

PARTICIPATING ORGANISATIONS' CIRCULAR

Date : 13 May 2016

No : R/R 3 of 2016

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BHD (“RULES OF BURSA SECURITIES”) IN RELATION TO MARGIN FINANCING FOR FOREIGN SECURITIES

1. INTRODUCTION

- 1.1 Bursa Malaysia Securities Berhad (“**the Exchange**”) is making amendments to the Rules of Bursa Securities and issuing a new Directive to allow Participating Organisations (“**POs**”) to provide Margin Financing to the POs’ Clients for the subscription and purchase of foreign securities.

2. REQUIREMENTS IN RELATION TO MARGIN FINANCING FOR FOREIGN SECURITIES

- 2.1 The rule amendments and new Directive set out the following key requirements applicable to the provision of Margin Financing for foreign securities:
- (a) Types of securities: Margin Financing is permitted for the purchase of securities quoted and traded on Recognised Stock Exchanges only.
 - (b) Currency denomination of Margin Account: In relation to Margin Financing provided by a PO to a Client for subscription and purchase of securities on a Recognised Stock Exchange, the currency denomination for a Margin Account must be in ASEAN, USD, EURO, GBP, HKD or RMB currencies only. Please note in relation to this requirement that a Margin Account in Ringgit Malaysia can be used for trading on both the Exchange and on a Recognised Stock Exchange. Payment can be made by a PO for subscription and purchase of securities on the Recognised Stock Exchange by converting the Ringgit Malaysia funds in the Margin Account into the relevant currency denomination for securities traded on the Recognised Stock Exchange.
 - (c) Regulatory framework for Margin Financing: The current regulatory framework for Margin Financing set out in Rule 7.30 will apply to Margin Financing for the subscription and purchase of securities on a Recognised Stock Exchange.

3. RULE AMENDMENTS

- 3.1 The key amendments to the Rules of Bursa Securities are as follows:
- (a) the definition of “Outstanding Balance” in Rule 1.01 is amended to clarify that amounts owed in a Client’s Margin Account may include amounts

owed arising from the Client's trading in securities on a Recognised Stock Exchange; and

- (b) the definition of "securities" in Rule 7.29(3) is amended to clarify that other than for subscription or purchase of securities to be issued on the Exchange or which are traded on the Exchange, Margin Financing may also be extended by a PO to its Clients for subscription or purchase of a new issue of securities to be issued by an Issuer for quotation and trading on a Recognised Stock Exchange, and securities which are quoted and listed on a Recognised Stock Exchange.

3.2 The detailed amendments to the Rules of Bursa Securities are set out in **Annexure 1**. These amendments have been approved by the Securities Commission.

4. NEW DIRECTIVE NO. 7.30-002

4.1 A new Directive No. 7.30-002 (Directives on Margin Financing for Subscription and Purchase of Securities on a Recognised Stock Exchange) is issued to clarify that in relation to Margin Financing provided by a PO to a Client for subscription and purchase of securities on a Recognised Stock Exchange, the currency denomination for a Margin Account must be in ASEAN, USD, EURO, GBP, HKD or RMB currencies only.

4.2 The details of the new Directive are set out in **Annexure 2**.

5. REMINDER

5.1 Pursuant to Rules 5.02 and 5.03, POs must ensure that they have in place adequate arrangements to manage all risks that may arise in providing Margin Financing for the subscription and purchase of securities on a Recognised Stock Exchange, and must have in place structures, internal controls and written policies and procedures designed to identify, monitor and manage those risks (please refer also to the provisions in paragraphs 3 and 4 of Directive No. 5-001).

5.2 POs must ensure that any Margin Financing which is carried out is in compliance with the Foreign Exchange Administration rules administered by Bank Negara Malaysia.

6. EFFECTIVE DATE

6.1 The amendments to the Rules of Bursa Securities and the issuance of the new Directive as set out in paragraphs 3 and 4 above take effect on **13 May 2016** ("the **Effective Date**").

7. CONTACT PERSONS

7.1 In the event of any queries in relation to the above matter, please contact the following persons:

Name	Contact Details
Ng G-Ming	nggm@bursamalaysia.com (03 – 2034 7364)
Saiyid Azhar Syed Azmi (Rules and Directive)	saiyidazhar@bursamalaysia.com (03 – 2034 7581)

This Circular is available at

<http://www.bursamalaysia.com/market/regulation/rules/bursa-malaysia-rules/securities/rules-of-bursa-malaysia-securities>

Regulation