



AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES BERHAD IN RELATION TO THE INTRODUCTION OF REMOTE TRADING PARTICIPANT

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
1.01	New provision	1.01	<u>Home Derivatives Exchange</u> a derivatives exchange in a jurisdiction outside of Malaysia as prescribed in Rule 3.10(2)(c)
1.01	New provision	1.01	<u>Home Regulator</u> a foreign authority or any other person which exercises corresponding functions as the Commission under the Securities Laws and meets the prescribed criteria in Rule 3.10(2)(a)
1.01	New provision	1.01	<u>IOSCO MMOU</u> the International Organisation of Securities Commissions Multilateral Memorandum of Understanding
1.01	New provision	1.01	<u>Remote Trading Participant</u> a Trading Participant which qualified for admission under Rule 3.10(2)
1.01	Group has the same meaning as in the Commission's Licensing Handbook.	1.01	Group has the same meaning as in the Commission's Licensing Handbook. means the Trading Participant's direct or ultimate holding Corporation or any of its related corporations

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1.01	Listed Corporation	has the same meaning as in the Capital Markets and Services Act	1.01	Listed Corporation	has the same meaning as in the Capital Markets and Services Act <i>Act[deleted]</i>
1.01	Marketing Representative	shall have the same meaning as in the Guidelines for Marketing Representatives issued by the Commission	1.01	Marketing Representative	shall have the same meaning as in the Guidelines for Marketing Representatives issued by the Commission means a person who acts as an introducer, undertakes marketing of the services and provides client support services for: (a) a Capital Markets Services Licence holder and is registered with the said Capital Markets Services Licence holder under the Guidelines for Marketing Representative issued by the Commission; or (b) a Remote Trading Participant as authorised or permitted by the Home Regulator or Home Derivatives Exchange, pursuant to the relevant laws or regulatory requirements of the Remote Trading Participant's home jurisdiction.
1.01	New provision		1.01	<u>outsourced functions</u>	means back office, internal audit, risk management, compliance functions and any other function that may be determined by the

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				<u>Commission, or in the case of a Remote Trading Participant, any other function that may be determined by the Exchange.</u>
1.01	Registered Representative a holder of a Capital Markets Services Representative's Licence for dealing in derivatives	1.01	Registered Representative	<u>a holder of a Capital Markets Services Representative's Licence for dealing in derivatives a person who is appointed by a Trading Participant and is registered with the Exchange as a Registered Representative under Part H of Chapter 3 of the Rules</u>
1.01	service provider has the same meaning as provided for in the Commission's Licensing Handbook	1.01	service provider	<u>has the same meaning as provided for in the Commission's Licensing Handbook means an entity within the group or an external entity to which the Trading Participant has outsourced the outsourced functions and includes any subsequent service provider(s) to whom the initial service provider or any subsequent service provider has further contracted the outsourced functions</u>
1.01	Specified Exchange has the same meaning as in of the Capital Markets and Services Act	1.01	Specified Exchange	has the same meaning as in of the Capital Markets and Services Act

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1.01	<p>Trading Participant</p> <p>a company that carries on the business of dealing in derivatives and is admitted as a Trading Participant under Rule 3.02.</p>	1.01	<p>Trading Participant</p> <p>a company <u>Corporation</u> that carries on the business of dealing in derivatives and is admitted as a Trading Participant under Rule 3.02, <u>and includes a Remote Trading Participant</u></p>
1.02	<p>Interpretation</p> <p>(1) Unless the context requires otherwise, terms or expressions defined in the following Acts, when used in these Rules have the same meaning as in the following Acts:</p> <p>(a) Capital Markets and Services Act;</p> <p>(b) Securities Commission Malaysia Act 1993; or</p> <p>(c) Companies Act.</p> <p>(10) A reference to a person includes a firm, partnership and corporation.</p>	1.02	<p>Interpretation</p> <p>(1) Unless the context requires otherwise, terms or expressions defined in the following Acts, when used in these Rules have the same meaning as in the following Acts:</p> <p>(a) Capital Markets and Services Act;</p> <p>(b) Securities Commission Malaysia Act 1993; or</p> <p>(c) Companies Act.</p> <p><u>(1A) Unless the context requires otherwise, references in the Rules and Directives and definitions in the Acts stated in Rule 1.02(1) which refer to a Capital Markets Services Licence holder will apply, with the necessary modifications, to a Remote Trading Participant, even though the Remote Trading Participant is not a Capital Markets Services Licence holder.</u></p> <p>(10) A reference to a person includes a firm, partnership and Ccorporation.</p>
1.04	<p>Application of Directives and the Law</p> <p>These Rules must be read together with:</p> <p>(a) the Directives;</p>	1.04	<p>Application of Directives and the Law</p> <p>These Rules must be read together with:</p> <p>(a) the Directives;</p>

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	<p>(b) the Securities Laws; and</p> <p>(c) any other laws or requirements of any relevant authority applicable to Participants or Registered Persons.</p>		<p>(b) <u>subject to Rule 3.06(3)</u>, the Securities Laws; and</p> <p>(c) any other laws or requirements of any relevant authority applicable to Participants or Registered Persons.</p>
3.05	<p>Cessation of rights</p> <p>(1) A Participant will immediately cease to enjoy the rights set out in Rule 3.04(1)(a), 3.11, 3.16 or 3.19, as the case may be, if the Participant:</p> <p>(a) is suspended;</p> <p>(b) no longer holds a Capital Markets Services Licence for dealing in derivatives or has its Capital Markets Services Licence for dealing in derivatives suspended;</p> <p>(c) defaults in its payment or delivery obligation to the Clearing House arising from the purchase or sale of Contracts;</p> <p>(d) ceases to be a Participant; or</p> <p>(e) ceases to have the ability or access to the ability to clear its Contracts which are traded on the Exchange through the Clearing House.</p> <p>(2) A Trading Participant must immediately notify the Exchange upon becoming aware of the circumstance stated in Rules 3.05(1)(b) and (e).</p>	3.05	<p>Cessation of rights</p> <p>(1) A Participant will immediately cease to enjoy the rights set out in Rule 3.04(1)(a), 3.11, 3.16 or 3.19, as the case may be, if the Participant:</p> <p>(a) is suspended <u>by the Exchange or by the Home Derivatives Exchange</u>;</p> <p>(b) no longer holds a Capital Markets Services Licence for dealing in derivatives or has its Capital Markets Services Licence for dealing in derivatives suspended, <u>or in relation to a Remote Trading Participant, is no longer licensed, registered, approved or otherwise regulated by the Home Regulator for dealing in derivatives or has had such licence, registration or approval for dealing in derivatives suspended</u>;</p> <p>(c) defaults in its payment or delivery obligation to the Clearing House arising from the purchase or sale of Contracts <u>[deleted]</u>;</p> <p>(d) ceases to be a Participant <u>in the Exchange or the Home Derivatives Exchange</u>; or</p> <p>(e) ceases to have the ability or access to the ability to clear its Contracts which are traded on the Exchange through the Clearing House.</p>

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			(2) A Trading Participant must immediately notify the Exchange upon becoming aware of <u>any of</u> the circumstance stated in Rule 3.05(1) (b) and (e) , <u>unless it is a suspension effected by the Exchange.</u>
3.02(2)(d)	Admission as a Participant is at the Exchange's absolute discretion. In deciding, the Exchange may have regard to: (d) the applicant's compliance with any other requirement of the Securities Laws, these Rules and the Directives;	3.02(2)(d)	Admission as a Participant is at the Exchange's absolute discretion. In deciding, the Exchange may have regard to: (d) the applicant's compliance with any other requirement of the Securities Laws, these Rules and the Directives, <u>or, in the case of an applicant applying to be a Remote Trading Participant, any other relevant laws and regulatory requirements applicable to the applicant.</u>
3.06(4)	Continuing Obligations (1) Throughout a Participant's participantship, it must: (a) continuously satisfy the qualification criteria stated in these Rules; (b) comply with and give effect to the Securities Laws and the Commission's requirements; (c) comply with and give effect to these Rules and the Directives whether or not the provisions are directed at the Participant specifically and to any undertaking given to the Exchange before or after admission as a Participant; (d) comply with the requirements of the United States Commodity Futures Trading Commission in relation to trades or Clients from the United States; <i>[Refer to Directive No. 3.06-001]</i>	3.06(4)	Continuing Obligations (1) Throughout a Participant's participantship, it must: (a) continuously satisfy the qualification criteria stated in these Rules; (b) comply with and give effect to the Securities Laws and the Commission's requirements; (c) comply with and give effect to these Rules and the Directives whether or not the provisions are directed at the Participant specifically and to any undertaking given to the Exchange before or after admission as a Participant; (d) comply with the requirements of the United States Commodity Futures Trading Commission in relation to trades or Clients from the United States; <i>[Refer to Directive No. 3.06-001]</i>

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	<p>(e) ensure that its constitution, if any, comply with or is consistent with these Rules or the Directives;</p> <p>(f) register with the Exchange the business address of its Principal Office and not change the business address without the Exchange's prior approval;</p> <p>(g) notify the Exchange of any change of its registered address within 7 days after the change;</p> <p>(h) not go into voluntary liquidation or apply for any order under Section 366 of the Companies Act without the Exchange's prior approval;</p> <p>(i) notify the Exchange of any change to its name as registered by the Exchange within 7 days after the change; and</p> <p>(j) if it is also a Clearing Participant, comply with and give effect to the Clearing House Rules.</p> <p>(2) Rules 3.06(1)(d), (e), (f), (g), (h), (i) and (j) do not apply to a Local Participant.</p>		<p>(e) ensure that its constitution, if any, comply with or is consistent with these Rules or the Directives <i>[Deleted]</i>;</p> <p>(f) register with the Exchange the business address of its Principal Office and not change the business address without the Exchange's prior approval;</p> <p>(g) notify the Exchange of any change of its registered address within 7 days after the change;</p> <p>(h) not go into voluntary liquidation or apply for any order under Section 366 of the Companies Act <u>or a corresponding compromise or arrangement with creditors or members of a Remote Trading Participant in its home jurisdiction having the same effect</u>, without the Exchange's prior approval;</p> <p>(i) notify the Exchange of any change to its name as registered by the Exchange within 7 days after the change; and</p> <p>(j) if it is also a Clearing Participant, comply with and give effect to the Clearing House Rules.</p> <p>(2) Rules 3.06(1)(d), (e), (f), (g), (h), (i) and (j) do not apply to a Local Participant.</p> <p><u>(3) A Remote Trading Participant must comply with Rule 3.06(1)(b) to the extent that is relevant and applicable to it.</u></p>
<p>3.10</p>	<p>Trading Participant - Qualification criteria</p> <p>To be eligible for admission as a Trading Participant, an applicant must:</p>	<p>3.10</p>	<p>Trading Participant - Qualification criteria</p>



	<p>(a) be a company incorporated in Malaysia and if the company has a constitution which states the objects of the company, having as one of the applicant's objects, the carrying on of the business of dealing in derivatives;</p> <p>(b) hold a valid Capital Markets Services Licence for dealing in derivatives;</p> <p>(c) upon admission as a Trading Participant, satisfy all the financial requirements set out in Chapter 8 of these Rules;</p> <p>(d) have adequate facilities and personnel for the expeditious and orderly carrying on of the business of trading in derivatives on the Market;</p> <p>(e) be a Clearing Participant or if not, it must have entered into an arrangement with a Clearing Participant to clear its Contracts which are traded on the Exchange;</p> <p>(g) upon admission as a Trading Participant, register all the Trading Participant's Registered Person under these Rules; and</p> <p>(h) comply with such other requirements as the Exchange may prescribe.</p>		<p>(1) To be eligible for admission—A company incorporated in Malaysia wishing to be admitted as a Trading Participant, an applicant must satisfy the following requirements:</p> <p>(a) be a company incorporated in Malaysia and if the company has a constitution which states the objects of the company, having as one of the applicant's objects, the carrying on of the business of dealing in derivatives;</p> <p>(ab) hold a valid Capital Markets Services Licence for dealing in derivatives;</p> <p>(be) upon admission as a Trading Participant, satisfy all the financial requirements set out in Chapter 8 of these Rules;</p> <p>(cd) have adequate facilities and personnel for the expeditious and orderly carrying on of the business of trading in derivatives on the Market;</p> <p>(de) be a Clearing Participant or if not, it must have entered into an arrangement with a Clearing Participant to clear its Contracts which are traded on the Exchange;</p> <p>(ef) upon admission as a Trading Participant, register all the Trading Participant's Registered Person under these Rules; and</p> <p>(fg) comply with such other requirements as the Exchange may prescribe.</p> <p>(2) <u>A Corporation incorporated outside Malaysia wishing to be admitted as a Remote Trading Participant must satisfy the following requirements:</u></p>
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			<p><u>(a) is licensed, registered, approved or otherwise regulated in respect of dealing in derivatives by a Home Regulator that is a signatory to the IOSCO MMOU or that has a bilateral memorandum of understanding with the Commission;</u></p> <p><u>(b) its home jurisdiction must be a member of the Financial Action Task Force on Money Laundering or the Asia/Pacific Group on Money Laundering;</u></p> <p><u>(c) it has for the past 3 years or more been a participant in a Home Derivatives Exchange which is a member, or a subsidiary of a member or part of an exchange group that is a member, of the World Federation of Exchanges; and</u></p> <p><u>(d) the requirements in Rule 3.10(1)(b) to Rule 3.10(1)(f).</u></p>
3.11	<p>Trading Participant - Rights</p> <p>Admission as a Trading Participant gives the Trading Participant the following rights:</p> <p>(a) the right to trade for itself in the Market, in such manner as the Exchange may direct; and</p> <p>(b) the right to trade for Clients and to charge a commission on all business transacted by it on behalf of these Clients.</p>	3.11	<p>Trading Participant - Rights</p> <p><u>(1) Admission as a Trading Participant gives the Trading Participant the following rights:</u></p> <p>(a) the right to trade for itself in the Market, in such manner as the Exchange may direct; and</p> <p>(b) the right to trade for Clients and to charge a commission on all business transacted by it on behalf of these Clients.</p> <p><u>(2) In relation to Rule 3.11(1)(b), a Remote Trading Participant may only exercise such right for Clients outside Malaysia.</u></p>
3.21	Registration procedures	3.21	Registration procedures



	<p>(1) To register a person under Rule 3.20, a Trading Participant must:</p> <p>(a) submit the relevant documents to the Exchange in accordance with the Exchange's requirements; and</p> <p>(b) make the submission only in respect of a person that satisfies the relevant qualification criteria applicable for the relevant category of Registered Person as stated in these Rules.</p> <p>(2) Admission as a Registered Person is at the Exchange's absolute discretion. In deciding, the Exchange may have regard to the following:</p> <p>(a) the proposed Registered Person's compliance with any other requirement of the Securities Laws, these Rules and the Directives;</p> <p>(b) whether the proposed Registered Person is the subject of an investigation or proceeding involving an allegation of fraud or dishonesty, whether in or out of Malaysia; or</p> <p>(c) whether the conduct of a Registered Person is in the interest of an orderly and fair market.</p>		<p>(1) To register a person under Rule 3.20, a Trading Participant must:</p> <p>(a) submit the relevant documents to the Exchange in accordance with the Exchange's requirements; and</p> <p>(b) make the submission only in respect of a person that satisfies the relevant qualification criteria applicable for the relevant category of Registered Person as stated in these Rules.</p> <p>(2) Admission as a Registered Person is at the Exchange's absolute discretion. In deciding, the Exchange may have regard to the following:</p> <p>(a) the proposed Registered Person's compliance with any other requirement of the Securities Laws, these Rules and the Directives, <u>or other relevant laws and regulatory requirements applicable to the Registered Person;</u></p> <p>(b) whether the proposed Registered Person is the subject of an investigation or proceeding involving an allegation of fraud or dishonesty, whether in or out of Malaysia; or</p> <p>(c) whether the conduct of a Registered Person is in the interest of an orderly and fair market.</p>
<p>3.24</p>	<p>Continuing Obligations</p> <p>(1) Throughout a Registered Person's registration, a Registered Person must:</p>	<p>3.24</p>	<p>Continuing Obligations</p> <p>(1) Throughout a Registered Person's registration, a Registered Person must:</p>

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	<p>(a) continuously satisfy the qualification criteria applicable to that Registered Person;</p> <p>(b) comply with and give effect to the Securities Laws and the Commission's requirements;</p> <p>(c) comply with and give effect to these Rules and the Directives and to any undertaking given to the Exchange before or after registration as a Registered Person;</p> <p>(d) observe professional conduct, standards of integrity and fair dealing;</p> <p>(e) exercise proper skill, care and diligence;</p> <p>(f) act honestly and in the best interest of the Client and the Trading Participant;</p> <p>(g) carry out the Registered Person's duties in a manner that contributes to the maintenance of an orderly and fair Market;</p> <p>(h) effectively discharge the Registered Person's duties while in office;</p> <p>(i) not act in a manner which may compromise the Registered Person's function and position;</p> <p>(j) comply with the Clearing House Rules;</p> <p>(k) comply with and give effect to the structures, policies, procedures and internal controls implemented by the Trading Participant pursuant to Rule 4.03;</p>		<p>(a) continuously satisfy the qualification criteria applicable to that Registered Person;</p> <p>(b) comply with and give effect to the Securities Laws and the Commission's requirements;</p> <p>(c) comply with and give effect to these Rules and the Directives and to any undertaking given to the Exchange before or after registration as a Registered Person;</p> <p>(d) observe professional conduct, standards of integrity and fair dealing;</p> <p>(e) exercise proper skill, care and diligence;</p> <p>(f) act honestly and in the best interest of the Client and the Trading Participant;</p> <p>(g) carry out the Registered Person's duties in a manner that contributes to the maintenance of an orderly and fair Market;</p> <p>(h) effectively discharge the Registered Person's duties while in office;</p> <p>(i) not act in a manner which may compromise the Registered Person's function and position;</p> <p>(j) comply with the Clearing House Rules;</p> <p>(k) comply with and give effect to the structures, policies, procedures and internal controls implemented by the Trading Participant pursuant to Rule 4.03;</p>
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	<p>(l) not cause, aid or abet a breach of these Rules or the Directives by a Trading Participant;</p> <p>(m) not permit, either knowingly or where the Registered Person had reasonable means of obtaining such knowledge, a Trading Participant to commit a breach of these Rules or the Directives;</p> <p>(n) not engage in or hold any interest in any other business unless:</p> <p style="padding-left: 20px;">(i) the directorship or appointment is non-executive in nature;</p> <p style="padding-left: 20px;">(ii) there is no conflict of interest or duty with being a Registered Person of a Trading Participant;</p> <p style="padding-left: 20px;">(iii) the engagement or interest is not in breach of conditions of the Capital Markets Services Representative's Licence (if applicable); and</p> <p style="padding-left: 20px;">(iv) the Registered Person has obtained the Trading Participant's prior approval; and</p> <p>(o) exercise all such diligence to prevent the commission of the breach of these Rules or the Directives by the Trading Participant as the Registered Person ought to have exercised, having regard to the nature of the Registered Person's functions in the Trading Participant and to all relevant circumstances.</p>		<p>(l) not cause, aid or abet a breach of these Rules or the Directives by a Trading Participant;</p> <p>(m) not permit, either knowingly or where the Registered Person had reasonable means of obtaining such knowledge, a Trading Participant to commit a breach of these Rules or the Directives;</p> <p>(n) not engage in or hold any interest in any other business unless:</p> <p style="padding-left: 20px;">(i) the directorship or appointment is non-executive in nature;</p> <p style="padding-left: 20px;">(ii) there is no conflict of interest or duty with being a Registered Person of a Trading Participant;</p> <p style="padding-left: 20px;">(iii) the engagement or interest is not in breach of conditions of the Capital Markets Services Representative's Licence (if applicable); and</p> <p style="padding-left: 20px;">(iv) the Registered Person has obtained the Trading Participant's prior approval; and</p> <p>(o) exercise all such diligence to prevent the commission of the breach of these Rules or the Directives by the Trading Participant as the Registered Person ought to have exercised, having regard to the nature of the Registered Person's functions in the Trading Participant and to all relevant circumstances.</p> <p>(2) For the purpose of Rule 3.24(1), 'engaging in any business' includes being a director or a debenture holder in any entity.</p>
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	(2) For the purpose of Rule 3.24(1), 'engaging in any business' includes being a director or a debenture holder in any entity.		<u>(3) A Remote Trading Participant's Registered Person must comply with Rule 3.24(1)(b) to the extent that is relevant and applicable to it.</u>
3.28	Striking off the Register (1) A Registered Person will summarily cease to be registered under these Rules if the Registered Person: (a) becomes of unsound mind; (b) is made bankrupt, whether in or out of Malaysia; (c) no longer holds a Capital Markets Services Representative's Licence where the Registered Person is required to hold such licence under these Rules; (d) is convicted, whether within or outside Malaysia, of an offence involving fraud or other dishonesty or violence or the conviction of which involved a finding that he acted fraudulently or dishonestly; or (e) is convicted of an offence under the Securities Laws. (2) A Trading Participant and Registered Person must immediately notify the Exchange upon becoming aware of any of the above circumstances.	3.28	Striking off the Register (1) A Registered Person will summarily cease to be registered under these Rules if the Registered Person: (a) becomes of unsound mind; (b) is made bankrupt, whether in or out of Malaysia; (c) no longer holds a Capital Markets Services Representative's Licence <u>or is no longer licensed, registered, approved or otherwise regulated by the Home Regulator or Home Derivatives Exchange,</u> where the Registered Person is required to hold such licence <u>or be registered, approved or otherwise regulated in such manner</u> under these Rules; (d) is convicted, whether within or outside Malaysia, of an offence involving fraud or other dishonesty or violence or the conviction of which involved a finding that he acted fraudulently or dishonestly; or (e) is convicted of an offence under the Securities Laws <u>or the securities laws of a Remote Trading Participant's home jurisdiction.</u> (2) A Trading Participant and Registered Person must immediately notify the Exchange upon becoming aware of any of the above circumstances.



3.31	<p>Qualification criteria</p> <p>A Head of Dealing appointed by a Trading Participant must fulfil the following requirements:</p> <ul style="list-style-type: none"> (a) is approved by the Commission as a licensed director or head of regulated activity; (b) holds a Capital Markets Services Representative’s Licence for dealing in derivatives; and (c) is registered with the Exchange as a Head of Dealing. 	3.31	<p>Qualification criteria</p> <p>A Head of Dealing appointed by a Trading Participant must fulfil the following requirements:</p> <ul style="list-style-type: none"> (a) is approved by the Commission as a licensed director or head of regulated activity <u>except if the Head of Dealing is appointed by a Remote Trading Participant;</u> (b) holds a Capital Markets Services Representative’s Licence for dealing in derivatives <u>or is licensed, registered, approved or otherwise regulated by the Home Regulator or Home Derivatives Exchange for dealing in derivatives, where applicable;</u> and (c) is registered with the Exchange as a Head of Dealing.
3.34(2)	<p>A Trading Participant that appoints more than 1 Compliance Officer must:</p> <ul style="list-style-type: none"> (a) clearly delineate and document the area and scope of responsibility of each Compliance Officer at the time of appointment of a Compliance Officer and if there is any change in the area and scope of responsibility, the Trading Participant must update the relevant documentation accordingly; and (b) have every area relating to the compliance functions referred to in Rule 3.36(b) fall under the responsibility of at least 1 Compliance Officer. 	3.34(2)	<p>A Trading Participant that appoints more than 1 Compliance Officer must:</p> <ul style="list-style-type: none"> (a) clearly delineate and document the area and scope of responsibility of each Compliance Officer at the time of appointment of a Compliance Officer and if there is any change in the area and scope of responsibility, the Trading Participant must update the relevant documentation accordingly; and (b) have every area relating to the compliance functions referred to in Rule 3.36(1)(b) fall under the responsibility of at least 1 Compliance Officer.
3.34(3)	<p>Where a Trading Participant outsources its compliance functions to the Group under Rule 4.22, the Trading Participant must ensure that:</p>	3.34(3)	<p>Where a Trading Participant outsources its compliance functions to the Group under Rule 4.22(1) <u>or under the relevant laws or regulatory</u></p>

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	<p>(a) the Group designates at least 1 dedicated compliance officer who must be responsible to ensure that the compliance functions of the Trading Participant as stated in Rule 3.36 are carried out; and</p> <p>(b) the dedicated compliance officer is registered with the Exchange in accordance with these Rules as a Compliance Officer for the Trading Participant.</p>		<p><u>requirements of the Remote Trading Participant's home jurisdiction</u>, the Trading Participant must ensure that:</p> <p>(a) the Group designates at least 1 dedicated compliance officer who must be responsible to ensure that the compliance functions of the Trading Participant as stated in Rule 3.36 are carried out; and</p> <p>(b) the dedicated compliance officer is registered with the Exchange in accordance with these Rules as a Compliance Officer for the Trading Participant.</p>
3.34(4)	All Compliance Officers of a Trading Participant are jointly responsible for any compliance function referred to in Rule 3.36(b) that has not been assigned by the Trading Participant to be within the responsibility of any Compliance Officers.	3.34(4)	All Compliance Officers of a Trading Participant are jointly responsible for any compliance function referred to in Rule 3.36(1)(b) that has not been assigned by the Trading Participant to be within the responsibility of any Compliance Officers.
3.35	<p>Qualification criteria</p> <p>A Compliance Officer appointed by a Trading Participant must fulfil the following requirements:</p> <p>(a) is approved by the Commission as a Compliance Officer;</p> <p>(b) does not hold a Capital Markets Services Representative's Licence; and</p> <p>(c) is registered with the Exchange as a Compliance Officer.</p>	3.35	<p>Qualification criteria</p> <p>A Compliance Officer appointed by a Trading Participant must fulfil the following requirements:</p> <p>(a) is approved by the Commission as a Compliance Officer <u>except if the Compliance Officer is appointed by a Remote Trading Participant</u>;</p> <p>(b) does not hold a Capital Markets Services Representative's Licence <u>or is not licensed, registered, approved or otherwise regulated by the Home Regulator or Home Derivatives Exchange for dealing in derivatives</u>; and</p> <p>(c) is registered with the Exchange as a Compliance Officer.</p>
3.36	Throughout a Compliance Officer's registration, the Compliance Officer must:	3.36	<u>(1)</u> Throughout a Compliance Officer's registration, the Compliance Officer must:

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	<p>(a) continuously satisfy the qualification criteria stated in Rule 3.35;</p> <p>(b) supervise and carry out proper checks and reviews to monitor and ensure the overall compliance by the Trading Participant and the Trading Participant's Registered Persons, employees and agents with the Securities Laws, these Rules and the Directives</p> <p><i>[Refer to Directive No. 3.36-001]</i></p> <p>(c) ensure matters pertaining to compliance by the Participating Organisation, the Participating Organisation's Registered Persons, employees and agents with the Securities Laws, these Rules and the Directives are highlighted to the Participating Organisation's Board of Directors or in the case of an Investment Bank, to the Board of Directors or committee to whom the Head of Compliance is required to report under the Guidelines on Investment Banks.</p> <p><i>[Refer to Directive No. 3.36-002 and Best Practice No. 3.36-001]</i></p>		<p>(a) continuously satisfy the qualification criteria stated in Rule 3.35;</p> <p>(b) supervise and carry out proper checks and reviews to monitor and ensure the overall compliance by the Trading Participant and the Trading Participant's Registered Persons, employees and agents with the Securities Laws, these Rules and the Directives</p> <p><i>[Refer to Directive No. 3.36-001]</i></p> <p>(c) ensure matters pertaining to compliance by the Participating Organisation, the Participating Organisation's Registered Persons, employees and agents with the Securities Laws, these Rules and the Directives are highlighted to the Participating Organisation's Board of Directors or in the case of an Investment Bank, to the Board of Directors or committee to whom the Head of Compliance is required to report under the Guidelines on Investment Banks.</p> <p><i>[Refer to Directive No. 3.36-002 and Best Practice No. 3.36-001]</i></p> <p><u>(2) A Compliance Officer of the Remote Trading Participant must comply with Rule 3.36(1)(b) in respect of the Securities Laws to the extent that is relevant and applicable to the Remote Trading Participant and its Registered Persons.</u></p>
<p>3.38</p>	<p>Qualification criteria</p> <p>A Registered Representative appointed by a Trading Participant must hold a Capital Markets Services Representative's Licence for dealing in derivatives.</p>	<p>3.38</p>	<p>Qualification criteria</p> <p>A Registered Representative appointed by a Trading Participant must hold a Capital Markets Services Representative's Licence for dealing in derivatives <u>or be licensed, registered, approved or otherwise</u></p>

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			<u>regulated by its Home Regulator or Home Derivatives Exchange for dealing in derivatives.</u>
3.40(1)	The Exchange may appoint a market maker to undertake the obligation of quoting a bid and an offer in respect of any Contract subject to such terms and conditions as it deems fit. A market maker may be an individual who or corporation who meets with the criteria prescribed by the Exchange.	3.40(1)	The Exchange may appoint a market maker to undertake the obligation of quoting a bid and an offer in respect of any Contract subject to such terms and conditions as it deems fit. A market maker may be an individual who or <u>C</u> orporation <u>whic</u> he meets with the criteria prescribed by the Exchange.
4.03(6)	New provision.	4.03(6)	<u>A Remote Trading Participant must comply with Rule 4.03(1)(c) in respect of the Securities Laws to the extent that is relevant and applicable to it.</u>
4.09	Trading or Accepting Margins during Insolvency or after Revocation of Licence (1) A Trading Participant must not trade or accept any margin from its Clients during its insolvency or after its Capital Markets and Services Licence has been revoked or suspended. (2) A Registered Representative must not trade or accept any margin from his Clients during his bankruptcy, or after his Capital Markets Services Representative's Licence has been revoked or suspended.	4.09	Trading or Accepting Margins during Insolvency or after Revocation of Licence (1) A Trading Participant must not trade or accept any margin from its Clients during its insolvency or after its Capital Markets and Services Licence <u>or in relation to a Remote Trading Participant, such license, registration, approval or other form of regulation by its Home Regulator,</u> has been revoked, or suspended <u>or lapsed.</u> (2) A Registered Representative must not trade or accept any margin from his Clients during his bankruptcy, or after his Capital Markets Services Representative's Licence, <u>or in relation to a Registered Representative appointed by a Remote Trading Participant, such licence, registration, approval or other form of regulation by the Home Regulator or Home Derivatives Exchange,</u> has been revoked or suspended.
4.22	Outsourcing Arrangements	4.22	Outsourcing Arrangements

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	<p>(1) A Trading Participant which outsources its functions must comply with these Rules, the Commission's Licensing Handbook and any Directives that may be issued by the Exchange on this matter.</p> <p>(2) A Trading Participant must ensure that the service provider(s) comply with the Rules that are applicable to the outsourced functions in the same manner as the Trading Participant is required to.</p> <p>(3) A Trading Participant remains accountable for all outsourced functions and will be held liable for any act or omission on the part of the service provider which results in a breach of these Rules.</p>		<p>(1) <u>Subject to Rule 4.22A, Aa</u> Trading Participant which outsources its functions must comply with these Rules, the Commission's Licensing Handbook and any Directives that may be issued by the Exchange on this matter.</p> <p>(2) A Trading Participant must ensure that the a service provider(s) comply with the Rules that are applicable to the outsourced functions in the same manner as the Trading Participant is required to.</p> <p>(3) A Trading Participant remains accountable for all outsourced functions and will be held liable for any act or omission on the part of the a service provider which results in a breach of these Rules.</p>
4.22A	New provision	4.22A	<p><u>Rule 4.22(1) is not applicable to –</u></p> <p><u>(a) an Investment Bank; and</u></p> <p><u>(b) a Remote Trading Participant which outsources its functions in accordance with the relevant laws or regulatory requirements of the Remote Trading Participant's home jurisdiction.</u></p>
5.05(4)	New provision	5.05(4)	<p><u>A Remote Trading Participant must comply with Rule 5.05(1) in respect of the Securities Laws to the extent that is relevant and applicable to it.</u></p>
5.06(1)	<p>A Trading Participant must immediately report the following in writing to the Exchange, upon becoming aware or where the Trading Participant has reason to believe such occurrence is taking or has taken place:</p> <p>(a) any matter in Rule 3.36(c) that has not been reported to the Exchange;</p>	5.06(1)	<p>A Trading Participant must immediately report the following in writing to the Exchange, upon becoming aware or where the Trading Participant has reason to believe such occurrence is taking or has taken place:</p> <p>(a) any matter in Rule 3.36(1)(c) that has not been reported to the Exchange;</p>

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	<p>(b) the Trading Participant is subject to any enforcement or disciplinary action by the Commission or any other regulatory authority; or</p> <p>(c) the Trading Participant's ability to perform any of the Trading Participant's obligations under these Rules or Directives may be adversely affected.</p>		<p>(b) the Trading Participant is subject to any enforcement or disciplinary action by the Commission or any other regulatory authority; or</p> <p>(c) the Trading Participant's ability to perform any of the Trading Participant's obligations under these Rules or Directives may be adversely affected.</p>
5.06(2)	<p>A Registered Person must immediately report the following in writing to the Exchange, upon becoming aware or where the Registered Person has reason to believe such occurrence is taking or has taken place:</p> <p>(a) any matter in Rule 3.36(c) that has not been reported to the Exchange;</p> <p>(b) the Registered Person is subject to any enforcement or disciplinary action by the Commission or any other regulatory authority;</p> <p>(c) the Registered Person's ability to perform any of the Registered Person's obligations under these Rules or Directives may be adversely affected;</p> <p>(d) any breach of any of these Rules or the Directives by the Trading Participant by whom he is employed or engaged or by other Registered Person employed or engaged by the Trading Participant; or</p> <p>(e) the Registered Person has breached any of these Rules or Directives.</p>	5.06(2)	<p>A Registered Person must immediately report the following in writing to the Exchange, upon becoming aware or where the Registered Person has reason to believe such occurrence is taking or has taken place:</p> <p>(a) any matter in Rule 3.36(1)(c) that has not been reported to the Exchange;</p> <p>(b) the Registered Person is subject to any enforcement or disciplinary action by the Commission or any other regulatory authority;</p> <p>(c) the Registered Person's ability to perform any of the Registered Person's obligations under these Rules or Directives may be adversely affected;</p> <p>(d) any breach of any of these Rules or the Directives by the Trading Participant by whom he is employed or engaged or by other Registered Person employed or engaged by the Trading Participant; or</p> <p>(e) the Registered Person has breached any of these Rules or Directives.</p>

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5.08(4)	The Trading Participant must ensure that the majority members of the committee in Rule 5.08(1) do not hold a Registered Representative's licence.	5.08(4)	The Trading Participant must ensure that the majority members of the committee in Rule 5.08(1) are not do not hold a Registered Representative's licence .
5.09	<p>Outsourcing of Risk Management functions</p> <p>If the risk management functions are outsourced under Part D of Chapter 4 or where the committee in Rule 5.08(1) is maintained at Group level in accordance with Part G of Chapter 5, the Trading Participant must ensure that the outsourced function or committee in Rule 5.08(1) maintained at Group level complies with all provisions in these Rules and the Directives relating to risk management functions and committee in Rule 5.08(1).</p>	5.09	<p>Outsourcing of Risk Management functions</p> <p>If the risk management functions are outsourced under Part D of Chapter 4 or where the committee in Rule 5.08(1) is maintained at Group level in accordance with Part G of Chapter 5, the Trading Participant must ensure that the outsourced function or committee in Rule 5.08(1) maintained at Group level complies with all provisions in these Rules and the Directives relating to risk management functions and committee in Rule 5.08(1). [Deleted]</p>
5.12	<p>Outsourcing of Internal Audit function</p> <p>If the internal audit function is outsourced under Part D of Chapter 4 or where the Audit Committee is established or maintained at Group level in accordance with Part G of Chapter 5, the Trading Participant must ensure that the outsourced internal audit function or Audit Committee established or maintained at Group level complies with all provisions in these Rules and Directives relating to internal audit functions and Audit Committee.</p>	5.12	<p>Outsourcing of Internal Audit function</p> <p>If the internal audit function is outsourced under Part D of Chapter 4 or where the Audit Committee is established or maintained at Group level in accordance with Part G of Chapter 5, the Trading Participant must ensure that the outsourced internal audit function or Audit Committee established or maintained at Group level complies with all provisions in these Rules and Directives relating to internal audit functions and Audit Committee. [Deleted]</p>
5.15	<p>Committee to oversee risk management and Audit Committee</p> <p>A Trading Participant may have its committee in Rule 5.08(1) or its Audit Committee established or maintained at Group level if the Trading Participant is able to comply with Rule 2.01(2)(i) in so far as providing or procuring the provision to the Exchange of reports, information, Documents, Books and Records pertaining to the committees and the committees' decisions and deliberations upon the Exchange's request.</p>	5.15	<p>Committee to oversee risk management and Audit Committee</p> <p><u>(1)</u> A Trading Participant may have its committee in Rule 5.08(1) or its Audit Committee established or maintained at Group level if the Trading Participant is able to comply with Rule 2.01(2)(i) in so far as providing or procuring the provision to the Exchange of reports, information, Documents, Books and Records pertaining to the committees and the committees' decisions and deliberations upon the Exchange's request.</p>



			<u>(2) A Trading Participant must ensure that a committee established or maintained at Group level under Rule 5.15(1) complies with all provisions in the Rules and Directives relating to the relevant function and the committee.</u>
6.25	Trading on other Exchanges	6.25	Trading on other Exchanges
	<p>(1) A Participant must not trade in contracts on another exchange, whether through a broker or participant of that other exchange, or otherwise, unless:</p> <p>(a) the other exchange has been approved to operate a derivatives market in accordance with the Capital Markets and Services Act (“Other Exchange”);</p> <p>(b) the other exchange has been prescribed as a Specified Exchange by the Exchange in relation to any or all of the approved classes of standardized derivatives as defined in Section 105(3)(b) of the Capital Markets and Services Act; or</p> <p><i>[Refer to Directive No. 6.25(1)-001]</i></p> <p>(c) the Participant is a participant of the Other Exchange and/or Specified Exchange,</p> <p>and a prior notification in writing has been given to the Exchange.</p> <p>(2) A Trading Participant must comply with the terms and/or conditions as may be prescribed by the Exchange when trading in contracts on the Other Exchange or Specified Exchange.</p>		<p>(1) A Participant must not trade in <u>C</u>ontracts on another exchange, whether through a broker or participant of that other exchange, or otherwise, unless:</p> <p>(a) the other exchange has been approved to operate a derivatives market in accordance with the Capital Markets and Services Act (“Other Exchange”);</p> <p>(b) the other exchange has been prescribed as a Specified Exchange by the Exchange in relation to any or all of the approved classes of standardized derivatives as defined in Section 105(3)(b) of the Capital Markets and Services Act; or</p> <p><i>[Refer to Directive No. 6.25(1)-001]</i></p> <p>(c) the Participant is a participant of the Other Exchange and/or Specified Exchange,</p> <p>and a prior notification in writing has been given to the Exchange.</p> <p>(2) A Trading Participant must comply with the terms and/or conditions as may be prescribed by the Exchange when trading in <u>C</u>ontracts on the Other Exchange or Specified Exchange.</p> <p><u>(3) Rules 6.25(1) and (2) do not apply to a Remote Trading Participant.</u></p>



<p>6.45</p>	<p>Control of another person</p> <p>For the purposes of determining whether a person is in 'control' of another person under Rule 6.44, the following apply:</p> <p>(a) a person is deemed to have control of another person:</p> <p>(i) where the first person, or any related company or companies of the first person, directly or indirectly by any means whatever, holds or beneficially owns 15% or more of the issued or paid up capital or of the voting power of the other person or of a third person which has control (in terms of this definition) of that other person; or</p> <p>(ii) where a partner or director of the first person or of any related company of the first person is also a partner or director of the other person; or</p> <p>(iii) where by reason of any contract, agreement or arrangement of any nature, whether legally enforceable or not, the first person effectively controls the management, or 15% or more of the voting power, of the other person, or is entitled to nominate or appoint one or more directors of the other person.</p>	<p>6.45</p>	<p>Control of another person</p> <p>For the purposes of determining whether a person is in 'control' of another person under Rule 6.44, the following apply:</p> <p>(a) a person is deemed to have control of another person:</p> <p>(i) where the first person, or any related company Company or companies Corporations, of the first person, directly or indirectly by any means whatever, holds or beneficially owns 15% or more of the issued or paid up capital or of the voting power of the other person or of a third person which has control (in terms of this definition) of that other person; or</p> <p>(ii) where a partner or director of the first person or of any related company Company, of the first person is also a partner or director of the other person; or</p> <p>(iii) where by reason of any contract, agreement or arrangement of any nature, whether legally enforceable or not, the first person effectively controls the management, or 15% or more of the voting power, of the other person, or is entitled to nominate or appoint one or more directors of the other person.</p>
<p>7.02</p>	<p>Financial statements</p> <p>A Trading Participant must submit to the Exchange all financial statements the Exchange specifies within the period prescribed. The financial statements must comply with the Exchange's requirements.</p>	<p>7.02</p>	<p>Financial statements</p> <p><u>(1)</u> A Trading Participant must submit to the Exchange all financial statements the Exchange specifies within the period prescribed. The financial statements must comply with the Exchange's requirements.</p> <p><u>(2)</u> In relation to a Remote Trading Participant, the financial statements referred to in Rule 7.02(1) means the financial</p>

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			<u>statements prepared by the Remote Trading Participant in accordance with the approved accounting standards in its home jurisdiction.</u>
7.03	Annual statutory audit A Trading Participant must submit to the Exchange the accounts audited by a statutory auditor annually (“Annual Audited Accounts”) within 3 months after the close of the financial year. The Annual Audited Accounts must comply with the Exchange’s requirements.	7.03	Annual statutory audit <u>(1)</u> A Trading Participant must submit to the Exchange the accounts audited by a statutory auditor annually (“Annual Audited Accounts”) within 3 months after the close of the financial year. The Annual Audited Accounts must comply with the Exchange’s requirements. <u>(2)</u> <u>In relation to a Remote Trading Participant, a statutory auditor referred to in Rule 7.03(1) means an auditor acceptable to the Home Regulator or Home Derivatives Exchange.</u>
11.08	Violation by Participants or Registered Persons Any Participant or Registered Person who, in any circumstances, directly or indirectly: (a) commits a breach or violates any of these Rules; (b) is found by the Exchange to be guilty of misconduct; (c) fails to perform his duties efficiently, honestly or fairly; (d) knowingly acts as both buyer and seller in the same transaction except when permitted under the Rules; (e) manipulates prices or attempts to manipulate prices or to corner or attempt to corner any Contract in the Market; (f) violates any provision of the Clearing House Rules;	11.08	Violation by Participants or Registered Persons Any Participant or Registered Person who, in any circumstances, directly or indirectly: (a) commits a breach or violates any of these Rules; (b) is found by the Exchange to be guilty of misconduct; (c) fails to perform his duties efficiently, honestly or fairly; (d) knowingly acts as both buyer and seller in the same transaction except when permitted under the Rules; (e) manipulates prices or attempts to manipulate prices or to corner or attempt to corner any Contract in the Market; (f) violates any provision of the Clearing House Rules;



<p>(g) becomes insolvent;</p> <p>(h) being a Participant:</p> <p style="padding-left: 20px;">(i) after becoming aware of any inability on its part to comply with the minimum financial requirements as contained in these Rules, fails to notify the Exchange of such inability;</p> <p style="padding-left: 20px;">(ii) fails to submit its financial reporting statements or annual audited accounts as required by these Rules within the time prescribed for submission; or</p> <p style="padding-left: 20px;">(iii) provides false representation(s) to the Exchange or omits to provide any material information to the Exchange or both;</p> <p>(i) being a Registered Representative:</p> <p style="padding-left: 20px;">(i) without prejudice to the generality of the foregoing:</p> <p style="padding-left: 40px;">(aa) falsely declares authentication of an account opening application; or</p> <p style="padding-left: 40px;">(bb) without proper authority, makes use of another person's particulars of an account;</p> <p style="padding-left: 20px;">(ii) falsifies particulars of an account;</p> <p style="padding-left: 20px;">(iii) falsifies signature of a Client or any other forms of authorisation by the Client;</p> <p style="padding-left: 20px;">(iv) unlawfully transacts on another person's account;</p>	<p>(g) becomes insolvent;</p> <p>(h) being a Participant:</p> <p style="padding-left: 20px;">(i) after becoming aware of any inability on its part to comply with the minimum financial requirements as contained in these Rules, fails to notify the Exchange of such inability;</p> <p style="padding-left: 20px;">(ii) fails to submit its financial reporting statements or annual audited accounts as required by these Rules within the time prescribed for submission; or</p> <p style="padding-left: 20px;">(iii) provides false representation(s) to the Exchange or omits to provide any material information to the Exchange or both;</p> <p>(i) being a Registered Representative:</p> <p style="padding-left: 20px;">(i) without prejudice to the generality of the foregoing:</p> <p style="padding-left: 40px;">(aa) falsely declares authentication of an account opening application; or</p> <p style="padding-left: 40px;">(bb) without proper authority, makes use of another person's particulars of an account;</p> <p style="padding-left: 20px;">(ii) falsifies particulars of an account;</p> <p style="padding-left: 20px;">(iii) falsifies signature of a Client or any other forms of authorisation by the Client;</p> <p style="padding-left: 20px;">(iv) unlawfully transacts on another person's account;</p>
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	<p>(v) commits any act in breach of his fiduciary position in respect of the foregoing matters;</p> <p>(vi) unlawfully delegates powers or assigns duties properly vested in him to unauthorised person or persons; or</p> <p>(vii) applies any amount paid or securities deposited by a Client to any person not entitled to the same or for payment other than the said Client's trading account;</p> <p>(j) knowingly disseminates false or misleading reports concerning market information or conditions that may affect the price of any Instrument;</p> <p>(k) trades or accepts margins during its insolvency or after its Capital Markets Services Licence has been revoked, suspended or lapsed;</p> <p>(l) permits the use of its facilities or participating privileges by a Participant or Client in a manner that impairs the dignity or degrades the good name of the Exchange, or creates a market or other situation detrimental to the Exchange, or effectuating manipulations or corners or attempting either or to itself do any of the foregoing;</p> <p>(m) commits an act, which is substantially detrimental to the interest of the Exchange or Exchange holding company and of its Participants or a Client of a Participant;</p> <p>(n) fails to comply with any of the Exchange's decisions, directives, rulings or guidelines (other than those guidelines which are expressed to be non-binding) made under these Rules or by the Exchange; or</p>		<p>(v) commits any act in breach of his fiduciary position in respect of the foregoing matters;</p> <p>(vi) unlawfully delegates powers or assigns duties properly vested in him to unauthorised person or persons; or</p> <p>(vii) applies any amount paid or securities deposited by a Client to any person not entitled to the same or for payment other than the said Client's trading account;</p> <p>(j) knowingly disseminates false or misleading reports concerning market information or conditions that may affect the price of any Instrument;</p> <p>(k) trades or accepts margins during its insolvency or after its Capital Markets Services Licence <u>or in relation to a Remote Trading Participant, such licence, registration, approval or other form of regulation by its Home Regulator</u>, has been revoked, suspended or lapsed;</p> <p>(l) permits the use of its facilities or participating privileges by a Participant or Client in a manner that impairs the dignity or degrades the good name of the Exchange, or creates a market or other situation detrimental to the Exchange, or effectuating manipulations or corners or attempting either or to itself do any of the foregoing;</p> <p>(m) commits an act, which is substantially detrimental to the interest of the Exchange or Exchange holding company and of its Participants or a Client of a Participant;</p> <p>(n) fails to comply with any of the Exchange's decisions, directives, rulings or guidelines (other than those guidelines</p>
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	<p>(o) circulates or aids in the circulation in any manner of rumours which cast doubt on the integrity of any Contract or underlying,</p> <p>will be in breach of these Rules and be dealt with in accordance with the provisions of these Rules relating to disciplinary proceedings.</p>		<p>which are expressed to be non-binding) made under these Rules or by the Exchange; or</p> <p>(o) circulates or aids in the circulation in any manner of rumours which cast doubt on the integrity of any Contract or underlying,</p> <p>will be in breach of these Rules and be dealt with in accordance with the provisions of these Rules relating to disciplinary proceedings.</p>
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[End of Rule Amendments]