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INTRODUCTION

In exercise of its power under section 136 of the Labuan Financial Services and Securities Act 2010, Labuan International Financial Exchange Inc. (the “**Exchange**”) hereby makes rules which provide for:

- (a) governance (Chapter 2);
- (b) licensing (Chapter 3);
- (c) listing requirements (Chapter 4);
- (d) trading (Chapter 5);
- (e) clearance, settlement and depository (Chapter 6);
- (f) disciplinary procedures (Chapter 7); and
- (g) other matters (Chapter 8),

relating to the Exchange.

Any queries relating to these Rules should be addressed to:

Customer Management
Labuan International Financial Exchange (LFX)
Level 7(B) Main Office Tower
Financial Park Complex
Jalan Merdeka
87000 Federal Territory Labuan
Malaysia

CHAPTER 1 – DEFINITIONS AND INTERPRETATION

Definitions

1. In these Rules, unless the context otherwise requires:

Definitions

“**applicant issuer**” means a person or undertaking, including a public sector issuer of a fund, financial instruments of which are the subject of an application for listing;

“**Authority**” means the Labuan Financial Services Authority established under section 3 of the Labuan Financial Services Authority Act 1996;

“**Board of Directors**” means the board of directors of the Exchange;

“**business day**” means a day during any part of which the facilities of the Exchange are available for trading purposes;

“**Chairman of the Exchange Committee**” means a person appointed as the chairman of the Exchange Committee pursuant to section 138 of the Labuan Financial Services and Securities Act 2010;

“**Chief Executive Officer**” means the chief executive officer of the Exchange appointed by the Board of Directors in accordance with the Memorandum and Articles of Association;

“**Complaint Registry**” means the registry kept by the Exchange for the purposes of recording any complaint lodged and investigation conducted on the Trading Agents and Listing Sponsors as referred to in Rule 4 of Chapter 7”

“**conference telephone**” includes any type of conference telephone or video conference telephone or similar communications equipment by which all persons participating are able to hear and be heard by all participants;

“**constitution**” means all documents which individually or collectively govern and regulate the objects and internal conduct of an entity and the rights, powers, privileges and responsibilities of the shareholders, partners, beneficiaries, directors, officers, trustees, managers or other persons associated with the entity or holding a financial interest therein. In the case of a corporation, the constitution includes its memorandum of association, by-laws and articles of association or equivalent document; in the case of a limited partnership, the constitution includes its partnership agreement and any other document constituting the partnership; and in the case of a unit trust, its constitution includes its trust deed or agreement;

“**corporation**” means a body corporate established under any jurisdiction;

“**convertible debt securities**” means debt securities convertible into or exchangeable for equity securities, and debt securities with non-detachable options, warrants or similar rights to subscribe for or purchase equity securities;

“convertible equity securities” means equity securities convertible into or exchangeable for other equity securities and equity securities with non-detachable options, warrants or similar rights to subscribe for or purchase equity securities;

“debt securities” means financial instruments in the form of debenture or loan stock, debentures, bonds, notes and other securities or instruments acknowledging, evidencing or creating indebtedness, whether secured or unsecured, and options, warrants or similar rights to subscribe or purchase any of the foregoing and convertible debt securities;

“Disciplinary Committee” means the committee referred to in Rule 10(c) of Chapter 2;

“equity securities” means financial instruments in the form of shares, including preference shares, convertible equity securities and options, warrants or rights to subscribe or purchase the same, by whatever name called, but excluding debt securities;

“Exchange” means Labuan International Financial Exchange Inc., a company incorporated under the Labuan Companies Act 1990 and approved by the Authority to be established as an exchange in Labuan pursuant to section 134 of the Labuan Financial Services and Securities Act 2010;

“Exchange Committee” means the committee established pursuant to section 138 of the Labuan Financial Services and Securities Act 2010;

“financial instruments” means any form of securities or other instruments that are capable of being listed on the official list of the Exchange;

“fund” means an undertaking which is a corporation, unit trust, limited partnership or any combination thereof, or other entity the objective of which is the collective investment of its capital;

“issuer” means a person or undertaking, including a public sector issuer or a fund, financial instruments of which are listed;

“Licensing Committee” means the committee referred to in Rule 10(a) of Chapter 2;

“listing” means the listing of, and permission to deal and trade in, financial instruments on the official list of the Exchange;

“Listing Committee” means the committee referred to in Rule 10(b) of Chapter 2

“Listing Document” means the document referred to in Rule 14 of Chapter 4;

“Listing Sponsor” means a person licensed by the Exchange under Chapter 3 to carry on the functions as a Listing Sponsor under these Rules;

“Listing Sponsor License” means the license issued by the Exchange to the Listing Sponsor;

“**major subsidiary**” means a subsidiary representing 15% or more of the consolidated net tangible assets or pre-tax profits of the issuer and any other subsidiary which under the jurisdiction the issuer is subject to, is deemed to be a major subsidiary;

“**Memorandum and Articles of Association**” means memorandum and articles of association of the Exchange;

“**Minister**” means the Minister charged with the responsibility for finance;

“**officer**” in respect of an issuer:

- (a) Where the issuer is a unit trust, a trustee of that trust, or where the trustee is a trust corporation, a director of that trust corporation;
- (b) Where the issuer is a limited partnership, the general partner of that partnership; and
- (c) Where the issuer is a corporation, a director of that corporation;

“**person**” includes a corporation, firm or body of person;

“**practice notes**” means practice notes issued by the Exchange Committee pursuant to Rule 2 of Chapter 8;

“**Primary Exchange**” means an exchange agreed by the Exchange to have the primary responsibility for regulating the listing, trading and dealing of the financial instruments and ensuring the observation by the issuer of its continuing obligations as an issuer of such financial instruments in a secondary listing;

“**secondary listing**” means the secondary listing of financial instruments referred to in Rule 6 of Chapter 4;

“**Specific Committees**” means the Licensing Committee, the Listing Committee and the Disciplinary Committee and “**Specific Committee**” means any of them;

“**Trading Agent**” means a person licensed by the Exchange under Chapter 3 to carry on the functions of Trading Agent under these Rules;

“**Trading Agent License**” means license issued by the Exchange to the Trading Agent; and

“**unit trust**” means a trust established under any jurisdiction for the purpose, or having the effect, of providing facilities for the participation by persons as beneficiaries under the trust in any profits or income arising from the acquisition, holding, management or disposal of any property.

Interpretation

2. In these Rules, unless the context otherwise requires:
- (a) words importing the singular shall include the plural and vice versa;
 - (b) words and expression importing the masculine gender shall include the feminine and neuter genders and vice versa;
 - (c) the headings and sub-headings to these Rules are for convenience of reference only and shall not affect the interpretation and construction thereof;
 - (d) for the purpose of calculating any period of time stipulated in these Rules, or when an act is required to be done within a specified period after or from a specified date, the period is inclusive of and time begins to run from the date so specified;
 - (e) where any word or expression is defined in these rules, the definition shall extend to all grammatical variation and cognate expressions of the word and expression so defined;
 - (f) references to a document being certified means certified to be a true copy or extract (as the case may be) by a director, the secretary, or other authorized officer of the issuer or by the issuer's auditors or solicitors;
 - (g) references to writing shall include typewriting, printing, photocopying and other modes of representing or reproducing words in a legible and non-transitory form, whether electronic or otherwise, and electronic mail received by the Exchange's electronic mail systems;
 - (h) references to statutes include references to such statutes as may be amended or re-enacted from time to time; and
 - (i) references to these "**Rules**" shall include any amendments thereto and practice notes issued there under.

CHAPTER 2 – GOVERNANCE

Exchange Committee

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| 1. | As provided in section 138 of the Labuan Financial Services and Securities Act 2010, the Exchange Committee shall manage the affairs of the Exchange. | Affairs of the Exchange |
| 2. | Upon their appointment, members of the Exchange Committee shall exercise and perform their powers and functions in accordance with and be bound by the provisions of these Rules and any directions issued by the Authority from time to time. | Bound by the Rules |
| 3. | Unless specified otherwise in the instrument of appointment, the appointment of a member of the Exchange Committee shall be subject to the following terms: | General terms of appointment |
| | (a) subject to paragraphs (b), (c) and (d) below, such member shall hold office for a term not exceeding three (3) years. However, upon the expiry of the three (3) year term, he shall be eligible for re-appointment; | |
| | (b) the appointing authority of such member may at any time revoke the appointment without assigning any reason therefore; | |
| | (c) such a member may at any time resign his office by giving a one (1) month written notice to the appointing authority; and | |
| | (d) the office of such member shall be vacated if he: | |
| | (i) dies; | |
| | (ii) is convicted of any offence under any law; | |
| | (iii) becomes bankrupt; | |
| | (iv) is of unsound mind or otherwise incapable of discharging his duties or unfit to remain in the Exchange Committee; or | |
| | (v) fails to attend three (3) consecutive meetings of the Exchange committee without leave of the Chairman of the Exchange Committee. | |
| 4. | Except for the power to hear appeals under Rule 1 of Chapter 8, the Exchange Committee may delegate any of its powers or functions to: | Delegation |
| | (a) any member of the Exchange Committee; | |
| | (b) any of the Specific Committees; | |
| | (c) any sub-committee as may be established by the Exchange Committee; | |
| | (d) the Chief Executive Officer; or | |
| | (e) any other officer of the Exchange, | |

provided that such delegation shall not preclude the Exchange Committee from performing or exercising at any time any of its powers or functions to delegated.

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| <p>5. The Exchange Committee shall determine its own regulations and procedures in conducting an Exchange Committee meeting. However, the following rules shall be observed:</p> <p>(a) the quorum necessary for an Exchange Committee meeting shall be three (3) members;</p> <p>(b) the Chairman of the Exchange Committee shall be the chairman for the Exchange Committee meeting. If the Chairman of the Exchange Committee is not present, the members present shall elect one (1) of the members present to be the chairman for that meeting;</p> <p>(c) all matters arising at the Exchange Committee meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman for the meeting shall have a second and casting vote; and</p> <p>(d) a member of the Exchange Committee may participate in an Exchange Committee meeting by means of conference telephone and such participation shall be deemed to constitute such member's presence at such Exchange Committee meeting.</p> | <p>Exchange Committee Meeting</p> |
| <p>6. The Exchange Committee shall cause minutes of all their meetings and deliberations to be maintained and kept in proper form.</p> | <p>Minutes of meetings</p> |
| <p>7. If the Chief Executive Officer is not the Chairman of the Exchange Committee, the Chief Executive Officer may sit and speak at any meetings of the Exchange Committee provided that the Chief Executive Officer shall have no right to vote at the said meetings.</p> | <p>Chief Executive Officer may attend the Exchange Committee meetings</p> |
| <p>8. The Exchange Committee may invite any person to attend any meetings of the Exchange Committee for the purpose of advising the Exchange Committee on any matter under discussion provided that such person shall have no right to vote at the said meetings.</p> | <p>Adviser</p> |
| <p>9. All members of the Exchange Committee or any person invited to attend any meetings of the Exchange Committee referred to in Rule 8 of this Chapter may be paid such remuneration or allowance as the Board of Directors may determine.</p> | <p>Remuneration</p> |

Specific Committees

10. There shall be established under these Rules, Specific Committees as follows: Powers and functions
- (a) the Licensing Committee, whose powers and functions are to administer matters relating to the licensing by the Exchange of the Listing Sponsors and Trading Agents as set out in Chapter 3 and other matters incidental thereto;
 - (b) the Listing Committee, whose powers and functions are to administer matters relating to the listing of financial instruments on the Exchange as set out in Chapter 4 and other matters incidental thereto; and
 - (c) the Disciplinary Committee, whose powers and functions are to administer matters relating to the enforcement by the Exchange of disciplinary procedures and actions against Listing Sponsors and Trading Agents as set out in Chapter 7 and other matters incidental thereto.
11. Each of the Specific Committees shall consist of the following members appointed by the Exchange Committee: Appointment
- (a) a chairman of such Specific Committee; and
 - (b) not less than two (2) other persons, of whom at least one (1) shall be appointed from amongst members of the Exchange Committee.
- Every member of each of the Specific Committees must be a fit and proper person and possesses relevant experience in financial, commercial or legal matters.
12. Upon their appointment, members of the Specific Committees shall exercise and perform their powers and functions in accordance with and be bound by the provisions of these Rules and directions issued by the Authority from time to time. Bound by the Rules
13. Unless specified otherwise in the instrument of appointment, the appointment of a member of any of the Specific Committees shall be subject to the following terms: Terms of appointment
- (a) subject to paragraph (b), (c) and (d) below, such member shall hold office for a term not exceeding three (3) years. However, upon the expiry of the three (3) year term, he shall be eligible for re-appointment;
 - (b) the Exchange Committee may at any time revoke the appointment of such member without assigning any reason therefore;
 - (c) such member may at any time resign his office by giving a one (1) month written notice to the Exchange Committee;
 - (d) the office of such member shall be vacated if he:
 - (i) dies;

- (ii) is convicted of any offence under any law;
 - (iii) becomes bankrupt;
 - (iv) is of unsound mind or otherwise incapable of discharging his duties or unfit to remain in the Specific Committee; or
 - (v) fails to attend three (3) consecutive meetings of the Specific Committee without leave of the chairman of such Specific Committee or, in case of the chairman of the Specific Committee, leave of the Chairman of the Exchange Committee.
14. Each of the Specific Committees may determine its own regulations and procedures in conducting its meetings. However, the following rules shall be observed:
- (a) the quorum necessary for such meeting shall be three (3) members;
 - (b) the chairman of the Specific Committee shall be the chairman of such meeting. If the chairman of the Specific committee is not present, the members present shall elect one of them to be the chairman of the meeting;
 - (c) all matters arising at such meeting shall be decided by a majority of votes. In case of an equality of votes the chairman of such meeting shall have a second and casting vote; and
 - (d) a member of the Specific Committee may participate in such meeting by means of conference telephone and such participation shall be deemed to constitute such member's presence at such meeting.
15. Each of the Specific Committees shall cause minutes of all their meetings and deliberation to be maintained and kept in proper form.
16. Each of the Specific Committees may invite any person to attend its meetings for the purpose of advising the Specific Committee on any matter under discussion provided that such person shall have no right to vote at the said meetings.
17. All members of each of the Specific Committees and any person invited to attend its meetings referred to in Rule 16 of this Chapter may be paid such remuneration or allowance as the Board of Directors may determine.

Meetings

Minutes of meetings

Adviser

Remuneration

Board of Directors

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| 18. | It is acknowledged that as provided in the Memorandum and Articles of Association, the Board of Directors shall exercise and perform its powers and functions in accordance with and be bound by the provision of these Rules. | Bound by the Rules |
| 19. | Notwithstanding anything else provided in these Rules, apart from powers of the Board of Directors which are specifically provided in these Rules or the Memorandum and Articles of Association, the Board of Directors shall have the power to decide: | Overriding power of the Board of Directors |
| | (a) on policies of the Exchange which relate to the general financial treatment or affecting the interest of the shareholders of the Exchange; and | |
| | (b) with approval of the Authority, on any matters relating to the shareholding structure of the Exchange | |

Chief Executive Officer

20. It is acknowledged that as provided in the Memorandum and Articles of Association, the Chief Executive Officer shall: Bound by the Rules
- (a) be appointed by the Board of Directors for the purposes of managing the day to day operations of the Exchange; and
 - (b) exercise and perform his powers and functions in accordance with and be bound by the provisions of these Rules.
21. Unless specified otherwise in the instrument of appointment, the appointment of the Chief Executive Officer shall be subject to the following terms: Terms of appointment
- (a) subject to paragraphs (b) and (c) below, the Chief Executive Officer shall hold office for a term not exceeding three (3) years. However, upon the expiry of the three (3) year term, he shall be eligible for re-appointment;
 - (b) the Board may at any time revoke the appointment of the Chief Executive Officer without assigning any reason therefore; and
 - (c) the office of the Chief Executive Officer shall be vacated if he:
 - (i) dies;
 - (ii) is convicted of any offence under any law;
 - (iii) becomes bankrupt; or
 - (iv) is of unsound mind or otherwise incapable of discharging his duties or unfit to remain as the Chief Executive Officer.

CHAPTER 3 – Licensing

Licensing Criteria and Qualification

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| 1. | Listing Sponsor License may be granted to any person experienced in the business of investment considered suitable and appropriate by the Exchange, including an accounting firm, a law firm, a fund manager, a trust company and other service provider, established under any jurisdiction, provided however its net assets exceed the amount specified by the Exchange Committee in Schedule A. | Criteria and qualification for Listing Sponsor |
| 2. | Trading Agent License may be granted to any person who is experienced in trading of financial instruments and considered suitable and appropriate by the Exchange, provided however its net assets exceed the amount specified by the Exchange Committee in Schedule A. | Criteria and qualification for Trading Agent |
| 3. | For the avoidance of doubt, the Exchange may grant the Listing sponsor License or Trading Agent License to a suitable and appropriate individual of any nationality, provided that such individual is at least twenty-one (21) years of age and his net assets exceed the relevant amount required under Rule 1 or Rule 2 of this Chapter. | Individual |
| 4. | Any relevant license granted by an authority or body under any jurisdiction held by the applicant may be considered by the Exchange as an added advantage. | Other license |
| 5. | The Exchange retains an absolute discretion to accept or reject the application, and that satisfaction of and compliance with the relevant criteria and qualification in these Rules may not in itself ensure the grant of the license. | Discretion of the Exchange |

Application Procedure

6. The application for Listing Sponsor License may be sent to the Exchange and shall contain the following documents:
- Application for Listing Sponsor License
- (a) a written and signed application for Listing Sponsor License, together with non-refundable application fee as specified by the Exchange Committee in Schedule B. If the applicant has any branch office and it is intended by the applicant that the Listing Sponsor License should be extended to cover activities of the branch office, the application should also specify the name and address of such branch office;
 - (b) in the case of a corporation or partnership, a certified copy of its constitution, or, in the case of an individual, a certified copy of his passport and curriculum vitae;
 - (c) proof of the applicant's experience and expertise in the business of investment. As supporting documents, the applicant may want to enclose any letters of reference or similar documents together with the proof;
 - (d) proof of the applicant's net assets, in the form of an audited financial statement or otherwise; and
 - (e) the applicant's business plan and strategy relating to its function as a Listing Sponsor.
7. The application for Trading Agent License may be sent to the Exchange and shall contain the following documents:
- Application for Trading Agent License
- (a) a written and signed application for Trading Agent License, together with non-refundable application fee as specified by the Exchange Committee in Schedule B. If the applicant has any branch office and it is intended by the applicant that the Trading Agent License should be extended to cover activities of the branch office, the application should also specify the name and address of such branch office;
 - (b) in the case of a corporation or partnership, a certified copy of its constitution, or, in the case of an individual, a certified copy of his passport and curriculum vitae;
 - (c) proof of the applicant's experience and expertise in the trading of financial instruments. As supporting documents, the applicant may want to enclose any letters of reference or similar documents together with the proof;
 - (d) proof of the applicant's net assets, in the form of an audited financial statement or otherwise; and
 - (e) the applicant's business plan and strategy relating to its function as a Trading Agent.

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| 8. | The Exchange may call the applicant for an interview or presentation or request for any other information or documents from the applicant in order to assess the application and clarify any information submitted to the Exchange. | Interview and further information or document |
| 9. | The Exchange shall without delay decide on whether to accept or reject the application upon it receiving of all information required. | Decision |
| 10. | Before the Listing Sponsor License or Trading Agent License is granted, the Exchange shall require the applicant to provide an undertaking or declaration as may be prescribed by the Exchange, relating to such Listing Sponsor's or Trading Agent's commitments towards the Exchange and third parties and code of secrecy. | Undertaking or declaration |
| 11. | The Exchange shall require the Listing Sponsor and Trading Agent to effect and maintain professional indemnity insurance throughout the validity period of its license in the amount specified by the Exchange Committee in Schedule A. | Professional indemnity insurance |
| 12. | Application for renewal of the Listing Sponsor License and Trading Agent License must be submitted in writing to the Exchange not later than two (2) weeks before the expiry of the relevant license. However, the Exchange may, as it deems fit, accept and application for renewal which is made later than such period or after the expiry of the relevant license. | Application for renewal |

Terms of License

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| 13. | The Listing Sponsor License and the Trading Agent License shall be: | Fees and Renewal |
| | (a) subject to payment of fees as specified in Schedule B. It is intended that the fees are specified in Schedule B only relate to activities of the principal office of the Listing Sponsor or Trading Agent only and if the Listing Sponsor License or the Trading Agent License is to be extended to cover activities of any branch office, the Exchange may at its discretion impose additional fees for such license; and | |
| | (b) valid for twelve (12) months and may be renewed by the Exchange upon application by the licensee in accordance with Rule 12 of this Chapter and on payment of renewal fees as specified by the Exchange Committee in Schedule B or in the condition of license. The renewal of the license is at the discretion of the Exchange. | |
| 14. | Every Listing Sponsor and Trading Agent shall, as soon as practicable, but within a period not exceeding two (2) months from the last day of its financial year, deliver to the Exchange a copy of its audited financial statements in respect of such year, together with such information with respect to its business affairs and activities as the Exchange may from time to time require and in such form as the Exchange may from time to time prescribe. | Financial statements |
| 15. | During the validity period of its license, every Listing Sponsor and Trading Agent shall immediately notify the Exchange of: | Duty to inform the Exchange |
| | (a) any substantial change in its ownership or control, whether direct or indirect; | |
| | (b) any event or circumstance which may adversely affect or impair its ability to meet its business plan and strategy submitted to the Exchange; | |
| | (c) any change in its directors or partners or in its senior management; | |
| | (d) the commencement or likely commencement of any disciplinary or court proceedings of any nature whatsoever against it by any persons or bodies; | |
| | (e) any judgment entered against it; | |
| | (f) any breach by it of any law, rules, codes or regulations that it is bound by; | |
| | (g) any other circumstances or events that may be detrimental to the interest of its clients; and | |
| | (h) any other circumstances or event that adversely affect or impair its ability to carry out its duties as a Listing Sponsor or Trading Agent, as the case may be. | |

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| 16. | The Exchange may, upon granting the license or at any time during the validity period of the license, impose any other conditions on the Listing Sponsor license, impose any other conditions on the Listing Sponsor License and the Trading Agent License, other than those imposed by these Rules, as the Exchange deems fit and appropriate on a case to case basis. | Conditions |
| 17. | The particulars of all Listing Sponsors and Trading Agents will be kept in registers to be maintained in Labuan by the Exchange and it shall be the responsibility of the Listing Sponsors and the Trading Agents to inform the Exchange of any change in their particulars. | Registers of licensees |
| 18. | The Exchange may at anytime suspend the Listing Sponsor License or Trading Agent License without assigning any reason therefore. | Suspension of licenses |
| 19. | <p>The Exchange may at anytime during the validity period of the license:</p> <p>(a) conduct an inspection to ensure that a Listing Sponsor or Trading Agent is in compliance with these Rules; or</p> <p>(b) require any Listing Sponsor or Trading Agent to furnish the Exchange with any information as it may require within a reasonable time and in such manner as may be specified by the Exchange.</p> | Inspection and request for information |
| 20. | Subject to the provisions in these Rules, a person may at the same time hold both a Listing Sponsor License and a Trading Agent License. | |

CHAPTER 4 – LISTING REQUIREMENTS

Listing Criteria and Qualification

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| 1. | In order to be listed, the Exchange must be satisfied that the financial instruments are suitable to be listed on the Exchange. | Suitable for listing |
| 2. | In determining, the suitability for listing of the financial instruments, the Exchange will be guided by its general objective to achieve a sound balance between providing appropriate issuers with access to the capital market at the earliest possible opportunity, while providing investors with enough safeguards and with sufficient and timely information to enable them to make informed decisions as to the value and merits of the financial instruments. | General objective |
| 3. | For any financial instruments to be listed, the Exchange will normally require that the following criteria and qualification be satisfied: | Normal criteria and qualification |
| | (a) the legal position of the issuer shall conform to the laws and regulations to which it is subject, with regard to both its establishment and its operation; | |
| | (b) the legal position of the financial instruments must conform to the laws and regulations to which they are subject; | |
| | (c) the financial instruments must be denominated either in United States Dollar, Euro, Japanese yen or any other currencies as may be allowed by the Exchange; | |
| | (d) the financial instruments must be freely transferable but may be subject to certain transfer restrictions as may be allowed by the Exchange. Partly paid financial instruments may be regarded as fulfilling the transferability condition, provided that the Exchange is satisfied that investors have been provided with all appropriate information to enable dealings in such financial instruments to take place on an open and proper basis; | |
| | (e) (i) where none of the financial instruments of its particular class are listed on the Exchange, the application for listing must relate to all financial instruments of that class, whether already issued or proposed to be issued; or | |
| | (ii) where the financial instruments of its particular class are already listed on the Exchange, the application for listing must relate to all further financial instruments of that class which are proposed to be issued; | |
| | (f) if the financial instruments are convertible into other financial instruments the Exchange must be satisfied that the investors will be able to obtain the necessary information to form an opinion regarding the value of the underlying financial instruments. This will normally mean that the underlying financial instruments must either be listed on the Exchange or on another stock exchange acceptable to the Exchange; and | |

(g) the proposed method of listing which must be acceptable to the Exchange, having regard to the nature, number and distribution of the financial instruments.

4. In case of financial instruments issued by a government or a state or its regional and local authorities or by public international bodies, the Exchange may waive or modify any requirements in these Rules to such extent it considers appropriate.

Financial instruments issued by the government

5. Notwithstanding other provisions in these Rules, it shall be noted that the Exchange retains a discretion to accept or reject applications for listing, guided by the objective set out in Rule 2 of this Chapter, and that:

Discretion of the Exchange

(a) compliance with the normal criteria and qualifications may not in itself ensure the suitability for listing of a particular financial instrument; or

(b) non-compliance with the normal criteria and qualifications may not in itself disqualify a particular financial instrument.

Therefore, the Listing Sponsors and prospective issuers may at any time contact the Exchange to enquire on and seek informal and confidential guidance as to the eligibility of a particular financial instrument.

Secondary Listing

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| 6. | The Listing of any financial instruments on the Exchange may be in the form of secondary listing, whereby the financial instruments are, or will be, listed on another exchange which is agreed by the Exchange to be the Primary Exchange. | Primary Exchange |
| 7. | With respect to post-listing obligations, in the event of any conflict between the requirements of the Exchange and those of the Primary Exchange, the requirements of the Primary Exchange shall override the requirements of the Exchange provided that the Exchange shall be immediately informed of and accept such conflict. | Conflict |
| 8. | The issuer shall immediately inform the Exchange if: <ul style="list-style-type: none"> (a) its financial instruments also listed on the Exchange cease to be listed on the Primary Exchange or it is subject to disciplinary action by the Primary Exchange; (b) there is any indication that any of the events set out in paragraph (a) above will occur; or (c) there is any material change in the listing rules of the Primary Exchange as they apply to the issuer. | To inform the Exchange |
| 9. | In the event of any change in circumstances relating to the Primary Exchange or the listing of the financial instruments on the Primary Exchange, including those set out in Rule 8 of this Chapter, the Exchange may decide on the status of the listing of the financial instrument on the Exchange and the further course of action that should be taken by the issuer. | The Exchange may decide |

Application Procedure

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| 10. | All application for listing shall be submitted to the Exchange through a Listing Sponsor. | Application through Listing Sponsor |
| 11. | The application for listing of the financial instruments shall contain the following documents: | Documents to be submitted |
- (a) a formal letter of application signed by the Listing Sponsor or a duly authorized officer thereof and a duly authorized officer of the applicant issuer. The letter of application must contain the following information:
 - (i) the amount and description of the financial instrument;
 - (ii) the proposed method of listing;
 - (iii) whether the listing is intended to be a primary or secondary listing;
 - (iv) whether the financial instruments are intended to be identical in all respect with an existing class of financial instruments;
 - (v) details of the documents of title for the financial instruments; and
 - (vi) any other information considered necessary to be disclosed to the Exchange, having regard to the requirements of the Exchange.
 - (b) two (2) copies of the Listing Document;
 - (c) declaration by the applicant issuer substantially in the form set out in Schedule C signed by a duly authorized officer of the applicant issuer;
 - (d) declaration by the Listing Sponsor substantially in the form set out in Schedule D signed by the Listing Sponsor or a duly authorized officer thereof;
 - (e) supporting documents as follows:
 - (i) a certified copy of the constitution of the applicant issuer;
 - (ii) the audited annual financial statements of the applicant issuer for each of the periods which form part of the issuer's financial record contained in the Listing Document;
 - (iii) any relevant interim financial statements of the applicant issuer;
 - (iv) in the case of debt securities, a certified copy of the trust deed or other document securing or constituting the debt securities;
 - (v) in the case of secondary listing, the most recent prospectus or other similar document listed with the applicant issuer's proposed Primary Exchange;

- (vi) if such is required by the law to which the applicant issuer is subject, a certified copy of the resolution passed in the general meeting authorizing the issue of the financial instruments;
 - (vii) if the financial instrument is represented to be based on Syariah principle, a certification or endorsement from a Syariah council or body of the applicant issuer's choice;
 - (viii) any other necessary certification or endorsement by the relevant body, authority or association, certifying or endorsing any representation made relating to the issuer and the financial instrument; and
 - (ix) a copy of any temporary document of title and any definitive document of title in respect of the financial instrument.
12. Notwithstanding the above, in processing the application, the Exchange may request for any other information or documents from the applicant issuer. Other information or documents
13. All information and documents submitted to the Exchange in the application shall become the property of the Exchange.

Listing Document

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| 14. | The Listing Document must contain all information which, having regard to the particular nature of the issuer and the financial instruments, is necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the issuer and of its profits and losses and of the obligations of and rights, powers and privileges of such financial instruments. | Information in the Listing Document |
| 15. | All Listing Documents must contain in a prominent position the following statements:

<i>“Labuan International Financial Exchange Inc. takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document”.</i>

<i>“Investors are advised to read and understand the contents of this document before investing. If in doubt, the investors should consult his or her adviser”.</i> | Statements in the Listing Document |
| 16. | A supplementary Listing Document must be submitted to the Exchange if at any time after the Listing Document has been approved by the Exchange and before dealings in the relevant financial instruments commence, the issuer becomes aware that:

(a) there has been a significant change in any matter contained in the Listing Document; or

(b) a significant new matter has arisen, the inclusion of information in respect of which would have required to be mentioned in the Listing Document had it arisen at the time of its preparation. | Supplementary Listing Document |
| 17. | The supplementary Listing Document must be submitted to the Exchange together with a written and signed undertaking by the Listing Sponsor that the contents of the supplementary Listing Document comply with all requirements of the Exchange. | Undertaking by the Listing Sponsor |
| 18. | The Listing Document or any supplement thereto may not be published until a specific formal approval for publication from the Exchange is obtained. Under no circumstances shall the approval for publication by the Exchange be construed as the Exchange’s approval of the contents of the Listing Documents. | Approval for publication |
| 19. | The Listing Document or any supplement thereto which has been approved for publication by the Exchange must be published:

(a) by the issuer making it available in printed form and free of charge to the public and in sufficient numbers to satisfy public demand at:

(i) the Exchange; and

(ii) the issuer’s registered office or such other place acceptable to the Exchange for a reasonable period of time; and/or | Publication of Listing Document |

- (b) with prior notice to the Exchange, by displaying it on a web site generally accessible by the public free of charge.

Roles of the Listing Sponsor

20. Every applicant issuer and issuer must at all times have a Listing Sponsor.
21. An applicant issuer must appoint a Listing Sponsor in connection with the application for listing of each class of financial instruments. Such Listing Sponsor shall be responsible to ensure that complete and proper application is made and shall be the applicant issuer's principal channel of communication with the Exchange during the application process. Listing Sponsor and the application for listing
22. If the application for the listing is successful, the Listing Sponsor referred to in Rule 21 of this Chapter shall be the Listing Sponsor for the listing of the financial instruments for the purposes of the Exchange. Such Listing Sponsor shall be responsible, and answerable to the Exchange, to ensure that the issuer complies with all requirements of the Exchange in relation to the listing of the financial instruments and shall be the issuer's principal channel of communication with the Exchange during the listing period and if necessary thereafter. Listing Sponsor and the listing
23. The Listing Sponsor must ensure that the applicant issuer or issuer receives sound, fair and impartial guidance and advice as to the requirements of the Exchange. Listing Sponsor to provide guidance and advice
24. Without prejudice to the generality of the foregoing provisions, the Listing Sponsor:
- (a) shall submit on behalf on the applicant issuer or the issuer to the Exchange or any other party all the information and documents required by the Exchange to be submitted to the Exchange or any other party by the applicant issuer or the issuer; and
- (b) shall ensure that the issuer makes proper and timely payment of the listing fees referred to in Rule 26 of this Chapter. Listing Sponsor's specific responsibilities
25. Notwithstanding the above, the Exchange may communicate directly with the applicant issuer of the issuer, or with an adviser of the applicant issuer or the issuer other than the Listing Sponsor, on any matters relating to the listing. In the event of such communication, the issuer must ensure that the Listing Sponsor in informed of the matters as soon as practicable thereafter. Nothing in this rule shall absolve the Listing Sponsor from its responsibility and obligations as set out in these Rules. Direct communication with the issuer

Fees

26. Issuers whose financial instruments are listed on the official list of the Exchange are required to pay initial and annual listing fees in accordance with the rates as will be determined by the Exchange from time to time. Listing fees

Post Listing Obligations

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| <p>27. The issuer shall keep the public, the Exchange and the holders of the financial instruments immediately informed of any information relating to the issuer and the financial instruments which:</p> <ul style="list-style-type: none"> (a) is necessary to enable appraisal of the position of the issuer and the financial instruments; (b) is necessary to avoid the establishment of a false market for the financial instruments; and (c) might reasonably be expected to materially affect market activity for and the price of the financial instruments. | <p>Public disclosure policy</p> |
| <p>28. The issuer shall send to the Exchange four (4) copies of its annual financial statement and any interim financial statement published by the issuer.</p> | <p>Financial Statement</p> |
| <p>29. Without derogating the generality of Rule 27 of this Chapter, the issuer shall immediately inform the Exchange:</p> <ul style="list-style-type: none"> (a) of any change in the rights attaching to any class of the listed financial instrument or attaching to any financial instrument which any listed financial instrument is convertible into, for dissemination by the Exchange; (b) of any purchase, redemption or cancellation by the issuer of its financial instrument listed on the Exchange, for dissemination by the Exchange; (c) of any proposed alteration to the issuer's constitution or board of directors; and (d) of: <ul style="list-style-type: none"> (i) the presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment, or the making of any winding-up order or the appointment of a provisional liquidator in respect of the issuer, its holding company or any major subsidiary; (ii) the passing of any resolution by the issuer, its holding company or any major subsidiary that it be wound-up by way of members' or creditors' voluntary winding-up or equivalent; (iii) the entry into possession of or the sale by any mortgagee of a portion of the issuer's assets which in aggregate value represents an amount in excess of 15% of the book value of the existing net assets of the issuer; or (iv) the making of any judgment, declaration or order by any court or tribunal of competent jurisdiction whether in the first instance or on appeal, which may adversely affect the issuer's enjoyment of any portion of its assets which in aggregate value represents an amount in excess of 15% of the book value of the consolidated net tangible assets of the issuer. | <p>Disclosure to the Exchange</p> |

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| 30. | In addition, the issuer shall submit to the Exchange: | Submission of documents |
| | (a) copies of announcements or advertisements the subject matter of which involves a change in or relates to or affects arrangements regarding trading in its financial instruments listed on the Exchange; | |
| | (b) four (4) copies of all circulars to holders of its financial instruments listed on the Exchange, at the same time as the circulars are issued; and | |
| | (c) four (4) copies of all resolutions of the holders of the financial instrument listed on the Exchange, as soon as possible after they are made, and four (4) copies of notices of meetings, forms of proxy, notices by advertisement to holders of the financial instrument, reports, announcements or other similar documents at the same time as they are issued. | |
| 31. | The issuer shall respond promptly to any enquiries made by the Exchange on unusual movements in the price or trading volume of its listed financial instrument, or any other matters, by giving such relevant information as is available to the issuer or, if appropriate, by issuing a statement to the effect that the issuer is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of its listed financial instrument. | Enquiries by the Exchange |
| 32. | The Exchange shall be entitled to require the issuer to supply further information and impose additional continuing obligations on the issuer, where it considers that circumstances so justify. | Additional obligation |
| 33. | The issuer shall not participate or knowingly assist any other person to participate in any insider dealing in relation to any financial instruments listed on the Exchange. | Insider dealing |

For the purpose of this Rule:

- (a) **“insider dealing”** means dealing in financial instruments by an insider while in possession of unpublished price sensitive information with the intention of making profit or avoiding a loss and includes providing such information to another person for the same purpose;
- (b) **“insider”** means -
 - (i) any director, general partners, officers, employee or staff member of any issuer; and
 - (ii) any other person whom by relationship with the Trading Agent means that he is in possession of or has access to unpublished price sensitive information; and
- (c) **“unpublished price sensitive information”** means any information in relation to the financial instruments which is not generally known to persons who are accustomed or would be likely to trade or deal in those financial instruments but which, if known, would be likely to have a material effect on the price or other trading aspects of such financial instruments.

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| 34. | The issuer shall ensure equality of treatment for all holders of the financial instruments listed on the Exchange of the same class. | Equality of treatment |
| 35. | If the financial instruments are also listed on another exchange, the issuer must ensure that equivalent information or documents provided or submitted to such other exchange, are provided or submitted to the Exchange. | Other exchange |

Censure, Suspension and Delisting

36. If the Exchange is of the opinion that an issuer has contravened any of the provisions in these Rules, the Exchange may do one or more of the following:
- (a) censure the issuer, which may include a formal written notice of censure being served upon the issuer and the requirement that the issuer provide a written explanation of its actions to the Exchange and an undertaking to rectify the breach immediately;
 - (b) publish the fact that the issuer has been censured; and
 - (c) suspend the dealing of and/or delist all or any of the issuer's financial instruments as provided in Rule 37 of this Chapter.
37. The Exchange may at any time suspend dealings of or delist any financial instruments in such circumstances and subject to such conditions as it thinks fit, where:
- (a) the Exchange considers it necessary for the protection of investors or the maintenance of an orderly market;
 - (b) the issuer fails, in a manner which the Exchange considers material, to comply with any requirements of the Exchange; or
 - (c) the Exchange considers that the financial instruments are no longer suitable for listing.
38. The issuer may seek a suspension of dealings of its financial instruments by making a written request for suspension duly supported by specific reason to the Exchange.
39. Where dealing of financial instruments has been suspended, the Exchange may lift the suspension whenever and on such terms it considers appropriate. A suspension will not normally be lifted unless:
- (a) the suspension is at the request of the issuer, the issuer has announced the reason for the suspension, and, where appropriate, the anticipated timing of the lifting of the suspension; or
 - (b) the suspension was imposed by the Exchange, the issuer has satisfied such conditions for the lifting of the suspension as imposed by the Exchange.
40. When a suspension continues for a prolonged period without the issuer taking adequate action to obtain relisting, the Exchange may delist the financial instrument, provided that it notifies the issuer in writing in advance of its intention to delist on a specified date.

Suspension and delisting

Voluntary suspension

Lifting of the suspension

Prolonged suspension

CHAPTER 5 – TRADING

Trading System

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| 1. | Only Trading Agents are allowed to deal in financial instruments through the trading system of the Exchange. | Trading Agents |
| 2. | Further, all Trading Agents shall only execute transactions on the market using the trading system as prescribed by the Exchange from time to time. | Trading System |
| 3. | A Trading Agent shall only be authorized to use the trading facilities of the Exchange if it complies with the following: <ul style="list-style-type: none"> (a) it shall at its own cost install the necessary system and/or equipment to access the trading system prescribed by the Exchange from time to time. (b) the system and/or equipment installed by it pursuant to paragraph (a) above conforms to the requirements of the Exchange; and (c) it shall conform to all requirements of these Rules. | Access |
| 4. | Save and except in circumstances beyond the control of the Exchange, the Exchange shall ensure that: <ul style="list-style-type: none"> (a) all Trading Agents have equal and identical access to the trading system of the Exchange; and (b) the information disseminated by the trading system of the Exchange is made available simultaneously to all Trading Agents. | Principle of Equality |
| 5. | The Exchange will supply such information as it shall at its absolute discretion deem relevant to the Trading Agents. | Information |
| 6. | All data entered into the trading system of the Exchange shall belong to the Exchange and the Exchange shall be entitled to use and publish such data as it deems fit. | |
| 7. | The Exchange shall not be liable for any loss or damage suffered by the Trading Agents resulting from: <ul style="list-style-type: none"> (a) any erroneous, inaccurate or incomplete processing or dissemination of data; or (b) any other failure or disturbance of the trading system, or any other problem due to events beyond the control of the Exchange. | Liability |
| 8. | A Trading Agent shall be responsible for any data entered into the trading system of the Exchange by the Trading Agent or its authorised employees. | |

9. Quotations, orders or any indications of interest can only be entered into the trading system of the Exchange by the Trading Agents and any investor or issuer who wishes to trade may only do so through a Trading Agent.

Trading Procedures

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| <p>10. The Exchange is open for trading for 24 hours on every business day but confirmed trade will only be entered into the trading system by the Exchange during such hours as may be prescribed by the Exchange from time to time.</p> | <p>Trading Hours</p> |
| <p>11. The Exchange may call a temporary trading halt if it deems that a disorderly market has developed or there is a serious failure of the trading system. Such temporary suspension will be communicated immediately to the Trading Agents.</p> | <p>Temporary Trading Halt</p> |
| <p>12. The Exchange, may at its absolute discretion, withdraw orders and quotations in a financial instrument if it is of the opinion that a disorderly market has developed in that financial instrument.</p> | <p>Withdrawal of orders and quotations</p> |
| <p>13. Each order, quotation or indication of interest entered into the Exchange's trading system must contain the following:</p> <ul style="list-style-type: none"> (a) name of the Trading Agent or a unique symbol identifying it; (b) name or ticker symbol of the financial instrument; (c) price; (d) quantity offered or sought; (e) date and time (in hours and minutes) the quotation is posted; and (f) any other information that the Exchange may require from time to time. | <p>Contents of quotation</p> |
| <p>14. Quotations shall be posted or accepted in the currency in which the financial instrument is denominated.</p> | <p>Currency</p> |
| <p>15. Once a quotation is posted, it will remain posted on the trading system of the Exchange until such quotation is:</p> <ul style="list-style-type: none"> (a) accepted; or (b) withdrawn by the Trading Agent; or (c) removed by the Exchange. | <p>Duration of posting</p> |
| <p>16. Matching of the quotations may be done in the following manner:</p> <ul style="list-style-type: none"> (a) by direct communication, telephonic or otherwise, between Trading Agents; or (b) in such other manner as may be prescribed by the Exchange from time to time. | <p>Acceptance of quotations</p> |

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| <p>17. A Trading Agent shall, in respect of every confirmed trade:-</p> <p>(a) make out a trade confirmation note containing such information as may be prescribed by the Exchange from time to time; and</p> <p>(b) submit the trade confirmation note to the Exchange within such time as may be prescribed by the Exchange from time to time.</p> | <p>Trade
Confirmation Note</p> |
| <p>18. The Exchange shall only recognize a confirmed trade which is supported by two (2) matched trade confirmation notes.</p> | |
| <p>19. The Exchange shall have the sole right to publish by such means as shall be determined by the Exchange:</p> <p>(a) all confirmed trades executed on the Exchange; or</p> <p>(b) such other information that it may deem relevant for the purpose of trading,</p> <p>Provided Always that the Exchange shall have the absolute discretion to delete any published information as and when it deems necessary.</p> | <p>Trade Publication</p> |
| <p>20. The clearance and settlement of confirmed transactions executed on the Exchange will be in accordance with such mechanism as may be prescribed by the Exchange from time to time.</p> | <p>Clearance and
Settlement</p> |

Transaction Levy

21. The Exchange may at any time by notice to the Trading Agents, impose transaction levies on any transactions of financial instruments listed on the Exchange. Transaction Levy
22. In imposing the transaction levies referred to in Rule 21 of this Chapter, the Exchange may impose different rates of levies depending on the nature and type of the financial instruments or the issuers or other distinguishing factors that the Exchange in its absolute discretion considers relevant.

Code of Conduct for the Trading Agent

23. When conducting its business of trading on the Exchange, a Trading Agent shall at all times observe high standards of integrity and fair dealing, and in particular shall:
- (a) act with due skill, care and diligence;
 - (b) avoid any conflict of interest with its client and, where such a conflict unavoidably arises, to ensure fair treatment to its clients by complete disclosure or by declining to act;
 - (c) arrange proper protection for its clients by segregation and identification of those client assets for which the Trading Agent is responsible;
 - (d) maintain adequate financial resources to meet its business commitments and to withstand the risks which its business is subject to;
 - (e) execute orders promptly, and if acting as an agent, at the best available price;
 - (f) not do anything that will adversely affect the reputation or public image of the Exchange;
 - (g) not trade in a security that has been suspended or trade with another Trading Agent whose trading rights have been suspended;
 - (h) take reasonable steps to ensure that it does not make any recommendation to a client, or effect or arrange a discretionary transaction with or for a client, unless the recommendation or transaction is suitable for him having regard to the facts about the client of which it is, or should reasonably be, aware;
 - (i) report all disputes between itself and other Trading Agents to the Exchange;
 - (j) where mistakes were made by it on the trading system, report such mistakes and promptly post all corrective actions on the trading system;
 - (k) keep and maintain such transaction and accounting records as may be prescribed from time to time by its regulatory body. The Trading Agent must ensure that all records kept by it is adequate to enable the Exchange to establish and audit trail from the receipt of a client's order, execution or withdrawal of that order, clearing and settlement;
 - (l) satisfy itself on reasonable grounds and on a continuing basis, that its employees and agents are fit and proper to act for it;

For the purposes of this paragraph, "**fit and proper**" means a person who:

- (i) is of good reputation and character and has the ability to perform his duties efficiently, honestly and fairly;

- (ii) has adequate knowledge, skill and experience of and in the securities industry;
- (iii) is not a bankrupt or of unsound mind; and
- (iv) has not been convicted or charged for any offence(s) under any law of any country; and
- (m) deal with the Exchange in an open and co-operative manner and keep the Exchange promptly informed of anything concerning itself that might reasonably be expected to be disclosed to the Exchange.

24. Before dealing with or for any client, a Trading Agent shall ensure that it enters into a client agreement with them. A client agreement shall in all cases contain, inter alia, a statement that in respect of transactions duly concluded on the Exchange, the rules and regulations of the Exchange shall apply to every transaction and shall be binding on both the Trading Agent and the client.

Client Agreement

Forbidden Market Practices

25. A Trading Agent shall not:
- (a) create false or misleading appearance of active trading in any financial instruments listed or traded on the Exchange;
 - (b) create a false market in respect of any financial instruments listed or traded on the Exchange;
 - (c) circulate or disseminate any statement or information that would likely cause the price of any financial instruments to rise or fall;
 - (d) directly or indirectly employ any device or scheme or artifice to defraud any client or other Trading Agents;
 - (e) directly or indirectly, for the purpose of inducing the sale of financial instruments of any issuer, make or knowingly assist any other person to make any statement which is false or misleading; or
 - (f) participate or knowingly assist any other person to participate in any insider dealing in relation to any financial instrument listed on the Exchange.

For the purposes of this Rule,

- (i) “**insider**” means
 - (aa) any director, general partners, officer, employee or staff member of any Trading Agent; and
 - (bb) any other person whom by relationship with the Trading Agent means that he is in possession of or has access to unpublished price sensitive information;
- (ii) “**unpublished price sensitive information**” means any information in relation to the financial instruments which is not generally known to persons who are accustomed or would be likely to trade or deal in those financial instruments but which, if known, would be likely to have a material effect on the price or other trading aspects of such financial instrument; and
- (iii) “**insider dealing**” means dealing in financial instruments by an insider while in possession of unpublished price sensitive information with the intention of making a profit or avoiding a loss and includes providing such information to another person for the same purpose.

CHAPTER 6 – CLEARANCE, SETTLEMENT & DEPOSITORY***Clearance***

1. The Exchange may designate a clearing house and recognise a clearance system on such terms and conditions and with rules and regulations as the Exchange may in its absolute discretion determine.
2. All Trading Agents:
 - (a) shall settle all transactions through the clearance system designated by the Exchange; and
 - (b) shall, when using the designated clearing house for a particular financial instrument, comply with the rules and regulations of the clearing house concerned and where there is an arrangement between the designated clearing house and other clearing agencies, the Trading Agents shall comply with the rules and regulations governing such arrangement.

Settlement

3. The standard settlement period for each listed financial instrument shall from time to time be determined by the Exchange.
4. A Trading Agent may request for a variation from the standard settlement period for a particular financial instrument, but the Exchange is not obliged to accede to such request.
5. All Trading Agents are required to operate an account with such banks nominated by the Exchange as a settlement bank.

Depository

6. The Exchange shall at its absolute discretion designate a depository or depositories for the financial instruments listed on the Exchange.

CHAPTER 7 – DISCIPLINARY PROCEDURES

Violation

1. Any Listing Sponsor or Trading Agent ("**Defaulting Party**") who, in any circumstances, either directly or indirectly:-
- Types of violation
- (a) commits a breach of any of the provisions in the Labuan Financial Services and Securities Act 2010;
 - (b) commits a breach of any of these Rules;
 - (c) fails to comply with decisions of the Exchange;
 - (d) fails to perform his duties efficiently, honestly or fairly;
 - (e) falsifies any information, report or particulars required to be furnished to the Exchange pursuant to these Rules; or
 - (f) conducts its business in a manner which is detrimental to or could reasonably be considered as likely to be prejudicial to, the interests of its clients, the public or the Exchange,
- shall be liable to any or more of the following penalties:
- Penalties
- (a) public reprimand;
 - (b) fine not exceeding USD\$200,000.00;
 - (c) suspension;
 - (d) withdrawal of license; or
 - (e) any other penalty as deemed fit by the Exchange.

Investigation

2. Any person who has every reason to believe that any of the defaults stated in Rule 1 of this Chapter has occurred or will occur, may lodge an official written complaint to the Exchange. Official complaint
3. The Exchange: Investigating officer
- (a) upon receiving an official complaint referred to in Rule 2 of this Chapter; or
- (b) on its own accord
- may designate an officer to investigate into the default. Upon completing the investigation, the investigating officer shall submit its recommendation to the Disciplinary Committee.
4. Any official complaint referred to in Rule 2 of this Chapter and investigations referred to in Rule 3 of this Chapter shall be recorded by the Exchange in the Complaint Registry. If required, the Exchange may designate and keep any of the contents in the Complaint Registry strictly confidential.
5. All Listing Sponsors or Trading Agents shall co-operate fully with any inspection or investigation that may be carried out under these Rules and shall give the necessary assistance including: Information
- (a) providing the Exchange promptly or within such reasonable time as may be specified by the Exchange, with any information or particulars requested by the Exchange for the purpose of investigating any breach; and
- (b) permitting its directors, officers or employees to be interviewed by or on behalf on the Exchange, ensuring that as far as possible that they are made available for interview and answer truthfully and fully any questions put to them.

Disciplinary Proceedings

6. Where recommendation has been made by the investigating officer to the Disciplinary Committee, the Disciplinary Committee may do any of the following:
 - (a) refer the matter to the Authority;
 - (b) charge the Listing Sponsor or the Trading Agent under these Rules; or
 - (c) decide not to take any further action.

7. If the Disciplinary Committee decides to charge the Listing Sponsor or the Trading Agent, it shall issue a written notice to such party stating:
 - (a) the nature and particulars of the charge; and
 - (b) the place, time and date of the hearing of the charge. The date of the hearing must not be less than fourteen (14) days after the date of the notice.

8. Upon the notice referred to in Rule 7 of this Chapter being served, the Listing Sponsor or the Trading Agent shall respond by either attending the hearing or by submitting a written response to the Disciplinary Committee within ten (10) days from the date of the notice.

9. If the Listing Sponsor or Trading Agent fails to attend a hearing or submit a written response, the Disciplinary Committee may proceed with the hearing in his absence. Failure to attend or response

10. The Disciplinary Committee shall decide at the end of the hearing whether there was default and, if there was, on the penalty that shall be imposed. Decision

Appeal

11. Where a penalty has been imposed by the Disciplinary Committee against a Defaulting Party, he may within fourteen (14) days from the date of notification of the Disciplinary Committee's decision make an appeal against the decision of the Disciplinary Committee to the Exchange Committee pursuant to Rule 1 of Chapter 8. Upon the filing of the notice of appeal, any penalty imposed by the Disciplinary Committee shall be stayed.
12. A notice of appeal shall set out the grounds for appeal and a brief statement of the facts relied upon.

Publicity

13. At the conclusion of the hearing by the Disciplinary Committee where it is found that a default has occurred, the Exchange may publicise in such manner as it thinks fit the name of the Defaulting Party, the decision of the Disciplinary Committee and any other relevant information relating to the proceeding.
14. No claim, action or other proceedings shall be maintainable by the Defaulting Party against the Disciplinary Committee or the Exchange or its officials for publicising items referred to in Rule 13 of this Chapter.

CHAPTER 8 – MISCELLANEOUS

Appeals to the Exchange Committee

1. The Exchange Committee shall have the general power to hear appeals made by the aggrieved parties against any decisions made by any of the Specific Committees or delegates thereof. The decisions of the Exchange committee on such appeals shall be final and binding.

Practice Notes

2. The Exchange shall have the power to issue practice notes in order to clarify, elaborate or amplify any of the provisions in these Rules.
3. The Exchange shall as soon as practicable notify the Listing Sponsors and the Trading Agents of the issue of such practice notes.

Amendments to these Rules

4. The Exchange may amend any of the provisions in these Rules. The Exchange shall as soon as practicable notify the Listing Sponsors and the Trading Agents of such amendments.

Procedure where none laid down

5. If any act or step is required to be done or taken under these Rules and no form is prescribed or procedure laid down either in these Rules or the practice notes, application may be made to the Exchange for directions as to the manner in which the same may be done or taken, and any act or step done or taken in accordance with such directions shall be a valid performance of such act or step.

Waiver and Modifications

6. The Exchange may waive or modify any provisions in these Rules either generally or to suit the circumstances of a particular case.
7. Application for such waiver or exemption may be made in writing to the Exchange, either with the relevant application to the Exchange or anytime thereafter.

Submission of Documents

8. All information and documents submitted to the Exchange for any purpose under these Rules must be in English or accompanied by an English translation certified to be accurate by a person acceptable to the Exchange.
9. Any accounts or financial statements required to be submitted to the Exchange for any purpose under these Rules must be prepared and audited in accordance with internationally recognized accounting and auditing standards acceptable to the Exchange.

Notice by the Exchange

10. Any notice as may be required under these Rules to be given by the Exchange to the Listing Sponsor or the Trading Agent shall be deemed to have been duly given to the Listing sponsor or Trading Agent when delivered to the address or transmitted to such facsimile number or electronic mail address of such Listing Sponsor or Trading Agent as recorded in the registers kept by the Exchange pursuant to Rule 17 of Chapter 3.
11. Unless direct communication with the issuer is specifically provided, any notice as may be required under these Rules to be given by the Exchange to the issuer may be given by the Exchange to the issuer's Listing Sponsor.

Exclusion of Liability

12. The Exchange, the Exchange Committee and delegates thereof, the Specific Committees and any delegates thereof and any officer of the Exchange disclaim any liability for or on account of, or in respect of, any act done or statement made, omitted to be done or made, in pursuance of or in performance of or in execution of their powers and functions under these Rules.

Confidentiality of Information

13. Information and documents submitted to the Exchange relating to the activities of the Exchange may be designated by the Exchange to be confidential. Such confidential information shall not be divulged to any other party except as required by the law.

Interpretation of the Rules

14. Any question on the interpretation of the Rules shall be decided by the Exchange Committee, whose decision shall be final and conclusive.

Personal Data Notice

15. Any person who provides or has provided personal data to the Exchange pursuant to or in connection with these Rules should read and be aware of the relevant notification in relation to the Personal Data Protection Act 2010 (“**PDPA**”) available at the Exchange’s website at <http://lfxsys.lfx.com.my/> (“**Personal Data Notice**”).
16. Where the personal data provided is of another individual (“**data subject**”), the person providing such data must have notified the data subject in writing of the Personal Data Notice before providing the personal data unless:
 - (a) section 41 of the PDPA applies; or
 - (b) the Exchange otherwise specifies in connection with the PDPA.
17. For the purposes of this paragraph, “**personal data**” shall have the same meaning given in section 4 of the PDPA.

SCHEDULE A

1. Minimum Net Assets

Trading Agent	Rule 2, Chapter 3	USD 1,000,000.00
Listing Sponsor	Rule 1, Chapter 3	USD 100,000.00

2. Professional Indemnity Insurance

Trading Agent	Rule 11, Chapter 3	USD 5,000,000.00
Listing Sponsor	Rule 11, Chapter 3	USD 5,000,000.00

SCHEDULE B

Fees

1.	Trading Agent		
	Application Fee	Rule 7(a), Chapter 3	USD 1,000.00
	Initial Fee	Rule 13(a), Chapter 3	USD 10,000.00
	Renewal Fee	Rule 13(b), Chapter 3	USD 5,000.00
2.	Listing Sponsor		
	Application Fee	Rule 6(a), Chapter 3	USD 1,000.00
	Initial Fee	Rule 13(a), Chapter 3	USD 10,000.00
	Renewal Fee	Rule 13(b), Chapter 3	USD 5,000.00

SCHEDULE C

LISTING UNDERTAKING

(Rule 11(c), Chapter 4)

[Form of undertaking required to be entered into by an applicant issuer in support of its application for listing]

To : Labuan International Financial Exchange Inc (the “**Exchange**”)

In consideration of the Exchange approving our application dated _____ for the listing of the financial instruments specified in the application, we hereby acknowledge that the financial instruments shall remain listed on the official list of the Exchange and that the trading of the financial instruments shall continue, only at the approval of the Exchange, and we hereby undertake and agree to comply with all requirements and obligations set out in the Rules of the Exchange and other requirements of the Exchange and that we further acknowledge that the Exchange may take appropriate action against us as provided in the Rules of the Exchange in the event of any breach.

Dated this _____ day of _____ 20 ____

For and on behalf of _____

SCHEDULE D

SPONSOR'S DECLARATION

Rule 11(d), Chapter 4

To : Labuan International Financial Exchange Inc. (the "**Exchange**")

I/We, _____ being the sponsor in the application by _____ (the "**issuer**") dated _____ for the listing of financial instruments specified in the application (the "**financial instruments**"), hereby confirm that I/we have satisfied myself/ourselves to the best of my/our knowledge and belief, having made due and careful enquiry of the issuer and its advisers, that:

- (a) all the documents required by the Exchange to be included in the application for listing have been supplied to the Exchange;
- (b) all the relevant conditions for listing and other requirements of the Exchange have been complied with;
- (c) there are no matters other than those disclosed in writing to the Exchange that should be taken into account by the Exchange in considering the suitability of listing the financial instruments;
- (d) the issuer and its officers appreciate the nature of the responsibilities and can be expected to honour their obligations as required by the Exchange; and
- (e) the issuer is not in breach of any other requirements of the Exchange.

Should any further relevant information come to my/our notice before the approval for listing being granted, I/we will immediately inform the Exchange.

I/We further acknowledge that the Exchange may take appropriate action against me/us as provided in the Rules of the Exchange in the event of any breach of my/our responsibilities and obligations as required by the Exchange.

Dated this _____ day of _____ 20 ____

[for and on behalf of _____]

LISTING FEES

(Rule 26, Chapter 4)

1. Equity Securities

- | | | |
|-----|--------------------------|-----------------|
| (a) | Initial fee | |
| | Up to USD 100,000,000.00 | - USD 5,000.00 |
| | Over USD 100,000,000.00 | - USD 10,000.00 |
| (b) | Annual fee | - USD 5,000.00 |

2. Debt Securities

- | | | |
|-----|-------------|----------------|
| (a) | Initial fee | - USD 2,500.00 |
| (b) | Annual fee | - USD 1,000.00 |

3. Funds

- | | | |
|-----|-------------|----------------|
| (a) | Initial fee | - USD 2,000.00 |
| (b) | Annual fee | - USD 2,000.00 |

4. Others (subject to confirmation by the Exchange)

- | | | |
|-----|-------------|----------------|
| (a) | Initial fee | - USD 5,000.00 |
| (b) | Annual fee | - USD 5,000.00 |

5. Secondary Listing

One half of the relevant fees described above.