

**BURSA MALAYSIA DERIVATIVES BERHAD**

**Date: 28 December 2011**

**Trading Participant Circular No. : 30/2011**

1. **AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES BHD (“RULES OF BURSA DERIVATIVES”) IN RELATION TO THE ADMISSION REQUIREMENTS FOR LOCAL PARTICIPANTS OF BURSA MALAYSIA DERIVATIVES BHD (“EXCHANGE”)**
2. **DIRECTIVES ON THE OBLIGATIONS OF LOCAL PARTICIPANTS**

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1. **INTRODUCTION**

The Securities Commission's Licensing Handbook (“SC's Licensing Handbook”) has been revised to liberalise the current admission requirements for Local Participants and will come into effect on 3 January 2012. A copy of the SC's Licensing Handbook issued by the SC will be made available on their website by 3 January 2012.

Pursuant to the changes in the SC's Licensing Handbook, the Exchange has made amendments to the Rules of Bursa Derivatives as explained in paragraph 2 below. In addition, Local Participants must also comply with the directives in paragraph 3 below.

2. **AMENDMENTS TO THE RULES OF BURSA DERIVATIVES IN RELATION TO THE ADMISSION REQUIREMENTS FOR LOCAL PARTICIPANTS**

The Rules of Bursa Derivatives have been amended (“Amendments”) accordingly in conjunction with the changes made to the SC's Licensing Handbook. In gist, the salient changes to the Rules of Bursa Derivatives are as follows:

- (a) Rule 312.1(c) has been deleted to remove the requirement that the applicant must pass an examination approved by the Exchange;
- (b) Rule 312.1(e) has been deleted to remove the requirement that the applicant has to possess sufficient and relevant trading experience;
- (c) a new Rule 312.1(f) has been inserted to include the requirement that applicants must be at least 21 years old; and
- (d) Rule 605.1(a) has been amended to clarify that a Local Participant must comply with a directive issued by the Exchange.

The Amendments are set out in **Annexure 1** attached.

3. **DIRECTIVES ON THE OBLIGATIONS OF LOCAL PARTICIPANTS**

Kindly be informed that these directives are issued pursuant to Rule 312.1(g) and Rule 401.4(bb) and are applicable to all Local Participants (“Directives”). The Directives are as follows:

**3.1 2-day Familiarisation Programme**

3.1.1 Any applicant who fulfills the requirements of a Local Participant pursuant to Rule 312.1 is required to attend a 2-day familiarisation programme that is carried out by the Exchange (“Familiarisation Programme”). The objectives of the Familiarisation Programme are as follows:

- (a) to equip applicants with the knowledge of regulatory and operational requirements; and

- (b) to provide applicants with the relevant training for the keying-in of orders into the automated and computerized trading system (“ATS”).

3.1.2 The Exchange will only register the applicants upon completion of the Familiarisation Programme.

### **3.2 Review of Participantship**

3.2.1 Local Participants must not cease trading at any time for three (3) consecutive months. If a Local Participant does not trade for three (3) consecutive months, the Exchange may review the participantship of the Local Participant and exercise its powers to terminate the participantship of the Local Participant under Rule 318A.1 for breach of these Directives.

3.2.2 A show cause letter will be sent to the Local Participant pursuant to the review under paragraph 3.2.1. The Local Participant must reply to the show cause letter within fourteen (14) days from the issuance of the letter.

3.2.3 If the Exchange exercises its power to terminate the participantship of a Local Participant under Rule 318A.1, pursuant to the review in paragraph 3.2.1, the former Local Participant may re-apply to be registered as a Local Participant. However, the former Local Participant who wishes to be registered again as a Local Participant must pay to the Exchange an administration fee of RM300 in respect of his new application. The Exchange may prescribe additional terms and conditions in relation to the former Local Participant’s new application.

## **4. EFFECTIVE DATE**

The Amendments and Directives are effective from **3 January 2012**.

## **5. CONTACT PERSONS**

In the event of any queries in relation to the admission of Local Participants, kindly contact the following persons:

| Name         | Contact Details  |
|--------------|--|
| Ahmad Sufian | Email : <a href="mailto:sufian@bursamalaysia.com">sufian@bursamalaysia.com</a><br>Tel : 03-2034 7242 |
| Hor Su Fern  | Email : <a href="mailto:sfhor@bursamalaysia.com">sfhor@bursamalaysia.com</a><br>Tel : 03-2034 7296   |

This circular is available at

[http://www.bursamalaysia.com/website/bm/regulation/rules/bursa\\_rules/bm\\_derivatives.html](http://www.bursamalaysia.com/website/bm/regulation/rules/bursa_rules/bm_derivatives.html)

**ANNEXURE 1**  
**RULE AMENDMENTS**  
in relation to Local Participants' Admission Requirements



**RULES OF BURSA MALAYSIA DERIVATIVES BHD**  
**RULE AMENDMENTS IN RELATION TO LOCAL PARTICIPANTS' ADMISSION REQUIREMENTS**

| EXISTING PROVISIONS           |  | AMENDED PROVISIONS  |
|-------------------------------|--|---|
| <b>Rule 312.1 (c) and (e)</b> | Registration as a Local Participant shall be available to an individual who: <ul style="list-style-type: none"> <li>(a) is of good character and has not been convicted of any offence involving fraud or dishonesty;</li> <li>(b) not an undischarged bankrupt;</li> <li>(c) has passed an examination approved by the Exchange or have been granted an exemption in respect thereof, and possess such qualification as approved by the Exchange;</li> <li>(d) has a risk capital of such amount as determined by the Exchange;</li> <li>(e) has sufficient and relevant trading experience; and</li> </ul> | Registration as a Local Participant shall be available to an individual who: <ul style="list-style-type: none"> <li>(a) is of good character and has not been convicted of any offence involving fraud or dishonesty;</li> <li>(b) <u>is</u> not an undischarged bankrupt;</li> <li>(c) <del>[Deleted]has passed an examination approved by the Exchange or have been granted an exemption in respect thereof, and possess such qualification as approved by the Exchange;</del></li> <li>(d) has a risk capital of such amount as determined by the Exchange;</li> <li>(e) <del>[Deleted]has sufficient and relevant trading experience;and</del></li> </ul> |
| <b>Rule 312.1(f)</b>          | (f) such other requirements and criteria for participantship, which the Exchange may from time to time determine.  | <u>(f) is at least twenty one (21) years old; and</u><br><br><del>(fg)</del> <u>fulfils</u> such other requirements and criteria for participantship, which the Exchange may from time to time determine.   |
| <b>Rule 318A.2</b>            | Within seven (7) days from the Exchange approval, the Exchange shall issue a notice in writing to the Local Participant informing him of the suspension or termination,  | Within seven (7) days from the Exchange's <u>approval decision made under Rule 318A.1</u> , the Exchange shall issue a notice in writing to the Local Participant informing him of the suspension or termination.   |

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| EXISTING PROVISIONS  | AMENDED PROVISIONS   |
|--|--|
| <p><b>Rule 605.1(a)</b> A Local Participant shall at all times act in a manner consistent with the promotion and protection of the goodwill and public image of the Exchange and its Participants, and in particular it shall be the responsibility of each Local Participant:</p> <p>(a) to observe, comply with and act consistently with these Rules and with decisions of the Exchange and its committees, and to settle any disputes in the manner provided by these Rules;</p> <p>(b) to co-operate with the Exchange and any committee of the Exchange in the performance by the Exchange and that committee of its duties, and in particular, to assist in every way in any investigation and to make available to the Exchange and that committee its accounting and other records;</p> <p>(c) to observe, comply with and act consistently with the rules of the Clearing House (so far as is applicable to the Associate Participant) and with decisions of the Clearing House and its committees;</p> <p>(d) not to act in any way which would adversely affect the goodwill or public image of the Exchange and its Participants;</p> <p>(e) to notify the Exchange in writing immediately upon the happening of any of the following:</p> <p style="padding-left: 20px;">(i) the bankruptcy of the Local Participant or any of the</p> | <p>A Local Participant shall at all times act in a manner consistent with the promotion and protection of the goodwill and public image of the Exchange and its Participants, and in particular it shall be the responsibility of each Local Participant:</p> <p>(a) to observe, comply with and act consistently with:</p> <p style="padding-left: 20px;"><u>(i) -these Rules;</u></p> <p style="padding-left: 20px;"><u>(ii) any Directives issued by the Exchange; and</u></p> <p style="padding-left: 20px;"><u>(iii) and with</u> decisions of the Exchange and its committees,</p> <p>and to settle any disputes in the manner provided by these Rules;</p> <p>(b) to co-operate with the Exchange and any committee of the Exchange in the performance by the Exchange and that committee of its duties, and in particular, to assist in every way in any investigation and to make available to the Exchange and that committee its accounting and other records;</p> <p>(c) to observe, comply with and act consistently with the rules of the Clearing House (so far as is applicable to the Associate Participant) and with decisions of the Clearing House and its committees;</p> <p>(d) not to act in any way which would adversely affect the goodwill or public image of the Exchange and its Participants;</p> <p>(e) to notify the Exchange in writing immediately upon the happening of any of the following:</p> |

**ANNEXURE 1**  
**RULE AMENDMENTS**  
**in relation to Local Participants' Admission Requirements**



| EXISTING PROVISIONS  | AMENDED PROVISIONS   |
|--|--|
| <p>directors of the Associate Participant;</p> <p>(ii) the appointment to the Associate Participant of a receiver, statutory manager, provisional liquidator or liquidator or upon any petition being presented for the winding up or dissolution or upon any resolution being passed or order being made for the winding up or dissolution of the Associate Participant;</p> <p>(iii) where the Local Participant or any of the directors of the Associate Participant is convicted of a seizable offence or an offence involving a finding of fraud; and</p> <p>(iv) where the Local Participant or any of the directors of the Associate Participant is engaged in acts or practices inconsistent with just and equitable principles of trade;</p> <p>(f) to comply with all Rules and laws for the time being in force relating to trading in Contracts;</p> <p>(g) except for Associate Participants who are Clearing Participants, to ensure that all its Contracts are registered with the Clearing House in the name of its Nominating Participant as a Client of the Nominating Participant for the purposes of clearing Contracts so registered and to meet all Margin Calls;</p> <p>(h) to maintain such accounting records as correctly recorded and explain the transactions of the Local</p> | <p>(i) the bankruptcy of the Local Participant or any of the directors of the Associate Participant;</p> <p>(ii) the appointment to the Associate Participant of a receiver, statutory manager, provisional liquidator or liquidator or upon any petition being presented for the winding up or dissolution or upon any resolution being passed or order being made for the winding up or dissolution of the Associate Participant;</p> <p>(iii) where the Local Participant or any of the directors of the Associate Participant is convicted of a seizable offence or an offence involving a finding of fraud; and</p> <p>(iv) where the Local Participant or any of the directors of the Associate Participant is engaged in acts or practices inconsistent with just and equitable principles of trade;</p> <p>(f) to comply with all Rules and laws for the time being in force relating to trading in Contracts;</p> <p>(g) except for Associate Participants who are Clearing Participants, to ensure that all its Contracts are registered with the Clearing House in the name of its Nominating Participant as a Client of the Nominating Participant for the purposes of clearing Contracts so registered and to meet all Margin Calls;</p> <p>(h) to maintain such accounting records as correctly recorded and explain the transactions of the Local Participant and the financial position of the Local Participant, and in addition, as will enable compliance with these Rules to be conveniently ascertained by the Exchange and otherwise conveniently and properly maintained; and</p> |

**ANNEXURE 1**  
**RULE AMENDMENTS**  
in relation to Local Participants' Admission Requirements



| EXISTING PROVISIONS |  | AMENDED PROVISIONS  |
|---------------------|--|---|
|                     | <p>Participant and the financial position of the Local Participant, and in addition, as will enable compliance with these Rules to be conveniently ascertained by the Exchange and otherwise conveniently and properly maintained; and</p> <p>(i) not to sell or otherwise trade in Contracts for any person other than for the Local Participant himself.</p> | <p>(i) not to sell or otherwise trade in Contracts for any person other than for the Local Participant himself.</p> |

[End of Rule Amendments]