

~~RULE 400~~ CHAPTER 2 ADMINISTRATION

PART A POWERS OF THE EXCHANGE

**Rule 400**

~~For the purposes of Rule 401 to Rule 406 inclusive, except where the context requires otherwise, the reference to "Participants" shall include Trading Participants, Local Participants, Associate Participants, Officers of Trading Participants, Associate Participants, Registered Representatives and Associate Participant's Representatives.~~

**Rule 401** ~~— Powers of Exchange~~

**Rule 401.1**

~~[This Rule has been deleted]~~

**Rule 401.2**

~~[This Rule has been deleted]~~

**Rule 401.3**

~~[This Rule has been deleted]~~

**Rule 401.42.01 Exercise of Powers**

~~The integrity of the Exchange shall be maintained through the enforcement of these Rules and the adoption of high professional standards and ethics in the management of the Exchange. In performing such duties and other duties prescribed by the Capital Markets and Services Act, the constitution of the Exchange and these Rules, the Exchange shall be empowered to:-~~

- ~~(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) require any Participant to attend a meeting at any time and give such information as may be in their possession relating to any matter under investigation by the Exchange or any of the committees established under these Rules and every Participant shall ensure that all such requirements are met promptly and complied with and that the information asked for is made available promptly;~~
  - ~~(aa) make new policies and rules for the order and good governance of the Participants and in this regard have the relevant powers to add, vary, repeal, enforce or waive any of these Rules;~~
  - ~~(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;~~~~

- ~~(b) require any Participant to furnish any particulars and to produce for inspection all books, letters, telegrams, facsimiles, telex, computer print-outs or copies thereof, and any other documents or information in its possession as may be required by the Exchange or any of its committees and such Participant shall without delay ensure that such particulars are furnished and other material as aforesaid is produced accordingly;~~
- ~~(bbd) issuing directives~~Directives, rulings or guidelines for the purposes of or in ~~conjunction~~ connection with ~~any of these~~ Rules;
- ~~(c) investigate the accounts and affairs of any Participant whenever in its opinion such action appears warranted;~~
- ~~(d) [This sub-rule has been deleted]~~
- ~~(e) [This sub-rule has been deleted]~~
- ~~(fe) Subject to Rule 401A, interpreting~~ conclusively any provision of these Rules and any Directives and the validity of any act or things done pursuant thereto in the event of any dispute or difference over such Rules; 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;~~
- ~~(ki) requireing the any Participants or Relevant Person to maintain and submit provide reports, information, and/or dDocuments, Books and Records to the Exchange in the manner, mode and frequency as shall be prescribed by the Exchange 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) The Exchange may at any time imposeing, vary or waive any charges, fees, charges or and penalty for late payment or non-payment of charges, fees, charges 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, on such terms as it considers necessary or expedient where appropriate;~~

- (o) where the Exchange deems necessary, ordering ~~the~~ a Participant to:
- (i) liquidate or cause to be liquidated ~~such—~~all or a portion of the Participant's Contracts or Open Positions in its Proprietary Account and/or Client's Accounts ~~as the Exchange deems necessary to ensure the integrity of any Contract or to ensure an orderly and liquid market;~~
  - (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.
- (j) ~~order the Participant to transfer or caused to be transferred existing Open Positions to another Clearing Participant or prescribe restrictions on positions as the Exchange deems necessary to ensure the integrity of any Contract to ensure an orderly and liquid market;~~
- (p) determineing the manner of trading, the limits on Open Positions in any Contract or for any Participant and the trading practices in the ~~market~~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;
- (gr) Subject to Rule 401A, ~~exercising~~ all such powers as may be necessary ~~to for the purpose of monitoring compliance with and enforce enforcement and implement~~ these Rules and Directives;
- (ps) ~~exercise~~ exercising all such ~~other~~any powers and ~~taking~~ any action (including preventive or pre-emptive action) which in the Exchange's opinion is necessary ~~to ensure~~for the existence or ~~continuance~~ maintenance of an orderly and fair Market;
- ~~and generally to do all things necessary for the smooth and efficient running of the Exchange.~~
- (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).

#### **Rule 401.4A — Incidental Powers of the Exchange**

- (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 ~~shall have~~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.

### **Rule 401.82.04 Powers of Exchange Holding Company**

- (a1) 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 ~~h~~Holding ~~e~~Company to do such act or thing on behalf of the Exchange.
- (b2) An applicant, ~~a~~A Participant, ~~a~~Registered ~~p~~Person(s) and other persons ~~s~~ to whom these Rules are directed ~~are bound to~~must comply with, observe or give effect to any action of the Exchange ~~h~~Holding ~~e~~Company pursuant to Rule ~~401.8(a)2.04(1)~~above.

### **Rule 401A2.05 Appeals Against Decisions of the Exchange and Right of Appeal**

- (a1) Any decision of the Exchange, ~~including a decision on appeal~~, is final and binding.
- (2) ~~and a~~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.
- (b) ~~The decision of the Exchange on appeal is final and binding on the person appealing.~~
- (c) ~~[Deleted]~~
- (d) ~~[Deleted]~~
- (e) ~~[Deleted]~~

**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.

**~~Rule 404 — Employees of the Exchange~~**

~~Participants will ensure that employees of the Exchange/Exchange holding company shall not have any beneficial interest in a Participant, or in any Contract traded in the Market, provided that:-~~

- ~~(a) — members of any committee of the Exchange/Exchange holding company who are employees of Trading Participants shall be deemed not to be employees of the Exchange; and~~
- ~~(b) — nothing in this Rule shall prevent any employee of the Exchange/Exchange holding company from holding shares in a Listed Corporation.~~

**~~Rule 401.4B — Effect of Powers~~**

~~Subject to Rule 401A, the Exchange's decision shall be final and binding on all Participants and persons to whom these Rules shall apply.~~

**~~Rule 401.5~~**

~~[This Rule has been deleted]~~

**~~Rule 401.6~~**

~~[This Rule has been deleted]~~

**~~Rule 401.7~~**

~~[This Rule has been deleted]~~

**~~Rule 402~~**

**~~Rule 402.1~~**

~~[This Rule has been deleted]~~

**~~Rule 402.2~~**

~~[This Rule has been deleted]~~

**~~Rule 402.3~~**

~~[This Rule has been deleted]~~

**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

Rule 707.42.08 Emergency Rules Circumstances upon which the Exchange may take action

- (a) The Exchange may exercise its emergency powers ~~in the event that~~where there is reasonable cause to believe that any of the following circumstances or circumstances similar to the following exist:
- (ia) a situation exists which threatens the integrity, liquidity or orderly liquidation of any Contract;
  - (ib) a situation exists which threatens the financial integrity of the Market or its Participants;
  - (ic) a manipulation, manipulative activity, attempted manipulation, corner or squeeze is occurring or threatened;
  - (id) 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; ~~or~~
  - (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) ~~(a) — In the event that~~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 ~~shall~~may take any action necessary to deal with the emergency, including but not limited to, a suspension of trading.

2.09 Actions

- (b1) Upon determination by the Exchange under Rule ~~707.4(a)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;
  - (iii) alter terms and conditions of settlement including the power to order cash settlement in the case of deliverable Contracts;

- ~~(ix)~~ impose higher financial requirements on a Participant;
  - ~~(xk)~~ recommend to the Exchange the emergency settlement price for a Contract;
  - ~~(xii)~~ recommend to the Clearing House the transfer of any Participant's Open Positions;
  - ~~(xiim)~~ suspend Participant's trading rights; and
  - ~~(xiin)~~ any other action deemed appropriate.
- ~~(c) The Exchange shall, in the exercise of the powers under Rules 707.4(a) and 707.4(b), duly notify the Commission of any actions or decisions taken, including the justifications for such actions or decisions taken, as soon as reasonably possible.~~
- (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.

~~Rule 707.5 Physical Emergency~~

- ~~(a) In the event that 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 shall take any action necessary to deal with the emergency, including but not limited to, a suspension of trading.~~
- ~~(b) When the physical emergency has abated sufficiently to permit the orderly functioning of the Market, the Exchange shall order trading to be restored or remove any restrictions, which were previously imposed.~~
- ~~(c) Further, the Exchange may at its discretion order an extension of trading hours following a period of suspension made pursuant to Rule 707.5(a) above.~~
- ~~(d) If the Exchange is of the opinion that non-immediate emergency action may be necessary, a meeting of the relevant committee of the Exchange shall be called to consider the emergency and take any action that the Exchange deems fit.~~

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**PART D LIABILITY AND INDEMNITY**

**Rule 403.10 Indemnity/Non-liability of the Exchange**

**Rule 403.1**

~~(a)(1)~~ Without prejudice to any immunity or defence available to the following persons by statute or in law, none of ~~such the following~~ persons shall be 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 ~~thereof in relation to such enforcement action~~, whether resulting in any loss of profit, costs, damages or damage to reputation or otherwise:-

- ~~(ia)~~ the Exchange or the Exchange ~~holding Holding company Company~~;
- ~~(ib)~~ any person acting on behalf of the Exchange or the Exchange ~~holding Holding company Company~~, including:
  - ~~(1i)~~ any member of the board of the Exchange or Exchange ~~holding Holding company Company~~ or any member of any committee ~~or sub-committee~~ of the Exchange or Exchange ~~holding Holding company Company~~;
  - ~~(2ii)~~ any officer of the Exchange or Exchange ~~holding Holding company Company~~;  
or
  - ~~(3iii)~~ any agent ~~of, third party service provider~~ or any person acting under the direction of the Exchange or Exchange ~~holding Holding company Company~~.

**Rule 403.2**

*[This Rule has been deleted]*

**Rule 403.3**

*[This Rule has been deleted]*

**~~Rule 405 Disclosure of Information~~**

~~The Exchange has the authority of each Participant to supply any particulars or information relating to the activities, assets and liabilities of the Participant in the possession of the Exchange to the Clearing House, the Commission or any statutory body or government agency or to any person (subject to the provisions of the Capital Markets and Services Act) if the Exchange in its absolute discretion feels it necessary or desirable for the proper performance of its function.~~

**~~Rule 406 Compliance with the Act~~**

**~~Rule 406.1~~**

~~The Exchange and its committees and Officers must at all times comply with the Capital Markets and Services Act and directives given by the Minister or the Commission pursuant to powers vested under the Capital Markets and Services Act.~~

**Rule 710 Rule 2.11 Non-liability of the Exchange**

**Rule 710.1**

~~(1)~~(2) The Exchange ~~shall not be~~ 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 ~~shall 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.

**Rule 710.2**

~~(2)~~(3) The Exchange ~~shall not be~~ 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.

**Rule 700B.8 Liability of the Exchange**

~~(3)~~(4) In relation to an exchange for related position under Chapter 6, The the Exchange and/or Clearing House shall not be 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 ~~shall~~ 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.

*[The rest of this page is intentionally left blank]*

**PART E DISCLOSURE OF INFORMATION**

**2.12 Disclosure of information regarding Participants**

- (1) ~~401.4(h)~~The Exchange may, where it considers appropriate, disclose any information regarding a Participant's financial position or otherwise ~~to the Commission or the Clearing House when so requested; 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 ~~Business Rule 400~~Chapter 2)