

## PARTICIPATING ORGANISATIONS' CIRCULAR

Date : 16 December 2020

No : R/R 15 of 2020

### DIRECTIVE TO:

- (I) UPLIFT THE TEMPORARY SUSPENSION OF REGULATED SHORT SELLING (“RSS”);
  - (II) FURTHER EXTEND THE TEMPORARY SUSPENSION OF INTRADAY SHORT SELLING (“IDSS”) AND SHORT SALE OF DAY TRADING ELIGIBLE SECURITIES (“PDT SHORT SALE”); AND
  - (III) FURTHER EXTEND THE TEMPORARY WAIVERS IN RELATION TO DAY TRADING
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### 1.0 INTRODUCTION

1.1 Reference is made to the following:

- (a) the temporary suspension of RSS, IDSS and PDT Short Sale implemented from 24 March 2020 vide the Participating Organisations (“PO”) Circular No. R/R 5 of 2020, extended vide PO Circular R/R 7 of 2020 and PO Circular No. R/R 10 of 2020 to 30 June 2020 and 31 December 2020, respectively (“**Temporary Suspension of Short Selling Frameworks**”); and
- (b) the temporary waivers in relation to Day Trading implemented from 15 June 2020 until the upliftment of the Temporary Suspension of Short Selling Frameworks vide PO Circular R/R 9 of 2020 (“**PDT Temporary Waivers**”).

1.2 The prolonged and resurgence of the Covid-19 pandemic globally resulted in rapid changes and much uncertainties to the securities market landscape, which necessitated appropriate measures to be undertaken to respond to the evolving market needs. In this regard, Bursa Malaysia Securities Berhad (the “**Exchange**”) continues to proactively assess the adequacy of our measures to alleviate potential market risks arising from these uncertainties, and at the time ensure our framework remains facilitative to the development of our securities market.

1.3 Following the latest assessment, the Exchange has decided to uplift suspension of the RSS with additional control measures, but continue the suspension of IDSS and PDT Short Sale for the time being, as set out in Sections 2, 3, and 4 below.

### 2.0 UPLIFTMENT OF THE TEMPORARY SUSPENSION OF RSS

2.1 Pursuant to Rule 2.01(2)(b) and Rule 2.01(2)(r) of the Rules of Bursa Malaysia Securities Berhad (“**BMS Rules**”), the Exchange will uplift the temporary suspension of RSS effective 1 January 2021 with additional temporary control measures.

2.2 In this connection, the provisions relating to RSS pursuant to the following BMS Rules and directives will apply again subject to the modifications set out in paragraph 2.3 below:

- (a) Part C of Chapter 8 of the BMS Rules;
- (b) Directives on Regulated Short Selling No. 8-002; and
- (c) Directives on Regulated Short Selling–Approved Securities No. 8.22(5)-001.

2.3 The details of the modifications are as follows:

| RULE/<br>PARA<br>GRAPH  | CURRENT PROVISION   | MODIFICATIONS   |
|---|---|---|
| <b>Directives on Regulated Short Selling No. 8-002 (“Directive on RSS”)</b> |   |   |
| 5.1(1)  | <p><b>Thresholds for suspension</b></p> <p><b>Total Gross Short Position threshold</b></p> <p>(1) The daily limit threshold for suspension prescribed by the Exchange pursuant to Rule 8.31 is triggered when the quantity of the total gross short position of an Approved Securities on a particular Market Day is 3% of the outstanding securities of the Approved Securities on that Market Day.</p>  | <p>Paragraph 5.1(1) of Directive on RSS is modified to reduce the Total Gross Short Position threshold <b>from 3%</b> of the outstanding securities of the Approved Securities on that Market Day <b>to 2%</b> of the outstanding securities of the Approved Securities on that Market Day.</p>   |
| 5.1(2)  | <p><b>Total Net Short Position threshold</b></p> <p>(2) In addition to the limit in paragraph 5.1(1), the aggregate limit threshold for suspension prescribed by the Exchange pursuant to Rule 4.18 and Rule 8.31 is triggered when the aggregated quantity of the total net short position of an Approved Securities, PSS Securities or Dual List Securities, as the case may be, is at 10% of the quantity of the outstanding securities of such Approved Securities, PSS Securities or Dual List Securities, as the case may be.</p> | <p>The aggregate limit threshold for suspension prescribed in paragraph 5.1(2) of the Directive on RSS is modified by including an additional threshold, a specific threshold for Regulated Short Selling (“<b>Additional RSS Threshold</b>”) within the prescribed threshold in paragraph 5.1(2), as follows:</p> <p><i>“The aggregate limit threshold for suspension prescribed by the Exchange pursuant to Rule 8.31 is triggered for the suspension of Regulated Short Selling only, when the aggregated quantity of the total net short position of an Approved Securities accumulated pursuant to Regulated Short Selling, is at 4% of the quantity of the outstanding securities of such Approved Securities.</i></p> <p><i>For avoidance of doubt, the threshold prescribed for suspension in paragraph 5.1(2) will continue to apply as prescribed in paragraph 5.1(2).”</i></p> |
| 5.2   | <b>Suspension</b>   | Paragraph 5.2(4) of Directive on RSS will be applied when a suspension is   |

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|  | <p>(4) If a suspension for short selling is imposed under paragraph 5.1(2) on the shares of an Issuer or securities of a listed Collective Investment Scheme, which are Approved Securities, PSS Securities or Dual List Securities, as the case may be (“<b>Principal Securities of the total net short position</b>”), such suspension would also apply to:</p> <p>(a) such other Approved Securities, PSS Securities or Dual List Securities, as the case may be, where its underlying instrument comprises the Principal Securities of the total net short position, notwithstanding such securities has not triggered the limit as set out in paragraph 5.1(2); and</p> <p>(b) such Day Trading Eligible Securities where its underlying instrument comprises solely the Principal Securities of the total net short position.</p> | <p>imposed under the Additional RSS Threshold.</p> |
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### 3.0 FURTHER EXTENSION OF THE TEMPORARY SUSPENSION OF IDSS AND PDT SHORT SALE

3.1 The Exchange will further extend the temporary suspension of IDSS and PDT Short Sale from 31 December 2020 **to 28 February 2021.**

### 4.0 FURTHER EXTENSION OF THE PDT TEMPORARY WAIVERS

4.1 Consequential to the further extension of the temporary suspension of PDT Short Sale, the Exchange will further extend the PDT Temporary Waivers **to 28 February 2021.**

### 5.0 CONTACT PERSON

5.1 In the event of any queries in relation to the above matter, kindly contact the Exchange as follows:

| Name   | Contact  |
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| Market Operations<br>(Trading related matters) | <a href="mailto:smo@bursamalaysia.com">smo@bursamalaysia.com</a> |

| Name   | Contact  |
|--|--|
| Securities Market                                      | <a href="mailto:pmd@bursamalaysia.com">pmd@bursamalaysia.com</a>   |
| Participants Supervision<br>(Compliance)               | <a href="mailto:isd2@bursamalaysia.com">isd2@bursamalaysia.com</a> |
| Regulatory Policy & Advisory<br>(Rules and Directives) | <a href="mailto:rpa@bursamalaysia.com">rpa@bursamalaysia.com</a>   |

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**Regulation**