Decoupling of Clearing Participantship from Trading Participantship
Amendments to Directive on Fees and Charges
for Participants and Registered Representatives

DIRECTIVE ON FEES AND CHARGES FOR PARTICIPANTS AND REGISTERED REPRESENTATIVES	**No. 301.12-001**

Relevant to	:	Rules 301.12 and 322.4
Introduced with effect from	:	1 April 2015
Amended	:	13 September 2016 vide TP Circular/2016, 31 October 2016 vide TP Circular 18/2016, ~~and~~ 23 January 2017 vide TP Circular 04/2017~~.~~ and 23 August 2017 vide TP Circular 14/2017.
TP Circular No(s).	:	N/A
Refer also to Directive No(s).	:	N/A

1. Rule 301.12

(1) Rule 301.12 requires a Participant to pay all fees and charges the Exchange stipulates in the manner and within the period the Exchange specifies.

(2) In connection with the above Rule, a Participant must, amongst others, comply with the requirements set out below.

(3) "**Price payable is exclusive of GST**"

(a) The Exchange has obtained an approval to display prices exclusive of the Goods and Services Tax ("GST") under subsection 9(7) of the Goods and Services Tax Act 2014. Accordingly, each fee or charge set out in this Directive does not include GST i.e. **price payable is exclusive of GST**.

(b) 6% GST is payable on all fees or charges (unless otherwise specified by the Exchange in accordance with the Goods and Services Tax Act 2014), and will be billed in the tax invoices issued in relation to such fees or charges.

1.1 ~~Admission~~Registration and ~~subscription~~annual fees

The fees payable to the Exchange in connection with becoming or being a Participant are set out in **Schedule 1** of this Directive.

1.2 Fee for the registration of a Registered Representative

A Trading Participant must pay the Exchange all fees and charges for the registration of a Registered Representative as set out in **Schedule 2** of this Directive.

1.3 Trading Fees

A Participant must pay the fees and charges for each Contract bought or sold by the Participant as set out in **Schedule 3** of this Directive.

1.4 Negotiated Large Trade ("NLT")

A Trading Participant must pay the fees and charges in respect of an NLT transaction as set out in **Schedule 4** of this Directive.

[End of Directive]

Schedule 1

Fees for Trading Participant – Admission to Participantship

Type of fees	Frequency	Amount (RM)
~~Application fee~~	~~One time payment~~	~~750~~
~~Admission~~Registration fee	One time payment	~~100,000~~50,000
Annual ~~subscription~~ fee	Annual	6,000

Fees for Associate Participants – Admission to Participantship

Type of fees	Frequency	Amount (RM)
~~Application fee~~	~~One time payment~~	~~1,200~~
~~Admission~~Registration fee	One time payment	10,000
Annual ~~subscription~~ fee	Annual	1,200

[End of Schedule 1]

Schedule 2

Fees for Registered Representatives

Types of fees	**Amount (RM)**
Registration fee	250
Annual fee (expiring on 31 December each year)	120

[End of Schedule 2]

Schedule 3

1. Trading Fees

Trading fees are applicable to every 1 contract bought or sold, independent of whether the trade results in an Open Position or a Closed Out trade.

All other fees not contained in this Schedule will be determined by the Exchange from time to time. The Exchange may also from time to time introduce market incentives schemes for the promotion of the market.

Contract	**General trading fee**	**Trading fee for Local Participant**
	Amount	**Amount**
AGRICULTURE CONTRACTS		
Ringgit Malaysia (RM) Denominated Crude Palm Oil Futures Contract	RM2	RM2
Option on Ringgit Malaysia Denominated Crude Palm Oil Futures	RM2	RM2
United States Dollar (USD) Denominated Crude Palm Oil Futures Contract	USD0.60	USD0.60
Crude Palm Kernel Oil Futures Contract	RM5	RM3
United States Dollar (USD) Denominated RBD Palm Olein Futures Contract	USD0.60	USD0.60
EQUITY CONTRACTS		
FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures Contract	RM 4	RM 4
Option on FTSE Bursa Malaysia KLCI Futures	RM4	RM4
Single Stock Futures Contract:		

Contract	**General trading fee**	**Trading fee for Local Participant**
	Amount	**Amount**
Tier 1	RM1	RM0.50
Tier 2	RM3	RM1.50
Tier 3	RM5	RM2.50
METAL CONTRACTS		
Gold Futures Contract	RM0.50	RM0.50
Tin Futures Contract	USD0.60	USD0.60
INTEREST RATE CONTRACTS		
3-Month KLIBOR Futures Contract	RM0.50	RM0.50
3-Year MGS Futures Contract	RM0.50	RM0.50
5-Year MGS Futures Contract	RM0.50	RM0.50
10-Year MGS Futures Contract	RM0.50	RM0.50

Notes:

(1) The Exchange will prescribe from time to time, the various Single Stock Futures Contract that fall within Tier 1, 2 or 3.

(2) For the avoidance of doubt, a Market Maker must pay the general trading fee above for each Contract bought or sold, subject to any incentive or waiver that may be stated in its market making agreement with the Exchange.

[End of Schedule 3]

Schedule 4

1. Facility Charges applicable to Negotiated Large Trade Transactions

Contract	Facility Charge	
	per Contract	**Maximum Facility Charge per transaction**
AGRICULTURE CONTRACTS		
Ringgit Malaysia (RM) Denominated Crude Palm Oil Futures Contract	RM 0.20	RM 80.00
Option on Ringgit Malaysia Denominated Crude Palm Oil Futures Contract	RM 0.20	RM 20.00
United States Dollar (USD) Denominated RBD Palm Olein Futures Contract	USD 0.10	USD 2.00
EQUITY CONTRACTS		
FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures Contract	RM 0.20	RM 40.00
Option on FTSE Bursa Malaysia KLCI Futures	RM 0.20	RM 20.00
METAL CONTRACTS		
Gold Futures Contract	RM 0.20	RM 40.00
Tin Futures Contract	USD 0.10	USD 2.00
INTEREST RATE CONTRACTS		
3-Month KLIBOR Futures Contract	RM 0.20	RM 4.00
3-Year MGS Futures Contract	RM 0.20	RM 4.00
5-Year MGS Futures Contract	RM 0.20	RM 4.00
10-Year MGS Futures Contract	RM0.20	RM 4.00

Contract	**Facility Charge**	
	per Contract	**Maximum Facility Charge per transaction**

Note: For the purpose of Schedule 4, the facility charge is applicable to every contract bought or sold.

[End of Schedule 4]

DIRECTIVE ON POSITION LIMITS AND EXERCISE LIMITS	**No. 613-001**

Relevant to	:	Rule 613
Introduced with effect from	:	16 June 2014
Amended	:	31 October 2016 vide TP Circular 18/2016 and 23 August 2017 vide TP Circular 14/2017
TP Circular No(s).	:	N/A
Refer also to Directive No(s).	:	N/A

1. Rule 613

(1) Rule 613.1 empowers the Exchange, in consultation with the Clearing House, to determine the limits on the Open Positions which may be held or controlled by any Client or a Participant in any Contract ("position limits") or the number of Options that can be exercised by any Client or a Participant ("exercise limits") and grant exemption, modification or variation in relation to the position limits or exercise limits.

(2) Pursuant to Rule 613.1, a Participant must ensure that the position limits and exercise limits applicable to any Client or Participant are adhered to at all times.

(3) In connection with the above Rule, a Client or Participant must, amongst others, comply with the requirements set out below.

(4) Any reference to the following terms will be construed as follows:

(a) 'omnibus account' means a Client Account utilised by a Client for the trading of Contracts for the Underlying Clients of the Client.

(b) 'Underlying Clients' means the persons whom the Client is trading in Contracts for.

1.1 Position Limits for Client or Participant

(1) A Client or Participant acting alone or in concert with others, must not directly or indirectly hold or control Open Positions in a Contract in excess of the limits on Open Positions stated in **Schedule 1** of this Directive.

(2) For purposes of Options, the limits stated are in relation to Open Positions net on the same side of the Market. A long Call Option, a short Put Option and a long underlying Futures Contract are taken as being on the same side of the Market; similarly a short Call Option, a long Put Option and a short underlying Futures Contract are taken as being on the same side of the Market.

(3) For purposes of Futures Contracts, the limits stated are in relation to Open Positions net long or net short.

(4) If a Client or a Participant holds or controls a combination of FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures Contract and Option on FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures, the Client or Participant must comply with the position limits stated for Option on FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures.

(5) If a Client or a Participant holds or controls a combination of Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts and Options on Ringgit Malaysia Denominated Crude Palm

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Oil Futures, the Client or Participant must comply with the position limits stated for Option on Ringgit Malaysia Denominated Crude Palm Oil Futures.

(6) Notwithstanding any provisions contained in Rule 500, Trading Participants or Associate Participants who are in breach of position limits may be ordered by the Exchange, without notice, to limit trading to liquidation only. The Exchange may take any other action deemed appropriate in the circumstances.

1.2 Position Limits for Market Makers

(1) A Market Maker acting alone or in concert with others, must not directly or indirectly hold or control Open Positions in a Contract in excess of twice the limits stated in **Schedule 1** of this Directive.

(2) Market makers may seek an exemption to the position limits stated in paragraph 1.2(1) to assure that there is sufficient depth and liquidity in the marketplace.

(3) In respect of paragraph 1.2(2) above, Market Makers must submit to the Exchange a written request seeking approval for the exemption and state the reasons why an exemption should be granted.

1.3 Exemption for Bona Fide Hedging Transactions

(1) A Participant may apply to the Exchange for an approval to exceed the position limit as stated in **Schedule 1** of this Directive for bona fide hedging transactions. For the avoidance of doubt, a Client or an Underlying Client may apply for such approval through their Trading Participant. The Exchange may approve such application only if the person's open positions and proposed open positions are for bona fide hedging transactions. The Exchange's approval must be obtained before a person assumes positions which exceed the position limits as stated in **Schedule 1** of this Directive.

(2) In considering an application received from a Participant in paragraph 1.3(1), the Exchange may require that the Participant provides or causes to be provided to the Exchange the details of exposure to the underlying market to justify the granting of the exemption for hedging purposes.

(3) In approving an application received from a Participant under paragraph 1.3(1), the Exchange may impose any terms and conditions as it deems fit.

(4) If a Participant receives the Exchange's approval, positions in Contracts which result from bona fide hedging transactions will not be included in the computation of positions restricted by the position limits as stated in **Schedule 1** of this Directive.

(5) In respect of hedging with FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures Contract or Option on FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures, such transactions will only qualify for an exemption if the underlying stock portfolio:

(i) contains at least 3 FTSE Bursa Malaysia Kuala Lumpur Composite Index (KLCI) stocks and none of these stocks account for more than 50% of the total value of the underlying stock portfolio; and

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(ii) comprises stocks in at least 3 sectors.

(6) The Exchange reserves the right to approve other underlying stock portfolio that may not meet the requirements in paragraph 1.3(5), if it is of the opinion that the underlying stock portfolio does represent a bona fide hedge.

(7) The Exchange may revoke the exemption granted to a Participant under paragraph 1.3.

1.4 Limit on Uncovered Short Positions for Stock Option Contract

(1) The uncovered short in the money positions for Stock Option Contract on a market wide basis must not be more than 10 percent of the underlying free float, or any other percentage as may be determined by the Exchange in light of the prevailing market conditions in the Market and Underlying Market.

(2) If the limit in paragraph 1.4(1) is breached, the Exchange may prohibit any further opening writing transactions in that class of options, or it may prohibit the uncovering of any existing covered Short Positions in one or more series of that class of Options.

1.5 Exercise Limits for Stock Option Contract

(1) The exercise limits for Stock Option Contract will be equivalent to the position limits as stated in **Schedule 1** of this Directive.

(2) In relation to paragraph 1.5(1), a Client or Participant acting alone or in concert with others, must not directly or indirectly exercise more than the exercise limits within 5 consecutive Business Days its aggregate Long Positions for all contract months combined.

(3) Notwithstanding any provisions contained in Rule 500, Trading Participants or Associate Participants who are in breach of the exercise limits may be ordered by the Exchange, without notice, to stop any further exercise of the Options. The Exchange may take any other action deemed necessary in the circumstances.

1.6 Exemption from Position Limits and Exercise Limits for Omnibus Accounts

(1) A Participant may allow a Client who maintains an omnibus account to hold positions or exercise Options that exceed the position limits or exercise limits as stated in **Schedule 1** of this Directive subject to the following conditions:

(i) the Participant is satisfied as to the financial probity of the Client;

(ii) the open positions held or controlled or the exercise of Options by each of the Underlying Clients in the omnibus account must not exceed the position limits or exercise limits as stated in **Schedule 1** of this Directive except as allowed under paragraph 1.3 above; and

(iii) compliance with any other terms or conditions that the Exchange may prescribe as it deems fit.

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(2) A Participant who allows a Client to exceed the position limits or exercise limits pursuant to paragraph 1.6(1) above must notify the Exchange immediately of the following:

(i) that the conditions in paragraph 1.6(1) have been complied with;

(ii) the details of the omnibus account including the identity of the Client and the Underlying Clients; and

(iii) any other information as may be requested by the Exchange.

(3) If any of the provisions in this paragraph 1.6 is not complied with, the Exchange may direct the Participant to revoke the exemption granted to the Client pursuant to paragraph 1.6(1) above.

(4) Where an exemption has been granted pursuant to paragraph 1.6(1), the provisions in Rule 613 and paragraphs 1.1 and 1.5 above in relation to position limits or exercise limits and any provisions relating to a breach of such limits that are applicable to a Client directly or indirectly (“the relevant provisions”) will also be applicable to each of the Underlying Clients. In this respect, all actions of each of the Underlying Clients will be construed to be the actions of the Client.

(5) The Participant must ensure that an omnibus account in relation to which an exemption has been granted under paragraph 1.6(1) is identified as such in the books and records of the Participant.

[End of Directive]

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Schedule 1

Stock Option Contract

The position limits in relation to Stock Option Contract are set out in 3 tiers as follows:

Past 6 Months Trading Volume For The Underlying Market		**Underlying Market Free Float**	**Position Limits for all contract months combined (net on the same side of the Market)**
More than 45 million	and	More than 500 million	5,000
More than 60 million	and	More than 250 million	5,000
More than 45 million	and	More than 250 million	2,500
More than 60 million	and	250 million or less	2,500
45 million or less	and	More than 500 million	2,500
None of the above			1,000

All other Contracts

Contract	**Position Limits**	
	All contract months combined	**Others**
AGRICULTURE CONTRACTS		
Ringgit Malaysia (RM) Denominated Crude Palm Oil Futures Contract	15,000 Contracts	a) 800 Contracts for spot month b) 10,000 Contracts for any one contract month (except for spot month)

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Contract	**Position Limits**	
	All contract months combined	**Others**
Option on Ringgit Malaysia Denominated Crude Palm Oil Futures	an equivalent of 15,000 Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts (Option on Ringgit Malaysia Denominated Crude Palm Oil Futures and Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts combined)	an equivalent of 10,000 Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts for any one contract month (Option on Ringgit Malaysia Denominated Crude Palm Oil Futures and Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts combined)
United States Dollar (USD) Denominated Crude Palm Oil Futures Contract	8,000 Contracts	a) 500 Contracts for spot month b) 5,000 Contracts for any one contract month (except for spot month)
Crude Palm Kernel Oil Futures Contract	1,500 Contracts	a) 250 Contracts for spot month b) 1,000 Contracts for any one contract month (except for spot month)
United States Dollar (USD) Denominated RBD Palm Olein Futures Contract	15,000 Contracts	a) 800 Contracts for spot month b) 10,000 Contracts for any one contract month (except for spot month)
EQUITY CONTRACTS		
FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures Contract	10,000 Contracts	n/a
Option on FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures	an equivalent of 10,000 FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures Contract (Option on FTSE Bursa Malaysia Kuala	n/a

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Contract	**Position Limits**	
	All contract months combined	**Others**
	Lumpur Composite Index Futures and FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures Contract combined)	
Single Stock Futures Contract (for each individual Single Stock Futures Contract)	1) 1,350 Contracts; or 2) 2,300 Contracts (if Average Daily Trading Volume of the underlying stocks is more than 20 million units of stocks for the most recent 6-month period)	1) 1,350 Contracts for any month; or 2) 2,300 Contracts for any month (if Average Daily Trading Volume of the underlying stocks is more than 20 million units of stocks for the most recent 6-month period)
METAL CONTRACTS		
Gold Futures Contract	25,000 Contracts	n/a
Tin Futures Contract	1,000 Contracts	500 Contracts for spot month
INTEREST RATE CONTRACTS		
3-Month KLIBOR Futures Contract	5,000 Contracts	n/a
3-Year MGS Futures Contract	10,000 Contracts	10,000 Contracts in any one quarterly month
5-Year MGS Futures Contract	10,000 Contracts	10,000 Contracts in any one quarterly month
10-Year MGS Futures Contract	10,000 Contracts	10,000 Contracts in any one quarterly month

[End of Schedule 1]

Annexure 2

Decoupling of Clearing Participantship from Trading Participantship
NEW DIRECTIVE
in relation to Clients' Margin and Margin Payment

DIRECTIVE ON CLIENTS' MARGIN AND MARGIN PAYMENT	**No. 614-001**

Relevant to	:	Rule 614
Introduced with effect from	:	23 August 2017
Amended	:	N/A
TP Circular No(s).	:	Trading Members' Circular 6/2000
Refer also to Directive No(s).	:	N/A

1. Rule 614 and Margin Guideline

Rule 614 sets out the obligations of the Trading Participant in relation to obtaining margin from its Client. In discharging the obligations under the said Rule, the Trading Participant must, amongst other requirements, comply with the Margin Guideline set out in **Appendix 1** of this Directive.

[End of Directive]

APPENDIX 1

MARGIN GUIDELINE

~~*TABLE OF CONTENTS*~~

PREFACE

In the futures industry, margins act as "good faith deposit" or performance bond for a futures contract. Margins function as financial protection for the marketplace and therefore, margins must be maintained at all times for open positions held. It is imperative for margins to be successfully collected by the Trading Members from their clients.

The Exchange in the post, has received numerous inquiries from the Trading Members seeking clarification and for interpretation on the margin rules contained in the Business Rules and Trading Members' Circulars. Moreover, the Exchange has observed certain practices among Trading Members which are inconsistent with the spirit of the margin rules.

Arising from above, the Exchange has developed this guideline with the intention of standardising margin policies and procedures for all Trading Members. The purpose of this guideline is to provide guidance to KLOFFE Trading Members in implementing margining policies and procedures for compliance with the Exchange's margin rules and regulations and to improve the Trading Members' understanding and application of the Exchange's margin requirements.

This guideline does not replace, but rather supplement, the existing margin rules and regulations of the Exchange. The guideline is not intended to be exhaustive as not all matters relating to margin requirements are necessarily included. Please note that this guideline applies to KLOFFE products of the Exchange and if there exists a more stringent ruling relating to margining on products traded in other Exchanges exchanges of which the Trading Members are affiliated to, then this guideline would not apply to these products.

For clarification or information concerning any topics discussed in this guideline, please contact the Compliance & Surveillance Department of the Exchange.

GUIDELINE 1 – MARGIN RATES AND DEPOSITS

1.1 MARGIN RATES

~~Trading Members~~Trading Participants are required to collect margins from their ~~clients~~ Clients for all open positions maintained by them to ensure performance of the contracts. The minimum initial margins required are set by the Clearing House and regular circulars are issued by the Clearing House on changes in the initial margin levels.

In accordance with Business Rule 614.1, the amount of margin to be collected from ~~clients~~ Clients shall be at least equivalent to the prevailing minimum initial margins of the Clearing House. However, ~~Trading Members~~Trading Participants may, at their absolute discretion, prescribe margin rates/requirements above the Clearing House's minimum margin requirements.

1.2 FORMS OF MARGIN DEPOSITS

~~As provided in Business Rule 614.2 and Guideline 2.7 to the Business Rules and Trading Members Circulars 3/96, 5/96 and 23/98, in addition to cash (inclusive of cheques), the following are the permissible instruments that Trading MembersTrading Participants can accept from clients for margining purposes:~~

~~1. letters of credit;~~
~~2. bank guarantees; and/or~~
~~3. approved securities such as Malaysian Government Securities and shares listed on the Main Board of the Kuala Lumpur Stock ExchangeBursa Malaysia Securities Berhad.~~

~~For bank guarantee, it is the responsibility of the Trading MembersTrading Participants to ensure that the bank guarantee is accepted only if it is capable of being called upon immediately without any restrictions, limitations or conditions imposed by the issuing bank. The bank guarantee must contain a clause to this effect.~~

~~In the case of approved securities, they shall be valued at market value daily less the applicable haircuts as summarized below:~~

~~No~~	~~Approved Securities~~	~~Minimum Haircut~~
~~1.~~	~~Malaysian Government Securities~~ ~~- Up to one year maturity~~ ~~- More than one year maturity~~	 ~~2.5% Market Value~~ ~~5% Market Value~~
~~2.~~	~~Shares listed on the Main Board of the Kuala Lumpur Stock Exchange~~	~~50% Market Value~~ ~~100% Market Value (for suspended shares)~~

A Trading Participant may accept from its Clients as margin, such forms of margins in the manner and subject to conditions determined by the Clearing House pursuant to the Clearing House Rules. A Trading Participant may accept the following collateral from its Clients for the purposes of margin payment subject to the minimum haircut for such collateral as set out below:

<table>
<tr><th>Collateral Type</th><th>Description</th><th>Minimum Haircut</th></tr>
<tr><td>Cash</td><td>Cash currencies of any denomination with Investment Grade in Country Credit Rating, subject to Bank Negara exchange control</td><td>
<table>
<tr><th rowspan="2">Currencies</th><th colspan="2">Minimum Haircut Rate</th></tr>
<tr><th>RM Performance Bond Obligation</th><th>USD Performance Bond Obligation</th></tr>
<tr><td>AUD</td><td>3.00 %</td><td>3.50 %</td></tr>
<tr><td>EUR</td><td>3.00 %</td><td>3.00 %</td></tr>
<tr><td>GBP</td><td>2.50 %</td><td>2.50 %</td></tr>
<tr><td>JPY</td><td>3.50 %</td><td>3.00 %</td></tr>
<tr><td>SGD</td><td>1.50 %</td><td>1.50 %</td></tr>
<tr><td>USD</td><td>1.50 %</td><td>0.00 %</td></tr>
<tr><td>MYR</td><td>0.00 %</td><td>1.50 %</td></tr>
<tr><td>CNY</td><td>2.50%</td><td>1.00%</td></tr>
<tr><td>HKD</td><td>2.50%</td><td>1.00%</td></tr>
</table>
Others – 10%</td></tr>
<tr><td>Stocks</td><td>Securities listed on country's exchange with Investment Grade in Country Credit Rating</td><td>30%</td></tr>
<tr><td>Letters of Credit</td><td>Letters of Credit</td><td>Subject to the currency haircut</td></tr>
<tr><td>Government Securities</td><td>Malaysia Government Securities
Foreign Government Securities with Investment Grade</td><td>Malaysia Government Securities = 5%
Foreign Government Securities = 10%</td></tr>
<tr><td>Gold</td><td>"London Good Delivery" gold, as defined by the London Bullion Market Association</td><td>15%</td></tr>
<tr><td>Others</td><td>Bank Guarantee
Bank Certificates of Deposit</td><td>Subject to the currency haircut</td></tr>
</table>

**Acceptance of any type of collateral is subject to haircut rate deemed appropriate by the Trading Participant in accordance with its risk management procedure, provided that it is nothing lower than haircut prescribed by the Clearing House.

~~As explained in Trading Member's Circular 5/96, with regard to shares received as margin deposit, the Securities Commission has directed that the shares may only be accepted to margin an account's open position on the following conditions:~~

- ~~the shares may be accepted for only a short period of time. Subsequently, the shares must be replaced by cash or other forms of margin deposits as listed above. For this purpose, the "short time period" is defined to be 3 business days from time of occurrence of margin requirement; and~~

- ~~no interest may be charged by the Trading Members to their clients arising from the above arrangement.~~

GUIDELINE 2 – MARGIN CALLS

2.1 ISSUANCE OF MARGIN CALLS

Margin deposit acts as good faith deposit or performance bond for ~~futures contract~~Contracts traded on the Exchange and for this purpose, margin call is issued to collect the required margin from the ~~client~~Client.

It is the responsibility of the ~~Trading members~~ Trading Participants to call for margins from their ~~clients~~ Clients once the ~~clients'~~ Clients' accounts become undermargined. An account is undermargined if the account's total net equity plus acceptable margin deposit is less than the margin requirement. The difference between the total net equity plus acceptable margin deposit and the margin requirement denotes the amount of margin the ~~Trading Member~~Trading Participant must call in order to restore the account's margin deficiency status.

Margin call must be made within one business day after the occurrence of the event giving rise to the call. If the ~~Trading Member~~Trading Participant is unable to contact the ~~client~~ Client personally, a written margin call notice sent to the ~~client~~ Client at the latest address provided by the ~~client~~ Client shall be deemed as sufficient.

~~Trading Members~~Trading Participants may, at their absolute discretion, call for additional margin intra-day or at any time that the ~~Trading Members~~Trading Participants deem it necessary to cover any additional risks associated with the ~~c~~Clients' positions.

2.2 COMPUTATION OF MARGIN CALLS

For the purpose of determining the amount of margin call, the account shall be reviewed as of the close of the trading day.

A required margin call is calculated as follows:

Required Margin Call = Margin Requirement – (Net Equity + Margin Deposit + Outstanding Margin Calls)

where:

Margin requirement refers	~~Trading Member's~~Trading Participant's margin requirement or if this is not applicable, the Clearing House margin requirement
Net equity refers	the total of an account's cash ledger balance, profit or loss on open futures contract and the net current market value of open options contract.

Margin deposit refers	acceptable forms of margin payment ~~approved~~ determined by the ~~Exchange~~ Clearing House (as mentioned in this Guideline 1.2)
Outstanding margin calls refers	margin calls previously issued which remain unpaid

2.3 AGING OF MARGIN CALLS AND MONITORING PROCEDURES

Margin calls issued must be aged individually and separately throughout their existence. An account's total margin call is the sum of all individually aged margin calls and the oldest outstanding margin call shall be reduced first.

In aging of margin calls and for monitoring of margin payments, the following definitions shall apply:

T	=	the transaction date when position is established/account becomes undermargined
T+1	=	first business day after transaction date/day margin call is issued
T+2	=	second business day after transaction date
T+3	=	third business day after transaction date

~~Trading Members~~Trading Participants must ensure that they have adequate procedures in place to ensure that appropriate margin calls are made promptly and are properly monitored and followed up. To achieve this, ~~Trading Members~~Trading Participants are required to establish procedures to include maintenance of written records indicating for each ~~client~~Client:

- amount of margin call made
- date that the ~~client~~ Client is contacted and whether contacted by telephone or in writing
- age of the margin call
- status of the margin call i.e. is the margin call met by funds received, liquidation of position, etc and the date this event occurred.

~~A sample copy of the above margin call record is enclosed in Appendix 1.~~

2.4 TIMING OF MARGIN PAYMENT

In accordance with Business Rule 614, ~~Trading members~~Trading Participants are required to collect margin from their ~~clients~~ Clients for all open positions held. Margin is required to be collected either on an upfront basis or within a reasonable time frame as prescribed by the Exchange.

For this purpose, the Exchange has defined the reasonable time frame to be 3 business days from transaction date. However ~~Trading Members~~Trading Participants, may at their absolute discretion, ~~shorten their margin collection time frame to less than 3 business days from their clients~~exercise a more stringent margin collection time frame (i.e. of less than 3 business days).

The reasonable time frame is considered met when the cash funds have been remitted and banked-into the Client's Segregated Account. ~~Trading Members~~Trading Participants should not treat the cash funds as received although the ~~client's~~ Client's remittance shows the funds are forthcoming on a future value date.

For example, if the ~~Trading Member~~Trading Participant received a confirmation from the ~~client's~~ Client's banker advising that on T+1, the ~~client~~ Client has remitted RM1 million for value date T+3, then the funds can only be included in the ~~client's~~ Client's net ledger balance at the close of trading on T+3. In this situation, the margin is considered as forthcoming within the reasonable time frame i.e. the margin call is met within the prescribed time frame.

However, in the case where the ~~Trading Member~~Trading Participant received a confirmation from the ~~client's~~ Client's banker advising that on T+1, the ~~client~~ Client has remitted RM1 million for value date T+5, then the funds can only be included in the ~~client's~~ Client's net ledger balance at the close of trading on T+5. In this situation, the margin is not considered as forthcoming within the reasonable time frame and thus, the margin call is not met within the prescribed time frame.

For margin payment using cheques, the call is considered met upon banking-in of cheques.

2.5 REDUCTION AND ~~DELETION~~ NEGATION OF MARGIN CALLS

Reduction of margin call means the total outstanding amount of margin call in an account is partially reduced or decreased but, the remaining amount of margin call must still be met by the ~~client~~Client. A margin call may only be reduced through the receipt of cash and/or other acceptable margin deposits, which are less than the amount of margin call.

In contrast, negation of margin call means cancellation or elimination of an account's margin call in its entirety. A margin call may be negated through:

- receipt of cash and/or acceptable margin deposits, which are equal or greater than the amount of the margin call; or

- inter-day favorable market movement and/or liquidation of position only if the account's total net equity is equal or greater than the margin requirement as of the close of the trading day. In such a case, the account is no longer in a margin deficiency status and hence, justify the reason for a negation of margin call; or

- a combination of the two factors above which results in the account's total net equity being equal or greater than the margin requirement as of the close of the trading day.

(NB: An account's total net equity means net equity plus acceptable margin deposit.)

The margin requirement here is defined as the ~~Trading Members~~Trading Participants' margin requirements. This would mean, if the ~~Trading members~~Trading Participants prescribe a margin requirement higher than the minimum margin requirement of the Clearing House, then the higher margin requirements shall apply.

In addition, it is important to note that the **practice of liquidation and re-establishment of position to circumvent the margin rules is disallowed.**

2.6 ILLUSTRATIONS OF MARGIN CALL REDUCTION AND NEGATION

Tabled below are the various illustrations on how margin calls can be reduced or negated based on the concepts laid down in Guideline 2.5 above.

Please note the following assumptions used in all the illustrations:

1. Account balances and margin requirements are as of the close of trading day.

2. The account was properly margined on the previous trading day (Friday).

3. Margin call issued is equal to:

   Margin Requirement less (Net Equity + Margin Deposit + Outstanding Margin Calls)

Illustration One

Impact On Margin Calls Due To Receipt Of Margin Deposits

	Mon	Tue	Wed	Thurs
Cash ledger balance	60,000	60,000	60,000	60,000
Cash received	0	0	8,000	0
Open position profit/(loss)	(5,000)	(15,000)	(15,000)	(15,000)
Net equity	55,000	45,000	53,000	53,000
Margin requirement	63,000	63,000	63,000	63,000
Margin excess/(deficiency)	(8,000)	(18,000)	(10,000)	(10,000)
Margin call amount/(age of margin call)	8,000 (T)	8,000 (T+1) 10,000 (T)	- 10,000 (T+1)	- 10,000 (T+2)
			Note A	

Note A: Margin call of RM8,000 was negated through receipt of cash on Wednesday. However, margin call of RM10,000 remained outstanding.

Illustration Two

Impact On Margin Calls Due To Receipt Of Margin Deposits In Excess Of Total Margin Calls

	Mon	Tue	Wed	Thurs
Cash ledger balance	50,000	50,000	50,000	50,000
Cash received	0	0	0	40,000
Open position profit/(loss)	5,000	(8,000)	(10,000)	(10,000)
Net equity	55,000	42,000	40,000	80,000
Margin requirement	75,000	75,000	75,000	75,000
Margin excess/(deficiency)	(20,000)	(33,000)	(35,000)	5,000
Margin call amount/(age of margin call)	20,000 (T)	20,000 (T+1) 13,000 (T)	20,000 (T+2) 13,000 (T+1) 2,000(T)	- - -
		Note A	**Note B**	**Note C**

Note A: An additional margin call of RM13,000 was issued due to unfavorable market movement on Tuesday on top of the RM20,000 margin call.

Note B: On Wednesday, further unfavorable market movement created another additional margin call RM2,000. Both the margin calls of RM20,000 and RM13,000 were still outstanding.

Note C: Margin deposit of RM40,000 was received on Thursday. This deposit was sufficient to negate all the outstanding margin calls amounting to RM35,000. Account's net equity was higher than the margin requirement hence, no longer in margin deficiency status on Thursday.

Illustration Three

Impact On Margin Calls Due To Receipt Of Insufficient Margin Deposits

	Mon	Tue	Wed	Thurs
Cash ledger balance	50,000	50,000	50,000	50,000
Cash received	0	0	0	15,000
Open position profit/(loss)	5,000	(8,000)	(10,000)	(10,000)
Net equity	55,000	42,000	40,000	55,000
Margin requirement	75,000	75,000	75,000	75,000
Margin excess/(deficiency)	(20,000)	(33,000)	(35,000)	(20,000)
Margin call amount/(age of margin call)	20,000 (T)	20,000 (T+1) 13,000 (T)	20,000 (T+2) 13,000 (T+1) 2,000(T)	5,000 (T+3) 13,000 (T+2) 2,000 (T+1)
		Note A	**Note B**	**Note C**

Note A: An additional margin call of RM13,000 was issued due to unfavorable market movement on Tuesday on top of the RM20,000 margin call.

Note B: On Wednesday, further unfavorable market movement created another additional margin call of RM2,000. Both the margin calls of RM20,000 and RM13,000 were still outstanding.

Note C: Margin deposits of RM15,000 was received on Thursday. This deposit was only sufficient to reduce the oldest aged outstanding margin call of RM20,000 to RM5,000 but not enough to negate the call. Apart from the RM5,000 balance, margin calls of RM13,000 and RM2,000 were still outstanding. Account was still in margin deficiency status as its net equity ~~was~~ is lower than the margin requirement.

Illustration Four

Impact On Margin Calls Due To Liquidation Of Position(s)

	Mon	Tue	Wed	Thurs
Cash ledger balance	50,000	50,000	50,000	50,000
Cash received	0	0	0	0
Open position profit/(loss)	9,000	10,000	6,000	6,000
Net equity	59,000	60,000	56,000	54,000
Margin requirement	63,000	63,000	63,000	40,000
Margin excess/(deficiency)	(4,000)	(3,000)	(7,000)	14,000
Margin call amount/(age of margin call)	4,000 (T)	4,000 (T+1)	4,000 (T+2) 3,000 (T)	- -
		Note A	**Note B**	**Note C**

Note A: Despite a small favorable market movement on Tuesday, account's net equity was still below margin requirement. Margin call of RM4,000 was outstanding since this favorable market movement was not enough to negate the margin call and no margin deposit was received.

Note B: Unfavorable market movement resulted in another fresh margin call amounting to RM3,000. Margin call of RM4,000 was still outstanding

Note C: Positions partially liquidated on Thursday thus, reduction in margin requirement to RM40,000. Both margin calls were negate as net equity was above margin requirement. Account was no longer in margin deficiency status.

Illustration Five

Impact On Margin Calls Due To Liquidation Of Position(s) & Unfavorable Inter-Day Market Movement

	Mon	Tue	Wed	Thurs
Cash ledger balance	50,000	50,000	48,000	44,000
Cash received	0	0	0	0
Open position profit/(loss)	9,000	10,000	3,000	(5,000)
Net equity	59,000	60,000	51,000	39,000
Margin requirement	63,000	63,000	55,000	40,000
Margin excess/(deficiency)	(4,000)	(3,000)	(4,000)	(1,000)
Margin call amount/(age of margin call)	4,000 (T)	4,000 (T+1)	4,000 (T+2)	4,000 (T+3)
		Note A	**Note B**	**Note C**

Note A: Despite a small favorable market movement on Tuesday, account's net equity was still below margin requirement. Margin call of RM4,000 was outstanding as this favorable market movement was not enough to negate the margin call and no margin deposit was received.

Note B: Position partially liquidated thus, reduction in margin requirement to RM55,000 on Wednesday. However, market moved unfavorable to a deficit of RM7,000 on this day. Therefore, despite partial liquidation, the unfavorable market movement resulted in net equity lower than margin requirement. Account in margin deficiency status and margin call of RM4,000 was still outstanding.

Note C: Further liquidation of positions on Thursday thus, reduction in margin requirement to RM40,000. However, market moved unfavorable to a deficit of RM8,000 on this day. Therefore, despite partial liquidation, the unfavorable market movement resulted in net equity lower than margin requirement. Despite account in a lower margin deficiency level, margin call of RM4,000 was still outstanding.

Illustration Six

Impact On Margin Calls Due To Liquidation Of Position(s) & Favorable Inter-Day Market Movement

	Mon	Tue	Wed	Thurs
Cash ledger balance	50,000	40,000	46,000	44,000
Cash received	0	0	0	0
Open position profit/(loss)	(15,000)	(2,000)	1,000	1,500
Net equity	35,000	38,000	47,000	45,500
Margin requirement	63,000	49,000	35,000	35,000
Margin excess/(deficiency)	(28,000)	(11,000)	12,000	10,500
Margin call amount/(age of margin call)	28,000 (T)	28,000 (T+1)	-	-
		Note A	**Note B**	

Note A: On Tuesday, occurrence of favorable market movement of RM13,000 and position was partially liquidated thus, reduction in margin requirement to RM49,000. However, margin call of RM28,000 was not negated as both of these conditions were insufficient to improve net equity above the margin requirement. Account remained in margin deficiency status.

Note B: Favorable market movement occurred on Wednesday. Position was further liquidated thus, reduction in margin requirement to RM35,000. Margin call of RM28,000 was properly negated as net equity was greater than margin requirement as a result of further favorable market movement and liquidation of position.

Illustration Seven

Impact On Margin Calls Due To Favorable Inter-Day Market Movement

	Mon	Tue	Wed	Thurs
Cash ledger balance	45,000	45,000	45,000	45,000
Cash received	0	0	0	0
Open position profit/(loss)	(4,000)	(1,500)	3,200	5,300
Net equity	41,000	43,500	48,200	50,300
Margin requirement	50,000	50,000	50,000	50,000
Margin excess/(deficiency)	(9,000)	(6,500)	(1,800)	300
Margin call amount/(age of margin call)	9,000 (T)	9,000 (T+1)	9,000 (T+2)	-
		Note A	**Note B**	**Note C**

Note A: Favorable market movement occurred on Tuesday of RM2,500. However, net equity was still lower than margin requirement hence, the margin call of RM9,000 was still outstanding as no margin deposit was received.

Note B: Favorable market movement occurred on Wednesday of RM4,700. However, net equity was still lower than margin requirement hence, the margin call of RM9,000 was still outstanding as no margin deposit was received.

Note C: Further favorable market movement of RM2,100 was noted on Thursday. This resulted in net equity greater than margin requirement. Account no longer under margin deficiency status and margin call was negated.

Illustration Eight

Impact On Margin Calls Due To Receipt Of Margin Deposits, Partial Liquidation Of Positions & Favorable Inter-Day Market Movement

	Mon	Tue	Wed	Thurs
Cash ledger balance	45,000	40,000	55,000	60,000
Cash received	0	15,000	0	0
Open position profit/(loss)	(15,000)	(5,000)	(2,000)	(1,500)
Net equity	30,000	50,000	53,000	58,500
Margin requirement	63,000	56,000	45,000	45,000
Margin excess/(deficiency)	(33,000)	(6,000)	8,000	13,500
Margin call amount/(age of margin call)	33,000 (T)	18,000 (T+1)	-	-
		Note A	**Note B**	

Note A: Favorable market movement occurred on Tuesday of RM10,000 and position partially liquidated thus, reduction in margin requirement to RM56,000. Also, cash deposit of RM15,000 was received on the same day. These conditions would reduced margin call to RM18,000 due to receipt of cash but not negated as net equity was less than margin requirement despite favorable market movement on the day and partial liquidation of position. Account was still under margin call.

Note B: Favorable market movement occurred on Wednesday. Margin call was negated as net equity was more than margin requirement as a result of further favorable market movement of RM3,000 and partial liquidation of position.

GUIDELINE 3 – UNDERMARGINED AND DEBIT ACCOUNTS TRADING

3.1 UNDERMARGINED AND DEBIT ACCOUNTS

An account is considered as undermargined when it is in a margin deficiency status i.e.: the account's total net equity plus acceptable margin deposits is less than the margin requirement. In such a case, margin call will be issued on the account for the deficit amount. If an account has an outstanding margin call in excess of the allowable time frame for margin payment, then the account is considered to be undermargined for an unreasonable time.

On the other hand, a debit account refers to:

- unsecured debit account
  an account who has a negative net equity balance that is not secured by acceptable margin deposit. It may also arise in a situation where an account has liquidated all its positions resulting in a debit balance.

- secured debit account
  an account with debit balance (i.e. a negative net equity balance) but is secured by acceptable margin deposit. In such a case the account may trade and hold positions provided the debit balance plus the value of acceptable martin deposit does not result in a negative balance.

3.2 PERMISSIBLE TRADING ACTIVITIES

In accordance with ~~Business~~ Rule 614.1(~~b~~3), ~~unless margin has been collected upfront~~ except for trades which reduce a Client's margin requirements, a Trading Participant must not accept orders for new Contracts from a Client unless the minimum initial margin for the Contracts is on deposit or is forthcoming within ~~a reasonable time from the time of call, the Trading member is not allowed to accept orders for new contracts from the client. The forthcoming period has been defined to be~~ 3 business days ~~from transaction day.~~after a call for initial margin has been made by the Trading Participant and that Client's pre-existing Open Positions comply with the margin requirements established by the Trading Participant.

~~The rule further provides~~It is further provided in ~~that *"no Trading Member shall provide credit or cover beyond this period"* and in Business~~ Rule 614.1(~~d~~5) ~~, it provides~~ that *"a Trading ~~member~~ Participant may close out all or any of ~~the o~~Open P~~p~~osition of ~~the~~ a ~~client~~ Client where the ~~client~~ Client fails to comply with ~~the~~ a demand for margin ~~call~~within a reasonable time after a margin call has been made by the Trading Participant, provided that in no case shall such time be less than 1 hour from the time of demand"*.

Essentially, Trading ~~Members~~ Participants are required to ensure that margins are collected either upfront or within 3 business days from transaction day failing which, the Trading ~~Members~~

Participants must ensure that no new Contracts are entered into by the Client ~~are not allowed to accept new orders from clients~~ which will further increase the margin exposure of the ~~clients~~Client. However, orders for risk reducing trades which would reduce the margin requirements of the ~~clients~~ Client may be ~~accepted by the Trading Members~~allowed.

For ~~Trading Members~~Trading Participants who exercise a more stringent margin collection time frame (i.e.: of less than 3 business days) ~~from their clients~~, they may, at their absolute discretion, ~~prohibit their clients from trading in risk increasing strategy if their clients fail to meet with the demand of their margin calls~~ensure that no new Contracts are entered into by the Clients which will further increase the margin exposure of the Clients if the Clients fail to meet with the demand of their margin calls. In this situation, the ~~Trading Members~~Trading Participants may also reserve the right to close out all or any of the open positions of their ~~clients~~ Clients who fail to meet with the demand of their margin calls.

Therefore, the types of trading activity a Client is permitted to conduct is very much dependent on the margin call status of the Client.

~~Therefore, types of trading activity a client is permitted to conduct is very much dependent on the margin call status of the client.~~

~~The following are some guiding principles in determining the types of permissible trading activities:~~
A Trading Participant shall only allow the following types of trading activities if the Client of the Trading Participant fails to comply with the relevant margin requirements or upon notification by the Clearing Participant of the Client's failure to comply with the relevant margin requirements:

1. for account which is properly margined or in the case of undermargined account with margin being forthcoming within a reasonable time
   - trading activities such as day trade, addition trade and/or liquidating trade are permissible.

   (Please refer to Illustration 1 in the following Guideline 3.3)

2. for undermargined account with margin not forthcoming within a reasonable time
   - may conduct liquidating trade only. Addition trade and/or day trade activities are disallowed.

   (Please refer to Illustration 2 in the following Guideline 3.3)

3. for debit account which is not secured with acceptable margin deposit
   - liquidating trading and/or no trading is allowed for the account until sufficient cash or acceptable margin deposit equal or greater than the debit amount are deposited.

   (Please refer to Illustration 3and 4 in the following Guideline 3.3)

4. for debit account which is secured by acceptable margin deposit
   - if the debit amount plus value of the acceptable margin deposit is equal or greater than zero, then trading activities such as day trade, addition trade and/or liquidating trade are permissible.

   (Please refer to Illustration 5 in the following Guideline 3.3)

   - if the debit amount plus value of the acceptable margin deposit is less than zero, only liquidating trade may be permitted. Addition trade and/or day trade activities are disallowed.

   (Please refer to Illustration 6 in the following Guideline 3.3)

The types of permissible trading activity as referred to above are defined as follows:

- day trade – establishment and closure of trades on the same trading day
- liquidating trade – closure of an established position for purposes of reducing an account's margin requirement. Addition of positions like "spreads" or "lock-ups" which will result in a reduction in margin requirement will be allowed as this is line with risk reducing strategies.
- addition trade – establishment of trade which will increase an account's position and margin requirement

3.3 ILLUSTRATIONS OF PERMISSIBLE TRADING ACTIVITIES

Please note the following assumptions used in all the illustrations:

1. Account balances and margin requirements are as of the close of trading day.
2. The account was properly margined on the previous trading day (Friday)
3. All margin calls are promptly issued and aged.

Legends used to denote trading activity

All - refers to day trade, liquidating trade and/or addition trade

LT - refers to liquidating trade

NT - refers to no trading allowed

Illustration One

Undermargined Account With Margin Forthcoming Within Reasonable Time

	Mon	**Tue**	**Wed**	**Thurs**
Net equity	10,000	14,000	15,500	12,500
Margin requirement	15,000	22,500	22,500	0
Margin excess/ (deficiency)	(5,000)	(8,500)	(7,000)	12,500
Margin call amount/ (Age of margin call)	5,000(T)	5,000 (T+1) 3,500 (T)	5,000 (T+2) 3,500 (T+1)	- -
Permissible trading activity	All	All	All	All

Remarks

Margin call was properly negated by full liquidation of positions on Thursday. Thus, the account was permitted to conduct all trading activities since there was no margin call outstanding beyond T+3 period.

Illustration Two

Undermargined Account With Margin Not Forthcoming Within Reasonable Time

	Mon	**Tue**	**Wed**	**Thurs**	**Fri**	**Mon**
Net equity	10,000	14,000	15,500	16,000	15,000	23,500
Margin requirement	15,000	22,500	22,500	22,500	22,500	22,500
Margin excess/ (deficiency)	(5,000)	(8,500)	(7,000)	(6,500)	(7,500)	1,000
Margin call amount/ (Age of margin call)	5,000(T)	5,000 (T+1) 3,500 (T)	5,000 (T+2) 3,500 (T+1)	5,000 (T+3) 3,500 (T+2)	5,000 (T+4) 3,500 (T+3)	- -
Permissible trading activity	All	All	All	All	LT	All
					Note 1	**Note 2**

Remarks

Note 1 On Friday, the account was allowed to conduct liquidating trade only as the margin call of RM5,000 was now outstanding beyond the reasonable time frame of T+3. No margin deposit was received to date.

Note 2 On the following Monday, a cash deposit of RM8,500 was received to negate the margin calls. Once the account was properly margined, all trading activities would be allowed.

Illustration Three

Unsecured Debit Account

	Mon	Tue	Wed	Thurs	Fri
Net equity	10,000	12,500	(2,500)	(2,500)	12,500
Margin requirement	15,000	22,500	0	0	7,500
Margin excess/ (deficiency)	(5,000)	(10,000)	(2,500)	(2,500)	5,000
Margin call amount/ (Age of margin call)	5,000(T)	5,000 (T+1) 5,000 (T)	- -	- -	- -
Allowable trading activity	All	All	All	NT	All
				Note 1	**Note 2**

Remarks

Note 1 No trading activity was allowed as account was in debit balance as a result of full liquidation of position on Wednesday.

Note 2 RM15,000 on Friday to settle the debit balance of RM2,500. Hence, the account was allowed to resume trading.

Illustration Four

Unsecured Debit Amount

	Mon	**Tue**	**Wed**	**Thurs**	**Fri**
Net equity	6,500	(5,000)	(2,500)	(5,000)	(4,500)
Margin requirement	15,000	22,500	22,500	22,500	22,500
Margin excess/ (deficiency)	(8,500)	(27,500)	(25,000)	(27,500)	(27,000)
Margin call amount/ (Age of margin call)	8,500(T)	8,500 (T+1) 19,000 (T)	8,500 (T+2) 19,000 (T+1)	8,500 (T+3) 19,000 (T+2)	8,500 (T+4) 19,000 (T+3)
Allowable trading activity	All	All	All	ALL	LT

Note 1

<u>Remarks</u>

Note 1 Liquidating trading activity was allowed as margin call of RM8,500 was outstanding beyond the permissible payment time frame of T+3.

Illustration Five

Debit Account Secured by Adequate Margin Deposit

	Mon	Tue	Wed	Thurs
Net equity	10,000	12,500	(2,500)	(2,500)
Margin requirement	15,000	22,500	0	7,500
Margin excess/ (deficiency)	(5,000)	(10,000)	(2,500)	(10,000)
Margin call amount/ (Age of margin call)	-	-	-	-
Margin deposit (e.g. letter of credit)	20,000	20,000	20,000	20,000
Permissible trading activity	All	All	All	All

Remarks

The account was permitted to conduct all types of trading activity since it was properly margined by adequate margin deposit.

Illustration Six

Debit Account Secured by Inadequate Margin Deposit

	Mon	Tue	Wed	Thurs	Fri	Mon
Net equity	(5,000)	(3,000)	(5,000)	(15,000)	(15,000)	10,000
Margin requirement	22,500	22,500	30,000	30,000	30,000	7,500
Margin excess/ (deficiency)	(27,500)	(25,500)	(35,000)	(45,000)	(45,000)	2,500
Margin call amount/ (Age of margin call)	17,500 (T)	17,500 (T+1)	17,500 (T+2)	17,500 (T+3)	17,500 (T+4)	-
			7,500 (T)	7,500 (T+1)	7,500 (T+2)	-
				10,000 (T)	10,000 (T+1)	-
Margin deposit (e.g. letter of credit)	10,000	10,000	10,000	10,000	10,000	10,000
Allowable trading activity	All	All	All	All	LT	LT
					Note 1	**Note 2**

<u>Remarks</u>

Note 1 On Friday, margin call of RM17,500 made on Tuesday was outstanding beyond the reasonable time of payment. Thus, the account could trade for liquidation only to reduce its margin exposure on Friday.

Note 2 Similarly on Monday, the account could only conduct liquidating trade until the margin calls issued had been properly negated and account was no longer in a margin deficiency status. Subsequently, the account could resume normal trading on Tuesday.