

BURSA MALAYSIA DERIVATIVES BERHAD

Date : 21 August 2018

Trading Participant Circular : 14/2018

AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES BHD (“RULES OF BURSA DERIVATIVES”) AND DIRECTIVES IN RELATION TO THE INTRODUCTION OF THE MINI FTSE BURSA MALAYSIA MID 70 INDEX FUTURES CONTRACT (“FM70”).

1. INTRODUCTION

- 1.1 Bursa Malaysia Derivatives Berhad (“**the Exchange**”) is expanding its investment options for investors by offering more simple and affordable derivative products to enhance the overall attractiveness of the market. In this connection, the Exchange is introducing FM70, an index futures contract based on the FTSE Bursa Malaysia Mid 70 Index (“**FBM Mid 70**”) to complement the existing FTSE Bursa Malaysia KLCI Futures Contract, which is based on the FTSE Bursa Malaysia Kuala Lumpur Composite Index.
- 1.2 The objective of introducing FM70 is to attract retail investors and Local Participants to trade derivatives products, by providing them with a product option which will allow for a cheaper entry into the derivatives market space.
- 1.3 The amendments to the Rules of Bursa Derivatives and Directives are as follows:
 - (a) introduce the contract specifications for FM70 in new Item 2504 of Schedule 25;
 - (b) set out the fees applicable to FM70 in Directive No. 301.12-001 on Fees and Charges for Participants and Registered Representatives; and
 - (c) prescribe the position limits applicable to FM70 in Directive No. 613-001 on Position Limits and Exercise Limits.
- 1.4 The amendments to the Rules of Bursa Derivatives and Directives have been approved by the Securities Commission Malaysia.
- 1.5 The amendments are detailed in paragraph 2 below.

2. RULE AMENDMENTS

- 2.1 The new provisions in relation to the contract specifications of the FM70 are as follows:
 - (a) The Underlying Instrument is the FBM Mid 70.
 - (b) The Contract Multiplier is RM2.00 per 1 index point.
 - (c) The Contract Unit is FBM Mid 70 multiplied by the Contract Multiplier.

- (d) The Minimum Price Fluctuation is 1 index point which equals to RM2.00.
 - (e) The Settlement Method is Cash Settlement based on the Final Settlement Value.
 - (f) The Final Settlement Value is the average value, rounded to the nearest 0.5 of an index point (values of 0.25 and 0.75 or above being rounded upwards), taken at every 15 seconds or at such intervals as may be determined by the Exchange from time to time from 3.45:30 p.m. to 4.45:15 p.m. plus one value after 5.00 p.m. of the FBM Mid 70 on the Final Trading Day except the 3 highest and 3 lowest values.
- 2.2 The Price Limits, Contract Months, Trading Hours and Final Trading Day for FM70 are the same as the specifications for the FTSE Bursa Malaysia KLCI Futures Contract.
- 2.3 The amendments to the Rules of Bursa Derivatives are set out in full in **Annexure 1**.

3. AMENDMENTS TO THE DIRECTIVES

- 3.1 The amendments to the Directives of the Rules of Bursa Derivatives are as follows:
- (a) Amendments to introduce the trading fees of RM1.00 per contract and facility charges for Negotiated Large Trade transactions of RM0.20 per contract for FM70 in Directive No. 301.12-001 on Fees and Charges for Participants and Registered Representatives; and
 - (b) Amendments to fix the position limits for FM70 as 20,000 contracts for all contract months combined in Directive No. 613-001 on Position Limits and Exercise Limits.
- 3.2 The amendments to the above Directives are set out in full in **Annexure 2**.

4. AMENDMENTS TO THE TRADING MANUAL

- 4.1 The Trading Manual is amended to include updates in Sections 6, 7, 11, 12, 16 and 18 to reflect the amended trading procedures in relation to FM70.
- 4.2 The updated version of the Trading Manual is set out in full in **Annexure 3**.

5. EFFECTIVE DATE

- 5.1 The amendments to the Rules of Bursa Derivatives and Directives will take effect on **27 August 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