

**FREQUENTLY ASKED QUESTION IN RELATION TO THE RESIGNATION OF A CLEARING PARTICIPANT**

- 1. Rule 3.31(2) of the Rules of Bursa Malaysia Derivatives Clearing Bhd (“BMDC”) provides that the acceptance of the resignation by a Clearing Participant is at the discretion of BMDC. What would be the possible grounds for refusal to accept the resignation?**

BMDC may exercise its discretion to not accept the resignation of a Clearing Participant based on, amongst others, the following circumstances:

- (a) where investigation and enforcement proceedings have been commenced against the Clearing Participant;
- (b) where there has been non-compliance with the BMDC rules, or the operational/procedures manual;
- (c) if the Clearing Participant still has open positions<sup>1</sup>;
- (d) if there are outstanding obligations due from the Clearing Participant to BMDC, Bursa Malaysia Derivatives Bhd (“**BMD**”) or the Clearing Participants’ clients;
- (e) if the Clearing Participant fails to adhere to the conditions imposed by BMDC or BMD to ensure an orderly exit by the Clearing Participant, including the transfer of its clients and their accounts to another designated Clearing Participant; and
- (f) as directed by the Securities Commission Malaysia or any other regulatory authorities.

In such circumstances, BMDC will determine the effective date of resignation of a Clearing Participant, taking into consideration the time needed by such Clearing Participant to resolve the above circumstances.

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<sup>1</sup> “open position” means the position of a party under a contract whose rights or obligations have not expired or been discharged or where the rights and/or obligations under that contract are yet to be fulfilled.