

BURSA MALAYSIA BONDS SDN BHD

Date : 17 January 2009

Executing Participating Member : 4/2009

ETP PHASE II GO LIVE

Following the successful pre-live today, Saturday, 17 January 2009, we are pleased to inform you that the ETP Phase II will **Go-Live** on **Monday, 19 January 2009**.

Members who have yet to install the ETP Phase II software are advised to deploy the application with the CDs which were distributed to enable you to log-in to the new system on Monday.

Should you require any assistance, you may call the respective departments as follows :

Helpdesk

Tel : 03 – 2026 5099
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ETP Phase II Project Owner



**RULES OF BURSA MALAYSIA BONDS SENDIRIAN BERHAD
RULE AMENDMENT IN RELATION TO ELECTRONIC TRADING PLATFORM**

The following sets out the rule amendments in relation to brokerage. The purpose of the amendment is provided.

1.0 RULE 101.1

Rule 101.1(1)

1.1 Rule 101.1(1) is amended as follows to introduce the following new terms:

“Private Debt Securities” means all debt securities of corporations issued in FAST based on conventional or Syariah principles whether listed or otherwise.

Purpose of amendment: To facilitate the introduction of shelf listed bonds which may be quoted in RM or such other foreign currency allowed by Bursa Securities and which could also be issued by a foreign issuer

2.0 RULE 201.3

Rule 201.3(1)

2.1 New Rule 201.3(1) is introduced as follows:

FEES AND CHARGES

(1) All fees and charges payable for the use of the facilities available in ETP are as stipulated under Schedule 1.

Purpose of amendment: To consolidate all descriptions of fees under one schedule for ease of reference. All references to fees and charges throughout the Rules will be deleted and will be stipulated under Schedule 1.

2.2 Schedule 1 is introduced as follows:

SCHEDULE 1

RULE	TRANSACTION	FEES
501.1	Automatic Matching	A TPM or an EPM must pay Bursa Bonds Ten Ringgit Malaysia (RM10) for every One Million Ringgit Malaysia (RM1 million) buy or sell order matched in ETP.
602.1	Negotiation	A TPM or an EPM must pay Bursa Bonds ten Ringgit Malaysia (RM10) for every one million Ringgit Malaysia (RM1 million) or less, buy or sell order matched through Negotiation.



Purpose of amendment: Consequential to the introduction of Rule 201.3.

3.0 RULE 302.6

Rule 302.6(1)

3.1 Rule 302.6(1) is amended as follows:

- (1) Bursa Bonds may suspend or terminate a TPM from having access to all or any facilities available on ETP except for reporting in ETP in the following circumstances:

Purpose of amendment: This amendment will enable Bursa Bonds to suspend or terminate a TPM from selected facilities rather than from all available facilities, in the circumstances mentioned in the above Rule.

4.0 RULE 303.6

Rule 303.6(1)

4.1 Rule 303.6(1) is amended as follows:

- (1) Bursa Bonds may suspend or terminate an EPM from having access to all or any facilities available on ETP except for Reporting in the following circumstances:

Purpose of amendment: To enable Bursa Bonds to suspend or terminate a EPM from selected facilities rather than from all available facilities, in the circumstances mentioned in the above Rule

5.0 RULE 402.1

Rule 402.1(3)

5.1 Rule 402.1(3) is amended as follows:

- (3) Trading Functions are executed based on stock. Trading is only available as provided under Rule 402.5.

Purpose of amendment: This is to clarify that in general all trading functions are executed on the basis of a stock and not Band. Band trading will be allowed as set out in Rule 402.5.

**6.0 RULE 402.5****Rule 402.5**

6.1 Rule 402.5 is introduced as follows:

BAND TRADING

- (1) Trading Functions are based on Band for the financial instruments stipulated in Schedule 2.
- (2) The range of Bands that are available for trading and the types of financial instruments under each Band will be as stipulated in the Directives.
- (3) Financial instruments that are traded based on Band cannot be traded based on stock except for a Negotiation.

Purpose of amendment: To allow Band trading to take place in ETP for the financial instruments stipulated under Schedule 2.

6.2 Schedule 2 is introduced as follows:

SCHEDULE 2

MALAYSIA TREASURY BILLS
MALAYSIA ISLAMIC TREASURY BILLS
BANK NEGARA MONETARY NOTES
BANK NEGARA ISLAMIC MONETARY NOTES

Purpose of amendment: Consequential to the introduction of Band Trading pursuant to Rules 402.1(3) and 402.5.

7.0 RULE 501.1**Rule 501.1(2)**

7.1 Rule 501.1(2) is amended as follows:

- (2) Automated matching will be available for execution of Outright Buy and Sell and When Issued trades for all financial instruments stipulated under Schedule 3 whether the same is traded on a stock or Band based on the terms set out in Schedule 3.

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Purpose of amendment: To enable the automated matching feature to be available for all financial instruments as stipulated under Schedule 3, regardless of whether they are based on stock or Band.

7.2 Schedule 3 is introduced as follows:

SCHEDULE 3

Government Investment Issues	RM 5 million or its multiples	Outright Buy and Sell trades	T + 2 in RENTAS
		When Issued trades	I + 2 in RENTAS
Malaysia Treasury Bills	RM 5 million or its multiples	Outright Buy and Sell trades	T + 1 in RENTAS
		When Issued trades	I + 1 in RENTAS
Malaysia Islamic Treasury Bills	RM 5 million or its multiples	Outright Buy and Sell trades	T + 1 in RENTAS
		When Issued trades	I + 1 in RENTAS

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Bank Negara Monetary Notes	RM 5 million or its multiples	Outright Buy and Sell trades	T + 1 in RENTAS
		When Issued trades	I + 1 in RENTAS
Bank Negara Islamic Monetary Notes	RM 5 million or its multiples	Outright Buy and Sell trades	T + 1 in RENTAS
		When Issued trades	I + 1 in RENTAS
Private Debt Securities	RM1 million	Outright Buy and Sell trades	T + 2 in RENTAS
		When Issued trades	I + 2 in RENTAS

Purpose of amendment: Consequential to the introduction of the new Rule 501.1(2) and also in allowing for the trading of private debt securities in automated matching.

Rule 501.1(3)

7.3 Rule 501.1(3) is amended as follows:

- (3) Trade done through automated matching will be based on price, yield or discount as indicated in ETP

Purpose of amendment: Consequential to the introduction of the new Rule 402.5 whereby trades done on Band will be matched based on discount.

8.0 RULE 503.2

Rule 503.2(1)(a)

8.1 Rule 503.2(1)(a) is amended as follows:

- (1) A TPM or an EPM must in relation to each order entered into ETP specify the following:

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- (a) the stock (if it is not traded on Band) or Band and amount to be bought or sold at the point of entering the order;

Purpose of amendment: Consequential to the introduction of the new Rule 402.5.

Rule 503.2(5)(a)

8.2 Rule 503.2(5)(a) is amended as follows:

- (5) Once an order is entered into ETP for automated matching but prior to being matched, a TPM or an EPM may carry out the following action:
- (a) cancel or amend the amount, price, yield or discount of a Normal or TIF order or of the remaining unmatched amount of a partially matched Normal or TIF order; or

Purpose of amendment: Consequential to the introduction of the new Rule 402.5.

9.0 RULE 503.3

Rule 503.3(1)

9.1 Rule 503.3(1) is amended as follows:

- (1) All orders entered into ETP for automated matching are matched in priority of price, yield or discount depending on the trading basis as stated in Rule 501.1(3) and then time.

Purpose of amendment: Consequential to the introduction of the new Rule 402.5.

Rule 503.3(2)

9.2 Rule 503.3(2) is amended as follows:

- (1) Price, Yield or Discount and Time priority
- (a) Best price or yield or discount:
- (i) A buy order at the highest price and a sell order at the lowest price has priority over other orders entered for the same stock.
- (ii) A buy order at the lowest yield and a sell order at the highest yield has priority over other orders entered for the same stock.
- (iii) A buy order at the lowest discount and a sell order at the highest discount has priority over other orders entered for the same Band.

- (b) Earliest time-stamp:

Each order entered into ETP receives a time stamp. In the event there are identical prices, yield or discount entered for the orders, the orders are then matched in the order of time the orders were entered into ETP. The time-stamp

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given to an order entered into ETP will change to the time when the following occurs:

- (i) when the amount of the order is increased;
- (ii) when a change is made to the price, yield or discount of the order; or
- (iii) when both (i) and (ii) take place.

Purpose of amendment: Consequential to the introduction of the new Rule 402.5.

10.0 RULE 503.4

Rule 503.4(2)

10.1 Rule 503.4(2) is amended as follows

- (2) No cancellation of matched orders is allowed under automated matching, except in circumstances stated in Rule 404 or 503.5(3).

Purpose of amendment: Consequential to the introduction of Rule 503.5(3) which allows for cancellation for failure by TPM or EPM to enter input into the ETP.

11.0 RULE 503.5

Rule 503.5 (1), (2) and (3)

11.1 A new Rule 503.5 is introduced as follows:

STOCK INFORMATION UNDER BAND TRADING

- (1) Once a Band trade is matched in accordance with Rule 503.3(2)(iii) the selling TPM or EPM must enter into ETP particulars of the stocks in the Band which will be delivered and settled to the buying TPM or EPM. The number of stocks that can be entered and the time within which the entry must be made will be as stipulated by Bursa Bonds.
- (2) The buying TPM or EPM will need to indicate acceptance of the stocks that is proposed to be delivered and settled by the selling TPM or EPM.
- (3) If the buying TPM or EPM does not accept the stocks proposed to be delivered and settled by the selling TPM or EPM, the buying TPM or EPM must still proceed with the contract but only for an amount of RM 5 million instead of the full amount matched, if the amount matched is more than RM 5 million. The remaining amount if any will be cancelled.

Purpose of amendment: Consequential to the introduction of the new Rule 402.5 as well as to ensure that the seller informs the buyer on the exact description of the stocks that was traded especially information in relation to its value. The seller will also be required to insert all information pertaining to the stocks under the relevant Band that was delivered to the buyer.

Amendments were also made for the buying TPM or EPM to pay RM 5 million instead of the full amount matched if they do not agree to the stocks to be delivered by the selling TPM or EPM.



12.0 RULE 503.6

Rule 503.6(1)

12.1 A new Rule 503.6 is introduced as follows:

PROHIBITION OF SAME PARTY TRADING

(1) . In relation to Participants proprietary position, if the said Participant is both the buyer and seller in a same trade, the said trade will not be matched under Rule 503.3.

Purpose of Amendment: This is to clarify that ETP will not match orders from a Participant where the Participant is both the buyer and the seller in a trade

13.0 RULE 504.1

Rule 504.1(1)(e)

13.1 A new rule 504.1(1)(e) is introduced as follows:

- (1) TPMs and EPMs can amend any of the following details of an order that has been matched to correct any errors but only on the day that the order was matched:
- (a) from non short selling status to short selling status;
 - (b) if the sale is specified as a short sale, amend the amount that is short sold;
 - (c) Client Information; or
 - (d) proceed from Outright Buy and Sell or When Issued trades which have been calculated in ETP, with the consent of the counterparty TPM to the trade.
 - (e) if the financial instrument is traded based on Band, the stocks to be delivered and settled in the Band.

Purpose of amendment: Consequential to the introduction of Rule 402.5.

14.0 RULE 507.1

Rule 507.1 (1) and (2)

14.1 Rules 507.1(1) and (2) are deleted.

Purpose of amendment: The rules are deleted consequential to the amendment to Rule 201.3.

15.0 RULE 601.1

Rule 601.1(1)

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15.1 Rule 601.1(1) is amended as follows:

- (1) A TPM or an EPM may post an indicative bid or ask quote on any stock issued in FAST or band as provided in ETP with a view of soliciting a firm bid or ask quote from any TPM or EPM. This process is referred to as placing an Advertisement into ETP and can be done for any of the following transactions:

Purpose of amendment: Consequential to the introduction of Rule 402.5.

16.0 RULE 601.3

Rule 601.3(1)

16.1 Rule 601.3(1) is amended as follows:

- (1) The delivery and settlement date for trade that may be concluded from an Advertisement are as stated in Schedule 3 unless the TPM or EPM specifies another date in the Advertisement.

Purpose of amendment: As part of the consolidation done through Schedule 3, consequential to the introduction of Rule 501.1(2), the delivery and settlement date is now stipulated under the same schedule.

17.0 RULE 602.1

Rule 602.1(1)

17.1 Rule 602.1(1) is amended as follows:

- (1) A TPM or an EPM may post a firm bid or ask quote on any stock issued in FAST or Band as provided in ETP to an identified TPM or EPM. The TPM or EPM who receives the firm bid or ask quote may respond in the following manner:
 - (a) Accept the firm bid or ask quote; or
 - (b) Post another firm bid or ask quote.

Purpose of amendment: Consequential to the introduction of Rule 402.5.

18.0 RULE 602.2

Rule 602.2(1)

18.1 Rule 602.2(1) is amended as follows:

- (a) for all transactions stated in Rule 602.1(2) excluding Repo, in a minimum of one thousand Ringgit Malaysia (RM1000) or its multiples or if the stock or Band is

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denominated in a currency other than Ringgit Malaysia (RM), in the value of 1000 in that currency or its multiples; or

- (b) in the case of Repo, in accordance with the “Guidance Notes on Repurchase Agreements” issued by Bank Negara Malaysia.

Purpose of amendment: Consequential to the introduction of Rule 402.5.

19.0 RULE 602.3

Rule 602.3(1)

19.1 Rule 602.3(1) is amended as follows:

- (1) The delivery and settlement date for trades that may be concluded through a Negotiation are as stated in Schedule 3 unless the TPM or EPM specifies another date in the Negotiation.

Purpose of amendment: As part of the consolidation done through Schedule 3, consequential to the introduction of Rule 501.1(2), the delivery and settlement date is now stipulated under the same schedule.

20.0 RULE 602.4

Rule 602.4

20.1 Rules 602.4 (3), (4) and (5) are introduced as follows:

- (3) Once a Band trade is matched in accordance with Rule 602.4 the selling TPM or EPM must enter in ETP particulars of the stocks in the Band which will be delivered and settled to the buying TPM or EPM. The number of stocks that can be entered and the time within which the entry must be made will be as stipulated by Bursa Bonds.
- (4) The Buying TPM or EPM upon receipt of the information on the stocks as stipulated in Rule 602.4(3) must enter into ETP the acceptance of that stocks for delivery and settlement within the timeframe stipulated by Bursa Bonds.
- (5) Failure by the TPM or EPM to enter the input as required under Rule 602.4(3) or 602.4(4) will result in the cancellation of the trade by Bursa Bonds.

Purpose of amendment: Consequential to the introduction of the new Rule 402.5 as well as to ensure that the seller informs the buyer on the exact description of the stocks that was traded especially information in relation to its value. The seller will also be required to insert all information pertaining to the stocks under the relevant Band that was delivered to the seller.

21.0 Rule 602.5

Rule 602.5(1)

21.1 Rule 602.5(1) is amended as follows:

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- (1) A TPM or an EPM cannot cancel any contract formed from the Negotiation as described in Rule 602.4 except pursuant to rule 404 or 602.4(5).

Purpose of amendment: Consequential to the introduction of Rule 602.4(5) which allows for cancellation for failure by TPM or EPM to enter input into the ETP

22.0 RULE 603.1

Rule 603.1(1)(e)

22.1 A new rule 603.1(1)(e) is introduced as follows:

- (1) A TPM or an EPM can amend any of the following details of a bid or ask quote that has matched in a Negotiation, to correct any errors, but only on the day that the quote was matched and if the contract is not delivered or settled yet on that day in RENTAS:
- (a) from non short selling status to short selling status;
 - (b) if the sale is specified as a short sale, amend the amount that is short sold;
 - (c) Client Information;
 - (d) proceeds from transactions specified in Rule 602.1(2) which have already been calculated in ETP, with the consent of counterparty TPM to the trade; or
 - (e) if the financial instrument is traded on Band, the stocks to be delivered and settled in the Band.

Purpose of amendment: Consequential to the introduction of Rule 402.5.

23.0 RULE 604.1

Rule 604.1 (1) and (2)

23.1 Rules 604.1(1) and (2) are deleted.

Purpose of amendment: These rules are deleted consequential to the amendment to Rule 201.3.

24.0 RULE 701.1

Rule 701.1

24.1 Rule 701.1 is amended as follows:

GENERAL

- (1) All reporting and confirmation of Off ETP transactions must either be made based on stock or Band.

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- (2) A TPM or an EPM must specify all information as stated in Rule 503.2 when reporting and confirming except for information stated in Rule 503.2(1)(c).

Purpose of amendment: Consequential to the introduction of Rule 402.5 as well as to introduce reporting duties for EPM



25.0 RULE 701.2

Rule 701.2

25.1 A new Rule 701.2 is introduced as follows.

REPORTING BY TPM

- (1) A selling TPM in an Off ETP transaction, selling on its own or through an EPM, for its own proprietary position or for its Clients must report the Off ETP transaction in ETP in the manner stated in these Rules and Directives.
- (2) The selling TPM can delegate its function of reporting an Off ETP transaction to an EPM, where the Off ETP transaction was done through the EPM. However a TPM remains responsible for the reporting done by the EPM.
- (3) A buying TPM in an Off ETP transaction, buying on its own or through an EPM, for its own proprietary position or for its Clients, must confirm in ETP the reporting of an Off ETP transaction done, in the manner prescribed in these Rules and Directives.
- (4) The buying TPM can delegate its function of confirming an Off ETP transaction to an EPM, where the Off ETP transaction was done through the EPM. However a TPM remains responsible for the confirmation done by the EPM.
- (5) TPMs are responsible to ensure that only valid and genuine Off ETP transactions are reported and confirmed in ETP.

Purpose of amendment: To distinguish the reporting obligations between the TPM and EPM.

26.0 RULE 701.3

Rule 701.3

26.1 A new Rule 701.3 is introduced as follows:

REPORTING BY EPM

- (1) An EPM must report all Off ETP transactions, which are transacted through the EPM for a Client other than a TPM, in the manner stated in these Rules or Directives.
- (2) An EPM will only report Off ETP transactions for a TPM if that function has been delegated by the TPM to the EPM as stipulated under 701.2(2) and (4).

Purpose of amendment: To impose an obligation on EPMs to make the necessary reporting when they have transacted for a client other than a TPM

**27.0 RULE 702.1****Rule 702.1(1)**

27.1 Rule 702.1(1) is amended as follows.

- (1) **Trade Reporting Hours:** The reporting days for Off ETP transactions are from Mondays to Fridays (subject to public and other holidays as declared by Bursa Bonds) in two (2) sessions as follows: –

- (a) Morning session : 9.00 am to 1.29pm
(b) Afternoon session : 1.30 pm to 5.15 pm

Purpose of amendment: To provide more time to facilitate efficient Trade Reporting by the Participants.

28.0 RULE 704.1**Rule 704.1(3)**

28.1 Rule 704.1(3) is amended as follows:

- (3) Where errors in relation to any information in the Off ETP transaction report were only detected after the market day that the Off ETP transaction was reported and confirmed, the TPM or EPM must write to Bursa Bonds to request for such amendments before 5.00 pm on a market day. Bursa Bonds will make the amendments between 5.00 pm to 6.00 pm on the date of request, if the request for amendments is made within six (6) months from the date the Off ETP transaction was reported on ETP.

Purpose of amendment: To enable Bursa Bonds to execute amendments for historical records for the past 6 months.

29.0 RULE 801.1**Rule 801.1(1)**

29.1 Rule 801.1(1) is amended as follows:

- (1) All TPMs and EPMs may post information relating to a stock or Band that are available on any of the facilities stipulated in Rule 401.1(1), as provided in the Directives. In relation to GPMs, only GPMs which are expressly permitted by Bursa Bonds to post such information may do so.

Purpose of amendment: Consequential to the introduction of Rule 402.5.

[End of Rule Amendments]