

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

1. Issue : Grounds for refusing to accept a notice of termination
- Relevant Rule : Rule 2.12(c)
- Question : Rule 2.12(c) of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd (“BMSC”) provides that BMSC may, at its absolute discretion, refuse to accept the notice of termination of a Clearing Participant. What would be the possible grounds for refusal to accept the resignation?
- Answer : BMSC may exercise its discretion to not accept the notice of termination of a Clearing Participant based on, amongst others, the following circumstances:
- (i) where investigation and enforcement proceedings have been commenced against the Clearing Participant;
  - (ii) where there has been non-compliance with the BMSC rules, or the operational/procedures manual;
  - (iii) if there are still pending transactions that have not been settled;
  - (iv) if there are outstanding obligations due from the Clearing Participant to BMSC, Bursa Malaysia Securities Bhd (“BMS”) or the Clearing Participants’ clients;
  - (v) if the Clearing Participant fails to adhere to the conditions imposed by BMSC or BMS to ensure an orderly exit by the Clearing Participant; and
  - (vi) as directed by the Securities Commission Malaysia or any other regulatory authorities.
- In such circumstances, BMSC will determine the effective date of termination of participation of a Clearing Participant, taking into consideration the time needed by such Clearing Participant to resolve the above circumstances.
2. Issue : Effect of BMSC refusing to accept notice of termination within the 30 market days’ notice period
- Relevant Rule : Rule 2.12(b), 2.12(c), 6.15(3)
- Question : What is the extent of a Clearing Participant’s liability to any claim made against the Clearing Guarantee Fund where BMSC has yet to accept the notice of termination after the minimum notice period of 30 market days mentioned in Rule 2.12(b)?
- Answer : Provided the Clearing Participant has served the notice of termination before any claim is made against the Clearing Guarantee Fund and that the Clearing Participant is taking action to ensure an orderly exit, the aggregate liability of the Clearing Participant to BMSC to replenish its contribution to the Clearing Guarantee Fund in respect of application of contributions by BMSC pursuant to the BMSC Rules shall be as set out in Rule 6.15(3) of the BMSC Rules.