

AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES BERHAD (“BMD RULES”) IN RELATION TO DISCRETIONARY TRADING AND OTHER AMENDMENTS

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
1.01	New provision	1.01	Definition <u>Discretionary Account</u> <u>An account for trades executed by a Trading Participant on behalf of a Client pursuant to an arrangement where the Client authorises the Trading Participant to trade on the Client’s behalf on a discretionary basis.</u>
4.17	Discretionary Account (1) A Trading Participant must not operate a discretionary account on behalf of a Client unless written authorisation of the Client has been obtained, and the account has been approved in writing by a person appointed by the Trading Participant to approve such accounts. Where a Trading Participant is properly authorised in writing by a Client to operate a discretionary account on behalf of that Client, it must: <ul style="list-style-type: none"> (a) maintain full and complete records of each exercise of that discretionary authority showing the name of the Client, the details of the Contract and the date and time the transaction is effected and the name of the Registered Representative executing the order; (b) ensure that in the exercise of the discretion no trading is entered into which is excessive having regard to the financial resources of that Client; and 	4.17	Discretionary Account (1) A Trading Participant in operating a Discretionary Account, a Trading Participant or a Registered Representative unless written authorisation of the Client has been obtained, and the account has been approved in writing by a person appointed by the Trading Participant to approve such accounts. Where a Trading Participant is properly authorised in writing by a Client to operate a discretionary account on behalf of that Client, it must comply with the requirements the Exchange prescribes in respect of Discretionary Accounts. <u>[Refer to Directives No. 2.01(2)-002, 3.36-001 and 4-001]</u> (a) maintain full and complete records of each exercise of that discretionary authority showing the name of the Client, the details of the Contract and the date and time the transaction is effected and the name of the Registered Representative executing the order;

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	<p>(c) ensure that in the exercise of the discretion, no conflict of interest arises.</p> <p>(2) A Trading Participant, Head of Dealing and Registered Representative must not, in relation to a discretionary account, execute any orders for the sale or purchase of Contracts which are excessive in size or frequency in view of the financial resources and nature of such account.</p> <p>(3) A Compliance Officer must review the acceptance of each discretionary account to determine that the person appointed by the Trading Participant to accept the account had a reasonable basis for believing that the Client is able to understand and bear the risks of the strategies or transactions proposed, and he must maintain a record of the basis for his determination.</p> <p>(4) Each discretionary order must be reviewed by a Compliance Officer and identified as a discretionary order at the time of entry.</p>		<p>(b) ensure that in the exercise of the discretion no trading is entered into which is excessive having regard to the financial resources of that Client; and</p> <p>(c) ensure that in the exercise of the discretion, no conflict of interest arises.</p> <p>(2) A Trading Participant, Head of Dealing and Registered Representative must not, in relation to a discretionary account, execute any orders for the sale or purchase of Contracts which are excessive in size or frequency in view of the financial resources and nature of such account.</p> <p>(3) A Compliance Officer must review the acceptance of each discretionary account to determine that the person appointed by the Trading Participant to accept the account had a reasonable basis for believing that the Client is able to understand and bear the risks of the strategies or transactions proposed, and he must maintain a record of the basis for his determination.</p> <p>(4) Each discretionary order must be reviewed by a Compliance Officer and identified as a discretionary order at the time of entry.</p>

[End of Amendments to the BMD Rules]