jurisdiction;</p> <p>(v) a liquidator, receiver, manager, trustee, an administrative receiver or a similar officer is appointed, or a composition or scheme of arrangement is approved by a Court of Law against the Trading Clearing Participant or an assignment or composition is made by the Trading Clearing Participant for the benefits of its creditors or any of them, or the Clearing House considers in its absolute discretion that the occurrence of any such events or their equivalent is imminent or likely in any jurisdiction;</p> <p>(vi) a resolution to wind-up the Trading Clearing Participant (save for the purpose of amalgamation or reconstruction) is passed or a bankruptcy or winding-up order is made; or</p> <p>(vii) any distress, execution or other process is levied or enforced or served upon or against any property or assets of a Trading Clearing</p>

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
			Participant. (c) Upon the occurrence of any of the circumstances set out in Rule 4.1(b), the Clearing House shall be entitled, at its discretion, at any time to declare that an Event of Default has occurred and to give notice thereof to all Trading Clearing Participants.
Rule 4.2.1	<p>(a) On the occurrence of any <i>event of default</i> under Rule 4.1, the Clearing House may settle the defaulting Trading Clearing Participant’s <i>Market Contracts</i>.</p> <p>(b) For the purposes of sub-rule (a), the Clearing House shall determine if the defaulting Trading Clearing Participant shall pay or receive any sum of money in relation to each such <i>Market Contract</i> <i>if that is required</i> after taking into account all the rights and liabilities of the defaulting Trading Clearing Participant under or in respect of the <i>Market Contract</i> concerned.</p>	Rule 4.2.1	<p>(a) On the occurrence of any Event of Default under Rule 4.1, the Clearing House may settle the defaulting Trading Clearing Participant’s Novated Contracts.</p> <p>(b) For the purposes of sub-rule (a), the Clearing House shall determine if the defaulting Trading Clearing Participant shall pay or receive any sum of money in relation to each such Novated Contract after taking into account all the rights and liabilities of the defaulting Trading Clearing Participant under or in respect of the Novated Contract concerned.</p>
Rule 4.2.2	<p>In performance of its functions under Rule 4.2.1, the Clearing House may take all or any of the following actions:-</p> <p>(a) <i>Close-off</i> all <i>Market Contracts</i> of the defaulting Trading Clearing Participant at what the Clearing House determines to be the best prevailing market price and terms available. For the purpose of this sub-rule “<i>close-off</i>” means liquidating an existing <i>Market Contract</i> with</p>	Rule 4.2.2	<p>In performance of its functions under Rule 4.2.1, the Clearing House may take all or any of the following actions:-</p> <p>(a) Close-out all Novated Contracts of the defaulting Trading Clearing Participant at what the Clearing House determines to be the best prevailing market price and terms available. For the purpose of this sub-rule “close-out” means liquidating an existing Novated Contract</p>

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p>an equal and opposite transaction.</p> <p>(b) Dispose such Securities held under lien without any further reference to the defaulting Trading Clearing Participant. The Clearing House shall have a right of lien on all Securities delivered by it to all Trading Clearing Participants (notwithstanding that the Clearing House may not have physical possession of such Securities) unless all moneys owing to it by such Clearing Participant in respect of the net purchase of such Securities, has been settled in full.</p> <p>(c) Apply all sums obtained under sub-rule (b) or any other sum standing to the credit of the defaulting Trading Clearing Participant.</p> <p>(d) Take any other action as it deems necessary for the protection of its interest with respect to <i>Market</i> Contracts to which a defaulting Trading Clearing</p>		<p>with an equal and opposite transaction.</p> <p>(b) (No change)</p> <p>(c) (No change)</p> <p>(d) Give instructions for transfers of securities to be effected into or out of a securities account which relates to a depositor who is a party to a Novated Contract or a depositor who had instructed the defaulting Trading Clearing Participant to effect a trade which results in a Novated Contract to which the defaulting Trading Clearing Participant has become a party, for the purposes of settlement of a Novated Contract or otherwise dealing with a Novated Contract in accordance with these Rules.</p> <p>(e) Take any other action as it deems necessary for the protection of its interest with respect to Novated Contracts to which a defaulting Trading Clearing</p>

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p>Participant is a party, at the defaulting Trading Clearing Participant’s expense and if appropriate in its name.</p> <p>(e) Engage under such terms and conditions of engagement as the Clearing House may determine from time to time, any person to render assistance as the Clearing House may require or specify in the performance of its functions under Rule 4.2. The defaulting Trading Clearing Participant shall bear the costs and expenses of the engagement such person(s).</p>		<p>Participant is a party, at the defaulting Trading Clearing Participant’s expense and if appropriate in its name.</p> <p>(f) (No change)</p>
Rule 4.2.3	<p>The Clearing House shall upon the completion by it of the <i>default proceedings</i> under this Chapter:</p> <p>(a) make a report on such <i>default proceedings</i>; and</p> <p>(b) supply:-</p> <p>(i) the Commission; <i>and</i></p> <p>(ii) any relevant <i>person</i> acting <i>in relation to</i> the defaulter whom the report relates; <i>or</i></p> <p>(iii) if there is no relevant <i>person</i> referred to in sub-rule (b) (ii), the <i>defaulting Trading Clearing Participant</i>.</p>	Rule 4.2.3	<p>The Clearing House shall upon the completion by it of the Default Proceedings under this Chapter:</p> <p>(a) make a report on such Default Proceedings containing such particulars as required in Section 105(1) of the Act; and</p> <p>(b) supply the report to:-</p> <p>(i) the Commission;</p> <p>(ii) any relevant office-holder acting for the Defaulter to whom the report relates or that Defaulter’s estate;</p> <p>(iii) if there is no relevant office-holder referred to in sub-rule (b)(ii), the Defaulter to whom the report relates; and</p>

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
			(iv) such other person as the Commission deems fit.
	(New Section under Chapter 4)	Rule A4.1	<p>CHAPTER 4 DEFAULT RULES</p> <p>SECTION A – DIRECT BUSINESS CONTRACTS</p> <p>(a) Subject to sub-rules (b) and (c), on the occurrence of a default by either party to a Direct Business Contract, the following shall apply:-</p> <p style="padding-left: 40px;">(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</p> <p style="padding-left: 40px;">(ii) 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.</p> <p>(b) 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</p>

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
			claims against its counterparty Trading Clearing Participant in default.
	(New provision)	Rule 5.7A	RESERVATION OF TITLE (a) Until such time as the Clearing House is satisfied that it has received payment in full with respect to any Securities delivered by the Clearing House in settlement of a Novated Contract to, or in accordance with the instructions of, the relevant Trading Clearing Participant under the Novated Contract on any due settlement day, unless otherwise specifically agreed in writing by the Clearing House, title and property in such Securities shall not pass on delivery to the Clearing Participant or to any recipient thereof in accordance with the Clearing Participant’s instructions. (b) For the avoidance of doubt, title and property in any Securities which have been delivered in settlement of the Novated Contract and which have not been paid for by the Trading Clearing Participant due to receive the same, shall only pass when the Trading Clearing Participant or the recipient thereof on the Trading Clearing Participant’s instructions, is expressly permitted by the Clearing House to utilise them, but at any time before then, the Clearing House shall be free to use or apply such Securities to limit its liability, resulting from such Trading

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
			<p>Clearing Participant’s failure to make payment to the Clearing House, in such manner as the Clearing House considers appropriate. In the event that the Trading Clearing Participant purports to transfer such Securities from its securities account at the Central Depository prior to good payment to the Clearing House, no title shall pass to the recipient of such Securities following the transfer.</p>
Rule 5.8	<p>DIRECT BUSINESS <i>TRANSACTIONS</i></p> <p>(a) All Direct Business <i>Transactions</i> shall be governed by Rule 5.8(a).</p> <p>(i) The clearing and settlement of Direct Business <i>Transactions</i> 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 <i>Transactions</i> will, unless rejected by the Clearing House, be accepted for clearing and settlement.</p>	Rule 5.8	<p>DIRECT BUSINESS <i>CONTRACTS</i></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>

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule 5.8	<p>(b) Except in relation to Direct Business <i>Transactions</i> 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).</p> <p>(i) Upon receipt of payment for the said Securities, the Clearing House shall then credit the said Securities into the buying Trading Clearing Participant’s securities account and the proceeds thereof shall be paid to the selling Trading Clearing Participant’s financial settlement account. <i>Subject to sub-rule (ii), in the event that there is any default in the financial settlement by the buying Trading Clearing Participant, the securities in the Clearing House Direct Business Account will be reverted to the selling Trading Clearing Participant's securities account.</i></p> <p>(ii) <i>The Clearing House shall not be responsible for any default by the Trading Clearing Participant in respect of Direct Business Transactions and the Trading Clearing Participant itself shall pursue all claims against its counterparty Trading Clearing Participant in default.</i></p> <p>(iii) No partial delivery of securities and financial</p>	Rule 5.8	<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) and Section A of Chapter 4.</p> <p>(i) Upon receipt of payment for the said Securities, the Clearing House shall then credit the said Securities into the buying Trading Clearing Participant’s securities account and the proceeds thereof shall be paid to the selling Trading Clearing Participant’s financial settlement account. In the event of a default in the financial settlement by the buying Trading Clearing Participant, Rule A4.1 shall apply.</p> <p>(ii) No partial delivery of Securities and financial settlement shall be allowed for Direct Business Contracts.</p> <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>

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p>settlement shall be allowed for Direct Business <i>Transactions</i>.</p> <p>(iv) 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 <i>Transactions</i>, as the Clearing House deems appropriate in the respective circumstances.</p>		
Rule A5.1	<p>CONDITION PRECEDENT FOR USE OF ISS</p> <p>Use of the ISS is conditional upon the Non Trading Clearing Participant and other Clearing Participants agreeing in writing, in the prescribed form, to be bound by and observe the Rules, Operational Procedures, directives and other regulations of the Clearing House for the time being in force, any decision or directives of the Clearing House and the obligations imposed on the Non Trading Clearing Participant upon admission, the continuing obligations, including without limitation, to uphold the highest standards of competence and integrity, as the case may be.</p> <p>For avoidance of doubt, this Chapter shall apply to all ISS Transaction resulting either from <i>Market Contract on the Exchange</i> or Direct Business Contract.</p>	Rule A5.1	<p>CONDITION PRECEDENT FOR USE OF ISS</p> <p>Use of the ISS is conditional upon the Non Trading Clearing Participant and other Clearing Participants agreeing in writing, in the prescribed form, to be bound by and observe the Rules, Operational Procedures, directives and other regulations of the Clearing House for the time being in force, any decision or directives of the Clearing House and the obligations imposed on the Non Trading Clearing Participant upon admission, the continuing obligations, including without limitation, to uphold the highest standards of competence and integrity, as the case may be.</p> <p>For avoidance of doubt, this Chapter shall apply to all ISS Transaction resulting either from Novated Contract or Direct Business Contract.</p>

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule A5.2	<p>(b) The Clearing House shall only accept an ISS Instruction and ISS Confirmation and/or ISS Affirmation in relation to an ISS Transaction for clearing and settlement under the ISS if:</p> <p>(i) such ISS Transaction results directly from or in a Market Contract; and</p> <p>(ii) such ISS Transaction relates to the same Securities of the relevant Market Contract and the quantity thereof shall:</p> <p>(aa) for <i>Market Contract on the Exchange</i>, not exceeding thereto; or</p> <p>(bb) for Direct Business Contract, being equal thereto; and</p> <p>(iii) the ISS Transaction, is to be settled on the same due settlement day as the Market Contract to which it relates.</p>	Rule A5.2	<p>(b) The Clearing House shall only accept an ISS Instruction and ISS Confirmation and/or ISS Affirmation in relation to an ISS Transaction for clearing and settlement under the ISS if:</p> <p>(ii) such ISS Transaction results directly from or in a Market Contract; and</p> <p>(ii) such ISS Transaction relates to the same Securities of the relevant Market Contract and the quantity thereof shall:</p> <p>(aa) for Novated Contract, not exceeding thereto; or</p> <p>(bb) for Direct Business Contract, being equal thereto; and</p> <p>(iii) the ISS Transaction, is to be settled on the same due settlement day as the Market Contract to which it relates.</p>
Rule A5.8	<p>UNSETTLED ISS TRANSACTION</p> <p>(a) Without prejudice to the rights and liabilities as between the Clearing Participants concerned, any ISS Transaction resulting from <i>Market Contract on the Exchange</i>, accepted for settlement by the Clearing House under ISS which remains unsettled or is partially</p>	Rule A5.8	<p>UNSETTLED ISS TRANSACTION</p> <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</p>

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
	settled on the due settlement day may be subject to automatic buy-in by the Clearing House in accordance with the Rules.		settlement day may be subject to automatic buy-in by the Clearing House in accordance with the Rules.
Rule A5.10	<p>RESERVATION OF TITLE</p> <p>(a) <i>Until such time as the Clearing House is satisfied that it has received payment in full with respect to any Securities delivered by the Clearing House in settlement of an ISS Transaction to, or in accordance with the instructions of, the relevant Clearing Participant under the ISS on any due settlement day, unless otherwise specifically agreed in writing by the Clearing House, title and property in such Securities shall not pass on delivery to the Clearing Participant or to any recipient thereof in accordance with the Clearing Participant’s instructions.</i></p> <p>(b) <i>For the avoidance of doubt, title and property in any Securities which have been delivered in settlement under the ISS and which have not been paid for by the Clearing Participant due to receive the same shall only pass when the Clearing Participant or the recipient thereof on the Clearing Participant’s instructions, is expressly permitted by the Clearing House to utilise them, but at any time before then, the Clearing House shall be free to use or apply such Securities to limit its exposure, resulting from such Clearing Participant’s failure to make payment to the Clearing House, in such</i></p>	Rule A5.10	Deleted.

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p><i>manner as the Clearing House considers appropriate. In the event that the Clearing Participant purports to transfer such Securities from its stock account at the Central Depository prior to good payment to the Clearing House, no title shall pass to the recipient of such Securities following the transfer.</i></p>		
Rule A5.11	<p>NON LIABILITY FOR MARKET 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 <i>Market Contract</i> 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 <i>Market Contract</i> 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>	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 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>
Rule 6.12.1	<p>APPLICATION OF CLEARING GUARANTEE FUND</p> <p>6.12.1 Without prejudice to other provisions of the Rules, the Clearing Guarantee Fund shall be applied in respect of the obligations and liabilities of the Clearing House arising out of <i>Market Contracts</i> (including, but not</p>	Rule 6.12.1	<p>APPLICATION OF CLEARING GUARANTEE FUND</p> <p>6.12.1 Without prejudice to other provisions of the Rules, the Clearing Guarantee Fund shall be applied in respect of the obligations and liabilities of the Clearing House arising out of Novated Contracts (including, but not</p>

“ANNEXURE 1”

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
IN RELATION TO DEFAULT RULES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
	limited to the costs and expenses incurred in relation to making recoveries from Trading Clearing Participants and in relation to risk management measures effected by the Clearing House with respect to <i>Market</i> Contracts).		limited to the costs and expenses incurred in relation to making recoveries from Trading Clearing Participants and in relation to risk management measures effected by the Clearing House with respect to Novated Contracts).