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LICENSING EXAMINATION STUDY OUTLINE

**For January to June 2019 Examinations
(Issued in November 2018)**

Module 17 Securities and Derivatives Trading (Rules and Regulations)

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(This document consists of 32 pages including the cover page)

STUDY OUTLINE

MODULE 17: SECURITIES AND DERIVATIVES TRADING (RULES AND REGULATIONS)

This examination is designed to test a candidate's knowledge and understanding of the Malaysian capital market. This is one of the dual-activity examination modules intended to facilitate individuals who wish to apply for a Capital Markets Services Representative's Licence (CMSRL) to undertake both of the following regulated activities:

- Dealing in securities
- Dealing in derivatives.

It is also an alternate examination module to Module 6 - Stock Market & Securities Law (one of the examination modules to be passed by (i) individuals who intend to apply for a CMSRL for the regulated activity of dealing in securities; (ii) who intend to hold the position of Head of Operations, Head of Compliance or Compliance Officer in a firm which is a holder of a Capital Markets Services Licence (CMSL) for carrying on the business of dealing in securities; or (iii) who intend to be employees of registered persons who carry out the capital markets activities as stipulated in Item 1, Part 1 of Schedule 4 of the Capital Markets and Services Act 2007) and to Module 16 - Rules and Regulations of Derivatives (one of the examination modules to be passed by (i) individuals who intend to apply for a CMSRL for the regulated activity of dealing in derivatives or dealing in derivatives restricted to Contract for Difference (CFD); or (ii) who intend to hold the position of Compliance Officer in a firm which is a holder of a CMSL for carrying on the business of dealing in derivatives or dealing in derivatives restricted to CFD). Candidates are advised to refer to the Licensing Handbook for the detailed combination of examinations required for each regulated activity.

Candidates are expected to possess good knowledge and understanding of the subject matter provided in this study outline and specified reference. In addition, candidates will be tested on the ability to analyse and apply the information at a basic level. It is estimated that this module will require a minimum of 160 hours of study time. Candidates may need less or more depending on the education background and work experience.

Candidates are expected to update themselves with the latest changes relevant to this examination as all questions will be continuously updated to reflect these changes. Candidates are permitted to refer to their own prescribed reference materials during the examination. Note that no prescribed reference materials will be provided by the Securities Industry Development Corporation (SIDC). The prescribed reference materials brought into the examinations by candidates are subject to the terms and conditions of SIDC, details of which are set out in the terms and conditions of the SC licensing examinations.

The prescribed reference materials for this module are as follows:

- **Securities Commission Act 1993**
- **Capital Markets and Services Act 2007**
- **Rules of Bursa Malaysia Securities Berhad**
- **Bursa Malaysia Securities Berhad Participating Organisations' Trading Manual**
- **Rules of Bursa Malaysia Securities Clearing Sdn Bhd**
- **Rules of Bursa Malaysia Derivatives Berhad**
- **Bursa Malaysia Derivatives Berhad Trading Manual**
- **Bursa Malaysia Securities Berhad Main Market Listing Requirements**
- **Bursa Malaysia Securities Berhad ACE Market Listing Requirements**
- **Bursa Malaysia Securities Berhad LEAP Market Listing Requirements**
- **Licensing Handbook**
- **Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries**
- **Guidelines on Market Conduct and Business Practices for Stockbrokers and Licensed Representatives**
- **Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework**
- **Guidelines on Contracts for Difference**

Candidates are required to comply with the terms and conditions of the SC licensing examination. Severe penalties will be taken against candidates for any misconduct during the examination.

At the end of this study outline are 10 sample questions used in the Module 17 examination. The samples provided do not in any way reflect the level of difficulty or the subject-matter distribution of the actual examination. They are merely intended to familiarise candidates with the styles of multiple-choice questions used in the examination.

EXAMINATION STRUCTURE

Details of this examination are as follows:

Types of Questions	Multiple-Choice
Number of Questions	100 questions
Passing Mark	70%
Time Allocated	150 minutes
References/Text	<ul style="list-style-type: none"> <input type="checkbox"/> Examination Study Guide for Module 6: Malaysian Stock Market & Securities Law (<i>Sixth Print, 2012 Revised</i>) <input type="checkbox"/> Examination Study Guide for Module 1: Regulations (Malaysian Futures and Options) (<i>Fifth Print, 2011 Revised</i>) <input type="checkbox"/> Securities Commission Act 1993 <input type="checkbox"/> Capital Markets and Services Act 2007 <input type="checkbox"/> Rules of Bursa Malaysia Securities Berhad <input type="checkbox"/> Bursa Malaysia Securities Berhad Participating Organisations' Trading Manual <input type="checkbox"/> Rules of Bursa Malaysia Derivatives Berhad <input type="checkbox"/> Bursa Malaysia Derivatives Berhad Trading Manual <input type="checkbox"/> Rules of Bursa Malaysia Securities Clearing Sdn Bhd <input type="checkbox"/> Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries <input type="checkbox"/> Guidelines on Market Conduct and Business Practices for Stockbrokers and Licensed Representatives <input type="checkbox"/> Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework <input type="checkbox"/> Guidelines on Contracts for Difference <input type="checkbox"/> Bursa Malaysia Securities Berhad Main Market Listing Requirements <input type="checkbox"/> Bursa Malaysia Securities Berhad ACE Market Listing Requirements <input type="checkbox"/> Bursa Malaysia Securities Berhad LEAP Market Listing Requirements <input type="checkbox"/> Updates for Topic 1 & 2 in relation to Contracts For Difference (May 2018) <input type="checkbox"/> Additional Reading Material - Topic 3 in relation to Contracts For Difference (<i>May 2018</i>) <input type="checkbox"/> Licensing Handbook

REFERENCES

The relevant references (acts, guidelines, study guides etc.) for this examination are accessible via the Securities Commission Malaysia's website at www.sc.com.my. The relevant acts and study guides for this examination may be purchased from:

SIDC Shop, Ground Floor

3, Persiaran Bukit Kiara

Bukit Kiara

50490 Kuala Lumpur

Tel: (603) 6204 8665 / 8667

The Rules of Bursa Malaysia Securities Berhad, the Bursa Malaysia Securities Berhad Participating Organisations' Trading Manual, Rules of Bursa Malaysia Securities Clearing Sdn Bhd, Rules of Bursa Malaysia Derivatives Berhad, the Bursa Malaysia Derivatives Berhad Trading Manual, Bursa Malaysia Securities Berhad Main Market Listing Requirements and Bursa Malaysia Securities Berhad ACE Market Listing Requirements can be obtained from Bursa Malaysia website at www.bursamalaysia.com.

For more information, please visit the SC website at www.sidc.com.my.

LEARNING OBJECTIVES

Candidates are expected to have good knowledge, understanding and ability to apply in the following areas:

Part A: Stock Market and Securities Law

- The securities industry and its significance to the Malaysian economy
- The regulatory structure of the securities industry in Malaysia
- The main laws and regulations governing the operation of the securities industry in Malaysia
- The activities and current trends connected to money laundering and terrorism financing and the Malaysian regulatory approach towards them
- The relationship between the stockbroking company and its client
- The duty and standard of care applicable to person(s) who carries(carry) on the business of dealing in securities
- The licensing requirements of person(s) who carries (carry) on the business of dealing in securities and their representatives
- The various securities offences and describe how they are regulated
- The operations of the stock market in Malaysia

Part B: Rules and Regulations of Derivatives

- Nature of derivatives and terms used in the derivatives market
- The derivatives industry and its significant to the development of Malaysia's capital market

- The regulatory structure of the derivatives industry in Malaysia
- Derivatives industry participants
- The main laws and regulations governing the operation of the derivatives industry in Malaysia
- The activities and current trends connected to money laundering and terrorism financing and the Malaysian regulatory approach towards them
- Intermediaries in the futures, options and OTC-CFD market and users of these markets
- Role of the derivatives exchange, clearing house in clearing and processing futures and options trades and managing risk
- The licensing requirement of person(s) who carries (carry) on the business of dealing in derivatives
- Offences under the Rules of Bursa Malaysia Derivatives Berhad and Capital Markets and Services Act 2007
- General conduct and responsibilities of Participants when dealing with clients
- The operation of the derivatives market in Malaysia
- Contract specifications of stock options, stock index futures, option on stock index futures, single stock futures, three-month KLIBOR futures, all the crude palm oil futures, crude palm kernel oil futures, option on crude palm oil futures, all the MGS futures contracts, gold futures contract, USD denominated refined, bleached and deodorized palm olein futures contract and tin futures contract.

EXAMINATION SYLLABUS

The syllabus for this examination is divided into 2 parts and the maximum composition of questions from each part/section is as follows:

Part	Section	Composition of Questions (Maximum)	Number of Questions (Maximum)
Part A	Section 1	10%	10
	Section 2	35%	35
	Section 3	20%	20
Part B	Section 1	35%	35
	Section 2	20%	20
	Section 3	10%	10

Details of the syllabus are as below:

PART A - SECTION 1

Topic 1: Overview of the Malaysian Stock Markets

- 1 Securities
- 2 The Malaysian Stock Market
- 3 Participants and Intermediaries in the Malaysian Stock Market

Topic 2: Regulation of the Securities Industry

1. Overview of the Law
2. Regulatory Bodies in Malaysia

Topic 3: Business Structures

1. Range of Business Structures
2. Companies
3. A Company's Constitution
4. General Management and Administration
5. Administration and Management of a Participating Organisation

PART A - SECTION 2

Topic 4: Capital Raising on the Primary Market

1. Primary Issues of Ordinary Shares
2. Post-Listing Requirements
3. Securities Issues in the Secondary Market
4. Bursa Malaysia Securities Berhad Main Market Listing Requirements
(For scope, please see **APPENDIX 1**)
5. Bursa Malaysia Securities Berhad ACE Market Listing Requirements
(For scope, please see **APPENDIX 2**)
6. Bursa Malaysia Securities Berhad LEAP Market Listing Requirements
(For scope, please see **APPENDIX 3**)
7. Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework

Section A : General Requirements

- | | |
|-----------|-------------------|
| Chapter 1 | Introduction |
| Chapter 2 | Definitions |
| Chapter 3 | Responsible Party |

Section B	:	Specific Requirements
Part 2	:	Structured Products
		Chapter 1 General
		Chapter 2 Structure
		Chapter 3 Lodgement
		Chapter 4 Continuous Obligations
		Chapter 5 Revision
		Appendix 1
		Appendix 2

Lodgement Kit: Unlisted Capital Market Products under the Lodge and Launch Framework

Part 2	:	Structured Products
		Section 1: Lodgement Form - Structured Product Programme
		Section 2: Pre-issuance Notification - Structured Product Series under a Structured Product Programme
		Section 3: Monthly Post-Issuance Report

Topic 5: Trading on the Secondary Market

1. The Trading System
2. Rules of Bursa Malaysia Securities Berhad on Trading
2. Bursa Malaysia Securities Berhad Participating Organisations' Trading Manual
3. Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries

Part I: Introduction and Applicability

1. Introduction
2. Applicability
3. Definitions
4. General Description of Money Laundering
5. General Description of Terrorism Financing
6. General Principles and Policies to Combat Money Laundering and Terrorist Financing

- Part II : Risk-Based Approach Application
 - 7. Risk- Based Approach Application

- Part III : Customer Due Diligence (CDD)
 - 8. Customer Due Diligence
 - 9. Group Wide ML/TF Programmes

- Part IV : Retention of Records
 - 10. Record Keeping

- Part V : Suspicious Transactions
 - 11. Reporting on Suspicious Transactions
 - 12. Confidentiality of Reporting

- Part VI : Compliance and Training Programmes
 - 13. Internal Programmes, Policies, Procedures and Controls

- Part VII : Combating Terrorism Financing
 - 14. Identification and Designation

Appendices

5. Guidelines on Market Conduct and Business Practices for Stockbroking Companies and Licensed Representatives

Part I

- 3.0 Definitions
- 2.0 Introduction

Part II

- 3.0 Core Principles of Supervision
- 4.0 Primary Accountability And Responsibility For Compliance
- 5.0 Customer Due Diligence
- 6.0 Information To Customers
- 7.0 Discretionary Trades
- 8.0 Unauthorised Use Of Clients' Accounts
- 9.0 Handling Error Trades

- 10.0 Managing Conflict Of Interest
- 11.0 Reporting Breaches
- 12.0 Market Abuses And Unethical Business Conduct

Part III

- 13.0 Appendix : Examples Of Market Abuses And Unethical Business Conduct

Topic 6: Clearing, Delivery, Settlement and Corporate Actions

1. Clearing
2. Delivery and Settlement
3. Corporate Actions
4. Other Matters

Topic 7: Law of Contract

1. What is the Law of Contract?
2. Essential Elements of a Contract
3. Contracts entered into on Bursa Malaysia Securities Berhad

Topic 8: Relationship between Stockbroking Company and Client

1. Stockbroking Company and Client
2. The Rules Governing the Stockbroking Company and Client Relationship
3. Buying Securities on the Market
4. Direct Business
5. Participating Organisation's Duties to Clients
6. Participating Organisation's Rights
7. Client's Rights
8. Keeping of Records

Topic 9: Negligent Misstatement

1. Essential Elements of the Tort of Negligent Misstatement
2. Statutory Liability

PART A - SECTION 3

Topic 10: Licensing

1. Licensing Framework

Topic 11: Securities Offences

1. Trading in Securities: Prohibited Conduct Under the CMSA
2. Other Offences Relating to Dealing
3. Other Offences Relating to False and Misleading Statements
4. Other Offences

Topic 12: Take-overs

1. What are Take-overs?
2. The Legal Framework
3. Penalties for Contravention of the Code

PART B - SECTION 1

REGULATIONS (MALAYSIAN DERIVATIVES)

Topic 1: Overview of Derivatives Market

1. What are Derivatives?
2. The Derivatives Exchange
3. The Clearing House
4. Intermediaries in the Derivatives Market
5. Users of Derivatives - the Clients
6. Regulation of the Derivatives Market

Topic 2: Regulation of Derivatives

1. Overview of Derivatives Industry Regulation
2. Establishment of Derivatives Markets
3. Derivatives Industry Participants
4. Trading Offences under the CMSA
5. Capital Market Compensation Fund

6. The Licensing Handbook

- Chapter 1: Introduction
- Chapter 2: Licences under the CMSA
- Chapter 4: Licensing Criteria
- Chapter 7: Conditions and Restrictions of Licence

7. Guidelines On Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries

Part I : Introduction and Applicability

- 1 Introduction
- 2 Applicability
- 3 Definitions
- 4 General Description of Money Laundering
- 5 General Description of Terrorism Financing
- 6 General Principles and Policies to Combat Money Laundering and Terrorist Financing

Part II: Risk-Based Approach Application

7. Risk- Based Approach Application

Part III: Customer Due Diligence (CDD)

8. Customer Due Diligence
9. Group Wide ML/TF Programmes

Part IV : Retention of Records

10. Record Keeping

Part V : Suspicious Transactions

11. Reporting on Suspicious Transactions
12. Confidentiality of Reporting

Part VI : Compliance and Training Programmes

13. Internal Programmes, Policies, Procedures and Controls

Part VII : Combating Terrorism Financing

14. Identification and Designation

Appendices

Topic 3: Regulation of Over The Counter (OTC) Derivatives: Contract for Differences (CFD) in Malaysia

1. Overview of the CFD Regulatory Framework
2. CFDs in Malaysia
3. Industry Participants for CFD

PART B - SECTION 2

RULES OF BURSA MALAYSIA DERIVATIVES BERHAD

1. Rule 200: Definitions and Interpretation

1. Rule 201 - Definitions

2. Rule 300: Participantship

1. Rule 301 - General
2. Rule 302 - Trading Participant - Purpose
3. Rule 303 - Trading Participant - Eligibility
4. Rule 304 - Trading Participant - Rights
5. Rule 305 - Trading Participant - Registration of Participantship
6. Rule 308 - Trading Participant - Transfer of Participantship
7. Rule 309 - Trading Participant - Surrender of Participantship/Resignation
8. Rule 310 - Trading Participant - Voluntary Suspension of Participantship
9. Rule 311 - Trading Participant - Voluntary Liquidation
10. Rule 311A - Trading Participant - Suspension of Participantship
11. Rule 311B - Trading Participant - Termination of Participantship
12. Rule 312 - Local Participant - Eligibility
13. Rule 313 - Local Participant - Rights
14. Rule 314 - Local Participant - Admission as Participant
15. Rule 316 - Local Participant - Transfer of Participantship
16. Rule 317 - Local Participant - Surrender of Participantship/Resignation
17. Rule 318A - Local Participant - Suspension or Termination of Participantship
18. Rule 318B - Local Participantship - Voluntary Suspension
19. Rule 321 - Market Makers
20. Rule 322 - Registered Representatives

3. Rule 500: Disciplinary Actions

1. Rule 501 - General
2. Rule 502 - Disciplinary Powers
3. Rule 503 - Procedures
4. Rule 504 - Agreed Settlement
5. Rule 505 - Request For Oral Representations
6. Rule 506 - Standard Of Proof

7. Rule 507 - Other Rights
 8. Rule 508 - Violation by Participants or Registered Persons
 9. Rule 509 - Disciplinary Proceeding - Requisite Notice
 10. Rule 510 - Response to Requisite Notice
 11. Rule 511 - Notification of Decision
 12. Rule 512 - Expedited Proceedings - Scope
 13. Rule 513 - Procedure
 14. Rule 514 - No Limitation
 15. Rule 515 - Right Of Appeal
 16. Rule 516 - Notice Of Appeal
 17. Rule 517 - Deliberation Of Appeal
 18. Rule 518 - Notification Of Decision On Appeal
 19. Rule 519 - Effect of Disciplinary Action - General
 20. Rule 520 - Period Of Payment And Effect Of Non-Payment Of Fine
 21. Rule 521 - Effect of suspension
 22. Rule 522 - Transitional provisions
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4. **Rule 600: Participants' Conduct**
 1. Rule 601 - Trading Participant - Conduct
 2. Rule 601C - Branch Office and Trading Kiosk
 3. Rule 602 - Minimum Financial Resources Requirements
 4. Rule 603 - Dealings With Clients
 5. Rule 604 - Failure To Comply
 6. Rule 605 - Local Participant - Conduct
 7. Rule 606 - Client Agreement
 8. Rule 607 - Segregation of Proprietary Account and Client Account
 9. Rule 608 - Clients' Segregated Account
 10. Rule 609 - Discretionary Account
 11. Rule 610 - Supervision Within Trading Participant
 12. Rule 612 - Commission and Fees
 13. Rule 613 - Position and Exercise Limits
 14. Rule 614 - Clients' Margins and Margin Payment
 15. Rule 614A - Premium
 16. Rule 615 - Complaints by Clients
 17. Rule 616 - Indemnity by Exchange

18. Rule 617 - Direct Market Access
19. Rule 619 - Trading Or Accepting Margins During Insolvency Or After Revocation of Licence
20. Rule 620 - Arbitration

5. Rule 700: Trading Rules

1. Rule 701 - Trading on the Market
2. Rule 702 - Trading Days, Trading Sessions and Trading Hours
3. Rule 702B - Market States
4. Rule 703 - Orders
5. Rule 704 - Order Matching
6. Rule 705 - Inviolability of Contracts
7. Rule 706 - Trade Confirmation
8. Rule 707 - Trading Safeguards
9. Rule 708 - Performance Rendered Impossible
10. Rule 709 - Duty to Report Unusual Activities
11. Rule 710 - Non-Liability of the Exchange
12. Rule 711 - Trading on other Exchanges

6. Rule 700B: Exchange for Related Positions

7. Rule 700C: Negotiated Large Trades

8. Rule 700D: Off-Market Transactions

9. Rule 2000: Contracts

Rules Relating to All Classess of Contracts

1. Rule 2001 - Contract Specifications
2. Rule 2002 - Final Trading Day and Expiration Date
3. Rule 2003 - Contract Settlement
4. Rule 2004 - Final Settlement Value and Final Closing Price
5. Rule 2005 - Contracts No Longer Offered for Trading

Rules Applicable to Physically Delivered Contracts

6. Rule 2006 - Application
7. Rule 2007 - Obligations of The Buyer and Seller
8. Rule 2008 - Undertaking By Port Tank Installations

Rules Rules Applicable to Specific Contracts

9. Rule 2009 - Single Stock Futures Contract
10. Rule 2010 - Stock Option Contract

Rule Applicable to Options

11. Rule 2012 - Premiums and Margins
12. Rule 2013 - Exercise Price
13. Rule 2014 - Option Exercise

Schedules

GUIDELINES

DIRECTIVES

SECTION 3

GUIDELINES ON CONTRACT FOR DIFFERENCE

PART A: GENERAL

Chapter 1: Introduction

Chapter 2: Definitions

PART B: PRODUCT REQUIREMENT

Chapter 3: Product Parameters

PART C: PROVIDER REQUIREMENTS

Chapter 4: Requirement on Provider

Chapter 5: Marketing and Education Requirements

PART D: DISCLOSURE REQUIREMENTS

Chapter 6: Disclosure Document and Product Highlights Sheet

PART E: SUBMISSION

Chapter 7: Submission For Registration of A Disclosure Document and Lodgement of Product Highlights Sheet

Chapter 8: Submission of Periodic Reports

PART F: SCHEDULES

Schedule 1

Minimum Content of a Disclosure Document

Schedule 2

Minimum Content of a Product Highlights Sheet

PART G: APPENDIX

Appendix 1: Guide On Product Highlights Sheet

Appendix 2: Client's Acknowledgement

Appendix 3: Declaration By The Contracts For Difference Provider

Appendix 4: Reporting Template

BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

Chapter 1: Definition and Interpretation

1. Part A - Definitions
2. Part B - Interpretation

Chapter 2: General

1. Part A - General
2. Part B - Application of these Requirements
3. Part C - Documents to Comply with these Requirements
4. Part D - Information
5. Part F - Advisers/ Share Registrars
6. Part G - Other Person Primarily Responsible for Listed Issuer
7. Part H - Others
8. Part I - Amendments to these Requirements

Chapter 3: Admission

1. Part B - Admission
2. Part C - Prize Stabilization Mechanism
3. Part D - Transfer of Listed Corporation to the Main Market

Chapter 4: Admission for Specific Applicants

1. Part A - General
2. Part B - Closed-end Funds
3. Part C - REITS
4. Part D - ETFS
5. Part E - Special Purpose Acquisition Companies
6. Part G - Stapled Securities

Chapter 4A: Foreign Listing

1. Part A - General
2. Part B - Admission Requirements for Primary Listing
3. Part C - Specific Continuing Obligations Relating to Foreign Issuers with a Primary Listing
4. Part D - Admission Requirement For A Secondary Listing
5. Part E - Specific Continuing Obligations Relating to Issuers With Secondary Listing

APPENDIX 1 (con't)

Chapter 8: Continuing Listing Obligations

1. Part A - General
2. Part B - Continuing Listing Criteria
3. Part C - Certificates, Transfers and Transmission
4. Part H- Others
5. Part I - Specific Continuing Obligations Relating to Price Stabilization Mechanism
6. Part J - Specific Continuing Listing Obligations Relating to Closed-end Funds
7. Part K - Specific Continuing Obligations Relating to REITS
8. Part L - Specific Continuing Obligations Relating to ETFS
9. Part M - Specific Continuing Obligations Relating to Special Purpose Acquisition Companies

Chapter 9: Continuing Disclosure

1. Part A - General
2. Part B - Corporate Disclosure Policy
3. Part C - Immediate Disclosure of Material Information
4. Part D - Thorough Public Dissemination
5. Part E - Clarification, Confirmation or Denial of Rumours or Reports
6. Part F - Response to Unusual Market Activity
7. Part G - Unwarranted Promotional Disclosure Activity
8. Part H - Insider Trading
9. Part I - Preparation of Announcements
10. Part J - Immediate Disclosure Requirements
11. Part K - Periodic Disclosures
12. Part M - Disclosure Requirements for Specific Listed Issuers
13. Part M1 - Infrastructure Project Companies
14. Part M2 - Closed-End Funds
15. Part M3 - REITS
16. Part M4 - ETFS
17. Part M5 - Special Purpose Acquisition Companies

APPENDIX 1 (con't)

Chapter 10: Transactions

1. Part A - General
2. Part B - Definitions
3. Part C - Valuation and Information
4. Part D - Acquisitions and Disposals
5. Part E - Related Party Transactions
6. Part F - Very Substantial Transaction and Significant Change in the Business Direction or Policy
7. Part G - Other Requirements

Chapter 12: Share Buy-Backs

1. Part A - General
2. Part B - Definitions
3. Part C - General Requirements
4. Part D - Source Of Funds
5. Part F - Additional Requirements

Chapter 14: Dealings in Listed Securities

1. Part A - General
2. Part B - Definitions
3. Part C - Application
4. Part D - Restrictions
5. Part E - Exemptions

Chapter 15: Corporate Governance

1. Part A - General
2. Part B - Directors
3. Part B(A) Nominating Committee
4. Part C - Audit Committee
5. Part D - Auditors
6. Part E - Corporate Governance Disclosure
7. Part F - Internal Audit

APPENDIX 1 (con't)

Chapter 16: Suspension, De-Listing and Enforcement

1. Part A - General
2. Part B - Trading Halt and Suspension
3. Part C - Withdrawal of Listing and De-Listing by the Exchange
4. Part D - Enforcement

BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS

Chapter 1: Definitions and Interpretation

1. Part A - Definitions
2. Part B - Interpretation

Chapter 3: Admission

1. Part A - General
2. Part B - Admission
3. Part C - Methods of Offering of Securities
4. Part D - Sponsors

Chapter 4: Sponsors

1. Part A - General
2. Part B - Definitions
3. Part D - Sponsors' Obligations
4. Part E - Ending a Sponsorship or Removal from the Register of Sponsors
5. Part F - Review of Performance and Conduct of Sponsors
6. Part G - Rules Governing Sponsored Corporations in Dealing with Sponsors

Chapter 8: Continuing Listing Obligations

1. Part A - General
2. Part B - Continuing Listing Criteria
3. Part C - Certificates, Transfers and Transmissions
4. Part D - Sponsorship of Depository Receipts
5. Part E - Offer for Sale
6. Part F - Directors
7. Part G - Share Issuance Scheme
8. Part H - Others
9. Part I - Specific Continuing Obligations Relating to Price Stabilization Mechanism

APPENDIX 2 (con't)

Chapter 9: Continuing Disclosure

1. Part A - General
2. Part B - Corporate Disclosure Policy
3. Part C - Immediate Disclosure of Material Information
4. Part D - Thorough Public Dissemination
5. Part E - Clarification, Confirmation or Denial of Rumours or Reports
6. Part F - Response to Unusual Market Activity
7. Part G - Unwarranted Promotional Disclosure Activity
8. Part H - Insider Trading
9. Part I - Preparation of Announcements
10. Part J - Immediate Disclosure Requirements
11. Part K - Periodic Disclosures
12. Part L - Circulars and Other Requirements

Chapter 10: Transactions

1. Part A - General
2. Part B - Definitions
3. Part C - Valuation and Information
4. Part D - Acquisitions and Disposals
5. Part E - Related Party Transactions
6. Part F - Very Substantial Transaction and Significant Change in the Business
Direction or Policy
7. Part G - Other Requirements

Chapter 12: Share Buy-Backs

1. Part A - General
2. Part B - Definitions
3. Part C - General Requirements
4. Part D - Source Of Funds And Consideration
5. Part F - Additional Requirements
6. Part G - Requirements Relating To Buy-Back Of Odd Lot Shares

APPENDIX 2 (con't)

Chapter 14: Dealings in Listed Securities

1. Part A - General
2. Part B - Definitions
3. Part C - Application
4. Part D - Restrictions
5. Part E - Exemptions
6. Part F - Procedures for Dealings

Chapter 15: Corporate Governance

1. Part A - General
2. Part B - Directors
3. Part B (A) - Nominating Committee
4. Part C - Audit Committee
5. Part D - Auditors
6. Part E - Corporate Governance Disclosure
7. Part F - Internal Audit

Chapter 16: Suspension, De-Listing and Enforcement

1. Part A - General
2. Part B - Trading Halt and Suspension
3. Part C - Withdrawal of Listing and De-Listing by the Exchange
4. Part D - Enforcement

BURSA MALAYSIA SECURITIES BERHAD LEAP MARKET LISTING REQUIREMENTS

Chapter 1: Definitions and Interpretation

1. Part A - Definitions
2. Part B - Interpretation

Chapter 2: General

Part A - General

Part B - Application of These Requirements

Part C - Information and Documents

Part D - Issuance of Documents By Electronic Means

Part E - Fees and Other Charges

Part F - Advisers

Part G - Others

Part H - Amendments To These Requirements

Part I - Exchange Holding Company And The Exchange

Part J - Qualified Market

Chapter 3: Admission

Part A - Admission

Part B - Methods of Offering of Securities

Part C - Continuing Advisers

Appendix 3A - Contents of information memorandum

Chapter 4 - Advisers

Part A - Definitions

Part B - Admission of Advisers

Part C - Adviser's Obligations

Part D - Listing Activities

Part E - Post-Listing Activities

APPENDIX 3 (con't)

Part F - Ending Advisory Services Or Removal From the Register of Advisers

Part G - Rules Governing Listed Corporations in Dealing With Advisers

Chapter 5 - New Issues of Securities

Part A - General

Part B - General Requirements For New Issue Of Securities

Part C - Requirements Relating to Placement

Part D - Requirements Relating To A Rights Issue

Part E - Requirements in Relation To A Bonus Issue

Part F - Requirements Relating To An Issue Of Convertible Securities

Appendix 5A

Chapter 6 - Continuing Listing Obligations

Part A - General

Part B - Continuing Listing Obligations

Part C - Continuing Disclosure

Appendix 6A

Chapter 7 - Transactions

Part A - General

Part B - Definitions

Part C - Valuation and Information

Part D - Discloseable Transactions

Part E - Related Party Transactions

Part F - Significant Change In The Business Direction Or Policy

Part G - Major Disposal Of Assets Resulting In Listed Corporations No Longer Suitable For Listing

Appendix 7A

APPENDIX 3 (con't)

Chapter 8 - Suspension, De-Listing and Enforcement

Part A - General

Part B - Trading Halt and Suspension

Part C - Withdrawal of Listing and De-Listing By The Exchange

Part D - Enforcement

APPENDIX 8A

APPENDIX 8B

APPENDIX 8C

SAMPLE QUESTIONS AND ANSWERS

PART A

Question 1

Bursa Malaysia Securities Berhad carries out all of the following functions, EXCEPT:

- (A) govern the conduct of its Participants in securities dealings
- (B) responsible for surveillance of the market place
- (C) responsible for enforcement of its Listing Requirements
- (D) responsible for performing the annual audit of its Participants accounts

Question 2

Pursuant to the Rules of Bursa Malaysia Securities Berhad, in which of the following situations should a Participating Organisation request for additional margin from its margin account clients?

- (i) Unusual rapid or volatile changes in value of securities
 - (ii) Active trading by client
 - (iii) Non-existence of active market
 - (iv) Suspension of securities from trading
-
- (A) (i) and (ii) only
 - (B) (iii) and (iv) only
 - (C) (i), (iii) and (iv) only
 - (D) (ii), (iii) and (iv) only

Question 3

In Malaysia, the law of contract is governed by:

- (i) The consent of the parties
 - (ii) The Contracts Act 1950
 - (iii) The rules of common law and equity
 - (iv) The consideration issued by the parties
-
- (A) (i) and (ii) only
 - (B) (ii) and (iv) only
 - (C) (ii) and (iii) only
 - (D) (iii) and (iv) only

Question 4

Bursa Malaysia Securities Berhad may do all of the following EXCEPT:

- (A) fine, suspend or expel a Participant
- (B) suspend a dealer's representative licence
- (C) investigate and adjudicate upon a complaint by a non-Participant
- (D) notify Participants of a defaulting non-Participant

Question 5

Where a contract for the sale of shares exists, to whom do the rights and obligations under the contract apply?

- (i) To the buyer of the shares
 - (ii) To the seller of the shares
 - (iii) To Bursa Malaysia Securities Berhad through whom the shares are traded
 - (iv) To the provider of a secured loan to the buyer
-
- (A) (i) and (ii) only
 - (B) (iii) and (iv) only
 - (C) (ii), (iii) and (iv) only
 - (D) All of the above

PART B

Question 6

Snooty Futures Sdn Bhd has fulfilled all the requirements to apply for a Trading Participantship. Its current paid-up capital is RM3.5 million. What is the minimum additional paid-up capital that the company must raise in order to comply with the eligibility requirements of Rules of Bursa Malaysia Derivatives Berhad?

- (A) RM500,000
- (B) RM1.5 million
- (C) RM2.5 million
- (D) RM3.5 million

Question 7

'X' is a type of derivatives contract with the following features:

- | |
|---|
| <ul style="list-style-type: none">• Gives the holder the right to buy or sell a specified asset at a specified price on or before a specific date |
| <ul style="list-style-type: none">• Places a contingent liability on the seller where buyer exercises his rights |

- (A) futures
- (B) forwards
- (C) options
- (D) swaps

Question 8

Pursuant to the Rules of Bursa Malaysia Derivatives Berhad, which of the following is the MINIMUM information that shall be recorded in the complaints log/register for complaints received from clients?

- (i) Identity of complainant
- (ii) Date complaint was received
- (iii) Identity of the registered representative servicing the account
- (iv) General description of the matter complained of

- (A) (i) and (ii) only
- (B) (i), (iii) and (iv) only
- (C) (ii), (iii) and (iv) only
- (D) All of the above

Question 9

Pursuant to the Rules of Bursa Malaysia Derivatives Berhad, which of the following information shall be included on the contract notes, which are sent to the clients in respect of daily trades?

- (i) Name of the Trading Participant
- (ii) Name of the counter-party Trading Participant
- (iii) Name of the exchange on which the contracts were effected
- (iv) Cash and equities held for the credit of the client

- (A) (i) and (iii) only
- (B) (i), (ii) and (iv) only
- (C) (ii), (iii) and (iv) only
- (D) All of the above

Question 10

Client A wishes to deliver crude palm oil into a Port Tank Installations (PTI) and the Appraisal by PTI shows that the free fatty acid (as Palmitic-molecular weight 256) is at 5%. Which of the following would MOST LIKELY be the implication of such Appraisal?

- (A) Delivery accepted as the free fatty acid contents conforms to the Rules of Bursa Malaysia Derivatives Berhad
- (B) Delivery rejected as the free fatty acid contents is below 6%
- (C) Delivery accepted as the free fatty acid shall be 5% or below
- (D) Delivery rejected as the free fatty acid shall not exceed 4%

Answers

Part A

Sample Question 1 - D

Sample Question 2 - C

Sample Question 3 - C

Sample Question 4 - B

Sample Question 5 - A

PART B

Sample Question 6 - B

Sample Question 7 - C

Sample Question 8 - D

Sample Question 9 - A

Sample Question 10 - D