

BURSA MALAYSIA DERIVATIVES BERHAD

Date: 12 September 2022

Trading Participant Circular: 12/2022

AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES BERHAD (“BMD RULES”) IN RELATION TO THE INTRODUCTION OF ALTERNATIVE DELIVERY PROCEDURES (“ADP”) FOR THE:

- (1) RINGGIT MALAYSIA DENOMINATED CRUDE PALM OIL FUTURES CONTRACT (“FCPO”);
- (2) CRUDE PALM KERNEL OIL FUTURES CONTRACT (“FPKO”); AND
- (3) RINGGIT MALAYSIA DENOMINATED EAST MALAYSIA CRUDE PALM OIL FUTURES CONTRACT (“FEPO”)

1. INTRODUCTION

- 1.1 Bursa Malaysia Derivatives Berhad (the “**Exchange**”) first introduced the ADP for the United States Dollar Denominated Refined, Bleached and Deodorized (RBD) Palm Olein Futures Contract (“**FPOL**”) in 2018. The Exchange is now extending the ADP to all other physically delivered palm complex products, namely FCPO, FEPO and FPKO. With this facility, the seller and buyer may re-negotiate delivery terms to effect delivery according to their own terms and take their position off the Exchange.
- 1.2 The Exchange seeks to achieve the following objectives with the introduction of the ADP for FCPO, FEPO and FPKO:
 - (a) to provide greater flexibility to the industry players by allowing bespoke delivery terms; and
 - (b) to facilitate the industry players to make and take delivery at the locations that are not stipulated by the Exchange, including locations that are outside of Malaysia.
- 1.3 The amendments have been approved by the Securities Commission Malaysia and are further detailed in paragraph 2 below.

2. AMENDMENTS TO THE BMD RULES

- 2.1 The salient amendments made to the BMD Rules are as follows:
 - (a) to amend the general provisions on contracts under chapter 9 in the BMD Rules to clarify that settlement of contracts may, in addition to being settled by cash or delivery of the instrument underlying the contract as prescribed in the contract specifications, be settled by delivery of the instrument underlying the contract using the ADP.
 - (b) to revise provisions in chapter 9 in relation to a seller’s obligation to make delivery in a contract, to clarify that a seller may, if applicable, make delivery under the ADP.
 - (c) to add ADP as a settlement method in the contract specifications for the FCPO, FPKO and FEPO contracts respectively. Consequentially and for consistency with the approach in the FCPO, FPKO and FEPO contracts, we propose to streamline the settlement method stated in the FPOL contract specifications to mirror that of the FCPO, FPKO and FEPO contracts.
- 2.2 The detailed amendments to the BMD Rules are as set out in **Annexure 1**.

3. EFFECTIVE DATE

The amendments to the BMD Rules will take effect from **26 September 2022**.

4. CONTACT PERSON

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

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Regulation