

**BURSA MALAYSIA DERIVATIVES BERHAD**

Date: 24 December 2019

Trading Participant Circular: 20/2019

**AMENDMENTS TO THE RULES AND DIRECTIVES OF BURSA MALAYSIA DERIVATIVES BERHAD (“BMD RULES AND DIRECTIVES”) IN RELATION TO THE INTRODUCTION OF THE OPTION ON UNITED STATES DOLLAR DENOMINATED REFINED, BLEACHED AND DEODORISED PALM OLEIN FUTURES (“OPOL”) CONTRACT AND OTHER AMENDMENTS**

**1. INTRODUCTION**

- 1.1 Bursa Malaysia Derivatives Berhad (the “**Exchange**”) has introduced the OPOL Contract to complement the existing United States Dollar (“**USD**”) Denominated Refined, Bleached and Deodorised Palm Olein Futures Contract (“**FPOL Contract**”). With the different risk-reward profiles compared to what an option contract has, the OPOL Contract will be an additional risk management tool available to the players in the palm oil industry.
- 1.2 The introduction of the OPOL Contract among others, seeks to achieve the following:
- (a) complementing and further enhancing the current FPOL Contract;
  - (b) providing an alternative trading instrument for both the local and international market participants; and
  - (c) allowing the market players to develop a more sophisticated trading strategy in derivatives trading.
- 1.3 In addition to the introduction of the OPOL Contract, the Exchange has also revised the contract specifications for the Option on Ringgit Malaysia Denominated Crude Palm Oil Futures Contract (“**OCPO Contract**”) and the FPOL Contract for clarity and consistency.
- 1.4 The amendments to the BMD Rules and Directives have been approved by the Securities Commission Malaysia and are detailed in paragraphs 2 and 3 below.

**2. AMENDMENTS TO THE BMD RULES**

- 2.1 The salient amendments made to the BMD Rules are set out below:
- (a) the key new provisions in relation to the contract specifications of the OPOL Contract are as follows:
    - (i) The underlying instrument is the FPOL Contract;
    - (ii) The contract unit is 1 FPOL Contract;
    - (iii) The minimum price fluctuation is USD 0.25 per metric ton;
    - (iv) The contract months are the spot month and the next 3 succeeding months followed by alternate months, i.e. odd months up to 24 months ahead. The first OPOL Contract will be trading the 3rd month FPOL Contract. The delivery months of the underlying FPOL Contract are as set out in Appendix A to the BMD Rules;

- (v) The final trading day is the 15<sup>th</sup> day 2 months prior to the spot month of the underlying FPOL Contract, or if the 15<sup>th</sup> day is non-business day, on the last business day preceding the 15<sup>th</sup> day; and
- (vi) The trading hours for the OPOL Contract is the same as the trading hours for the FPOL Contract;
- (b) in relation to the contract specifications of the FPOL Contract in item 1.04 of Schedule 1, the description of the contract months has been amended for clarity and the schedule of months in Part 1 of Appendix A has similarly been amended for consistency; and
- (c) in relation to the contract specifications of the OCPO Contract in item 1.01A of Schedule 1, the description of the contract months and final trading day have been amended for clarity.

2.2 The detailed amendments to the BMD Rules are set out in full in **Annexure 1**.

### 3. AMENDMENTS TO THE DIRECTIVES

3.1 The salient amendments made to the Directives under the BMD Rules are as follows:

- (a) amendments to the Directive on Applications to the Exchange Pursuant to Chapter 3 of the Rules (No. 3-001), to insert the applicable trading fees and facility charges for the OPOL Contract; and
- (b) amendments to insert the position limits for OPOL Contract in the Directive on Position Limits and Exercise Limits (No. 6.44-001).

3.2 The detailed amendments to the above Directives are set out in full in **Annexure 2**.

### 4. AMENDMENTS TO THE TRADING PARTICIPANTS' TRADING MANUAL ("TRADING MANUAL")

4.1 The Trading Manual has been amended to reflect the trading procedures in relation to the introduction of the OPOL Contract.

4.2 The updated version of the Trading Manual is attached as **Annexure 3**.

### 5. EFFECTIVE DATE

The amendments to the BMD Rules and Directives and the Trading Manual will take effect on **13 January 2020**.

### 6. CONTACT PERSONS

In the event of any queries in relation to the above matter, kindly contact us at the following:

	Contact Details
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