

ANNEXURE 2
RULES OF BURSA MALAYSIA DERIVATIVES BHD
AMENDMENTS TO DIRECTIVES
consequential to the issuance of the Securities Commission Malaysia's Guidelines
on Contracts for Difference

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| <u>DIRECTIVES ON SUBMISSION OF PERIODIC REPORTS</u> | <u>No. 401.4(k)-002</u> |
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~~**TRADING PARTICIPANTS' CIRCULAR) AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES BERHAD ("RULES OF BURSA DERIVATIVES") PERTAINING TO THE REVISION OF FREQUENCY OF REPORTING OF PERIODIC REPORTS FROM TRADING PARTICIPANTS TO BURSA MALAYSIA DERIVATIVES BERHAD ("THE EXCHANGE")**~~

~~**B) DIRECTIVES ON SUBMISSION OF PERIODIC REPORTS BY TRADING PARTICIPANTS TO THE EXCHANGE**~~

| | | |
|---------------------------------------|---|--|
| <u>Relevant to</u> | : | <u>Rule 401.4(k)</u> |
| <u>Introduced with effect from</u> | : | <u>[**]</u> |
| <u>Amended</u> | : | <u>N/A</u> |
| <u>TPs' Circular No(s).</u> | : | <u>MDEX's Members' Circular 25 of 2002 and TP Circular 7 of 2007</u> |
| <u>Refer also to Directive No(s).</u> | : | <u>N/A</u> |

~~Trading Participants are advised of the amendments and directives captioned above which are hereby issued by the Exchange. The amendments and directives shall take effect 2 weeks from 12 February 2007, i.e. **26 February 2007**. The details of the amendments and directives are as set out below.~~

~~**A) AMENDMENTS TO THE RULES OF BURSA DERIVATIVES PERTAINING TO THE REVISION OF FREQUENCY OF REPORTING OF PERIODIC REPORTS FROM TRADING PARTICIPANTS TO THE EXCHANGE**~~

~~Pursuant to Section 6 of the Futures Industry Act 1993, amendments have been made to the Rules of Bursa Derivatives pertaining to the revision of frequency of reporting of periodic reports from Trading Participants to the Exchange, as appended herewith and marked as "**Annexure 1**".~~

~~**B) DIRECTIVES ON SUBMISSION OF PERIODIC REPORTS BY TRADING PARTICIPANTS TO THE EXCHANGE**~~

~~In respect of the above matter, Trading Participants are hereby informed that the following directives are issued pursuant to Rule 401.4(k) of the Rules of Bursa Derivatives.~~

~~**1. APPLICATION AND EFFECT**~~

~~1.1 These directives shall revoke KLOFFE's Members' Circular 17/2001 in respect of the submission of daily and weekly financial returns.~~

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~~1.2 — These directives shall supplement MDEX's Members' Circulars 24/2002 and 25/2002 in respect of the Financial Reporting Guidelines.~~

~~1.3 — These directives shall remain in full force and effect until and unless amended, varied, supplemented, substituted therefore or revoked by the Exchange by way of any letters, circulars or directives issued by the Exchange from time to time.~~

~~1.4 — Words and expressions defined in the Rules of Bursa Derivatives shall, save as otherwise defined herein or unless the context otherwise requires, bear the same meaning in these directives.~~

1. Rule 401.4(k)

~~(1) Rule 401.4(k) empowers the Exchange to require the Participants to maintain and submit reports, information and/or documents to the Exchange in the manner, mode and frequency as shall be prescribed by the Exchange.~~

~~(2) Pursuant to the above Rule, the Exchange requires the Participants to submit periodic reports to the Exchange, the details of which are set out below.~~

1.1 Reporting Requirements

~~**2. REPORTING REQUIREMENTS**~~

~~2.1(1) Trading Participants ~~are required to~~ must submit the periodic reports prescribed in the Schedule hereto ~~schedule of this Directive ("Schedule") to the Exchange:~~~~

~~(a) by way of electronic transmission to the Exchange via proprietary e-mails as notified by the Exchange;~~

~~(b) in the prescribed format prescribed in appendices 1 – 4 to the Schedule annexed thereto and at the times stipulated thereunder ("**Templates**"); and~~

~~(c) not later than the times and days stipulated for submission of periodic reports in the Schedule.~~

~~(2) In the event a Trading Participant rectifies, amends or re-submits all or any of the periodic reports submitted under subparagraph (1) above, the Trading Participant must submit such reports in accordance with subparagraphs (1)(a) and (b) above by the stipulated times for re-submission of periodic reports in the Schedule.~~

~~2.2 — All periodic reports electronically transmitted by way of proprietary e-mail, whether by a Trading Participant, or any of its directors, officers, employees, servants or agents, are deemed to have been reviewed by the Compliance Officer and the information and records attached therewith are deemed to be declared by the directors of the Trading Participants to be true and accurate in all material aspects.~~

~~2.3 — Trading Participants which do not have a proprietary e-mail address are required to submit the periodic reports referred to in paragraph 2.1 above to the Exchange stored in a conventional~~

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~~portable storage media or device¹, including but not limited to, a micro diskette or a CD-ROM. The micro diskette or CD-ROM submitted must be under cover of a letter signed by a director and the Compliance Officer of the Trading Participant, confirming that the information and records contained therein are true and accurate in all material aspects.~~

~~2.4(3) In the event any information or records information in the periodic reports provided submitted by any Trading Participant in connection with the aforesaid submissions are found to be false, misleading or inaccurate in any manner whatsoever, the Exchange ~~shall be entitled to~~ may take such disciplinary or other action(s) as it deems necessary or expedient.~~

~~2.5 Subject always to paragraph 2.7 hereof, Trading Participants may cease their submission of the periodic reports which have been submitted via e-mail, micro diskette or CD-ROM in hard copy form to the Exchange.~~

~~2.6(4) Trading Participants need not are not required to submit documents in support of the aforesaid periodic reports submitted to the Exchange. However, Trading Participants are required to must maintain all the supporting documents at their premises and are required to must produce it to the Exchange ~~as and when required by the Exchange~~ upon request.~~

~~2.7(5) Notwithstanding subparagraphs 2.5(1) and (2) above, :-~~

~~(a) — in the event a Trading Participant is, for any reason whatsoever, unable to submit by e-mail, micro diskette or CD-ROM, electronic transmission all or any of the periodic reports by the stipulated times pursuant to paragraphs 2.1 and 2.3 above, the Trading Participant ~~shall be required to~~ must submit the duly completed and printed hard copy form of such periodic reports by way of facsimile, courier or by hand by the stipulated times set out in the Schedule. ~~hereto for the duration of its inability to e-mail or to submit the micro diskette or CD-ROM, as the case may be; and/or~~~~

~~(b) — in the event a Trading Participant rectifies, amends and/or re-submits all or any of the periodic reports prescribed herein for any reason whatsoever, the Trading Participant shall submit the duly rectified, amended and/or re-submitted periodic report by way of facsimile by the stipulated times set out in the Schedule hereto, and deliver the printed hard copy by courier or by hand as soon as possible thereafter.~~

~~2.8(6) The periodic reports submitted by the Trading Participants under paragraph 2.7 above shall be duly signed by following persons will be held responsible for the truthfulness and accuracy of all the information and records contained in the submissions to the Exchange:~~

~~(a) _____ a director and the Compliance Officer of the Trading Participant; and~~

~~(b) _____ in the case of an Investment Bank, the Headhead of Operations operations or any other authorised person(s) and the Headhead of Compliance compliance, ~~confirming and undertaking that the information and records contained therein are true and accurate in all material aspects.~~~~

¹The portable storage device must be USB port compatible.

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~~2.9(7)~~ The Exchange may take disciplinary or other action(s) as it deems necessary or expedient in the event the periodic reports are submitted later than the stipulated times set out in the Schedule ~~hereto~~.

~~3.0(8)~~ The Exchange may ~~in its absolute discretion and~~ at any time prescribe any other periodic reports to be submitted ~~via e-mail or other conventional portable storage media or device in accordance with such mode of communication~~ and/or vary the times and manner for submissions of any periodic reports ~~stipulated under paragraphs 2.1 and 2.3 above~~ as notified by the Exchange.

[End of Directive]

~~All rules, directives and circulars in force which make references to or contain provisions relating to the above matters shall take effect from the date hereof as if such references or provisions relate to these directives.~~

~~Please be informed that these directives are available on Bursa Malaysia's website at: http://www.bursamalaysia.com/website/bm/rules_and_regulations/bursa_rules/bm_derivatives.html~~

~~For further information or inquires on these directives, kindly contact the following persons at the following telephone numbers:-~~

- ~~1. Mr. Ng G-Ming (03-2034 7364)~~
- ~~2. Mr. Lum Chee Wah (03-2034 7734)~~
- ~~3. Mr. John Yoong (03-2034 7266)~~
- ~~4. En. Amran Ayub (03-2034 7250)~~
- ~~5. En. Syahril Nizam (03-2034 7258)~~
- ~~6. Cik Wan Dahliawati (03-2034 7367)~~

Legal Advisory & Corporate Legal Affairs

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Schedule

| No. | Name of Report | Appendix | Frequency | Timing of submission of periodic reports via Facsimile [paragraph 1.1(1)] | Timing of re-submission of periodic reports via facsimile pursuant to [paragraphs 2.7(b)1.1(2) and 1.1(5)] |
|-----|---|---------------|---|--|---|
| 1. | Statement of segregation requirements and funds in segregation (Form A) | Appendix 1(a) | As and when there is a deficiency of funds in segregation | Ad-hoc By 2.30 p.m. of the market day following date of report | By 5.30 p.m. of the market day following the date of the report. |
| No. | Name of Report | Appendix | Frequency | Timing of submission to Bursa Derivatives via e-mail address tradingparticipant@bursamalaysia.com or diskette | Timing of submission of reports via facsimile pursuant to paragraph 2.7(b) |
| 2. | Statement of segregation requirements and funds in segregation (Form A) and the following supporting documents:- i. Form EWL1 – Statement of Undermargined Clients' Position; and ii. Form EWL2 – List of Overloss Account. | Appendix 1(b) | Weekly | Weekly report By 2.30 p.m. of the market day following the date of the report. | Weekly report By 5.30 p.m. of the market day following the date of the report. |
| 3. | Cash & Bank Balances and Banking Facilities Position | Appendix 1(c) | Weekly | Weekly report By 2.30 p.m. of the market day following the date of the report. | Weekly report By 5.30 p.m. of the market day following the date of the report. |

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| No. | Name of Report | Appendix | Frequency | Timing of submission of <u>periodic reports via Facsimile</u> [<u>paragraph 1.1(1)</u>] | Timing of <u>re-submission of periodic reports via facsimile pursuant to</u> [<u>paragraphs 2.7(b), 1.1(2) and 1.1(5)</u>] |
|---------------|--|-----------------------|-----------|--|--|
| 4. | Statement of segregation requirements and funds in segregation (Form A) | Appendix 1(d) | Monthly | <u>Monthly report</u> By 5.30 p.m. of the fifteen (15 th) calendar days after the end of each month. | <u>Monthly report</u> By 8.30 p.m. of the fifteen (15 th) calendar days after the end of each month. |
| 5. | <u>Explanatory Notes on Appendix 1(a), 1(b) and 1(d) – Statement of segregation requirements and funds in segregation (Form A)</u> | <u>Appendix 1 (e)</u> | | | |
| 6. | Statement of Adjusted Net Capital (Form B) | Appendix 2(a) | Monthly | <u>Monthly report</u> By 5.30 p.m. of the fifteen (15 th) calendar days after the end of each month. | <u>Monthly report</u> By 8.30 p.m. of the fifteen (15 th) calendar days after the end of each month. |
| 7. | <u>Explanatory Notes on Appendix 2(a) – Statement of Adjusted Net Capital (Form B)</u> | <u>Appendix 2(b)</u> | | | |
| 8. | Statement of Financial Condition (Form C) | Appendix 3(a) | Monthly | <u>Monthly report</u> By 5.30 p.m. of the fifteen (15 th) calendar days after the end of each month. | <u>Monthly report</u> By 8.30 p.m. of the fifteen (15 th) calendar days after the end of each month. |
| 9. | <u>Explanatory Notes on Appendix 3(a) – Statement of Financial Condition (Form C)</u> | <u>Appendix 3(b)</u> | | | |

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| No. | Name of Report | Appendix | Frequency | Timing of submission of <u>periodic reports via Facsimile</u> <u>[paragraph 1.1(1)]</u> | Timing of <u>re-submission of periodic reports via facsimile pursuant to</u> <u>[paragraphs 2.7(b)1.1(2) and 1.1(5)]</u> |
|------------------|---|----------------------|-----------|--|--|
| 7 10. | Statement of Income/(Loss) (Form D) | Appendix 4(a) | Monthly | <u>Monthly report</u> By 5.30 p.m. of the fifteen (15 th) calendar days after the end of each month. | <u>Monthly report</u> By 8.30 p.m. of the fifteen (15 th) calendar days after the end of each month. |
| 11. | <u>Explanatory Notes on Appendix 4(a) – Statement of Income/(Loss) (Form D)</u> | <u>Appendix 4(b)</u> | | | |

[End of Schedule]

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Appendix 1(a)

FORM A

**STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION
 FOR CLIENTS TRADING ON MALAYSIAN AND FOREIGN EXCHANGES (FORM A)
 (AD-HOC)**

Trading Participant :

<<insert name of TP>>

Position As At :

<<dd/mth/yr>>

| | | Malaysian Exchange (Bursa Derivatives) | Foreign Exchanges | Total |
|---|--|--|----------------------|-----------------|
| | SEGREGATION REQUIREMENTS | | | |
| 1 | Net ledger balance | | | |
| a | <i>Cash</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Securities</i> | 0.00 | 0.00 | 0.00 |
| c | <i>Foreign currencies</i> | 0.00 | 0.00 | 0.00 |
| 2 | Net profit/(loss) in open futures contracts | 0.00 | 0.00 | 0.00 |
| a | Exchange traded open derivatives contracts (except for exchange traded options) | 0.00 | 0.00 | 0.00 |
| b | Non-exchange traded open derivatives contracts | 0.00 | 0.00 | 0.00 |
| 3 | Exchange traded options | | | |
| a | <i>Current market value of open long option contracts</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Current market value of open short option contracts</i> | 0.00 | 0.00 | 0.00 |
| 4 | Net equity / (deficit) (add Items 1, 2 and 3) | 0.00 | 0.00 | 0.00 |
| 5 | Net debit balance | 0.00 | 0.00 | 0.00 |
| 6 | Amount required to be segregated (Add Items 4 & 5) | 0.00 | 0.00 | 0.00 |

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| FUNDS IN SEGREGATED ACCOUNTS | | | | |
|-------------------------------------|--|-------------|-------------|-------------|
| 7 | Cash deposited in segregated bank accounts | | | |
| a | <i>Ringgit Malaysia</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Foreign currencies</i> | 0.00 | 0.00 | 0.00 |
| 8 | Segregated securities | 0.00 | 0.00 | 0.00 |
| 9 | Margin deposit with Clearing House | | | |
| a | <i>Cash and net settlement</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Securities held as margin</i> | 0.00 | 0.00 | 0.00 |
| c | <i>Foreign currencies held as collateral</i> | 0.00 | 0.00 | 0.00 |
| 10 | Exchange traded options | | | |
| a | <i>Current market value of open long option contracts</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Current market value of open short option contracts</i> | 0.00 | 0.00 | 0.00 |
| 11 | Net equity with other licensed futures foreign derivatives brokers | | | |
| a | <i>Net equity</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Securities held as margin</i> | 0.00 | 0.00 | 0.00 |
| c | <i>Foreign currencies held as collateral</i> | 0.00 | 0.00 | 0.00 |
| 12 | Segregated funds on hand (please specify) | 0.00 | 0.00 | 0.00 |
| 13 | Others (please specify) | 0.00 | 0.00 | 0.00 |
| 14 | Total amount segregated (Add Items 7 to 13) | 0.00 | 0.00 | 0.00 |
| 15 | Excess/(deficiency) of funds in segregation | 0.00 | 0.00 | 0.00 |
| | (Item 14 minus Item 6) (Appendix1) | | | |

[End of Appendix 1(a)]

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Appendix 1(b)

FORM A

**STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION
FOR CLIENTS TRADING ON MALAYSIAN AND FOREIGN EXCHANGES (FORM A)
(WEEKLY SUBMISSION)**

Trading Participant :

<< insert name of TP >>

Position As At :

<< dd/mth/yr >>

| | | Malaysian Exchange (Bursa Derivatives) | Foreign Exchanges | Total |
|---|--|--|----------------------|-----------------|
| | SEGREGATION REQUIREMENTS | | | |
| 1 | Net ledger balance | | | |
| a | <i>Cash</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Securities</i> | 0.00 | 0.00 | 0.00 |
| c | <i>Foreign currencies</i> | 0.00 | 0.00 | 0.00 |
| 2 | Net profit/(loss) in open futures contracts | 0.00 | 0.00 | 0.00 |
| a | Exchange traded open derivatives contracts (except for exchange traded options) | 0.00 | 0.00 | 0.00 |
| b | Non-exchange traded open derivatives contracts | 0.00 | 0.00 | 0.00 |
| 3 | Exchange traded options | | | |
| a | <i>Current market value of open long option contracts</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Current market value of open short option contracts</i> | 0.00 | 0.00 | 0.00 |
| 4 | Net equity / (deficit) (add Items 1, 2 and 3) | 0.00 | 0.00 | 0.00 |
| 5 | Net debit balance | 0.00 | 0.00 | 0.00 |
| 6 | Amount required to be segregated (Add Items 4 & 5) | 0.00 | 0.00 | 0.00 |

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| FUNDS IN SEGREGATED ACCOUNTS | | | | |
|-------------------------------------|--|-------------|-------------|-------------|
| 7 | Cash deposited in segregated bank accounts | | | |
| a | <i>Ringgit Malaysia</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Foreign currencies</i> | 0.00 | 0.00 | 0.00 |
| 8 | Segregated securities | 0.00 | 0.00 | 0.00 |
| 9 | Margin deposit with Clearing House | | | |
| a | <i>Cash and net settlement</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Securities held as margin</i> | 0.00 | 0.00 | 0.00 |
| c | <i>Foreign currencies held as collateral</i> | 0.00 | 0.00 | 0.00 |
| 10 | Exchange traded options | | | |
| a | <i>Current market value of open long option contracts</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Current market value of open short option contracts</i> | 0.00 | 0.00 | 0.00 |
| 11 | Net equity with other licensed futures foreign derivatives brokers | | | |
| a | <i>Net equity</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Securities held as margin</i> | 0.00 | 0.00 | 0.00 |
| c | <i>Foreign currencies held as collateral</i> | 0.00 | 0.00 | 0.00 |
| 12 | Segregated funds on hand (please specify) | 0.00 | 0.00 | 0.00 |
| 13 | Others (please specify) | 0.00 | 0.00 | 0.00 |
| 14 | Total amount segregated (Add Items 7 to 13) | 0.00 | 0.00 | 0.00 |
| 15 | Excess/(deficiency) of funds in segregation | 0.00 | 0.00 | 0.00 |
| | (Item 14 minus Item 6) (Appendix1) | | | |

[End of Appendix 1(b)]

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Appendix 1(c)

**SUBMISSION TO BURSA MALAYSIA DERIVATIVES BERHAD ON
CASH & BANK BALANCES AND BANKING FACILITIES -POSITION
(-Weekly Submission)**

TRADING PARTICIPANT: <<insert name of Trading Participant>>
POSITION AS AT: month/date/year
(last market day of the week)

| Banking Facilities | Approved Facility Limit | Amount Available for Utilisation | Amount Utilised | Amount Unutilised |
|--------------------|-------------------------|----------------------------------|-----------------|-------------------|
| | RM | RM | RM | RM |
| Total Amount | 0.00 | 0.00 | 0.00 | 0.00 |

| Items | Unsegregated Funds RM | Segregated Funds RM | Total RM |
|---|--------------------------|------------------------|-------------|
| Cash & Bank Balances | 0.00 | 0.00 | 0.00 |
| Deposits - Banks and financial institutions | 0.00 | 0.00 | 0.00 |
| Deposits - Others | 0.00 | 0.00 | 0.00 |
| Total | 0.00 | 0.00 | 0.00 |

(Note : Information relating to the above is to be submitted weekly for the position as at the last market day of the corresponding week)

[End of Appendix 1(c)]

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Appendix 1(d)

FORM A

**STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION
 FOR CLIENTS TRADING ON MALAYSIAN AND FOREIGN EXCHANGES (FORM A)
 (MONTHLY SUBMISSION)**

Trading Participant :

<<insert name of TP>>

Position As At :

dd/mth/yy

| | | Malaysian Exchange (Bursa Derivatives) | Foreign Exchanges | Total |
|---|--|--|----------------------|-----------------|
| | SEGREGATION REQUIREMENTS | | | |
| 1 | Net ledger balance | | | |
| a | <i>Cash</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Securities</i> | 0.00 | 0.00 | 0.00 |
| c | <i>Foreign currencies</i> | 0.00 | 0.00 | 0.00 |
| 2 | Net profit/(loss) in open futures contracts | 0.00 | 0.00 | 0.00 |
| a | Exchange traded open derivatives contracts (except for exchange traded options) | 0.00 | 0.00 | 0.00 |
| b | Non-exchange traded open derivatives contracts | 0.00 | 0.00 | 0.00 |
| 3 | Exchange traded options | | | |
| a | <i>Current market value of open long option contracts</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Current market value of open short option contracts</i> | 0.00 | 0.00 | 0.00 |
| 4 | Net equity / (deficit) (add Items 1, 2 and 3) | 0.00 | 0.00 | 0.00 |
| 5 | Net debit balance | 0.00 | 0.00 | 0.00 |
| 6 | Amount required to be segregated (Add Items 4 & 5) | 0.00 | 0.00 | 0.00 |

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| FUNDS IN SEGREGATED ACCOUNTS | | | | |
|-------------------------------------|---|-------------|-------------|-------------|
| 7 | Cash deposited in segregated bank accounts | | | |
| a | <i>Ringgit Malaysia</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Foreign currencies</i> | 0.00 | 0.00 | 0.00 |
| 8 | Segregated securities | 0.00 | 0.00 | 0.00 |
| 9 | Margin deposit with Clearing House | | | |
| a | <i>Cash and net settlement</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Securities held as margin</i> | 0.00 | 0.00 | 0.00 |
| c | <i>Foreign currencies held as collateral</i> | 0.00 | 0.00 | 0.00 |
| 10 | Exchange traded options | | | |
| a | <i>Current market value of open long option contracts</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Current market value of open short option contracts</i> | 0.00 | 0.00 | 0.00 |
| 11 | Net equity with other licensed futures foreign derivatives brokers | | | |
| a | <i>Net equity</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Securities held as margin</i> | 0.00 | 0.00 | 0.00 |
| c | <i>Foreign currencies held as collateral</i> | 0.00 | 0.00 | 0.00 |
| 12 | Segregated funds on hand (please specify) | 0.00 | 0.00 | 0.00 |
| 13 | Others (please specify) | 0.00 | 0.00 | 0.00 |
| 14 | Total amount segregated (Add Items 7 to 13) | 0.00 | 0.00 | 0.00 |
| 15 | Excess/(deficiency) of funds in segregation | 0.00 | 0.00 | 0.00 |
| | (Item 14 minus Item 6) (Appendix1) | | | |

[End of Appendix 1(d)]

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Appendix 1(e)

FORM A EXPLANATORY NOTES ON APPENDICES 1(a), 1(b) AND 1(d) – STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION FOR CLIENTS TRADING ON MALAYSIAN AND FOREIGN EXCHANGES (FORM A) (SUBJECT TO SEC 52A OF THE FIA '93)

This statement must be prepared by a Member Trading Participant for all clients trading on MDEX the Exchange ~~(including non-resident clients)~~ and/or foreign exchanges ~~(including resident clients)~~. The Member Trading Participant should clearly differentiate between the clearing of trades done on MDEX the Clearing House and foreign clearing houses in the respective columns.

I. SEGREGATION REQUIREMENTS (Line 1 to Line 6)

LINE 1 – Net ledger balance

LINE 1.a – Net ledger balance – Cash

This amount should show the net debit or credit balance of all Member Trading Participant's clients' accounts. ~~-Interest earned on clients' funds which are payable to the clients and all monies received from the Locals Local Participants are also included in this line.~~ ~~-This amount should exclude all foreign currency collateral received from clients which need to be disclosed separately under line 1.c.~~ ~~-The Member Trading Participant's error account and proprietary balances should not be included in this balance.~~

LINE 1.b – Net ~~Ledger~~ ledger balance – Securities

The Member Trading Participant should report all the securities deposited by its clients to margin, guarantee and secure trading on the exchanges. ~~-Securities should be reported at the current market value.~~ ~~-Letters of credit and guarantees received from clients to margin their accounts should not be included but should be disclosed as notes to the accounts.~~

LINE 1.c – Net ledger balance – Foreign currencies

The Member Trading Participant should report all the foreign currencies deposited by its clients to margin, guarantee and secure trading on the exchange. ~~-This amount should show the Ringgit Malaysia equivalent of total foreign currencies lodged by the Member Trading Participant's clients.~~ ~~-The foreign currencies must be converted to Ringgit Malaysia based on MDCH the Clearing House's pre haircut rates.~~ ~~-This amount must not be used to net off individual client's debit balances.~~

LINE 2 – ~~—~~ Net profit/(loss)

LINE 2.a – ~~in~~ Exchange traded open futures derivatives contracts (except for exchange traded options)

This amount should include the net profit/(loss) in exchange traded open futures derivatives contracts (except for exchange traded options) of clients trading on the exchanges. ~~—Trades which have not been cleared (outtrades) as of the reporting date should be marketmarked to market and included in this amount.~~

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LINE 2.b – Non-exchange traded open derivatives contracts

This amount should include the net profit/(loss) in non-exchange traded open derivatives contracts of clients which are carried by the Trading Participant. These should include contracts for difference ("CFD") issued or carried by the Trading Participant on behalf of the clients. All such contracts remaining open as at the reporting date should be marked to market and included in this amount.

LINE 3 – Exchange traded options

LINE 3.a – Current market value of open long option contracts

This amount should show the current market value of open long option contracts carried in the clients' accounts. Only in-the-money open long option contracts which have positive market value need to be disclosed. Out-of-the-money options have no market value as they would expire unexercised.

LINE 3.b – Current market value of open short option contracts

This amount should show as a deduction, the current market value of open short option contracts carried in the clients' accounts. Only in-the-money open short option contracts which have positive market value need to be disclosed. Out-of-the-money options have no market value as they would expire unexercised.

These amounts should not be netted against each other.

LINE 4 – Net equity / (deficit)

This amount should show the total of **LINE 1** to **LINE 3**.

LINE 5 – Net debit balance

An account has a debit balance when the combination of an account's cash ledger balance (debit or credit), profit or loss on exchange traded open derivatives contracts (except for exchange traded options), non-exchange traded open futures/derivatives contracts (including CFDs), and the current market value of open option contracts ~~liquidates~~ liquidated to an amount less than zero. -This amount should agree with **LINE 7.a** or **LINE 8.a** of Appendix 3(a) (FORM C). -Securities used to margin the account are not to be used to reduce the debit balance to be reported in Appendix 1(a) / 1(b) / 1(d) (Form A) even though such securities are permitted as margin deposits.

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Example 1

| | Computation Date |
|---|------------------|
| Cash ledger balance | (1,762) |
| Cash received | - |
| Net current market value of open Options contract | - |
| Open position profit/(loss) | - |
| Net equity | (1,762) |
| Margin requirement | - |
| Net current market value of open Options contract | - |
| Excess/(Shortage) | (1,762) |

In this example, the Net Debit Balance on the Computation Date is RM1, 762.

Example 2

| | Computation Date |
|---|------------------|
| Cash ledger balance | 17,440 |
| Cash received | - |
| Net current market value of open Options contract | - |
| Open position profit/(loss) | (40,580) |
| Net equity | (23,140) |
| Margin requirement | (180,000) |
| Net current market value of open Options contract | - |
| Excess/(Shortage) | (203,140) |

In this example, the Net Debit Balance on the Computation Date is RM23, 140.

Example 3

| | Computation Date |
|---|------------------|
| Cash ledger balance | 7,440 |
| Cash received | - |
| Net current market value of open Options contract | - |
| Open position profit/(loss) | (40,580) |
| Net equity | (33,140) |
| Margin requirement | (180,000) |
| Net current market value of open Options contract | - |
| Securities/collateral | 200,000 |
| Excess/(Shortage) | (13,140) |

In this example, the Net Debit Balance on the Computation Date is RM33, 140.

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LINE 6 – Amount required to be segregated

This amount should be the total of **LINE 4** and **LINE 5** and should agree with **LINE 23** and **LINE 24** of **Appendix 3(a) (FORM C)**.

II. _____ FUNDS IN SEGREGATED ACCOUNTS (Line 7 to Line 14)

LINE 7 – Cash deposited in segregated bank accounts

LINE 7.a – Ringgit Malaysia

This amount should show the total cash in Ringgit Malaysia segregated bank accounts.

LINE 7.b – Foreign Currencies

This amount should show the Ringgit Malaysia equivalent of foreign currencies in the Member Trading Participant's segregated bank accounts. The foreign currencies must be converted to Ringgit Malaysia based on MDCH the Clearing House's pre haircut rates.

LINE 8 – Segregated securities

This amount should show the securities owned by clients which is deposited with and retained by the Member Trading Participant, at current market value.

LINE 9 – Margin deposit with clearing house Clearing House

LINE 9.a – Cash and net settlement

To report cash and all amounts due from and/or due to the clearing house Clearing House to the Member Trading Participant. -This amount should agree with the clearing house Clearing House's statement.

LINE 9.b – Securities held as margin

This amount should show the securities held as margins and deposited with the clearing house Clearing House, at current market value.

LINE 9.c – Foreign currencies held as collateral

This amount should show the Ringgit Malaysia equivalent of foreign currencies lodged with MDCH the Clearing House. -The foreign currencies must be converted to Ringgit Malaysia based on MDCH Clearing House's pre haircut rates.

LINE 10 – Exchange traded options

LINE 10.a – Current market value of open long option contracts

This amount should show the current market value of open long option contracts cleared directly by the Member Trading Participant with the clearing house Clearing House.

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LINE 10.b – Current market value of open short option contracts

This amount should show the current market value of open short option contracts cleared directly by the Member Trading Participant with the clearing house Clearing House.

These amounts should not be netted against each other.

Options transactions cleared through other licensed futures foreign derivatives brokers should be reported on **LINE 11**.

LINE 11 – Net equity with other licensed futures foreign derivatives brokers

LINE 11.a – Net equity

This amount should show the net equity of the Member Trading Participant's clients' trades which were cleared through other licensed futures foreign derivatives brokers. -Net equity includes the cash ledger balance, profit or loss on exchange traded open derivatives contracts (except for exchange traded options), non-exchange traded open futures derivatives contracts (including CFDs) and the net current market value of open option contracts.

LINE 11.b – Securities held as margin

This amount should show the securities held as margin and deposited with other licensed futures foreign derivatives brokers, at current market value.

LINE 11.c – Foreign currencies held as collateral

This amount should show the Ringgit Malaysia equivalent of foreign currencies lodged with another broker Trading Participant. -The foreign currencies must be converted to Ringgit Malaysia based on MDCH the Clearing House's pre haircut rates.

LINE 12 – Segregated funds on hand

This amount should show the total amount of funds received from clients which have not been deposited to the segregated bank account.

LINE 13 – Others

This amount includes the marked-to-market value of clients' trades not yet cleared (outtrades) as at the computation date and other segregated funds which are not readily classifiable into other categories.

LINE 14 – Total amount segregated

This amount should be the total of **LINE 7** to **LINE 13** and should agree with **LINE 1** of Appendix 3(a) (FORM C).

LINE 15 – Excess/~~deficit~~deficiency of funds in segregation

This amount should show the difference between **LINE 6** and **LINE 14**. -The Member Trading Participant is required to take immediate corrective action and must immediately inform the Clearing House, the MDEX Exchange and the Commission if there is a deficiency in the segregated funds.

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The Member Trading Participant is also required to prepare a reconciliation showing the detailed movements of the excess funds. –The reconciliation for the excess funds should be disclosed as **Appendix 1** using the format below:

APPENDIX 1:

- | | | |
|--|-------------|--|
| Excess Funds b/f | XX | - this item should agree with the previous month's excess funds reconciliation carried forward balance |
| Add: | | |
| Addition to the excess funds during the month | XX | - disclose full details |
| Less: | | |
| Deduction to the excess funds during the month | <u>(XX)</u> | - disclose full details |
| Excess funds c/f | <u>XX</u> | - this item should agree with LINE 15 of <u>Appendix 1(a) (FORM A)</u> . |

[End of Appendix 1(e)]

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Appendix 2(a)

FORM B

STATEMENT OF ADJUSTED NET CAPITAL (FORM B)
(MONTHLY SUBMISSION)

Trading Participant :

<<insert name of TP>>

Position As At :

dd/mth/yy

| | | | Total |
|-------|--|------|--------------|
| | Net Capital | | |
| 1 | Permitted assets | | 0.00 |
| 2 | Total liabilities | | 0.00 |
| 3 | Deduction from total liabilities | | |
| a | <i>Liabilities subject to satisfactory subordinated loan agreements</i> | 0.00 | |
| b | <i>Allowable long term liabilities</i> | 0.00 | |
| | Total allowable liabilities | 0.00 | |
| 4 | Adjusted liabilities | | 0.00 |
| 5 | Net Capital (Item 1 minus Item 4) | | 0.00 |
| 6 | Additional Deductions | | |
| a. | <u>For securities held by the Participant for its proprietary account</u> | | |
| ai. | Malaysian government securities | | |
| | - Up to one year of maturity period | 0.00 | |
| | - More than one year of maturity period | 0.00 | |
| bii. | Readily marketable Malaysian securities listed on the main-board <u>Main Market</u> of Bursa Malaysia Securities Berhad | | |
| | - Shares listed on the main-board <u>Main Market</u> of Bursa Malaysia Securities Berhad up to a total value of 5% of initial margin or RM250,000, whichever is greater | 0.00 | |
| | - The balance of the aggregate value of shares listed on the main-board <u>Main Market</u> of Bursa Malaysia Securities Berhad | 0.00 | |
| eiii. | All other securities listed on Bursa Malaysia Securities Berhad | 0.00 | |

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| | | | |
|------------|--|-------------|---------------------|
| <u>eb.</u> | Amounts due from clients in respect of margin where such amounts are outstanding not less than three 3 business days as at the computation date | 0.00 | |
| <u>ec.</u> | The net debit balance arising from the marking-to-market or interim settlement of outstanding futures and/or options derivatives contracts held by clients as at the close of business on the computation date. | 0.00 | |
| <u>ed.</u> | The margin requirement on open contracts in the proprietary account of a Participant which are not bona fide hedged contracts | 0.00 | |
| <u>ee.</u> | Inventories which are not hedged in any market or association | 0.00 | |
| <u>ef.</u> | Inventories which are not hedged by any hedging position in any market or association | 0.00 | |
| <u>g.</u> | <u>Contracts for difference (CFD) –does not include positions held for hedging its exposures on issuance of CFDs</u> | | |
| <u>i.</u> | <u>Amounts due from clients in respect of margin where such amounts are outstanding not less than 3 business days as at the computation date</u> | <u>0.00</u> | |
| <u>ii.</u> | <u>The margin requirement on open contracts in the proprietary account of a Participant which are not bona fide hedged contracts</u> | <u>0.00</u> | |
| 7 | Total deductions (Add Items 6 (a) to 6(hg)) | | 0.00 |
| 8 | Adjusted Net Capital (Item 5 minus Item 7) | | 0.00 |
| 9 | Amount of margin required | | 0.00 |
| 10 | 10% of the amount of margin required | | 0.00 |
| 11 | Adjusted Net Capital required (Enter the greater of Line 10 or RM500,000) | | 500,000.00 |
| 12 | Excess Adjusted Net Capital (Item 8 minus Item 11) | | (500,000.00) |

Note:

1. Item 6a to 6f is applicable for securities held by the Participant for its proprietary account.
2. Item 6g is applicable for CFDs.

[End of Appendix 2]

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Appendix 2(b)

FORM B EXPLANATORY NOTES ON APPENDIX 2(a) – STATEMENT OF ADJUSTED NET CAPITAL (FORM B) (SUBJECT TO MDCH BUSINESS RULES VERSION 1.1 AND THE EXCHANGE BUSINESS RULES)

For the purposes of calculating Adjusted Net Capital:

- (a) all ~~futures and option derivatives~~ contracts must be marked to their current market value;
- (b) all unrealised profits and losses on all ~~futures, options, forward and fixed price commitment derivatives~~ contracts must be treated as realised profits and losses; and
- (c) unless otherwise specifically stated, the value ascribed to all other assets and liabilities must be at their current market value.

I. NET CAPITAL (Line 1 to Line 5)

LINE 1 – Permitted assets

This amount should agree with the “Permitted assets” column on **LINE 16** of **Appendix 3(a) (FORM C)**. Refer to ~~schedule~~ Schedule 2 ~~to of the MDCH Business Rules of the Clearing House~~ for the definition of “Permitted Assets”. ~~Note that “Permitted Assets” include securities listed on Kuala Lumpur Stock Exchange may be included as “Permitted Assets” a stock exchange approved by the Clearing House under sub-paragraph 1(b)(i)(iv) of Schedule 2 the definition.~~

LINE 2 – Total Liabilities

This amount should agree with the amount on **LINE 27** of **Appendix 3(a) (FORM C)**.

LINE 3 – Deduction from total liabilities.

LINE 3.a – Liabilities subject to satisfactory subordinated loan agreements

This amount should show the liabilities under a subordinated loan agreement:

- i. which has a remaining term to maturity of not less than one year; and
- ~~ii. to which the Exchange is a party;~~
- ii. up to a maximum amount of four times the shareholders' funds of the Member Trading Participant.

LINE 3.b - Allowable long term liabilities

This amount should show long term liabilities owed to a financial institution under a commercial loan secured by a fixed charge over **real property** or **motor vehicles** owned by the Member Trading Participant and applied for use in the normal course of the business of the Member Trading Participant, up to an amount equal to the lower of net book value of 80% of the market value of the real property or motor vehicles. -The market value of the assets should be valued by an appointed valuer, ~~and based~~ on an 'as is' basis and should be revalued annually.

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Example:

A MemberTrading Participant obtains a long term loan of RM4.0 million from a financial institution. –The loan is secured by a fixed charge over real property owned by the MemberTrading Participant. –The amount payable within the next 12 months is RM0.5 million and RM 2.5 million is the long term liability. –The net book value of the real property is RM3.0 million. –The allowable long term liability should be the lower of:

- (i) long term liabilities,
 - (ii) 80% of the real property's market value; or
 - (iii) net book value of the real property.
- (1) If the current market value of the real property is RM5.0 million, 80% of the market value will be RM4.0 million. Therefore, the allowable long term liability will be RM2.5 million.
- (2) If the current market value of the real property is RM3.0 million, 80% of the market value will be RM2.4 million. Therefore, the allowable long term liability will be RM2.4 million.

LINE 4 – Adjusted liabilities

This amount should show the difference between **LINE 3** and **LINE 2**.

LINE 5 – Net Capital

This amount should show the difference between **LINE 4** and **LINE 1**.

LINE 6 – Additional deductions

The MemberTrading Participant must provide the following charges to its Net Capital to compute its Adjusted Net Capital.

LINE 6.a – For securities held by the Trading Participant for its proprietary account

LINE 6.a.i – Malaysian government securities

LINE 6.b.6.a ii – Readily marketable Malaysian securities listed on the KLSEMain Market of Bursa Malaysia Securities Berhad

LINE 6.c6.a iii – All Other securities listed on Bursa Malaysia Securities Berhad

The percentage of charges are as follows:

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1. For securities held by the Trading Participant for its proprietary account

| | <u>% of market value to be deducted</u> |
|---|---|
| <ul style="list-style-type: none"> • Malaysian government securities <ul style="list-style-type: none"> - Up to one year of maturity period 2.5% - More than one year of maturity period 5% • Shares listed on KLSE main board <u>the Main Market of Bursa Malaysia Securities Berhad</u> up to a total value of 5% of initial margin or RM250,000, whichever is greater 40% • The balance of the aggregate value of shares listed on KLSE main board <u>the Main Market of Bursa Malaysia Securities Berhad</u> 100% • All other securities listed on the KLSE <u>Bursa Malaysia Securities Berhad</u> 100% | |

2. Contracts for difference (CFDs) (which do not include positions held for hedging its exposures on issuance of CFDs)

| | <u>% of market value to be deducted</u> |
|---|---|
| <ul style="list-style-type: none"> • <u>Single share CFDs</u> <ul style="list-style-type: none"> <u>Index shares</u> 15% <u>Non-index shares</u> 21% • <u>Index CFDs</u> 5% | |

For the purposes of **LINE 6-d6.b** and **6-e6.c** of this statement:

Net equity refers to the combination of an account's cash ledger balance (debit or credit), profit or loss on exchange traded open derivatives contracts (except for exchange traded options), non-exchange traded open futures derivatives contracts (including CFDs) and the net current market value of open options contract.

Securities or collateral used to margin the account are to be used to reduce the Net Debit Balance in the account before such securities are used to reduce the initial margin.

Net current market value of open option contracts refers to current market value of open long option contracts less the current market value of open short option contracts.

LINE 6-d6.b – Amounts due from clients in respect of margin where such amounts are outstanding not less than ~~three~~ 3 business days as at the computation date.

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An under margined situation arises if the net equity and secured collateral are not sufficient to cover the margin requirement for that particular client account. -The margin requirement should refer to the Clearing House's margin requirement. -The foreign brokers' margin requirements to the memberTrading Participant would be applicable to clients trading in foreign exchanges.

The under margin amount will be determined as follows:

(a) If the net equity is in a net credit position, then the under margin amount will be:

The margin requirement less net equity less secured collateral add/less net current market value of open options contract.

(b) If the net equity is in a net debit position, then the under margin amount will be:

The margin requirement less balance of secured collateral (secured collateral less amount used to secured net debit balance) add/less net current market value of open options contract.

An under margin charge will be imposed if the MemberTrading Participant has an under margin amount outstanding for more than 3 business days as at the computation date.

The charge will be imposed on the amount under margined on T day itself unless the under margin amount is fully eliminated. -T day is the day when the futures and options derivatives contracts are executed by the MemberTrading Participant.

The under margin amount will only be fully eliminated if:

- (a) The total of net equity and any secured collateral become greater than the margin requirement either on T+1 or T+2 or T+3; or
- (b) There is no longer any margin requirement for the account either on T+1 or T+2 or T+3; or
- (c) Total cash received either on T+1 and/or T+2 and/or T+3 is greater than the under margin amount on T day.

However, if the account is also in a Net Debit Balance position on T day, any cash received will first be used to set off against the Net Debit Balance amount. The balance of the cash received can then be used to either fully or partially set off against the under margin amount on T day.

- (i) If the balance of the cash received (i.e. total cash received less Net Debit Balance amount on T day) can fully eliminate the under margin amount on T day, then an under margin charge shall not be imposed.
- (ii) If the balance of the cash received (i.e. total cash received less net Debit Balance amount on T day) can only partially eliminate the under margin amount on T day, then an under margin charge shall be imposed on the difference in the balance of the cash received and the under margin amount.

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Example 1

| | T | T+1 | T+2 | T+3 Computation Date |
|---|----------------|----------|----------------|----------------------------|
| Cash ledger balance | 21,397 | 21,397 | 21,277 | 21,277 |
| Cash received | - | - | - | - |
| Net current market value of open Options contract | 10,000 | 9,900 | 9,800 | 9,700 |
| Open position profit/(loss) | 720 | 9,320 | 10,330 | 10,000 |
| Net equity | 32,117 | 40,617 | 41,407 | 40,977 |
| Margin requirement | (26,000) | (26,000) | (39,000) | (39,000) |
| Net current market value of open Options contract | (10,000) | (9,900) | (9,800) | (9,700) |
| Excess/(Shortage) | (3,883) | 4,717 | (7,393) | (7,723) |

In this example, the under margin amount on T day is RM3,883. -However, an under margin charge will not be imposed when computing the **ANCA** Adjusted Net Capital as the under margin amount on T day has been completely eliminated on T+1 since the net equity is greater than the margin requirement. -The under margin amount of RM7,393 on T+2 is not subjected to a charge as it is outstanding for less than 3 business days as at the computation date.

The same principle will apply if the net equity becomes greater than the margin requirement on either T+2 or T+3.

Example 2

| | T | T+1 | T+2 | T+3 Computation Date |
|---|------------------|----------|-----------------|----------------------------|
| Cash ledger balance | 36,494 | (16,947) | (15,606) | (25,505) |
| Cash received | - | - | - | - |
| Net current market value of open Options contract | (5,000) | - | (4,000) | (4,500) |
| Open position profit/(loss) | (30,010) | - | (9,960) | (700) |
| Net equity | 1,484 | (16,947) | (29,566) | (30,705) |
| Margin requirement | (175,500) | - | (26,000) | (6,500) |
| Net current market value of open Options contract | 5,000 | - | 4,000 | 4,500 |
| Excess/(Shortage) | (169,016) | (16,947) | (51,566) | (32,705) |

In this example, the under margin amount on T day is RM169,016. -However, an under margin charge will not be imposed when computing the **ANCA** Adjusted Net Capital as the under margin amount on T day has been completely eliminated since there is no longer a margin requirement on T+1.

No charge will be imposed for the under margin amount of RM26,000 on T+2 because this under margin amount has not been outstanding for more than 3 business days.

The same principle will apply if there is no longer any margin requirement on either T+2 or T+3. ~~However, please note that if the above situation arises, it would be a violation of the MDEX Business Rules.~~

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Example 3

| | T | T+1 | T+2 | T+3 Computation Date |
|---|------------------|------------------|------------------|----------------------------|
| Cash ledger balance | 620,375 | 728,725 | 728,325 | 780,565 |
| Cash received | - | - | - | - |
| Net current market value of open Options contract | - | - | - | - |
| Open position profit/(loss) | (208,650) | (374,380) | (239,910) | (365,576) |
| Net equity | 422,725 | 353,945 | 488,415 | 423,989 |
| Margin requirement | (824,500) | (659,500) | (659,500) | (457,500) |
| Net current market value of open Options contract | - | - | - | - |
| Excess/(Shortage) | (412,775) | (305,555) | (171,085) | (33,511) |

In this example, the under margin amount on T day is RM412,775. -A charge of RM412,775 shall be imposed as a deduction against Net Capital when computing the **ANC Adjusted Net Capital** because the under margin amount on T day has not been completely eliminated as at the computation date.

Example 4

| | T | T+1 | T+2 | T+3 Computation Date |
|---|------------------|------------------|------------------|----------------------------|
| Cash ledger balance | 1,725,942 | 1,724,742 | 1,723,742 | 1,721,342 |
| Cash received | - | - | - | - |
| Net current market value of open Options contract | - | - | - | - |
| Open position profit/(loss) | (451,680) | (398,740) | (86,640) | (16,390) |
| Net equity | 1,274,262 | 1,326,002 | 1,637,102 | 1,704,952 |
| Margin requirement | (1,482,000) | (1,612,000) | (2,593,500) | (3,163,500) |
| Net current market value of open Options contract | - | - | - | - |
| Excess/(Shortage) | (207,738) | (285,998) | (956,398) | (1,458,548) |

In this example, the under margin amount on T day is RM207,738. -A charge of RM207,738 shall be imposed as a deduction against Net Capital when computing the **ANC Adjusted Net Capital** because the under margin amount on T day has not been completely eliminated as at the computation date.

~~However, please note that if the above situation arises, it would be a violation of the MDEX Business Rules.~~

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Example 5

| | T | T+1 | T+2 | T+3 Computation Date |
|---|-----------------|----------|----------|----------------------------|
| Cash ledger balance | (300) | (280) | (280) | (280) |
| Cash received | - | - | - | - |
| Net current market value of open Options contract | - | - | - | - |
| Open position profit/(loss) | (750) | 4,700 | 6,500 | 8,300 |
| Net equity | (1,050) | 4,420 | 6,220 | 8,020 |
| Margin requirement | (32,500) | (13,000) | (13,000) | (13,000) |
| Net current market value of open Options contract | | | | |
| Excess/(Shortage) | (33,550) | (8,580) | (6,780) | (4,980) |

In this example the under margin amount on T day is RM32,500 (i.e. the margin requirement on T day). The under margin amount is **not** RM33,550 because this amount is inclusive of the Net Debit Balance of RM1,050 on T day.

A charge of RM 32,500 shall be imposed as a deduction against Net Capital when computing the **ANCA** Adjusted Net Capital because the under margin amount on T day has not been completely eliminated by the ~~Computation Date~~ computation date.

Example 6

| | T | T+1 | T+2 | T+3 Computation Date |
|---|-----------------|----------|----------|----------------------------|
| Cash ledger balance | 3,588 | 2,768 | 2,768 | 2,768 |
| Cash received | - | - | - | 10,000 |
| Net current market value of open Options contract | - | - | - | - |
| Open position profit/(loss) | 260 | 700 | (8,340) | (7,540) |
| Net equity | 3,848 | 3,468 | (5,572) | 5,228 |
| Margin requirement | (19,500) | (26,000) | (26,000) | (26,000) |
| Net current market value of open Options contract | - | - | - | - |
| Excess/(Shortage) | (15,652) | (22,532) | (31,572) | (20,772) |

In this example, the under margin amount on T day is RM15,652. -The under margin amount of RM15,652 has been partially eliminated by cash receipt of RM10,000 on T+3. -The remaining balance of the under margin amount RM5,652 (i.e. RM15,652 – RM10,000) has not yet been eliminated and this balance has been outstanding for more than 3 business days as at the ~~Computation Date~~ computation date.

A charge of RM5,652 shall be imposed as a deduction against Net Capital when computing the **ANCA** Adjusted Net Capital because the under margin amount on T day has not been completely eliminated by the ~~Computation Date~~ computation date.

~~However, please note that if the above situation arises, it would be a violation of the MDEX Business Rules.~~

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Example 7

| | T | T+1 | T+2 | T+3 Computation Date |
|---|-----------------|----------------|-----------------|----------------------------|
| Cash ledger balance | 4,327 | 4,327 | 11,327 | 11,327 |
| Cash received | - | 7,000 | - | 10,000 |
| Net current market value of open Options contract | - | - | - | - |
| Open position profit/(loss) | 2,600 | 8,400 | 1,600 | 1,600 |
| Net equity | 6,927 | 19,727 | 12,927 | 22,927 |
| Margin requirement | (24,000) | (24,000) | (24,000) | (24,000) |
| Net current market value of open Options contract | - | - | - | - |
| Excess/(Shortage) | (17,073) | (4,273) | (11,073) | (1,073) |

In this example, the under margin amount on T day is RM17,073. -The under margin amount of RM17,073 has been partially eliminated by the total cash receipt of RM17,000 on T+1 and T+3. -The remaining balance of the under margin amount RM73 (i.e. RM17,073 – RM17,000) has not yet been eliminated and this balance has been outstanding for more than 3 business days as at the **Computation Date**.

A charge of RM73 shall be imposed as a deduction against Net Capital when computing the **ANC Adjusted Net Capital** because the under margin amount on T day has not been completely eliminated by the **Computation Date**.

Example 8

| | T | T+1 | T+2 | T+3 Computation Date |
|---|-----------------|-----------------|----------------|----------------------------|
| Cash ledger balance | 2,768 | 2,768 | 2,398 | 2,398 |
| Cash received | - | 10,000 | - | - |
| Net current market value of open Options contract | - | - | - | - |
| Open position profit/(loss) | (8,340) | (7,540) | (4,100) | (4,000) |
| Net equity | (5,572) | 5,228 | (1,702) | (1,602) |
| Margin requirement | (26,000) | (26,000) | (6,500) | (6,500) |
| Net current market value of open Options contract | - | - | - | - |
| Excess/(Shortage) | (31,572) | (20,772) | (8,202) | (8,102) |

In this example, the under margin amount on T day is RM26,000 and the Net Debit Balance is RM5,572.

The RM10,000 total cash received on T+1 is required to set off the Net Debit Balance on T day. -The balance of cash received after setting off the Net Debit Balance is RM4,428 (i.e. RM10,000 – RM5,572)

The under margin amount of RM26,000 shall be partially eliminated by the remaining cash balance of RM4,428. -The balance of the under margin amount of RM21,572 (i.e. RM26,000 – RM4,428) has not

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yet been eliminated and has been outstanding for more than 3 business days as at the computation date.

A charge of RM21,572 shall be imposed as a deduction against Net Capital when computing the **ANC Adjusted Net Capital** because the under margin amount on T day has not been completely eliminated by the computation date.

-Example 9

| | T | T+1 | T+2 | T+3 Computation Date |
|---|-----------------|--------------|------------|-----------------------------------|
| Cash ledger balance | 2,768 | 2,768 | 2,398 | 2,398 |
| Cash received | - | 3,000 | - | - |
| Net current market value of open Options contract | - | - | - | - |
| Open position profit/(loss) | (8,340) | (7,540) | (4,100) | (4,000) |
| Net equity | (5,572) | (1,772) | (1,702) | (1,602) |
| Margin requirement | (26,000) | (26,000) | (6,500) | (6,500) |
| Net current market value of open Options contract | - | - | - | - |
| Excess/(Shortage) | (31,572) | (27,772) | (8,202) | (8,102) |

In this example, the under margin amount on T day is RM26,000 and the Net Debit balance is RM5,572.

The RM3,000 total cash received on T+1 is required to set off the Net Debit Balance on T day. -However, the cash received is insufficient to fully eliminate the Net Debit Balance.

Therefore the under margin amount of RM26,000 has not been eliminated and this balance has been outstanding for more than 3 business days as at the computation date. -An under margin charge of RM26,000 shall be imposed as a deduction against Net Capital when computing the **ANC Adjusted Net Capital** at the computation date.

Example 10

| | T | T+1 | T+2 | T+3 Computation Date |
|---|-----------|------------|------------|-----------------------------------|
| Cash ledger balance | 7,440 | 7,440 | 7,440 | 7,440 |
| Cash received | - | - | - | - |
| Net current market value of open Options contract | - | - | - | - |
| Open position profit/(loss) | (58,580) | (81,080) | (51,380) | (40,580) |
| Net equity | (51,140) | (73,640) | (43,940) | (33,140) |
| Margin requirement | (180,000) | (180,000) | (180,000) | (180,000) |
| Net current market value of open Options contract | - | - | - | - |
| Secured Collateral | 200,000 | 200,000 | 200,000 | 200,000 |
| Excess/(Shortage) | (31,140) | (53,640) | (23,940) | (13,140) |

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In this example, the under margin on T day is RM31,140. -Amount of collateral available to offset margin requirement is RM148,860 (RM200,000 less Net Debit Balance of RM51,140).

Example 11

| | T | T+1 | T+2 | T+3 Computation Date |
|---|------------------|-----------|-----------|----------------------------|
| Cash ledger balance | 7,440 | 7,440 | 7,440 | 7,440 |
| Cash received | - | - | - | - |
| Net current market value of open Options contract | - | - | - | - |
| Open position profit/(loss) | (58,580) | (81,080) | (51,380) | (40,580) |
| Net equity | (51,140) | (73,640) | (43,940) | (33,140) |
| Margin requirement | (180,000) | (180,000) | (180,000) | (180,000) |
| Net current market value of open Options contract | - | - | - | - |
| Secured Collateral | 100,000 | 100,000 | 100,000 | 100,000 |
| Excess/(Shortage) | (131,140) | (153,640) | (123,940) | (113,140) |

In this example, the under margin amount on T day is RM131,140 (i.e. RM100,000 – (RM51,140 + RM180,000)). -A charge of RM131,140 shall be imposed as a deduction against Net Capital when computing the **ANCA**Adjusted Net Capital because the under margin amount on T day has not been completely eliminated by the computation date.

Example 12

| | T | T+1 | T+2 | T+3 Computation Date |
|---|------------------|-----------|-----------|----------------------------|
| Cash ledger balance | 67,440 | 67,440 | 67,440 | 67,440 |
| Cash received | - | - | - | - |
| Net current market value of open Options contract | - | - | - | - |
| Open position profit/(loss) | (58,580) | (81,080) | (51,380) | (40,580) |
| Net equity | 8,860 | (13,640) | 16,060 | 26,860 |
| Margin requirement | (180,000) | (180,000) | (180,000) | (180,000) |
| Net current market value of open Options contract | - | - | - | - |
| Secured Collateral | 100,000 | 100,000 | 100,000 | 100,000 |
| Excess/(Shortage) | (71,140) | (93,640) | (63,940) | (53,140) |

In this example, the under margin amount on T day is RM71,140 (i.e. RM180,000 – RM8,860 – RM100,000). -A charge of RM71,140 shall be imposed as a deduction against Net Capital when computing the **ANCA**Adjusted Net Capital because the under margin amount on T day has not been completely eliminated by the computation date.

LINE 6-e6.c – The net debit balance arising from marking-to-market or interim settlement of outstanding **futures and/or option derivatives** contracts held by clients as at the close of business on the computation date.

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A charge on the client's account with a Net Debit balance refers to a charge that **may be imposed** if the net equity has a debit balance on the computation date and, **if imposed**, this charge must be deducted from the MemberTrading Participant's Net Capital in order to arrive at the Adjusted Net Capital ~~-(ANG)~~.

This charge is computed as a percentage of the client's account with a Net Debit Balance if the client's account has a Net Debit Balance at the net equity level on computation date.

LINE 6.f6.d – ~~Charges against~~The margin requirement on open position contracts in the proprietary account of a Participant which are not bona fide hedged contracts.

The reporting Trading MemberParticipant must take a charge on the margin requirement for all uncovered ~~futures or option~~derivatives granted (sold) positions in its proprietary account.

LINE 6.g6.e and **6.h6.f** will be defined as and when the haircuts are imposed by the Clearing House and the MDEXExchange.

LINE 7 – Total deductions

This amount should show the total of **LINE 6.a** to **6.h**.

LINE 8 – Adjusted ~~net capital~~Net Capital

This amount should show the difference between **LINE 7** and **LINE 5**.

LINE 9 – Amount of margin required

This amount should show the margin required to be paid to the Clearing House or to any party or clearing house organisation, for client and proprietary accounts (including CFDs). -This amount should agree with the total margin for both the segregated and unsegregated accounts in the clearing houseClearing House's statement or Clearing MemberParticipant's statement (in the case of non-clearing membersParticipants) and position in CFDs.

LINE 10 – 10% of the amount of margin required

This amount should be 10% of **LINE 9**.

LINE 11 – Adjusted Net Capital required

This amount should be the greater of **LINE 10** or RM500,000. -This is the minimum ~~adjusted net capital~~Adjusted Net Capital requirement required by the Clearing House and the MDEXExchange.

LINE 12 – Excess Adjusted Net Capital

This amount should be the difference between **LINE 8** and **LINE 11**. -If a deficit is recorded, the MemberTrading Participant must take immediate corrective action and file the appropriate notices to the Clearing House and the MDEXExchange.

~~-[End of Appendix 2(b)]~~

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Appendix 3(a)

FORM C

STATEMENT OF FINANCIAL CONDITION (FORM C)
(MONTHLY SUBMISSION)

Trading Participant :

<<insert name of TP>>

Position As At :

dd/mth/yy

| | <u>Assets</u> Assets | Permitted Assets | Non- Permitted Assets | <u>Total</u> Total |
|---|---|-----------------------------|--------------------------------------|------------------------------|
| 1 | Funds segregated for Clients clients | 0.00 | 0.00 | 0.00 |
| 2 | Cash with financial institutions and on hand | 0.00 | 0.00 | 0.00 |
| 3 | Receivables from and margin deposit with the Clearing House | | | |
| a | <i>Cash and settlement receivables</i> | 0.00 | | 0.00 |
| b | <i>Marketable securities</i> | 0.00 | | 0.00 |
| c | <i>Net long option value</i> | 0.00 | | 0.00 |
| d | <i>Security deposit and clearing funds</i> | | 0.00 | 0.00 |
| e | <i>Interest receivable</i> | 0.00 | 0.00 | 0.00 |
| 4 | Receivables from and margin deposit with foreign clearing houses | | | |
| a | <i>Cash and settlement receivables</i> | 0.00 | | 0.00 |
| b | <i>Marketable securities</i> | 0.00 | | 0.00 |
| c | <i>Net long option value</i> | 0.00 | | 0.00 |
| d | <i>Security deposit and clearing funds</i> | | 0.00 | 0.00 |
| e | <i>Interest receivable</i> | 0.00 | 0.00 | 0.00 |
| 5 | Receivables from other licensed futures brokers Trading Participants | | | |
| a | <i>Cash and settlement receivables</i> | 0.00 | 0.00 | 0.00 |
| b | <i>Marketable securities</i> | 0.00 | 0.00 | 0.00 |
| c | <i>Net long option value</i> | 0.00 | 0.00 | 0.00 |

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| | | | | |
|----|--|------|------|------|
| d | Security deposit | | 0.00 | 0.00 |
| e | Others | 0.00 | 0.00 | 0.00 |
| f | Allowances for doubtful accounts | 0.00 | 0.00 | 0.00 |
| 6 | Receivables from foreign futures derivatives brokers | | | |
| a | Cash and settlement receivables | 0.00 | 0.00 | 0.00 |
| b | Marketable securities | 0.00 | 0.00 | 0.00 |
| c | Net long option value | 0.00 | 0.00 | 0.00 |
| d | Security deposit | | 0.00 | 0.00 |
| e | Others | 0.00 | 0.00 | 0.00 |
| f | Allowances for doubtful accounts | 0.00 | 0.00 | 0.00 |
| 7 | Receivables from clients trading on Bursa Derivatives the Exchange | | | |
| a | Client debit balances | 0.00 | 0.00 | 0.00 |
| b | Others (please itemise) | 0.00 | 0.00 | 0.00 |
| c | Allowances for doubtful accounts | 0.00 | 0.00 | 0.00 |
| 8 | Receivables from clients trading on foreign exchanges / over the counter derivatives contracts (including contracts for difference) | | | |
| a | Client debit balances | 0.00 | 0.00 | 0.00 |
| b | Others (please itemise) | 0.00 | 0.00 | 0.00 |
| c | Allowances for doubtful accounts | 0.00 | 0.00 | 0.00 |
| 9 | Other receivables, advances & loans | | | |
| a | Merchandise accounts receivable | 0.00 | 0.00 | 0.00 |
| b | Interest | 0.00 | 0.00 | 0.00 |
| c | Dividends | 0.00 | 0.00 | 0.00 |
| d | Advances and loans to directors, employees of the <u>Trading</u> Participant or any third party | | 0.00 | 0.00 |
| e | Receivables from related corporations | 0.00 | 0.00 | 0.00 |
| f | Others (please itemise) | | 0.00 | 0.00 |
| g | Allowance for doubtful accounts | 0.00 | 0.00 | 0.00 |
| 10 | Securities | | | |
| a | Owned by <u>Trading</u> Participant | 0.00 | 0.00 | 0.00 |
| b | Securities in exchanges and clearing houses | | 0.00 | 0.00 |

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| | | | | |
|--------------------|--|-------------|-------------|--------------|
| 11 | Inventories of physical commodities | | 0.00 | 0.00 |
| 12 | Exchange / clearing house Clearing House (if applicable) participantship, at cost | | 0.00 | 0.00 |
| 13 | Investment in related corporations | | 0.00 | 0.00 |
| 14 | Fixed asset (plant, property, etc) at net book value | | 0.00 | 0.00 |
| 15 | Other assets (please itemise) | | 0.00 | 0.00 |
| 16 | Total assets | 0.00 | 0.00 | 0.00 |
| Liabilities | | | | |
| | | | | Total |
| 17a | Bank overdrafts | | | |
| | <i>i Secured</i> | | | 0.00 |
| | <i>ii Unsecured</i> | | | 0.00 |
| 17b | Loans | | | |
| | <i>i Due for payment within 12 months</i> | | | 0.00 |
| | <i>ii Due for payment after 12 months</i> | | | 0.00 |
| 18 | Payables to related corporations | | | 0.00 |
| 19 | Payables to the Clearing House | | | 0.00 |
| 20 | Payables to foreign clearing houses | | | 0.00 |
| 21 | Payables to other licensed futures brokers Trading Participants | | | 0.00 |
| 22 | Payables to foreign futures derivatives brokers | | | 0.00 |
| 23 | Payables to clients trading on Bursa Derivatives the Exchange | | | 0.00 |
| 24 | Payables to clients trading on foreign exchanges / over the counter derivatives contracts (including contracts for difference) | | | 0.00 |
| 25 | Liabilities subordinated to claims of general creditors | | | |
| | <i>a Subject to satisfactory subordinated loan agreement</i> | | | 0.00 |
| | <i>b Not subject to satisfactory subordinated loan agreement</i> | | | 0.00 |
| 26 | Other payables and accrued liabilities (please itemise) | | | 0.00 |
| 27 | Total liabilities | | | 0.00 |

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| | Shareholders Funds | Total |
|----------|--|--------------|
| 28 | Shareholders' funds | |
| <i>a</i> | <i>Paid-up capital</i> | 0.00 |
| <i>b</i> | <i>Share premium</i> | 0.00 |
| <i>c</i> | <i>Capital reserves</i> | 0.00 |
| <i>d</i> | <i>Unappropriated profits / (accumulated losses)</i> | 0.00 |
| 29 | Total shareholders' funds | 0.00 |
| 30 | Total liabilities and shareholders' funds | 0.00 |

[End of Appendix 3(a)]

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Appendix 3(b)

FORM C EXPLANATORY NOTES ON APPENDIX 3(a) – STATEMENT OF FINANCIAL CONDITION (FORM C)

I. _____ ASSETS (Line 1 to Line 16)

LINE 1 – Funds segregated for clients

This amount should agree with the total amount on **LINE 14** of **Appendix 1(a) / 1(b) / 1(d) (FORM A)**.

LINE 2 – Cash with financial institutions and on hand

This amount should show the total petty cash, marked-to-market money market instruments (e.g. Repo, Bankers Acceptance, Negotiable Certificates of Deposits) and deposits belonging to the Member Trading Participant placed with financial institutions. -Fixed deposits can be considered as permitted assets if the Member Trading Participant can withdraw the deposits at any time before the maturity date.

Assets, of which possession or control over their disposal, have been given to a financial institution as security for any credit facility provided by the financial institution to the Member Trading Participant or as security for an irrevocable letter of credit, bank guarantee or surety or any other line of credit provided by that financial institution to the Clearing House, an exchange, another clearing house or to any other person shall be considered as non-permitted assets and details are to be disclosed as notes to the accounts.

Accrued interest receivable should be reported on **LINE 9.b** of this statement. -Bank overdrafts are not to be netted against balances in these accounts. -Such overdrafts should be reported on **LINE 17.a** of this statement.

LINE 3 – Receivables from and margin deposits with the Clearing House.

To report all items on this line as permitted assets except for the Security Deposit and Clearing Fund paid to the Clearing House.

LINE 3.a – Cash and settlement receivables

This amount should agree with the unsegregated balance in the Clearing House's statement. Settlement amount payable to the Clearing House should be included as a liability on **Line 19** of this statement.

LINE 3.b – Marketable securities

This amount should show the marketable securities deposited with the Clearing House for margining proprietary accounts, valued at the current market prices without haircuts.

LINE 3.c – Net Long Option long option value

This amount should show the current market value of the net long option contracts of proprietary accounts. -The current market value of the net short option contracts should be included as a liability on **Line 19** of this statement.

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LINE 3.d – Security deposit and clearing funds

This amount should be shown as a non-permitted asset. -Accrued interest receivable from the placement of this security deposit and clearing fund should be reported on **Line 3.e** of this statement. -Letters of credit deposited with the Clearing House should not be included here but must be disclosed as notes to the accounts.

LINE 4 – Receivables from and margin deposit with foreign clearing houses

The same treatment as on **LINE 3** above should be accorded for the amount deposited with and due from foreign clearing houses, with payables to foreign clearing houses to be reflected on **LINE 20** of this statement. -Settlement amount due from one foreign clearing house should not be netted against payables to another foreign clearing house.

LINE 5 – Receivables from other ~~licensed futures brokers~~ Trading Participants

LINE 5.a – Cash and settlement receivables

This amount should show the unsegregated cash and net settlement amount due from other ~~licensed futures brokers~~ Trading Participants. -Settlement amount due from one ~~licensed futures brokers~~ Trading Participants should not be netted against payables to another ~~licensed futures brokers~~ Trading Participants. -Settlement payable to a ~~licensed futures brokers~~ Trading Participants should be included as a liability on **Line 21** of this statement.

LINE 5.b - Marketable securities

This amount should show the marketable securities due from other ~~licensed futures brokers~~ Trading Participants, at the current market value without haircuts.

LINE 5.c – Net long option value

This amount should show the current market value of the net long option contracts with other ~~licensed futures brokers~~ Trading Participants. The current market value of the net short option contracts should be included as a liability on **LINE 21** of this statement.

LINE 5.d – Security deposit

This is the amount of security deposits placed by the ~~Member~~ Trading Participant with other ~~licensed futures brokers~~ Trading Participants. -This amount should be shown as non-permitted assets.

Collateral (such as letters of credit, bank guarantee etc.) deposited with other ~~licensed futures brokers~~ Trading Participants should not be included here but must be disclosed as notes to the accounts.

LINE 5.e – Others

This amount should include other receivables such as interest receivable and commission receivable from other ~~licensed futures brokers~~ Trading Participants. -All give-up trade commission and brokerage receivable from ~~licensed futures brokers~~ Trading Participants should be itemized in **Appendix 2**. -The commission and brokerage receivable which has not been outstanding for longer than 10 business days from ~~Computation Date~~ computation date should

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be classified as a permitted asset. -This amount should not be netted against the take-up trade commission and brokerage payable reported under **LINE 21** of this statement.

APPENDIX 2

| Execution date | Brokers | | | | Total |
|----------------|-------------|----|-------------|----|-------|
| | Broker X | | Broker Y | | |
| | Lots traded | RM | Lots traded | RM | |
| | | | | | |
| | | | | | |
| Total | | | | | |

LINE 5.f – Allowances for doubtful accounts

This amount should show the appropriate allowances for doubtful accounts.

LINE 6 – Receivables from foreign futuresderivatives brokers

The same treatment applied to **LINE 5** should be accorded for the amount due from foreign futuresderivatives brokers, with a payables to other foreign futuresderivatives brokers to be reflected in **LINE 22** of this statement.

LINE 7 – Receivables from clients clearingtrading on MDEXthe Exchange

LINE 7.a – Client debit balances

This is the amount of debit balances in the client's accounts. -This amount should be shown as permitted assets if they are secured. -The amount to be included as permitted assets should be limited to the extent of the market value of the collateral minus the haircut. -The memberTrading Participant should not net this receivable against the payables arising from the trading of other clients' accounts. -The payables should be reported in **LINE 23** of this statement. -This amount must agree with the amount in **LINE 5** of Appendix 1(a) / 1(b) / 1(d) (FORM A).

LINE 7.b – Others

The MemberTrading Participant should show as non-permitted assets any other receivables due from clients unless secured.

LINE 7.c – Allowances for doubtful accounts

This amount should show the appropriate allowance for doubtful accounts.

LINE 8 – Receivables from clients trading on foreign exchanges / over the counter derivatives contracts (including contracts for difference)

The same treatment as on **LINE 7** should be accorded for the amount due from clients clearing on foreign clearing houses or over the counter derivatives contracts (including contracts for difference), with payables to clients clearing –on foreign clearing houses or over the counter derivatives contracts (including contracts for difference) to be reflected in **LINE 24** of this statement.

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LINE 9 – Other receivables, advances and loans

LINE 9.a – Merchandise accounts receivable

This amount should be the receivable resulting from the ~~Member~~Trading Participant's sales of inventory commonly associated with the business activities of the ~~Member~~Trading Participant, which in the opinion of the ~~Member~~Trading Participant's auditors, are good for collection.

LINE 9.b – Interest

If the interest due is to be paid on the next business day from the computation date, it would be reported as a permitted asset. -Otherwise, it should be reported as a non-permitted asset.

LINE 9.c – Dividends

This amount should be shown as a permitted asset if the dividends have not been outstanding for longer than 10 business days from the payable date. -Dividends payables should not be netted off against this amount.

LINE 9.d – Advances and loans to directors, employees of the ~~Clearing Member~~Trading Participant or any third party

This amount should be shown as a non-permitted asset.

LINE 9.e – Receivables from related corporations

This amount should be shown as a non-permitted asset unless the related corporation is a financial institution licensed or otherwise approved by Bank Negara Malaysia. Receivables from related corporations which the ~~Member~~Trading Participant considers as their clients in relation to trading in futures/derivatives contracts should be disclosed in **LINE 7.a** or **8.a** of this statement. These receivables from one related corporation should not be netted against payables to another related corporation.

LINE 9.f – Others

This amount should include other receivables such as sundry deposits and transferable club memberships which are not specified above with details itemised showing the amount and description of the receivable. -This amount should be shown as a non-permitted asset.

LINE 9.g – Allowance for doubtful accounts

This amount should show the appropriate allowance for doubtful accounts.

LINE 10 – Securities

LINE 10.a – Owned by ~~Clearing Member~~Trading Participant

This is the amount of securities held by the ~~Member~~Clearing Participant at current market value and should be reported as **Appendix 3**.

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APPENDIX 3

Investment Ledger

| | | BUY | | | SELL | | | B/F | | C/F | | Unrealised Gain/(Loss) |
|------|--------------|-------|-----|----|-------|-----|----|-------|----|-------|----|---------------------------|
| Date | Counter | Price | Qty | RM | Price | Qty | RM | Price | RM | Price | RM | Current month |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | Total | | | | | | | | | | | |

LINE 10.b – Securities in exchanges and clearing houses

This amount should be shown as a non-permitted asset.

LINE 11 – Inventory of physical commodities

This amount should be shown as a non-permitted asset. -The inventory should be valued at the lower of cost or net realisable value, for the Member Trading Participant who is also in the business of merchandising goods. -Obsolete inventory should be written off.

LINE 12 – Exchange / Clearing House (if applicable) membership/participation

This amount should be shown as a non-permitted asset.

LINE 13 – Investment in related corporations

This amount should be shown as non-permitted asset.

LINE 14 – Fixed asset (plant, property, etc.) at net book value

This amount should be shown as a non-permitted asset. -For reporting purposes, depreciation should be charged on a monthly basis.

LINE 15 – Other assets

This amount should include:

- (i) trades that have not been cleared (outrades) which have been marked-to-market;
- (ii) prepayments;
- (iii) intangible assets; and
- (iv) any other assets which are not readily classifiable into other categories.

The above should be itemised and shown as non-permitted assets.

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II. _____ LIABILITIES (Line 17 to Line 27)

LINE 17

LINE 17.a – Bank overdrafts & LINE 17.b – Loans

These amounts should show bank loans payable, including overdrafts. –The MemberTrading Participant should disclose in detail any loan or overdraft which is secured by the MemberTrading Participant's assets as notes to the accounts. –Accrued interest and loans payables other than to banks are to be reported on **LINE 26** of this statement. –Payables to related corporations are to be reported on **LINE 18** of this statement.

LINE 18 – Payables to related corporations

This amount should show the MemberTrading Participant's liability to its related corporations but excluding any subordinated loan. –Payables to related corporations which the MemberTrading Participant considers as their clients in relation to trading in futuresderivatives contracts should be disclosed in **LINE 23** or **LINE 24** of this statement.

LINE 19 – Payables to the Clearing House

This amount should agree with the unsegregated debit balance of the Clearing House's statement.

LINE 20 – Payables to foreign clearing houses

The same treatment as on **LINE 19** should be accorded for payables to foreign clearing houses for settlement. –The net amount payable and receivable from each of the foreign clearing house should not be netted off.

LINE 21 – Payables to other licensed futures brokersTrading Participants

This amount should include the unsegregated cash and net settlement payable, take-up trade commission and brokerage payable to other licensed futures brokersTrading Participants. –All take-up trade commission and brokerage payable to other licensed futures brokersTrading Participants should be itemised in **Appendix 4**. –The amount payable to other licensed futures brokersTrading Participants should not be netted against the amount due from another licensed futures brokersTrading Participants. Commission and brokerage due from a licensed futures brokersTrading Participants should be reported on **LINE 5.e** of this statement.

APPENDIX 4

| Execution date | Brokers | | | | Total |
|----------------|-------------|----|-------------|----|-------|
| | Broker X | | Broker Y | | |
| | Lots traded | RM | Lots traded | RM | |
| | | | | | |
| | | | | | |
| Total | | | | | |

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LINE 22 – Payables to foreign ~~futuresderivatives~~ brokers

The same treatment as on **LINE 21** should be accorded for payables to foreign ~~futuresderivatives~~ brokers.

LINE 23 – Payables to client trading on ~~MDEX~~the Exchange

This amount should agree with the total amount on **LINE 6** of **Appendix 1(a) (FORM A)**.

LINE 24 – Payables to clients trading on foreign exchanges / over the counter derivatives contracts (including contracts for difference)

The same treatment as on **LINE 23** should be accorded for clients' trades done on foreign exchanges or over the counter derivatives contracts (including contracts for difference).

LINE 25 – Liabilities subordinated to claims of general creditors

LINE 25.a – Subject to satisfactory subordinated loan agreements

This amount should show the liabilities which are subordinated to the claims from general creditors and subject to a satisfactory subordinated loan agreement. The minimum requirements which must be met for a satisfactory subordinated loan agreement is provided in the ~~Clearing House and the MDEX's Business Rules~~ of the Exchange.

LINE 25.b – Not subject to satisfactory subordinated loan agreements

This amount should show the liabilities which are subordinated to the claims from general creditors and are not subject to a satisfactory subordinated loan agreement.

LINE 26 – Other payables and accrued liabilities

This amount should include:

- (i) trades that have not been cleared (outtrades) which have been marked-to-market;
- (ii) security deposit from the ~~futures broker representatives~~ Registered Representatives;
- (iii) provision for taxation;
- (iv) accruals; and
- (v) any other payables which are not readily classifiable into other categories.

The above should be itemised.

LINE 28 – Shareholders' fund

The amount on **LINE 28.d** of this statement should agree with **LINE 21** of **Appendix 4(a) (FORM D)**.

[End of Appendix 3(b)]

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Appendix 4(a)

FORM D

STATEMENT OF INCOME- / (LOSS) (FORM D)
(MONTHLY SUBMISSION)

Trading Participant :

<<insert name of TP>>

Position As At :

dd/mth/yy

| | Revenue | Total |
|---|---|-------------|
| 1 | Commissions and brokerage | |
| a | <i>On Bursa Malaysia Derivatives Berhad</i> | |
| | <i>i. Single licence</i> | |
| | <i>(a) normal trade commission</i> | 0.00 |
| | <i>(b) give-up commission</i> | 0.00 |
| | <i>ii. Dual licence</i> | |
| | <i>(a) normal trade commission</i> | 0.00 |
| | <i>(b) give-up commission</i> | 0.00 |
| b | <i>On foreign exchanges</i> | 0.00 |
| c | <i>Other brokerage activities (please itemise)</i> | 0.00 |
| 2 | Proprietary trading account | |
| a | Options and futures <i>Derivatives transactions (please itemise)</i> | 0.00 |
| b | <i>Securities transactions</i> | 0.00 |
| c | <i>Other trading activities (please itemise)</i> | 0.00 |
| 3 | Income from advisory services | 0.00 |
| 4 | Interest and dividends | |
| a | <i>Interest earned on investment of clients' funds (please itemise)</i> | 0.00 |
| b | <i>Interest earned on investment of other than clients' funds</i> | 0.00 |
| c | <i>Dividends</i> | 0.00 |
| 5 | Other income (please itemise) | 0.00 |
| 6 | Total Revenue | 0.00 |

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| | | |
|----|---|-------------|
| | Expenses | |
| 7 | Directors' emoluments | |
| a | <i>Fees</i> | 0.00 |
| b | <i>Others</i> | 0.00 |
| 8 | Salaries and allowances | 0.00 |
| 9 | Interest | |
| a | <i>Clients</i> | 0.00 |
| b | <i>Financial institutions</i> | 0.00 |
| c | <i>Others</i> | 0.00 |
| 10 | Commissions | 0.00 |
| 11 | Occupancy and equipment cost | 0.00 |
| 12 | Bad and doubtful debts | 0.00 |
| 13 | Depreciation and amortisation (please itemise) | 0.00 |
| 14 | Other expenses (please itemise) | 0.00 |
| 15 | Total Expenses | 0.00 |
| 16 | Net profit / (loss) before taxation (Item 6 minus Item 15) | 0.00 |
| 17 | Taxation | 0.00 |
| 18 | Others (please itemise) | 0.00 |
| 19 | Net profit / (loss) after taxation | 0.00 |
| 20 | Balance brought forward | 0.00 |
| 21 | Unappropriated profits / (accumulated losses) | 0.00 |

[End of Appendix 4(a)]

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Appendix 4(b)

FORM D EXPLANATORY NOTES ON APPENDIX 4(a) – STATEMENT OF INCOME / (LOSS) (FORM D)

I. REVENUE (Line 1 to Line 6)

LINE 1 – *Commission and brokerage*

LINE 1.a – *On Bursa Malaysia Derivatives Exchange Berhad*

This amount should show the total commission and brokerage earned from trading ~~futures and options derivatives~~ contracts for the month on ~~MDEX~~ the Exchange. -Commission derived by dual licence holder i.e. a person who holds a ~~futures broker licence~~ Capital Markets Services Licence for dealing in derivatives and ~~equity broker licence~~ Capital Markets Services Licence for dealing in securities should be disclosed here.

LINE 1.b – *On foreign exchanges*

This amount should show the total commission and brokerage earned for the month on foreign exchanges

LINE 1.c – *Other brokerage activities*

This amount should show the total commission and brokerage earned for the month from other brokerage activities.

LINE 2 – *Proprietary trading account*

LINE 2.a – *~~Options and futures~~ Derivatives transactions*

This amount should show the total profit or loss for the month from undertaking proprietary trading in the ~~options and futures derivatives~~ market. -This should also include the current market value of the net long or net short option contracts of the proprietary account.

LINE 2.b – *Securities transactions*

This amount should show the total profit or loss for the month from the company's investment activities in the securities market.

LINE 2.c – *Other trading activities*

This amount should include profit or loss from the ~~Member~~ Trading Participant's error account for the month. -This should also include the current market value of the net long or net short option contracts of the error account.

LINE 3 – *Income from advisory services*

This amount should show the income earned for the month from advisory services performed.

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LINE 4 – Interest and dividends

LINE 4.a – Interest earned on investment of clients' funds

This amount should show the total gross interest earned for the month from the investment of clients' segregated account funds.

LINE 4.b – Interest earned on investment of other than clients' funds

This amount should show the total interest earned for the month from the investment of company's fund.

LINE 4.c – Dividends

This amount should show the total dividends earned for the month from the company's investments.

LINE 5 – Other income

This amount should show the total income earned for the month by the Member Trading Participant not disclosed anywhere else in this statement.

II. EXPENSES (Line 7 to Line 15)

LINE 7 – Directors' emoluments

LINE 7.a – Fees

This amount should show the total directors' fees incurred for the month.

LINE 7.b – Others

This amount should show all other emoluments incurred for the month.

LINE 8 – Salaries and allowances

This amount should show the total staff salaries and allowances incurred for the month.

LINE 9 – Interest

LINE 9.a – Clients

This amount should show the total interest expense to the clients and incurred for the month.

LINE 9.b – Financial Institutions

This amount should show the total interest expense incurred for the month.

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LINE 9.c – Others

This line should show the total interest expense incurred for the month which is not otherwise disclosed under **LINE 9.a** and **9.b**.

LINE 10 – Commission

This amount should show all commissions incurred for the month.

LINE 11 – Occupancy and equipment cost

This amount should show the occupancy and equipment cost incurred for the month. -Included in this amount are office and booth rental, ~~Insoft charges~~ as well as charges on price reporting system.

LINE 12 – Bad and doubtful debts.

This amount should show the amount of provision made on the accounts which are doubtful of collection or amount which have been written off during the month.

LINE 13 – Depreciation and amortisation

This amount should show the depreciation and amortization charge for the month.

LINE 14 – Other expenses

This amount should show the total or other expenses incurred for the month which is not otherwise disclose in this statement with details itemized on a separate page showing the amount and description of the expenses.

LINE 17 – Taxation

This item should show the provision for taxation for the month.

LINE 18 – Others

This amount should include items not otherwise dealt with in this statement which may include prior-year adjustments, extraordinary profit and loss, etc.

LINE 20 – Balance brought forward

This amount should agree with **LINE 21** of **Appendix 4(a) (FORM D)** in the previous month.

LINE 21 – Unappropriated profits / (accumulated losses)

This amount should show the total of **LINE 19** and **LINE 20** and should be carried to **LINE 28.d** of **Appendix 3(a) (FORM C)**.

[End of Appendix 4(b)]