

**BURSA MALAYSIA DERIVATIVES BERHAD**

Date: 16 March 2015

Trading Participant Circular: 8/2015

**AMENDMENTS IN RELATION TO THE GOODS AND SERVICES TAX ACT 2014 AND THE REMOVAL OF THE PRESCRIPTION OF DETAILED FEES**

1. **AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES BERHAD (“RULES OF BURSA DERIVATIVES”)**
2. **ISSUANCE OF NEW DIRECTIVE 301.12-001 (DIRECTIVE ON FEES AND CHARGES FOR PARTICIPANTS AND REGISTERED REPRESENTATIVES) (“DIRECTIVE 301.12-001”)**
3. **ISSUANCE OF NEW DIRECTIVE 513.5-001 (DIRECTIVE ON COSTS AND FEES FOR ARBITRATION) (“DIRECTIVE 513.5-001”)**
4. **AMENDMENTS TO THE TRADING MANUAL (“TRADING MANUAL”)**

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**1. INTRODUCTION**

1.1 In view of the implementation of the Goods and Services Tax (“**GST**”) pursuant to the Goods and Services Tax Act 2014 (“**GST Act**”) from 1 April 2015 onwards, Bursa Malaysia Derivatives Berhad (“**the Exchange**”) has amended the Rules of Bursa Derivatives and the Trading Manual. Provisions in relation to the GST have also been set out in the new directives referred to in paragraph 1.2 below.

1.2 The Exchange has also reorganized the provisions relating to fees in the Rules of Bursa Derivatives. While the general provision on the power of the Exchange to impose fees and charges remains unchanged, the detailed prescription of fees and charges have been removed from the Rules of Bursa Derivatives, consolidated and set out separately in the following new directives for ease of reference:

(a) Directive 301.12-001; and

(b) Directive 513.15-001.

Hence, the amendments made are not substantive in nature but instead are purely to streamline and simplify the rules. There is no change in the quantum of fees imposed by the Exchange on Participants.

1.3 The rule amendments, amendments to the Trading Manual and the new Directives are explained in paragraphs 2 and 3 below.

**2. IMPLEMENTATION OF THE GST**

**Amendments to the Rules of Bursa Derivatives**

2.1 The key rule amendments in relation to the implementation of the GST are as follows:

- (a) Rule 108A has been inserted to provide that:
  - (i) a person required to pay fees, charges, costs, expenses, deposits or any amount referred to under the Rules of Bursa Derivatives is obliged to pay an amount equal to GST payable in the manner and within the period the Exchange specifies unless otherwise specified by the Exchange in accordance with the GST Act; and
  - (ii) where refund of any amount paid is not allowed under the Rules of Bursa Derivatives, no refund of GST amount paid on such amount will be made by the Exchange; and
- (b) Rule 201 has been amended to provide a definition of GST.

### **New Directives 301.12-001 and 5.13.5-001**

- 2.2 The following provisions on GST have been included in Directives 301.12-001 and 5.13.5-001:
- (a) clarification that the Exchange has obtained an approval to display prices exclusive of GST in accordance with subsection 9(7) of the GST Act, hence the amounts specified in Directives 301.12-001 and 5.13-001 do not include GST; and
  - (b) clarification that the 6% GST is payable on all fees or charges (or amounts payable to the Exchange) unless specified by the Exchange pursuant to the GST Act and will be billed in the tax invoices issued in relation to such fees or charges (or amounts payable to the Exchange).

### **Amendments to the Trading Manual**

- 2.3 The following provisions on GST have been included in the Trading Manual:
- (a) clarification that the Exchange has obtained an approval to display prices exclusive of GST in accordance with subsection 9(7) of the GST Act, hence the amounts specified in the Trading Manual do not include GST;
  - (b) clarification that the 6% GST is payable on all fees, charges or amounts payable unless specified by the Exchange pursuant to the GST Act and will be billed in the tax invoices issued in relation to such fees, charges or amounts payable to the Exchange ; and
  - (c) clarification that Trading Participants must pay the Exchange the trading fees, facility charges and the GST amount on such fees and charges in accordance with the payment terms as specified under Chapter 15.4 of the Clearing Participants' Manual.

## **3. REMOVAL OF THE PRESCRIPTION OF DETAILED FEES**

- 3.1 In general, Rules 305.3, 306.1, 306.2, 306.3, 309.4, 310.3, 320C.2, 320D.1, 320D.2, 320D.3, 320D.4, 320G.3, 322.4, 702A.8, 700B.7, 700C.5, 700C.6, Schedule 14, Guideline 1.1, Guideline 1.2, Guideline 1.4A, Guideline 1.6,

Guideline 3 and Appendix B of the Rules of Bursa Derivatives have been deleted and the relevant provisions have been consolidated in Rule 301.12 and Directives 301.12-001 and 513.15-001 for ease of reference.

- 3.2 The rule amendments, Directive 301.12-001, Directive 513.5-001 and the amendments to the Trading Manual in relation to the implementation of the GST and the removal of the prescription of detailed fees are attached as **Annexures 1, 2, 3** and **4** respectively. The rule amendments have been approved by the Securities Commission.

#### 4. **EFFECTIVE DATE**

The rule amendments, Directive 301.12-001, Directive 513.5-001 and the amendments to the Trading Manual as set out in paragraphs 2 and 3 above take effect on 1 April 2015 (“**the Effective Date**”).

#### 5. **CONTACT PERSONS**

In the event of any queries in relation to the above matter, please contact the following persons:

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### Regulation