

BURSA MALAYSIA SECURITIES CLEARING SDN BHD

Date : 28 November 2016

No : SBL 5/2016

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD (“RULES OF BURSA CLEARING (S)”) IN RELATION TO REIMBURSEMENT OF COSTS FROM PARTICIPANTS ARISING FROM INSPECTIONS, INVESTIGATIONS AND ENFORCEMENT PROCEEDINGS
1.0 AMENDMENTS TO THE RULES OF BURSA CLEARING (S)

1.1 Bursa Clearing (S) has amended the Rules of Bursa Clearing (S) as set out in the attached “**ANNEXURE 1**” pursuant to Section 9 of the Capital Markets and Services Act 2007.

1.2 The changes to the rules are as follows:

- (a) removal of the provisions in relation to reimbursement of costs from participants arising from inspections, investigations and enforcement proceedings; and
- (b) removal of the provision requiring the participants to provide an audit report by an independent auditor.

1.3 These changes were made to remove provisions that are regarded as unnecessary.

1.4 The rule amendments have been approved by the Securities Commission Malaysia.

2.0 EFFECTIVE DATE

2.1 The amendments to the Rules of Bursa Clearing (S) referred to above shall take effect from 28 November 2016.

3.0 CONTACT PERSON

3.1 In the event of any queries in relation to the amendments to the Rules of Bursa Clearing (S), kindly contact the following persons:

Name	Contact
Niven Nambiar	niven@bursamalaysia.com 03 – 2034 7317

Please be informed that the amendments to the Rules of Bursa Clearing (S) referred to in this circular are available on Bursa Malaysia Berhad’s website at: <http://www.bursamalaysia.com>.

REGULATION

ANNEXURE 1

RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD

RULE AMENDMENTS IN RELATION TO REIMBURSEMENT OF COSTS FROM PARTICIPANTS ARISING FROM INSPECTIONS, INVESTIGATIONS AND ENFORCEMENT PROCEEDINGS

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
2A.3	<p>INSPECTION COST</p> <p>The Clearing House may require the Clearing Participant concerned to pay the Clearing House a fee for carrying out the inspection.</p>	2A.3	<p>INSPECTION COST</p> <p>The Clearing House may require the Clearing Participant concerned to pay the Clearing House a fee for carrying out the inspection.[Deleted]</p>
2A.5	<p>PROVISION OF AUDIT REPORT TO THE CLEARING HOUSE</p> <p>(1) The Clearing House may, by notice to the Clearing Participant, require the Clearing Participant to provide a report from an independent auditor or other expert approved by the Clearing House expressing an opinion as to:</p> <p>(a) the performance by the Clearing Participant of its obligations under these Rules;</p> <p>(b) the Clearing Participant's capacity to continue to meet the requirements for admission or approval as a Clearing Participant;</p> <p>(c) any other matter necessary to assist the Clearing House in the discharge of the Clearing House's functions under these Rules.</p>	2A.5	<p>PROVISION OF AUDIT REPORT TO THE CLEARING HOUSE</p> <p>(1) The Clearing House may, by notice to the Clearing Participant, require the Clearing Participant to provide a report from an independent auditor or other expert approved by the Clearing House expressing an opinion as to:</p> <p>(a) the performance by the Clearing Participant of its obligations under these Rules;</p> <p>(b) the Clearing Participant's capacity to continue to meet the requirements for admission or approval as a Clearing Participant;</p> <p>(c) any other matter necessary to assist the Clearing House in the discharge of the Clearing House's functions under these Rules.</p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
	<p>(2) The Clearing Participant that is required to provide the report referred to in Rule 2A.5(1) must bear the costs in connection with obtaining the report.</p>		<p>(2) The Clearing Participant that is required to provide the report referred to in Rule 2A.5(1) must bear the costs in connection with obtaining the report.[Deleted]</p>
2A.7	<p>INVESTIGATION COST</p> <p>The Clearing House may require the Participant concerned to reimburse the Clearing House all costs the Clearing House incurs in connection with an investigation.</p>	2A.7	<p>INVESTIGATION COST</p> <p>The Clearing House may require the Participant concerned to reimburse the Clearing House all costs the Clearing House incurs in connection with an investigation.[Deleted]</p>
3.2	<p>DISCIPLINARY POWERS</p> <p>The Clearing House may exercise its disciplinary powers under this General Section of Chapter 3 against a Participant if the Participant is found to have committed any of the acts of misconduct stipulated in Rule 3.3 (“Defaulting Participant”). The Clearing House’s disciplinary powers include the taking of one or more of the following actions:</p> <ul style="list-style-type: none"> (a) suspend or terminate its Clearing Participantship in accordance with the terms prescribed by the Clearing House; (b) suspend or terminate the Defaulting Participant as a SBL Participant/Agent in accordance with the terms prescribed by the Clearing House; (c) limit or disallow the access of the Defaulting Participant to any of the services or facilities of the Clearing House or suspend the Defaulting Participant’s privileges or activities on such terms and for such period as the Clearing House may in its sole discretion determine, including in relation 	3.2	<p>DISCIPLINARY POWERS</p> <p>The Clearing House may exercise its disciplinary powers under this General Section of Chapter 3 against a Participant if the Participant is found to have committed any of the acts of misconduct stipulated in Rule 3.3 (“Defaulting Participant”). The Clearing House’s disciplinary powers include the taking of one or more of the following actions:</p> <ul style="list-style-type: none"> (a) suspend or terminate its Clearing Participantship in accordance with the terms prescribed by the Clearing House; (b) suspend or terminate the Defaulting Participant as a SBL Participant/Agent in accordance with the terms prescribed by the Clearing House; (c) limit or disallow the access of the Defaulting Participant to any of the services or facilities of the Clearing House or suspend the Defaulting Participant’s privileges or activities on such terms and for such period as the Clearing House may in its sole discretion determine, including in relation

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
	<p>to any function that has been outsourced;</p> <p>(d) impose a fine not exceeding RM1 million on the Defaulting Participant;</p> <p>(e) reprimand (privately or publicly) the Defaulting Participant;</p> <p>(f) impose any restriction or condition in relation to the breach committed or on the activities that a Defaulting Participant who is a Clearing Participant undertakes;</p> <p>(g) impose one or more conditions for compliance including issuing a directive to take such steps to remedy or mitigate the breach, other than a directive to make restitution;</p> <p>(h) direct a Defaulting Participant who is a Clearing Participant to take appropriate action against any of its employees or agents if such employees or agents caused the Defaulting Participant to commit the breach;</p> <p>(i) mandate education, training or such other types of programme as may be determined by the Clearing House, to be undertaken or implemented by the Defaulting Participant who is a Clearing Participant, for its employees;</p> <p>(j) direct payment of all or part of the costs incurred by the Clearing House in connection with the disciplinary proceedings commenced against the Defaulting Participant, subject to an internal criteria as approved by the Commission;</p>		<p>to any function that has been outsourced;</p> <p>(d) impose a fine not exceeding RM1 million on the Defaulting Participant;</p> <p>(e) reprimand (privately or publicly) the Defaulting Participant;</p> <p>(f) impose any restriction or condition in relation to the breach committed or on the activities that a Defaulting Participant who is a Clearing Participant undertakes;</p> <p>(g) impose one or more conditions for compliance including issuing a directive to take such steps to remedy or mitigate the breach, other than a directive to make restitution;</p> <p>(h) direct a Defaulting Participant who is a Clearing Participant to take appropriate action against any of its employees or agents if such employees or agents caused the Defaulting Participant to commit the breach;</p> <p>(i) mandate education, training or such other types of programme as may be determined by the Clearing House, to be undertaken or implemented by the Defaulting Participant who is a Clearing Participant, for its employees;</p> <p>(j) direct payment of all or part of the costs incurred by the Clearing House in connection with the disciplinary proceedings commenced against the Defaulting Participant, subject to an internal criteria as approved by the Commission[Deleted];</p>

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
	<p>(k) impose any restriction, prohibition or requirement regarding the disposal, holding or dealing with any monies or assets of a client by a Defaulting Participant who is a Clearing Participant; or</p> <p>(l) any other action the Clearing House considers appropriate, subject to consultation with the Commission.</p>		<p>(k) impose any restriction, prohibition or requirement regarding the disposal, holding or dealing with any monies or assets of a client by a Defaulting Participant who is a Clearing Participant; or</p> <p>(l) any other action the Clearing House considers appropriate, subject to consultation with the Commission.</p>

[End of Rule Amendments]