



**RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD
RULE AMENDMENTS IN RELATION TO ON-MARKET MARRIED TRANSACTIONS**

The following sets out the rule amendments to the Rules of Bursa Malaysia Securities Clearing Sdn Bhd in relation to On-Market Married Transactions.

1.0 INTERPRETATION

1.1 The definition of “Direct Business Contract” be amended as follows:

“Direct Business Contract”	Means:
	<p>(a) a transaction in securities entered into outside the automated and computerised securities trading system established by the Exchange in accordance with the Exchange Rules; crossings which are off market transactions in Securities between two clients of different Trading Clearing Participants; or</p> <p>(b) married transactions which are off market transactions in Securities where a Trading Clearing Participant acts on behalf of both buying and selling clients; or</p> <p>(<u>eb</u>) any other transaction in Securities which shall be determined by the Clearing House from time to time as being a Direct Business.</p>

1.2 The current definition of “Novated Contract” be amended as follows:

“Novated Contract”	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 using the clearing facility of the Clearing House. <u>For the avoidance of doubt, this includes a contract for an on-market transaction as defined in the Exchange Rules.</u>
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1.3 The current definitions of “The Exchange” and “The Clearing House” be amended as follows:

“ The Exchange”	Any body corporate which has been approved by the Minister under subsection (2) of section 8 of the Act for which the Clearing House provides its services on the clearing and settlement of transactions in securities effected on or subject to the rules of the stock exchange <u>Exchange Rules</u> .
“ The Clearing House”	Bursa Malaysia Securities Clearing Sdn. Bhd.

2.0 CLARIFYING THE CLEARING AND SETTLEMENT PROVISIONS

2.1 Rule 5.1(a) be amended as follows:

- (a) ~~Clearing and settlement shall be performed only for those Securities traded through the Exchange and presented to the Clearing House in accordance with these Rules. Clearing Participants must clear and settle all Market Contracts through the Clearing House in accordance with these Rules.~~

2.2 Rule 5.1(b) be deleted in its entirety.

- (b) ~~Deleted All Direct Business Contracts shall be cleared and settled through the Clearing House in accordance with these Rules.~~

2.3 Rule 5.2 be amended as follows:

- (a) Where a Trading Clearing Participant, in respect of a Novated Contract, fails to deliver securities to the Clearing House by the due date and in the manner as prescribed under the Exchange Rules, the Clearing House may,
- (i) subject to Rule 5.2(b), advise the Exchange to institute buying-in against the Trading Clearing Participant concerned on the Market Day following the due date to the Clearing House in accordance with the Exchange Rules; or
 - (ii) resort to any other mode of making good the default in delivery by the Trading Clearing Participants pursuant to the relevant Exchange Rules or in any other manner as it considers appropriate in the circumstances.
- (b) Where a Trading Clearing Participant, having sold Securities in odd lot (as defined in the Exchange Rules) ("the Odd Lot Securities") in respect of a Novated Contract, fails to deliver the Odd Lot Securities to the Clearing House by the due date and in the manner as prescribed under the Exchange Rules, the Clearing House shall advise the Exchange of the failure in delivery. The said contract for Odd Lot Securities shall then be settled in the following manner:
- (i) The selling Trading Clearing Participant shall instead pay in cash and the buying Trading Clearing Participant shall receive a Cash Settlement Price in lieu of delivery of the Odd Lot Securities; and
 - (ii) For the purposes of these Rules the "Cash Settlement Price" means an amount which shall include a levy by way of compensation, and calculated and paid in the manner prescribed by the Clearing House from time to time in its directives.
- (c) There shall be no buying-in against the selling Trading Clearing Participant of the Odd Lot Securities on the Market Day following the due date in accordance with the Exchange Rules where Rule 5.2(b) applies.
- (d) In the event the buying Trading Clearing Participant onward sells the Odd Lot Securities in odd lot, and is unable to deliver in full the Securities sold, the buying Trading Clearing Participant may be required to pay a Cash Settlement Price for the total number of Securities sold.
- (e) The ultimate buying Trading Clearing Participant of the odd lot Securities referred to in Rule 5.2(d) shall receive a Cash Settlement Price in lieu of delivery of the Securities. For the purpose of this Rule, the "ultimate buying Trading Clearing

Participant” means the last Trading Clearing Participant who has yet to receive the odd lot Securities and who has not onward sold any part of the odd lot Securities.

2.4 Rule 5.8(c) be deleted in its entirety.

~~(c) (i) Notwithstanding Rule 5.8(a) and (b) and subject to Rule 5.8(c)(vi), a Trading Clearing Participant may elect to have a Direct Business Contract cleared and settled as a Novated Contract provided that the Direct Business Contract is a married transaction (as defined below) and all of the following conditions are satisfied:~~

~~(aa) the Securities that are the subject matter of the Direct Business Contract are transacted in a board lot or a multiple of a board lot;~~

~~(bb) the price at which the Direct Business Contract is transacted is at or within the price range as prescribed in the Operational Procedures of the Clearing House at the time the Trading Clearing Participant inputs the Direct Business Contract into the Direct Business Comparison System (or such other system as may be implemented by the Clearing House or the Exchange from time to time to clear and settle Securities in respect of Direct Business Contracts);~~

~~(cc) the election to clear and settle Direct Business Contracts as Novated Contracts must be made within the time prescribed in the Operational Procedures; and~~

~~(dd) the Securities that are the subject matter of the Direct Business Contract are not Designated Securities as defined in the Exchange Rules.~~

~~For purposes of Rule 5.8(c)(i), a “married transaction” shall mean an off-market transaction in Securities where the Trading Clearing Participant acts on behalf of both its buying and selling clients or where the Trading Clearing Participant acts on its own behalf and on behalf of its clients.~~

~~(ii) Where a Direct Business Contract is accepted by the Clearing House for clearing and settlement as a Novated Contract under Rule 5.8(c)(i), the Direct Business Contract becomes a Novated Contract for purposes of these Rules and the relevant provisions in these Rules pertaining to Novated Contracts shall apply.~~

~~(iii) Without prejudice to any of its rights under these Rules, the Clearing House may reject an election to clear and settle a Direct Business Contract as a Novated Contract:~~

~~(aa) where the Trading Clearing Participant fails to satisfy any of the conditions set out under Rule 5.8(c)(i); or~~

~~(bb) where in the opinion of the Clearing House, acceptance of the election poses or is likely to pose undue risks to the Clearing House or the rejection is warranted in the interest of maintaining orderly clearing and settlement of Market Contracts.~~

~~(iv) Where the Clearing House exercises its power under Rule 5.8(c)(iii), the Direct Business Contract shall be cleared and settled in accordance with Rule 5.8(a) and Section A of Chapter 5, where relevant.~~

~~(v) Failure to satisfy any of the conditions under Rule 5.8(c)(i) shall constitute a breach of this Rule by the Trading Clearing Participant irrespective of~~

~~whether the Direct Business Contract is cleared and settled as a Novated Contract or otherwise.~~

- ~~(vi) The provisions of this Rule 5.8(e) in relation to election by a Trading Clearing Participant to have a Direct Business Contract cleared and settled as a Novated Contract shall only be applicable for such period of time as the Clearing House, in its absolute discretion, shall determine.~~

[End of Proposed Amendments]