

## INTERPRETATION

*[Note: Entire section reproduced as the amendments encompass a large part of this section.]*

In these Rules, unless the context otherwise requires, the word standing in the first column set out below shall bear the meaning set out opposite to them respectively in the second column thereof.

“Act”	The Capital Markets and Services Act 2007.
“Agreement”	An agreement in prescribed form between a Clearing Participant and the Clearing House regulating the terms and conditions of participation of such Clearing Participant in one or more of the services or facilities of the Clearing House made available to such Clearing Participant.
“Approved SBLNT Borrower”	<del>means a</del> person whose application to participate as a borrower in SBL Negotiated Transactions either to borrow for itself or its client, has been approved by the Clearing House.
“Approved SBLNT Lender”	<del>means a</del> person whose application to participate as a lender in SBL Negotiated Transactions, either to lend its own Securities or Securities owned by its client, has been approved by the Clearing House.
“Articles”	The Articles of Association of the Clearing House.
“ATS”	The automated and computerised Securities trading system established by the Exchange.
“Book-entry”	In relation to any transaction made or effected in respect of Securities, the debiting of the delivering depositor’s or the selling depositor’s securities account with the number of Securities sold and the crediting of the receiving depositor’s or the purchasing depositor’s securities account with the number of Securities purchased.
“Borrower”	<del>means a</del> Trading Clearing Participant or such other category of persons who may be prescribed by the Clearing House to be eligible to apply to become a Borrower and whose application to be a Borrower pursuant to the SBL Conditions has been approved by the Clearing House.
“Borrowing Representative”	<del>means a</del> Trading Clearing Participant or such other category of persons prescribed by the Clearing House to be eligible to apply to become a Borrowing Representative, who has been approved by the Clearing House to perform certain functions with respect to borrowing of Securities by the Approved SBLNT Borrower.
“Bursa SBL”	<del>means the</del> <u>The</u> Securities borrowing and lending business established and operated by the Clearing House acting as a central lending agency.
“Bursa SBL Participant”	<del>means the</del> <u>The</u> Lending Participant, Lender or Borrower or any one or more of them, as the context may require.

## RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD

## Rule Amendments in Connection with the Revamp of the Rules of Bursa Malaysia Securities Berhad

---

“Bursa SBL System”	<del>means the</del> <u>The</u> system for Securities borrowing and lending established and operated by the Clearing House for carrying out transactions relating to the Bursa SBL and/or transactions contemplated under the SBL Conditions.
“Bursa SBL Transaction”	<del>a</del> <u>A</u> Securities borrowing and lending transaction where Eligible Securities are borrowed from or lent to the Clearing House acting as a central lending agency.
“Buy Transaction”	In relation to the ISS, a transaction, being an agreement for the purchase of Securities by: <ul style="list-style-type: none"> <li>(a) a Clearing Participant acting as a principal; or</li> <li>(b) a Client,</li> </ul> through a Trading Clearing Participant on the Exchange as a buyer to a Market Contract.
Cash Settlement Amount	The amount <del>received by the buying Trading Clearing Participant in lieu of the delivery of the relevant securities in the circumstances set out referred to in Rules 5.2BA(b) and 5.2CB and may include such fee or charge as the Clearing House thinks fit, and calculated and paid in the manner the Clearing House specifies from time to time in the Clearing House’s directives.</del>
“Central Bank”	<del>means the</del> <u>The</u> Central Bank of Malaysia established under section 3 of the Central Bank of Malaysia Act 1958.
“Central Depository”	<del>Shall have the same</del> <u>Same</u> meaning as is assigned to that expression in the Act.
“CDS”	Central Depository System.
“Clearing Guarantee Fund”	<del>means the</del> <u>The</u> fund referred to in Rule 6.1.1.
“Clearing House”	Bursa Malaysia Securities Clearing Sdn Bhd.
“Clearing House Direct Business Account”	(See Rule 5.8(a)(v))
“Clearing facility”	(a) <del>a</del> <u>A</u> facility for the clearing or settlement of transactions in securities traded on a stock exchange;
	(b) <del>a</del> <u>A</u> facility for the guarantee of settlement of transactions referred to in paragraph (a); or
	(c) <del>such</del> <u>Such</u> other clearing or settlement facility or class of clearing or settlement facilities as the Commission with the approval of the Minister for the time being charged with the responsibility for finance may allow.
“Clearing Participant”	<del>A</del> <u>A</u> participant as defined in the Act, in relation to the Clearing House.
“Clearing Privileges”	Privileges of Clearing Participants to clear and settle transactions through the Clearing House as specified in the Rules.

## RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD

## Rule Amendments in Connection with the Revamp of the Rules of Bursa Malaysia Securities Berhad

“Client”	A person on whose behalf the Clearing Participant acts in relation to an ISS Transaction.
<u>“Closing Price”</u>	<u>Same meaning as is assigned to that expression in the Exchange Rules.</u>
“Commission”	The Securities Commission established under the Securities Commission Act 1993 (Act 498).
<u>“Contract Date”</u>	<u>The day the sell or buy order for an On-Market Transaction is matched in the ATS.</u>
“Contribution”	<del>means the</del> The contribution made or required to be made pursuant to Rule 6.2.1 by a Trading Clearing Participant to the Clearing Guarantee Fund established under Rule 6.1.1.
“Corporation”	<del>Shall have the same</del> Same meaning as is assigned to that expression in the Companies Act 1965 (Act 125).
“Defaulter”	A Trading Clearing Participant who is the subject of any Default Proceedings.
“Default Proceedings”	Any proceedings or other action taken by the Clearing House under its Default Rules.
“Default Rules”	Rules which provide for the taking of Default Proceedings by the Clearing House in relation to Market Contracts or Bursa SBL Transactions, as the case may be, as set out in Chapter 4.
<u>“Depository Rules”</u>	<u>The Rules of the Central Depository.</u>
“Direct Business Comparison System”	(See Rule 5.8(a)(v))
“Direct Business Contract”	<b>Means:</b> <ul style="list-style-type: none"> <li>(a) <del>a</del><u>A contract for sale and purchase of transaction in securities</u> <del>Securities transacted on the stock market of the Exchange that is done entered into outside the</del> <u>ATS</u><del>automated and computerised securities trading system established by the Exchange</del> in accordance with the Exchange Rules; or</li> <li>(b) <del>any</del><u>Any</u> other transaction in Securities which shall be determined by the Clearing House from time to time as being a Direct Business.</li> </ul>
“Director”	[Deleted]
“Eligible Securities”	<del>means the</del> The Securities prescribed by the Clearing House in the SBL Circulars from time to time as approved for lending or borrowing either in a Bursa SBL Transaction or a SBL Negotiated Transaction.
“Event of Default”	An event or state of affairs relating to a Trading Clearing Participant as referred to in Rule 4.1.
“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

## RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD

## Rule Amendments in Connection with the Revamp of the Rules of Bursa Malaysia Securities Berhad

	provides its services on the clearing and settlement of transactions in securities effected on or subject to the Exchange Rules.
“Exchange Holding Company”	Bursa Malaysia Berhad.
“Exchange Rules”	<del>The Rules and/or directives by whatever name called and wherever contained governing among others, the participating organisations the participation, management, operations or procedures of the Exchange and includes the Memorandum and Articles of Association.</del>
“Guidelines on Investment Banks”	<del>means the</del> The Guidelines on Investment Banks issued jointly by the Central Bank and the Commission, including subsequent amendments, modifications, variations, supplements or substitutes thereto and any directives or guidelines as may be issued thereunder.
“ISS”	The institutional settlement service provided by the Clearing House and made available for the benefit of Clearing Participants whereby ISS Transactions are to be cleared and settled by the Clearing House.
“ISS Affirmation”	A written input from a Clearing Participant in such form as determined by the Clearing House and submitted to the Clearing House to instruct the Clearing House to act in relation to an ISS Transaction involving such Clearing Participant for which an ISS Confirmation is to be or has been issued.
“ISS Confirmation”	One or more written input from a Clearing Participant in such form as determined by the Clearing House and submitted to the Clearing House to instruct the Clearing House to act in relation to an ISS Transaction involving such Clearing Participant for which an ISS Instruction is to be or has been issued and includes an input to redeliver the said ISS Instruction to another Clearing Participant for settlement of the said ISS Transaction.
“ISS Instruction”	A written input from a Clearing Participant in such form as determined by the Clearing House and submitted to the Clearing House to instruct the Clearing House to act in relation to an ISS Transaction involving such Clearing Participant.
“ISS Transaction”	A Buy Transaction or Sell Transaction in respect of which a Trading Clearing Participant and/or one or more Clearing Participants have issued ISS Instruction, ISS Confirmation or ISS Affirmation, as the case may be, to the Clearing House for clearance and settlement of the transaction under the ISS.
<u>“Immediate Basis Contact”</u>	<u>A contract where the date and time for delivery and settlement for the buying and selling of Securities traded on the stock market of the Exchange are as stipulated in Schedule 2 of the Exchange Rules.</u>
“Investment Bank”	<del>means an</del> An Investment Bank as referred to in the Guidelines on Investment Banks.
“Investment Bank Capital Adequacy Framework”	<del>means the</del> The Investment Bank Capital Adequacy Framework referred to in the Guidelines on Investment Banks.

## RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD

## Rule Amendments in Connection with the Revamp of the Rules of Bursa Malaysia Securities Berhad

<u>“Last Done Price”</u>	<u>Same meaning as is assigned to that expression in the Exchange Rules.</u>
“Lender”	<del>means a</del> Lending Participant who via the Bursa SBL has specified Eligible Securities as being available for lending and whose Specified Eligible Securities have been approved for loan to the Clearing House pursuant to the SBL Conditions.
“Lending Agent”	<del>means a</del> Clearing Participant who has been approved by the Clearing House to perform certain functions with respect to lending of Securities by the Lending Participant or the Lender to the Clearing House in a Bursa SBL Transaction as specified in these Rules or any directives, circulars or instructions issued by the Clearing House and who is appointed as an agent to act on behalf of the Lending Participant or the Lender in respect of these functions.
“Lending Participant”	<del>means a</del> person who has been approved by the Clearing House as a lending participant and who has not since then withdrawn its application to be a lending participant.
“Lending Interest”	<del>means a</del> notification submitted by the Lending Participant or Lender of its wish to lend Eligible Securities to the Clearing House which includes, amongst others, the following – <ul style="list-style-type: none"> <li>(a) the description and quantity of the Eligible Securities it wishes to lend; and</li> <li>(b) the account number of the securities account from which the Loaned Securities are to be debited.</li> </ul>
“Lending Representative”	<del>means a</del> Trading Clearing Participant, Non Trading Clearing Participant or such other category of persons prescribed by the Clearing House to be eligible to apply to become a Lending Representative, who has been approved by the Clearing House to perform certain functions with respect to lending of Securities by the Approved SBLNT Lender.
<u>“Listing Requirements”</u>	<u>The rules governing the listing of Securities and regulation of listed issuers on the Main Market and ACE Market of the Exchange.</u>
“Loaned Securities”	<del>means the</del> Eligible Securities that are lent or borrowed.
“Market Day”	The day on which both the Clearing House and the Exchange are open for business.
“Market Contracts”	<del>Means:</del> <ul style="list-style-type: none"> <li>(a) Novated Contract; or</li> <li>(b) Direct Business Contract.</li> </ul>
“Non Trading Clearing Participant”	A person who is admitted by the Clearing House as a Clearing Participant to participate in the ISS.
“Novated Contract”	A contract between the Clearing House and a Trading Clearing Participant arising as a result of the novation of an On-Market Transaction referred to in Rule 5.1A(a).

## RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD

## Rule Amendments in Connection with the Revamp of the Rules of Bursa Malaysia Securities Berhad

“Officer”	<del>Shall have the same</del> <u>Same</u> meaning as is assigned to that expression in the Act.
“On-Market Transaction”	A transaction in Securities that is concluded by way of: <ul style="list-style-type: none"> <li>(a) automated matching of orders entered into the order book maintained in the ATS in accordance with Rule <del>7048.08</del> of the Exchange Rules; or</li> <li>(b) a transaction that is concluded in accordance with Rule <del>8.14701.8A</del> of the Exchange Rules.</li> </ul>
“Operational Procedures”	<del>Means the</del> <u>The</u> Operational Procedure(s) of the Clearing House in relation to any of the services or facilities of the Clearing House containing the practices, procedures and requirements relating to the operations and functions of any such services or facilities of the Clearing House, issued from time to time.
<u>“Ready Basis Contract”</u>	<u>A contract where the date and time for delivery and settlement for the buying and selling of Securities traded on the stock market of the Exchange are as stipulated in Schedule 2 of the Exchange Rules.</u>
“Relevant Details”	Those details with respect to an ISS Transaction which the Clearing House may prescribe from time to time as being mandatory, the reporting of which in an ISS Instruction, ISS Confirmation or ISS Affirmation, as the case may be, is required for the purpose of clearance and settlement of the ISS Transaction.
“Relevant office-holder”	<del>Means:</del> <ul style="list-style-type: none"> <li>(<del>ia</del>) <del>the</del><u>The</u> Director General of Insolvency appointed under section 70 of the Bankruptcy Act 1967 [Act 360];</li> <li>(<del>ib</del>) <del>any</del> <u>Any</u> person acting in relation to a company as its liquidator, provisional liquidator, receiver or manager;</li> <li>(<del>ic</del>) <del>any</del> <u>Any</u> person acting in relation to an individual as his trustee in bankruptcy or interim receiver of his property;</li> <li>(<del>id</del>) <del>any</del> <u>Any</u> person appointed pursuant to an order for the administration in bankruptcy of an insolvent estate of a deceased person; or</li> <li>(<del>ve</del>) <del>a</del> <u>A</u> Special Administrator appointed under the Pengurusan Danaharta Nasional Berhad Act 1998 [Act 587].</li> </ul>
“Rules”	<del>Shall have the same</del> <u>Same</u> meaning as is assigned to that expression in the Act, <del>in relation to the Clearing House.</del>
“SBL Circulars”	<del>means any</del> <u>Any</u> circulars, guidelines, procedures, terms and conditions and all other written requirements as may be prescribed and issued from time to time by the Clearing House, whether or not electronically, relating to the Bursa SBL Transactions, the SBL Negotiated Transactions, the SBL Conditions or the transactions contemplated under the SBL Conditions.
“SBL Conditions”	<del>means the</del> <u>The</u> prescribed application to be approved as a Lending Participant together with the Bursa SBL (Terms and Conditions for

## RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD

## Rule Amendments in Connection with the Revamp of the Rules of Bursa Malaysia Securities Berhad

	Lending Participant and Lender) or the prescribed application to be approved as a Borrower together with the Bursa SBL (Terms and Conditions for Borrower) individually or collectively, as the context may require, as may be amended, modified or varied from time to time, and shall include the SBL Circulars for the time being in force.
“SBL Negotiated Transaction or SBLNT”	<del>means a</del> Securities borrowing and lending transaction entered into between an Approved SBLNT Lender and an Approved SBLNT Borrower where the parties may negotiate and agree on the terms of the transaction and the transaction is facilitated by the Clearing House in accordance with the Rules.
“SBL Participant/Agent”	<del>means the</del> <u>The</u> Lending Participant, Lender, Borrower, Approved SBLNT Lender, Approved SBLNT Borrower, Lending Agent, Lending Representative or Borrowing Representative, or any one or more of them, as the context may require.
“SBLNT Participant”	<del>means the</del> <u>The</u> Approved SBLNT Lender or Approved SBLNT Borrower, or both, as the context may require.
“SBL Participant/ Representative”	<del>means the</del> <u>The</u> Approved SBLNT Lender, Approved SBLNT Borrower, Lending Representative or Borrowing Representative, or any one or more of the <del>am</del> , as the context may require.
“SBLNT System”	<del>means the</del> <u>The</u> system operated by the Clearing House to facilitate SBL Negotiated Transactions.
<u>“Scheduled Financial Settlement Time”</u>	<u>The scheduled financial settlement time referred to in Rule 5.3(h).</u>
“Sell Transaction”	In relation to ISS, a transaction, being an agreement for the sale of Securities by: <ul style="list-style-type: none"> <li>(a) a Clearing Participant acting as a principal, or</li> <li>(b) a Client,</li> </ul> through a Trading Clearing Participant on the Exchange as a seller to a Market Contract.
“Securities”	<del>Shall have the same</del> <u>Same</u> meaning as is assigned to that expression in the Act.
“Specified Eligible Securities”	<del>means the</del> <u>The</u> Eligible Securities specified by the Lending Participant or Lender via the Bursa SBL System which are available for lending to the Clearing House as may be updated from time to time through the Bursa SBL System.
<u>“Tick”</u>	<u>The minimum change allowed in the bidding price for buying-in of Securities referred to in Rule 5.2A as set out in Schedule 5-1.</u>
<u>“These Rules” or “The Rules”</u>	<u>The Rules of the Clearing House.</u>
<u>“Tradeable Balance”</u>	(a) <u>Securities designated as “free securities” in the relevant securities accounts; or</u>  (b) <u>Securities that are due to be delivered to the relevant securities account pursuant to an outstanding purchase</u>

**ANNEXURE 1**

**RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD**

**Rule Amendments in Connection with the Revamp of the Rules of Bursa Malaysia Securities Berhad**

---

contract. An outstanding purchase contract means a purchase contract that was executed by the selling TCP as defined in Rule 5.2A(a) for the same securities account prior to the sale referred to in Rule 5.2A(a), and the Securities in the purchase contract have not been delivered to such securities account.

~~Balance of securities in a securities account which are good for settlement of trade.~~

“Trading Clearing Participant” A person who is a participant of the Exchange and admitted by the Clearing House as a Clearing Participant to participate in one or more of the services provided by the Clearing House.

Save as otherwise stated herein words and expressions used in these Rules shall have the meanings as assigned to it under the Act wherever applicable.

Words importing the singular number shall include the plural number and vice versa.

Words importing the masculine gender only shall include the feminine or neuter genders.



# CHAPTER 1

## GENERAL RULES

*[Note: Only Rule 1.4 from this chapter is reproduced as the amendments relate only to this rule.]*

### 1.4 ROLE AND OBLIGATIONS OF THE CLEARING HOUSE

- (a) The Clearing House shall provide services which include the clearing and settlement of transactions in Securities effected on, or subject to the ~~rules of the~~ Exchange Rules and the ~~rules of the Central~~ Depository Rules, wherever applicable
- (b) In consideration of the role and obligations of the Clearing House under sub-rule(a) the Clearing House shall charge clearing fees at the rate which may be determined by the Clearing House and approved by the Commission, from time to time. The Clearing House shall inform all Clearing Participants of changes to the rate of the clearing fees by at least fourteen (14) days notice in writing.
- (c) Notwithstanding sub-rule (b), the Clearing Participant shall pay whether annually or otherwise such fees, charges, expenses and disbursement with respect to any of the services and facilities made available by the Clearing House to the Clearing Participant as shall be specified from time to time by the Clearing House or as provided under the Operational Procedures, to be payable at such times and in such manner as shall be specified by the Clearing House.

## CHAPTER 2

### SECTION B

#### NON TRADING CLEARING PARTICIPANT

*[Note: Only Rule B2.1 from this chapter is reproduced as the amendments relate only to this rule.]*

##### **B2.1 ELIGIBILITY CRITERIA FOR NON TRADING CLEARING PARTICIPANT**

In addition to the general criteria for admission set out in the General Section of this Chapter, an applicant for admission as a Non Trading Clearing Participant shall establish that:

- (a)
  - (i) it is an organisation carrying on financial services business by providing safe custody facilities and services with respect to Securities listed and traded on the Exchange; OR
  - (ii) it is an organisation authorised or licensed under the laws of Malaysia to engage in investment business (directly or indirectly) and such organisation invests in Securities listed on and traded on the Exchange for its own account and/or for the account of clients or other parties; AND
- (b)
  - (i) it is an organisation with a paid-up capital of not less than RM2 million, if it's a company limited by shares or by guarantee of not less than RM2 million, or such other amount as may be prescribed by the Clearing House from time to time; OR
  - (ii) it is a statutory organisation or authority of Malaysia or any state of Malaysia; AND
- (c) it is an organisation that is an Authorised Direct Member of the Central Depository as defined in the ~~rules of the Central~~ Depository Rules.

## CHAPTER 5

### CLEARING AND SETTLEMENT

#### GENERAL SECTION

*[Note: Entire Chapter 5 is reproduced as this chapter has been substantially amended.]*

#### 5.1 CLEARING AND SETTLEMENT OF ~~MARKET CONTRACTS~~ON-MARKET TRANSACTIONS AND DIRECT BUSINESS CONTRACTS

- (a) Clearing Participants must clear and settle all ~~Market Contracts~~On-Market Transactions and Direct Business Contracts through the Clearing House in accordance with these Rules.
- (b) [Deleted]
- (c) Delivery and settlement of On-Market Transactions and Direct Business Contracts ~~Securities in respect of transactions in a particular Market Day~~ shall be effected pursuant to these Rules, the Exchanges' Rules and the Depository Rules.

#### 5.1A NOVATION OF ON-MARKET TRANSACTIONS

- (a) Immediately after acceptance of an On-Market Transaction for clearing and settlement by the Clearing House, the On-Market Transaction is novated to the Clearing House and replaced with two Novated Contracts.
- (b) Upon novation of the On-Market Transaction to the Clearing House:
  - (i) the obligation of the buying Trading Clearing Participant to pay the purchase consideration to the selling Trading Clearing Participant is replaced by the obligation of the buying Trading Clearing Participant to pay the purchase consideration to the Clearing House;
  - (ii) the right of the buying Trading Clearing Participant to receive the Securities from the selling Trading Clearing Participant is replaced by the right of the buying Trading Clearing Participant to receive the Securities from the Clearing House via Book-entry;
  - (iii) the obligation of the selling Trading Clearing Participant to deliver the Securities to the buying Trading Clearing Participant is replaced by the obligation of the selling Trading Clearing Participant to deliver the Securities to the Clearing House via Book-entry; and
  - (iv) the right of the selling Trading Clearing Participant to receive the purchase consideration from the buying Trading Clearing Participant is replaced by the right of the selling Trading Clearing Participant to receive the purchase consideration from the Clearing House.

- (c) The obligations and rights under Novated Contracts:
- (i) between the buying Trading Clearing Participant and the Clearing House; and
  - (ii) between the selling Trading Clearing Participant and the Clearing House,
- are owed by and to parties as principals to each other notwithstanding that the buying and selling Trading Clearing Participants may have acted as agents for their respective clients in executing or clearing and settling the relevant On-Market Transaction.
- (d) Subject as otherwise provided in these Rules, the terms of the Novated Contracts shall be on the same terms as the relevant On-Market Transaction replaced by such Novated Contracts.

## **5.1B DELIVERY OF SECURITIES UNDER A NOVATED CONTRACT**

- (a) The selling Clearing Participant must ensure that the Securities sold pursuant to a Novated Contract are available as Tradeable Balance in the relevant securities account of the selling Clearing Participant or its client by the time specified in the Exchange Rules. In order to fulfil its obligation to deliver the Securities to the Clearing House, the selling Clearing Participant irrevocably authorises the Clearing House to instruct the Central Depository to debit the Securities from the relevant securities account of the selling Clearing Participant or its client.
- (b) The Clearing House's right to receive Securities on any due settlement day from a selling Clearing Participant pursuant to a Novated Contract is satisfied by the debiting of such Securities from the relevant securities account of the selling Clearing Participant or its client before 10.00am on the due settlement day by the Central Depository, upon the instructions of the Clearing House.
- (c) The buying Clearing Participant irrevocably authorises the Clearing House to deliver the Securities purchased pursuant to a Novated Contract, by instructing the Central Depository to credit the Securities into the relevant securities account of the buying Clearing Participant or its client.
- (d) The Clearing House's obligation to deliver Securities to a buying Clearing Participant pursuant to a Novated Contract on any due settlement day is discharged by the crediting of such Securities to the relevant securities account of the buying Clearing Participant or the buying Clearing Participant's client by 10.00am on the due settlement day.

## **5.2 DEFAULT IN DELIVERY**

Where a Trading Clearing Participant, in respect of a Novated Contract, fails to deliver ~~securities~~ Securities to the Clearing House by the due ~~settlement day date~~ and in the manner as prescribed under the Exchange Rules, the Clearing House may:

- (a) in the case of ~~s~~ Securities sold in board lots (as defined in the Exchange Rules) ("Board Lot Securities"), ~~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 ~~Rule 5.2A~~ the Exchange Rules; or

- 
- (b) 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.

## **5.2A BUYING-IN**

- (a) Where a selling Trading Clearing Participant ("selling TCP"), having sold Securities in board lots, fails to deliver the Securities by having the quantity of Securities sold as Tradeable Balance in the relevant securities account by the due settlement day, the Clearing House will instruct the Exchange to automatically buy-in against such selling TCP without notice, on the following day:
- (i) in respect of Ready Basis Contracts, on the third Market Day following the Contract Date; and
- (ii) in respect of Immediate Basis Contracts, on the second Market Day following the Contract Date.
- (b) No withdrawal of buying-in will be permitted unless the Clearing House determines otherwise in accordance with these Rules.
- (c) The Clearing House may initiate a withdrawal from buying-in in any circumstance the Clearing House deems fit and in such a case, the Clearing House will instruct the Exchange to withdraw the buying-in.
- (d) The Clearing House will instruct the Exchange to conduct the buying-in in accordance with such terms and conditions as may be specified by the Clearing House which include the following:
- (i) unless otherwise stated, the bidding price for buying-in of any Securities by the Exchange shall be ten (10) Ticks above the following prices, rounded up, where necessary, to the higher Tick:
- (aa) the Closing Price on the previous Market Day; or
- (bb) the Last Done Price for the previous trading session,
- of such Securities, whichever is the higher;
- (ii) the bidding price for buying-in by the Exchange of any Securities officially quoted as "cum entitlement" shall be ten (10) Ticks above the last "cum entitlement" price or the Last Done Price, whichever is the higher, depending on the type of corporate action, from the date the Securities were quoted "ex entitlement" up to the close of business on the Books Closing Date (as defined in the Exchange Rules);
- (iii) if the Securities are not obtained on the first Market Day, the Exchange will continue the buying-in on the second and each succeeding Market Day and the bidding price shall be raised by at least five (5) Ticks every Market Day until the Securities are bought;
- (iv) the Clearing House may, if it deems necessary, suspend the daily increase in the bidding price or revise the bid so that the bidding price shall be not more than twenty-five percent (25%) above the Last Done Price or the last buying price bid of the previous Market Day, whichever is the higher;
- (v) a trading halt or suspension from trading on a counter imposed pursuant to the Exchange Rules or the Listing Requirements shall not affect the buying-in of the affected Securities;

(vi) such other requirement as specified in the Exchange Rules or as the Clearing House may specify.

(e) Delivery on buying-in will be effected by way of Book-entry on the date of the buying-in contract itself.

## **5.2BA DEFAULT IN DELIVERY OF SECURITIES SOLD IN BOARD LOTS**

- (a) Where the Clearing House has advised the Exchange to institute a buying-in against a Trading Clearing Participant, the Clearing House may advise the Exchange to withdraw the buying-in if:
- (i) the ~~s~~Securities are not bought-in in accordance with these Rules and the Exchange Rules within such period as may be stipulated by the Clearing House; or
  - (ii) in such other circumstances as the Clearing House deems fit.
- (b) A contract for Board Lot Securities to which the withdrawal of the buying-in referred to in Rule 5.2BA(a) relates shall then be settled by the selling Trading Clearing Participant paying in cash and the buying Trading Clearing Participant receiving a Cash Settlement Amount stipulated by the Clearing House in lieu of delivery of the Board Lot Securities.
- (c) If the buying Trading Clearing Participant onward sells any part of the Board Lot Securities and is unable to deliver the Securities sold, the buying Trading Clearing Participant may be required to pay such Cash Settlement Amount as the Clearing House may stipulate for the total number of Securities sold.
- (d) The ultimate buying Trading Clearing Participant of the Board Lot Securities referred to in Rule 5.2BA(c) shall receive a Cash Settlement Amount in lieu of delivery of the Securities. For the purpose of this Rule, the “ultimate buying Trading Clearing Participant” means the last buying Trading Clearing Participant who has yet to receive the Board Lot Securities and who has not onward sold any part of the Board Lot Securities.

## **5.2CB DEFAULT IN DELIVERY OF SECURITIES SOLD IN ODD LOTS**

Where a Trading Clearing Participant, having sold Securities in odd lot (as defined in the Exchange Rules) (“Odd Lot Securities”) in respect of a Novated Contract, fails to deliver the Odd Lot Securities to the Clearing House by the due settlement day date and in the manner as prescribed under the Exchange Rules, the said contract for Odd Lot Securities shall be settled by the selling Trading Clearing Participant paying in cash and the buying Trading Clearing Participant receiving a Cash Settlement Amount stipulated by the Clearing House in lieu of delivery of the Odd Lot Securities.

## **5.2D CASH SETTLEMENT AMOUNT**

The cash settlement amount referred to in Rules 5.2B and 5.2C may include such fee or charge as the Clearing House thinks fit, and calculated and paid in the manner the Clearing House specifies from time to time in the Clearing House’s directives.

### 5.3 **FINANCIAL SETTLEMENT BETWEEN CLEARING PARTICIPANTS AND THE CLEARING HOUSE**

- (a) (i) Financial settlement of Securities shall be on a “net basis”, and in the currency as determined by the Clearing House from time to time.
- (ii) For the purposes of ~~sub-rule~~ Rule 5.3–(a)(i), “net basis” means a process whereby monetary obligations of Clearing Participants are pooled and off-set with each other, resulting in one final position for each Clearing Participant.
- (b) Each Clearing Participant shall have such designated account with such designated clearing bank for the purpose of the financial settlement services as determined by the Clearing House from time to time.
- ~~(c) Financial settlement of amounts due from a Clearing Participant to the Clearing House under Rule 5.3(f) shall be paid by the Clearing Participant to the Clearing House not later than the Scheduled Financial Settlement Time. The payment will be irrevocable upon the crediting of the Clearing House’s bank account.~~
- ~~(ed) (i) Remittances and deposits paid by Clearing Participants to the Clearing House shall be in immediately available funds.~~
- ~~(ii) For the purposes of Rule 5.3(d)(i), the expression “in immediately available funds” includes payments by way of fund transfers to an account from time to time specified by the Clearing House ~~the form of transfer instructions via the clearing bank~~ or any other instruments which can be cleared within the same day and the ~~clearing bank~~ Clearing House is able to ~~shall~~ obtain value on the same day.~~
- ~~(e) All the following amounts in connection with the financial settlement of Securities shall, on every Market Day, be netted in accordance with Rule 5.3(a)(i):~~
- ~~(i) amount payable by a Clearing Participant to the Clearing House; and~~
- ~~(ii) amount receivable by a Clearing Participant from the Clearing House.~~
- ~~(f) By the Scheduled Financial Settlement Time, the Clearing House shall inform every Clearing Participant of the net amount payable by the Clearing House to the Clearing Participant or the net amount receivable by the Clearing House from the Clearing Participant, being the difference between:~~
- ~~(i) the amount due to the Clearing Participant in respect of Securities delivered by the Clearing Participant to the Clearing House; and~~
- ~~(ii) the amount due from the Clearing Participant in respect of Securities received by the Clearing Participant from the Clearing House.~~
- ~~(g) Financial settlement of amounts due from the Clearing House to the Clearing Participant pursuant to Rule 5.3(f) shall be effected by the Clearing House by the Scheduled Financial Settlement Time by way of remittances of funds through banks to the clearing bank accounts of the respective Clearing Participants. The payment will be irrevocable upon the crediting of the Clearing Participant’s clearing bank accounts.~~
- ~~(h) The scheduled financial settlement time referred to in this Rule 5.3 is:~~
- ~~(i) For Ready Basis Contracts:~~

- (aa) in respect of payment by the net buying Clearing Participant to the Clearing House, not later than 10.00 a.m. on the third Market Day following the Contract Date; and
- (bb) in respect of payment by the Clearing House to the net selling Clearing Participant, not later than 10.00 a.m. on the third Market Day following the Contract Date.
- (ii) For Immediate Basis Contracts:
  - (aa) in respect of payment by the net buying Clearing Participant to the Clearing House, not later than 10.00 a.m. on the second Market Day following the Contract Date; and
  - (bb) in respect of payment by the Clearing House to the net selling Clearing Participant, not later than 10.00 a.m. on the second Market Day following the Contract Date.
- (iii) For buying-in contracts executed pursuant to Rule 5.2A(a):
  - (aa) in respect of payment by the defaulting Clearing Participant to the Clearing House, not later than 10.00 a.m. on the next Market Day following the date of the buying-in contract; and
  - (bb) in respect of payment by the Clearing House to the selling Clearing Participant, not later than 10.00 a.m. on the next Market Day following the date of the buying-in contract.

#### **5.4 DEFAULT IN FINANCIAL SETTLEMENT**

Default in financial settlement by the Trading Clearing Participant shall be subjected to the Default Rules under Chapter 4.

#### **5.5 CLAIMS ON ~~DIVIDENDS, BONUS ISSUE, RIGHTS ISSUE AND OTHER ENTITLEMENTS~~ AND RIGHTS**

- (a) The following claims in relation to a Novated Contract may be prescribed by the Clearing House from time to time:
  - (i) Claims on dividends, bonus issue, rights issue and other entitlements ~~arising from failure to deliver Securities in relation to a Novated Contract may be prescribed by the Clearing House from time to time in accordance with the Exchange Rules; or~~
  - (ii) Claims on rights arising from failure to deliver such rights as referred to in the Exchange Rules.
- (b) The claiming Trading Clearing Participant must submit the claims to the Clearing House in the manner prescribed under the Operational Procedures.



## **5.6 SECURITIES NOT GOOD FOR DELIVERY**

- (a) Securities not good for delivery occurs when a transfer of ownership could not subsequently be registered by the registrar of the Company whose Securities are quoted on the official list of the Exchange.
- (b) The Clearing House may at its entire discretion prescribe directives on all matters relating to Securities not good for delivery.

## ~~**5.7 CLEARING AND SETTLEMENT OF CONTRACTS FOR SECURITIES PRESCRIBED UNDER THE CENTRAL DEPOSITORY**~~

~~Delivery and settlement of Securities prescribed under the Central Depository and traded through the Exchange shall be effected in accordance to these Rules and the rules of the Central Depository.~~

## **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 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

## **5.8 DIRECT BUSINESS CONTRACTS**

- (a) All Direct Business Contracts shall be governed by Rule 5.8(a).
  - (i) The clearing and settlement of Direct Business Contracts shall be effected through the Clearing House in accordance with these Rules and the Operational Procedures and will require input by the Trading Clearing Participant in respect of such contracts into the Direct Business Comparison System.
  - (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

## Rule Amendments in Connection with the Revamp of the Rules of Bursa Malaysia Securities Berhad

- 
- Contracts will, unless rejected by the Clearing House, be accepted for clearing and settlement.
- (iii) Upon acceptance for clearing and settlement, the Clearing House shall direct the Central Depository to deposit the Securities into the Clearing House Direct Business Account pursuant to Rule 5.8(b) or Section A of Chapter 5.
- (iv) In consideration of the role and obligation of the Clearing House under these Rules, the provision of Rule 1.4 (b) in respect of clearing fees shall be applicable.
- (v) For purposes of Rule 5.8(a), the following expressions shall have the meaning set out opposite to them respectively:
- |  |   |
|--|---|
| “Direct Business Comparison System”      | a comparison system to facilitate Clearing Participants to clear and settle Securities in respect of Direct Business Contracts. |
| “Clearing House Direct Business Account” | an account to facilitate the placement of Securities pending payment.   |
- (b) Except in relation to Direct Business Contracts cleared and settled through ISS under Section A of Chapter 5, clearing and settlement of all Direct Business Contracts shall be additionally governed by Rule 5.8(b) as follows:-
- (i) Upon receipt of the Securities (“Delivered Securities”) and payment for the said Securities, the Clearing House shall instruct the Central Depository to ~~then~~ credit the said Securities into the securities account of the buying Trading Clearing Participant’s securities account or the buying Trading Clearing Participant’s client and pay the proceeds for the Delivered Securities to the selling Trading Clearing Participant.
- (ii) In the event the selling Trading Clearing Participant makes partial delivery of the Securities under a Direct Business Contract to the Clearing House and provided that the buying Trading Clearing Participant makes payment on a pro-rated basis for the Delivered Securities in the manner prescribed under the Operational Procedures, the Clearing House shall instruct the Central Depository to credit the Delivered Securities into the securities account of the buying Trading Clearing Participant or the buying Trading Clearing Participant’s client securities account and pay the proceeds received from the buying Trading Clearing Participant to the selling Trading Clearing Participant.
- (iii) Without prejudice to the rights and liabilities as between the Clearing Participants concerned and also the right of the Exchange to take action under the Exchange Rules, the Direct Business Contract or the portion of the Direct Business Contract that remains unsettled shall not be subject to automatic buy-in but shall be withdrawn from clearing and settlement by the Clearing House in accordance with the Rules and Operational Procedures.
- (iv) In the event of a failure by the buying Trading Clearing Participant to settle the full amount for the Delivered Securities —
- (aa) the Clearing House shall return all the Delivered Securities in the manner prescribed under the Operational Procedures to the selling Trading Clearing Participant’s securities account; and

Rule Amendments in Connection with the Revamp of the Rules of Bursa Malaysia Securities Berhad

---

- (bb) the Direct Business Contract shall be withdrawn from clearing and settlement by the Clearing House in accordance with the Rules and Operational Procedures.
  
- (v) The Clearing House shall not be responsible for any failure by the Trading Clearing Participant to settle any part of Direct Business Contracts to which the Trading Clearing Participant is a party.
  
- (vi) 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.
  
- (c) [Deleted]

**SCHEDULE 5-1**

**TICK SIZE IN RELATION TO BUYING-IN**  
**[Definition of "Tick" and Rule 5.2A(d)]**

**(i) Tick Sizes for Securities Quoted in RM**

<b><u>Price of Securities</u></b> <b><u>(RM)</u></b>	<b><u>Tick Size</u></b> <b><u>(Sen)</u></b>
<u>Less than 1.00</u>	<u>0.5</u>
<u>Between 1.00 to 2.99</u>	<u>1</u>
<u>Between 3.00 to 4.99</u>	<u>2</u>
<u>Between 5.00 to 9.99</u>	<u>5</u>
<u>Between 10.00 to 24.99</u>	<u>10</u>
<u>Between 25.00 to 99.99</u>	<u>25</u>
<u>100.00 and above</u>	<u>50</u>

**(ii) Tick Sizes for Securities Quoted in USD, EUR, AUD and SGD**

<b><u>Price of Securities</u></b> <b><u>(Dollar)</u></b>	<b><u>Tick Size</u></b> <b><u>(Cent)</u></b>
<u>Less than 1.00</u>	<u>0.5</u>
<u>Between 1.00 to 2.99</u>	<u>1</u>
<u>Between 3.00 to 4.99</u>	<u>2</u>
<u>Between 5.00 to 9.99</u>	<u>5</u>
<u>Between 10.00 to 24.99</u>	<u>10</u>
<u>Between 25.00 to 99.99</u>	<u>25</u>
<u>100.00 and above</u>	<u>50</u>

**(iii) Tick Sizes for Securities Quoted in GBP**

<b><u>Price of Securities</u></b> <b><u>(Pound)</u></b>	<b><u>Tick Size</u></b> <b><u>(Pence)</u></b>
<u>Less than 1.00</u>	<u>0.5</u>
<u>Between 1.00 to 2.99</u>	<u>1</u>
<u>Between 3.00 to 4.99</u>	<u>2</u>
<u>Between 5.00 to 9.99</u>	<u>5</u>
<u>Between 10.00 to 24.99</u>	<u>10</u>
<u>Between 25.00 to 99.99</u>	<u>25</u>
<u>100.00 and above</u>	<u>50</u>

## CHAPTER 5

### SECTION A

#### INSTITUTIONAL SETTLEMENT SERVICE/ISS

*[Note: Only Rule A5.6 reproduced as amendments relate only to this rule.]*

##### **A5.6 ISS TRANSACTION SETTLEMENT PROCESS**

- (a) The Clearing House shall provide settlement services to Clearing Participants in relation to ISS Transactions accepted by the Clearing House for settlement through the ISS.
- (b) Settlement of ISS Transactions under the ISS by the Clearing House, shall be effected on per transaction basis, between the Clearing Participants inputting the ISS Instruction, ISS Confirmation or ISS Affirmation as the case may be.
- (c) The right to receive and the obligation to deliver Securities arising out of any ISS Transaction accepted for settlement through the ISS shall be settled by ~~B~~book-entry credit and debit made to the designated securities accounts of the relevant Clearing Participants by the Central Depository in accordance to instructions submitted by the Clearing House to the Central Depository.

## CHAPTER 7

### BURSA SBL TRANSACTIONS

*[Note: Only Rule 7.3 reproduced as amendments relate only to this rule.]*

#### 7.3 APPLICATION TO BE A BORROWER

Any person who wishes to be a Borrower must:–

- (a) be a Trading Clearing Participant or such other category of persons who is prescribed by the Clearing House to be eligible to become a Borrower;
- (b) submit a complete and duly executed application and undertaking in the prescribed form to the Clearing House;
- (c) comply with all requirements prescribed by the Clearing House for a Borrower as contained in these Rules, the SBL Conditions or as prescribed by the Clearing House from time to time in relation to the Bursa SBL; and
- (d) comply with Rules ~~608.4(1)7.20~~(a) ~~and (b) to (c)~~ of the Exchange Rules as may be amended, varied, modified, supplemented or substituted from time to time as if it were the Participating Organisation referred to in such Rules.

## CHAPTER 8

### BURSA NEGOTIATED TRANSACTIONS

*[Note: Only Rule 8.3 reproduced as amendments relate only to this rule.]*

#### 8.3 APPLICATION TO BE AN APPROVED SBLNT BORROWER

Any person who wishes to be an Approved SBLNT Borrower must:–

- (a) fall within one of the categories of persons prescribed by the Clearing House to be eligible to become an Approved SBLNT Borrower;
- (b) submit a complete and duly executed application and undertaking in the prescribed form via its Borrowing Representative to the Clearing House;
- (c) comply with all requirements prescribed by the Clearing House for an Approved SBLNT Borrower as contained in these Rules or as prescribed by the Clearing House from time to time in relation to the SBL Negotiated Transactions; and
- (d) comply with Rules ~~608-4(1)7.20~~(a) ~~and (b) to (e)~~ of the Exchange Rules as may be amended, varied, modified, supplemented or substituted from time to time as if it were the Participating Organisation referred to in such Rules.

[End of Rule Amendments]