

**BURSA MALAYSIA DERIVATIVES BERHAD**

Date: 20 December 2021

Trading Participant Circular: 22/2021

**AMENDMENTS TO THE RULES AND DIRECTIVE OF BURSA MALAYSIA DERIVATIVES BERHAD (“BMD RULES” AND “BMD DIRECTIVE”) IN RELATION TO THE REVITALISATION OF THE 3-YEAR AND 10-YEAR MALAYSIAN GOVERNMENT SECURITIES FUTURES (“FMG3 AND FMGA”) CONTRACTS**

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**1. INTRODUCTION**

- 1.1 Bursa Malaysia Derivatives Berhad (the “**Exchange**”) has revised the settlement method for the FMG3 and FMGA Contracts from cash to physical delivery, to be aligned with the 5-Year Malaysian Government Securities Futures Contract (“**FMG5**”) which was relaunched in September 2020 as a physically-delivered contract.
- 1.2 The alignment of settlement method for the short-term and long-term bond futures with the medium-term bond futures will further enhance the appeal of the Malaysian Government Securities Futures contracts to the industry.
- 1.3 The amendments to the BMD Rules and Directive have been approved by the Securities Commission Malaysia and are detailed in paragraphs 2 and 3 below.

**2. AMENDMENTS TO THE BMD RULES**

- 2.1 The salient amendments made to the BMD Rules are set out below:
  - (a) amending and clarifying existing contract specifications for the FMG3 and FMGA Contract as follows:
    - (i) revising the settlement method from cash to physical delivery;
    - (ii) clarifying the final settlement day, i.e. when delivery is made and what happens to open positions after the final trading day; and
    - (iii) amending the criteria for selection of eligible bonds to facilitate the change of settlement method from cash to physical delivery.

- 2.2 The detailed amendments to the BMD Rules are set out in **Annexure 1**.

**3. AMENDMENTS TO THE BMD DIRECTIVE**

- 3.1 Amendments have been made to Directive No. 6.44-001 on Position Limits and Exercise Limits under the BMD Rules to clarify the position limits for the FMG3 and FMGA Contracts in view of the change of the settlement method from cash to physical delivery.
- 3.2 The detailed amendments to the BMD Directive are set out in **Annexure 2**.

**4. EFFECTIVE DATE**

The amendments to the BMD Rules and BMD Directive will take effect from **27 December 2021**.

**5. CONTACT PERSON**

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

	Contact Details
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**Regulation**