

**BURSA MALAYSIA DERIVATIVES BERHAD**

Date : 12 May 2010

Trading Participant Circular : 7/2010

**AMENDMENT TO APPENDIX C OF THE RULES OF BURSA MALAYSIA DERIVATIVES BERHAD  
("RULES OF BURSA DERIVATIVES") IN RELATION TO THE LIST OF SPECIFIED EXCHANGES  
AND THE APPROVED CLASSES OF FUTURES CONTRACTS**

**1. INTRODUCTION**

- 1.1 A USD-denominated Crude Palm Oil futures ("CUPO Futures") will be listed on the Chicago Mercantile Exchange ("CME") effective 24 May 2010 (Kuala Lumpur time) /23 May 2010 (Chicago time).
- 1.2 According to Rule 711.1(a)(ii) of the Rules of Bursa Derivatives, Trading Participants may trade in Approved Classes of Futures Contracts of Specified Exchanges set out in Appendix C of the Rules of Bursa Derivatives. CME is a Specified Exchange.
- 1.3 Amendments have been made to the Rules of Bursa Derivatives as explained in item 2 to facilitate the trading of CUPO Futures by Trading Participants.

**2. AMENDMENT TO THE RULES OF BURSA DERIVATIVES**

- 2.1 Appendix C in the Rules of Bursa Derivatives has been amended to include CUPO Futures in the Approved Classes of Futures Contracts for CME ("the Amendment"). The Amendment is set out in **Annexure 1**.

**3. EFFECTIVE DATE**

- 3.1 The Effective Date of the Amendment is **24 May 2010**.

**4. FOREIGN EXCHANGE ADMINISTRATION RULE**

- 4.1 Kindly take note of Circular No. KL.EC.100/6/2010/3(b) dated 2 April 2010 issued by Bank Negara Malaysia in relation to its **Foreign Exchange Administration Rule on Payments to Non-Residents for Exchange Traded Foreign Currency-Denominated Derivatives** ("the Bank Negara Malaysia Circular"). A copy of the Bank Negara Malaysia Circular is enclosed as **Annexure 2**.
- 4.2 Trading Participants must adhere to the requirements of the Bank Negara Malaysia Circular, which is applicable to all trading carried out on Specified Exchanges.

**5. REMINDER**

- 5.1 Kindly be reminded that Trading Participants must not trade in CUPO Futures on behalf of US clients without approval from the Commodity Futures Trading Commission.

**6. CONTACT PERSONS**

In the event of any queries in relation to this circular kindly contact the following persons:

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Please be informed that this circular is available on Bursa Malaysia's website at:  
[http://www.klse.com.my/website/bm/regulation/rules/bursa\\_rules/bm\\_derivatives.html](http://www.klse.com.my/website/bm/regulation/rules/bursa_rules/bm_derivatives.html)

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**REGULATION**

## Appendix C

## List of Specified Exchanges and the Approved Classes of Futures Contracts

Item No.	Country	Futures Market	Approved Classes of Futures Contracts
1.	United States of America	Chicago Board of Trade	30 Year U.S. Treasury Bonds Futures, 30 Year U.S. Treasury Bond Options, 5 Year Treasury Notes Futures, 5 year Treasury Notes Options, 10 Year U.S. Treasury Notes Futures, 10 Year U.S. Treasury Note Options, 2 Year U.S. Treasury Notes Futures, Soybean Options, Soybean Oil Options, Soybean Meal Options, Corn Options, Wheat Options, Dow Jones Industrial Average \$10 Futures, Dow Jones Industrial Average \$10 Options, Mini-sized Dow (\$5) Futures, Mini-sized Dow (\$5) Options, Mini-sized Soybean Futures, Mini-sized Corn Futures, Mini-sized Wheat Futures, Wheat Futures, Corn Futures, Soybean Futures, Soybean Meal Futures, Soybean Oil Futures, Oats Futures
		Chicago Mercantile Exchange	NASDAQ 100 Futures, NASDAQ 100 Options, Nikkei 225 (\$) Futures, Nikkei 225 (\$) Options, B-Mini NASDAQ 100 Futures, S&P 500 Futures, S&P 500 Options, Euro Yen Futures, Japanese Yen Futures, Japanese Yen Options, Euro FX Futures, Euro FX Options, British Pound Futures, British Pound Options, Australian Dollar Futures, Australian Dollar Options, Swiss Franc Futures, Swiss Franc Options, Eurodollar Futures, Eurodollar Options, Random Length Lumber Futures, Lean Hogs Futures, Frozen Pork Bellies Futures, Feeder Cattle Futures, Live Cattle Futures, Live Cattle Options, Feeder Cattle Options, <u>U.S. Dollar Cash-Settled Crude Palm Oil Futures</u>
		New York Board Of Trade	Cocoa Options, Cotton Options, Coffee Options, Sugar No. 11 Futures Cocoa Futures, Coffee Futures, Cotton No. 2 Futures
		New York Mercantile Exchange	Light, Sweet Crude Oil Futures, Light, Sweet Crude Oil Options, Heating Oil Options, Henry Hub Natural Gas Options, Platinum Options, Unleaded Gasoline Futures, Unleaded Gasoline Options, Gold Options, Silver Options, Henry Hub Natural Gas Futures, Brent Crude oil Futures, Heating Oil Futures, Palladium Futures, Platinum Futures, gold Futures, Silver Futures, Copper Futures

		Chicago Board Options Exchange	S&P 500 Index Options, NASDAQ 100 Index Options, Dow Jones Industrial Average (DJIA) Index Options
2.	Japan	<p>Tokyo International Financial Futures Exchange</p> <p>Osaka Securities Exchange</p> <p>Tokyo Stock Exchange</p> <p>Tokyo Grain Exchange</p> <p>Tokyo Commodity Exchange</p> <p>Central Japan Commodity Exchange</p>	<p>Three-month Euroyen Futures, Options on Three-month Euroyen Futures</p> <p>Nikkei 225 Futures, Nikkei 225 Options</p> <p>TOPIX Futures, 10-year JGB Futures</p> <p>Soybean Meal Futures, Non-GMO Soybean Futures, Arabica Coffee Futures, Robusta Coffee Futures, Raw Sugar Futures, Options on Corn Futures, Options on Raw Sugar Futures, Options on Soybean Futures, Azuki Futures, Corn futures, Soybean Futures</p> <p>Gasoline Futures, Kerosene Futures, Silver futures, Aluminium Futures, Crude Oil Futures, Gold Futures, Gold Options, Palladium Futures, Platinum Futures, Gas Oil Futures, Rubber Futures</p> <p>All futures contracts</p>
3.	United Kingdom	<p>Euronext, Liffe</p> <p>International Petroleum Exchange</p> <p>London Metal Exchange</p>	<p>FTSE 100 Index Futures, FTSE 100 Index Options (European-Style Exercise), FTSE 100 Index Flex Options (European-Style Exercise, three Month Euro (Euribor) Futures, Options on Three Month Euro (Euribor) Futures, Japanese Government Bond Futures, Long Gilt Futures, White Sugar Futures, Cocoa Futures</p> <p>IPE Brent Crude Futures, IPE Brent Crude Options</p> <p>Coppe Grade A futures</p>
4.	Australia	<p>Sydney Futures Exchange</p> <p>Australian Stock Exchange</p>	<p>3 Year Commonwealth Treasury Bond Futures, Options on 3 Year Commonwealth Treasury Bond Futures, 90 Day Bank Accepted Bills Futures, 10 Year Commonwealth Treasury Bond Futures, Options on 10 Year Commonwealth Treasury Bond Futures, SFE SPI 200 Index Futures, Options on SFE SPI 200 Index Futures, Australian Dollar Futures, NZSX15 Index Futures</p> <p>S&amp;P/ASX 200 Index Futures</p>
5.	China	Dalian Commodity Exchange	No. 1 Soybeans Futures Contract, Soy Meal Futures Contract
6.	Hong Kong	HKEx	Hang Seng Index Futures, Hang Seng Index options, Mini Hang Seng Index

			Futures, Mini Hang Seng Index Options, H-shares Index Futures
7.	Korea	Korea Exchange	KOSDAQ50 Futures, Kospi200 Futures, Kospi200 Options
8.	Singapore	SGX	SGX Nikkei 225 Index Futures, SGX Nikkei 225 Index Options, SGX Straits Times Index Futures, SGX MSCI Taiwan Index Futures, SGX MSCI Taiwan Index Options, SGX Eurodollar Futures, SGX Eurodollar Options, SGX Euroyen (TIBOR) Futures, SGX Euroyen (TIBOR) Options, SGX Japanese Government Bond Futures, SGX MSCI Singapore Index futures, SGX S&P CNX Nifty Index Futures
9.	Taiwan	Taiwan Futures Exchange	TAIEX Futures, TAIEX Options
10.	Germany	Eurex Germany	Euro Bund Futures, Option on the Euro Bund Future, DAX Future, DAX Option, Dow Jones Euro Stoxx 50 Futures, Euro Schatz Future, Euro Bobl Future
11.	Switzerland	Eurex Switzerland	SMI Future
12.	France	Euronext Paris	European Rapeseed Futures, Rapeseed Option, CAC 40 Index Futures, CAC 40 Index Options
13.	Italy	Italian Derivatives Market	S+P/MIB Index Future
14.	Spain	MEFF	IBEX-35 Futures
15.	Austria	Wiener Borse	Austrian Traded Index Futures, Russian Traded index Futures
16.	Belgium	Euronext Brussels	BEL20 Index Futures
17.	South Africa	SAFEX	FTSE/JSE Top 40 Index Future, FTSE/JSE INDI 25 index Future, FTSE/JSE FINI 15 Index future, FTSE/JSE FNDI 30 Index future, FTSE/JSE Gold Mining Index Future, FTSE/JSE RESI 20 Index future, FTSE/JSE Capped Top 40 Index Future, FTSE/JSE Shareholder Weighted Top 40 Index Future
18.	Sweden	Stockholm Stock Exchange	OMX Index Futures
19.	Netherlands	Euronext Amsterdam	Amsterdam Index Futures
20.	India	National Stock Exchange of India  The Stock Exchange Mumbai (BSE)	S&P CNX NIFTY Index Futures  Sensex Futures
21.	Canada	Montreal Exchange	Ten-Year Government of Canada Bond

			Futures
22.	United Arab Emirates	Dubai Mercantile Exchange	All futures contracts

2 April 2010

TO WHOM IT MAY CONCERN

Tuan,

**Foreign Exchange Administration Rule on Payments to Non-Residents for Exchange Traded Foreign Currency-Denominated Derivatives**

As part of the continuous efforts by Bank Negara Malaysia to enhance Malaysia's competitiveness by reducing the cost of doing business as well as providing greater flexibility in managing risk, with immediate effect, resident futures brokers<sup>i</sup> are allowed to make payments to non-residents for foreign currency-denominated derivatives (other than currency contracts) transacted on overseas specified exchanges<sup>ii</sup>.

2. Following the above flexibility, residents are allowed to transact foreign currency-denominated derivatives (other than currency contracts) on the overseas specified exchanges only through resident futures brokers as follows –

- (a) any amount for transactions that are supported by firm underlying commitment; and
- (b) subject to limits on investment in foreign currency assets (under Exchange Control Notice, "ECM 9: Investments Abroad") for transactions that are not supported by firm underlying commitment.

3. In undertaking the above, the resident futures brokers are required to ensure that –

- (a) the resident clients comply with the limits on investment in foreign currency assets if the derivative transactions are not supported by firm underlying commitment; and

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<sup>i</sup> Licensed under the Capital Markets and Services Act 2007

<sup>ii</sup> Specified under the Capital Markets and Services Act 2007

- (b) the derivatives transacted on the overseas specified exchanges do not involve ringgit directly or indirectly.
  
- 4. Notwithstanding the above, licensed onshore banks and licensed International Islamic Banks continue to be allowed to make payments to non-residents for foreign currency-denominated derivatives or any foreign currency contracts.
  
- 5. The revised definition of foreign currency assets is in the attached Appendix.
  
- 6. The following are amended accordingly –
  - (a) Exchange Control Notice, “ECM 4: General Payments” dated 1 September 1998; and
  - (b) Circular letter, KL. EC. 100/6/2008/1 on USD Denominated Crude Palm Oil Futures Traded on Bursa Malaysia dated 15 January 2008.



**Definition of Foreign Currency Assets**

“Foreign currency assets” include:

- (a) Foreign currency securities;
- (b) Foreign currency loans;
- (c) Foreign currency deposits;
- (d) All approved foreign currency-denominated products offered by:
  - (i) licensed onshore banks;
  - (ii) licensed International Islamic Banks;
  - (iii) Bursa Malaysia; and
  - (iv) any residents permitted by the Controller of Foreign Exchange; and
- (e) Exchange traded foreign currency-denominated derivatives (other than currency contracts) transacted via resident futures brokers.