

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA DEPOSITORY SDN. BHD. (“THE RULES OF BURSA DEPOSITORY”)
IN RELATION TO THE OUTSOURCING OF BACK OFFICE FUNCTIONS**

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule 1.01	(New provisions)	Rule 1.01	<p>“Back Office Functions” means the back office functions as envisaged under clause 4 of the Guiding Principles.</p> <p>“Guiding Principles” means the “Guiding Principles For Outsourcing Of Back Office Functions For Capital Market Intermediaries” issued by the Commission on 29 June 2005 including subsequent amendments, modifications, variations, supplements or substitutes thereto and any directives or guidelines as may be issued thereunder.</p> <p>“Market Intermediary” shall have the same meaning as is assigned to it in the Guiding Principles.</p>
	(New provisions)	Rule 2.12	<p>Outsourcing of Back Office Functions:</p> <p>(1) Outsourcing: An authorised depository agent may be permitted to outsource its Back Office Functions subject to the prior approval of the Depository and compliance with the Guiding Principles as though the authorised depository agent is the Market Intermediary mentioned therein.</p> <p>(2) Breach of Guiding Principles: The Guiding Principles shall be regarded as part of these Rules and consequently any breach by an authorised depository agent of the Guiding Principles shall be deemed to be a breach of these Rules.</p>

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			(3) Directions: The Depository may, in consultation with the Commission, issue any directions in relation to the outsourcing of the Back Office Functions of an authorised depository agent, as it deems fit, from time to time.
	(New provisions)	Rule 14.13	<p>Outsourcing of Back Office Functions:</p> <p>(1) Conditions: An authorised direct member may outsource its back office functions to a service provider provided that the authorised direct member complies with the following conditions :-</p> <p>(a) The back office functions that are outsourced shall encompass only the operational or administrative aspects of the entity’s functions as an authorised direct member, including account management, processing requests for transfers, deposits or withdrawals and shall exclude the authorised direct member’s decision making and management function and its role of liaising with regulatory authorities and fulfilling regulatory requirements;</p> <p>(b) The service provider must be either one of the following :-</p> <p>(i) A company within the group of companies to which the authorised direct member belongs; or</p>

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			<p>(ii) An independent company which is located in Malaysia and has its operations conducted in Malaysia.</p> <p>(c) The service provider shall not further assign or sub-contract the back office functions to another party;</p> <p>(d) The legal relationship between the authorised direct member and the service provider shall be a principal-agent relationship;</p> <p>(e) The authorised direct member must ensure compliance by the service provider with all relevant requirements stipulated in any provision in these Rules, agreement between the authorised direct member and the Depository and direction issued by the Depository;</p> <p>(f) The authorised direct member shall be deemed liable as a principal in relation to any breach by the service provider of any provision in these Rules, agreement between the authorised direct member and the Depository and direction issued by the Depository;</p> <p>(g) Any direction issued by the Depository and directed to the authorised direct member is deemed to have also been issued and directed to the service provider and shall be regarded to be within the knowledge of the service provider;</p> <p>(h) The authorised direct member shall procure from the service</p>

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			<p>provider a written undertaking that the service provider shall maintain the secrecy and confidentiality of the documents and information of clients that the service provider shall have access to, from any intentional or inadvertent disclosure to unauthorised person(s), and that the service provider’s security policies, procedures and controls enable the protection of such confidentiality and security of client information;</p> <p>(i) The authorised direct member must have in place an insurance policy to protect it against any liability, loss or damage arising from any action or omission of the service provider in performing the said back office functions;</p> <p>(j) The authorised direct member must ensure that the Depository or its agent shall at all times :-</p> <p>(i) have access to and be allowed to make copies of the books (as defined in the Securities Industry Act 1983) of the authorised direct member or the service provider and further to obtain promptly any other information concerning activities that are relevant for the performance of its regulatory duties; and</p> <p>(ii) have access to the premises of the authorised direct member or the service provider for the purposes of conducting any audit, inspection or investigation.</p>

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			<p>The authorised direct member shall procure a written consent from the service provider to allow the Depository to exercise its powers as stated above; and</p> <p>(k) The authorised direct member shall provide a letter of undertaking to the Depository on an annual basis, that the service provider has complied with all relevant requirements imposed on the authorised direct member under any provision in these Rules, agreement between the authorised direct member and the Depository and direction issued by the Depository.</p> <p>(2) Amendments to conditions: The Depository reserves the right to add, delete or amend any of the conditions set out in Rule 14.13(1).</p> <p>(3) Commencement of outsourcing: Save as otherwise approved by the Depository, no authorised direct member shall commence outsourcing its back office functions as permitted under Rule 14.13(1) unless it has given prior notification to the Depository of its intention to outsource and provided a letter of undertaking that it has complied with the conditions set out in Rule 14.13(1).</p> <p>(4) Termination of services of service provider by the authorised direct member: If the authorised direct member terminates the services of its service provider, it shall notify the Depository within 14 days from the date of the termination notice.</p> <p>(5) Revocation of right to outsource: Notwithstanding any provision herein</p>

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			<p>to the contrary, the Depository may, where it deems fit, revoke the right of the authorised direct member to outsource its back office functions pursuant to this Rule, without assigning any reason for such revocation.</p> <p>(6) Non-application: The above provisions shall not apply to an authorised direct member who is also a Market Intermediary. Such authorised direct member may outsource its Back Office Functions subject to compliance with the Guiding Principles and the provisions in Rule 2.12 which shall apply, mutatis mutandis, to such authorised direct member as if it were an authorised depository agent mentioned therein.</p>