



## LFX CIRCULAR

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| Date: 20 April 2012 | No: LFX/LS.TA/01/05/2012 |
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### LISTING SPONSORS AND TRADING AGENTS

### CONSEQUENTIAL AMENDMENTS TO THE RULES OF LABUAN INTERNATIONAL FINANCIAL EXCHANGE INC. ("LFX RULES") ARISING FROM THE LABUAN FINANCIAL SERVICES AND SECURITIES ACT 2010 ("LFSSA")

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#### 1. INTRODUCTION

Please be advised that the Rules of the Labuan International Financial Exchange Inc ("LFX Rules") have been amended to streamline with the Labuan Financial Services and Securities Act 2010 ("LFSSA").

#### 2. AMENDMENTS

The key amendments to the LFX Rules are as follows (the "**Amendments**"):

- (a) to replace references to Labuan Offshore Securities Industry Act 1998 with "**Labuan Financial Services and Securities Act 2010**" throughout the LFX Rules;
- (b) to substitute references to "LOFSA" throughout the LFX Rules with "**Authority**" which is defined in section 2 of the LFSSA to mean the Labuan Financial Services Authority, an authority established under section 3 of the Labuan Financial Services Authority Act 1996 throughout the LFX Rules;
- (c) to replace the reference to Offshore Companies Act 1990 in the definition of "**Exchange**" under Rule 1, Chapter 1 of the LFX Rules with the **Labuan Companies Act 1990**;



**CONSEQUENTIAL AMENDMENTS TO THE RULES OF LABUAN INTERNATIONAL FINANCIAL EXCHANGE INC. ("LFX RULES") ARISING FROM THE LABUAN FINANCIAL SERVICES AND SECURITIES ACT 2010 ("LFSSA")**

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- (d) to clarify in the definition of "**Exchange**" under Rule 1, Chapter 1 of the LFX Rules that the section in the LFSSA referring to the establishment of an exchange in Labuan is set out in **section 134**;
- (e) to clarify in the definitions of "**Chairman of the Exchange**" and "**Exchange Committee**" under Rule 1, Chapter 1 of the LFX Rules that the section in the LFSSA referring to the establishment of a committee managing the affairs of the Exchange is set out in **section 138**;
- (f) to streamline the definition of "**Minister**" to mean the minister charged with the responsibility for finance;
- (g) to amend the Introduction paragraph and Rule 4 and Rule 6, Chapter 8 of the LFX Rules to empower the Exchange to amend, waive or modify the provisions of the LFX Rules **without having to obtain the Authority's approval**, which is in line with the new Section 136 of LFSSA; and
- (h) to amend Rule 6, Chapter 8 of the LFX Rules to state that the Exchange (instead of a specific reference to the Exchange Committee) may waive or modify any provision in the LFX Rules. This is similar to the approach taken in Rule 4, Chapter 8, which broadly empowers the Exchange to amend the LFX Rules.

The text of the affected LFX Rules (with the Amendments duly tracked) is attached to this letter as **Appendix 1**. The Amendments in Appendix 1 are reflected in the following manner:

- portions underlined are text newly inserted / added onto the existing rules; and
- portions struck through are text deleted.

The Amendments are merely consequential in nature. The Amendments also seek to promote greater flexibility and enhance efficiency in the marketplace by providing greater autonomy to Labuan International



**LABUAN INTERNATIONAL FINANCIAL EXCHANGE INC. [LLO2032]**

*(Incorporated in Labuan, Malaysia)*

Financial Exchange Inc. (“**the Exchange**”) in the area of rule amendments.

**3. IMPLEMENTATION**

The Amendments are effective immediately. As such, please ensure that the issuers are informed of the Amendments.

**4. ADDITIONAL INFORMATION**

Please note that this circular together with the Amendments in Appendix 1, as well as the unmarked copy of the LFX Rules are now available for reference on the Exchange’s website at <http://lfxsys.lfx.com.my>.

**5. CONTACT PERSONS**

For further clarification in relation to the Amendments, please contact the following officers:

| <b>Name</b>                        | <b>Contact Details</b> |   |
|------------------------------------|------------------------|---|
| Mr. Mohd Adha Thangarajah Abdullah | T: 603-2034 7191       | Email: <a href="mailto:Adha@bursamalaysia.com">Adha@bursamalaysia.com</a>             |
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**Issued By: Labuan International Financial Exchange - REGULATION**

**APPENDIX 1**  
**AFX Rules\_Consequential Amendments**  
**18 April 2012**

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**APPENDIX 1 CONSEQUENTIAL AMENDMENTS TO THE AFX RULES**

**INTRODUCTION**

In exercise of its power under section 136 of the Labuan Financial Services and Securities Act 2010, Labuan International Financial Exchange Inc. (the “**Exchange**”) hereby makes rules which provide for:

- (a) governance (Chapter 2);
- (b) licensing (Chapter 3);
- (c) listing requirements (Chapter 4);
- (d) trading (Chapter 5);
- (e) clearance, settlement and depository (Chapter 6);
- (f) disciplinary procedures (Chapter 7); and
- (g) other matters (Chapter 8),

relating to the Exchange.

**CHAPTER 1 – DEFINITIONS AND INTERPRETATION**

***Definitions***

1. In these Rules, unless the context otherwise requires: Definitions

“**Authority**” means the Labuan Financial Services Authority established under section 3 of the Labuan Financial Services Authority Act 1996;

“**Chairman of the Exchange Committee**” means a person appointed as the chairman of the Exchange Committee pursuant to section 138 of the Labuan Financial Services and Securities Act 2010;

“**Exchange**” means Labuan International Financial Exchange Inc., a company incorporated under the Labuan Companies Act 1990 and approved by the Authority to be established as an exchange in Labuan pursuant to section 134 of the Labuan Financial Services and Securities Act 2010;

“**Exchange Committee**” means the committee established pursuant to section 138 of the Labuan Financial Services and Securities Act 2010;

[Deleted]

“**Minister**” means the Minister charged with the responsibility for finance;

**CHAPTER 2 – GOVERNANCE**

***Exchange Committee***

- |    |  |                         |
|----|--|-------------------------|
| 1. | As provided in section 138 of the Labuan Financial Services and Securities Act 2010, the Exchange Committee shall manage the affairs of the Exchange.  | Affairs of the Exchange |
| 2. | Upon their appointment, members of the Exchange Committee shall exercise and perform their powers and functions in accordance with and be bound by the provisions of these Rules and any directions issued by the Authority from time to time. | Bound by the Rules      |

***Specific Committee***

|   |                    |
|---|--------------------|
| Upon their appointment, members of the Specific Committees shall exercise and perform their powers and functions in accordance with and be bound by the provisions of these Rules and directions issued by the Authority from time to time. | Bound by the Rules |
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***Board of Directors***

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| Notwithstanding anything else provided in these Rules, apart from powers of the Board of Directors which are specifically provided in these Rules or the Memorandum and Articles of Association, the Board of Directors shall have the power to decide: | Overriding power of the Board of Directors |
| (a) on policies of the Exchange which relate to the general financial treatment or affecting the interest of the shareholders of the Exchange; and  |  |
| (b) with approval of the Authority, on any matters relating to the shareholding structure of the Exchange   |  |

## CHAPTER 7 – DISCIPLINARY PROCEDURES

### *Violation*

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|----|---|--------------------|
| 1. | Any Listing Sponsor or Trading Agent (“ <b>Defaulting Party</b> ”) who, in any circumstances, either directly or indirectly:-   | Types of violation |
|    | (a) commits a breach of any of the provisions in the Labuan Financial Services and Securities Act 2010;   |                    |
|    | (b) commits a breach of any of these Rules;   |                    |
|    | (c) fails to comply with decisions of the Exchange;   |                    |
|    | (d) fails to perform his duties efficiently, honestly or fairly;  |                    |
|    | (e) falsifies any information, report or particulars required to be furnished to the Exchange pursuant to these Rules; or   |                    |
|    | (f) conducts its business in a manner which is detrimental to or could reasonably be considered as likely to be prejudicial to, the interests of its clients, the public or the Exchange, |                    |

### *Disciplinary Proceedings*

Where recommendation has been made by the investigating officer to the Disciplinary Committee, the Disciplinary Committee may do any of the following:

- (a) refer the matter to the Authority;
- (b) charge the Listing Sponsor or the Trading Agent under these Rules; or
- (c) decide not to take any further action.

**CHAPTER 8 – MISCELLANEOUS*****Amendments to these Rules***

The Exchange may amend any of the provisions in these Rules. The Exchange shall as soon as practicable notify the Listing Sponsors and the Trading Agents of such amendments.

***Waiver and modifications***

The Exchange may waive or modify any provisions in these Rules either generally or to suit the circumstances of a particular case.

[ End ]