

BURSA MALAYSIA DERIVATIVES BERHAD

Date : 27 June 2018

Trading Participant Circular : 13/2018

AMENDMENTS TO:

1. **GUIDELINE 2.1.1 ON STATEMENT OF ADJUSTED NET CAPITAL;**
2. **GUIDELINE 2.2.1 ON STATEMENT OF FINANCIAL CONDITION;**
3. **GUIDELINE 2.2.2 ON STATEMENT OF INCOME/(LOSS);**
4. **GUIDELINE 2.4.1 ON STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION FOR CLIENTS TRADING ON MALAYSIAN AND FOREIGN EXCHANGES; AND**
5. **DIRECTIVES ON SUBMISSION OF PERIODIC REPORTS BY TRADING PARTICIPANTS TO THE EXCHANGE (TRADING PARTICIPANT CIRCULAR NO. 7/2007),**

CONSEQUENTIAL TO THE ISSUANCE OF THE SECURITIES COMMISSION MALAYSIA'S GUIDELINES ON CONTRACTS FOR DIFFERENCE ("GUIDELINES")

1. INTRODUCTION

- 1.1 The Securities Commission Malaysia has on 6 April 2018 issued the Guidelines on Contracts for Difference. The Guidelines, which become effective on 1 July 2018, provide a regulatory framework for over-the-counter contracts for difference ("**CFD**") in Malaysia.
- 1.2 CFD may be offered by the Trading Participants to their clients and hence, the financial ratios of the Trading Participants, which indicate their overall business exposure, should include CFD to better reflect their financial position and level of risk.
- 1.3 Pursuant to the above, Bursa Malaysia Derivatives Berhad ("**the Exchange**") has deleted Guidelines 2.1.1, 2.2.1, 2.2.2 and 2.4.1 of the Rules of Bursa Derivatives Malaysia Berhad ("**Rules of Bursa Malaysia Derivatives**"), and reissued the directives in Trading Participant Circular No. 7/2007 as Directive No. 401.4(k)-002 (Directives on Submission of Periodic Reports) to facilitate the inclusion of CFD in the reporting of the financial requirements.
- 1.4 The amendments are detailed in paragraphs 2 and 3 below.

2. AMENDMENTS TO THE GUIDELINES

- 2.1 The Exchange has deleted Guidelines 2.1.1, 2.2.1, 2.2.2 and 2.4.1 of the Rules of Bursa Malaysia Derivatives to remove the duplication of reporting templates as the same reporting templates are provided for under Directive No. 401.4(k)-002.
- 2.2 The amendments to the Guidelines are set out in detail in **Annexure 1**.

3. ISSUANCE OF DIRECTIVES

- 3.1 The new Directive No. 401.4(k)-002 incorporates the reporting templates in Trading Participant Circular No. 7/2007 and the explanatory notes on the reporting

templates from MDEX's Members' Circular 25/2002. The salient amendments to the reporting templates and explanatory notes are as follows:

- (a) amendments to Appendices 1(a), 1(b) and 1(d) – Statement of Segregation Requirements and Funds in Segregation (Form A) to include information on CFD in the reporting for segregation of funds in respect of trading on the Exchange and foreign exchanges respectively;
- (b) amendments to Appendix 2(a) – Statement of Adjusted Net Capital (“**ANC**”) (Form B) to include CFD as an additional deductible item when computing ANC in the monthly ANC submission; and
- (c) amendments to Appendix 3(a) – Statement of Financial Condition (Form C) to include information on CFD in the monthly submission on financial condition of the Trading Participant.

3.2 The amendments to the Directives are set out in detail in **Annexure 2**.

4. REVOCATION OF CIRCULARS

With the issuance of Directive No. 401.4(k)-002, MDEX's Members' Circular 25/2002 and Trading Participant Circular No. 7/2007 are revoked.

5. EFFECTIVE DATE

The amendments to the Guidelines and Directives will take effect on **1 July 2018**.

6. CONTACT PERSON

In the event of any queries in relation to this Circular, please contact the following persons:

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<http://www.bursamalaysia.com/market/regulation/rules/bursa-malaysia-rules/derivatives/rules-of-bursa-malaysia-derivatives/>

Regulation