

PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 19 March 2008

No.: R/R 4 of 2008

1. **AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD ("RULES OF BURSA SECURITIES") PERTAINING TO SHORT SELLING OF EXCHANGE TRADED FUND (ETF) UNITS AND ITS CONSTITUENT SECURITIES ("PERMITTED SHORT SELLING")**
2. **DIRECTIVES IN RELATION TO THE OPENING OF DESIGNATED TRADING ACCOUNTS AND DESIGNATED CDS ACCOUNT FOR PURPOSES OF PERMITTED SHORT SELLING ("DIRECTIVES")**

A. INTRODUCTION TO PERMITTED SHORT SELLING

Bursa Malaysia Securities Berhad ("Bursa Securities") is pleased to announce the introduction of Permitted Short Selling on 1 April 2008. Permitted Short Selling is a scheme introduced by Bursa Securities to allow Participating Organisations who are Participating Dealers ("Participating Dealers"), to short sell ETF units and the constituent securities of the ETF provided that there is a borrowing arrangement in place. The Permitted Short Selling is only for the proprietary position of the Participating Dealers and is specifically made available to Participating Dealers for the following purposes:

- (a) to facilitate their role as Participating Dealers; and
- (b) to enhance liquidity in relation to the trading of ETFs.

Pursuant to the above, Participating Organisations are advised of the amendments to the Rules of Bursa Securities and the Directives as captioned above.

Details of the amendments and Directives are as set out below.

B. AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO PERMITTED SHORT SELLING

Amendments have been made to the Rules of Bursa Securities as appended herewith in **Annexure 1**, pertaining to the introduction of Permitted Short Selling.

The above amendments to the Rules of Bursa Securities must be read together with the amendments to the Rules of Bursa Malaysia Securities Clearing Sdn Bhd and Bursa SBL (Terms and Conditions) for Borrower issued via Bursa Malaysia Clearing Sdn Bhd Circular G20/08 dated 19 March 2008.

C. DIRECTIVES

Pursuant to Rule 704A.4(1) of the Rules of Bursa Securities, a Participating Dealer must maintain one or more designated trading accounts, all of which

must be tagged to a single designated CDS account for each type of ETF in relation to which it intends to carry out Permitted Short Selling. In relation to the aforementioned, the naming convention for designated trading accounts and designated CDS accounts for each type of ETF is as follows:

(a) 1 Designated Trading Account Tagged to 1 Designated CDS Account

Where the Participating Dealer intends to open one designated trading account for Permitted Short Selling of a particular ETF, the following applies:

- (i) the Participating Dealer must use the following naming convention for the naming of the said trading account:

PSS-ETF Product name (Dealer Code Name of Dealer).

- (ii) the CDS account tagged to the above trading account must use the naming convention prescribed by Bursa Malaysia Depository Sdn Bhd via Circular No: ADA/DOD/028/2008 which is as follows:

PSS-ETF Product name (Dealer Code Name of Dealer)

(b) More than 1 Designated Trading Account Tagged to 1 Designated CDS Account

Where the Participating Dealer intends to open more than one designated trading account for Permitted Short Selling of a particular ETF:

- (i) the Participating Dealer must use the following naming convention for the naming of the said trading accounts:

PSS-ETF Product name (Dealer Code Name of Dealer).

- (ii) The CDS account tagged to the above trading accounts must use the naming convention prescribed by Bursa Malaysia Depository Sdn Bhd via Circular No: ADA/DOD/028/2008 which is as follows:

PSS-ETF Product name (Multiple)

D. APPENDIX 11 - NOTIFICATION AND DECLARATION REQUIRED IN ORDER TO CARRY OUT PERMITTED SHORT SELLING

Pursuant to Rule 704A.3(d) Participating Dealers who intend to commence Permitted Short Selling are required to submit Appendix 11. The following is applicable in relation to the submission of Appendix 11:

- (a) Appendix 11 is divided into Part A and Part B. Part A is in relation to the particulars of the trading and CDS accounts opened for the purposes of Permitted Short Selling. Part B is in relation to declaration of compliance with the requirements set out therein. This declaration is not in relation to Permitted Short Selling activity of a

particular ETF. Participating Dealers will have to submit both Part A and Part B two (2) days before commencement of the first Permitted Short Selling activity.

- (b) Where Participating Dealers open further trading and CDS accounts after submission of Appendix 11 in (a) above, whether in relation to the same ETF in (a) above or in relation to another type of ETF, Participating Dealers are required to submit Part A of Appendix 11 only.
- (c) The submission of Part A and Part B of Appendix 11 as stated above, is by way of e-mail to the following address:

MSD_reporting@bursamalaysia.com.

The Participating Dealer is required to specify the subject matter of the e-mail as "Notification for PSS".

E. OTHERS

In respect of the above, please be informed that the above amendments to the Rules of Bursa Securities and the Directives are effective from 1 April 2008.

Please direct any queries you may have in relation to the above Rules of Bursa Securities and Directives to the following persons:

Name	Subject Matter	Contact Number
Shohbana Vythy	Rules	03-2034 7312
Ng G-Ming	Directives	03-2034 7364
Ng G-Ming	General Queries	03-2034 7364

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

Please be informed that this circular is available on Bursa Malaysia's website at: http://www.bursamalaysia.com/website/aboutus/biz_rules.htm

Rule Development & Advisory

AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO PERMITTED SHORTSELLING

Rule	Current Rules	Rule	Amendments
Rule 608.2	<p>RULE 608.2 GENERAL</p> <p>(1) A Participating Organisation shall only be permitted to carry out the activities of borrowing and/or lending of Eligible Securities as described below, subject to the provisions in the Clearing House Requirements and this Rule 608:</p> <p>(a) A Participating Organisation may borrow Eligible Securities from:-</p> <p>(i) the Clearing House whether for itself or its client, or</p> <p>(ii) its client provided that such borrowing is for the sole purpose of lending the Eligible Securities borrowed to the Clearing House.</p> <p>(b) A Participating Organisation may lend Eligible Securities to:-</p> <p>(i) the Clearing House whether for itself or its client; or</p> <p>(ii) its client provided that the Eligible Securities being lent are the Eligible Securities that have been borrowed from the Clearing House for the sole purpose of lending to such client.</p> <p>(2) Subject always to the Clearing House Requirements, the borrowing of any Eligible Securities whether for itself or its client is only permitted in the following circumstances:</p> <p>(a) for the execution of a regulated short sale in accordance with Rule 704;</p> <p>(b) where there are no or insufficient securities as will enable a seller pursuant to a sale trade executed by</p>		<p>RULE 608.2 GENERAL</p> <p>(1) A Participating Organisation shall only be permitted to carry out the activities of borrowing and/or lending of Eligible Securities as described below, subject to the provisions in the Clearing House Requirements and this Rule 608:</p> <p>(a) A Participating Organisation may borrow Eligible Securities from:-</p> <p>(i) the Clearing House whether for itself or its client, or</p> <p>(ii) its client provided that such borrowing is for the sole purpose of lending the Eligible Securities borrowed to the Clearing House.</p> <p>(b) A Participating Organisation may lend Eligible Securities to:-</p> <p>(i) the Clearing House whether for itself or its client; or</p> <p>(ii) its client provided that the Eligible Securities being lent are the Eligible Securities that have been borrowed from the Clearing House for the sole purpose of lending to such client.</p> <p>(2) Subject always to the Clearing House Requirements, the borrowing of any Eligible Securities whether for itself or its client is only permitted in the following circumstances:</p> <p>(a) for the execution of a regulated short sale and permitted short selling in accordance with Rule 704 and Rule 704A respectively;</p> <p>(b) where there are no or insufficient securities as will</p>

AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO PERMITTED SHORTSELLING

Rule	Current Rules	Rule	Amendments
	<p>the seller on the Exchange, to meet its delivery obligations to the purchaser in accordance with the Rules relating to delivery and settlement in chapter 8, as a result of a mistake howsoever made when executing the sale trade provided always that the mistake was made in good faith and discovered only after the sale trade has been executed; or</p> <p>(c) for such other purposes as may be determined by the Clearing House.</p> <p>(3) Any settlement of sale trade executed by a Participating Organisation arising from a borrowing made in breach of Rule 608.2(2), such sale shall be deemed to be a sale in breach of Rule 704 and section 98(1) of the Capital Markets and Services Act and the matter shall be referred to the Commission. The referral of the matter to the Commission shall not preclude the right of the Exchange to exercise any of its powers in relation to a breach of Rule 608.2 and Rule 704.</p> <p>(4) Every Participating Organisation shall ensure where it borrows or lends Eligible Securities, on behalf of its client or where it onward lends to or borrows from its client as envisaged in Rule 608.2(1) that the following are complied with:</p> <p>(a) that a written agreement is duly executed between the Participating Organisation and its client in respect of the borrowing or lending mentioned herein and the terms of the written agreement complies with Rule 608.6;</p> <p>(b) that collateral is lodged in accordance with Rule 608.7;</p> <p>(c) that where Margin Securities of Margin Account</p>		<p>enable a seller pursuant to a sale trade executed by the seller on the Exchange, to meet its delivery obligations to the purchaser in accordance with the Rules relating to delivery and settlement in chapter 8, as a result of a mistake howsoever made when executing the sale trade provided always that the mistake was made in good faith and discovered only after the sale trade has been executed; or</p> <p>(c) for such other purposes as may be determined by the Clearing House.</p> <p>(3) Any settlement of sale trade executed by a Participating Organisation arising from a borrowing made in breach of Rule 608.2(2), such sale shall be deemed to be a sale in breach of Rule 704, Rule 704A and section 98(1) of the Capital Markets and Services Act and the matter shall be referred to the Commission. The referral of the matter to the Commission shall not preclude the right of the Exchange to exercise any of its powers in relation to a breach of Rule 608.2, Rule 704 and Rule 704A.</p> <p>(4) Every Participating Organisation shall ensure where it borrows or lends Eligible Securities, on behalf of its client or where it onward lends to or borrows from its client as envisaged in Rule 608.2(1) that the following are complied with:</p> <p>(a) that a written agreement is duly executed between the Participating Organisation and its client in respect of the borrowing or lending mentioned herein and the terms of the written agreement complies with Rule 608.6;</p> <p>(b) that collateral is lodged in accordance with Rule 608.7;</p> <p>(c) that where Margin Securities of Margin Account</p>

AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO PERMITTED SHORTSELLING

Rule	Current Rules	Rule	Amendments
	<p>Client as defined in Rule 608.8 is utilised for lending, the utilisation thereof shall be subject to Rule 608.8;</p> <p>(d) that where Custodial Securities of Custodial Client as defined in Rule 608.9 is utilised for lending, the utilisation thereof shall be subject to Rule 608.9; and</p> <p>(e) that a copy of the Risk Disclosure Statement prescribed under Appendix 5 is given to and acknowledged by its client prior to the execution of any written agreement for borrowing by the client of Eligible Securities.</p>		<p>Client as defined in Rule 608.8 is utilised for lending, the utilisation thereof shall be subject to Rule 608.8;</p> <p>(d) that where Custodial Securities of Custodial Client as defined in Rule 608.9 is utilised for lending, the utilisation thereof shall be subject to Rule 608.9; and</p> <p>(e) that a copy of the Risk Disclosure Statement prescribed under Appendix 5 is given to and acknowledged by its client prior to the execution of any written agreement for borrowing by the client of Eligible Securities.</p>
Rule 608.12	<p>RULE 608.12 ACTION BY THE EXCHANGE</p> <p>(1) Without prejudice to any other powers of the Exchange contained in the Capital Markets and Services Act, this Rule 608, these Rules and/or any other directives, ruling or guidelines issued by the Exchange from time to time, the Exchange may in the following circumstances take any of the actions enumerated under Rule 608.12(2) in the manner stipulated therein against any or all Participating Organisations, registered persons and clients and/or in relation to any or all Eligible Securities:</p> <p>(a) where there is a breach or likelihood of breach of any provisions in Rule 608 and/or Rule 704; or</p> <p>(b) where the securities borrowing and/or lending activities may lead or likely to lead to the commission of any of the offences under the Capital Markets and Services Act.</p> <p>(2) Pursuant to Rule 608.12(1), the following actions may be</p>		<p>RULE 608.12 ACTION BY THE EXCHANGE</p> <p>(1) Without prejudice to any other powers of the Exchange contained in the Capital Markets and Services Act, this Rule 608, these Rules and/or any other directives, ruling or guidelines issued by the Exchange from time to time, the Exchange may in the following circumstances take any of the actions enumerated under Rule 608.12(2) in the manner stipulated therein against any or all Participating Organisations, registered persons and clients and/or in relation to any or all Eligible Securities:</p> <p>(a) where there is a breach or likelihood of breach of any provisions in Rule 608 and/or Rule 704 and/or Rule 704A; or</p> <p>(b) where the securities borrowing and/or lending activities may lead or likely to lead to the commission of any of the offences under the Capital Markets and Services Act.</p> <p>(2) Pursuant to Rule 608.12(1), the following actions may be</p>

AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO PERMITTED SHORTSELLING

Rule	Current Rules	Rule	Amendments
	<p>taken by the Exchange in relation to any or all Eligible Securities and/or against any or all Participating Organisations, registered persons and clients in the manner and for the period determined by the Exchange:</p> <p>(a) suspension and/ cessation of further securities borrowing and/or lending of Eligible Securities by the Participating Organisation and/or registered persons whether for itself or any or all of its clients;</p> <p>(b) imposition of limits on the total number or the type of Eligible Securities that may be borrowed or lent by the Participating Organisation and/or registered persons whether for itself or any or all of its clients or by any or all of its clients; or</p> <p>(c) imposition of restriction or conditions on the securities borrowing and/or lending activities carried out by the Participating Organisation and/or registered persons whether for itself or any or all of its clients or by any or all of its clients.</p> <p>(3) In the event that the Exchange undertakes any of the actions under Rule 608.12(2) against a Participating Organisation, a registered person or a client of the Participating Organisation, such actions shall also be applicable to any person who is the proxy, agent, nominee or acting in concert with that Participating Organisation, registered person or that particular client of the Participating Organisation as the case may be.</p> <p>(4) Where an action has been taken under Rule 608.12(2), a Participating Organisation and/or registered person, may make representations to the Exchange for the discontinuance of the action taken. The Exchange may after</p>		<p>taken by the Exchange in relation to any or all Eligible Securities and/or against any or all Participating Organisations, registered persons and clients in the manner and for the period determined by the Exchange:</p> <p>(a) suspension and/or cessation of further securities borrowing and/or lending of Eligible Securities by the Participating Organisation and/or registered persons whether for itself or any or all of its clients;</p> <p>(b) imposition of limits on the total number or the type of Eligible Securities that may be borrowed or lent by the Participating Organisation and/or registered persons whether for itself or any or all of its clients or by any or all of its clients; or</p> <p>(c) imposition of restriction or conditions on the securities borrowing and/or lending activities carried out by the Participating Organisation and/or registered persons whether for itself or any or all of its clients or by any or all of its clients.</p> <p>(3) In the event that the Exchange undertakes any of the actions under Rule 608.12(2) against a Participating Organisation, a registered person or a client of the Participating Organisation, such actions shall also be applicable to any person who is the proxy, agent, nominee or acting in concert with that Participating Organisation, registered person or that particular client of the Participating Organisation as the case may be.</p> <p>(4) Where an action has been taken under Rule 608.12(2), a Participating Organisation and/or registered person, may make representations to the Exchange for the discontinuance of the action taken. The Exchange may after</p>

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Rule	Current Rules	Rule	Amendments
	<p>the representations were made, discontinue with the action taken. However such discontinuance shall not be construed as an omission or error of any kind on the part of the Exchange in undertaking the action under Rule 608.12(2) in the first place.</p> <p>(5) The provisions in Rule 1303 shall not apply to any action taken under Rule 608.12(2).</p>		<p>the representations were made, discontinue with the action taken. However such discontinuance shall not be construed as an omission or error of any kind on the part of the Exchange in undertaking the action under Rule 608.12(2) in the first place.</p> <p>(5) The provisions in Rule 1303 shall not apply to any action taken under Rule 608.12(2).</p>
Rule 704A.1	New.		<p>RULE 704A.1 DEFINITION</p> <p>Authorised SBL Participant shall have the same meaning as is assigned to that expression in 704.1(1).</p> <p>constituent securities means any of the securities admitted on the Official List which forms the basket or part of the basket of securities required for the creation of an ETF unit and/or underlying an ETF unit.</p> <p>ETF equity based Exchange Traded Fund.</p> <p>Internal guidelines for permitted short selling means written guidelines formulated by Participating Organisations setting out the Participating Organisations' internal policies, procedures, controls and requirements in relation to permitted short selling activities to ensure strict compliance with laws and these Rules including any regulations, directives, guidelines and rulings issued thereunder in relation to permitted short selling.</p>

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Rule	Current Rules	Rule	Amendments
			<p>permitted short selling means the short selling of units of an ETF and/or constituent securities which is a class of securities to which Section 98(4)(c) of the Capital Markets and Services applies.</p> <p>SBL Agreement shall have the same meaning as is assigned to that expression in Rule 704.1(1).</p> <p>Trustee shall have the same meaning as is assigned to that expression in the Guidelines on Exchange Traded Funds.</p>
Rule 704A.2	New.		<p>RULE 704A.2 PERMITTED SHORT SELLING</p> <p>(1) Unless determined otherwise, a Participating Organisation shall be allowed to execute permitted short selling for its proprietary positions only, in the manner set out in Rule 704A and section 98(4)(c) of the Capital Markets and Services Act.</p> <p>(2) Unless it is otherwise provided in this Rule 704A, all other provisions in these Rules shall apply to permitted short sales, as if they were normal sales of securities.</p>
Rule 704A.3	New.		<p>RULE 704A.3 COMMENCEMENT OF PERMITTED SHORT SELLING</p> <p>(1) A Participating Dealer shall only be permitted to commence permitted short selling when the following requirements are complied with:</p> <p>(a) the Participating Organisation is a Participating Dealer and an Authorised SBL Participant;</p>

AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO PERMITTED SHORTSELLING

Rule	Current Rules	Rule	Amendments
			<p>(b) the Participating Organisation has established internal guidelines for permitted short selling;</p> <p>(c) the Participating Organisation has in place systems and infrastructure including but not limited to front office and/or back office systems which are operative and have all the relevant functionalities, requirements and controls in place for the carrying out of permitted short selling in accordance with Rule 704A; and</p> <p>(d) the Participating Organisation notifies the Exchange that it intends to carry out permitted short selling and provides the form prescribed in Appendix 11, two (2) market days prior to the commencement of permitted short selling.</p>
Rule 704A.4	New.		<p>RULE 704A.4 DESIGNATED TRADING ACCOUNT AND CDS ACCOUNT</p> <p>(1) A Participating Organisation shall maintain the following accounts for the purpose of executing permitted shortselling for each type of ETF:</p> <p>(a) one or more trading account(s), designated in the manner prescribed by the Exchange (“Designated Trading Account(s)”); and</p> <p>(b) one CDS Account only, for all Designated Trading Account(s) opened under Rule 704A.4(1)(a), designated in the manner prescribed by the Depository (“Designated CDS Account”).</p> <p>(2) A Participating Organisation shall execute all permitted shortselling through the Designated Trading Account/s.</p>

AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO PERMITTED SHORTSELLING

Rule	Current Rules	Rule	Amendments
			<p>(3) The Designated Trading Account(s) shall be utilised for the following purposes only:</p> <ul style="list-style-type: none"> (a) permitted shortselling; (b) purchases of ETF units and/or its constituent securities; and (c) the sale of ETF units and/or its constituent securities. <p>(4) A Participating Dealer shall utilise the Designated CDS Account opened herein for the following purposes only:</p> <ul style="list-style-type: none"> (a) activities in Rule 704A.5(3); (b) to hold ETF units or constituent securities for purposes of subsequent redelivery of the securities arising from the borrowing of ETF units or constituent securities under an SBL Agreement; and (c) for the transfer of ETF units or constituent securities to the Trustee.
Rule 704A.5	New.		<p>RULE 704A.5 EXECUTION</p> <p>(1) A Participating Organisation shall ensure that the following conditions are complied with prior to executing an order for a permitted short selling:</p> <ul style="list-style-type: none"> (a) where the Participating Organisation intends to shortsell ETF units; that it has borrowed the ETF units or the constituent securities needed for the creation of the ETF units, to settle the sale or has obtained a confirmation from the Authorised SBL Participant that the above ETF units or constituent securities, as the case may be, are available for borrowing to settle the sale; or

AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO PERMITTED SHORTSELLING

Rule	Current Rules	Rule	Amendments
			<p>(b) where the Participating Organisation intends to shortsell the constituent securities; that it has borrowed the constituent securities or the ETF units needed to redeem the units of constituent securities to settle the sale or has obtained a confirmation from the Authorised SBL Participant that the above constituent securities or ETF units, as the case may be, are available for borrowing to settle the sale; and</p> <p>(c) The Participating Organisation is not associated with the body corporate that issued or made available the ETF units or the constituent securities in relation to which the order for permitted short selling is to be executed. "Associated" shall have the same meaning as is assigned to it under Rule 704.2(2)(b).</p> <p>(2) No Participating Organisation shall execute permitted short selling by way of Direct Business in any situation whatsoever.</p> <p>(3) A Participating Organisation shall execute the following purchases through the Designated Trading Account/s after a shortsale for ETF units or constituent securities is executed:</p> <p>(a) a purchase of any of the constituent securities or other instruments required for the creation of the ETF unit(s) and/or underlying the ETF unit(s) within the same market day, where the short sale is in relation to ETF units; or</p> <p>(b) a purchase of ETF units within the same market day, where the short sale is in relation to constituent securities.</p> <p>(4) A Participating Organisation shall ensure that proper</p>

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Rule	Current Rules	Rule	Amendments
			<p>documents are procured and retained by it for at least seven (7) years for the purpose of satisfying the Exchange when requested, that the requirements of Rule 704A.5(1) and Rule 704A.5(3) are complied with. The documents shall be either in writing, tape recording or electronic form.</p> <p>(5) No permitted short selling shall be executed by a Participating Organisation in any of the following circumstances:</p> <p>(a) in relation to the constituent securities, during the period of twenty-one (21) days immediately following a takeover announcement involving the Issuer of the constituent securities; or</p> <p>(b) when expressly directed by the Exchange, during the period where the ETF or its constituent securities has been declared, and remains, as Designated Securities under Rule 604.</p>
Rule 704A.6	New.		<p>RULE 704A.6 LIMITS FOR PERMITTED SHORTSELLING</p> <p>(1) A Participating Organisation shall comply with the following limits in relation to permitted short selling:</p> <p>(a) that the total value of short positions of ETF units shall not exceed the total value of the purchase positions for the constituent securities by 10 percentum (10%), when calculated at the end of the market day;</p> <p>(b) that the total value of short positions of constituent securities shall not exceed the total value of the purchase positions for ETF units by 10 percentum (10%), when calculated at the end of the market day; and</p>

AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO PERMITTED SHORTSELLING

Rule	Current Rules	Rule	Amendments
			(c) the total quantity of short positions for each constituent securities shall not exceed the quantity of each constituent securities required for the creation of the ETF units by 15 per centum (15%), when calculated at the end of the market day.
Rule 704A.7	New.		<p>RULE 704A.7 DELIVERY AND SETTLEMENT</p> <p>(1) The Rules relating to delivery and settlement under Chapter 8 shall apply to permitted short selling in the same manner as they apply to normal sales.</p> <p>(2) Failure by the seller in a permitted short sale to deliver the securities in accordance with Chapter 8 shall be deemed as a failure by the respective Participating Organisation to make available in its CDS Account the securities as "tradeable balance" and in such event, the Exchange shall upon instructions of the Clearing House automatically institute a buying-in against the Participating Organisation concerned without giving a buying-in notice.</p>
Rule 704A.8	New.		<p>RULE 704A.8 ACTION BY THE EXCHANGE</p> <p>(1) Without prejudice to any other powers of the Exchange contained in the Capital Markets and Services Act, this Rule 704A, these Rules and/or any other directives, ruling or guidelines issued by the Exchange from time to time, the Exchange may in the following circumstances take any of the actions enumerated under Rule 704A.8(2) in the manner stipulated therein against a Participating Organisation or its registered persons in relation to permitted short selling:</p>

AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO PERMITTED SHORTSELLING

Rule	Current Rules	Rule	Amendments
			<p>(a) where there is a breach or likelihood of breach of any provisions in Rule 704A; or</p> <p>(b) where the execution of permitted short selling may lead or is likely to lead to the commission of any of the offences under the Capital Markets and Services Act.</p> <p>(2) Pursuant to Rule 704A.8(1) the following actions may be taken by the Exchange in relation to any or all ETFs or constituent securities and/or against any or all Participating Organisations and registered persons in the manner and for the period determined by the Exchange:</p> <p>(a) suspension and/or cessation of further permitted short selling whether in relation to all, some or a particular ETF or constituent securities by the Participating Organisation;</p> <p>(b) imposition of restrictions or conditions on permitted short selling carried out by the Participating Organisation; or/and</p> <p>(c) any other action deemed fit by the Exchange.</p>
RULE 704A.9	New.		<p>RULE 704A.9 EFFECT OF ACTIONS TAKEN</p> <p>(1) In the event that the Exchange undertakes any of the actions under Rule 704A.8 against a Participating Organisation or registered persons such actions shall also be applicable to any person who is the proxy, agent, nominee or acting in concert with that Participating Dealer, as the case may be.</p> <p>(2) Where an action has been taken under Rule 704A.8, a Participating Organisation may make representations to</p>

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Rule	Current Rules	Rule	Amendments						
			<p>the Exchange for the discontinuance of the action taken. The Exchange may after the representations were made, discontinue with the action taken. However such discontinuance shall not be construed as an omission or error of any kind on the part of the Exchange in undertaking the action under Rule 704A.8 in the first place.</p> <p>(3) The provisions in Rule 1303 shall not apply to any action taken under Rule 704A.8.</p>						
APPENDIX 11	New.		<p>APPENDIX 11 – NOTIFICATION AND DECLARATION REQUIRED IN ORDER TO CARRY OUT PERMITTED SHORT SELLING</p> <p>[RULE 608.4(1)(d) and RULE 704A.3(d)]</p> <p>To: Bursa Malaysia Securities Berhad</p> <p>PART A</p> <p>NOTIFICATION REQUIRED FOR PERMITTED SHORT SELLING</p> <p>Pursuant to the requirements of Rule 704A.3(d), we [name of Participating Organisation] hereby provide notification as follows:</p> <table border="1" data-bbox="1305 1150 2107 1401"> <tr> <td data-bbox="1305 1150 1697 1246">Name of Participating Organisation:</td> <td data-bbox="1697 1150 2107 1246"></td> </tr> <tr> <td data-bbox="1305 1246 1697 1342">Principal/Branch office code:</td> <td data-bbox="1697 1246 2107 1342"></td> </tr> <tr> <td data-bbox="1305 1342 1697 1401">Trading and CDS account</td> <td data-bbox="1697 1342 2107 1401"></td> </tr> </table>	Name of Participating Organisation:		Principal/Branch office code:		Trading and CDS account	
Name of Participating Organisation:									
Principal/Branch office code:									
Trading and CDS account									

AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO PERMITTED SHORTSELLING

Rule	Current Rules	Rule	Amendments								
			<table border="1" data-bbox="1308 272 2107 639"> <tr> <td data-bbox="1308 272 1697 325">numbers:</td> <td data-bbox="1697 272 2107 325"></td> </tr> <tr> <td data-bbox="1308 325 1697 416">The date of opening of accounts:</td> <td data-bbox="1697 325 2107 416"></td> </tr> <tr> <td data-bbox="1308 416 1697 544">Name of DR assigned to carry out permitted short selling:</td> <td data-bbox="1697 416 2107 544"></td> </tr> <tr> <td data-bbox="1308 544 1697 639">Date to begin permitted short selling:</td> <td data-bbox="1697 544 2107 639"></td> </tr> </table> <p data-bbox="1659 699 1765 724" style="text-align: center;">PART B</p> <p data-bbox="1496 756 1928 782" style="text-align: center;">DECLARATION ON COMPLIANCE</p> <ol data-bbox="1308 815 2136 1402" style="list-style-type: none"> 1. that we have formulated a set of internal guidelines for Securities Borrowing and Lending and the internal guidelines for permitted short selling which have been approved by the board of directors; 2. that the Internal Guidelines for Securities Borrowing and Lending and the internal guidelines for permitted short selling comply with the requirements set out in Rule 608.3 and Rule 704A.3(1)(b) respectively; 3. that all relevant systems and infrastructure including front office and/or back office systems have been verified and assessed in terms of application as well as software and the hardware capabilities and are confirmed to be operational and have all the functionalities, requirements and controls in place for the purpose of carrying out securities borrowing and lending activities and permitted short selling activities in accordance with these Rules; and 4. that the Effective Shareholders' Funds is not less than 	numbers:		The date of opening of accounts:		Name of DR assigned to carry out permitted short selling:		Date to begin permitted short selling:	
numbers:											
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AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO PERMITTED SHORTSELLING

Rule	Current Rules	Rule	Amendments
			<p data-bbox="1361 277 2130 363">Ringgit Malaysia Fifty (50) Million as at the date of the declaration herein for the purpose of undertaking securities borrowing and/or lending activities pursuant to Rule 608.</p> <p data-bbox="1305 392 1776 421">Dated this [] day of [] [year].</p> <p data-bbox="1305 453 1727 481">Signed : [Head of Operations]</p> <p data-bbox="1305 485 1406 513">Date :</p> <p data-bbox="1305 545 1682 574">Signed : [Head of Dealing]</p> <p data-bbox="1305 577 1406 606">Date :</p>