

PART VI

GENERAL RULES OF THE
DEPOSITORY

Chapter 33.0

Types of Securities Accounts

Rule 33.01 Classification of securities accounts:

- (1) **Types of accounts opened by the Depository:** Pursuant to the powers conferred under section 25(3) of the Act, the Depository may open the following accounts -
- (a) principal accounts for every authorised depository agent or authorised direct member;
 - (b) a clearing account for every authorised depository agent who is a member company of the Stock Exchange; and
 - (c) non-principal accounts for depositors or authorised direct members.
- (2) **Types of accounts opened and maintained by an authorised depository agent:** Subject to Rule 2.05A, an authorised depository agent shall be allowed to open, operate and maintain the following types of accounts in the manner prescribed by the Central Depository-
- (a) its principal accounts;
 - (b) non-principal accounts for its clients; and
 - (c) subject to rule 33.09(1A), nominee accounts for its locally incorporated nominee companies which are wholly owned.

For the purposes of this rule, the account other than a principal account shall be construed as a non-principal account.

- (3) **Types of accounts opened and maintained by authorised direct members:** Subject to Rule 15.01, an authorised direct member shall be allowed to open, operate and maintain the following types of accounts in the manner prescribed by the Central Depository-
- (a) principal accounts;
 - (b) subject to Rule 33.09(1A), nominee accounts for locally-incorporated nominee companies which are wholly owned by such person; and
 - (c) Deleted

Rule 33.02 Principal and pledged accounts:

- (1) **Principal accounts:** Subject to Rule 15.01 and Rule 2.05A respectively, an authorised depository agent or authorised direct member may open its own principal accounts in the manner prescribed by the Central Depository. Once an authorised depository agent's or an authorised direct member's principal accounts are opened the authorised depository agent or authorised direct member shall maintain and operate such accounts.
- (2) **Pledged securities accounts:** For the purposes of these Rules, principal accounts do not include accounts which are designated as pledged securities accounts under section 40(3) of the Act.
- (3) **Deleted**
- (4) **Register of securities:** Every authorised depository agent shall ensure compliance with Section 83 of the Capital Markets and Services Act 2007.
- (5) **Deleted**

Rule 33.03 Non-principal accounts:

Subject to Rule 33.05, an authorised depository agent may, on behalf of the Depository, open for its own client a securities account and any account maintained by such agent for such client, whether retail or institutional, (notwithstanding whether such client is another authorised depository agent or otherwise) shall be construed as a non-principal account.

Rule 33.04 Mechanics of pledged securities accounts:

- (1) **Establishment of accounts:** Accounts which have been designated as pledged securities accounts may subject to Rule 33.09(1A) be established or opened –
 - (a) subject to Rule 33.05, by an authorised depository agent on behalf of the Depository for its clients; or
 - (b) by an authorised depository agent or an authorised direct member, as the case may be, in the name of its wholly owned nominee or company for itself.
- (2) **Operation of accounts:** A pledged securities account shall be credited with any deposited securities pledged, charged, mortgaged or otherwise encumbered (hereinafter referred to as “pledged deposited securities”) by any person (hereinafter referred to as “the pledgor”) in favour of another person (hereinafter referred to as “the pledgee”) and shall be debited with such securities upon any of the following circumstances -
 - (a) a release or discharge of the said, pledge, charge, mortgage or encumbrance; or
 - (b) a sale or disposal of such securities by the pledgee.
- (3) **Release and discharge:** Where a pledge, charge, mortgage or an encumbrance over any pledged deposited securities has been released or discharged, the Depository or the authorised depository agent, as

the case may be, shall upon request by the pledged securities account holder transfer such securities into a securities account held by or for the pledgor.

- (4) **Sale of pledged securities:** Notwithstanding anything contained in these Rules, the Depository shall not be liable in respect of any sale by a pledgee of the pledged deposited securities pursuant to an exercise of any right or power of sale, disposal or otherwise. The Depository shall not be bound to inquire into the existence of any such right or power or on whether or not any right or power exercised or purported to be exercised by a pledgee has become exercisable or otherwise whatsoever.

Rule 33.05 Responsibility and accountability:

An authorised depository agent shall, unless expressly restricted by the Depository on its appointment, be responsible and accountable -

- (a) to open, maintain and close securities account for its own clients;
- (b) to make entries in such accounts;
- (c) to make enquiries into the status of such accounts for the benefit of its own clients; and
- (d) to collect such fees and charges prescribed by the Depository with respect to such accounts.

Rule 33.06 “One person one account” Rule for individual clients:
(see Rule 26.02)

Rule 33.07 Body corporate clients:
(see Rule 26.03)

Rule 33.08 Deleted

Rule 33.09 Nominee accounts:

- (1) **Authorised depository agents:** Subject to Rule 33.09(1A), authorised depository agents may open nominee accounts for their own locally-incorporated nominee companies or for their clients who are locally-incorporated nominee companies if, in respect of deposited securities, each nominee company -
- (a) acts as nominee, agent, trustee or attorney, either for Malaysians or for foreigners, but not for both; and
 - (b) states in its constitution -
 - (i) as to whether it is acting solely for Malaysians or otherwise; and
 - (ii) subject to any exemptions made pursuant to any securities laws, it only holds deposited securities for one beneficial owner in respect of each securities account opened by the nominee company with the Depository and that the nominee company shall furnish to the Depository the names of the beneficial owners of the deposited securities.

An authorised depository agent must ensure that amendments have been made to the constitution of such company so as to comply with the above stated conditions before opening the nominee account with the Depository.

(1A) Beneficial owner:

- (a) **One beneficial owner for one securities account:** Subject to any exemptions made pursuant to any securities laws, an authorised depository agent shall ensure that all deposited securities held in each securities account of an authorised nominee shall only be for one beneficial owner.

- (b) **Name of beneficial owner:** Subject to any exemptions made pursuant to any securities laws, an authorised depository agent shall in respect of an authorised nominee who intends to open securities accounts with the Depository, make entries of the names of the beneficial owners of the securities as furnished by the authorised nominee.
 - (c) **Deleted**
 - (d) **Nominee account to be opened by an authorised nominee only:** An authorised depository agent shall only open nominee accounts for authorised nominees.
- (2) **Authorised direct members:**
- (a) Subject to Rule 33.01(3)(b) the provisions of Rule 33.09(1)(a) and (b) and (1A) apply to every authorised direct member.
 - (b) An authorised direct member must ensure that amendments have been made to the constitution of its nominee company, so as to comply with the conditions stated in Rule 33.09(1)(a) and (b) before opening a nominee account with the Depository.
- (3) **Nominee company:**
- (a) **Definition:** For the purposes of this Rule, “nominee company” means a company as defined under the Companies Act 2016 whose principal function is to hold securities for or on behalf of the beneficial owners of securities.
 - (b) **Presumption:** Where the word “nominee” appears in the name of a nominee company, it shall be presumed, unless proven otherwise, that the nominee company is a nominee company as defined under Rule 33.09(3)(a).

- (4) **Disclosure of information:** An authorised depository agent or authorised direct member, as the case may be, is required to procure and furnish to the Depository the name and other particulars of the beneficial owner of the securities deposited in the securities account opened in the name of an authorised nominee maintained with such authorised depository agent or authorised direct member, in such manner and within such period as may be specified by the Depository.
- (5) **Conditions imposed on exempt authorised nominees:** All exempt authorised nominees shall comply with such terms and conditions as may be specified by the Depository by way of directions.
- (6) **Conditions imposed on exempt authorised nominees which are nominee companies:** In respect of a nominee company as provided in Items 1 to 7 of the Schedule of the Securities Industry (Central Depositories) (Exemption) Order 2005, such nominee company shall, unless otherwise permitted by the Depository, hold securities for only one instructing client in respect of each securities account held by the authorised nominee, in the manner prescribed by the Depository.

Rule 33.10 Share buy-back accounts:

Accounts which have been designated as share buy back accounts may be established or opened by authorised depository agents on behalf of the Depository for its clients who are-

- (a) issuers for the purchase of their own securities in a share buy-back; or
- (b) persons to be given financial assistance for the purchase of securities issued by one particular issuer,

under the relevant laws, regulations or rules.

Rule 33.11 Dormant account:

- (1) **Application of Rule 26.10:** Save and except for Rule 26.10(5) and Rule 26.10(6) the provisions stated in Rule 26.10 shall apply *mutatis mutandis* to all authorised depository agents and authorised direct members.
- (2) **Reactivation:** Every authorised depository agent or authorised direct member may reactivate its principal or nominee account which has been designated by the Central Depository as dormant that has not been closed pursuant to Rule 26.06A(2), in the manner prescribed by the Central Depository.
- (3) **Construction:** Where reference is made to the following terms in Rule 26.10, it shall be construed respectively as follows:-
 - (a) “depositor” shall be construed as authorised depository agent or authorised direct member as the case may be and its wholly-owned nominee companies respectively;
 - (b) “securities” account shall be construed as the principal or nominee account of the authorised depository agent or authorised direct member as the case may be, opened pursuant to Rule 33.01.

Rule 33.12 Inactive account:

- (1) **Application of Rule 26.11:** Save and except for Rule 26.11(5) the provisions stated in Rule 26.11 shall apply *mutatis mutandis* to all authorised depository agents and authorised direct members.
- (2) **Reactivation:** Every authorised depository agent or authorised direct member may reactivate its principal or nominee account which has been designated by the Central Depository as inactive, in the manner prescribed by the Central Depository.

- (3) **Construction:** Where reference is made to the following terms in Rule 26.11, it shall be construed respectively as follows:-
- (a) depositor shall be construed as authorised depository agent or authorised direct member as the case may be and its wholly owned nominee companies respectively.
 - (b) securities account shall be construed as the principal or nominee account of the authorised depository agent or authorised direct member as the case may be, opened pursuant to Rule 33.01.

Chapter 34.0**Compensation Scheme****Rule 34.01 Depository to maintain a
compensation scheme:**

It shall be the duty of the Depository to maintain at all times after the commencement of operations a compensation scheme which shall cover loss or damage incurred by depositors arising from, *inter alia*-

- (a) computer crimes involving theft or criminal damage to the Depository's computer system;
- (b) theft, damage, falsification or alteration of any record or data kept within the Depository's computer system;
- (c) stolen or missing scrips which are under the physical control of the Depository itself, whether such scrips are kept in its premises or are in transit;
- (d) fire or theft of any records in any vault, premise or warehouse of the Depository where such records are to be kept pursuant to section 59 of the Act;
- (e) professional negligence of its employees or servants;
- (f) public liability; and
- (g) infidelity of employees through dishonest or fraudulent acts committed by such employees with intent to cause or sustain loss or to obtain financial gain for themselves, wherever committed and whether committed alone or in collusion with others.

Rule 34.02 Details to be freely available:

Details of the compensation scheme, in particular, relating to the circumstances and procedures in which claims may be submitted by any aggrieved person shall be made available free of charge to any depositor, authorised depository agent, authorised direct member or issuer who requests for such details.

Rule 34.03 *Force Majeure:*

The Depository shall not be held liable to indemnify any aggrieved party for any delay, loss, damage or failure of performance in the event of any act of God, act of public enemy, war, insurgency, riot, labour disputes or any other civil disturbance beyond its reasonable control.

Rule 34.04 **Quantum of claim:**

In respect of any claim made by an aggrieved depositor in respect of any transaction pertaining to his securities account or in connection with any securities held in such account, the maximum value of compensation per claim allowable under such compensation scheme shall be one hundred thousand ringgit.

Chapter 35.0 Security Measures and Controls

Rule 35.01 Security measures:

It shall be the duty of the Depository and every authorised depository agent or authorised direct member to take all reasonable security measures, including to establish and maintain such procedures as may be reasonably necessary or expedient, to protect information, data, records and other documents relating to the affairs of the depositors, and in particular, relating to their securities accounts, against any unauthorised access, alteration, destruction, disclosure or dissemination, and against any accidental loss or destruction.

Rule 35.02 Data Entry Supervisors:

Every authorised depository agent or authorised direct member shall appoint such number of persons as may be necessary (but subject nevertheless to any direction by the Depository) to be its Data Entry Supervisors. A Data Entry Supervisor shall be responsible for the following matters -

- (a) administration of and monitoring access to the terminals maintained by the authorised depository agent;
- (b) supervising data entry at such terminals;
- (c) reporting erroneous entries to the Depository;
- (d) monitoring communications with the Depository through the terminals;
- (e) perform such other functions as may be directed by the Depository from time to time, for the purpose of ensuring adequate protection for depositors.

It is the duty of every authorised depository agent or authorised direct member to submit to the Depository particulars of Data Entry Supervisors appointed by such agent or direct member, whenever there are any changes to such appointment.

Rule 35.03 System Auditors:

- (1) **Appointment of System Auditors:** The Depository shall appoint an officer, manager or any person authorised by the Depository to be the System Auditor whose responsibility shall include, *inter alia*,
- (a) reviewing the security measures of the Depository as may be written in the Procedures Manual;
 - (b) recommending any improvements on any security features to the Depository as the administrator may deem fit;
 - (c) supervising any internal auditor of the Depository;
 - (d) liaising with the Data Entry Supervisors appointed under Rule 35.02 to monitor the adequacy of the security features at the premises of the authorised depository agents or authorised direct members, as the case may be;
 - (e) conducting any internal audit on the Depository;
 - (f) conducting any audit on the authorised depository agent or authorised direct member to such extent as may be necessary upon the instructions of the Depository;
 - (g) providing assistance to any external auditors in the course of expediting the audit function or other related work of such external auditors; and
 - (h) generally recommending work practices or directives such that the directors, officers, managers and staff of the Depository and all other persons having access to the computer system shall comply with section 42 of the Act and any Regulations which may be prescribed on the extent to which any user or class of

users may have, or should be prohibited from having, access to the computer system.

- (2) **Accountability:** The System Auditor shall be accountable and shall report his findings to the Depository.

Rule 35.04 Vault security:

- (1) **Vault for the safe-keeping of scrips:** The Depository shall maintain a vault for the safe-keeping of any or all scrips registered in the name of Bursa Malaysia Depository Nominees Sdn. Bhd.
- (2) **No entry for unauthorised persons:** The premises of the vault, together with any surrounding areas in which scrips may be temporarily stored pending appropriate processing or sorting by authorised vault operations staff (hereinafter the said premises and surround areas shall be collectively referred to as “the cordoned area”), shall be physically separated from all other departments of the Depository. No person, whether a director, manager, officer, staff or otherwise, shall be allowed to enter the cordoned area without proper reasons or explanations in writing.
- (3) **Keeping of record of all persons entering the cordoned area:** A record of all persons entering the cordoned area shall be maintained by the vault operations, manager or the person for the time being in charge of vault operations indicating each and every entry made by any person, other than authorised vault operations staff.
- (4) **No dual control of access by same person:** No person who shall be responsible for maintaining control and recording over the movement of scrips entering the vault shall also be responsible for maintaining control and recording of scrips leaving the vault.

Rule 35.05 Statutory declarations:

Every employee of the Depository shall be required to execute a statutory declaration that they have not been convicted of any criminal offence (other than traffic offences) as may be prescribed by the Depository.

Chapter 36.0**Suspension of Securities****Rule 36.01 Securities in suspense:**

The Depository may specify that any deposited securities in a securities account as being in suspense in any of the following circumstances -

- (a) where the transfer of such security in the name of Bursa Malaysia Depository Nominees Sdn. Bhd. has not been, or cannot be, registered by its issuer pursuant to section 18 of the Act;
- (b) where the Depository has reason to believe or is satisfied that there is a breach of the rules of the Depository, Stock Exchange or recognised Clearing House;
- (c) where the Depository has been served with a notice by the Commission that the Commission suspects or has reason to believe that a provision of a securities law has been contravened and that a securities account of a depositor is relevant to its investigations regarding the contravention;
- (d) where the Depository has been served with an order of a court of competent jurisdiction prohibiting any dealing in respect of a deposited security;
- (e) where an order under Regulation 8 of the Essential (Protection of Depositors) Regulations 1996 has been made by the Central Bank and published in the Gazette;
- (f) where the Depository receives instructions from the Commission to suspend pursuant to any provisions in the Act; and
- (g) such other circumstances as may be prescribed by the Minister by regulations made under the Act.

Rule 36.02 Securities under suspense:

Subject to Rule 36.04, the Depository may specify a deposited security held in any particular securities account or a particular securities account as under suspense, whether on a temporary basis or otherwise, in any of the following circumstances -

- (a) where the Stock Exchange in accordance with its Rules has suspended trading of a particular security or a particular class of securities in respect of such security;
- (b) in the case of an individual depositor, where it has been notified that the depositor has died;
- (c) where a request for suspension of such security has been received from the depositor;
- (d) where in compliance with the powers of the Investigating Officer to inspect, examine and operate the whole or any part of the computer system pursuant to section 54(1)(a) of the Act, the Commission has decided that it is absolutely necessary to place such security under suspense;
- (e) where a direction is given by of the Depository, in consultation with the Stock Exchange and with the approval of the Commission to suspend such security in the public interests;
- (f) where it has been traced that the deposited security is at some point in time a deposited security which was obtained illegally into the account or is a security underlying a scrip which has been reported lost or stolen;
- (g) where the Depository in its absolute discretion is of the opinion that there is a need to place under suspense a transferred security pending further investigations by the relevant authorities;
- (h) where, subject to an indemnity given by the authorised depository agent, a request for suspension has been

received from such agent where the account is maintained;

- (i) where the Depository has been served with an order of a court of competent jurisdiction prohibiting any dealing in respect of a deposited security;
- (j) where an order under regulation 8 of the Essential (Protection of Depositors) Regulation 1986 has been made by the Central Bank and published in the Gazette;
- (k) where an application under section 22 of the Act for withdrawal of such security has been made by a depositor.
- (l) where a Receiver or Manager appointed in relation to an authorised depository agent under suspension has recommended pursuant to Rule 3.03(d) to the Depository that a particular securities account, a particular securities therein or a particular issue of securities thereof be put under suspension;
- (m) where the issuer purchases its own securities in a share buy-back in accordance with the relevant laws, regulations or rules;
- (n) where the Depository has been served with a written request by a person duly authorised to investigate into any offence under any law;
- (o) where the Depository receives instructions from the Clearing House to suspend securities held in the principal or nominee account of the authorised depository agent or the authorised direct member arising from the default of the authorised depository agent or authorised direct member in its obligations to the Clearing House as a Clearing participant, pursuant to the Rules of the Clearing House;
- (p) where the Depository receives instructions from the Commission to suspend pursuant to any securities laws; and

- (q) in such other circumstances as the Depository may in its discretion deem fit, and the Depository shall notify the Commission of the suspension as soon as the decision to suspend is made by the Depository.

Rule 36.03 Discretion:

The Depository shall in its absolute discretion decide as to whether a deposited security is to be placed under suspense under Rule 36.02.

Rule 36.04 Interpretation:

In these Rules, unless otherwise expressed to the contrary,-

- (a) under section 35(4) of the Act, a depositor of any deposited security in suspense shall not be treated for the purposes of section 35 of the Act as being
- (i) a member registered in the register of members;
 - (ii) a holder registered in the register of debenture holders;
 - (iii) a holder registered in the register of interest holders maintained by a management company under the Interest Schemes Act 2016;
 - (iv) a holder registered in the register of unit holders maintained by the management company under the Commission (Unit Trust Scheme) Regulations 1996; or
 - (v) a person included in any other register maintained by the issuer in respect of or arising from any other securities issued by the issuer.
- (b) a depositor of any deposited security under suspense shall, for the purposes of section 35 of the Act, be treated as a member but nonetheless such security is under suspense by virtue of the Depository placing a computerised “freeze” or “hold”, whether temporary or

otherwise, on such security resulting in any of the following forms of suspension-

- (i) where a “freeze” or “hold” has been placed upon a particular counter in such manner whereby no entries whatsoever may be made in respect of all securities of such counter in all securities accounts held by the Depository or a particular authorised depository agent or authorised direct member;
- (ii) where a “freeze” or “hold” has been placed on a particular securities account in such manner whereby no entries whatsoever may be made in respect of all deposited securities whatsoever held in such account;
- (iii) where a “freeze” or “hold” has been placed on a particular counter and only in respect of a particular depositor’s account in such manner whereby no entries may be made whatsoever in respect of all deposited securities of that counter held under such securities account; or
- (iv) where a “freeze” or “hold” has been placed on particular quantum and type of security held under a particular securities account in such manner that no entries may be made in respect to such quantum and type of security held under such account,

provided that entries may still be made for all the above forms of suspension for the purpose of settling a sale of the deposited securities contracted on the stock market prior to the suspension and provided further that the suspension referred to in paragraph (iii) above shall not prevent any trades in respect of the deposited securities from being settled.

Rule 36.05 Self imposed suspension by authorised depository agents by refusing to act:

- (1) **Duty to notify:** When an authorised depository agent who is a participating organisation refuses to act on

the instructions of any of its depositors in carrying out any of the depositor's transactions specified under Rule 25.04(2) relating to any deposited security by reason that the depositor has defaulted (or is about to default) in his obligations relating to any trade order or otherwise, it shall be the duty of the authorised depository agent to notify the Depository immediately stating the reason for such refusal. Nothing in this Rule shall however be construed so as to authorise any participating organisation to be in breach of any rule relating to participating organisations in respect of participating organisations' lien on securities.

- (2) **Depository may instruct agent to lift suspension:**
Where the Depository, after investigating the matter, is not satisfied with the reason given by the agent for its refusal to act, the Depository may instruct such agent to carry out the depositor's instructions or direct the agent to act appropriately to resolve the matter.
- (3) **Deleted**

Chapter 37.0**Complaints, Investigations and Arbitration****Rule 37.01 Complaints procedures:**

- (1) **Complaints:** Where a person who alleges to have suffered loss or inconvenience as a consequence of a failure by any person to perform his duties or functions under these Rules, lodges a written complaint to the Depository against that person, the Depository shall look into the complaint with a view of assessing whether an investigation into the complaint is necessary. Where the Depository decides that an investigation is necessary, the Depository shall cause an investigation to be carried out.
- (2) **Particulars of complaint:** Every complaint under this Rule shall be accompanied by a payment of sum of one hundred ringgit to the Depository and shall state in writing that the complaint is one made pursuant to this Rule and, although it need not identify the person alleged to have caused the loss or inconvenience, it must contain sufficient particulars for the Depository to form a view as to whether there is sufficient likelihood that any loss or inconvenience was in consequence of such failure or inefficiency as is referred to in Rule 37.01(1) to warrant investigation under this chapter. The sum of one hundred ringgit may be refunded in full or part thereof entirely at the discretion of the Depository.
- (3) **Depository may decline:** The Depository may decline to carry out an investigation without any reason whatsoever if in its discretion it appears that the matter should be more properly resolved by other appropriate bodies or channels.
- (4) **Deleted**
- (5) **Delegation of powers:** The Depository may delegate all or any of its powers under this Rule to a qualified accountant and/or solicitor and the qualified

accountant and/or solicitor, as the case may be, who shall report the results of any investigation to the Depository.

- (6) **Opportunity to be heard:** The Depository shall provide any person against whom allegations are made in the complaint, and any other person whom the Depository concludes may have been at fault, an opportunity to comment on the allegations or, as the case may be, the conclusion the Depository is disposed to reach.
- (7) **Investigation:** Subject to Rule 37.01(3), the Depository shall after carrying out its investigation and ensure that a report, whether interim or otherwise, shall be sent to the complainant (or any person on whose behalf the complaint was made), no longer than thirty days from the date of lodgement of complaint. Where the complaint is in respect of an authorised depository agent, authorised direct member or an issuer, a copy of the report shall also be sent to the Advisory Committee.

Rule 37.02 Findings of the report:

Where the report pertaining to the complaint is stated to be the final report no further action shall be required on the part of the Depository but such final report shall-

- (a) where further action, if any, has been taken by the Depository, describe in a summarised way the action taken; or
- (b) where the Depository is unable to take any further action, make recommendations as may be appropriate.

Rule 37.03 Complaints directed at the Depository:

Where a complaint has been lodged by any person against the Depository in respect of any transaction directly or indirectly handled by the Depository or where upon subsequent

investigation, it has been ascertained that the Depository itself has been the sole or partial cause of the complaint, the Depository shall refer the matter to person(s) for the time being in charge of internal audit who shall then be empowered to do the necessary investigations and, where necessary, submit a report to the Depository on the matter for their consideration.

Rule 37.04 Disputes between authorised depository agents, authorised direct members and issuers:

Subject to Rule 37.05(4), any complaint arising from a dispute between parties who are authorised depository agents, authorised direct members or issuers with reference to any function or transaction to be performed in accordance with these Rules or under the Procedures Manual, shall be settled by way of arbitration in accordance with Rule 37.05 and the parties involved in such dispute shall not resort to any outside tribunal or Court of Law for determination of the dispute, unless the Depository for any reason whatsoever fails to state within thirty days upon receipt of such complaint whether or not it is willing to act on the dispute.

Rule 37.05 Arbitration:

- (1) **Arbitration agreement:** This Rule forms the basis of an arbitration agreement binding upon the Depository, authorised depository agents, authorised direct members and issuers made in accordance with the Arbitration Act 1952 and any amendments thereto. It shall also bind any depositor who elects to settle any dispute involving any transaction or entry in respect of his securities account by way of arbitration.

- (2) **One or three arbitrators:** All disputes under this Rule shall be referred to a single arbitrator, if the parties can agree on one, but otherwise to two arbitrators, one to be appointed by each party with the third arbitrator/umpire to act as the presiding arbitrator to be-

- (a) appointed by the two arbitrators if an agreement can be reached; or
 - (b) where the first two arbitrators cannot agree on the choice of the presiding arbitrator, appointed by the Advisory Committee.
- (3) **Status of award:** Where the dispute has been brought up-
 - (a) by a depositor against the Depository, an authorised depository agent, an issuer or another depositor, any award of the arbitrator or the majority of the arbitrators shall be final and binding upon the parties to such dispute unless a legal objection has been raised by such depositor within fourteen days from the date of the award;
 - (b) by an authorised depository agent, authorised direct member or issuer against any other party (other than the Depository), award of the arbitrator or the majority of the arbitrators shall be final and binding upon the parties to such dispute.
- (4) **Depository's right of enforcement:** Nothing in this chapter shall be construed as enabling any authorised depository agent, authorised direct member, issuer or depositor to prevent, obstruct or delay the Depository to exercise its right or power to enforce any provisions of the Act, these Rules or the Procedures Manual upon such authorised depository agent, authorised direct member, issuer or depositor.
- (5) **Disputes must involve financial loss:** Any dispute which may be brought up for arbitration pursuant to this Rule must involve a financial loss or damage of not less than five thousand ringgit on the part of the aggrieved party.

Rule 37.06 Supply of information to the Depository and power of investigation:

- (1) **Investigation:** The Depository may conduct an investigation on an authorised depository agent, an authorised direct member, an issuer, other user or authorised nominee at any time in the following circumstances:
- (a) where such investigation is on any matter in relation to these Rules, the relevant internal policies and procedures of such persons and any other rules and regulations related to such person's functions as governed under these Rules; or
 - (b) where the Depository has reason to suspect that the authorised depository agent, authorised direct member, issuer, other user or authorised nominee has engaged in an activity that has affected or may affect the integrity of the Depository's computer system or the orderly handling of deposited securities.
- (2) **Power of the Depository:** The Depository is empowered to :-
- (a) require or compel any authorised depository agent, its dealer's representatives, authorised direct member, issuer, other user or authorised nominee to deliver, cause to be delivered, produce or cause to be produced to the Depository any information, document, book or record as may be in such person's possession or control that may be relevant to the investigation including requiring such person to make copies or the Depository taking extracts of the same;
 - (b) enter the premises of the authorised depository agent or its Relevant Persons for any of the following purposes:
 - (i) to access the terminals or other peripherals situated at the premises of the authorised depository agent and to obtain print-outs from such terminals or peripherals; or

- (ii) to seize, detain or take possession of any property, document, book or record found at the premises or in the possession, custody or control of a Relevant Person;
- (c) where the Depository has reason to believe that any document in the possession or control of the authorised direct member, issuer, user or authorised nominee or their Relevant Persons are relevant to the investigation, be allowed access to such documents;
- (d) require a depositor to provide or produce for inspection such information, document, book or record as may be required by the Depository in relation to his securities accounts or any other matters under investigation conducted by the Depository;
- (e) retain all such documents delivered or produced to, or obtained by the Depository pursuant to paragraphs (a), (b), (c) or (d) above for as long as the Depository may consider necessary and/or to make copies thereof where possible and necessary;
- (f) require any employee, servant, agent, contractor or director of an authorised depository agent, authorised direct member, issuer, depositor or any other user or dealer representatives to attend before the Depository at any time and to give such information that is relevant to the investigation;
- (g) record statements from the persons referred to in Rule 37.06(2)(f). A recorded statement may be used in enforcement proceedings against an authorised depository agent, authorised direct member, issuer, other user or authorised nominee (including the person making such statement);

- (h) require an authorised depository agent, authorised direct member, issuer, other user or authorised nominee to procure the attendance of any Relevant Person or consultant before the Depository and to give or procure such information relevant to the investigation; or
 - (i) impose such requirement on the authorised depository agent, authorised direct member, issuer, other user or authorised nominee that the Depository thinks reasonably necessary to facilitate the investigation.
- (3) **Cooperation:** An authorised depository agent, authorised direct member, issuer, other user or authorised nominee must:
 - (a) not hinder or obstruct the Depository during the investigation;
 - (b) give the Depository all assistance the Depository reasonably requires to conduct the investigation; and
 - (c) comply and give effect to any directions the Depository issues in exercising the powers under Rule 37.06(2).
- (4) **Deleted**
- (5) The powers conferred under this Rule are in addition to, and not in derogation, of any other powers conferred under the Rules or by any other written law.

Chapter 37A

Exchange Holding Company

Rule 37A.01 Powers of the Exchange Holding Company:

- (1) **Acting on behalf of the Depository:** Where any provision of these Rules confers a right or power on the Depository to do any act or thing such provision shall be deemed to confer the right or power on the Exchange Holding Company to do such act or thing on behalf of the Depository.
- (2) **Compliance:** Any person, who is an authorised depository agent, authorised direct member, depositor, issuer or user must comply with, observe or give effect to any action of the Exchange Holding Company pursuant to subrule (1) above.

Chapter 37B.0 Fees and charges

Rule 37B.01 Fees and charges payable:

- (1) An applicant under these Rules, authorised depository agent, authorised direct member, issuer and depositor must pay to the Depository such fees, charges, expenses and disbursements in respect of the operations, services and facilities provided by the Depository as may be specified by the Depository from time to time.
- (2) The Depository reserves the right to add to, vary or delete any of the fees, charges, expenses and disbursements from time to time, as it deems fit.
- (3) Unless otherwise specified in these Rules, Procedures Manual or any agreements entered into with the Depository, no refund of any fees paid will be allowed.

Rule 37B.02 Deduction:

- (1) **Right to deduct:** Where an authorised depository agent, authorised direct member or issuer (“Relevant Person”) fails to pay any fees and other charges payable to the Depository, the Depository reserves the right to deduct such sums from any payments owing by the Depository to the Relevant Person.
- (2) **Written notice:** Where the Depository exercises its right to deduct under Rule 37B.02(1), it shall give the Relevant Person a written notice of at least one month prior to the date of deduction.

Chapter 37C.0 Goods and Services Tax

Rule 37C.01 Deleted

Rule 37C.02 Deleted

Chapter 38.0 Miscellaneous**Rule 38.01 Forms:**

- (1) **Prescribed particulars:** Where a form prescribed by these Rules require completion by the insertion of, or the attachment to the form of a document containing particulars or other matters referred to in the form, those particulars or matters are prescribed as the particulars or other matters required under these Rules for the purposes of which the form or document is prescribed.
- (2) **Directions:** A form prescribed by these Rules containing any direction for its completion shall be completed in accordance with those directions. Where such form requires insertion of a name of an individual person, it shall be the name as it appears in, in the case of a Malaysian citizen, the identity card or, in the case of a non-Malaysian citizen, the passport of that person or any other identification document prescribed by the Depository.
- (3) **English version to prevail:** The forms prescribed by these Rules are written in English and should the forms be translated into a language other than English, the English version shall, save for any manifest error, prevail.
- (4) **Forms and supporting documents submitted through electronic means:** The Depository may prescribe the forms and supporting documents that may be submitted by the depositor to the authorised depository agent by electronic means.

Rule 38.02 Deleted**Rule 38.03 Power of waiver or modification:**

- (1) The Depository may, at any time, waive or modify compliance with a Rule or part of a Rule.

- (2) If the Depository waives or modifies compliance with a Rule or part of a Rule subject to a condition or conditions, such condition or conditions must be complied with for the waiver or modification of compliance to be effective.

Rule 38.03A Additional action that may be taken by the Depository pursuant to an inspection or investigation:

Pursuant to a finding from any inspection or investigation on an authorised depository agent, authorised direct member, issuer, other user or authorised nominee, the Depository may require the authorised depository agent, authorised direct member, issuer, other user or authorised nominee to take appropriate action against any of its employees or agents if such person caused the authorised depository agent, authorised direct member, issuer, other user or authorised nominee to violate these Rules.

Rule 38.04 Incidental powers etc. of the Depository:

Where any provision of these Rules empowers, authorises or enables the Depository to do or enforce the doing of any act or thing, the Depository shall have all such powers or rights as may be necessary or reasonably incidental to the Depository doing or enforcing the doing of the act or thing.

Rule 38.05 Appeals against decisions of the Depository:

- (1) **Right of appeal:** Any decision of the Depository is final and binding and a person may only appeal against any action or decision taken or made by the Depository under these Rules if the right of appeal is expressly provided for under the relevant provision of these Rules.
- (2) **Decision on appeal:** The decision of the Depository on appeal is final and binding on the person appealing.

Rule 38.06 Liability:

The Depository shall not be liable for any loss or damage that may be suffered, incurred or sustained by any depositor, issuer, trustee of an exchange traded fund, authorised depository agent, authorised direct member or other users as a result of or in connection with the Depository's performance or non-performance of its duties in good faith, or the Depository's failure to comply or delay in complying with any of its duties or obligations arising as a direct or indirect result of anything beyond its reasonable control including, but not limited to, failure or delay by the issuer in performing its functions under these Rules, natural disasters, act of God, industrial action, computer breakdown or sabotage, currency restrictions, war or terrorism or the failure, suspension or disruption of any relevant stock exchange, clearance system or market.

Rule 38.07 Conduct:

Any act or omission by a person includes an act or omission caused directly or indirectly by the said person.

Rule 38.08 Personal Data Notice:

- (1) Any person who provides or has provided personal data to the Depository or the Exchange Holding Company pursuant to or in connection with these Rules should read and be aware of the relevant notification in relation to the Personal Data Protection Act 2010 ("PDPA") available at the Exchange Holding Company's website at www.bursamalaysia.com ("Personal Data Notice").
- (2) Where the personal data provided is of another individual ("data subject"), the person providing such data must have notified the data subject in writing of the Personal Data Notice before providing the personal data unless:
 - (a) section 41 of the PDPA applies; or

- (b) the Depository otherwise specifies in connection with the PDPA.
- (3) For the purposes of this Rule 38.08, 'personal data' shall have the same meaning given in section 4 of the PDPA.

Rule 38.09 Disclosure of actions:

The Depository may disclose any action taken by the Depository against any person under these Rules to the public or any other persons in any manner as the Depository deems fit or expedient.

Rule 38.10 Referral of conduct to other authorities:

The Depository may, at any time refer the conduct of any person who is subject to these Rules, to any relevant authority or professional body, without giving notice to such person.

Rule 38.11 Appointment of committee, sub-committee or officers:

The Depository may appoint a committee, a sub-committee or officer(s) of the Depository or Exchange Holding Company or an agent to exercise the Depository's powers under these Rules, where appropriate.

Rule 38.12 Confidentiality:

- (1) **Obligation to keep confidential:** If a finding or result of any inspection or investigation, or testimony or documentation in connection with an enforcement proceeding or appeal under these Rules is disclosed to an authorised depository agent, authorised direct member, issuer, other user or authorised nominee or their employees or agents, such person must keep the findings and results of such inspection or investigation, or testimony or documentation in connection with an enforcement proceeding or appeal

confidential and must not disclose the findings or results to any person except:

- (a) the Commission, any authorised officer of the Commission or any investigating governmental authority or agency; or
 - (b) where necessary, for the procurement of legal or expert advice in relation to the inspection, investigation, enforcement proceeding or appeal, provided that the disclosure is restricted to the relevant persons and strictest confidentiality is maintained.
- (2) **Disclosure by Depository:** The Depository may release the findings and results of any inspection or investigation, or testimony or documentation in connection with an enforcement proceeding or appeal to the Commission, Stock Exchange, Clearing House or any other relevant body or authority (in Malaysia or outside Malaysia) as the Depository considers fit, or to such parties as the Depository considers fit for the purposes of the Depository's investigation, enforcement or both.

Chapter 39.0 Enforcement

Rule 39.01 Interpretation:

In this Chapter,

- (a) “authorised depository agent” or “authorised direct member” includes its wholly owned nominee company;
- (b) “enforcement proceedings” where the context permits includes appeal proceedings under Rules 39.13 to 39.16; and
- (c) “Person” means an authorised depository agent, authorised direct member, any other user, an issuer or authorised nominee.

Rule 39.02 Enforcement powers:

The Depository may exercise its enforcement powers under Rules 39.02 to 39.08 against a Person if such Person is found to have breached any of these Rules, directions, undertakings, representations or warranties given to the Depository or any other terms and conditions agreed upon with the Depository (“Defaulting Person”). The Depository’s enforcement powers include the taking of one or more of the following actions:

- (a) terminate or suspend the appointment of an authorised depository agent or authorised direct member in accordance with the terms prescribed by the Depository;
- (b) limit or disallow the access of the Defaulting Person to any of the services or facilities of the Depository or suspend the Defaulting Person’s privileges or activities on such terms and for such period as the Depository may in its sole discretion determine, including in relation to any function that has been outsourced; and
- (c) impose a fine not exceeding RM1 million on the Defaulting Person;

- (d) reprimand (publicly or privately) the Defaulting Person;
- (e) withdraw the authority given to the Defaulting Person to act as an authorised nominee or exempt authorised nominee as the case may be in respect of any or all securities accounts held by such Defaulting Person;
- (f) impose any restriction or condition in relation to the breach committed or on the activities that the Defaulting Person undertakes;
- (g) impose one or more conditions for compliance including issuing a direction to take such steps to remedy or mitigate the breach, other than a direction to make restitution;
- (h) direct a Defaulting Person to take appropriate action against any of the Defaulting Person's employees or agents if such person caused the Defaulting Person to commit the breach;
- (i) mandate education, training or such other types of programme as may be determined by the Depository, to be undertaken or implemented by the Defaulting Person for its employees;
- (j) Deleted;
- (k) specifying any or all securities accounts held by the defaulting authorised nominee, defaulting authorised depository agent or defaulting authorised direct member as under suspense for such period as may be specified by the Depository;
- (l) prohibiting the defaulting authorised nominee, defaulting authorised depository agent or defaulting authorised direct member from maintaining any securities account whether for itself or for any other person; or
- (m) any other action the Depository considers appropriate, subject to consultation with the Commission.

Rule 39.03 Procedures:

- (1) The Depository will determine the procedures applicable to any enforcement proceedings taken under this Chapter. Such proceeding may vary to adapt to the circumstances of any particular case.
- (2) The Depository is not bound by legal rules of evidence and procedure in any enforcement proceedings under this Chapter.

Rule 39.04 Agreed settlement:

- (1) A Person may, at any time before the Depository makes a decision, propose a settlement of the enforcement action by agreeing to a set of facts, liability or penalty with the Depository.
- (2) The Depository may reject, accept or vary the proposed settlement based on terms that the Depository deems fit.
- (3) Where the Depository accepts the proposed settlement, the agreed settlement will be recorded as a decision of the Depository.
- (4) If the Depository is not agreeable to the proposed settlement, the proceedings under Rule 39.09 will apply.

Rule 39.05 Request for oral representations:

- (1) A Person may request for an oral representation to make submissions or to procure the attendance of witnesses or legal representation for proceedings commenced against the Person.
- (2) A request under Rule 39.05(1) must be submitted with:

- (a) a Response as provided under Rule 39.09(2);
or
 - (b) a Notice of Appeal as provided under Rule 39.14.
- (3) The Depository may, in its absolute discretion, allow or disallow any request made pursuant to Rule 39.05(1), upon such terms and conditions as the Depository deems appropriate.

Rule 39.06 Standard of proof:

The Depository will not find an allegation proven unless the Depository is satisfied that the allegation is proven on the balance of probabilities.

Rule 39.07 Other rights:

The exercise of powers in Rule 39.02 does not in any way prejudice the other rights of the Depository against a Person or any other person to whom these Rules are directed.

Rule 39.08 Acts or omissions of employees, agents or directors:

Where the acts or omissions of an employee, agent or director of a Person would have been subject to these Rules had such acts or omissions been committed by the Person, then such acts or omissions are deemed to be committed by that Person and enforcement action may be taken against it.

Rule 39.09 Enforcement proceedings:

- (1) **Requisite notice:** The Depository will serve on a Defaulting Person against whom the enforcement action is proposed to be taken, a written notice specifying the nature and particulars of the breach the Defaulting Person is alleged to have committed ("Requisite Notice").

- (2) **Response to Requisite Notice:** The Defaulting Person may submit to the Depository a written response to the Requisite Notice (“Response”) within the time stipulated in the Requisite Notice.
- (3) **Notification of decision:** After the conclusion of an enforcement proceeding, the Depository will notify the Defaulting Person in writing of the decision including the penalty imposed (if any).

Rule 39.10 Scope of expedited proceedings:

The Depository may initiate expedited proceedings against a Defaulting Person against whom enforcement action is proposed to be taken instead of the proceedings under Rule 39.09 in circumstances the Depository deems fit, such as in respect of a breach of the Rules which does not typically attract a penalty beyond:

- (1) a reprimand; or
- (2) a fine of RM10,000.00; or
- (3) both the above.

Rule 39.11 Procedures for expedited proceedings:

- (1) The Depository will notify the Defaulting Person in writing that the matter will be proceeded with by way of expedited proceedings. The notice will specify the breach and penalty imposed for the breach (“Determination”).
- (2) The Defaulting Person must, within the time specified in the Determination, inform the Depository in writing whether or not the Defaulting Person agrees with the Determination. A Defaulting Person is deemed to have agreed with the Determination if the Defaulting Person does not respond within the specified time.
- (3) If the Defaulting Person agrees or is deemed to have agreed with the Determination, enforcement action will be recorded as having been taken against the

Defaulting Person on the date of the Defaulting Person's agreement or upon expiry of the specified time.

- (4) If the Defaulting Person agrees or is deemed to have agreed with the Determination, any fine imposed as a penalty for the breach must be paid:
- (i) upon the Defaulting Person informing the Depository in writing of his agreement with the Determination; or
 - (ii) within the time specified in the Determination;
- as the case may be.
- (5) If the Defaulting Person does not agree with the Determination, the matter will proceed under Rule 39.09. The Defaulting Person may, within the time specified in the Determination, submit a written response to the Determination as if the Determination is a Requisite Notice under Rule 39.09(1). In deliberating the matter under Rule 39.09, the Depository is not bound by the Determination and may impose a higher penalty based on the facts or evidence presented during the proceedings under Rule 39.09.

Rule 39.12 No limitation:

Nothing in Rules 39.10 and 39.11 prevent the Depository from proceeding with enforcement proceedings under Rule 39.09 for any breach of a Rule, direction, undertaking, representation or warranty given to the Depository or any other term or condition agreed upon with the Depository.

Rule 39.13 Right of appeal:

- (1) In amplification of Rule 38.05, any party to the enforcement proceedings taken under Rule 39.09 and Rule 39.11(5) who is dissatisfied with a decision resulting from the enforcement proceedings may appeal against such decision in the manner specified

in Rule 39.14 unless the decision was recorded pursuant to an agreed settlement under Rule 39.04 (“the Appellant”).

- (2) The Depository may suspend the enforcement of any action taken under Rule 39.02 that is the subject of the appeal until the disposal of the appeal.

Rule 39.14 Notice of appeal:

The Appellant must, within the time stated in the notification of decision given under Rule 39.09(3), give to the Depository a notice (“Notice of Appeal”) that:

- (1) identifies the decision against which the appeal is made; and
- (2) sets out the ground(s) of the appeal together with the representations to justify the ground(s) relied upon.

Rule 39.15 Deliberation of appeal:

- (1) An Appellant may produce evidence that was not presented at the initial enforcement proceedings if:
 - (a) the evidence was not available at the time of the initial enforcement proceedings; and
 - (b) the evidence would have been likely to have had a determining influence upon the decision appealed against.
- (2) The Appellant must produce the new evidence as stated in Rule 39.15(1) when submitting the Notice of Appeal.
- (3) The Depository may exercise its powers under Rule 37.06 and produce new evidence arising from the Notice of Appeal submitted by a Defaulting Person.
- (4) The Depository may affirm, vary or set aside the decision appealed against.

Rule 39.16 Notification of decision on appeal:

After the conclusion of an appeal, the Depository will notify the Defaulting Person in writing of the decision of the appeal and such decision is final.

Rule 39.17 Effect of an enforcement action:

- (1) A Defaulting Person must give effect to a decision made under Rule 39.09 or Rule 39.11 or an enforcement action affirmed or varied under Rule 39.15 within the time stipulated by the Depository.
- (2) If a Defaulting Person fails to give effect to or comply with such decision made, affirmed or varied, the Defaulting Person is deemed to have committed a breach of these Rules and the Depository may take further action as stated in Rule 39.02.

Rule 39.18 Period of payment and effect of non-payment of fine:

- (1) Without prejudice to Rule 39.17(2), a fine imposed by the Depository must be paid by the Defaulting Person within the time stipulated in the notice under Rule 39.09(3) or Rule 39.16.
- (2) Pursuant to Rule 39.18(1) and Rule 39.11(4), a Defaulting Person who fails to make payment within the stipulated time frame will be summarily suspended from its functions and activities.
- (3) Where the fine remains unpaid 7 days after the suspension under Rule 39.18(2), the Depository may at any time thereafter summarily terminate the Defaulting Person's appointment, if relevant, by notice in writing.

- (4) A fine or any portion of a fine remaining unpaid by a Defaulting Person is a debt owing by the Defaulting Person to the Depository.

Rule 39.19 Effect of suspension:

- (1) A suspension imposed by the Depository upon the Defaulting Person:
 - (a) takes effect on the date notified in the notice under Rule 39.09(3) or Rule 39.16 (“the said notice”); and
 - (b) remains for such period as specified in the said notice but the period may be extended by the Depository for such period as it considers appropriate.
- (2) Nothing in this Rule 39.19 is to be construed as releasing or discharging such Defaulting Person from remaining liable in all respects to fulfill all its obligations pursuant to or under these Rules, directions, undertakings, representations or warranties given to the Depository or any other terms and conditions agreed upon with the Depository.

Rule 39.20 Enforcement action initiated prior to the Effective Date:

- (1) Unless these Rules or the Depository provides otherwise, the Depository will apply the penalties, rules and procedures on enforcement actions applicable prior to the effective date of these new provisions on enforcement actions (“Effective Date”) to an enforcement action instituted by the Depository against a Person prior to the Effective Date.
- (2) The previous penalties, enforcement rules and procedures will also apply to an appeal against a decision on an enforcement action instituted prior to the Effective Date.

**Rule 39.21 Enforcement action initiated on or after the
Effective Date:**

Unless these Rules or the Depository provides otherwise, the Depository may on or after the Effective Date, institute enforcement action against a Person for acts or omissions committed prior to the Effective Date if no enforcement action has been instituted. In doing so, the Depository may apply the new penalties, rules and procedures on enforcement actions applicable from the Effective Date.