

PARTICIPATING ORGANISATIONS' CIRCULAR

Date : 23 June 2017

No : R/R 8 of 2017

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD ("RULES OF BURSA SECURITIES") PURSUANT TO THE INTRODUCTION OF THE MARKETING REPRESENTATIVE FRAMEWORK BY SECURITIES COMMISSION MALAYSIA ("COMMISSION")

1. INTRODUCTION

- 1.1 The Commission has issued the new Guidelines for Marketing Representatives to introduce a Marketing Representative framework. The new guidelines will supersede the Guidelines for Registered Person (Registered Representative). The Commission has also made amendments to the Licensing Handbook to remove the provisions relating to referral agent activities and to insert provisions relating to Trading Representatives (previously set out in the Guidelines for Registered Person (Registered Representative)). These amendments and the new guidelines take effect on 23 June 2017. Bursa Malaysia Securities Berhad ("**the Exchange**") has accordingly amended the Rules of Bursa Securities and the Directives to reflect the changes made by the Commission.
- 1.2 The amendments are detailed in paragraphs 2 and 3 below.

2. RULE AMENDMENTS

- 2.1 The key amendments to the Rules of Bursa Securities are as follows:
- (a) inserting a new definition for "Marketing Representative" and deleting the definitions for "Introducing Representative", "Guidelines for Registered Person (Registered Representative)" and "Registered Representative"; and
 - (c) replacing the term "Registered Representative" with "Marketing Representative" and "Trading Representative".
- 2.2 The amendments to the Rules of Bursa Securities are set out in **Annexure 1**.

3. AMENDMENTS TO DIRECTIVES

- 3.1 The key amendments to the Directives are as follows:
- (a) Directive 5-001 (Directives on Conduct of Business) – clarifying the Participating Organisation's obligations to have adequate and effective written policies and procedures in relation to supervising the opening of accounts for Clients to also include the policies and procedures to assist its Marketing Representatives and Trading Representatives in learning essential

information about the applicant as required under Rule 5.15(1)(a). Directive 5-001 is also amended to replace the term “Registered Representative” with “Marketing Representative” and “Trading Representative” in relation to the authentication of account opening application.

- (b) Directive 5.13(1)-001 (Directives on Referral Agents) – deleting Directive 5.13(1)-001 consequential to the removal of the provisions on referral agents from the Commission’s Licensing Handbook.

3.2 The amendments to the Directives are set out in **Annexure 2**.

4. EFFECTIVE DATE

The amendments to the Rules of Bursa Securities and the Directives as set out in paragraphs 2 and 3 take effect on **23 June 2017**.

5. CONTACT PERSON

In the event of any queries in relation to this circular, please contact the following persons:

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This Circular is available at

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

Regulation



**RULES OF BURSA MALAYSIA SECURITIES BHD
AMENDMENTS TO THE RULES PURSUANT TO THE INTRODUCTION OF THE MARKETING REPRESENTATIVE FRAMEWORK BY
SECURITIES COMMISSION MALAYSIA**

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
1.01 Definitions	Guidelines for Registered Person (Registered Representative): Commission's Guidelines for Registered Person (Registered Representative).	1.01 Definitions	Guidelines for Registered Person (Registered Representative): Commission's Guidelines for Registered Person (Registered Representative). <i>[Deleted]</i>
	Introducing Representative: Same meaning as in the Guidelines for Registered Person (Registered Representative).		Introducing Representative: Same meaning as in the Guidelines for Registered Person (Registered Representative). <i>[Deleted]</i>
	New definition		Marketing Representative: <u>Same meaning as in the Guidelines for Marketing Representatives issued by the Commission.</u>
	Registered Representative: Same meaning as in the Guidelines for Registered Person (Registered Representative).		Registered Representative: Same meaning as in the Guidelines for Registered Person (Registered Representative). <i>[Deleted]</i>
	Trading Representative: Same meaning as in the Guidelines for Registered Person (Registered Representative).		Trading Representative: Same meaning as in the Guidelines for Registered Person (Registered Representative). <u>Commission's Licensing Handbook.</u>
11.02 Rates	(3) A Participating Organisation must not share any commission it receives in connection with a trade executed for a Client with any person except its Dealer's Representatives or Registered Representatives.	11.02 Rates	(3) A Participating Organisation must not share any commission it receives in connection with a trade executed for a Client with any person except its Dealer's Representatives, <u>Marketing Representatives</u> or Registered Representatives <u>Trading Representatives.</u>

AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BHD
 pursuant to the introduction of the Marketing Representative framework by Securities Commission Malaysia



RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
11.02 Rates	(3A) A Dealer's Representative must not share any commission the Dealer's Representative receives in connection with a trade executed by a Client with any person except the Dealer's Representative's Participating Organisation or any of the Participating Organisation's Registered Representatives or other Dealer's Representatives.	11.02 Rates	(3A) A Dealer's Representative must not share any commission the Dealer's Representative receives in connection with a trade executed by a Client with any person except the Dealer's Representative's Participating Organisation or any of the Participating Organisation's <u>Marketing Representatives, Registered Representatives</u> Trading Representatives or other Dealer's Representatives.

[End of Amendments to Rules]



**PARTICIPATING ORGANISATIONS' DIRECTIVES AND GUIDANCE
AMENDMENTS TO THE DIRECTIVES PURSUANT TO THE INTRODUCTION OF THE MARKETING REPRESENTATIVE FRAMEWORK BY
SECURITIES COMMISSION MALAYSIA**

DIRECTIVES ON CONDUCT OF BUSINESS – NO. 5-001

PARAGRAPH	EXISTING PROVISIONS	PARAGRAPH	AMENDED PROVISIONS
4.1	<p>Written policies and procedures and internal controls</p> <p>A Participating Organisation must have adequate and effective written policies and procedures in relation to:</p> <p>Supervision of business activities</p> <p>(1) Clients:</p> <p style="padding-left: 20px;">(a) on opening accounts for Clients including:</p> <p style="padding-left: 40px;">(i) steps to verify the Client's identity and the authenticity of the application;</p> <p style="padding-left: 40px;">(ii) evaluating and assessing applicants; and</p> <p style="padding-left: 40px;">(iii) assisting the Participating Organisation's Dealer's Representatives in learning essential information about the applicant as required under Rule 5.15(1)(a);</p>	4.1	<p>Written policies and procedures and internal controls</p> <p>A Participating Organisation must have adequate and effective written policies and procedures in relation to:</p> <p>Supervision of business activities</p> <p>(1) Clients:</p> <p style="padding-left: 20px;">(a) on opening accounts for Clients including:</p> <p style="padding-left: 40px;">(i) steps to verify the Client's identity and the authenticity of the application;</p> <p style="padding-left: 40px;">(ii) evaluating and assessing applicants; and</p> <p style="padding-left: 40px;">(iii) assisting the Participating Organisation's Dealer's Representatives, <u>Marketing Representatives and Trading Representatives</u> in learning essential information about the applicant as required under Rule 5.15(1)(a);</p>



PARAGRAPH	EXISTING PROVISIONS	PARAGRAPH	AMENDED PROVISIONS
9.1	<p>Authentication of account opening application</p> <p>(2) A Participating Organisation must comply with the following in verifying the Client's identity and the authenticity of the application:</p> <p>(a) where the Client appears in person before the Participating Organisation to submit the application, the Participating Organisation must ensure the Client signs the account opening application form in the presence of an officer, a Dealer's Representative, or a Registered Representative authorised by the Participating Organisation, and the officer, Dealer's Representative or Registered Representative verifies the Client's identity and the authenticity of the application;</p> <p>(3) Pursuant to paragraph 9.1(2)(b)(i), the Client's identity and the authenticity of the application must be verified by any of the following persons ("Acceptable Witnesses"):</p> <p>(a) an officer, a Dealer's Representative or a Registered Representative authorised by the Participating Organisation;</p>		<p>Authentication of account opening application</p> <p>(2) A Participating Organisation must comply with the following in verifying the Client's identity and the authenticity of the application:</p> <p>(a) where the Client appears in person before the Participating Organisation to submit the application, the Participating Organisation must ensure the Client signs the account opening application form in the presence of an officer, a Dealer's Representative, <u>a Marketing Representative</u> or a <u>Registered Representative Trading Representative</u> authorised by the Participating Organisation, and the officer, Dealer's Representative, <u>Marketing Representative</u> or <u>Registered Representative Trading Representative</u> verifies the Client's identity and the authenticity of the application;</p> <p>(3) Pursuant to paragraph 9.1(2)(b)(i), the Client's identity and the authenticity of the application must be verified by any of the following persons ("Acceptable Witnesses"):</p> <p>(a) an officer, a Dealer's Representative, <u>a Marketing Representative</u> or a <u>Registered Representative Trading Representative</u> authorised by the Participating Organisation;</p>



DIRECTIVES ON REFERRAL AGENTS – NO. 5.13(1)-001

EXISTING PROVISIONS	AMENDED PROVISIONS
Relevant to : Rule 5.13(1) Introduced with effect from : 2 May 2013 Amended : N/A POs' Circular No(s). : R/R 5 of 2012 Refer also to Directive No(s). : N/A	Relevant to : Rule 5.13(1) Introduced with effect from : 2 May 2013 Amended : N/A POs' Circular No(s). : R/R 5 of 2012 Refer also to Directive No(s). : N/A <p style="text-align: center;"><i>[Deleted]</i></p>

[End of Amendments to Directives]