



**AMENDMENTS TO THE DIRECTIVES OF BURSA MALAYSIA DERIVATIVES BERHAD IN RELATION TO THE INTRODUCTION OF REMOTE TRADING PARTICIPANT**

PARA.	EXISTING PROVISIONS	PARA.	AMENDED PROVISIONS
<b>INTRODUCTION TO THE DIRECTIVES OF BURSA MALAYSIA DERIVATIVES BERHAD</b>			
	(12) The numbering of the Directives and Best Practices in this TPs' Directives and Guidance follows the corresponding Rules to which the Directive or Best Practice relates. For example, Rule 3.36(c) requires that throughout a Compliance Officer's registration, the Compliance Officer must ensure that matters pertaining to compliance are highlighted to the Trading Participant's board of directors or in the case of an Investment Bank, to the board of directors or committee to whom the person in charge of compliance is required to report under the Guidelines on Investment Banks. The Directive that sets out this requirement on reporting on compliance matters is numbered as Directive No. 3.36-002. In the event that there is another directive on the same subject matter, that directive will be numbered 3.36-003.		(12) The numbering of the Directives and Best Practices in this TPs' Directives and Guidance follows the corresponding Rules to which the Directive or Best Practice relates. For example, Rule 3.36(1)(c) requires that throughout a Compliance Officer's registration, the Compliance Officer must ensure that matters pertaining to compliance are highlighted to the Trading Participant's board of directors or in the case of an Investment Bank, to the board of directors or committee to whom the person in charge of compliance is required to report under the Guidelines on Investment Banks. The Directive that sets out this requirement on reporting on compliance matters is numbered as Directive No. 3.36-002. In the event that there is another directive on the same subject matter, that directive will be numbered 3.36-003.
<b>DIRECTIVE NO. 2.01(2)-002: DIRECTIVE ON READINESS AUDIT – SELF ASSESSMENT APPROACH, DECLARATORY APPROACH AND GREEN LANE</b>			
<b>2</b>	<b>Circumstances in which a readiness audit is required to be undertaken by a Trading Participant</b>  (1) An applicant wishing to commence operations as a new Trading Participant (Principal Office) which requires the approval of the Securities Commission Malaysia ("Commission") and the Exchange must first undertake a readiness audit in accordance with this Directive.	<b>2</b>	<b>Circumstances in which a readiness audit is required to be undertaken by a Trading Participant</b>  (1) An applicant wishing to commence operations as a new Trading Participant (Principal Office) which requires the approval of the <del>Securities Commission Malaysia</del> ("Commission") (if applicable) and the Exchange must first undertake a readiness audit in accordance with this Directive.
<b>DIRECTIVE NO. 2.01(2)-003: DIRECTIVE ON SUBMISSION OF PERIODIC REPORTS</b>			

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1(1)	<p><b>1. Rules 2.01(2)(i) and 8.05(c)</b></p> <p>(1) Rule 2.01(2)(i) empowers the Exchange to require the Participants or Relevant Person to maintain and provide reports, information and/or Documents, Books and Records to the Exchange in relation to any matter under these Rules or Directives.</p>	1(1)	<p><b>1. Rules 2.01(2)(i) and 8.05(c)</b></p> <p>(1) Rule 2.01(2)(i) empowers the Exchange to require the Participants or Relevant Person to maintain and provide <del>reports,</del> information and/or Documents, Books and Records to the Exchange in relation to any matter under these Rules or Directives.</p>
Appendix 1(e)	<p><b>EXPLANATORY NOTES ON APPENDICES 1(a), 1(b) AND 1(d) – STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION FOR CLIENTS TRADING ON MALAYSIAN AND FOREIGN EXCHANGES (FORM A)</b></p> <p><b>LINE 15 – <i>Excess/(deficiency) of funds in segregation</i></b></p> <p>This amount should show the difference between LINE 6 and LINE 14. The Trading Participant is required to take immediate corrective action and must immediately inform the Clearing House, the Exchange and the Commission if there is a deficiency in the segregated funds.</p>	Appendix 1(e)	<p><b>EXPLANATORY NOTES ON APPENDICES 1(a), 1(b) AND 1(d) – STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION FOR CLIENTS TRADING ON MALAYSIAN AND FOREIGN EXCHANGES (FORM A)</b></p> <p><b>LINE 15 – <i>Excess/(deficiency) of funds in segregation</i></b></p> <p>This amount should show the difference between LINE 6 and LINE 14. The Trading Participant is required to take immediate corrective action and must immediately inform the Clearing House, the Exchange and the Commission <u>(if applicable)</u> if there is a deficiency in the segregated funds.</p>
Appendix 4(b)	<p><b>LINE 2.b – <i>Securities transactions</i></b></p> <p>This amount should show the total profit or loss for the month from the company's investment activities in the securities market.</p>	Appendix 4(b)	<p><b>LINE 2.b – <i>Securities transactions</i></b></p> <p>This amount should show the total profit or loss for the month from the <del>company</del><u>Corporation</u>'s investment activities in the securities market.</p>
Appendix 4(b)	<p><b>LINE 4.b – <i>Interest earned on investment of other than clients' funds</i></b></p> <p>This amount should show the total interest earned for the month from the investment of company's fund.</p>	Appendix 4(b)	<p><b>LINE 4.b – <i>Interest earned on investment of other than clients' funds</i></b></p> <p>This amount should show the total interest earned for the month from the investment of <del>company</del><u>Corporation</u>'s fund.</p>

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<b>Appendix 4(b)</b>	<b>LINE 4.c – Dividends</b> This amount should show the total dividends earned for the month from the company's investments.	<b>Appendix 4(b)</b>	<b>LINE 4.c – Dividends</b> This amount should show the total dividends earned for the month from the <del>company</del> <u>Corporation</u> 's investments.
<b>DIRECTIVE NO. 2.07-001: ON THE POWERS OF THE EXCHANGE AND THE CIRCUMSTANCES WHEN THE EXCHANGE MAY TAKE ACTION UNDER RULE 2.07</b>			
<b>1.1(1)</b>	<b>1.1 Circumstances and actions</b> (1) The circumstances when the Exchange may take action against a Participant or Registered Person under Rule 2.07 include the following:  (a) a resolution is passed by the shareholders of a Participant or a court order is made for the winding-up of a Participant;	<b>1.1(1)</b>	<b>1.1 Circumstances and actions</b> (1) The circumstances when the Exchange may take action against a Participant or Registered Person under Rule 2.07 include the following:  (a) a resolution is passed by the shareholders of a Participant or a court order <u>in any jurisdiction</u> is made for the winding-up of a Participant;
<b>1.1(4)</b>	(4) A Participant or Registered Person against whom proceedings are instituted in any Court alleging the commission of any offence arising out of the conduct of business of dealing in derivatives may be suspended summarily by the Exchange.	<b>1.1(4)</b>	(4) A Participant or Registered Person against whom proceedings are instituted in any <del>C</del> ourt <u>in any jurisdiction</u> alleging the commission of any offence arising out of the conduct of business of dealing in derivatives may be suspended summarily by the Exchange.
<b>DIRECTIVE NO 3.06-001: DIRECTIVES ON REGULATION 30.10 RELIEF</b>			
<b>3</b>	<b>New provision</b>	<b>3</b>	<u>Paragraph 2(1) does not apply to a Remote Trading Participant.</u>
<b>DIRECTIVE NO. 3.36-001: DIRECTIVE FOR COMPLIANCE FUNCTION</b>			
<b>1(1)</b>	1. Introduction  (1) Rule 3.36(b) provides that throughout a Compliance Officer's registration, the Compliance Officer must supervise and carry	<b>1(1)</b>	1. Introduction  (1) Rule 3.36 <u>(1)</u> (b) provides that throughout a Compliance Officer's registration, the Compliance Officer must supervise



	<p>out proper checks and reviews to monitor and ensure the overall compliance by the Trading Participant and the Trading Participant's Registered Persons, employees and agents with the Securities Laws, these Rules and the Directives.</p> <p>(2) Rule 5.05 states that a Trading Participant must establish and maintain a compliance function which is responsible to monitor compliance with these Rules, Directives and the Securities Laws and to provide advice on all the relevant requirements that a Trading Participant must comply with, in carrying out the Trading Participant's business.</p> <p>(3) In discharging the obligations under the said Rules, a Compliance Officer and Trading Participant must, amongst others, comply with the requirements set out below.</p>		<p>and carry out proper checks and reviews to monitor and ensure the overall compliance by the Trading Participant and the Trading Participant's Registered Persons, employees and agents with the Securities Laws, these Rules and the Directives. <u>Rule 3.36(2) further states that Compliance Officer of the Remote Trading Participant must comply with Rule 3.36(1)(b) in respect of the Securities Laws to the extent that is relevant and applicable to the Remote Trading Participant and its Registered Persons.</u></p> <p>(2) Rule 5.05(1) states that a Trading Participant must establish and maintain a compliance function which is responsible to monitor compliance with these Rules, Directives and the Securities Laws and to provide advice on all the relevant requirements that a Trading Participant must comply with, in carrying out the Trading Participant's business. <u>Rule 5.05(4) further states that a Remote Trading Participant must comply with Rule 5.05(1) in respect of the Securities Laws to the extent that is relevant and applicable to it.</u></p> <p>(3) In discharging the obligations under the said Rules, a Compliance Officer and Trading Participant must, amongst others, comply with the requirements set out below.</p>
<p><b>8.12 of the Compliance Guidelines</b></p>	<p><b>Marketing Representative ("MR")</b></p> <p>(a) All MRs are properly registered with the Trading Participant.</p>	<p><b>8.12 of the Compliance Guidelines</b></p>	<p><b>Marketing Representative ("MR")</b></p> <p>(1) <u>Subject to paragraph 8.12(2):</u></p>



	<p>(b) MR can only perform permitted activities as outlined in the Guidelines for Marketing Representatives.</p> <p>(c) MR do not provide recommendation or advise on securities and derivatives or any other capital market products to Clients.</p> <p>(d) The MR fulfils the minimum qualification and requirements as set out in the relevant guidelines.</p>		<p>(a) All MRs are properly registered with the Trading Participant.</p> <p>(b) MR can only perform permitted activities as outlined in the Guidelines for Marketing Representatives.</p> <p>(c) MR do not provide recommendation or advise on <del>securities and</del> derivatives or any other capital market products to Clients.</p> <p>(d) The MR fulfils the minimum qualification and requirements as set out in the relevant guidelines.</p> <p><u>(2) An MR appointed by a Remote Trading Participant must comply with the requirements under an equivalent framework in the home jurisdiction, if any.</u></p>
<b>DIRECTIVE NO. 3.36-002: DIRECTIVE ON COMPLIANCE REPORT</b>			
1(1)	<p><b>1. Rule 3.36(c)</b></p> <p>(1) Rule 3.36(c) provides that throughout a Compliance Officer's registration, the Compliance Officer must ensure matters pertaining to compliance are highlighted to the Trading Participant's board of directors or in the case of an Investment Bank, to the board of directors or committee to whom the person is in charge of compliance is required to report under the Guidelines on Investment Banks.</p>	1(1)	<p><b>1. Rule 3.36(1)(c)</b></p> <p>(1) Rule 3.36(1)(c) provides that throughout a Compliance Officer's registration, the Compliance Officer must ensure matters pertaining to compliance are highlighted to the Trading Participant's board of directors or in the case of an Investment Bank, to the board of directors or committee to whom the person is in charge of compliance is required to report under the Guidelines on Investment Banks.</p>
1.2(4)	<del>[deleted]</del>	1.2(4)	<del>[deleted]</del> <u>A Compliance Officer of a Remote Trading Participant must comply with the requirements in paragraphs 1.2(1)(a) and (h) in</u>



			<u>respect of the Securities Laws to the extent that such Securities Laws are relevant and applicable to the Remote Trading Participant.</u>
<b>DIRECTIVE NO. 3.39(1)-002: DIRECTIVE ON MOBILITY OF REGISTERED REPRESENTATIVES</b>			
1.1(4)	<u>New provision</u>	1.1(4)	<u>In relation to a Remote Trading Participant, it must comply with paragraph 1.1(1)(a) in respect of the Securities Laws to the extent that is relevant and applicable to it.</u>
<b>DIRECTIVE NO. 4-001: DIRECTIVE ON CONDUCT OF BUSINESS</b>			
<b>6.1</b>	(3) Pursuant to paragraph 6.1(2)(b)(i), the Client's identity and the authenticity of the application must be verified by any of the following persons (" <b>Acceptable Witnesses</b> "): <ul style="list-style-type: none"> <li>(a) an officer or a Registered Representative authorised by the Trading Participant;</li> <li>(b) an authorised officer of a Malaysian Embassy or High Commission Consulate;</li> <li>(c) a lawyer in any jurisdiction who has a valid license to practice law in that jurisdiction;</li> <li>(d) a commissioner for oaths in any jurisdiction;</li> <li>(e) a Justice of the Peace in any jurisdiction;</li> <li>(f) a notary public in any jurisdiction;</li> <li>(g) an officer of a registered person referred to under the third column of Item 1(b) of Part 1 of Schedule 4 to the Capital Markets and Services Act, who is authorised by</li> </ul>	<b>6.1</b>	(3) Pursuant to paragraph 6.1(2)(b)(i), the Client's identity and the authenticity of the application must be verified by any of the following persons (" <b>Acceptable Witnesses</b> "): <ul style="list-style-type: none"> <li>(a) an officer or a Registered Representative authorised by the Trading Participant;</li> <li>(b) an authorised officer of a Malaysian Embassy or High Commission Consulate;</li> <li>(c) a lawyer in any jurisdiction who has a valid license to practice law in that jurisdiction;</li> <li>(d) a commissioner for oaths in any jurisdiction;</li> <li>(e) a Justice of the Peace in any jurisdiction;</li> <li>(f) a notary public in any jurisdiction;</li> <li>(g) an officer of a registered person referred to under the third column of Item 1(b) of Part 1 of Schedule 4 to the Capital Markets and Services Act, who is authorised</li> </ul>

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	<p>such registered person to perform the activities referred to under the second column of the said Item 1(b);</p> <p>(h) an authorised officer of:</p> <p>(i) a licensed bank as defined under Financial Services Act 2013; or</p> <p>(ii) an Islamic bank as licensed under the Islamic Financial Services Act 2013,</p> <p>and with which the Client holds an account;</p> <p>(i) in relation to a Trading Participant which trades on a Specified Exchange, the following persons;</p> <p>(i) any person who holds a licence equivalent to a licence held by a Registered Representative; or</p> <p>(ii) any other person authorised by such Trading Participant, or</p> <p>(j) such other person as may be approved by the Exchange from time to time provided that notification of such approval is forwarded to the Commission within 3 Market Days from the date of such approval.</p>		<p>by such registered person to perform the activities referred to under the second column of the said Item 1(b);</p> <p>(h) an authorised officer of:</p> <p>(i) a licensed bank as defined under Financial Services Act 2013 <u>or, in relation to the Clients of a Remote Trading Participant, a licensed bank registered or approved by the relevant regulator in the Remote Trading Participant's home jurisdiction</u>; or</p> <p>(ii) an Islamic bank as licensed under the Islamic Financial Services Act 2013,</p> <p>and with which the Client holds an account;</p> <p>(i) in relation to a Trading Participant which trades on a Specified Exchange <u>or a Remote Trading Participant</u>, the following persons;</p> <p>(i) any person who holds a licence equivalent to a licence held by a Registered Representative; or</p> <p>(ii) any other person authorised by such Trading Participant, or</p> <p>(j) such other person as may be approved by the Exchange from time to time provided that notification of such approval is forwarded to the Commission within 3 Market Days from the date of such approval.</p>
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6.1	(4)	<p>In conducting a Non Face-to-face Verification, a Trading Participant must verify the Client's identity and the authenticity of the application through 1 or more of the following methods:</p> <ul style="list-style-type: none"> <li>(a) obtain confirmation of the Client's identity from an independent source, for example, by contacting the human resources department of the Client's employer on a listed business number to confirm his employment;</li> <li>(b) receive and encash a personal cheque of the Client for an amount of not less than RM100, where the name appearing on the cheque and the signature of the Client on the cheque must match the name and signature of the Client in the account opening application form;</li> <li>(c) initiate contact with the Client through video conference or a video recording of the Client;</li> <li>(d) obtain confirmation of the Client's identity and relevant details of the Client from another entity within the Trading Participant's Group which is a reporting institution under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and has previously verified the Client's identity in accordance with such entity's standard operating procedures and ensure that the details of the Client obtained from such other entity match the information in the Client's account opening application form;</li> <li>(e) request the Client to make a nominal payment to the Trading Participant from his own account with a licensed bank under the Financial Services Act 2013 or licensed Islamic bank under the Islamic Financial</li> </ul>	6.1	(4)	<p>In conducting a Non Face-to-face Verification, a Trading Participant must verify the Client's identity and the authenticity of the application through 1 or more of the following methods:</p> <ul style="list-style-type: none"> <li>(a) obtain confirmation of the Client's identity from an independent source, for example, by contacting the human resources department of the Client's employer on a listed business number to confirm his employment;</li> <li>(b) receive and encash a personal cheque of the Client for an amount of not less than RM100, where the name appearing on the cheque and the signature of the Client on the cheque must match the name and signature of the Client in the account opening application form;</li> <li>(c) initiate contact with the Client through video conference or a video recording of the Client;</li> <li>(d) obtain confirmation of the Client's identity and relevant details of the Client from another entity within the Trading Participant's Group which is a reporting institution under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 <u>(or in the case of a Remote Trading Participant, an equivalent reporting institution in the Remote Trading Participant's home jurisdiction)</u> and has previously verified the Client's identity in accordance with such entity's standard operating procedures and ensure that the details of the Client obtained from such other entity match the information in the Client's account opening application form;</li> </ul>
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	<p>Services Act 2013 or the Trading Participant transfers a nominal sum into the Client's account; or</p> <p>(f) use any other technology solution to verify the identity of a Client including, but not limited to, biometric technologies, which is able to verify the Client's identity effectively.</p>		<p>(e) request the Client to make a nominal payment to the Trading Participant from his own account with a licensed bank under the Financial Services Act 2013 or licensed Islamic bank under the Islamic Financial Services Act 2013 <u>(or in the case of a Remote Trading Participant, a bank licensed, registered or approved by the relevant regulator in the Remote Trading Participant's home jurisdiction)</u> or the Trading Participant transfers a nominal sum into the Client's account; or</p> <p>(f) use any other technology solution to verify the identity of a Client including, but not limited to, biometric technologies, which is able to verify the Client's identity effectively.</p>
<b>6.1(6)(c)</b>	the Client is an individual from a high risk country or a country with anti-money laundering or counter financing of terrorism deficiencies as referred to in the Commission's Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries.	<b>6.1(6)(c)</b>	the Client is an individual from a high risk country or a country with anti-money laundering or counter financing of terrorism deficiencies as referred to in the Commission's Guidelines on Prevention of Money Laundering and Terrorism Financing for <del>Capital—Market Intermediaries</del> <u>Reporting Institutions in the Capital Market and Guidelines on Implementation of Targeted Financial Sanctions relating to Proliferation Financing for Capital Market Intermediaries.</u>
<b>7.1</b>	<b>Risk Disclosure Statement</b>	<b>7.1</b>	<b>Risk Disclosure Statement</b>
	<p>(1) The Trading Participant must:</p> <p>(a) give to the prospective Client a document which contains, at the minimum, the following:</p> <p>(i) an explanation of the nature of Contracts;</p>		<p>(1) The Trading Participant must:</p> <p>(a) give to the prospective Client a document which contains, at the minimum, the following:</p> <p>(i) an explanation of the nature of Contracts;</p>

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	<ul style="list-style-type: none"> <li>(ii) an explanation of the nature of the obligations assumed by a Client who instructs a Trading Participant to enter into a Contract;</li> <li>(iii) a Risk Disclosure Statement as prescribed by the Exchange in Appendix 2; and</li> <li>(iv) the specifications and details of the essential terms of each kind of Contract in which the Trading Participant trades for the Client;</li> </ul>		<ul style="list-style-type: none"> <li>(ii) an explanation of the nature of the obligations assumed by a Client who instructs a Trading Participant to enter into a Contract;</li> <li>(iii) a Risk Disclosure Statement <del>as prescribed by the Exchange in Appendix 2</del> <u>disclosing to the Client the potential risk involved in entering into a Contract so as to enable the Client to evaluate such risks</u>; and</li> <li>(iv) the specifications and details of the essential terms of each kind of Contract in which the Trading Participant trades for the Client;</li> </ul>
<p><b>9.1</b></p>	<p><b>Contract Note</b></p> <ul style="list-style-type: none"> <li>(1) Issuance of Contract Notes <ul style="list-style-type: none"> <li>(a) A Trading Participant must issue contract notes to the Trading Participant's Clients and the contract notes must comply with the regulations issued under the Capital Markets and Services Act on contract notes. The currency values reflected in the contract note must be the currency in which the Contracts are traded.</li> </ul> </li> </ul>	<p><b>9.1</b></p>	<p><b>Contract Note</b></p> <ul style="list-style-type: none"> <li>(1) Issuance of Contract Notes <ul style="list-style-type: none"> <li>(a) <u>Subject to paragraph 9.1(1)(c), Aa</u> Trading Participant must issue contract notes to the Trading Participant's Clients and the contract notes must comply with the regulations issued under the Capital Markets and Services Act on contract notes ("<b>Contract Notes Regulations</b>"). The currency values reflected in the contract note must be the currency in which the Contracts are traded.</li> <li>(c) <u>A Remote Trading Participant must issue the contract note in accordance with the requirements in the Contract Notes Regulations even though it is not a Capital Markets Services Licence holder.</u></li> </ul> </li> </ul>



<b>11(5)</b>	The term “property” has the meaning ascribed to it in Section 51 of the Capital Markets and Services Act.	<b>11(5)</b>	The term “property” has the meaning ascribed to it in Section <del>51</del> <u>117</u> of the Capital Markets and Services Act.
<b>11.1</b>	<p><b>Segregation of Client’s assets</b></p> <p>(1) If any money or property is deposited with, or are received by, a Trading Participant by a Client of that Trading Participant or is received by the Trading Participant for or on behalf of a Client of the Trading Participant in connection with–</p> <p>(a) dealing in derivatives effected or proposed to be effected, whether in Malaysia or elsewhere, by a Trading Participant; or</p> <p>(b) instructions by such client, whether in Malaysia or elsewhere, the Trading Participant must –</p> <p style="padding-left: 40px;">(i) in respect of monies, deposit the monies in an account or accounts of the Trading Participant designated as Clients’ Segregated Account kept and maintained within Malaysia or in the place where the monies was deposited with or received by the Trading Participant; or</p> <p style="padding-left: 40px;">(ii) in respect of property, deposit the property in safe custody within Malaysia or in the place where the property was deposited with or received by the Trading Participant, in such a manner that the property is segregated from property other than property deposited by the Trading Participant in safe custody under this Rule,</p> <p style="text-align: right;">no later than the next bank business day or such other day that may be specified by the Commission after the monies or</p>	<b>11.1</b>	<p><b>Segregation of Client’s assets</b></p> <p>(1) If any money or property is deposited with, or <del>are</del> received by, a Trading Participant by a Client of that Trading Participant or is received by the Trading Participant for or on behalf of a Client of the Trading Participant in connection with–</p> <p>(a) dealing in derivatives effected or proposed to be effected, whether in Malaysia or elsewhere, by a Trading Participant; or</p> <p>(b) instructions by such client, whether in Malaysia or elsewhere, the Trading Participant must –</p> <p style="padding-left: 40px;">(i) in respect of monies, deposit the monies in an account or accounts of the Trading Participant designated as Clients’ Segregated Account kept and maintained within Malaysia or in the place where the monies <del>was</del><u>were</u> deposited with or received by the Trading Participant; or</p> <p style="padding-left: 40px;">(ii) in respect of property, deposit the property in safe custody within Malaysia or in the place where the property was deposited with or received by the Trading Participant, in such a manner that the property is segregated from property other than property deposited by the Trading Participant in safe custody under this Rule,</p>



	<p>property is deposited with or received by the Trading Participant that is a day on which the amount or property can be deposited as first mentioned in paragraph 11.1(1)(b)(i) or (ii), as the case may be.</p> <p>(2) Without prejudice to the generality of paragraph 11.1(1) above, if in connection with trading in Contracts effected, whether within or outside Malaysia, by a Trading Participant, the Trading Participant receives from a person an amount of monies, some or all of which is attributable to dealing in derivatives so effected, whether within or outside Malaysia, on behalf of the Clients of the Trading Participant, the Trading Participant must, no later than the next bank business day or such other day that may be specified by the Commission on which the amount can be so deposited, deposit the amount in a Clients' Segregated Account of the Trading Participant kept and maintained in Malaysia or in the place where the Trading Participant receives the amount.</p> <p>(3) If, under this Rule, a Trading Participant deposits money in respect of a Client in a Clients' Segregated Account, the Trading Participant must not withdraw any of the money unless such withdrawal falls within the circumstances permitted under the Capital Markets and Services Act.</p>		<p>no later than the next bank business day or such other day that may be specified by the Commission after the monies or property is deposited with or received by the Trading Participant that is a day on which the amount or property can be deposited as first mentioned in paragraph 11.1(1)(b)(i) or (ii), as the case may be.</p> <p>(2) Without prejudice to the generality of paragraph 11.1(1) above, if in connection with trading in Contracts effected, whether within or outside Malaysia, by a Trading Participant, the Trading Participant receives from a person an amount of monies, some or all of which is attributable to dealing in derivatives so effected, whether within or outside Malaysia, on behalf of the Clients of the Trading Participant, the Trading Participant must, no later than the next bank business day or such other day that may be specified by the Commission on which the amount can be so deposited, deposit the amount in a Clients' Segregated Account of the Trading Participant kept and maintained in Malaysia or in the place where the Trading Participant receives the amount.</p> <p>(3) If, under this Rule, a Trading Participant deposits money in respect of a Client in a Clients' Segregated Account, the Trading Participant must not withdraw any of the money unless such withdrawal falls within the circumstances permitted under the Capital Markets and Services Act, <u>or in the case of a Remote Trading Participant, the Remote Trading Participant may additionally also withdraw the monies for the purpose of investing it on deposit at interest with a bank licensed, registered or approved by the relevant regulator in the Remote Trading Participant's home jurisdiction.</u></p> <p><u>(10) A Remote Trading Participant must comply with the requirements for Clients' Segregated Account under</u></p>
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			<u>Subdivision 3 of Division 4 of Part III – Treatment of client’s assets in respect of derivatives under the Capital Markets and Services Act even though it is not a Capital Markets Services Licence holder.</u>
<b>11.1(9)</b> )	Trading Participants are required to keep accounting records and any other records that are required by paragraph 11.1(8) to be kept by the Trading Participant in accordance with the provisions of section 108 of the Capital Markets and Services Act. Section 108 of the Capital Markets and Services Act applies as if those accounting records and other records were accounting records required by that section to be kept by the Trading Participant.	<b>11.1(9)</b>	Trading Participants are required to keep accounting records and any other records that are required by paragraph 11.1(8) to be kept by the Trading Participant in accordance with the provisions of section 108 of the Capital Markets and Services Act. <del>Section 108 of the Capital Markets and Services Act applies as if those accounting records and other records were accounting records required by that section to be kept by the Trading Participant.</del>
<b>11.3</b>	<b>Segregation of RR Security Deposit</b>  (1) A Trading Participant must segregate and safeguard the RR Security Deposit from:  (a) the Trading Participant’s assets and securities; and  (b) other assets the Trading Participant holds on behalf of the Trading Participant’s Clients.  (2) A Trading Participant must place all cash RR Security Deposits the Trading Participant receives in a trust account maintained with a Bank.	<b>11.3</b>	<b>Segregation of RR Security Deposit</b>  (1) A Trading Participant must segregate and safeguard the RR Security Deposit from:  (a) the Trading Participant’s assets and securities; and  (b) other assets the Trading Participant holds on behalf of the Trading Participant’s Clients.  (2) A Trading Participant must place all cash RR Security Deposits the Trading Participant receives in a trust account maintained with a Bank <u>or, a licensed bank registered or approved by the relevant regulator in the Remote Trading Participant’s home jurisdiction.</u>
<b>12.1</b>	<b>12.1 Eligibility criteria for Registered Representative</b>	<b>12.1</b>	<b>12.1 Eligibility criteria for Registered Representative</b>



	<p>A Trading Participant must ensure that a Registered Representative is able to fulfil the following criteria before the Registered Representative begins operating a Discretionary Account:</p> <p>(a) a minimum of 5 years' experience in dealing in derivatives; or</p> <p>(b) a minimum of 5 years' direct experience in fund management; and</p> <p>(c) no adverse findings or enforcement proceedings or actions commenced or taken against the Registered Representative under the Rules and Directives or Securities Laws.</p>		<p>A Trading Participant must ensure that a Registered Representative is able to fulfil the following criteria before the Registered Representative begins operating a Discretionary Account:</p> <p>(a) a minimum of 5 years' experience in dealing in derivatives; or</p> <p>(b) a minimum of 5 years' direct experience in fund management; and</p> <p>(c) no adverse findings or enforcement proceedings or actions commenced or taken against the Registered Representative under the Rules and Directives or Securities Laws. <u>Additionally, in relation to a Registered Representative appointed by a Remote Trading Participant, no adverse findings or enforcement proceedings or actions commenced or taken against the Registered Representative under the relevant home jurisdiction laws and regulatory requirements applicable to the Registered Representative.</u></p> <p>Proposed amendment in item (c) to cover situations where Registered Representatives of RTP may have adverse findings or enforcement proceedings or actions commenced or taken against them under their home jurisdiction laws.</p>
Appendix 2	Please see Annexure 2A.	Appendix 2	Please see Annexure 2A.
DIRECTIVE NO. 4.19-001 ON MEMORANDUM OF DEPOSIT			

**ANNEXURE 2**  
**Amendments to the BMD Directives in**  
**relation to the Introduction of Remote Trading Participant**



<b>Appendix 1</b>	<p>Dated this [ ] day of [ ] Year [ ]</p> <p>.....</p> <p>Common Seal or Signature Name: Designation of Authorised Signatory/ies(where it is a corporation):</p> <p>In the presence of, .....</p> <p>Signature Name: NRIC No:</p>	<b>Appendix 1</b>	<p>Dated this [ ] day of [ ] Year [ ]</p> <p>.....</p> <p>Common Seal or Signature Name: Designation of Authorised Signatory/ies(where it is a <u>C</u>orporation):</p> <p>In the presence of, .....</p> <p>Signature Name: NRIC No:</p>								
<b>DIRECTIVE NO. 6.25(1)-001 ON THE LIST OF SPECIFIED EXCHANGES</b>											
<b>1(1)</b>	<p>Rule 6.25(1)(b) states that a Participant must not trade in contracts on another exchange unless the other exchange has been prescribed as a Specified Exchange by the Exchange in relation to any or all of the approved classes of standardised derivatives as defined in Section 105(3)(b) of the Capital Markets and Services Act.</p>	<b>1(1)</b>	<p>Rule 6.25(1)(b) states that a Participant must not trade in <u>C</u>ontracts on another exchange unless the other exchange has been prescribed as a Specified Exchange by the Exchange in relation to any or all of the approved classes of standardised derivatives as defined in Section 105(3)(b) of the Capital Markets and Services Act.</p>								
<b>DIRECTIVE NO. 7-001: DIRECTIVE ON ACCOUNTING AND FINANCIAL REPORTING REQUIREMENTS</b>											
<b>Appendix 1</b>	<p>(9) <b>General rule</b></p> <p>A Trading Participant must prepare the Trading Participant's financial reporting statements in a form that is appropriate for the Trading Participant's business and in a manner that complies with the Companies Act and generally accepted accounting principles.</p>	<b>Appendix 1</b>	<p>(9) <b>General rule</b></p> <p>A Trading Participant must prepare the Trading Participant's financial reporting statements in a form that is appropriate for the Trading Participant's business and in a manner that complies with the Companies Act, <u>or in the case of a Remote Trading Participant, such corresponding laws in its home jurisdiction,</u> and generally accepted accounting principles.</p>								
<b>DIRECTIVE NO. 8-001: DIRECTIVE ON ADJUSTED NET CAPITAL</b>											
<b>1(2)</b>	<p>The following terms have the following meanings in this Directive unless the context requires otherwise.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 20%;"><b>Term</b></th> <th style="text-align: left;"><b>Meaning</b></th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	<b>Term</b>	<b>Meaning</b>			<b>1(2)</b>	<p>The following terms have the following meanings in this Directive unless the context requires otherwise.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 20%;"><b>Term</b></th> <th style="text-align: left;"><b>Meaning</b></th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	<b>Term</b>	<b>Meaning</b>		
<b>Term</b>	<b>Meaning</b>										
<b>Term</b>	<b>Meaning</b>										



	<p>Related Company</p> <p>Means any corporation:</p> <ul style="list-style-type: none"> <li>(i) in which the Trading Participant owns or effectively controls 20% or more of the issued share capital;</li> <li>(ii) which owns or effectively control 20% or more of the issued share capital of the Trading Participant;</li> <li>(iii) which effectively directs or has the ability to direct or indirectly influence the management policies of the Trading Participant;</li> <li>(iv) of which management policies the Trading Participant effectively directs or has the ability to directly or indirectly influence; (v) where one party holds or effectively controls 20% or more of the issued share capital of that corporation and simultaneously holds or effectively controls 20% or more of the issued share capital of the Trading Participant.</li> </ul>		<p>Related Company</p> <p>Means any <del>C</del>eorporation:</p> <ul style="list-style-type: none"> <li>(i) in which the Trading Participant owns or effectively controls 20% or more of the issued share capital;</li> <li>(ii) which owns or effectively control 20% or more of the issued share capital of the Trading Participant;</li> <li>(iii) which effectively directs or has the ability to direct or indirectly influence the management policies of the Trading Participant;</li> <li>(iv) of which management policies the Trading Participant effectively directs or has the ability to directly or indirectly influence;</li> <li>(v) where one party holds or effectively controls 20% or more of the issued share capital of that <del>C</del>eorporation and simultaneously holds or effectively controls 20% or more of the issued share capital of the Trading Participant.</li> </ul>
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<b>2.1</b>	<p><b>Permitted Assets</b></p> <p>(2) Permitted assets are cash and other assets which are commonly identified in accordance with generally accepted accounting principles prevailing as being current assets and are realisable for cash or collectible within 10 Business Days from the computation date, but must exclude:</p> <ul style="list-style-type: none"> <li>(a) all prepaid expenses and deferred charges;</li> <li>(b) all advances, loans and other receivables which are not secured except: <ul style="list-style-type: none"> <li>(i) brokerage, fees and commissions which have not been outstanding for longer than 10 Business Days from the due date;</li> <li>(ii) all dividends which have not been outstanding for longer than 10 Business Days from the payable date;</li> <li>(iii) receivables from the Clearing House but not including any asset lodged with the Clearing House in respect of contributions to the clearing fund or as security deposits;</li> <li>(iv) receivables from the Exchange;</li> <li>(v) receivables due in the ordinary course of business from a financial institution licensed by the Central Bank including interest due to be paid on the next Business Day but excluding any other accrued interest;</li> </ul> </li> </ul>	<b>2.1</b>	<p><b>Permitted Assets</b></p> <p>(2) Permitted assets are cash and other assets which are commonly identified in accordance with generally accepted accounting principles prevailing as being current assets and are realisable for cash or collectible within 10 Business Days from the computation date, but must exclude:</p> <ul style="list-style-type: none"> <li>(a) all prepaid expenses and deferred charges;</li> <li>(b) all advances, loans and other receivables which are not secured except: <ul style="list-style-type: none"> <li>(i) brokerage, fees and commissions which have not been outstanding for longer than 10 Business Days from the due date;</li> <li>(ii) all dividends which have not been outstanding for longer than 10 Business Days from the payable date;</li> <li>(iii) receivables from the Clearing House but not including any asset lodged with the Clearing House in respect of contributions to the clearing fund or as security deposits;</li> <li>(iv) receivables from the Exchange;</li> <li>(v) receivables due in the ordinary course of business from a financial institution licensed by the Central Bank <u>(or in the case of a Remote Trading Participant, additionally a financial institution licensed, registered or approved by the relevant regulator in the Remote Trading Participant's home</u></li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>(vi) receivables, other than fees, commission and brokerage, from other affiliates of the Clearing House;</li> <li>(vii) receivables from another clearing house approved by the Exchange;</li> <li>(viii) receivables resulting from the sale of inventories commonly associated with the business activities of the Trading Participants, which in the opinion of the Trading Participant's auditors, are good for collection; and</li> <li>(ix) such other amounts as may be determined by the Exchange;</li> </ul>		<p><u>jurisdiction</u>) including interest due to be paid on the next Business Day but excluding any other accrued interest;</p> <ul style="list-style-type: none"> <li>(vi) receivables, other than fees, commission and brokerage, from other affiliates of the Clearing House;</li> <li>(vii) receivables from another clearing house approved by the Exchange;</li> <li>(viii) receivables resulting from the sale of inventories commonly associated with the business activities of the Trading Participants, which in the opinion of the Trading Participant's auditors, are good for collection; and</li> <li>(ix) such other amounts as may be determined by the Exchange;</li> </ul>
<b>DIRECT MARKET ACCESS HANDBOOK</b>			
<b>1.2.3</b>	<p>1.2.3 Know Your Client ("KYC") Requirements</p> <p>The requirements to monitor and report suspicious transactions are set out under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001<sup>4</sup> and the Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries<sup>5</sup> issued by the Securities Commission Malaysia. In this respect, the DMA Participant must ensure that all reasonable steps are taken to ensure adherence to these KYC requirements. We recommend that all reasonable steps should be taken to accurately establish the DMA Client's business and financial background, and its' investment objectives. The DMA Participant should be assured of the</p>	<b>1.2.3</b>	<p>1.2.3 Know Your Client ("KYC") Requirements</p> <p>The requirements to monitor and report suspicious transactions are set out under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001<sup>4</sup>, <u>and the Guidelines on Prevention of Money Laundering and Terrorism Financing for <del>Capital Market Intermediaries</del> Reporting Institutions in the Capital Market<sup>5</sup> and the Guidelines on Implementation of Targeted Financial Sanctions relating to Proliferation Financing for Capital Market Intermediaries<sup>6</sup></u> issued by the Securities Commission Malaysia <u>(or in the case of a Remote Trading Participant, the equivalent laws and requirements on anti-money laundering, counter- terrorism and proliferation financing</u></p>



	<p>financial probity of the DMA Client and that it has sufficient financial resources to meet its obligations.</p> <p>Enhanced CDD should be undertaken for clients with higher risk profiles, whilst simplified CDD may be conducted for clients with lower risk profiles e.g. regulated entities. The KYC measures undertaken in relation to eligibility requirements for DMA Clients should be reviewed regularly, at least on an annual basis. Suggested and recommended data to be obtained for simplified or enhanced CDD are as follows:</p> <p><sup>4</sup> <a href="http://www.parlimen.gov.my/actindexbi/pdf/ACT-613.pdf">http://www.parlimen.gov.my/actindexbi/pdf/ACT-613.pdf</a>  <sup>5</sup> Revised edition issued in December 2016  <a href="http://www.sc.com.my/eng/html/resources/guidelines/2007%20AMLA-GL%20Final_1.pdf">http://www.sc.com.my/eng/html/resources/guidelines/2007%20AMLA-GL%20Final_1.pdf</a></p>	<p><u>in its home jurisdiction</u>). In this respect, the DMA Participant must ensure that all reasonable steps are taken to ensure adherence to these KYC requirements.</p> <p>We recommend that all reasonable steps should be taken to accurately establish the DMA Client's business and financial background, and its' investment objectives. The DMA Participant should be assured of the financial probity of the DMA Client and that it has sufficient financial resources to meet its obligations.</p> <p>Enhanced CDD should be undertaken for clients with higher risk profiles, whilst simplified CDD may be conducted for clients with lower risk profiles e.g. regulated entities. The KYC measures undertaken in relation to eligibility requirements for DMA Clients should be reviewed regularly, at least on an annual basis. Suggested and recommended data to be obtained for simplified or enhanced CDD are as follows:</p> <p><sup>4</sup> <a href="http://www.parlimen.gov.my/actindexbi/pdf/ACT-613.pdf">http://www.parlimen.gov.my/actindexbi/pdf/ACT-613.pdf</a>  <a href="https://amlcft.bnm.gov.my/document/Act%20613.pdf">https://amlcft.bnm.gov.my/document/Act%20613.pdf</a>  <sup>5</sup> Revised edition issued in December 2016  <a href="http://www.sc.com.my/eng/html/resources/guidelines/2007%20AMLA-GL%20Final_1.pdf">http://www.sc.com.my/eng/html/resources/guidelines/2007%20AMLA-GL%20Final_1.pdf</a> on 26 April 2021  <a href="https://www.sc.com.my/api/documentms/download.ashx?id=b682d829-38bc-4827-b48d-022726d75a17">https://www.sc.com.my/api/documentms/download.ashx?id=b682d829-38bc-4827-b48d-022726d75a17</a>  <sup>6</sup> <a href="https://www.sc.com.my/api/documentms/download.ashx?id=00470125-f15c-4b3e-8edb-f17c38560c51">https://www.sc.com.my/api/documentms/download.ashx?id=00470125-f15c-4b3e-8edb-f17c38560c51</a></p>
2	<p><b>DMA Participant Internal Control Requirements</b></p> <p>The DMA Participant shall have written policies and procedures and comply with the following internal control requirements in relation to the provision of connectivity to DMA Clients.</p> <p><b>2.1 Internal Controls: Areas of Focus for DMA Participants</b></p> <p>Whilst the fundamental requirements of effective internal control as set out in the Guidelines for Compliance Functions<sup>6</sup> remain relevant for all</p>	<p><b>DMA Participant Internal Control Requirements</b></p> <p>The DMA Participant shall have written policies and procedures and comply with the following internal control requirements in relation to the provision of connectivity to DMA Clients.</p> <p><b>2.1 Internal Controls: Areas of Focus for DMA Participants</b></p> <p>Whilst the fundamental requirements of effective internal control as set out in the Guidelines for Compliance Functions <u>for Trading</u></p>

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	<p>TPs regardless of the medium of communication or delivery, there are a few critical internal control areas in relation to DMA trading that the DMA Participant should focus on:</p> <p><sup>6</sup> The Guidelines for Compliance Functions is prescribed in the Directive No. 3.36-001 (Directives for Compliance Officers).</p>	<p><u>Participants</u><sup>6</sup> remain relevant for all <u>Trading Participant</u>s regardless of the medium of communication or delivery, there are a few critical internal control areas in relation to DMA trading that the DMA Participant should focus on:</p> <p><sup>6</sup> The Guidelines for Compliance Functions <u>for Trading Participants</u> <del>are</del> prescribed in the Directive No. 3.36-001 (Directives <del>for on</del> <u>Compliance-Officers Function</u>).</p>
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**ANNEXURE 2A**

**APPENDIX 2**

~~RISK ASSOCIATED WITH CONTRACTS~~

~~All Trading Participants must furnish to all clients a document containing at minimum the terms prescribed in the following Risk Disclosure Statement.~~

~~This brief statement does not disclose all of the risks and other significant aspects of trading in Contracts. In light of the risks, you should undertake such transactions only if you understand the nature of the Contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in Contracts is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.~~

~~**RISKS ASSOCIATED WITH CONTRACTS**~~

~~**1. Effect of “Leverage” or “Gearing”**~~

~~Transactions in Contracts carry a high degree of risk. The amount of initial margin is small relative to the value of a Contract so that transactions are “leveraged” or “geared”. A relatively small market movement will have proportionately larger impact on the funds you have deposited or will have to deposit – this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the Trading Participant to maintain your position. If the market moves against your position or margin levels are increased you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss as you will be liable for any resulting deficit.~~



## ~~2. Risk-reducing Orders or Strategies~~

~~The placing of certain orders (e.g. “stop-loss” orders, where permitted under the business rules of an exchange company) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as “spread” and “straddle” positions may be as risky as taking simple “long” or “short” positions.~~

## ~~3. Terms and Conditions of Contracts~~

~~You should ask the Trading Participant with which you deal about the terms and conditions of the specific Contracts which you are trading and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying instrument of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the Exchange or clearing house to reflect changes in the underlying instrument or state of affairs that is the subject of the futures contract.~~

## ~~4. Suspension or Restriction of Trading and Pricing Relationship~~

~~Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or “circuit breakers”) may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.~~

~~Further, normal pricing relationships between the underlying that is the subject of a futures contract and the futures contract, may not exist. This can occur when, for example, the absence of an underlying reference price may make it difficult to judge “fair” value.~~



**5. — Deposited Cash and Securities**

~~You should familiarise yourself with the protections accorded to money or other securities you deposit, particularly in the event of a Trading Participant's insolvency or bankruptcy. The extent to which you may recover your money or securities may be governed by specific legislation.~~

**6. — Commission and Other Charges**

~~Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increases your loss.~~

**7. — Currency Risks**

~~The profit or loss in transactions in foreign currency-denominated contracts will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.~~

**8. — Trading Facilities**

~~Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or Trading Participants. Such limits may vary – you should ask the Trading Participant with which you deal for details in this respect.~~

**9. — Electronic Trading**



~~Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.~~

### ~~ADDITIONAL RISKS ASSOCIATED WITH OPTIONS~~

#### ~~10. Variable Degree of Risk~~

~~Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.~~

~~The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying instrument. If the option is on a futures contract, the purchaser will acquire a long position or short position (as the case may be) in relation to the futures contract, with associated liabilities for margin. If the purchased options expire worthless, you will suffer a total loss of your investment (which is the option premium) in addition to incurring transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.~~

~~Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by a seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying instrument. If the option is on a futures contract, the seller will acquire a position in the futures contract with associated liabilities for margin. If the~~



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~~option is "covered", for example by the seller assuming a corresponding long position in the underlying that is the subject of the option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.~~

~~I hereby acknowledge that I have received and understood this risk disclosure statement.~~

~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
Date \_\_\_\_\_ Signature of Client

End of Document



~~(End of Appendix 2) [Deleted]~~

*[End of Amendments to BMD Directives]*