

**“ANNEXURE 1”**

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES CLEARING BERHAD  
CONSEQUENTIAL TO THE INTRODUCTION OF THE CAPITAL MARKETS AND SERVICES ACT 2007**

EXISTING PROVISIONS		AMENDED PROVISIONS	
Definitions and Interpretation	Act <i>The Futures Industry Act 1993.</i>	Definitions and Interpretation	Act <b>The Capital Markets and Services Act 2007.</b>
Definitions and Interpretation	(New definition)	Definitions and Interpretation	<b>“clearing facilities”</b> <b>Shall have the same meaning as is assigned to that expression in the Act, in relation to the Clearing House.</b>
Definitions and Interpretation	(New definition)	Definitions and Interpretation	<b>Capital Markets Services Licence</b> <b>Shall have the same meaning as is assigned to that expression in the Act.</b>
Definitions and Interpretation	Exchange  Such <i>company</i> approved under Section 4(1) of the Act and for which the Clearing House provides clearing <i>house</i> facilities.	Definitions and Interpretation	Exchange  Such <b>body corporate</b> approved under Section 8(2) of the Act and for which the Clearing House provides clearing facilities.
Definitions and Interpretation	<i>Futures Broker</i>  <i>A person who is licensed as a futures broker under the Act.</i>	Definitions and Interpretation	<b>Deleted.</b>

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Definitions and Interpretation	Stock Exchange  Shall have the same meaning as is assigned to that expression in the <i>Securities Industry Act 1983</i> .	Definitions and Interpretation	Stock Exchange  Shall have the same meaning as is assigned to that expression in the <b>Act</b> .
Definitions and Interpretation	(New definition)	Definitions and Interpretation	<b>Trading in futures contracts</b>  <b>Shall have the same meaning as is assigned to that expression in the Act.</b>
Rule 200A	Eligibility-General Clearing Participant  Approval of an application for General Clearing Participantship is conditional upon the applicant:  (a) being a <i>member</i> of an Exchange;  (b) satisfying the Clearing House that it maintains an adequate back office system, staff and procedures that ensure orderly and expeditious accounting of its dealings in Derivatives;  (c) meeting the minimum financial requirements pursuant to Rule 208A;  (d) <i>holding a futures brokers licence</i> under the Act if acting on behalf or on the instructions of clients;	Rule 200A	Eligibility-General Clearing Participant  Approval of an application for General Clearing Participantship is conditional upon the applicant:  (a) being a <b>participant</b> of an Exchange;  (b) (No change)  (c) (No change)  (d) <b>holding a valid Capital Markets Services Licence for the purposes of carrying on the business of trading in futures contracts</b> under the Act if acting on behalf

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	<p>(e) lodging a Security Deposit in accordance with Rule 206A;</p> <p>(f) lodging a Clearing Fund Contribution in accordance with Rule 207;</p> <p>(g) payment being made to the Clearing House of such admission fee as may be determined by the Clearing House from time to time; and</p> <p>(h) meeting such other criteria as may be determined from time to time by the Clearing House.</p>		<p>or on the instructions of clients;</p> <p>(e) (No change)</p> <p>(f) (No change)</p> <p>(g) (No change)</p> <p>(h) (No change)</p>
Rule 200B	<p>Eligibility-Direct Clearing Participant</p> <p>Approval of an application for Direct Clearing Participantship is conditional upon the applicant:</p> <p>(a) being a <i>member</i> of an Exchange;</p> <p>(b) not carrying on the business of <i>futures broking</i> in Malaysia;</p> <p>(c) satisfying the Clearing House that it maintains an adequate back office system, staff and procedures that ensure orderly and expeditious accounting of its dealings in Derivatives;</p> <p>(d) meeting the minimum financial requirements pursuant to Rule 208B;</p>	Rule 200B	<p>Eligibility-Direct Clearing Participant</p> <p>Approval of an application for Direct Clearing Participantship is conditional upon the applicant:</p> <p>(a) being a <b>participant</b> of an Exchange;</p> <p>(b) not carrying on the business of <b>trading in futures contracts</b> in Malaysia;</p> <p>(c) satisfying the Clearing House that it maintains an adequate back office system, staff and procedures that ensure orderly and expeditious accounting of its dealings in Derivatives;</p> <p>(d) meeting the minimum financial requirements pursuant to Rule 208B;</p>

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	<ul style="list-style-type: none"> <li>(e) lodging a Security Deposit in accordance with Rule 206A;</li> <li>(f) lodging a Clearing Fund Contribution in accordance with Rule 207;</li> <li>(g) lodging a Direct Clearing Participant Deposit in accordance with Rule 206B;</li> <li>(h) payment being made to the Clearing House of such admission fee as may be determined by the Clearing House from time to time; and</li> <li>(i) meeting such other criteria as may be determined from time to time by the Clearing House.</li> </ul>		<ul style="list-style-type: none"> <li>(e) lodging a Security Deposit in accordance with Rule 206A;</li> <li>(f) lodging a Clearing Fund Contribution in accordance with Rule 207;</li> <li>(g) lodging a Direct Clearing Participant Deposit in accordance with Rule 206B;</li> <li>(h) payment being made to the Clearing House of such admission fee as may be determined by the Clearing House from time to time; and</li> <li>(i) meeting such other criteria as may be determined from time to time by the Clearing House.</li> </ul>
Rule 205	<p>Compliance with requirements</p> <p>Each Clearing Participant must:</p> <ul style="list-style-type: none"> <li>(a) issue or provide an undertaking addressed to the Clearing House in the form prescribed in Schedule 3;</li> <li>(b) at all times comply with the Rules and any directives, instructions or guidelines as issued or amended by the Clearing House from time to time;</li> <li>(c) submit, within such time and in such form and manner as determined by the Clearing House, such statements and/or reports as may be requested by the Clearing House;</li> <li>(d) lodge with the Clearing House a copy of any other statement or report lodged by the Clearing Participant</li> </ul>	Rule 205	<p>Compliance with requirements</p> <p>Each Clearing Participant must:</p> <ul style="list-style-type: none"> <li>(a) (No change)</li> <li>(b) (No change)</li> <li>(c) (No change)</li> <li>(d) (No change)</li> </ul>

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	<p>with the Commission at the time of its lodgement with the Commission;</p> <p>(e) at all times hold a <i>futures broker’s licence</i> under the Act if acting on behalf of or on the instructions of clients; and</p> <p>(f) at all times remain an Affiliate of an Exchange, eligible pursuant to the relevant Exchange Rules to be a Clearing Participant; and</p> <p>(g) at all times maintain an adequate back office system, staff and procedures that ensure orderly and expeditious accounting of its dealings in Derivatives.</p>		<p>(e) at all times hold a <b>valid Capital Markets Services Licence for the purposes of carrying on the business of trading in futures contracts</b> under the Act if acting on behalf of or on the instructions of clients; and</p> <p>(f) (No change)</p> <p>(g) (No change)</p>
Rule 214B	<p>Outsourcing of back office functions by Direct Clearing Participants</p> <p>(a) A Direct Clearing Participant may outsource its back office functions to a service provider provided that the Direct Clearing Participant complies with the following conditions :-</p> <p>(i) The back office functions that are outsourced shall encompass only the operational or administrative aspects of the entity’s functions as a Direct Clearing Participant,</p>	Rule 214B	<p>Outsourcing of back office functions by Direct Clearing Participants</p> <p>(a) A Direct Clearing Participant may outsource its back office functions to a service provider provided that the Direct Clearing Participant complies with the following conditions :-</p> <p>(i) (No change)</p>

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	<p>including clearing and settlement of Open Contracts which have been concluded for its own account, and shall exclude the Direct Clearing Participant’s decision making and management function and its role of liaising with regulatory authorities and fulfilling regulatory requirements;</p> <p>(ii) The service provider must be either one of the following :-</p> <p>(a) A company within the group of companies to which the Direct Clearing Participant belongs; or</p> <p>(b) An independent company which is located in Malaysia and has its operations conducted in Malaysia.</p> <p>(iii) The service provider shall not further assign or sub-contract the back office functions to another party;</p> <p>(iv) The legal relationship between the Direct Clearing Participant and the service provider shall be a principal-agent relationship;</p> <p>(v) The Direct Clearing Participant must ensure compliance by the service provider with all relevant requirements stipulated in any provision in these Rules, agreement between</p>		<p>(ii) (No change)</p> <p>(iii) (No change)</p> <p>(iv) (No change)</p> <p>(v) (No change)</p>

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	<p>the Direct Clearing Participant and the Clearing House and direction issued by the Clearing House;</p> <p>(vi) The Direct Clearing Participant shall be deemed liable as a principal in relation to any breach by the service provider of any provision in these Rules, agreement between the Direct Clearing Participant and the Clearing House and direction issued by the Clearing House;</p> <p>(vii) Any direction issued by the Clearing House and directed to the Direct Clearing Participant is deemed to have also been issued and directed to the service provider and shall be regarded to be within the knowledge of the service provider;</p> <p>(viii) The Direct Clearing Participant shall procure from the service provider a written undertaking that the service provider shall maintain the secrecy and confidentiality of the documents and information of clients that the service provider shall have access to, from any intentional or inadvertent disclosure to unauthorised person(s), and that the service provider’s security policies, procedures and controls enable the protection of such confidentiality and security of client information;</p>		<p>(vi) (No change)</p> <p>(vii) (No change)</p> <p>(viii) (No change)</p>

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	<p>(ix) The Direct Clearing Participant must have in place an insurance policy to protect it against any liability, loss or damage arising from any action or omission of the service provider in performing the said back office functions;</p> <p>(x) The Direct Clearing Participant must ensure that the Clearing House or its agent shall at all times :-</p> <p style="padding-left: 20px;">(a) have access to and be allowed to make copies of the books (as defined in the <i>Futures Industry Act 1993</i>) of the Direct Clearing Participant or the service provider and further to obtain promptly any other information concerning activities that are relevant for the performance of its regulatory duties; and</p> <p style="padding-left: 20px;">(b) have access to the premises of the Direct Clearing Participant or the service provider for the purposes of conducting any audit, inspection or investigation.</p> <p>The Direct Clearing Participant shall procure a written consent from the service provider to allow the Clearing House to exercise its powers as stated above; and</p>		<p>(ix) (No change)</p> <p>(x) The Direct Clearing Participant must ensure that the Clearing House or its agent shall at all times :-</p> <p style="padding-left: 20px;">(a) have access to and be allowed to make copies of the books (as defined in the <b>Act</b>) of the Direct Clearing Participant or the service provider and further to obtain promptly any other information concerning activities that are relevant for the performance of its regulatory duties; and</p> <p style="padding-left: 20px;">(b) have access to the premises of the Direct Clearing Participant or the service provider for the purposes of conducting any audit, inspection or investigation.</p> <p>The Direct Clearing Participant shall procure a written consent from the service provider to allow the Clearing House to exercise its powers as stated above; and</p>



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	(xi) The Direct Clearing Participant shall provide a letter of undertaking to the Clearing House on an annual basis, that the service provider has complied with all relevant requirements imposed on the Direct Clearing Participant under any provision in these Rules, agreement between the Direct Clearing Participant and the Clearing House and direction issued by the Clearing House.		(xi) (No change)