

BURSA MALAYSIA SECURITIES BERHAD (635998 W)

PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 23 June 2006	No: R/R 12 of 2006
---------------------------	---------------------------

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD
("RULES OF BURSA SECURITIES") PERTAINING TO MARGIN FINANCING
REQUIREMENTS**

Please be informed that pursuant to Section 9(3) of the Securities Industry Act 1983, the Rules of Bursa Securities have been amended in relation to the margin financing requirements as set out in "ANNEXURE 1" (the "said Amendments") appended herewith.

The said Amendments shall take effect from **3 July 2006**.

All rules, directives or circulars in force which make references to or contain provisions relating to the above matters shall have effect from **3 July 2006** as if such reference or provisions relate to the amended provisions aforesaid.

Please be informed that the said Amendments are available on Bursa Malaysia's website at: http://www.bursamalaysia.com/website/aboutus/biz_rules.htm

For further information or inquiries on the above matters, kindly contact the following persons at telephone no :-

- i. Mr. Ng G Ming (03-20347364)
- ii. Mr. John Yoong Kin Hui (03-20347266)
- iii. Ms. Azrina Abd Rashid (03-20347326)

Date: 23 June 2006

“ANNEXURE 1”

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD PERTAINING TO MARGIN FINANCING REQUIREMENTS

EXISTING RULES		AMENDED RULES	
Rule 703.1	<p>DEFINITIONS</p> <p>(1) For the purposes of this Rule 703 -</p> <p>equity means the sum of margin and securities purchased or carried in client's margin account.</p> <p>New definition</p> <p>New definition</p>	Rule 703.1	<p>DEFINITIONS</p> <p>(1) For the purposes of this Rule 703 -</p> <p>equity means the sum of margin and securities purchased and carried in client's margin account.</p> <p>Effective Shareholders' Funds means effective shareholders funds as defined under Rule 1105.1.</p> <p>Last Done Price means in relation to securities, the last traded price of the securities on the preceding market day, and if there was no trading on that day, the last traded price of the securities on the last trading day for that securities, prior to the preceding market day.</p>
Rule 703.3	<p>PURPOSE AND PERIOD</p> <p>(1) Subject to the provisions of this Rule 703, a Participating Organisation may extend margin financing to its clients for trading exclusively in securities that are listed on the Exchange.</p> <p>(2) The margin account shall not be used to subscribe for any new issue of securities.</p>	Rule 703.3	<p>PURPOSE AND PERIOD</p> <p>(1) Subject to the provisions of this Rule 703, a Participating Organisation may extend margin financing to its clients for the following purpose:</p> <p>(a) subscription and purchase of any new issue of securities in respect of an unlisted company for the purpose of qualifying the</p>

EXISTING RULES		AMENDED RULES	
	(3) A Participating Organisation may extend margin financing to its clients for the purchase of any securities for a period of three (3) months only, with rollover, if necessary.		<p>company for official listing on the Exchange;</p> <p>(b) subscription and purchase of any securities issued or to be issued by a company that is listed on the Exchange; and/or</p> <p>(c) redemption of all or any outstanding balance in margin accounts of clients held with other Participating Organisations and / or persons or entities approved or licensed to provide margin financing under any written law in Malaysia and the subsequent transfers of the margin accounts to the Participating Organisation.</p> <p>(2) Deleted.</p> <p>(3) A Participating Organisation may extend margin financing to its clients for the purpose stipulated under Rule 703.3(1) for a period of three (3) months only, with rollover, if necessary.</p>
Rule 703.4	<p>LIMIT OF OUTSTANDING BALANCES</p> <p>(1) The aggregate outstanding balances in the margin accounts maintained by all clients of a Participating Organisation shall not exceed one hundred percent (100%) of the Adjusted Capital of the Participating Organisation.</p>	Rule 703.4	<p>LIMIT OF OUTSTANDING BALANCES</p> <p>(1) The aggregate outstanding balances in the margin accounts maintained by all clients of a Participating Organisation shall not exceed two hundred percent (200%) of the Effective Shareholders' Funds of the Participating Organisation.</p>
Rule 703.5	SINGLE CLIENT RULE	Rule 703.5	SINGLE CLIENT RULE

EXISTING RULES		AMENDED RULES	
	(1) Limit of credit: The amount of margin financing that a Participating Organisation may extend to any single client shall not be more than thirty per cent (30%) of its Adjusted Capital.		(1) Limit of credit: The amount of margin financing that a Participating Organisation may extend to any single client shall not be more than twenty per cent (20%) of its Effective Shareholders' Funds.
Rule 703.7	<p>VALUATION OF COLLATERALS</p> <p>(1) The collateral that a client may deposit into his margin account and the method of valuation thereof shall be limited to the following -</p> <p>(a) For securities quoted on the Exchange and other recognised stock exchanges, the value shall be based on the Last Done Price of the securities on the preceding market day;</p> <p>(b) For fixed deposit certificates, the value shall be -</p> <p>(i) in the case of fixed deposit certificates denominated in Ringgit Malaysia, their face value thereof;</p> <p>(ii) in the case of fixed deposit certificates denominated in currencies other than in Ringgit Malaysia, the prevailing market exchange rate;</p> <p>(c) For Malaysian Government securities and investment certificates, the value shall be the rediscounted value that Bank Negara Malaysia may determine from time to time;</p> <p>(d) For Malaysian Treasury bills, the value shall be their Last Done Price on the preceding market day;</p>	Rule 703.7	<p>COLLATERAL</p> <p>(1) Valuation of collateral: The collateral that a client may deposit into his margin account and the method of valuation thereof shall be limited to the following -</p> <p>(a) For securities quoted on the Exchange and other recognised stock exchanges, the value shall be calculated based on the Last Done Price.</p> <p>(b) For fixed deposit certificates, the value shall be -</p> <p>(i) in the case of fixed deposit certificates denominated in Ringgit Malaysia, their face value thereof;</p> <p>(ii) in the case of fixed deposit certificates denominated in currencies other than in Ringgit Malaysia, the prevailing market exchange rate;</p> <p>(c) For Malaysian Government securities, Cagamas bonds, Government investment issues and Malaysian Treasury Bills, the value shall be calculated at the Last Done Price as reported to the Central Bank of Malaysia.</p>

EXISTING RULES		AMENDED RULES	
	<p>(e) For negotiable certificates of deposit issued in Malaysia, the value shall be their Last Done Price on the preceding market day;</p> <p>(f) For bankers' acceptances issued in Malaysia, the value shall be their Last Done Price on the preceding market day;</p> <p>(g) For Cagamas bonds, the value shall be the rediscounted value that Bank Negara Malaysia may determine from time to time; and</p> <p>(h) For guarantees issued by banks, merchant banks or finance companies or standby letters of credit issued by commercial banks or merchant banks, the value shall be their face value thereof.</p>		<p>(d) Deleted.</p> <p>(e) For negotiable certificates of deposit and bankers' acceptances issued in Malaysia, the value shall be at the price determined by the issuing banks;</p> <p>(f) Deleted.</p> <p>(g) Deleted.</p> <p>(h) For guarantees issued by banks, merchant banks or finance companies or standby letters of credit issued by commercial banks or merchant banks, the value shall be their face value thereof.</p> <p>(2) Valuation of securities purchased: In respect of securities purchased and carried in the margin account, the method of valuation thereof shall be as follows:</p> <p>(a) For securities purchased through an initial public offering, the value shall be the issue price and for securities purchased through a rights issue, the value shall be the subscription price of the securities.</p> <p>(b) For the types of securities stipulated under Rule 703.7(1), the value shall be as stipulated therein.</p> <p>(c) For all other types of securities other than that stipulated in Rule 703.7(1), the value shall be zero.</p>

EXISTING RULES		AMENDED RULES	
Rule 703.10	<p>MAINTENANCE OF MARGINS</p> <p>(1) Initial margin: An initial margin must be placed by the client with the Participating Organisation not later than three (3) market days following the contract date of the purchases of securities and the amount of margin shall be such that his equity is not less than one hundred fifty per cent (150%) of the outstanding balance in the margin account.</p> <p>(2) Topping-up:</p> <p>(a) Whenever the equity in a client's margin account falls below one hundred fifty per cent (150%) of the outstanding balance, a Participating Organisation shall immediately request its client to top-up the shortfall so as to bring the equity to not less than one hundred fifty per cent (150%) of the outstanding balance.</p> <p>(b) The topping-up of the margin by such client shall be effected within three (3) market days following the date of written notice given by the Participating Organisation. The Participating Organisation shall not permit any new purchases in the margin account unless the resulting equity in the account would be not less than one hundred fifty per cent (150%) of the outstanding balance.</p> <p>(3) Equity margin: No Participating Organisation shall permit the equity in any client's margin account to fall below one hundred thirty per cent (130%) of the outstanding balance.</p> <p>(4) Liquidation of margin account: In the event that the equity in any client's margin account falls below one hundred thirty per cent (130%) of the outstanding balance,</p>	Rule 703.10	<p>MAINTENANCE OF MARGINS</p> <p>(1) Initial margin: An initial margin must be placed by the client with the Participating Organisation not later than three (3) market days following the contract date of the purchases of securities and the amount of margin shall be such that his equity is not less than one hundred fifty per cent (150%) of the outstanding balance in the margin account.</p> <p>(2) Topping-up:</p> <p>(a) Whenever the equity in a client's margin account falls below below one hundred fifty per cent (150%) of the outstanding balance, a Participating Organisation shall immediately request its client to top-up the shortfall so as to bring the equity to not less than one hundred fifty per cent (150%) of the outstanding balance.</p> <p>(b) The topping-up of the margin by such client shall be effected within three (3) market days following the date of written notice given by the Participating Organisation. The Participating Organisation shall not permit any new purchases in the margin account unless the resulting equity in the account would be not less than one hundred fifty per cent (150%) of the outstanding balance.</p> <p>(3) Equity margin: No Participating Organisation shall permit the equity in any client's margin account to fall below one hundred thirty per cent (130%) of the outstanding balance.</p> <p>(4) Liquidation of margin account: In the event that the equity in any client's margin account falls below one hundred thirty per cent (130%) of the outstanding</p>

EXISTING RULES		AMENDED RULES	
	<p>the Participating Organisation concerned shall have absolute discretion to and, without notice to such client, liquidate his margin account, including the securities purchased and carried in such account, so that the equity is not less than one hundred fifty per cent (150%) of the outstanding balance.</p> <p>New Rule</p>		<p>balance, the Participating Organisation concerned shall with or without notice to such client, liquidate his margin account, including the securities purchased and carried in such account, so that the equity is not less than one hundred fifty per cent (150%) of the outstanding balance unless the Participating Organisation consents to the following:</p> <p>(a) a request made in writing by the client not to liquidate his margin account; and</p> <p>(b) a proposal made by the client in writing to settle the outstanding balance upon terms and conditions agreed to by the Participating Organisation,</p> <p>in which case, no further margin financing shall be extended to that client.</p> <p>(4A) A Participating Organisation may impose a higher equity amount than that prescribed in Rules 703.10(1), 703.10(2), 703.10(3) and 703.10(4) provided that due notice is given to the client.</p>
Rule 703.10	<p>(8) Additional margin: A Participating Organisation shall require substantial additional margin from its client if the securities purchased by, and carried in a margin account of, the client are subject to any of the following circumstances -</p> <p>(a) unusually rapid or volatile changes in value;</p> <p>(b) non-existence of active market;</p> <p>(c) suspension from trading on the Exchange for more than seven (7) market days; or</p>	Rule 703.10	<p>(8) Additional margin requirement and haircuts</p> <p>(a) Subject to Rule 703.10(8)(b), a Participating Organisation shall ensure that the internal guidelines and procedures of the Participating Organisation provide for the requirement of additional margin and imposition of haircuts, the amount of which shall be as determined by the Participating Organisation, on any of the collateral and securities purchased and carried in margin accounts in the event of the occurrence of any of the following:</p>

EXISTING RULES		AMENDED RULES							
	(d) no possibility of immediate liquidation.		<p>(i) unusually rapid or volatile changes in value of the securities ;</p> <p>(ii) non-existence of active market for the securities ;</p> <p>(iii) subject to Rule 703.10(8)(b), suspension of the securities from trading on a market; or</p> <p>(iv) no possibility of immediate liquidation for the securities.</p> <p>(b) The following haircuts shall be imposed on securities which have been suspended from trading on the relevant market and the haircuts shall be calculated based on the value of the securities at the Last Done Price:</p> <table border="1"> <thead> <tr> <th>Length of suspension</th> <th>Haircut Percentage</th> </tr> </thead> <tbody> <tr> <td>1 to 3 market days</td> <td>50%</td> </tr> <tr> <td>More than 3 market days</td> <td>100%</td> </tr> </tbody> </table>	Length of suspension	Haircut Percentage	1 to 3 market days	50%	More than 3 market days	100%
Length of suspension	Haircut Percentage								
1 to 3 market days	50%								
More than 3 market days	100%								
Appendix 7	(g) Participating Organisation's shareholders funds of which	Appendix 7	(g) Participating Organisation's Effective Shareholders Funds of which						