

BURSA MALAYSIA DERIVATIVES CLEARING BHD

Date : 8 November 2006

Clearing Circular : 29/2006

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES
CLEARING BERHAD IN RELATION TO INVESTMENT BANKS**

Kindly be advised that pursuant to section 6D of the Futures Industry Act 1993, the Rules of Bursa Malaysia Derivatives Clearing Berhad ("Bursa Clearing (D)") have been amended as set out in "**ANNEXURE 1**" appended herewith. The said amendments to the Rules of Bursa Clearing (D) in relation to Investment Banks ("the said Amendments") are consequential to the Guidelines on Investment Banks which were issued jointly by the Securities Commission and Bank Negara Malaysia on 1 July 2005.

In accordance with Rule 205(b) of the Rules of Bursa Clearing (D), all clearing participants shall give effect to the said Amendments which take effect from the date hereof.

Please be informed that the said Amendments are available on Bursa Malaysia's website at : <http://www.bursamalaysia.com>.

For further information or inquiries on the said Amendments, kindly contact the following persons at telephone no. 03-2034 7000 :-

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AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES CLEARING BERHAD IN RELATION TO INVESTMENT BANKS

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule		Rule	
Relevant Rules	All Rules that contain the term “membership”.	Relevant Rules	The term “membership” wherever it appears in these Rules shall be replaced with the term “ participantship ”.
Definitions	New provision	Definitions	Guidelines on Investment Banks Guidelines on Investment Banks issued jointly by Bank Negara and the Commission, including subsequent amendments, modifications, variations, supplements or substitutes thereto and any directives or guidelines as may be issued thereunder.
Definitions	New provision	Definitions	Investment Bank As referred to in the Guidelines on Investment Banks.
Definitions	New provision	Definitions	Investment Bank Capital Adequacy Framework As referred to in the Guidelines on Investment Banks.
208A	Minimum financial requirements for General Clearing Participants (a) – (c) (No change) New provision	208A	Minimum financial requirements for General Clearing Participants (a) – (c) (No change) (d) Rules 208A(a)(ii) and (b) shall not be applicable to a General Clearing Participant which is an Investment Bank.

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule		Rule	
			<p>A General Clearing Participant which is an Investment Bank shall comply with the Investment Bank Capital Adequacy Framework and such capital adequacy requirements imposed by the Stock Exchange insofar as the same are applicable to an Investment Bank (collectively referred to “the Relevant Framework and Requirements”). The Relevant Framework and Requirements shall be deemed to form part of the Rules and consequently any breach by a General Clearing Participant which is an Investment Bank of the Relevant Framework and Requirements shall be deemed to be a breach of these Rules.</p>
214A	<p>Outsourcing of back office functions by General Clearing Participants</p> <p>(a) – (d) (No change)</p> <p>New provision</p>	214A	<p>Outsourcing of back office functions by General Clearing Participants</p> <p>(a) – (d) (No change)</p> <p>(e) This Rule 214A shall not apply to a General Clearing Participant which is an Investment Bank. A General Clearing Participant which is an Investment Bank shall comply with the Guidelines on Investment Banks and such other requirements of the Central Bank relating to the outsourcing of back-office functions, if any, insofar as the same are applicable to an Investment Bank (“the Relevant Guidelines and Requirements”). The Relevant Guidelines and Requirements shall be regarded as part of these Rules and consequently any breach by a General Clearing Participant which is an Investment Bank of the Relevant Guidelines and Requirements shall be deemed to be a breach of these Rules.</p>

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule		Rule	
	New provision	215	<p>Investment Bank</p> <p>In relation to a General Clearing Participant that has acquired the status of an Investment Bank after its admission as a General Clearing Participant under Chapter 2 of these Rules, the said General Clearing Participant shall notify the Clearing House in writing of the same at least seven (7) days (or such other time as may be determined by the Clearing House) prior to the commencement of its business as an Investment Bank, which notification shall be accompanied with such information or documents as may be required by the Clearing House.</p>
900	<p>Disciplinary action by the Clearing House</p> <p>(a) If a Clearing Participant fails to comply with the Rules or is in default of its obligations to the Clearing House, the Clearing House may:</p> <p style="padding-left: 40px;">(i) fine a Clearing Participant up to RM 1 million; and/or</p> <p style="padding-left: 40px;">(ii) terminate its <i>Membership</i>.</p> <p>(b) – (d) (No change)</p>	900	<p>Disciplinary action by the Clearing House</p> <p>(a) If a Clearing Participant fails to comply with the Rules or is in default of its obligations to the Clearing House, the Clearing House may:</p> <p style="padding-left: 40px;">(i) fine a Clearing Participant up to RM 1 million; and/or</p> <p style="padding-left: 40px;">(ii) suspend or terminate its Participation.</p> <p>(b) – (d) (No change)</p>