

CHAPTER 2 ADMINISTRATION
PART A POWERS OF THE EXCHANGE

2.01 Exercise of Powers

- (1) Subject to the provisions of the Securities Laws, the Exchange may exercise its powers in such manner and on such terms as it considers necessary or expedient.
- (2) The powers of the Exchange include:
 - (a) making new rules;
 - (b) adding to, repealing, enforcing, waiving or modifying compliance with these Rules or Directives;
 - (c) administering, managing and formulating policies in relation to these Rules;
 - (d) issuing Directives for the purposes of or in connection with these Rules;
 - (e) interpreting conclusively any provision of these Rules and any Directives having regard to the spirit, intention, purpose and the substance of such Rules and Directives;
 - (f) granting, suspending, varying or revoking the rights of any Participant or Registered Person;
 - (g) imposing terms and conditions in relation to any decision, approval, or act done by the Exchange in connection with these Rules and subsequently at any time revoke, waive, vary or amend such terms and conditions;
 - (h) enforcing directions given by the Commission;
 - (i) requiring any Participant or Relevant Person to maintain and provide reports, information, Documents, Books and Records to the Exchange in relation to any matter under these Rules or Directives;

[Refer to Directive No. 2.01(2)-001 and Directive No. 2.01(2)-003]

- (j) pursuant to a finding from any inspection or investigation on a Participant or Registered Person, requiring a Participant or Registered Person to take appropriate action against the Participant's or Registered Person's employees or agents if such employees or agents have caused the Participant or Registered Person to violate these Rules or Directives;
- (k) undertaking a readiness audit on a Participant or requiring a Participant to carry out its own readiness audit, with the scope, criteria and manner to be determined by the Exchange;

[Refer to Directive No. 2.01(2)-002]

- (l) imposing charges, fees and penalty for late payment or non-payment of charges, fees or any other amount due to the Exchange;
- (m) referring any act or conduct of a Participant or Registered Person to an appropriate authority;
- (n) appointing a committee, sub-committee, officers of the Exchange or an agent to exercise the Exchange's powers under these Rules, where appropriate;

- (o) where the Exchange deems necessary, ordering a Participant to:
 - (i) liquidate or cause to be liquidated all or a portion of the Contracts or Open Positions in its Proprietary Account or Client's Accounts;
 - (ii) close any Contracts or Open Positions held by the Participant in its Proprietary Account, or transfer or cause to be transferred all or a portion of the Contracts or Open Positions in its Proprietary Account or Client Accounts to another Clearing Participant;
 - (iii) trade at the Exchange's instruction on behalf of another Participant at such rates of commission determined by the Exchange; or
 - (iv) trade for liquidation purposes only.
 - (p) determining the manner of trading, the limits on Open Positions in any Contract or for any Participant and the trading practices in the Market;
 - (q) undertaking any further, ancillary or consequential action pursuant to an initial decision or action taken by the Exchange, Commission or Clearing House in relation to a Participant or a Registered Person;
 - (r) exercising all such powers as may be necessary for the purpose of monitoring compliance with and enforcement of these Rules and Directives;
 - (s) exercising any power and taking any action (including preventive or pre-emptive action) which in the Exchange's opinion is necessary for the existence or maintenance of an orderly and fair Market.
- (3) The exercise of any specific powers conferred on the Exchange in any other provisions in these Rules does not prejudice or waive the exercise of any power by the Exchange under Rule 2.01(2).
- (4) Where any provision of these Rules empowers, authorises or enables the Exchange to do or enforce the doing of any act or thing, the Exchange has all such powers or rights as may be necessary or reasonably incidental to the Exchange doing or enforcing the doing of the act or thing.
- (5) A Participant and Registered Person must comply with and give effect to any Directives the Exchange issues in exercising the powers under these Rules.

2.02 Disapplication of disciplinary proceedings in Chapter 11

- (1) The disciplinary proceedings specified in Chapter 11 do not apply to any action taken under Rule 2.01(2)(s) or to any action described under these Rules or Directives as taken 'summarily' by the Exchange ("the Relevant Rules").
- (2) In taking any of the actions under the Relevant Rules, the Exchange need not give a Participant or Registered Person a prior opportunity to be heard.
- (3) Where an action is taken under the Relevant Rules, a Participant or Registered Person may make representations to the Exchange to discontinue the action taken. The Exchange may, after considering the representations made, discontinue with the action taken or take any other action it considers necessary in the circumstances. However, such discontinuance is not to be construed as an omission or error on the part of the Exchange in taking the action under the Relevant Rules in the first place.
- (4) The Exchange's decision after considering the representations made is final and binding on the Participant or Registered Person.

2.03 Validity of Actions

- (1) Any amendments to the Rules or Directives (“the Amendments”) do not affect:
 - (a) the accrued rights of the Exchange and the accrued obligations of Participants and Registered Persons under these Rules or Directives which are effective prior to the Amendments; and
 - (b) any conditions, undertakings, decisions, waivers, act or thing imposed on or given by or done by Participants and Registered Persons prior to the Amendments.
- (2) Any action proposed to be taken or is in the process of being taken or has been taken by the Exchange in relation to any provisions of these Rules or Directives which are effective prior to the Amendments, will not be invalidated by the Amendments even if the above action is taken on or after the effective date of the Amendments.

2.04 Powers of Exchange Holding Company

- (1) Where any provision of these Rules confers a right or power on the Exchange 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 Exchange.
- (2) A Participant, Registered Person and other person to whom these Rules are directed must comply with, observe or give effect to any action of the Exchange Holding Company pursuant to Rule 2.04(1).

2.05 Decisions of the Exchange and Right of Appeal

- (1) Any decision of the Exchange, including a decision on appeal, is final and binding.
- (2) A person may only appeal against any action or decision taken or made by the Exchange under these Rules or Directives if the right of appeal is expressly provided for under the relevant provisions of these Rules.
- (3) The Exchange may affirm, vary or set aside the decision appealed against.

2.06 Parties affected by actions taken by the Exchange

A Participant and Registered Person must ensure that a proxy, agent, nominee or other person acting in concert with the Participant, Registered Person or Clients of a Participant complies with any direction issued by the Exchange to the Participant and Registered Person.

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PART B PROTECTION OF PUBLIC, CLIENT AND THE EXCHANGE'S INTEREST

2.07 Summary Powers

The Exchange may summarily take such action that the Exchange thinks fit against a Participant or Registered Person to protect the interests of Clients, the public or the Exchange.

[Refer to Directive No. 2.07-001]

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PART C EMERGENCY SITUATIONS

2.08 Circumstances upon which the Exchange may take action

The Exchange may exercise its emergency powers where there is reasonable cause to believe that any of the following circumstances or circumstances similar to the following exist:

- (a) a situation exists which threatens the integrity, liquidity or orderly liquidation of any Contract;
- (b) a situation exists which threatens the financial integrity of the Market or its Participants;
- (c) a manipulation, manipulative activity, attempted manipulation, corner or squeeze is occurring or threatened;
- (d) the liquidity of a Contract or its orderly liquidation is threatened by the concentration of positions in the hands of individuals who are or appear to be unable or unwilling to make or take delivery in the ordinary course;
- (e) an action of the Malaysian or any foreign government or authority is likely to have a direct and adverse impact on the integrity, liquidity and orderly liquidation of any Contract; or
- (f) where the operations of the Market are, or are likely to be severely and adversely affected by a physical emergency, including but not limited to fire or transportation breakdowns, computer malfunctions, or other hazard, power failure, communication or similar disruptive events, the Exchange may take any action necessary to deal with the emergency, including but not limited to, a suspension of trading.

2.09 Actions

- (1) Upon determination by the Exchange under Rule 2.08 that an emergency has arisen or exists, the Exchange may, without prejudice to the generality of such powers, order that all or any of the following actions be taken or take any other action that may be appropriate to remedy the situation:
 - (a) suspend any of the provisions of these Rules or make or impose new temporary rules (“Emergency Rules”) to ensure an orderly and fair market;
 - (b) suspend trading on the Market;
 - (c) suspend trading in a Contract;
 - (d) limit trading to liquidation of Contracts;
 - (e) order a Participant to transfer positions and associated collateral/cash to another Participant;
 - (f) order liquidation of all or a portion of a Participant’s Open Positions and/or those of his Clients;
 - (g) confine trading in a Contract to a specified price range;
 - (h) modify Business Day or trading hours;
 - (i) alter terms and conditions of settlement including the power to order cash settlement in the case of deliverable Contracts;
 - (j) impose higher financial requirements on a Participant;

- (k) recommend to the Exchange the emergency settlement price for a Contract;
 - (l) recommend to the Clearing House the transfer of any Participant's Open Positions;
 - (m) suspend Participant's trading rights; and
 - (n) any other action deemed appropriate.
- (2) All Emergency Rules made and imposed by the Exchange are binding on all Participants, Registered Persons and employees for such period and in accordance with the terms and conditions stipulated by the Exchange.

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PART D LIABILITY AND INDEMNITY

2.10 Non-liability of the Exchange

- (1) Without prejudice to any immunity or defence available to the following persons by statute or in law, none of the following persons is liable for, on account of or in respect of anything done or omitted to be done, any such statement made or omitted to be made by such persons or on behalf of such persons in good faith in connection with the discharge or performance or purported discharge or performance of any function or duty, or the exercise or intended exercise of any power under these Rules or any applicable law or in respect of any decision made or enforcement action taken or notice of publication in relation to such enforcement action, whether resulting in any loss of profit, costs, damages or damage to reputation or otherwise:-
- (a) the Exchange or the Exchange Holding Company;
 - (b) any person acting on behalf of the Exchange or the Exchange Holding Company, including:
 - (i) any member of the board of the Exchange or Exchange Holding Company or any member of any committee or sub-committee of the Exchange or Exchange Holding Company;
 - (ii) any officer of the Exchange or Exchange Holding Company; or
 - (iii) any agent of, or any person acting under the direction of the Exchange or Exchange Holding Company.
- (2) The Exchange is not liable for any losses incurred due to interruption of its operations as a consequence of force majeure, riot, acts of war or natural disasters or other events for which the Exchange is not responsible or that may result from actions by governmental authorities locally or abroad. The same will apply with respect to any loss or damage suffered by a Participant as a consequence of any act or omission on the part of the Exchange, in connection with the discharge or performance or purported discharge or performance of any duties under these Rules or any applicable law, including technical problems or of the full or partial unavailability of the Exchange's ATS, provided that such act or omission was done in good faith.
- (3) The Exchange is not liable for the accuracy and completeness of any information received and disseminated by it on the prices of underlying Instruments and other data received by it from third parties.
- (4) In relation to an exchange for related position under Chapter 6, the Exchange is not liable for any loss or damage caused to any party in relation to the agreement for the relevant related position, which has been exchanged for the Contract.

2.11 Indemnity

Each Participant must indemnify and hold the Exchange harmless for the full amount of any judgement or settlement paid by the Exchange in respect of any legal proceedings brought against the Exchange as a result of an alleged violation of any laws or these Rules by such Participant or as a result of an alleged failure of the Exchange to detect, prevent or otherwise act against such alleged violations.

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PART E DISCLOSURE OF INFORMATION

2.12 Disclosure of information regarding Participants

- (1) The Exchange may, where it considers appropriate, disclose any information regarding a Participant's financial position or otherwise; including any confidential information in relation to a Participant, Registered Person or Client:
 - (a) to the Commission, Clearing House or any other relevant body or authority (in Malaysia or outside of Malaysia) as the Exchange considers fit; or
 - (b) to such parties as the Exchange considers fit for the purposes of the Exchange's investigation, enforcement or both.

- (2) The Exchange may publish or disclose the following information to a Participant or other persons as the Exchange considers fit:
 - (a) without identifying the Client of the Participant to whom the information relates, the volume or value of trading in Contracts transacted by all or any or each of the Participants; or
 - (b) any action taken against a Participant or Registered Person by the Exchange under these Rules.

[End of Chapter 2]