



Rules of Bursa Carbon Exchange

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CHAPTER 1
DEFINITIONS AND RELATED PROVISIONS
PART A DEFINITIONS AND INTERPRETATION

1.01 Definitions

In these Rules, except where inconsistent with the subject or context:

Term	Meaning
Account	the account created for the Participant on the System to access the Market containing, among others, information relating to the Participant's account balances of cash and Units, and details of Trades
Appeals Committee	the committee established to review and decide on appeals in accordance with Rule 2.13
Broker ¹	a Participant that carries on the business of dealing in Units and is admitted as a Broker under Rule 3.02(2)
Buyer	a Participant that submits a buy order
Cash Custodian	the Operator or any trustee appointed by the Operator to operate the Cash Custodian's Bank Account on trust for the benefit of the Participants
Cash Custodian's Bank Account	the account maintained by the Cash Custodian at the relevant financial institution on trust for the benefit of the Participants
Client	a customer of a Broker for the purposes of trading on the Market
Companies Act	the Companies Act, 2016 of Malaysia
Contract	a standardised contract of Units that is offered for trading on the Market as listed in the Contract Specifications
Contract Specifications	the terms and conditions of a Contract prescribed by the Operator from time to time
Designated User	an individual authorised to act on behalf of the Participant and responsible for the conduct of the Participant's activities via the Account(s)
Designated Bank Account	the bank account(s) maintained by a Participant with a financial institution nominated by the Participant for depositing or withdrawing funds or trading proceeds.
Force Majeure Event	means an event or circumstances beyond the control of the Operator or the Participant or both which cannot, after the use of all reasonable efforts, be overcome including natural disasters, pandemics, strike, act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion or public demonstration

¹ All provisions relating to Brokers will be made effective at a later date to be notified.

Term	Meaning
GHG	means any of the following seven gases: carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF ₆); nitrogen trifluoride (NF ₃) and any other greenhouse gas that the Operator may determine from time to time, all measured in metric tonnes of carbon dioxide equivalent and represented as CO ₂ e
GHG Reductions	means the reduction or removal of GHG relative to a baseline scenario within the context of Article 6 of the Paris Agreement
Intellectual Property Rights	means all rights in any patent, copyright, database right, supplementary protection certificate, petty patent, trademark, registered design or other design right, utility model, topography right, brand name, service mark, trade name, eligible layout right, and any other rights of a proprietary nature and forms of protection of similar nature or having equivalent or similar effect to any of these which may exist anywhere in the world and whether or not registrable, registered or patentable, for the full term of such rights and any renewals, revivals or extensions of them and all rights to apply for any of the foregoing rights owned, used or intended to be used by a Participant or the Operator
Issuer	the issuer of a Unit which may be a Scheme Authority or any other entity or body authorised by a Scheme Registry or Scheme Authority to issue Units
Market	the market operated by the Operator for trading in the Contracts known as Bursa Carbon Exchange
Market Day	means the day when the Market is open for trading
Market Maker ²	a Participant that undertakes the obligation of quoting sell or buy orders for Contracts on the Market and is admitted as a Market Maker under Rule 3.02(3)
Nationally Determined Contribution	has the meaning given to it in the Paris Agreement
Off-Market Transaction	a transaction entered into between a Seller and Buyer to sell and purchase Units outside of the matching System for orders involving any Units that are residing in the Unit Custodian Scheme Account.
Operator	Bursa Malaysia Carbon Market Sdn Bhd
Operating Procedures	means the operating procedures prescribed by the Operator that form part of the Rules and are to be read in conjunction with these Rules
Other International Mitigation Purposes	has the meaning given to it in the Paris Agreement
Paris Agreement	the Paris Agreement adopted on 12 December 2015 and which entered into force on 4 November 2016, and all associated decisions of the

² All provisions relating to Market Maker will be made effective at a later date to be notified.

Term	Meaning
	Conference of the Parties to the Meeting of the Parties of the Paris Agreement
Participant	unless otherwise specified, a participant of the Market for the time being falling within any of the classes of participation set out in Rule 3.01
Retire or Retirement	the retirement or redemption of Units applied towards the environmental benefits or attributes targets or goals of a Participant or a third party beneficiary nominated by a Participant or a Client, as the case may be, and such Units will no longer be available for trading on the Market
Rules	these rules, and any schedules and appendices (if any) to these Rules and guidelines, notices, circulars, terms of use, Contract Specifications, Operating Procedures and any other requirements of general or specific application, issued by the Operator from time to time
Scheme	means, in relation to a Unit, the applicable international or national voluntary programme, or standard as identified in the Contract Specifications
Scheme Authority	the body that maintains a Scheme
Scheme Registry	the registry that is operated, approved or accredited by the Scheme Authority for each Scheme to record projects and the issuance, holding, transfer and Retirement of Units, and carry out any other functions as may be required by the Scheme Authority
Scheme Rules	the rules, regulations, guidelines, codes, terms of use, arrangements, methodologies or any other requirements in force from time to time in respect of a Scheme or a Scheme Registry or both
Seller	a Participant that submits a sell order
Supplier	a Participant that supplies and seeks admission of Units for trading on the Market and is admitted as a Supplier under Rule 3.02(1)
System	any system, including an electronic system used by the Operator in connection with the Market and dealings in the Units
Trade	orders that have been matched through the System or an Off-Market Transaction recognised in the System under Rule 5.05, as the case may be
Traders	Buyers, Sellers, or both, as the case may be
Unit	Save where the Contract Specifications state otherwise in respect of a particular type of unit, any type of unit issued on a Scheme by an Issuer approved by the Operator for trading on the Market via a Contract, where the unit relates to the environmental benefits or attributes which is measured in the units or measures identified in a Scheme

Term	Meaning
Unit Custodian	the Operator or any trustee appointed by the Operator to own and operate the Unit Custodian Scheme Account
Unit Custodian Scheme Account	the account maintained by the Unit Custodian at a Scheme Registry for the receipt and settlement of Units held on trust by the Unit Custodian as bare trustee for the benefit of Participants
Vintage	in respect of a Unit, the time period for which the environmental benefit or attribute relating to that Unit have occurred and have been verified to have occurred

1.02 Interpretation

- (1) Unless the context requires otherwise, terms or expressions defined in the Companies Act shall have the same meanings when used in these Rules.
- (2) Apart from the above, certain other terms and expressions have also been defined in the respective Chapters. Such definitions only apply with respect to the respective Chapters in which they are contained.
- (3) A reference to a statute is to that statute so modified, re-enacted or consolidated and includes regulations, rules or other statutory instruments made under that statute.
- (4) The singular includes the plural and vice versa.
- (5) Words importing one gender include the other gender.
- (6) Headings and sub-headings are inserted for convenience or reference only and do not affect the interpretation and construction of the rule.
- (7) If a word or phrase is defined in these Rules, any other grammatical form in respect of such word or phrase has a corresponding meaning.
- (8) A reference to a rule, chapter, schedule or appendix is to the relevant rule, chapter, schedule or appendix to these Rules, and a reference to these Rules is to such Rules so modified, amended or restated.
- (9) A reference to a person includes a firm, partnership and corporation.
- (10) A reference to writing includes any mode of representing or reproducing letters, figures or marks in a visible form.
- (11) A reference to "RM", "MYR" or "Ringgit Malaysia" is to the Malaysian currency.
- (12) A reference to a day or month is to a calendar day or calendar month.
- (13) A reference to a time of day is a reference to Malaysian time.

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PART B APPLICATION AND EFFECT OF THESE RULES

1.03 Purpose

- (1) These Rules are intended to ensure a fair and open Market and to govern the Participants in their interaction with the Operator and between Participants. In the observance of these Rules and in areas or circumstances not explicitly covered by any Rule, all Participants must guide themselves not only by the letter but also the spirit of these Rules as reflected in the following principles:
 - (a) observing high standards of integrity and fair dealing;
 - (b) acting with due care, skill and diligence;
 - (c) organising and controlling one's affairs in a responsible manner and according to defined procedures; and
 - (d) dealing with the Operator in an open and cooperative manner and keeping the Operator promptly informed of anything which might reasonably be expected to be disclosed to it.
- (2) The Operator shall be under no obligation to amend, modify, revise, or waive compliance with these Rules for the benefit of any particular Participant or class of Participants.

1.04 Application of the Law

These Rules must be read together with any other laws or requirements of any relevant authority applicable to the Participants.

1.05 Covenants to observe Rules

These Rules have the effect of a binding contract between the Operator, the Cash Custodian, Unit Custodian and each Participant under which each Participant covenants with the Operator, the Cash Custodian and the Unit Custodian to observe these Rules and to perform the obligations that these Rules impose on the Participant in the manner set out by these Rules. These Rules (including any guidelines, notices, circulars, terms of use, Operating Procedures and any other requirements issued under these Rules) shall be governed by and construed in accordance with Malaysian law.

1.06 Contracts governed by these Rules

All Contracts entered into, offered or Traded and all dealings in the Units will be governed by these Rules.

1.07 Liability for Designated Users

Each Participant will be responsible and liable for any and all actions of, or omission by, the Designated User on, or in connection with the use of, the System.

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PART C NOTICES

1.08 Notices

- (1) The Operator will send all notices required to be sent under these Rules in writing:
 - (a) to the electronic mail address of the addressee contained in the records of the Operator; or
 - (b) by the use of any other mode of giving notice the Operator thinks fit, including other electronic means.
- (2) A notice given under these Rules is deemed received:
 - (a) if sent by electronic mail or other electronic media, at the time of transmission; and
 - (b) if published by the Operator on the System or the website of the Operator, at the time of publication.
- (3) All notices to the Operator must be made in writing to **bcx@bursamalaysia.com** unless stated otherwise.

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PART D PERSONAL DATA NOTICE

1.09 Personal Data Notice

- (1) Any person who provides or has provided personal data to the Operator pursuant to or in connection with these Rules acknowledges and agrees that such person has read and is aware of the relevant notification in relation to the Personal Data Protection Act 2010 ("**PDPA**") available at the Operator's website at www.bursamalaysia.com ("**Personal Data Notice**").
- (2) Where the personal data provided is of another individual ("**Data Subject**"), the person providing such data must have notified the Data Subject in writing of the Personal Data Notice before providing the personal data unless otherwise specified under the PDPA or by the Operator.
- (3) For the purposes of this Rule 1.09, "personal data" has the same meaning given in the PDPA.

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PART E CONFIDENTIALITY

1.10 Confidentiality

A Participant shall keep confidential any information (including but not limited to, information of a business, financial or technical information or any correspondence with the Operator including in respect of waivers from compliance with these Rules) whether written or oral which is marked or otherwise indicated as being or is known or ought reasonably to be known to be of a confidential nature disclosed or provided by the Operator to the Participant under these Rules, through the use of the System or both ("**Confidential Information**"). Such Confidential Information shall not be disclosed to any other person except:

- (a) to its and its related corporations' officers, employees, directors and representatives as it thinks necessary to give effect to these Rules and any transactions contemplated under these Rules but only on a strictly confidential basis;
- (b) where required by law; or
- (c) with the prior written approval of the Operator.

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PART F INTELLECTUAL PROPERTY RIGHTS

1.11 Intellectual Property Rights

- (1) All Intellectual Property Rights and similar rights in relation to the content on the System, the Market and of the Operator ("**Market Content**"), vests in the Operator, and where applicable, their third party licensors and suppliers. Nothing in these Rules constitute a transfer of the Intellectual Property Rights to any Participant.
- (2) Without derogation to other provisions in these Rules, the Operator grants each Participant a non-exclusive, non-transferable, personal, limited licence to download, access, view, use and display Market Content which the Operator makes available to Participants from time to time on the terms as prescribed by these Rules.
- (3) A Participant shall not breach or interfere with the Intellectual Property Rights, nor distribute, reproduce, publish, alter, modify or create derivative works from Market Content without obtaining prior written approval from the Operator, or use such Market Content for its own commercial benefit.
- (4) Deep links to access the System, the Market or any Market Content is not permitted without obtaining prior written approval from the Operator.
- (5) Any personal or related information or documentation and transaction data submitted or transmitted by a Participant to the Operator relating to transactions conducted on the Market or relating to the Units and its originating projects shall include the grant of all rights, title and interest in the information to the Operator. The Operator may use, reproduce, distribute, display or prepare derivative works from the information in any manner, media or jurisdiction.
- (6) Participants acknowledge that market data is the property of the Operator and the Operator owns all rights, title and interest in and to all market data on the System that is not personal data. A Participant shall not publicly display or redistribute market data or derivative works based on market data unless it obtains the prior written approval of the Operator.

[End of Chapter 1]

CHAPTER 2
ADMINISTRATION

PART A POWERS OF THE EXCHANGE

2.01 Exercise of Powers

- (1) The Operator may exercise its powers in such manner and on such terms as it considers necessary or expedient.
- (2) Without derogation to other provisions in these Rules, the powers of the Operator include:
 - (a) amending these Rules or making new rules;
 - (b) adding to, repealing, enforcing, waiving or modifying compliance with these Rules;
 - (c) issuing or amending guidelines, notices, circulars, terms of use, the Operating Procedures and any other requirements from time to time;
 - (d) granting, suspending, varying or revoking the rights of any Participant;
 - (e) restricting or terminating the Account or access to the System;
 - (f) cancelling, adjusting or amending any Trade or order;
 - (g) suspending or halting trading in the Market or suspending or halting the trading of a specific Contract or Contracts;
 - (h) imposing terms and conditions in relation to any decision, approval or act done by the Operator in connection with these Rules and subsequently at any time revoking, waiving, varying or amending such terms and conditions;
 - (i) requiring any Participant to maintain and provide reports, information, documents, books and records to the Operator in relation to any matter under these Rules;
 - (j) imposing, varying or waiving any charges or fees and imposing additional charges, withholding payments or deducting cash held on trust by the Cash Custodian for a Participant to satisfy any late payment or non-payment of charges, fees or any other amount due to the Operator;
 - (k) appointing a committee, subcommittee, officers of the Operator or an agent to exercise the Operator's rights or powers under these Rules, where appropriate;
 - (l) determining all operational matters of the Market including the days, hours, manner of trading, the reference price, the upper and lower limits for sell and buy orders, minimum order, limits on number of Trades over a given period or trading practices in the Market;
 - (m) undertaking any further, ancillary or consequential action pursuant to an initial decision or action taken by the Operator in relation to a Participant;
 - (n) exercising all such powers as may be necessary for the purpose of monitoring compliance with and enforcement of these Rules;
 - (o) exercising any power and taking any action (including preventive or pre-emptive action) which in the Operator's opinion is necessary for the existence or maintenance of an orderly and fair Market; and
 - (p) according or granting privileges or prerogatives to classes of Participants at the absolute discretion of the Operator, which are not accorded or granted to all Participants.

- (3) The exercise of any specific right or power conferred on the Operator in any other provisions in these Rules does not prejudice or waive the exercise of any right or power by the Operator under Rule 2.01(2).
- (4) Where any provision of these Rules empowers, authorises or enables the Operator to do or enforce the doing of any act or thing, the Operator has all such powers or rights as may be necessary or reasonably incidental to the Operator doing or enforcing the doing of the act or thing without obtaining consent from, or giving notice to any of the Participants.

2.02 Validity of Actions

- (1) Any amendments to the Rules ("the **Amendments**") do not affect the accrued rights of the Operator and the accrued obligations of Participants under these Rules which are effective prior to the Amendments.
- (2) Any action proposed to be taken or that is in the process of being taken or has been taken by the Operator in relation to any provisions of these Rules, 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.
- (3) Unless otherwise notified by the Operator, Amendments will be effective from the date designated by the Operator.

2.03 Decisions of the Operator

Any decision of the Operator is final and binding, subject to Parts F and G of Chapter 2.

2.04 Parties affected by actions taken by the Operator

A Participant (including its officers, directors, employees and Designated User) must ensure that a proxy, agent, broker or other person acting in concert with the Participant or Clients of a Participant complies with any direction issued by the Operator to the Participant.

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PART B EMERGENCY SITUATIONS

2.05 Circumstances upon which the Operator may take action

The Operator 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 ("**Emergency**"):

- (a) a situation which threatens the financial integrity of the Market or its Participants;
- (b) an error, malfunction or breakdown in relation to the operations of the System or significant market infrastructure; or
- (c) any other situation that is likely to have an adverse effect upon the operations of the Market, System or of a substantial number of Participants.

2.06 Actions

- (1) Upon determination by the Operator under Rule 2.05 that an Emergency will arise or exist, or has arisen or exists, the Operator 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 of a Contract;
 - (d) modify the Market Days or trading hours, or both as the case may be;
 - (e) suspend a Participant's trading rights; and
 - (f) any other action deemed appropriate by the Operator.
- (2) All Emergency Rules made and imposed by the Operator are binding on all Participants, its officers, employees and agents for such period and in accordance with the terms and conditions stipulated by the Operator.

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PART C LIABILITY AND INDEMNITY

2.07 Non-liability of the Operator

- (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 Operator, the Cash Custodian or the Unit Custodian; and
 - (b) any person acting on behalf of the Operator, the Cash Custodian or the Unit Custodian, including:
 - (i) any member of the board of the Operator or any member of any committee, subcommittee of the Operator (including any Appeals Committee), the Cash Custodian or the Unit Custodian;
 - (ii) any officer or employee of the Operator, the Cash Custodian or the Unit Custodian; or
 - (iii) any agent of, or any person acting under the direction of the Operator, the Cash Custodian or the Unit Custodian (including any software or technology infrastructure provider).
- (2) The Operator is not liable for any losses incurred as a result of or in connection with a Participant's access to or use of, or inability to use or access the System, Market, or both as the case may be or otherwise in connection with:
 - (a) the Participant's use of or reliance on the System, the Market, or both as the case may be, including any technical problems, interruptions, blackouts, delay, glitches or malfunctions, interceptions in data transmission or the full or partial unavailability of the Operator's System;
 - (b) the timeliness, quality, correctness, accuracy, reliability, fitness or completeness of the information contained on the Market;
 - (c) any Force Majeure Event affecting the Market;
 - (d) any fluctuation in the underlying market price of Units during the period of any suspension of the Participant, the Participant's ability to deal with any Units or suspension of trading on the Market;
 - (e) any act, omission, failure, negligence, delay or other issues or matter affecting or caused by or in connection with:
 - (i) the Scheme Registry, Scheme Authority or the Issuer; or
 - (ii) circumstances relating to or in connection with the originating project proponent, the originating project, or both as the case may be, that is submitted to the Scheme Registry and/or the Issuer for listing, registration and verification, including in circumstances as it relates to the Units issued by such Issuer;
 - (f) the conduct of another Participant on the System, Market, or both as the case may be;

- (g) any damage to or viruses which may infect the Participant's equipment or other property of the Participant or any other unauthorised access or use; or
 - (h) any action that may be undertaken by any country in respect of meeting its Nationally Determined Contribution.
 - (i) any action that may be undertaken by a national or sub-national jurisdiction that affects the eligibility of Units for trading *via* Contracts on the Market.
- (3) Neither a Buyer nor a Seller has recourse against the Operator in the event of an Underlying Scheme Issue.

For the purposes of Rule 2.07(3), an "Underlying Scheme Issue" means the relevant Scheme notifies the Operator or the Buyer or Seller otherwise become aware that:

- (a) Units which are the subject of the Contract are or are suspected of having been fraudulently created or issued illegally;
 - (b) the approval of Units which are the subject of the Contract is or will be suspended or withdrawn for any reason;
 - (c) Units which are the subject of the Contract have been issued by the Issuer in error or erroneously;
 - (d) the Seller does not have full legal and beneficial title to the Units;
 - (e) the Scheme Registry disables or intends to disable the connection between the System and the Scheme Registry for any reason other than for a breach by the Operator of its obligations under any contract with the relevant party; or
 - (f) the Scheme under which the Units were issued has or will cease to exist.
- (4) The Operator is not liable to any Participant for any indirect or consequential losses however caused.
- (5) The Operator is not liable for any act, omission, insolvency, negligence, failure, delay or default of the Cash Custodian, Unit Custodian, the financial institution where the Cash Custodian's Bank Account or any of them as the case may be, and is not liable for any resulting loss, liability, cost or expense incurred or suffered by a Participant.
- (6) The Market and Contracts are traded and provided on an "as is" basis at the Participant's sole risk. The Operator does not provide any representations or warranties, whether express or implied, with respect to these Rules, the Operating Procedures, any data, documentation or materials provided or the adequacy or performance of the Market, and the Operator disclaims to the extent permitted by law any warranties of merchantability, non-infringement or fitness for a particular purpose, or any implied warranties arising from any course of dealing, usage or trade practice.
- (7) The information in these Rules and any information that is made available through the System, Account, or both as the case may be is general information only and not personal advice, and does not constitute a recommendation or opinion that the Operator, or any opportunity made available through the Market, is suitable for a Participant or Client. Such information is provided to help Participants or Clients to understand the potential benefits and risks associated with the Market and the opportunities available.
- (8) The System, Market, or both, as the case may be, may contain links to third party websites including the website of a Scheme Authority and Scheme Registry or external sources of information, the content of which is not controlled by the Operator. Any such information, including third party

valuations, is provided for convenience and informational purposes only. The Operator does not endorse, approve or accept any responsibility for the content of third party websites linked to the System, Market, or both as the case may be, or other external sources of information. The Operator is not responsible for the accuracy, legality or content of such information and disclaims all guarantees and warranties, express or implied, as to the timeliness, quality, legality, correctness, accuracy or completeness of the information contained on any linked, third party websites or other external sources of information.

- (g) Participants should obtain independent financial, taxation, legal and such other relevant advice before entering into any transaction on the Market.

2.08 Indemnity

- (1) Each Participant must indemnify and hold the Operator, the Unit Custodian, the Cash Custodian and their respective related corporations, shareholders, directors, officers, employees, agents and representatives ("**Indemnified Parties**") harmless from and against any and all losses, liabilities, costs and expenses incurred or suffered by any of the Indemnified Parties arising in connection with:
- (a) an actual or alleged violation of any laws or these Rules by the Participant;
 - (b) the wilful misconduct, fraud or negligence of the Participant;
 - (c) any other act or omission of the Participant;
 - (d) any legal proceedings, claims or actions brought against any of the Indemnified Parties as a result of an actual or alleged violation of any laws or these Rules by such Participant, or as a result of an actual or alleged failure of the Operator to detect, prevent or otherwise act against such actual or alleged violations;
 - (e) any legal proceedings, claims or actions brought against any of the Indemnified Parties as a result of any act or omission of such Participant;
 - (f) any information supplied by or through the Participant, any transaction or arrangement entered into by the Participant with any third party, or any misuse or improper disclosure of any information by the Participant;
 - (g) any dispute between Participants, or between a Participant and a third party with respect to any Units supplied to or traded on the Market;
 - (h) any claim by any relevant taxing or regulatory authority for any sales, use, goods and services, value added, withholding or similar taxes (whether direct or indirect), or claim or other form of levy or charge arising from or relating to the non-payment of the same;
 - (i) the use of any System and its related services;
 - (j) the relevant Scheme Rules, including any breach by a Participant of the Scheme Rules; or
 - (k) any person or property (including, without limitation, any personal injuries or death of any third person) in any way relating to or caused in whole or in part with the supply or trade of Units by the Participant or any other activity of the Participant conducted using the System,
- except to the extent such losses are directly caused by the wilful misconduct or fraud of the Operator.

- (2) The indemnities provided in this Rule 2.08 constitute continuing obligations of each Participant which are separate from its other obligations and survive the termination of these Rules or the cessation or suspension of participantship or termination or suspension of its Account, and remain unaffected by anything which may prejudice, release, discharge or affect the liability of the Participant.

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PART D DISCLOSURE OF INFORMATION

2.09 Disclosure of information regarding Participants and Units

The Operator may, where it considers appropriate, disclose any information regarding a Participant's or Client's identity, volume or value of Trades, and holdings of Units. Such disclosure may include the following:

- (a) to the Scheme Registries as the Operator considers fit for the purposes of the registration of Trades, the Retirement of the Units, or ensuring compliance with the Scheme Rules;
- (b) for the purposes of the operation of the Market, System or to give effect to these Rules and any transactions contemplated under the Rules;
- (c) to the Operator's related corporations, governmental agencies, regulatory authorities or any other relevant authority having jurisdiction, within or outside Malaysia, over the Operator or any of the Participants where required, necessary or expedient to do so at the absolute discretion of the Operator;
- (d) to such parties as the Operator considers fit for the purposes of the Operator's inspection, investigation, enforcement or all of the foregoing; or
- (e) for the purposes of market data analysis and any other market data services.

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PART E PROHIBITION OR UNENFORCEABILITY

2.10 Prohibition or unenforceability or provision

Any provision of these Rules which is prohibited or unenforceable in any jurisdiction will be ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. Any such unenforceability will not invalidate the remaining provisions of these Rules nor affect the validity or enforceability of that provision in any other jurisdiction.

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PART F DISCIPLINARY RULES

2.11 Actions for Breach

- (1) Where a Participant breaches or attempts to breach any of these Rules, the Operator may take any one or more of the following actions against the Participant:
 - (a) direct any action to be taken to remedy the breach;
 - (b) impose restrictions on any activities of the Participants, including to suspend or terminate participation on the Market, the Account, or both as the case may be;
 - (c) direct payment of reasonable costs to the Operator and any Appeals Committee; and
 - (d) any other action the Operator considers appropriate.
- (2) The Operator may appoint a committee or committees to consider any Participant's breaches of any Rule(s) and the actions to be taken against the Participant pursuant to this Rule 2.11.

2.12 Notification

- (1) Prior to taking any action under Rule 2.11, the Operator will notify the Participant in writing of the breach or attempted breach alleged and provide the Participant with the opportunity to provide the Operator with a written explanation within the time frame as stated in the notice.
- (2) After consideration of the explanation given, where the Operator finds that a breach or attempted breach has been committed by the Participant, the Operator will notify the Participant in writing of the action to be taken against the Participant.
- (3) Any non-compliance by the Participant with the action taken under Rule 2.11 and with any terms imposed in the notice of decision will be treated as a breach of these Rules, and further action may be taken against that Participant without any prior or further notice to the Participant.

2.13 Right of Appeal

- (1) A Participant may appeal against any action taken by the Operator against the Participant under Rule 2.11, within 14 days from the Participant's receipt of the written notification issued under Rule 2.12(2).
- (2) The appeal will be considered by the Appeals Committee. The members of the Appeals Committee will be appointed by the Operator and comprise of individuals who are free of any conflicts of interest. The decision of the Appeals Committee shall be final and binding. The appeal will be conducted in accordance with these Rules. The Operator may charge the Participant a fee to defray the reasonable costs and expenses of the Appeals Committee.
- (3) The written notice of appeal shall set out in writing the grounds of the appeal and shall contain a brief statement of all matters relied upon by the appellant. A written notice of appeal that fails to specify the grounds for the appeal and the specific error or impropriety of the original decision shall be dismissed.
- (4) The Operator may suspend the implementation of any decision appealed against pending the conclusion of the appeal process set out in this Rule 2.13 if the Operator deems fit.

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PART G DISPUTE RESOLUTION

2.14 Disputes

- (1) If a claim, dispute or difference arises between a Participant and the Operator or between Participants out of or in connection with any Contract or these Rules (except for Part F of Chapter 2) whether in relation to validity, enforceability, termination or otherwise ("**Dispute**"), the parties to the Dispute must promptly notify the Operator of such Dispute.
- (2) If the Operator is not a party to the Dispute:
 - (a) a director or other senior representatives of the parties with authority to settle the Dispute must, within 10 Market Days of notification of the Dispute under Rule 2.14(1), meet (whether in person or by telephone or other means of communication) in good faith to resolve the Dispute. The Operator may, in its absolute discretion, be present at such meeting; and
 - (b) if the Dispute is not resolved pursuant to the procedure set out in Rule 2.14(2)(a), the parties shall be free to refer such matter to any other dispute resolution forum.
- (3) If the Operator is a party to the Dispute:
 - (a) a director or other senior representatives of the parties with authority to settle the Dispute must, within 10 Market Days of notification of the Dispute under Rule 2.14(1), meet (whether in person or by telephone or other means of communication) in good faith to resolve the Dispute. No party may commence any arbitration under Rule 2.14(3)(b) in relation to a Dispute until the earlier of the occurrence of such a meeting or the expiry of the 10 Market Days period specified in this Rule; and
 - (b) if the Dispute is not resolved pursuant to the procedure set out in Rule 2.14(3)(a), the Dispute must be referred to arbitration administered by the Asian International Arbitration Centre ("**AIAC**") in accordance with the Arbitration Rules of the AIAC, which rules are deemed to be incorporated by reference in this Rule. The seat of the arbitration will be Malaysia. The tribunal will consist of one arbitrator to be jointly nominated by the parties, and failing agreement, such arbitrator shall be nominated by the Chairman of the AIAC. The language of the arbitration will be English and the place of arbitration shall be in Kuala Lumpur, Malaysia. The award of the arbitrator is final and binding upon the parties to such Dispute.

[End of Chapter 2]

CHAPTER 3
PARTICIPANTS

PART A PARTICIPANTS

3.01 Participantship classes

- (1) There will be the following classes of Participants:
 - (a) Traders;
 - (b) Suppliers;
 - (c) Brokers;
 - (d) Market Makers; and
 - (e) such other class of participantship as the Operator may create from time to time.
- (2) The Operator may add, vary or delete the classes of Participants from time to time.
- (3) Participants may fall within one or more classes of participantship.

3.02 Application procedure

- (1) To become a Trader, Supplier, or both as the case may be, an applicant must:
 - (a) meet the criteria set out in Rule 3.03;
 - (b) complete and submit an application form and furnish the relevant supporting documents as prescribed or requested by the Operator as well as an undertaking to comply with these Rules; and
 - (c) receive written approval to become a Participant from the Operator.
- (2) To become a Broker, in addition to satisfying the requirements set out in Rule 3.02(1), an applicant must:
 - (a) furnish documentary evidence that it is able to comply with the additional requirements set out in Rule 3.17(4) and as required to be submitted with the application form;
 - (b) furnish documentary evidence that it has policies and procedures to protect Client's interests; and
 - (c) receive written approval to become a Broker from the Operator.
- (3) To become a Market Maker, in addition to satisfying the requirements set out in Rule 3.02(1), an applicant must:
 - (a) enter into an agreement with the Operator to mutually agree on the terms and conditions of its appointment; and
 - (b) receive written approval to become a Market Maker from the Operator.
- (4) Admission as a Participant is at the Operator's absolute discretion. The decision of the Operator shall be final.

- (5) Upon admission of a Participant, an Account will be created for use by the Participant on the System. For a Broker, an Account will be created for orders and Trades executed for the Broker's own account, and a separate Account will be created for orders and Trades executed on behalf of the Broker's Clients ("**Client Account**").
- (6) No person is allowed to enter orders on the Market or Trades or describe itself as a Participant of the Market, unless it is admitted as a Participant in accordance with these Rules.

3.03 Eligibility

To be eligible as a Participant, all the following requirements must be satisfied:

- (a) an applicant must not be an individual (being a natural person);
- (b) an applicant must be duly organised and validly existing under the laws of the jurisdiction in which it was established;
- (c) an applicant must nominate and maintain a Designated Bank Account to deposit or withdraw funds or trading proceeds, and seek the prior written approval of the Operator for any changes to the Designated Bank Account;
- (d) an applicant must nominate at least one Designated User, and seek the prior approval of the Operator for any changes to the Designated User. The Participant will be responsible and liable for any and all actions of all of its Designated Users on the System;
- (e) an applicant and its Designated User must meet the criteria set out in Rules 3.03(f), 3.03(g) and 3.03(h) and any other due diligence review or procedures adopted by the Operator;
- (f) an applicant (and its Designated Users) must pass all know-your-customer and anti-money laundering, anti-bribery, anti-corruption and countering financing terrorism requirements due diligence and checks against any sanctions lists undertaken by the Operator;
- (g) an applicant must be of good standing, reputation and integrity and not convicted or been convicted of any offence involving fraud or dishonesty, and its Designated User must be a fit and proper person of good character with the necessary levels of knowledge, capability and competency and not convicted or been convicted of any offence involving fraud or dishonesty;
- (h) an applicant must maintain adequate financial resources, operate as a going concern and not be insolvent or the subject of insolvency proceedings or such other analogous circumstances or proceedings;
- (i) an applicant must not in the reasonable opinion of the Operator pose an actual or potential threat to the security of the System, to the Operator, or to another Participant's business; and
- (j) an applicant must satisfy any other criteria that the Operator may prescribe from time to time at its absolute discretion.

3.04 Continuing obligations

Throughout a Participant's participation, it must:

- (a) continuously satisfy the criteria set out in Rule 3.03 and notify the Operator if the Participant or its Designated User ceases to satisfy the criteria set out in Rule 3.03;
- (b) comply with and give effect to these Rules;

- (c) provide true, correct and complete information and documents whenever information and documents are required to be given under these Rules, and promptly notify the Operator of any changes to such information;
- (d) notify the Operator if the Participant becomes or is likely to cease satisfying any of the criteria in Rule 3.03. Without limiting the generality of the foregoing, notice must be provided if the Participant or the Designated User:
 - (i) becomes insolvent or the subject of insolvency proceedings, where there is a material adverse change to the financial position or resources of the Participant, or any regulatory or disciplinary action is taken that could be reasonably expected to impact the Participant's ability to comply with its obligations under these Rules; or
 - (ii) ceases to be of good standing or fit and proper, has contravened any written law for protecting members of the public against financial loss due to dishonesty, incompetence, malpractice or negligence or has been subjected to any form of disciplinary proceedings or actions by, or entered into a settlement with, any regulatory, supervisory or professional body;
- (e) implement and maintain appropriate policies, procedures, systems and controls to supervise and ensure its Designated Users comply with these Rules when using the Account to enter orders on the Market or Trades or carry out dealings in the Units;
- (f) adhere to the principles of best business practices and fair dealing in the conduct of the Participant's trading activities;
- (g) unless it is a Broker, enter orders and Trades only as principal and not for or on behalf of any other persons;
- (h) be authorised to participate in the Market; and
- (i) comply with all applicable laws, including having all requisite approvals, permits and licenses from relevant regulatory authorities.

3.05 Participant representations and warranties

Subject to approval being granted by the Operator, at the time of admission of the Participant, each Participant represents and warrants in favour of the Operator and for the benefit of each other Participant that:

- (a) it is duly organised and validly exists under the applicable laws of the jurisdiction in which it was established;
- (b) it has the power to enter orders on the Market or Trades and to perform its obligations under these Rules;
- (c) it has obtained all consents, approvals, authorisations, permits and licences of, exemptions by or registrations with or declarations by, any governmental or other relevant regulatory authority required by it from time to time, to enter into any order under these Rules and in compliance with all applicable laws (including any foreign exchange regulations), and there is no contractual, legal or regulatory obligation or requirement affecting it which may prohibit or impede the performance of any of its obligations relating to an order under these Rules;
- (d) the performance of its obligations under these Rules does not conflict with any terms or conditions of its constitutional documents or any contract to which it is a party;

- (e) the performance of its obligations does not violate or conflict with any law, sanctions regime, order or judgment of any court or other governmental agency or regulator applicable to it;
- (f) the performance of its obligations under these Rules and its holding and trading of Contracts do not conflict with the Scheme Rules;
- (g) it has read and understood these Rules and any associated documents, policies or procedures;
- (h) there is no ongoing or threatened litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a material adverse effect on the Participant or its Designated User, nor have there been any judgments or orders made against the Participant or its Designated User which might reasonably be expected to have a material adverse effect on the Participant or its Designated User; and
- (i) none of the information provided or transmitted to the Operator by the Participant in connection with these Rules is false, misleading, or materially inaccurate (whole or in part) on the date on which it is provided.

3.06 Fees and Taxes

- (1) The fees and charges payable by a Participant for activities undertaken on the Market and via the System are as prescribed by the Operator.
- (2) A Participant authorises the Operator to deduct at such periodic times as determined by the Operator all fees, charges, levies and taxes payable to the Operator from the funds held on trust for the Participant by the Cash Custodian, and such deduction will be reflected in the Account.
- (3) There will be no refund on any part of the fees, charges or premiums which has been paid by a Participant, unless otherwise permitted by the Operator.
- (4) All fees or charges which are due and unpaid by a Participant when there are insufficient funds held on trust for the Participant by the Cash Custodian will remain due and payable by the Participant and may incur late payment charges as prescribed by the Operator, and pending such payment, the Operator may suspend the Participant, its Account or both, as the case may be. Payment including any late payment charges will remain due and payable regardless of the resignation or suspension of participantship or the termination or suspension of its Account. The Operator shall have the right to sell some or all of the Units held on trust for the Participant by the Unit Custodian and apply the proceeds of sale towards discharging any fees, charges or late payment charges which are due and unpaid by a Participant.
- (5) Unless expressly stated otherwise, any fees or charges payable by a Participant in accordance with these Rules are exclusive of taxes and duties.
- (6) A Participant is liable for all taxes and duties including stamp duty which may arise in respect of any transaction on the Market or any services provided by the Operator under these Rules. If any such taxes or duties are due and payable under these Rules, the Operator may collect it from the Participant and deduct the amount from the Participant's Account.
- (7) Any fees or charges payable by a Participant in accordance with these Rules must be paid in full, without any deduction or withholding.

3.07 Suspension, Resignation and Termination of participantship and Closure of Accounts

- (1) The Operator may suspend or terminate a Participant, its Account, or both, as the case may be, if:

- (a) the Participant has been dissolved or wound up; or
 - (b) there are no Units in the Account and the Account has been dormant for 3 years or more.
- (2) A Participant who intends to resign from its participantship must give the Operator at least 30 days' notice in writing stating the proposed date of resignation. Where the Operator becomes insolvent, a Participant is permitted to resign with immediate effect upon giving written notice to the Operator. For the avoidance of doubt, the Participant shall continue to comply with these Rules until the effective date of the resignation.
- (3) The termination or resignation of the Participant takes effect at the later of either the expiration of the notice period in Rule 3.07(2) or when:
- (a) there is no outstanding matter concerning the Participant that is subject to an ongoing investigation or enforcement action;
 - (b) there are no outstanding Units held on trust for the Participant by the Unit Custodian and no outstanding cash held on trust for the Participant by the Cash Custodian; and
 - (c) the Participant has no outstanding financial or other obligations to the Operator or another Participant.

The acceptance of the resignation is at the absolute discretion of the Operator.

- (4) Upon the suspension or termination taking effect, the Participant will not be able to enter orders on the Market or Trades but will be entitled to request for a withdrawal of any cash held on trust for the Participant by the Cash Custodian in accordance with Rule 6.05, and a withdrawal or Retirement of the Units held on trust for the Participant by the Unit Custodian in accordance with Rules 7.02 and 7.03.
- (5) A Participant's suspension, resignation or termination will not in any way:
- (a) diminish any liability which the Participant may have to the Operator under these Rules;
 - (b) affect or render void any Trade entered into by the Participant prior to the suspension, resignation, termination of the Participant; and
 - (c) affect any right, obligation or liability arising under any Trade entered into by the Participant prior to the suspension, resignation, termination of the Participant.

3.08 Continuing liability

- (1) A former Participant remains liable to disciplinary action for any breach of these Rules committed during the period while it was a Participant.
- (2) A former Participant must retain all its records for at least 7 years from the date of cessation and produce such records in a legible form to the Operator upon demand.
- (3) All provisions in these Rules continue to apply in respect of the former Participant to the extent required to give effect to Rules 3.08(1) and 3.08(2).

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PART B ADDITIONAL REQUIREMENTS ON BUYERS

3.09 Pre-funding

In order to enter orders or Trades, a Buyer must maintain a sufficient amount of funds (including to cover any fees, taxes and charges) in the Cash Custodian's Bank Account which will be required to fulfil the relevant order or Trade.

3.10 Voluntary purpose for GHG Reductions

If a Buyer enters into Contracts to purchase Units generated from originating projects in Malaysia for the purpose of GHG Reductions, the Buyer shall not take any action that will result in any GHG Reductions underlying the said Units being used by other countries to achieve their Nationally Determined Contributions or for Other International Mitigation Purposes. In that regard, the Buyer shall not take any action to cause such Units to be authorised and have corresponding adjustments applied.

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PART C ADDITIONAL REQUIREMENTS ON SELLERS

3.11 Units

In order to enter orders or Trades, a Seller must maintain a sufficient number of Units in the Unit Custodian Scheme Account which will be required to fulfil the relevant Contract.

3.12 Seller representations and warranties

The Seller (which includes a Broker in an instance where the Broker is acting in its capacity as a Seller whether for itself or for its Clients) represents and warrants to the Operator (in addition to the representations and warranties in Rule 3.05) and the Buyer who purchases Units from that Seller, that immediately prior to matching of orders:

- (a) it, or its Client (where applicable, in the case of a Broker) held full beneficial title to each of the Units free and clear of any liens, security interests, claims or other encumbrances or title defects; and
- (b) it, or its Client (where applicable, in the case of a Broker) has no claim to the Units under any voluntary or mandatory GHG Reduction programme or as part of its own mitigation or carbon neutrality target, where applicable.

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PART D ADDITIONAL REQUIREMENTS ON SUPPLIERS

3.13 Continuing obligations of Suppliers

These requirements are in addition to the requirements imposed on a Trader.

3.14 Admission of Units

- (1) Prior to the admission of any Units held by a Supplier, the Supplier must seek the written approval of the Operator by completing and submitting an application form and furnish the relevant supporting documents relating to its ownership of the Units and the originating project prescribed by the Operator. The Operator shall state the Contract under which the Units will be traded.
- (2) Admission of any Units is at the Operator's absolute discretion and is subject to, among others, the Units meeting the eligibility criteria specified in the Contract Specifications and the relevant Units being transferred by the Supplier to the Unit Custodian Scheme Account. The decision of the Operator shall be final.

3.15 Supplier representations and warranties

- (1) Subject to approval being granted by the Operator and the transfer of the relevant Units by the Supplier to the Unit Custodian Scheme Account in accordance with Rule 3.14, at the time of admission of the Units, the Supplier represents and warrants to the Operator (in addition to the representations and warranties in Rule 3.05) that immediately prior to the transfer of the Units to the Unit Custodian Scheme Account:
 - (a) it held full legal and beneficial title to each of the Units free and clear of any liens, security interests, claims or title defects or other encumbrances or any prohibitions imposed by a host country, Scheme Registry or Scheme Authority against the Units being sold;
 - (b) it was not holding the Units for or on behalf of any other persons, or acting in any way as a broker for engaging in any transactions with the Units for or on behalf of any other person;
 - (c) the Units were validly held at the relevant Scheme Registry in the Supplier's name in accordance with the relevant Scheme Rules;
 - (d) the Units are not and are not suspected of having, and the Supplier has no reason to believe that the Units have, been fraudulently created or issued illegally;
 - (e) the approval of the Units has not been suspended or withdrawn for any reason;
 - (f) the Units have not been issued by the Issuer in error or erroneously;
 - (g) the Scheme under which the Units were issued has not ceased to exist;
 - (h) the originating project that resulted in the generation of the Units, has complied with all applicable laws;
 - (i) there were no outstanding payments due by the Supplier in respect of the Units under the Scheme Rules or to any other party who may have been involved in the generation and issuance of the Units or in the originating project or programme from which the Units were generated; and
 - (j) where applicable, no action has been taken by the Supplier that will result in any GHG Reductions underlying such Units generated from originating projects in Malaysia being authorised for use by other countries to achieve their Nationally Determined Contributions or for Other International Mitigation Purposes and in that regard, to have corresponding adjustments applied.

- (2) Each Supplier makes these representations and warranties for the benefit of the Operator and the Buyer who purchases Units from that Supplier.

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PART E ADDITIONAL REQUIREMENTS ON BROKERS

3.17 Continuing obligations of Brokers

These requirements are in addition to the requirements imposed on a Trader.

3.18 Trades on behalf of a Client

- (1) A Broker may execute trades for its own account or on behalf of a Client. A Broker will be deemed to be acting and liable as principal notwithstanding that the Broker may be acting on behalf of a Client.
- (2) A Broker may only act on behalf of a Client to execute trades as a Trader.
- (3) A Broker must carry out adequate know-your-customer assessments on its Client prior to executing trades on behalf of a Client.
- (4) In relation to a Client, a Broker must:
 - (a) ensure that the Client meets the criteria set out in Rule 3.03;
 - (b) ensure that all trades executed on behalf of a Client are executed via the Client Account and the Client Account is not used to execute any trades for the Broker's own account;
 - (c) obtain written authorisation from a Client to deal with the Units or Contracts on its behalf and to accept instructions from any person or persons on behalf of a Client;
 - (d) carry out a Client's instructions in a timely manner, with proper skill, care and diligence;
 - (e) account for and adequately safeguard the assets of a Client;
 - (f) give priority to a Client's trades over the execution of its own trades in relation to the Contracts of the same class;
 - (g) not knowingly take, directly or indirectly, the opposite side of a Client's trade for its own account, an account in which the Broker has a direct or indirect financial interest, or another Client;
 - (h) not front-run a Client;
 - (i) ensure that a Client's trades are executed in the chronological order in which they are received;
 - (j) handle a complaint from a Client relating to the Broker's business in a timely and appropriate manner;
 - (k) ensure that the Client complies with these Rules, where applicable; and
 - (l) where applicable, in the case of a proposed sell order, procure that the Client has no claim to the Units under any voluntary or mandatory GHG Reduction programme or as part of its own mitigation or carbon neutrality target.
- (5) A Broker shall maintain records and documents of its Clients' satisfaction of the requirements under Rule 3.17(4) at its registered office. The Operator reserves the right to request for the Broker to produce such records or documents for its inspection from time to time, to which the Broker must comply.

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ADDITIONAL REQUIREMENTS ON MARKET MAKERS

3.19 Market Makers

- (1) These requirements are in addition to the requirements imposed on a Trader.
- (2) Subject to Rule 3.02(3), the Operator may approve the admission of a Market Maker.
- (3) A Market Maker must provide quotes upon request at all times during trading hours based on the requirements prescribed by the Operator and must comply with the requirements in this Part in performing its role.

3.20 Obligations of a Market Maker

- (1) Transactions of a Market Maker should constitute a course of trading reasonably calculated to contribute to the maintenance of an orderly and fair Market.
- (2) A Market Maker must not enter into transactions or make orders that may result in the Market not being orderly or fair.
- (3) The Market Maker has a continuous obligation to engage, to a reasonable degree under the existing circumstances, in trading for itself. Without limiting the foregoing, a Market Maker is expected to perform the following activities in the course of maintaining an orderly and fair Market:
 - (a) to compete with other Market Makers to improve the liquidity of the Market;
 - (b) to update orders in response to changed market conditions; and
 - (c) to price buy and sell orders fairly with a spread no wider than such spread as may be prescribed by or agreed with the Operator.
- (4) A Market Maker must make arrangements to finance its transactions as Market Maker and must notify the Operator of the source of its financing and its terms, at such time and at such frequency as may be determined by the Operator. The Operator must be informed immediately of the intention of any party to terminate or change any such arrangement.

[End of Chapter 3]

CHAPTER 4
CONTRACTS

PART A RULES APPLICABLE TO CONTRACTS

4.01 Contract Specifications

- (1) Contracts offered for trading by the Operator are governed by these Rules and the relevant Contract Specifications as prescribed by the Operator from time to time.
- (2) The Contracts offered for trading are as listed in the Contract Specifications document (List of Contracts). The Operator may add, vary or remove the Contracts offered for trading from time to time.
- (3) The Units issued on a Scheme by an Issuer that meet the criteria set out in the Contract Specifications may be approved for trading on the Market via a Contract.
- (4) In the event of a conflict between these Rules and the Contract Specifications, the Operator shall be the final arbiter on any such conflict. It may issue instructions or clarifications in regard thereto.
- (5) The Operator retains the discretion to amend the Contract Specifications from time to time as it deems appropriate. In the event that there is any change to the Contract Specifications, the Operator shall notify the Participants prior to the effective date of the change. Any changes to Contract Specifications shall not impact previously executed Contracts.

4.02 Contracts no longer offered for trading

- (1) If the Operator determines that a Contract should no longer be offered for trading for any reason, the Operator may take any one or more of the following actions:
 - (a) withdraw the Contract from being offered for trading;
 - (b) suspend trading of the Contract;
 - (c) direct any actions to be taken in respect of the Contract;
 - (d) direct any actions to be taken in respect of the Units corresponding to the Contract, if the Units held on trust for the Participant by the Unit Custodian are not withdrawn or Retired in accordance with Rules 7.02 and 7.03; or
 - (e) any other action which the Operator deems fit in the circumstances.
- (2) Any withdrawal or suspension of Contracts pursuant to Rule 4.02(1) shall not impact previously executed Contracts.

[End of Chapter 4]

CHAPTER 5
TRADING RULES

PART A CONTINUOUS TRADING

5.01 General

- (1) All orders and Trades by Participants in Contracts on the Market must be effected through the System via its Account in the manner prescribed in these Rules.
- (2) All records maintained by the Operator in relation to any order or Trade or any matter entered or reflected in the Account will prevail as evidence of the truth of the matter over all other records maintained by the Participant or any other person.
- (3) The Operator may at any time issue procedures in the Operating Procedures relating to or in connection with trading on the Market including the trading sessions, trading hours, matching algorithm, order types, validity conditions or other restrictions and limits. All Participants must comply with such procedures stipulated in the Operating Procedures and Contract Specifications when trading on the Market.

5.02 Orders

- (1) A Seller can offer a Contract to sell its Units on the Market by completing a sell order on the System through its Account in the manner prescribed by the Operator. A sell order will be rejected by the System if the Seller does not maintain a sufficient number of Units in the Unit Custodian Scheme Account necessary to fulfil the Contract.
- (2) A Buyer can offer a Contract to purchase Units on the Market by completing a buy order on the System through its Account in the manner prescribed by the Operator. A buy order will be rejected by the System if the Buyer does not maintain a sufficient amount of funds (including to cover any fees and charges) in the Cash Custodian's Bank Account which is necessary to fulfil the payment obligations under the Contract.
- (3) All orders entered must be firm and available for matching, and will remain open until matched or until such time as they are withdrawn or cancelled by the Seller or Buyer, or cancelled by the Operator in accordance with these Rules.
- (4) A Seller or Buyer may modify or cancel any order entered into the System (in whole or in part) prior to the matching of the order, subject always to the right of the Operator not to allow for such modification or cancellation in circumstances it deems fit. The Operator may cancel any order entered in circumstances it deems fit, including in the event of a breakdown, malfunction or error in the System (committed by the Operator or by other Participants) or in any other system, service or facility of the Operator ("**Systems Malfunction or Error**").

5.03 Entering of Contracts for orders

- (1) Where orders are matched through the System, a Trade occurs and a binding and irrevocable agreement will come into existence between the Seller and the Buyer where the Seller and Buyer are bound as principals.
- (2) Each of the Seller and the Buyer authorises the Operator, the Unit Custodian and Cash Custodian to take such actions as may be required for the settlement of the Contracts in accordance with Chapter 6.
- (3) The Operator shall not act as central counterparty for any Trades matched through the System.

5.04 Trade Confirmation

- (1) A confirmation of each Trade on the Market will be issued to the Participants in the manner prescribed by the Operator in the Operating Procedures.
- (2) A Participant must verify the details of the trade confirmation received upon receipt and notify the Operator if an error has occurred in the manner prescribed by the Operator in the Operating Procedures.

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PART B OFF-MARKET TRANSACTION

5.05 Off-Market Transaction

- (1) A Seller and a Buyer are permitted to enter into an Off-Market Transaction, subject to such Off-Market Transaction being reported to the Operator via the Account.
- (2) The Off-Market Transaction will be rejected by the System if:
 - (a) both the Seller and the Buyer do not report the same transaction details on the same Market Day;
 - (b) the Seller does not maintain a sufficient number of Units in the Unit Custodian Scheme Account which is necessary to fulfil the Contract; or
 - (c) the Buyer does not maintain a sufficient amount of funds (including to cover any fees and charges) in the Cash Custodian's Bank Account which is necessary to fulfil the payment obligations under the Contract.
- (3) An Off-Market Transaction is recognised as a Trade when both the Seller and the Buyer report the same transaction details on the same Market Day and such reports are accepted by the System. An Off-Market Transaction that is recognised as a Trade is binding and irrevocable between the Seller and the Buyer. For the avoidance of doubt, the Operator shall not act as central counterparty for any Off-Market Transaction that is recognised as a Trade.
- (4) Each of the Seller and the Buyer authorises the Operator, the Unit Custodian and Cash Custodian to take such actions as may be required for the settlement of the Off-Market Transaction in accordance with Chapter 6.
- (5) The Operator may at any time issue procedures in the Operating Procedures relating to or in connection with Off-Market Transactions. All Participants engaging in Off-Market Transactions must comply with such procedures stipulated in the Operating Procedures.

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PART C SYSTEM AND TRADE ERRORS

5.06 Systems malfunction or error

- (1) A Participant must not take advantage of a situation which arises as a result of a Systems Malfunction or Error.
- (2) A Participant who encounters a Systems Malfunction or Error must immediately notify the Operator.
- (3) A Participant must take all necessary and appropriate actions to mitigate any potential losses arising from the Systems Malfunction or Error immediately after the Participant becomes aware or should have known that there is a Systems Malfunction or Error.
- (4) The Operator may provide notification that there is a Systems Malfunction or Error and direct the Participants to take any action arising from the Systems Malfunction or Error.

5.07 Cancellation of a Trade or price adjustment

- (1) Notwithstanding any other provisions of these Rules, the Operator may adjust Trade prices or cancel Trades in any circumstances it deems fit, including in the event of a Systems Malfunction or Error.
- (2) The Operator may review a Trade on its own or upon the request of a Participant.
- (3) The Operator will notify the relevant Participants involved of any Trade that is under review.

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PART D AUCTIONS

5.08 General

- (1) The Operator may from time to time organise auctions for the sale and purchase of Contracts.
- (2) The Suppliers, Sellers and Buyers who wish to participate in an auction are required to submit a request to the Operator via the System or using such modes as may be prescribed by the Operator.
- (3) Once approved to participate in the auction, the Seller is required to maintain a sufficient number of Units in the Unit Custodian Scheme Account necessary to fulfil the Contracts offered for auction by the Seller. Such Units shall be earmarked in the System and shall not be available for trading, withdrawal or Retirement pending the completion of the auction.
- (4) Once approved to participate in the auction, the Buyer is required to maintain sufficient amount of funds necessary to cover the relevant bid, transaction and any other relevant charges in the Cash Custodian's Bank Account as prescribed by the Operator.
- (5) The Operator may from time to time issue auction procedures relating to or in connection with auctions organised by the Operator including reserve prices, bid procedures and settlement. The Sellers and Buyers whose request for participation in the auction are approved by the Operator are required to comply with such auction procedures.
- (6) Each of the Seller and the Buyer authorises the Operator, the Unit Custodian and Cash Custodian to take such actions as may be required for the settlement of the Contracts concluded via auction in accordance with the auction procedures.
- (7) The Operator shall not act as central counterparty for any Contracts concluded via an auction.

[End of Chapter 5]

CHAPTER 6
SETTLEMENT

PART A SETTLEMENT

6.01 Settlement for Market Trades

- (1) Upon the occurrence of a Trade matched through the System, the Operator will immediately update the Accounts of the relevant Seller and Buyer to reflect:
 - (a) the transfer of the relevant Units under the Contracts from the Seller to the Buyer; and
 - (b) the transfer of the purchase price under the Contracts from the Buyer to the Seller.
- (2) Settlement occurs upon the Seller's and the Buyer's Accounts being updated in accordance with Rule 6.01(1), and the Operator will notify the Unit Custodian and Cash Custodian of the updates to the Seller's and the Buyer's Accounts.

6.02 Settlement for Off-Market Transactions

- (1) Upon the System recognising the Off-Market Transaction as a Trade, the Operator will immediately update the Accounts of the relevant Seller and Buyer to reflect:
 - (a) the transfer of the relevant Units under the Contract from the Seller to the Buyer; and
 - (b) the transfer of the purchase price under the Contract from the Buyer to the Seller.
- (2) Settlement occurs upon the Seller's and the Buyer's Accounts being updated in accordance with Rule 6.02(1) and the Operator will notify the Unit Custodian and Cash Custodian of the updates to the Seller's and the Buyer's Accounts.

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PART B CASH CUSTODY ARRANGEMENTS

6.03 Cash Custodian arrangements

- (1) A Participant acknowledges and agrees that cash that is transferred by the Participant to the Cash Custodian's Bank Account will be held in accordance with this Rule.
- (2) The Cash Custodian declares and covenants in favour of the Operator and each Participant that:
 - (a) all cash that is transferred by a Participant to the Cash Custodian's Bank Account is held by the Cash Custodian on trust for that Participant or for any other Participant that receives that cash following a Trade;
 - (b) the Cash Custodian will deal with, transfer and exercise rights or privileges attaching to the cash that it holds on trust only in accordance with instructions transmitted by the Operator in accordance with these Rules; and
 - (c) the Participant that holds the beneficial interest in the cash has an absolute and indefeasible entitlement to that cash.
- (3) The Cash Custodian will undertake daily reconciliations to ensure the funds held by the Cash Custodian in the Cash Custodian's Bank Account is not less than the Account balance of all of the Participants. A Participant must refund any funds transferred in error to the Participant by the Cash Custodian within 5 Market Days of receiving a notice from the Operator requiring such refund to be made.
- (4) The cash amount reflected in the Account as being held by the Cash Custodian on trust for a Participant will prevail as evidence of the truth of the matter over all other records maintained by the Participant or any other person.
- (5) The Operator may appoint a new Cash Custodian or substitute the existing Cash Custodian at any time it deems appropriate. Upon the appointment of a new Cash Custodian, the retiring Cash Custodian shall transfer all cash held by it on trust for Participants to the new Cash Custodian.

6.04 Depositing cash

- (1) The procedures for depositing funds to the Cash Custodian's Bank Account are set out in the Operating Procedures. Such deposit must only be made from the Participant's Designated Bank Account.
- (2) The Participant shall bear any and all applicable bank charges or fees for transferring funds to the Cash Custodian's Bank Account. If such charges or fees are incurred by the Operator, the Cash Custodian, or both, as the case may be, the charges or fees will be deducted from the funds held on trust for the Participant by the Cash Custodian and such deduction will be reflected in the Account.

6.05 Withdrawal of cash

- (1) The procedures for withdrawing funds from the Cash Custodian to the Participant's Designated Bank Account are set out in the Operating Procedures. A Participant shall not be entitled to request for a withdrawal of funds to any other bank account whether in the name of the Participant or otherwise.
- (2) The Participant shall bear any and all applicable bank charges or fees for transferring funds to its Designated Bank Account (including any foreign exchange charges or fees). Such charges or fees shall be deducted from the funds that are transferred to its Designated Bank Account such that the Participant will only receive the net amount.

[End of Chapter 6]

CHAPTER 7
UNIT CUSTODIAN ARRANGEMENT

PART A UNIT CUSTODIAN TRUSTEE ACCOUNT

7.01 Unit Custodian to act as Bare Trustee

- (1) The Participants acknowledge and agree that the Units transferred by a Participant to the Unit Custodian's Scheme Account will be held in accordance with this Rule.
- (2) The Unit Custodian declares and covenants in favour of the Operator and each Participant that:
 - (a) each Unit that is transferred by a Participant to the Unit Custodian's Scheme Account is held by the Unit Custodian on trust as bare trustee solely for that Participant or for any other Buyer that receives that Unit following a valid Trade where the purchase price has been satisfied in full by the Participant or the Buyer, as the case may be;
 - (b) as bare trustee, the Unit Custodian has no powers or discretion in relation to the distribution of the trust assets and merely administers the trust assets in accordance with these Rules;
 - (c) the Unit Custodian will deal with, transfer and exercise rights or privileges attaching to the Units that it holds on trust in accordance with instructions transmitted by the Operator in accordance with these Rules; and
 - (d) the Participant that holds the beneficial ownership of the Unit has an absolute and indefeasible entitlement to that Unit under these Rules.
- (3) The Unit Custodian will undertake daily reconciliations to ensure the Units held by the Unit Custodian in the Unit Custodian Scheme Account corresponds with the Account balance of all of the Participants.
- (4) The number of Units reflected in the Account as being held by the Unit Custodian on trust for a Participant will prevail as evidence of the truth of the matter over all other records maintained by the Participant or any other person.
- (5) The Operator may appoint a new Unit Custodian or substitute the existing Unit Custodian at any time it deems appropriate. Upon the appointment of a new Unit Custodian, the retiring Unit Custodian shall transfer all Units held by it on trust for Participants (together with all relevant documents and information in relation to such Units) to the new Unit Custodian.

7.02 Withdrawal of Units

- (1) The procedures for withdrawing Units from the Unit Custodian to the Participant's Scheme Registry account is set out in the Operating Procedures.
- (2) Upon withdrawal of the Units to a Participant's Scheme Registry account, legal and beneficial title to the relevant Units will be transferred to the Participant.
- (3) The Participant shall bear any and all applicable charges or fees for transferring the Units to the Participant's Scheme Registry account. If such charges or fees are incurred by the Operator, the Unit Custodian, or both, as the case may be, the charges or fees will be deducted from the funds held on trust for the Participant by the Cash Custodian and such deduction will be reflected in the Account.
- (4) Each Participant authorises the Operator, Unit Custodian or both, as the case may be, to act as its agent if such authority is required to give effect to a transfer of the Units to the Participant's Scheme Registry account.

7.03 Retirement of Units

- (1) The procedure for the Retirement of Units is set out in the Operating Procedures.
- (2) The Participant shall bear any and all applicable charges or fees for the Retirement of the Units. If such charges or fees are incurred by the Operator, the Unit Custodian, or both, as the case may be, the charges or fees will be deducted from the funds held on trust for the Participant by the Cash Custodian and such deduction will be reflected in the Account.
- (3) Each Participant authorises the Operator, Unit Custodian or both, as the case may be, to act as its agent if such authority is required to give effect to a Retirement of the Units on the Scheme Registry on behalf of the Participant.

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PART B SUSPENSION

7.04 Power of the Operator to suspend Units

- (1) The Operator has the power to temporarily suspend a Participant's ability to deal with any Units that are in the Operator's reasonable opinion, the subject of a Suspension Event listed in Rule 7.04(2) ("**Disputed Units**"). Participants have no right to deal with any Disputed Units in the Participant's Account during the suspension.
- (2) Suspension Events include the following:
 - (a) a Unit is suspected of having been fraudulently created or illegally issued;
 - (b) the Scheme accreditation or approval for a Unit is suspended, withdrawn or threatened to be suspended or withdrawn for any reason;
 - (c) a Unit is the subject of, or becomes the subject of, a Dispute or any judgment or order of a court, arbitral tribunal or other tribunal of competent jurisdiction or any order or sanction of any government or other regulatory body;
 - (d) a Unit has been issued by the Issuer in error or erroneously;
 - (e) the Scheme under which a Unit was issued ceases to exist;
 - (f) the Scheme Authority or Scheme Registry has disabled the connection between the System and the Scheme Registry for any reason; or
 - (g) any other situation likely to have an adverse impact on the Units or the Market, or otherwise affect the fair and orderly operation of the Market,(collectively, "**Suspension Events**").
- (3) If a Participant can demonstrate that the issue with the Disputed Units that were the subject of a Suspension Event has been resolved to the reasonable satisfaction of the Operator, the Operator may restore the Participant's ability to deal with the Units.
- (4) Participants agree that the Operator, Unit Custodian, or both as the case may be, are authorised to deal with a Scheme Authority, Scheme Registry or the Issuer on a Participant's behalf for the purposes of determining and dealing with the Disputed Units.

[End of Chapter 7]