

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES CLEARING BERHAD (“BMDC RULES”) IN RELATION TO THE INTRODUCTION OF REMOTE TRADING PARTICIPANTS IN BURSA MALAYSIA DERIVATIVES BERHAD**

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS				
1.01	New provision	1.01	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;"><u>Home Derivatives Exchange</u></td> <td style="width: 50%;"><u>Has the same meaning as in the Exchange Rules.</u></td> </tr> </table>	<u>Home Derivatives Exchange</u>	<u>Has the same meaning as in the Exchange Rules.</u>		
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2.14	<b>Disclosure of information regarding Clearing Participants</b>  (1) The Clearing House may, where it considers appropriate, publish or disclose information regarding its Clearing Participants and their activities to the following persons:  (a) the Commission;	2.14	<b>Disclosure of information regarding Clearing Participants</b>  (1) The Clearing House may, where it considers appropriate, publish or disclose information regarding its Clearing Participants and their activities to the following persons:				

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	<p>(b) the Exchange;</p> <p>(c) a central depository established pursuant to the Securities Industry (Central Depositories) Act 1991;</p> <p>(d) a clearing house approved under the Act;</p> <p>(e) any other statutory body, governmental agency or regulatory authority;</p> <p>(f) the Clearing Participants; and</p> <p>(g) any person if the Clearing House feels that such disclosure is in the general interest of the Clearing House or its Clearing Participant or is necessary or desirable for the proper performance of the Clearing House's functions.</p> <p>(2) For the purposes of this Rule, the information that the Clearing House may publish or disclose includes:</p> <p>(a) all information or documents relating to transactions in respect of any contract traded on the Approved Market or any transactions cleared through the Clearing House or relating to any Clearing Participant or Client in respect of such contract or transaction; or</p> <p>(b) any action taken against a Clearing Participant or Registered Person by the Clearing House under these Rules.</p>		<p>(a) the Commission;</p> <p>(b) the Exchange;</p> <p>(c) a central depository established pursuant to the Securities Industry (Central Depositories) Act 1991;</p> <p>(d) a clearing house approved under the Act;</p> <p>(e) any other statutory body, governmental agency or regulatory authority, <u>including any Home Derivatives Exchange or Home Regulator of a Remote Trading Participant</u>;</p> <p>(f) the Clearing Participants; and</p> <p>(g) any person if the Clearing House feels that such disclosure is in the general interest of the Clearing House or its Clearing Participant or is necessary or desirable for the proper performance of the Clearing House's functions.</p> <p>(2) For the purposes of this Rule, the information that the Clearing House may publish or disclose includes:</p> <p>(a) all information or documents relating to transactions in respect of any contract traded on the Approved Market or any transactions cleared through the Clearing House or relating to any Clearing Participant or Client in respect of such contract or transaction; or</p> <p>(b) any action taken against a Clearing Participant or Registered Person by the Clearing House under these Rules.</p>
6.21	<b>Position and Exercise Limits</b>	6.21	<b>Position and Exercise Limits</b>

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<p>(1) The Clearing House may determine the limits on the Open Positions which may be held or controlled by any Client or Clearing Participant in any Derivatives (“position limits”) or number of Options that can be exercised by any Client or Clearing Participant (“exercise limits”).</p> <p>(2) A Clearing Participant must ensure that the position limits and exercise limits, which are applicable to any Client or Clearing Participant are adhered to at all times.</p> <p>(3) The Clearing House may, in circumstances it deems fit, grant such exemption, modification or variation in relation to the position limits or exercise limits, as the case may be, subject to such terms and conditions prescribed by the Clearing House.</p> <p>(4) A Clearing House may establish reporting levels on the Open Positions held, by any Client or a Clearing Participant and may require daily (or other periodic) reports from Clearing Participants on the amount of Open Positions held by, any Client or the Clearing Participant. The Clearing House may require reports even if the amount of Open Positions held, is below the reporting levels prescribed by the Clearing House.</p> <p>(5) A Clearing Participant must report promptly to the Clearing House any instance in which the Clearing Participant has reason to believe that it has exceeded or a Client or another Clearing Participant, acting alone or in concert with others, has exceeded or is attempting to exceed any of the limits referred to in Rule 6.21(1) above.</p> <p>(6) For the avoidance of any doubt, the Clearing Participant must clear and settle all Open Contracts including those Open Contracts which result in the Client or the Clearing Participant breaching the position limits or exercise limits referred to in this Rule 6.21.</p>	<p>(1) The Clearing House may determine the limits on the Open Positions which may be held or controlled by any Client or Clearing Participant in any Derivatives (“position limits”) or number of Options that can be exercised by any Client or Clearing Participant (“exercise limits”).</p> <p>(2) A Clearing Participant must ensure that the position limits and exercise limits, which are applicable to any Client or Clearing Participant are adhered to at all times.</p> <p>(3) The Clearing House may, in circumstances it deems fit, grant such exemption, modification or variation in relation to the position limits or exercise limits, as the case may be, subject to such terms and conditions prescribed by the Clearing House.</p> <p>(4) A Clearing House may establish reporting levels on the Open Positions held, by any Client or a Clearing Participant and may require daily (or other periodic) reports from Clearing Participants on the amount of Open Positions held by, any Client or the Clearing Participant. The Clearing House may require reports even if the amount of Open Positions held, is below the reporting levels prescribed by the Clearing House.</p> <p>(5) A Clearing Participant must report promptly to the Clearing House any instance in which the Clearing Participant has reason to believe that it has exceeded or a Client or another Clearing Participant, acting alone or in concert with others, has exceeded or is attempting to exceed any of the limits referred to in Rule 6.21(1) above.</p>
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<p>(7) For the purposes of determining whether a person is in 'control' of another person, the following apply:</p> <p>(a) a person is deemed to have control of another person:</p> <p>(i) where the first person, or any related company or companies of the first person, directly or indirectly by any means whatever, holds or beneficially owns 15% or more of the issued or paid up capital or of the voting power of the other person or of a third person which has control (in terms of this definition) of that other person; or</p> <p>(ii) where a partner or director of the first person or of any related company of the first person is also a partner or director of the other person; or</p> <p>(iii) where by reason of any contract, agreement or arrangement of any nature, whether legally enforceable or not, the first person effectively controls the management, or 15% or more of the voting power, of the other person, or is entitled to nominate or appoint one or more directors of the other person.</p> <p>(b) notwithstanding Rule 6.21(7)(a) above, for purposes of determining the control of Open Positions under Rule 6.21, a person will not be deemed to be in control of another person's Open Positions if both persons:</p> <p>(i) do not have knowledge of one another's trading decisions;</p> <p>(ii) trade pursuant to separately developed and independent trading strategies;</p> <p>(iii) have and enforce written procedures which preclude each from having knowledge of, gaining access to, or receiving data concerning, the trades of the</p>	<p>(6) For the avoidance of any doubt, the Clearing Participant must clear and settle all Open Contracts including those Open Contracts which result in the Client or the Clearing Participant breaching the position limits or exercise limits referred to in this Rule 6.21.</p> <p>(7) For the purposes of determining whether a person is in 'control' of another person, the following apply:</p> <p>(a) a person is deemed to have control of another person:</p> <p>(i) where the first person, or any related <del>company</del> <u>corporation</u> or <del>companies</del> <u>corporations</u> of the first person, directly or indirectly by any means whatever, holds or beneficially owns 15% or more of the issued or paid up capital or of the voting power of the other person or of a third person which has control (in terms of this definition) of that other person; or</p> <p>(ii) where a partner or director of the first person or of any related <del>company</del> <u>corporation</u> of the first person is also a partner or director of the other person; or</p> <p>(iii) where by reason of any contract, agreement or arrangement of any nature, whether legally enforceable or not, the first person effectively controls the management, or 15% or more of the voting power, of the other person, or is entitled to</p>
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	<p>other. Such procedures must include document routing and other procedures or security arrangements which would maintain the independence of their activities; and</p> <p>(iv) do not share personnel in control of the respective trading decisions.</p> <p><i>[Refer to Directive No. 6-001]</i></p>		<p>nominate or appoint one or more directors of the other person.</p> <p>(b) notwithstanding Rule 6.21(7)(a) above, for purposes of determining the control of Open Positions under Rule 6.21, a person will not be deemed to be in control of another person's Open Positions if both persons:</p> <p>(i) do not have knowledge of one another's trading decisions;</p> <p>(ii) trade pursuant to separately developed and independent trading strategies;</p> <p>(iii) have and enforce written procedures which preclude each from having knowledge of, gaining access to, or receiving data concerning, the trades of the other. Such procedures must include document routing and other procedures or security arrangements which would maintain the independence of their activities; and</p> <p>(iv) do not share personnel in control of the respective trading decisions.</p> <p><i>[Refer to Directive No. 6-001]</i></p>
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*[End of Amendments to BMDC Rules]*

**AMENDMENTS TO THE DIRECTIVES OF BURSA MALAYSIA DERIVATIVES CLEARING BERHAD (“BMDC DIRECTIVES”) IN  
RELATION TO THE INTRODUCTION OF REMOTE TRADING PARTICIPANTS IN BURSA MALAYSIA DERIVATIVES BERHAD**

PARA	EXISTING PROVISIONS	PARA	AMENDED PROVISIONS
	<b>Directive No. 4-001: Directive on the Conduct of Business</b>		
<b>7.1</b>	<p><b>Authentication of account opening application for individual Client</b></p> <p>(1) A General Clearing Participant must take all reasonable steps to verify, by reliable means, the potential Client’s identity and the authenticity of the application before a General Clearing Participant opens an account for such person.</p> <p>(2) A General Clearing Participant must comply with the following in verifying the potential Client’s identity and the authenticity of the application:</p> <p>(a) where such person appears in person before the General Clearing Participant to submit the application, the General Clearing Participant must ensure that such person signs the account opening application form in the presence of an officer authorised by the General Clearing Participant, and the officer verifies the person’s identity and the authenticity of the application;</p> <p>(b) where such person does not appear in person before the Clearing Participant to submit the application, the General Clearing Participant must, as the case may be,</p> <p>(i) ensure that the account opening application form is signed in the presence of an Acceptable Witness as referred to in paragraph 7.1(3) of this Directive and the Acceptable Witness has verified the potential Client’s identity and the authenticity of the application; or</p> <p>(ii) where such form is not signed in the presence of an Acceptable Witness, take any of the steps set out in paragraph 7.1(4) to verify the potential</p>	<b>7.1</b>	<p><b>Authentication of account opening application for individual Client</b></p> <p>(1) A General Clearing Participant must take all reasonable steps to verify, by reliable means, the potential Client’s identity and the authenticity of the application before a General Clearing Participant opens an account for such person.</p> <p>(2) A General Clearing Participant must comply with the following in verifying the potential Client’s identity and the authenticity of the application:</p> <p>(a) where such person appears in person before the General Clearing Participant to submit the application, the General Clearing Participant must ensure that such person signs the account opening application form in the presence of an officer authorised by the General Clearing Participant, and the officer verifies the person’s identity and the authenticity of the application;</p> <p>(b) where such person does not appear in person before the Clearing Participant to submit the application, the General Clearing Participant must, as the case may be,</p> <p>(i) ensure that the account opening application form is signed in the presence of an Acceptable Witness as referred to in paragraph 7.1(3) of this Directive and the Acceptable Witness has verified the potential Client’s identity and the authenticity of the application; or</p> <p>(ii) where such form is not signed in the presence of an Acceptable Witness, take any of the steps set out in paragraph 7.1(4) to verify the potential Client’s identity and the authenticity of the application (“Non Face-to-face Verification”).</p>

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	<p>Client's identity and the authenticity of the application ("Non Face-to-face Verification").</p> <p>(3) Pursuant to paragraph 7.1(2)(b)(i), the potential Client's identity and the authenticity of the application must be verified by any of the following persons ("Acceptable Witnesses"):</p> <p>(a) an officer authorised by the General Clearing Participant;</p> <p>(b) an authorised officer of a Malaysian Embassy or High Commission Consulate;</p> <p>(c) a lawyer in any jurisdiction who has a valid license to practice law in that jurisdiction;</p> <p>(d) a commissioner for oaths in any jurisdiction;</p> <p>(e) a Justice of the Peace in any jurisdiction;</p> <p>(f) a notary public in any jurisdiction;</p> <p>(g) an officer of a registered person referred to under the third column of Items 1(b) and 5 of Part 1 of Schedule 4 to the Act, who is authorised 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 the Financial Services Act 2013; or</p> <p>(ii) an Islamic bank as licensed under the Islamic Financial Services act 2013, and with which the potential Client holds an account;</p> <p>(i) in relation to a Trading Participant which trades on the Specified Exchange, any person authorised by such Trading Participant, or</p>	<p>(3) Pursuant to paragraph 7.1(2)(b)(i), the potential Client's identity and the authenticity of the application must be verified by any of the following persons ("Acceptable Witnesses"):</p> <p>(a) an officer authorised by the General Clearing Participant;</p> <p>(b) an authorised officer of a Malaysian Embassy or High Commission Consulate;</p> <p>(c) a lawyer in any jurisdiction who has a valid license to practice law in that jurisdiction;</p> <p>(d) a commissioner for oaths in any jurisdiction;</p> <p>(e) a Justice of the Peace in any jurisdiction;</p> <p>(f) a notary public in any jurisdiction;</p> <p>(g) an officer of a registered person referred to under the third column of Items 1(b) and 5 of Part 1 of Schedule 4 to the Act, who is authorised 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 the Financial Services Act 2013; or</p> <p>(ii) an Islamic bank as licensed under the Islamic Financial Services act 2013, and with which the potential Client holds an account;</p> <p>(i) in relation to a Trading Participant which trades on the Specified Exchange, any person authorised by such Trading Participant, or</p> <p>(j) such other person as may be approved by the Clearing House from time to time provided that notification of such approval is forwarded to the Commission within 3 Business Days from the date of such approval.</p>
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<p>(j) such other person as may be approved by the Clearing House from time to time provided that notification of such approval is forwarded to the Commission within 3 Business Days from the date of such approval.</p> <p>(4) In conducting a Non Face-to-face Verification, a General Clearing Participant must verify the potential Client's identity and the authenticity of the application through 1 or more of the following methods:</p> <p>(a) obtain confirmation of the potential Client's identity from an independent source, for example, by contacting the human resources department of such person's employer on a listed business number to confirm his employment;</p> <p>(b) receive and encash a personal cheque of the potential Client for an amount of not less than RM100, where the name appearing on the cheque and the signature of such person on the cheque must match the name and signature of such person in the account opening application form;</p> <p>(c) initiate contact with the potential Client through video conference or a video recording of the person;</p> <p>(d) obtain confirmation of the potential Client's identity and relevant details of such person from another entity within the General Clearing 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 person's identity in accordance with such entity's standard operating procedures and ensure that the details of the person obtained from such other entity match the information in the person's account opening application form;</p>	<p>(4) In conducting a Non Face-to-face Verification, a General Clearing Participant must verify the potential Client's identity and the authenticity of the application through 1 or more of the following methods:</p> <p>(a) obtain confirmation of the potential Client's identity from an independent source, for example, by contacting the human resources department of such person's employer on a listed business number to confirm his employment;</p> <p>(b) receive and encash a personal cheque of the potential Client for an amount of not less than RM100, where the name appearing on the cheque and the signature of such person on the cheque must match the name and signature of such person in the account opening application form;</p> <p>(c) initiate contact with the potential Client through video conference or a video recording of the person;</p> <p>(d) obtain confirmation of the potential Client's identity and relevant details of such person from another entity within the General Clearing 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 person's identity in accordance with such entity's standard operating procedures and ensure that the details of the person obtained from such other entity match the information in the person's account opening application form;</p> <p>(e) request the potential Client to make a nominal payment to the General Clearing 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 or the General Clearing Participant transfers a nominal sum into the potential Client's account; or</p>
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<p>(e) request the potential Client to make a nominal payment to the General Clearing 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 or the General Clearing Participant transfers a nominal sum into the potential Client's account; or</p> <p>(f) use any other technology solution to verify the identity of the potential Client including, but not limited to, biometric technologies, which is able to verify such person's identity effectively.</p> <p>(5) In relation to paragraph 7.1(4), a General Clearing Participant must be satisfied that it is reasonable for the General Clearing Participant to rely on the methods for Non Face-to-face Verification.</p> <p>(6) A General Clearing Participant must require the potential Client to be present in person before the General Clearing Participant in relation to the opening of an account or for the potential Client's account opening application form to be signed in the presence of an Acceptable Witness if:</p> <p>(a) the General Clearing Participant is not satisfied that it is reasonable for the General Clearing Participant to rely on the methods for Non Face-to-face Verification;</p> <p>(b) the General Clearing Participant is unable to conduct Non Face-to-face Verification through any of the methods stated in paragraph 7.1(4) to its satisfaction;</p> <p>(c) the General Clearing Participant is of the view that the potential Client's identity and the authenticity of the application cannot be reasonably established through Non Face-to-face Verification conducted or intended to be conducted on such person; or</p>	<p>(f) use any other technology solution to verify the identity of the potential Client including, but not limited to, biometric technologies, which is able to verify such person's identity effectively.</p> <p>(5) In relation to paragraph 7.1(4), a General Clearing Participant must be satisfied that it is reasonable for the General Clearing Participant to rely on the methods for Non Face-to-face Verification.</p> <p>(6) A General Clearing Participant must require the potential Client to be present in person before the General Clearing Participant in relation to the opening of an account or for the potential Client's account opening application form to be signed in the presence of an Acceptable Witness if:</p> <p>(a) the General Clearing Participant is not satisfied that it is reasonable for the General Clearing Participant to rely on the methods for Non Face-to-face Verification;</p> <p>(b) the General Clearing Participant is unable to conduct Non Face-to-face Verification through any of the methods stated in paragraph 7.1(4) to its satisfaction;</p> <p>(c) the General Clearing Participant is of the view that the potential Client's identity and the authenticity of the application cannot be reasonably established through Non Face-to-face Verification conducted or intended to be conducted on such person; or</p> <p>(d) the potential 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 <a href="#"><u>Capital Market Intermediaries Reporting Institutions in the Capital Market and Guidelines on Implementation of Targeted Financial Sanctions relating to Proliferation Financing for Capital Market Intermediaries.</u></a></p>
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	<p>(d) the potential 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.</p>		
<b>Directive No. 6-001: Directive on Limits on Open Positions</b>			
<b>1.1</b>	<p><b>Position limits for Clearing Participants</b></p> <p>(1) A Client or Clearing Participant acting alone or in concert with others, must not directly or indirectly hold or control Open Positions in Derivatives in excess of the Specified Position Limits.</p> <p>(2) For purposes of Options, the limits stated are in relation to Open Positions net on the same side of the Market. A long Call, a short Put and a long underlying Futures Contract are taken as being on the same side of the Market; similarly a short Call, a long Put and a short underlying Futures Contract are taken as being on the same side of the Market.</p> <p>(3) For purposes of Futures Contracts, the limits stated are in relation to Open Positions net long or net short.</p> <p>(4) If a Client or a Clearing Participant holds or controls a combination of a futures contract and an option with the futures contract as the underlying Instrument, the Client or Clearing Participant must comply with the position limits for such option, as stated in Appendix 1 of this Directive.</p> <p>(5) For instance, if a Client or a Clearing Participant holds or controls a combination of Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts and Options on Ringgit Malaysia Denominated Crude Palm Oil Futures, the Client or Clearing Participant must</p>	<b>1.1</b>	<p><b>Position limits for Clearing Participants</b></p> <p>(1) A Client or Clearing Participant acting alone or in concert with others, must not directly or indirectly hold or control Open Positions in Derivatives in excess of the Specified Position Limits.</p> <p>(2) For purposes of Options, the limits stated are in relation to Open Positions net on the same side of the Market. A long Call, a short Put and a long underlying Futures Contract are taken as being on the same side of the Market; similarly a short Call, a long Put and a short underlying Futures Contract are taken as being on the same side of the Market.</p> <p>(3) For purposes of Futures Contracts, the limits stated are in relation to Open Positions net long or net short.</p> <p>(4) If a Client or a Clearing Participant holds or controls a combination of a futures contract and an option with the futures contract as the underlying Instrument, the Client or Clearing Participant must comply with the position limits for such option, as stated in Appendix 1 of this Directive.</p> <p>(5) For instance, if a Client or a Clearing Participant holds or controls a combination of Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts and Options on Ringgit Malaysia Denominated Crude Palm Oil Futures, the Client or Clearing Participant must comply with the position limits stated for Options on Ringgit Malaysia Denominated Crude Palm Oil Futures.</p> <p>(6) In ensuring that the Specified Position Limits which are applicable to a Client are adhered to at all times, the Clearing Participant must,</p>

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	<p>comply with the position limits stated for Options on Ringgit Malaysia Denominated Crude Palm Oil Futures.</p> <p>(6) In ensuring that the Specified Position Limits which are applicable to a Client are adhered to at all times, the Clearing Participant must, where applicable, notify the relevant Trading Participant to limit trading of the relevant Derivatives for that Client to liquidation only.</p> <p>(7) Notwithstanding any provision contained in these Rules, a Clearing Participant who is in breach of the relevant position limits in respect of its proprietary account must take immediate steps to close out such number of Open Positions required in order to be in compliance with the Specified Position Limits. The Clearing House may take any other action deemed appropriate in the circumstances.</p>		<p>where applicable, notify the relevant Trading Participant to limit trading of the relevant Derivatives for that Client to liquidation only.</p> <p>(7) Notwithstanding any provision contained in these Rules, a Clearing Participant who is in breach of the relevant position limits in respect of its proprietary account must take immediate steps to close out such number of Open Positions required in order to be in compliance with the Specified Position Limits. The Clearing House may take any other action deemed appropriate in the circumstances.</p> <p><u>(8) Where the Clearing Participant has entered into a clearing arrangement pursuant to Rule 6.22 with a Trading Participant that conducts agency business and has maintained a segregated account for the Trading Participant's client, "Client" where mentioned in paragraph 1.1 means the Underlying Client for the purpose of calculating the position limits.</u></p>
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*[End of Amendments to BMDC Directives]*