

ATTENTION : TRADING PARTICIPANTS

TRADING PARTICIPANT CIRCULAR 17/2006

- 1. AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES BERHAD (“RULES OF BURSA DERIVATIVES”) PERTAINING TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION**
 - 2. CONVERSION OF ELECTRONIC ACCESS FACILITIES-PERMITTED ACTIVITIES (“EAF-PA”) TO BRANCH OFFICES OF PARTICIPATING ORGANISATIONS**
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- 1. Amendments to the Rules of Bursa Derivatives pertaining to the Guidelines on Permitted Activities for Stockbroking Companies issued by the Securities Commission.**

Please be informed that pursuant to Section 6 of the Futures Industry Act 1993 and in line with the “Guidelines On Permitted Activities for Stockbroking Companies” (the “Guidelines”) issued by the Securities Commission on 26 October 2005, the Rules of Bursa Derivatives have been amended as set out in “ANNEXURE 1” (the “said Amendments”) appended herewith.

The Guidelines is available on the Securities Commission’s website at <http://www.sc.com.my/eng/html/resources/guidelines/stockbroking/GLpermittedactivities.pdf>.

The said Amendments shall take effect from **30 June 2006**.

All rules, directives or circulars in force which make references to or contain provisions relating to the above matters shall have effect from the date herein as if such reference or provisions relate to the amended provisions aforesaid.

For further information or inquiries on the said Amendments, kindly contact the following persons at telephone no:-

- i. Mr. Pasupathy Velauthah (03-20347141)
- ii. Ms. Azrina Abd Rashid (03-20347326)

Please be informed that the said Amendments are available on Bursa Malaysia’s website at: <http://www.bursamalaysia.com>, specifically under the headings “Bursa Malaysia Derivatives Bhd”/ “The Structure”/ “Business Rules”.

2. Conversion of EAF-PAs to Branch Offices of Participating Organisations

Please also be informed that pursuant to Participating Organisations' Circular No. R/R 13 of 2006 issued to all Participating Organisations of Bursa Malaysia Securities Berhad on 30 June 2006, all EAF-PAs of the Participating Organisations shall effective from **17 July 2006** be automatically converted to branch offices and therefore shall be deemed, recognised and referred to as the branch offices of the Participating Organisations effective from **17 July 2006**.

In respect hereto, all registered representatives of Trading Participants, and Local Participants who are stationed at EAF-PAs, shall effective from **17 July 2006** be deemed to be stationed at the branch offices of the Participating Organisations in accordance with Rule 601A.1 of the Rules of Bursa Derivatives and any other directives issued in relation thereto.

Legal Advisory & Corporate Legal Affairs

“ANNEXURE 1”

AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES BERHAD PURSUANT TO THE GUIDELINES ON PERMITTED ACTIVITIES FOR STOCKBROKING COMPANIES ISSUED BY THE SECURITIES COMMISSION

Existing Rules		Amended Rules	
201	New Definition.	201	<p>Eligible Non-Universal Broker shall have the same meaning as is assigned to that expression in the Rules of Bursa Malaysia Securities Berhad;</p> <p>Participating Organisation shall have the same meaning as is assigned to that expression in the Rules of Bursa Malaysia Securities Berhad;</p> <p>Special Scheme Broker shall have the same meaning as is assigned to that expression in the Rules of Bursa Malaysia Securities Berhad;</p>
601A	Trading in Futures Contracts By Universal Brokers	601A	Trading in Futures Contracts By Universal Brokers, Eligible Non-Universal Brokers and Special Scheme Brokers
601A.1	<p>(a) A Universal Broker may carry out futures broking activities via its subsidiary or related company (being a subsidiary of the Universal Broker’s holding company) where the subsidiary or related company is a Trading Participant of the Exchange duly licenced pursuant to the Futures Industry Act.</p> <p>(b) For the purposes of this Rule, the Registered Representatives engaged or employed by that Trading Participant, and Local Participants who clear their trades via that Trading Participant (and/or for whom that Trading Participant is a nominating participant), may be stationed at the principal office and/or any branch office(s) of the Universal Broker, subject to the Rules herein contained.</p> <p>(c) Further to the preceding Rule 601A.1(b), the Universal Broker shall:-</p> <p>(i) ensure that the licences of the Registered Representatives</p>	601A.1	<p>(a) A Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker may carry out futures broking activities via its subsidiary or related company (being a subsidiary of the Universal Broker’s, Eligible Non-Universal Broker’s or Special Scheme Broker’s holding company) where the subsidiary or related company is a Trading Participant of the Exchange duly licenced pursuant to the Futures Industry Act.</p> <p>(b) For the purposes of this Rule, the Registered Representatives engaged or employed by that Trading Participant, and Local Participants who clear their trades via that Trading Participant (and/or for whom that Trading Participant is a nominating participant), may be stationed at the principal office and/or any branch office(s) of the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker, subject to the Rules herein contained.</p> <p>(c) Further to the preceding Rule 601A.1(b), the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker shall:-</p>

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Existing Rules		Amended Rules	
	<p>engaged or employed by the Trading Participant and who are stationed in the Universal Broker’s principal office or any of its branch office(s) are varied or cause to be varied, as the case may be, by the Commission to reflect the Universal Broker’s address;</p> <p>(ii) implement measures to ensure that the futures trading activities conducted at the Universal Broker’s principal office and/or any of its branch office(s) shall be segregated from the other activities of the Universal Broker, which measures shall, without limitation, secure the following:–</p> <p>(1) there shall be no sharing of employees who are common to the Universal Broker and the Trading Participant for any purpose except for the purpose of carrying out the back office system and operations in relation to the conduct of futures trading activities at the Universal Broker’s principal office and/or any of its branch office(s);</p> <p>(2) the back office system and operations in relation to the conduct of futures trading activities at the Universal Broker’s principal office and/or any of its branch office(s) shall at all times remain under the auspices and purview of the Trading Participant;</p> <p>(3) maintenance of ‘chinese walls’ to prevent any flow of information between the Local Participants, Registered Representatives and dealer’s representatives of the Exchange holding company or Exchange or Bursa Malaysia Securities Berhad;</p> <p>(4) physical segregation of the trading facilities pertaining to futures broking business and the automated trading</p>		<p>(i) ensure that the licences of the Registered Representatives engaged or employed by the Trading Participant and who are stationed in the Universal Broker’s, Eligible Non-Universal Broker’s and Special Scheme Broker’s principal office or any of its branch office(s) are varied or cause to be varied, as the case may be, by the Commission to reflect the Universal Broker’s, Eligible Non-Universal Broker’s and Special Scheme Broker’s address;</p> <p>(ii) implement measures to ensure that the futures trading activities conducted at the Universal Broker’s, Eligible Non-Universal Broker’s and Special Scheme Broker’s principal office and/or any of its branch office(s) shall be segregated from the other activities of the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker, which measures shall, without limitation, secure the following:–</p> <p>(1) there shall be no sharing of employees who are common to the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker and the Trading Participant for any purpose except for the purpose of carrying out the back office system and operations in relation to the conduct of futures trading activities at the Universal Broker’s, Eligible Non-Universal Broker’s and Special Scheme Broker’s principal office and/or any of its branch office(s);</p> <p>(2) the back office system and operations in relation to the conduct of futures trading activities at the Universal Broker’s, Eligible Non-Universal Broker’s and Special Scheme Broker’s principal office and/or any of its branch office(s) shall at all times remain under the auspices and purview of the Trading Participant;</p> <p>(3) maintenance of ‘chinese walls’ to prevent any flow of</p>

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Existing Rules		Amended Rules	
	<p>system of the Universal Broker, and</p> <p>(5) establishment and implementation of policies and procedures governing restricted access to the trading facilities pertaining to futures broking business and the automated trading system of the Universal Broker.</p>		<p>information between the Local Participants, Registered Representatives and dealer’s representatives of the Exchange holding company or Exchange or Bursa Malaysia Securities Berhad;</p> <p>(4) physical segregation of the trading facilities pertaining to futures broking business and the automated trading system of the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker; and</p> <p>(5) establishment and implementation of policies and procedures governing restricted access to the trading facilities pertaining to futures broking business and the automated trading system of the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker.</p>
601A.2	<p>Compliance Functions</p> <p>(a) the Trading Participant shall designate one or more of its Compliance Officers to carry out the supervisory functions in relation to the futures trading activities being conducted at the Universal Broker’s principal offices and/or any of its branch office(s). However, the Compliance Officer need not be physically present at the Universal Broker’s principal offices and/or its branch office(s), unless otherwise required by the Exchange and/or Bursa Malaysia Securities Berhad, in consultation with the Commission;</p> <p>(b) Notwithstanding the Rule 601A.2(a) and unless otherwise required by the Exchange, Bursa Malaysia Securities Berhad and/or the Commission, the Trading Participant may elect to have the Compliance Department of the Universal Broker undertake the supervisory responsibilities envisaged in these</p>	601A.2	<p>Compliance Functions</p> <p>(a) the Trading Participant shall designate one or more of its Compliance Officers to carry out the supervisory functions in relation to the futures trading activities being conducted at the Universal Broker’s, Eligible Non-Universal Broker’s and Special Scheme Broker’s principal offices and/or any of its branch office(s). However, the Compliance Officer need not be physically present at the Universal Broker’s, Eligible Non-Universal Broker’s and Special Scheme Broker’s principal offices and/or its branch office(s), unless otherwise required by the Exchange and/or Bursa Malaysia Securities Berhad, in consultation with the Commission;</p> <p>(b) Notwithstanding the Rule 601A.2(a) and unless otherwise required by the Exchange, Bursa Malaysia Securities Berhad and/or the Commission, the Trading Participant may elect to have the Compliance Officers of the Universal Broker, Eligible Non-Universal Broker and Special Scheme</p>

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Existing Rules		Amended Rules	
	<p>Rules, provided that:</p> <p>(i) the Universal Broker’s Compliance Officers’ roles and responsibilities are not in any way whatsoever compromised or affected; and</p> <p>(ii) the Universal Broker’s Compliance Officer so acting shall have passed the relevant examination approved by the Exchange in consultation with the Commission,</p> <p>whereupon the Universal Broker shall submit all compliance reports pertaining to the futures trading activities to the Trading Participant’s Compliance Officer.</p> <p>(c) Notwithstanding the provision in Rule 601A.2(b) above, the responsibility for supervisory activities in respect of futures trading activities at the Universal Broker’s principal office and/or branch office(s) shall at all times remain vested in the Trading Participant and its Compliance Officer.</p>		<p>Broker undertake the supervisory responsibilities envisaged in these Rules, provided that:</p> <p>(i) the Universal Broker’s, Eligible Non-Universal Broker’s and Special Scheme Broker’s Compliance Officers’ roles and responsibilities are not in any way whatsoever compromised or affected; and</p> <p>(ii) the Universal Broker’s, Eligible Non-Universal Broker’s and Special Scheme Broker’s Compliance Officer so acting shall have passed the relevant examination approved by the Exchange in consultation with the Commission,</p> <p>whereupon the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker shall submit all compliance reports pertaining to the futures trading activities to the Trading Participant’s Compliance Officer.</p> <p>(c) Notwithstanding the provision in Rule 601A.2(b) above, the responsibility for supervisory activities in respect of futures trading activities at the Universal Broker’s, Eligible Non-Universal Broker’s and Special Scheme Broker’s principal office and/or branch office(s) shall at all times remain vested in the Trading Participant and its Compliance Officer.</p>

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Existing Rules		Amended Rules	
601A.3	<p>(a) The Trading Participant shall furnish a written declaration to the Exchange, Exchange holding company or Bursa Malaysia Securities Berhad, in form and substance acceptable to the Exchange, Exchange holding company or Bursa Malaysia Securities Berhad, stating the following –</p> <p>(i) the particulars of the Registered Representative(s) stationed at the Universal Broker’s principal office and/or any of its branch office(s) and any changes thereto from time to time; and</p> <p>(ii) the respective activities of such Registered Representative(s), whether engaged in proprietary or agency trading.</p> <p>(b) The Trading Participant shall further provide to the Exchange, Exchange holding company or Bursa Malaysia Securities Berhad and the Commission prior notification in writing of the respective locations of its Local Participants who are stationed at the Universal Broker’s principal office and/or any of its branch office(s) and such notice shall be given not less than fourteen (14) Business Days before the date of relocation of the Local Participant concerned at the Universal Broker’s premises.</p>	601A.3	<p>(a) The Trading Participant shall furnish a written declaration to the Exchange, Exchange holding company or Bursa Malaysia Securities Berhad, in the form and substance acceptable to the Exchange, Exchange holding company or Bursa Malaysia Securities Berhad, stating the following –</p> <p>(ii) the particulars of the Registered Representative(s) stationed at the Universal Broker’s, Eligible Non-Universal Broker’s and Special Scheme Broker’s principal office and/or any of its branch office(s) and any changes thereto from time to time; and</p> <p>(ii) the respective activities of such Registered Representative(s), whether engaged in proprietary or agency trading.</p> <p>(b) The Trading Participant shall further provide to the Exchange, Exchange holding company or Bursa Malaysia Securities Berhad and the Commission prior notification in writing of the respective locations of its Local Participants who are stationed at the Universal Broker’s, Eligible Non-Universal Broker’s and Special Scheme Broker’s principal office and/or any of its branch office(s) and such notice shall be given not less than fourteen (14) Business Days before the date of relocation of the Local Participant concerned at the Universal Broker’s, Eligible Non-Universal Broker’s or Special Scheme Broker’s premises.</p>
601A.4	<p>Rule 601A.4 Integrated Business</p> <p>Where a Universal Broker intends to merge or amalgamate the futures trading activities being carried out by a Trading Participant with its other businesses as a Universal Broker, the Universal Broker shall at all times comply with:-</p> <p>(a) the relevant Rules of the Exchange and the Clearing House concerning the transfer of participantship from the Trading Participant to the Universal Broker;</p>	601A.4	<p>Rule 601A.4 Integrated Business</p> <p>Where a Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker intends to merge or amalgamate the futures trading activities being carried out by a Trading Participant with its other businesses as a Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker, the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker shall at all times comply with:-</p> <p>(a) the relevant Rules of the Exchange and the Clearing House</p>

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Existing Rules		Amended Rules	
	<p>(b) the requirements in relation to contribution to the Fidelity Fund to be made by the Universal Broker; and</p> <p>(c) such terms and conditions as may be prescribed by the Exchange, Exchange holding company or Bursa Malaysia Securities Berhad and/or the Commission from time to time.</p>		<p>concerning the transfer of participantship from the Trading Participant to the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker;</p> <p>(b) the requirements in relation to contribution to the Fidelity Fund to be made by the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker; and</p> <p>(c) such terms and conditions as may be prescribed by the Exchange, Exchange holding company or Bursa Malaysia Securities Berhad and/or the Commission from time to time.</p>
602.1A	The Exchange may exempt Trading Participants who are also Universal Brokers affiliated with the recognised stock exchange under Exchange holding company, from the requirements to comply with the minimum financial resources requirement as stipulated under this Rule 602.1 subject to the said Universal Broker demonstrating compliance with the minimum financial requirement as established by the recognised stock exchange from time to time.	602.1A	<p>(a) The minimum financial resources requirement as stipulated in rule 602.1 and rule 602.2 shall not be applicable to a Trading Participant who is also a Participating Organisation of Bursa Malaysia Securities Berhad.</p> <p>(b) Notwithstanding Rule 602.1A(a), a Trading Participant who is also a Participating Organisation of Bursa Malaysia Securities Berhad shall at all times comply with the capital adequacy requirements as imposed by Bursa Malaysia Securities Berhad on Participating Organisations.</p> <p>(c) For the purposes of this Rule 602.1A, the capital adequacy requirements as imposed by Bursa Malaysia Securities Berhad on Participating Organisations shall be deemed to be part of the Rules.</p>
602.3	It is the responsibility of each Trading Participant to submit to the Exchange the following statements, or in the case of a Trading Participant who is a Universal Broker, the relevant statements as prescribed by the recognized stock exchange, within the stipulated reporting interval as determined by the Exchange:	602.3	It is the responsibility of each Trading Participant to submit to the Exchange the following statements, or in the case of a Trading Participant who is also a Participating Organisation of Bursa Malaysia Securities Berhad , the relevant statements as prescribed by the Bursa Malaysia Securities Berhad , within the stipulated reporting interval as determined by the Exchange:
	(i) a statement of Adjusted Net Capital, or in the case of a Trading		(i) a statement of Adjusted Net Capital, or in the case of a Trading

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Existing Rules		Amended Rules	
	<p>Participant who is a Universal Broker, the prescribed statements for the purpose of demonstrating the minimum financial requirements imposed by the Rules of the Bursa Malaysia Securities Berhad, a statement of financial condition and a statement of income/(loss) on a monthly basis, i.e. not later than fifteen (15) calendar days after the end of each month. Submission of the above statements shall be accompanied by a letter of attestation to be signed by a director of the Trading Participant, or by a person duly authorised by the director to sign such statements; and</p> <p>(ii) signed audited annual financial accounts within three (3) months after the end of each financial year. The signed audited annual financial accounts shall be submitted together with an auditor's report.</p> <p>Provided always that the Exchange, at its discretion, may from time to time prescribe a different reporting interval for any particular Trading Participant as it deems fit and appropriate.</p>		<p>Participant who is also a Participating Organisation of Bursa Malaysia Securities Berhad, the prescribed statements required by the Bursa Malaysia Securities Berhad in relation to the capital adequacy requirements, a statement of financial condition and a statement of income/(loss) on a monthly basis, i.e. not later than fifteen (15) calendar days after the end of each month. Submission of the above statements shall be accompanied by a letter of attestation to be signed by a director of the Trading Participant, or by a person duly authorised by the director to sign such statements; and</p> <p>(ii) signed audited annual financial accounts within three (3) months after the end of each financial year. The signed audited annual financial accounts shall be submitted together with an auditor's report.</p> <p>Provided always that the Exchange, at its discretion, may from time to time prescribe a different reporting interval for any particular Trading Participant as it deems fit and appropriate.</p>