

BURSA MALAYSIA DERIVATIVES BERHAD

Date : 16 July 2007

Trading Participant Circular : 19/2007

- 1. AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES BERHAD (BURSA DERIVATIVES) PERTAINING TO REMOVAL OF APPLICATION FEES, ENTRANCE FEES AND ANNUAL SUBSCRIPTION FOR LOCAL PARTICIPANTSHIP**
- 2. CONSEQUENTIAL AMENDMENTS TO THE RULES OF BURSA DERIVATIVES AS A RESULT OF THE REMOVAL OF THE ABOVE FEES**
- 3. REFUND OF ENTRANCE FEES FOR EXISTING LOCALS**

In respect of the above matter, please be informed that pursuant to Section 6 of the Futures Industry Act 1993, amendments have been made to the Rules of Bursa Derivatives as follows, effective from **1 October 2007**.

1. Amendments to the Rules of Bursa Derivatives Pertaining to the Removal of Application Fees, Entrance Fees and Annual Subscription for Local Participantship.

Amendments have been made to the Rules of Bursa Derivatives to remove application fees, entrance fees and annual subscription payable in relation to Local participantship.

These amendments are attached herewith in **Annexure 1**.

2. Consequential Amendments to the Rules of Bursa Derivatives Pursuant to the Removal of Application Fees, Entrance Fees and Annual Subscription for Local Participantship.

As a consequence of removal of application fees, entrance fees and annual subscription for Local participantship, Bursa Derivatives has also removed provisions allowing for and relating to the transfer and lease of Local participantship as the aforementioned is no longer necessary after removal of the relevant fees as stipulated in item 1 above. The aforementioned amendments are also in **Annexure 1** attached herewith.

All rules directives or circulars in force which make references to or contain provisions relating to the above matters in item 1 and 2 shall have effect from the abovementioned dates as if such reference or provisions relate to the amended provisions aforesaid.

3. Arrangement in Relation to Refund of Entrance Fees for Existing Locals.

Further to the above, pursuant to the removal of entrance fees for Local participantship effective **1 October 2007**, Bursa Derivatives will provide a refund in relation to such entrance fees, the amount and manner of which will be notified separately by Bursa Derivatives to the existing Locals.

Please direct any queries you may have in relation to the above to the following persons at the respective telephone numbers:

- i. Puan Wan Intan Bahiyah (03-20347070) or Encik Ahmad Sufian (03-20347242) in relation to enquiries pertaining to the refund of entrance fees.
- ii. Ms Shohbana Vythy (03-20347312) in relation to enquiries pertaining to rule amendments.

This circular is available on Bursa Malaysia's website at this link: http://www.bursamalaysia.com/website/bm/rules_and_regulations/bursa_rules/bm_derivatives.html

Legal Advisory & Corporate Legal Affairs

Date: 16 July 2007



AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES BERHAD PURSUANT TO THE REMOVAL OF APPLICATION FEES, ENTRANCE FEE AND ANNUAL SUBSCRIPTION

Existing Rule		Amended Rules	
Rule 108	New.	Rule 108	The Exchange may at any time impose, vary or waive any fees, levies and/or charges subject to any terms and conditions thereto.
Rule 314.1	<p>Rule 314 Local Participant - Admission as Participant</p> <p>Rule 314.1</p> <p>Registration as a Local Participant shall occur in the following manner:-</p> <p>(a) an applicant for registration as a Local Participant shall lodge with the Exchange an application in such form, and providing such information, as the Exchange shall from time to time prescribe. <i>The form shall contain an acknowledgement that the applicant has perused these Rules and agrees to abide by them and any other requirements as may be determined by the Exchange from time to time. The applicant shall also pay to the Exchange the non-refundable local participantship application fee prescribed by the Exchange;</i></p> <p>(b) the Exchange shall consider the application and may call for such further information, as it considers necessary;</p> <p>(c) in determining whether to approve an application the</p>	<p>Rule 314 Local Participant - Admission as Participant</p> <p>Rule 314.1</p> <p>Registration as a Local Participant shall occur in the following manner:-</p> <p>(a) an applicant for registration as a Local Participant shall lodge with the Exchange an application in such form, and providing such information, as the Exchange shall from time to time prescribe. The form shall contain an acknowledgement that:</p> <p>(i) the applicant has perused these Rules;</p> <p>(ii) agrees to abide by them and any future amendments made thereto; and</p> <p>(iii) agrees to abide by any other requirements as may be determined by the Exchange from time to time;</p> <p>(b) the Exchange shall consider the application and may call for such further information, as it considers necessary;</p> <p>(c) in determining whether to approve an application the Exchange</p>	

ANNEXURE 1

Existing Rule	Amended Rules
<p>Exchange shall be entitled to consider not only the character, business integrity, financial probity and trading expertise of the applicant but also the effect of admission of the applicant in terms of the balance, support and development of the various classes of Contract, as well as such other matters as the Exchange may regard as relevant from time to time;</p> <p>(d) an applicant for local participantship must be nominated by a Nominating Participant. The applicant shall provide the Exchange with a legally enforceable undertaking in the prescribed form by its Nominating Participant to be liable for and to be treated in all respects by the Exchange as the party to the Contracts traded on the Exchange by the Local Participant; provided however that such undertaking shall not affect the Nominating Participant's rights against the Local Participant in respect of any Contracts traded on the Exchange by the Local Participant. The Nominating Participant shall comply with that undertaking until it has cancelled its nomination of the Local Participant in accordance with Rule 314.2;</p> <p>(e) <i>where an applicant is approved by the Exchange for local participantship, the applicant shall forthwith lodge with the Exchange:</i></p> <p style="padding-left: 20px;">(i) <i>the Local Participant entrance fee of each amount as may from time to time be determined by the Exchange;</i></p> <p style="padding-left: 20px;">(ii) <i>such portion of the annual subscription as the Exchange may determine; and</i></p>	<p>shall be entitled to consider not only the character, business integrity, financial probity and trading expertise of the applicant but also the effect of admission of the applicant in terms of the balance, support and development of the various classes of Contract, as well as such other matters as the Exchange may regard as relevant from time to time;</p> <p>(d) an applicant for local participantship must be nominated by a Nominating Participant. The applicant shall provide the Exchange with a legally enforceable undertaking in the prescribed form by its Nominating Participant to be liable for and to be treated in all respects by the Exchange as the party to the Contracts traded on the Exchange by the Local Participant; provided however that such undertaking shall not affect the Nominating Participant's rights against the Local Participant in respect of any Contracts traded on the Exchange by the Local Participant. The Nominating Participant shall comply with that undertaking until it has cancelled its nomination of the Local Participant in accordance with Rule 314.2;</p> <p>(e) Deleted.</p>

ANNEXURE 1

Existing Rule		Amended Rules	
	<p>(iii) <i>the deposit referred to in Rule 315.4;</i> <i>and the participanship shall not be effective until such amounts have been so lodged.</i></p>		
Rule 315	<p>Rule 315 <i>Local Participant - Registration Fees and Levies</i> Rule 315.1</p> <p><i>A Local Participant shall pay, in addition to the amounts payable on application to be a participant:</i></p> <p>(a) <i>an annual registration fee of such amount as may from time to time be determined by the Exchange; and</i></p> <p>(b) <i>contributions or levies of such amounts, calculated in such manner (including any manner based on each Contract traded, cleared or settled) as the Exchange may from time to time think fit.</i></p> <p><i>Payment shall be due on such date or dates as the Exchange may from time to time determine.</i></p>		Deleted.
Rule 315.2	<p>Rule 315.2</p> <p><i>If a Local Participant fails to pay any subscription, contribution or levy within seven (7) days of the due date, he shall pay interest from the due date at such rate as may be fixed by the Exchange from time to time. Should the default not be remedied within thirty (30) days</i></p>		Deleted.

ANNEXURE 1

Existing Rule		Amended Rules
	<p><i>of the due date, then the Exchange may give notice of termination or suspension from participantship. Notwithstanding such termination or suspension, the Exchange may pursue payment of the amount due by legal action.</i></p>	
<p>Rule 315.3</p>	<p>Rule 315.3</p> <p><i>There shall be no entitlement to a refund of any portion of the participantship entrance fee paid by a Local Participant or any subscription, contribution or levy which has been paid by a Local Participant which has ceased for any reason to be a Local Participant or whose participantship rights have been suspended, and all subscriptions and contributions and levies which have become due and payable by a Local Participant which has ceased for any reason to be a Local Participant or whose participantship rights have been suspended, but have not been paid, shall remain due and payable by him notwithstanding such cessation or suspension.</i></p>	<p>Deleted.</p>
<p>Rule 315.4</p>	<p>Rule 315.4</p> <p>Upon registration, the Local Participant may be required to deposit with the Exchange a minimum amount of money, which shall be determined by the Exchange from time to time. The deposit may be utilised in paying all liabilities of the Local Participant to the Exchange and his nominating Trading Participant but shall otherwise be refundable to the Local Participant upon the termination of his participantship.</p>	<p>Rule 315.4</p> <p>Upon application, registration or during the tenure of its participantship, the Local Participant may be required to deposit with the Exchange a minimum amount of money, which shall be determined by the Exchange from time to time. The deposit may be utilised in paying all liabilities of the Local Participant to the Exchange and his nominating Trading Participant but shall otherwise be refundable to the Local Participant upon the termination of his participantship.</p>

ANNEXURE 1

Existing Rule		Amended Rules
<p>Rule 316</p>	<p>Rule 316 <i>Local Participant - Transfer of Participantship</i> Rule 316.1 <i>A Local Participant shall be entitled to transfer his participantship subject to the following conditions:</i></p> <p>(a) <i>the Local Participant shall have paid, or made provision satisfactory to the Exchange for the payment of, all monies payable by it, whether actual or contingent, to the Exchange and his nominating Trading Participant and shall, if so required by the Exchange, have complied with all his other obligations under these Rules;</i></p> <p>(b) <i>the Local Participant shall have given notice in writing to the Exchange of his wish to transfer (herein called “the proposed transfer”), accompanied by an application form completed by the proposed transferee as if he were an applicant for admission as a Local Participant, and the application fee prescribed by Rule 314.1;</i></p> <p>(c) <i>the proposed transferee shall otherwise have complied with the provisions of Rule 314 as if they were repeated in full in this Rule;</i></p> <p>(d) <i>the proposed transferee shall have been approved by the Exchange on the same criteria as the Exchange approves an applicant for admission as a Local Participant; and</i></p> <p>(e) <i>the proposed transfer is not effective without the approval of the Exchange.</i></p>	<p>Deleted.</p>

ANNEXURE 1

Existing Rule	Amended Rules
<p>Rule 316.2</p> <p><i>The Exchange may impose conditions on any approval and shall not be obliged to give any reasons for imposing any such conditions or refusing to approve a proposed transfer. Any application for approval shall be deemed to have been withdrawn if the conditions imposed by the Exchange have not been met within sixty (60) days (or such longer period as may be allowed by the Exchange) of their being imposed by the Exchange.</i></p> <p>Rule 316.3</p> <p><i>A proposed transfer once approved by the Exchange shall be implemented within sixty (60) days of the date of the approval, or such further period as the Exchange may allow, and if not so implemented the approval shall be deemed to have lapsed. Implementation shall occur by way of:-</i></p> <p>(a) <i>written acknowledgement from the two parties being lodged with the Exchange that all legal documentation and requirements of both parties in order to complete the transfer have been satisfactorily completed; and</i></p> <p>(b) <i>the approved transferee paying to the Exchange the transfer fee prescribed by the Exchange.</i></p>	

ANNEXURE 1

Existing Rule	Amended Rules
<p>Rule 316.4</p> <p><i>Save as provided by this Rule, a Local Participant shall not transfer his participanship provided always that where the Local Participant has been terminated, the Exchange may direct the Local Participant to transfer his participanship to any party approved by the Exchange as a transferee.</i></p> <p>Rule 316.5</p> <p><i>The Exchange may require that the purchase price paid for the Local Participanship in accordance with this Rule 316 shall be paid directly by the proposed transferee to the Exchange and dealt with by the Exchange in the manner set forth in Rule 316.6.</i></p> <p>Rule 316.6</p> <p><i>The purchase price paid by the proposed transferee for the Local participanship (if required under Rule 316.5 to be paid directly to the Exchange) shall be retained and used by the Exchange to settle all the transferor's liabilities to the Exchange (including other Participants) to the maximum extent legally possible and in the following order of priority:-</i></p> <ul style="list-style-type: none"> <i>(a) payment of all contributions, levies, charges, fines, and any other liabilities of the transferor to the Exchange; and</i> <i>(b) payment to other Participants in respect of any other liabilities arising directly out of transactions on the Exchange.</i> 	

ANNEXURE 1

Existing Rule	Amended Rules
<p><i>All Participants who shall have any claim against the transferor shall within ten (10) days of publication by the Exchange of the transfer of the transferor’s participanship submit to the Exchange in writing the details of their claims against the transferor. In determining the liabilities and extent of the liabilities of the transferor to the other Participants, the Exchange shall have regard to the claims so submitted and shall deduct from such claims of a Participant, the prevailing market price of any collateral held by such Participant.</i></p> <p><i>If the purchase price of the transfer of participanship shall be insufficient to pay all amounts determined to be payable under the above categories, claims under the above categories shall be paid in the priority stated above. If the purchase price shall be insufficient to pay the amounts to be payable in one category, then claims under that category shall be paid pro rata and the remaining shall be left unpaid. The residue of the purchase price shall be paid to the transferor or his legal representative or to such person as the transferor or legal representative shall direct.</i></p> <p>Rule 316.7</p> <p><i>The transfer of a participanship shall not release the transferor from any liability which at the date of transfer has already accrued to the Exchange or any other Participant or which may thereafter accrue in respect of any act or omission prior to such transfer.</i></p> <p>Rule 316.8</p> <p><i>The Exchange will maintain a register of the particulars of the transfer and may, at its discretion disclose the price of the transfer.</i></p>	

ANNEXURE 1

Existing Rule		Amended Rules
<p>Rule 317.2</p>	<p>Rule 317.2</p> <p><i>Where a Local Participant dies, his participantship may be transferred by his legal representative in accordance with Rule 316, provided that, unless agreed to by the Exchange, such transfer shall be effected within three (3) years of the death of the Local Participant.</i></p>	<p>Deleted.</p>
<p>Rule 317.3</p>	<p>Rule 317.3</p> <p><i>There shall be no entitlement to a refund of any portion of the participantship entrance fee or of any annual subscription fee paid by a Local Participant who resigns or otherwise ceases to be a Participant.</i></p>	<p>Deleted.</p>
<p>Rule 318</p>	<p>Rule 318 <i>Local Participant - Lease of Participantship</i></p> <p>Rule 318.1</p> <p><i>A Local Participant may lease his participantship to any individual, who would qualify for local participantship, subject to:-</i></p> <p>(a) <i>the approval of the Exchange and any terms and conditions which may be attached to such approval; and</i></p> <p>(b) <i>the acknowledgement of the nominating Trading Participant of the Local Participant to the terms of the lease and the</i></p>	<p>Deleted.</p>

ANNEXURE 1

Existing Rule	Amended Rules
<p><i>nominating Trading Participant's agreement to be liable for and to be treated in all respects by the Exchange as the party to the Contracts traded in the Exchange by the lessee of the Local Participant.</i></p> <p>Rule 318.2</p> <p><i>An application for approval of the Exchange shall be accompanied by:-</i></p> <p>(a) <i>a copy of the lease agreement between the Local Participant and his lessee; and</i></p> <p>(b) <i>the acknowledgement and agreement of the nominating Trading Participant referred to in Rule 318.1(b) above.</i></p> <p>Rule 318.3</p> <p><i>Subject to the provisions of this Rule 318, the lessee of a local participantship shall be bound by and subject to these Rules to the same extent and, as if, he were a Local Participant.</i></p> <p>Rule 318.4</p> <p><i>A Local Participant shall not, so long as any of the trading rights of local participantship are exercised by the lessee of his local participantship, be entitled to exercise any of the trading rights of a Local Participant but such restriction of the rights of the Local Participant shall be without prejudice to the Local Participant being otherwise bound by and subject to these Rules.</i></p>	

ANNEXURE 1

Existing Rule		Amended Rules	
	<p>Rule 318.5</p> <p><i>The lessee of a local participantship shall not be entitled to transfer the lease or sub-lease that local participantship nor to attend any meeting of Participants nor to vote on any matter.</i></p> <p>Rule 318.6</p> <p><i>The terms of any lease agreement shall not be varied without the approval of the Exchange and upon the termination of any lease, the Local Participant shall forthwith give notice of such termination to the Exchange.</i></p>		
<p>Rule 318B.3</p>	<p>Rule 318B.3</p> <p><i>There shall be no entitlement to a refund of any part of the entrance fee paid for the Local Participantship, or any portion of the annual subscription fee paid by a Local Participant whose application for suspension of his participantship is approved by the Exchange.</i></p>		<p>Deleted.</p>

ANNEXURE 1

Existing Rule	Amended Rules															
<p>Guideline 1.3</p> <p><i>GUIDELINE 1.3</i> <i>Local Participant- Admission Participant (Rule 314)</i></p> <p><i>1.3.1 In accordance with Rule 314.1, the Exchange has decided to impose a non-refundable application fee of RM600 on an applicant applying for admission as a Local Participant.</i></p> <p><i>1.3.2 Upon approval by the Exchange for Local Participantship, the applicant is then required to lodge the following subscription and fees with the Exchange:</i></p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr style="background-color: #e0e0e0;"> <th style="text-align: center;"><i>Rule Reference</i></th> <th style="text-align: center;"><i>Type of Fees</i></th> <th style="text-align: center;"><i>Frequency</i></th> <th style="text-align: center;"><i>Refundable</i></th> <th style="text-align: center;"><i>Amount (RM)</i></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><i>314.1(e)(i)</i></td> <td style="text-align: center;"><i>Entrance fee</i></td> <td style="text-align: center;"><i>One time payment</i></td> <td style="text-align: center;"><i>Non-Refundable</i></td> <td style="text-align: center;"><i>10,000</i></td> </tr> <tr> <td style="text-align: center;"><i>314.1(e)(ii)</i></td> <td style="text-align: center;"><i>Annual subscription</i></td> <td style="text-align: center;"><i>Annual</i></td> <td style="text-align: center;"><i>Non-Refundable</i></td> <td style="text-align: center;"><i>1,200</i></td> </tr> </tbody> </table> <p><i>1.3.3 The Exchange may also introduce a Market Development Incentive Programme to encourage trading by Local Participants.</i></p>	<i>Rule Reference</i>	<i>Type of Fees</i>	<i>Frequency</i>	<i>Refundable</i>	<i>Amount (RM)</i>	<i>314.1(e)(i)</i>	<i>Entrance fee</i>	<i>One time payment</i>	<i>Non-Refundable</i>	<i>10,000</i>	<i>314.1(e)(ii)</i>	<i>Annual subscription</i>	<i>Annual</i>	<i>Non-Refundable</i>	<i>1,200</i>	<p>Deleted.</p>
<i>Rule Reference</i>	<i>Type of Fees</i>	<i>Frequency</i>	<i>Refundable</i>	<i>Amount (RM)</i>												
<i>314.1(e)(i)</i>	<i>Entrance fee</i>	<i>One time payment</i>	<i>Non-Refundable</i>	<i>10,000</i>												
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