



BURSA MALAYSIA SECURITIES CLEARING SDN BHD (109716-D)

Date: 8 May 2009	No : SBL 2/2009
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AMENDMENTS TO THE BURSA SECURITIES BORROWING AND LENDING (BURSA SBL) TERMS AND CONDITIONS FOR BORROWER PERTAINING TO THE INTRODUCTION OF MARKET MAKING FRAMEWORK BY BURSA MALAYSIA SECURITIES BHD

Kindly be advised that pursuant to Condition 23 of the Bursa SBL (Terms and Conditions for Borrower) ("the T&C for Borrower"), the T&C for Borrower have been amended as set out in "**ANNEXURE 1**" appended herewith ("the T&C for Borrower Amendments") in relation to the introduction of the Market Making framework.

The T&C for Borrower Amendments take effect on 8 May 2009.

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Clearing and Settlement Operations



**BURSA SBL (TERMS AND CONDITIONS FOR BORROWER)
AMENDMENTS IN RELATION TO MARKET MAKING**

The following sets out the amendments to the Bursa SBL (Terms and Conditions for Borrower) in relation to market making consequential upon the introduction of the market making framework under the Rules of Bursa Malaysia Securities Berhad. The purpose of the amendment is provided.

1.0 CONDITION 1

Condition 1 Definitions

1.1 [“Market Maker” shall have the meaning as is assigned to that expression in the Exchange Rules;](#)

Purpose of amendment: This is a new definition to set out the meaning to be ascribed to the term as referred to in Condition 16(e).

~~[“Participating Dealer” shall have the meaning as is assigned to that expression in the Securities Commission’s Guidelines on Exchange Traded Funds;](#)~~

Purpose of amendment: The definition has been deleted as a Participating Dealer is no longer a person detailed in the Exchange Rules as eligible to apply as a Market Maker.

Condition 16 Borrower’s Warranties

1.2 Condition 16 be amended as follows.

The Borrower hereby warrants and undertakes to Bursa Clearing (S) on a continuing basis to the intent that such warranties shall survive the completion and/or termination of the transaction contemplated herein that, where acting as a Borrower:-

- (a) it has all necessary licences and approvals, and is duly authorised and empowered, to perform its duties and obligations under these SBL Conditions and will do nothing prejudicial to the continuation of such authorisation, licences or approvals;
- (b) it is not restricted under the terms of its constitution or in any other manner from borrowing Securities in accordance with these SBL Conditions or from otherwise performing its obligations hereunder;
- (c) it is absolutely entitled to pass full legal and beneficial ownership of all Collateral provided by it hereunder to Bursa Clearing (S) free from all liens, charges and encumbrances;
- (d) it is acting as principal in respect of these SBL Conditions;
- (e) it is borrowing the Loaned Securities for any one of the following purposes:-
 - (i) to facilitate the settlement of a regulated short sale as defined in the Rules of Bursa Securities in Eligible Securities and which is effected in accordance with the Rules of Bursa Securities, whether on its own account or on account of the Borrower’s Client;
 - (ii) to facilitate the settlement of a sale of Eligible Securities effected on Bursa Securities whether on the Borrower’s own account or on account of the Borrower’s Client where there are no Securities or insufficient Securities in



the Securities Account of the Borrower or the Borrower's Client as will enable the Borrower or the Borrower's Client to meet its delivery obligations to the purchaser (in accordance with the Rules of Bursa Securities relating to delivery and settlement) pursuant to a sale trade executed by the Borrower or the Borrower's Client on Bursa Securities, as a result of a mistake however made when executing the sale trade provided always that the mistake was made in good faith and discovered only after the sale trade has been executed; or

- (iii) in relation to Eligible Securities that are ETF units or the Constituent Securities (hereinafter the ETF Units, the Constituent Securities or any one of the Constituent Securities shall be collectively referred to as "the ETF Related Securities"), to facilitate the settlement of a sale in the ETF Related Securities where the following requirements are complied with:-
 - (aa) the sale was executed by the Borrower in its capacity as a Participating Dealer Market Maker for that particular ETF Related Securities or executed by the Borrower for its client who is a Market Maker for that particular ETF Related Securities; and
 - (bb) the Borrower executed the sale as part of its Permitted Short Selling activities or as part of the Permitted Short Selling activities of the Borrower's client in accordance with the rules on Permitted Short Selling as contained in the Rules of Bursa Securities; or
- (iv) for such other purposes as may be determined by Bursa Clearing (S) pursuant to the Rules of Bursa Clearing (S).
- (f) the Securities Account(s) stated in the SBL Account Opening Form shall be used for the specific primary purpose of facilitating Securities borrowing and lending transactions under these SBL Conditions, in accordance with relevant conditions or requirements as may be prescribed by Bursa Depository;
- (g) for so long as the Loan shall remain outstanding, it shall not close, or it shall ensure no closure of, the Securities Account(s) stated in the SBL Account Opening Form; and
- (h) the Borrower shall comply with all other requirements in relation to the Bursa SBL imposed by the taxation authorities in Malaysia in order to qualify for relief from stamp duty and income tax.

Purpose of amendment: The amendments to Condition 16(e)(i) and (ii) are consequential upon the introduction of the market making framework under the Rules of Bursa Malaysia Securities Berhad which, among other things, provides that entities other than Participating Dealers will be eligible to register as market makers.