

PARTICIPATING ORGANISATIONS' CIRCULAR

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AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD ("RULES OF BURSA SECURITIES") IN RELATION TO CASH SETTLEMENT OF FAILED TRADES OF BOARD LOTS

1. INTRODUCTION

Kindly be advised that pursuant to the introduction of cash settlement of failed board lot contracts by Bursa Malaysia Securities Clearing Sdn Bhd ("Bursa Clearing (S)") with effect from 3 May 2010, amendments have been made to the Rules of Bursa Securities as explained in paragraph 2 below.

2. AMENDMENTS TO THE RULES

Amendments to the Rules of Bursa Securities are set out in **Annexure 1** ("Amendments").

The salient aspects of the Amendments are as follows:

- (a) A new Rule 803.1(4) is introduced to reflect that the settlement obligations of the defaulting Participating Organisation ("PO"), in the event of a withdrawal of buying-in, will be governed by the Rules of Bursa Clearing (S);
- (b) A new Rule 803.2(4A) is introduced to provide that the bidding price for buying-in effected during the first trading session is 10 Ticks as specified in Schedule 4A of the Rules of Bursa Securities above the Closing Price on the previous market day;
- (c) A new Rule 803.2A(1) is introduced to set out when and the manner in which buying-in will be withdrawn and also the manner in which the contract will be cash settled; and
- (d) A new Rule 803.2A(2) is introduced to require a buying PO to give effect to Bursa Clearing (S)'s direction to cease further onward selling of securities to facilitate a cash settlement procedure if Bursa Clearing (S) does issue such a direction.

3. EFFECTIVE DATE

Please be informed that the Amendments will be effective from **3 May 2010**.

All rules, directives or circulars in force which make reference to or contain provisions relating to the above matters shall have effect as if such references or provisions relate to the Amendments.

4. CONTACT PERSONS

Please direct any queries you may have in relation to the above to the following persons:

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This Circular is available at:

http://www.bursamalaysia.com/website/bm/regulation/rules/bursa_rules/bm_securities.html

Regulatory Policy & Advisory



**RULES OF BURSA MALAYSIA SECURITIES BERHAD
RULE AMENDMENTS IN RELATION TO CASH SETTLEMENT OF FAILED TRADES OF BOARD
LOTS**

The following sets out the rule amendments in relation to cash settlement arising from failure to deliver board lots.

1.0 RULE 803.1

Rule 803.1(4)

1.1 Rule 803.1(4) be introduced as follows:

(4) Where buying-in is withdrawn based on Rule 803.1(3), the settlement obligations of the defaulting Participant Organisation will be as stated in the Clearing House Rules.

2.0 RULE 803.2

Rule 803.2(2)

2.1 Rule 803.2(2) be amended as follows:

(2) Unless otherwise determined by the Exchange, buying-in shall be conducted through ATS from 8.30 a.m. to 12.30 p.m. and 2.00 p.m. to 5.00 p.m. and in the event that the buying-in is not ~~fully~~-executed whether fully or otherwise during that period, the buying-in may be continued on the following market day during the same period.

Rule 803.2(4A)

2.2 Rule 803.2(4A) be introduced as follows:

(4A) The bidding price for buying-in of securities effected during the first trading session is ten (10) Ticks as specified in Schedule 4A above the Closing Price of such securities on the previous market day, rounded up, where necessary, to the higher Tick.

Rule 803.2(4)

2.3 Rule 803.2(4) be amended as follows:

(4) The bidding price for buying-in of ~~any~~ securities ~~by the Exchange effected on the second trading session is shall be~~ ten (10) Ticks as specified in Schedule 4A above the following prices, rounded up, where necessary, to the higher ~~bid~~-Tick -

- (a) the Closing Price on previous market day; or
 - (b) the Last Done Price for the previous trading session,
- of such securities, whichever is higher.

Rule 803.2(6)

2.4 Rule 803.2(6) be amended as follows:



- (6) If ~~the securities buying-in is not executed fully or otherwise are not obtained~~ on the first market day, the buying-in shall be continued on the second and each succeeding market day and the bidding price shall be raised by at least five (5) Ticks until the securities are bought or buying-in is withdrawn pursuant to Rule 803.1(3).

3.0 RULE 803.2A

803.2A(1)

- 3.1 Rule 803.2A(1) be introduced as follows:

CASH SETTLEMENT

- (1) If buying-in is not successful by T+8, the buying-in will be withdrawn if instructed by the Clearing House. The contract will then be settled by payment of cash for the quantity not done through the buying-in, based on the requirements of the Clearing House, to the person stated below:
- (a) the buyer in the failed contract; or
 - (b) if the buyer in the failed contract has further sold the securities on or after the Scheduled Delivery Time, the ultimate buyer of the securities.

Rule 803.2A(2)

- 3.2 Rule 803.2A(2) be introduced as follows:

- (2) In order to facilitate the settlement of cash to the buyer as stipulated in Rule 803.2A(1) the buying Participating Organisation may be directed by the Clearing House not to further sell the securities and the Participating Organisation must ensure that it gives effect to such direction.

[End of Rule Amendments]