

BURSA MALAYSIA DERIVATIVES BERHAD

Date: 1 March 2024

Trading Participant Circular: 7/2024

AMENDMENTS TO THE RULES AND DIRECTIVE OF BURSA MALAYSIA DERIVATIVES BERHAD (“BMD RULES AND DIRECTIVE”) IN RELATION TO THE INTRODUCTION OF BURSA MALAYSIA DALIAN COMMODITY EXCHANGE (“DCE”) SOYBEAN OIL FUTURES CONTRACT (“FSOY”)

1. INTRODUCTION

- 1.1 Bursa Malaysia Derivatives Berhad (“**BMD**” or the “**Exchange**”) is launching FSOY, a product developed from the collaboration between DCE and BMD. FSOY is the Exchange’s first soybean oil contract, after considering the international demand for soybean oil as the world’s second most consumed vegetable oil after palm oil.
- 1.2 The Exchange expects to meet the following goals with the introduction of FSOY:
- (a) provide an alternative avenue to trade a soybean oil futures settled based on the DCE Soybean Oil Futures Contract’s price, especially for international market participants who do not have direct access to trade the DCE Soybean Oil Futures Contract on DCE. This will in turn increase the global presence of the Exchange;
 - (b) diversify BMD’s product offering for commodity derivatives; and
 - (c) provide market participants an opportunity to arbitrage between the contracts for soybean oil and palm oil.
- 1.3 The amendments have been approved by the Securities Commission Malaysia pursuant to section 9 of the Capital Markets and Services Act 2007 and are further explained in paragraphs 2 to 4 below.

2. AMENDMENTS TO THE BMD RULES

- 2.1 The BMD Rules have been amended to specify the contract specifications of FSOY as set out in item 1.06 of Schedule 1 of the BMD Rules. The amendments include the following specification:
- (a) contract unit is 25 metric tons;
 - (b) minimum price fluctuation is USD 0.25 per metric ton;
 - (c) settlement is by cash settlement based on the final settlement value; and
 - (d) final settlement value is derived from the DCE Soybean Oil Futures Contract’s delivery settlement price.
- 2.2 The detailed amendments to the BMD Rules are as set out in **Annexure 1**.

3. AMENDMENTS TO THE BMD DIRECTIVE

- 3.1 The BMD Directive has been amended to include the following position limits for FSOY:
- (a) 800 contracts for spot month;
 - (b) 8,000 contracts for any one contract month except for spot month; and

(c) 8,000 contracts for all contract months combined.

3.2 The detailed amendments to the BMD Directive are as set out in **Annexure 2**.

4. AMENDMENTS TO THE TRADING PARTICIPANTS’ TRADING MANUAL (“TRADING MANUAL”)

4.1 The Trading Manual has also been amended to reflect the FSOY contract specifications and related fees.

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

5. EFFECTIVE DATE

The amendments to the BMD Rules and Directive, and the amendments to the Trading Manual, as set out in paragraphs 2 to 4 above, will take effect from **18 March 2024**.

6. CONTACT PERSONS

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

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