

PARTICIPATING ORGANISATIONS' CIRCULAR

Date : 23 November 2012

No : R/R 12 of 2012

BURSA ACCESS FEES

1. INTRODUCTION

Bursa Malaysia Securities Berhad ("the Exchange") is standardising the fees that are applicable in relation to access to the automatic securities trading system established by the Exchange ("ATS"). The fees are further explained below in paragraph 2.

2. DIRECTIVES ON BURSA ACCESS FEES

Kindly be informed that the following directives are issued pursuant to Rules 201.1(2)(d), 302.3(1)(i) and 1005 of the Rules of Bursa Malaysia Securities Berhad ("Rules of Bursa Securities").

2.1 Application and Effect

Words and expressions used in these directives have the same meaning as defined in the Rules of Bursa Securities, unless otherwise defined in these directives or the context otherwise requires.

2.2 Bursa Access Fees

2.2.1 The fees applicable in relation to access to the ATS ("Bursa Access Fees") are:

ITEM	FEES	ONE-OFF FEE	MONTHLY FEE	FEE FOR EXCESS ORDERS **
A.	Capacity block *	per capacity block	per capacity block	
(i)	1 st capacity block	Nil	RM6,000.00	Excess orders at the rate of RM45.00 per order on daily basis or total daily excess orders accumulated till month-end and charged to the nearest block (each block will be charged at RM6,000.00 + set-up fees of RM4,000.00), whichever is lower.
(ii)	2 nd to 5 th capacity blocks	RM4,000.00		
(iii)	6 th to 10 th capacity blocks	RM4,000.00	RM5,000.00	
(iv)	Subsequent capacity blocks	RM4,000.00	RM4,000.00	

ITEM	FEES	ONE-OFF FEE	MONTHLY FEE	FEE FOR EXCESS ORDERS **
B.	Administration of Subscriber IDs	N/A	per Subscriber ID	N/A
(i)	1 st Subscriber ID	N/A	Nil	N/A
(ii)	Subsequent Subscriber IDs	N/A	RM500.00	N/A

* Each capacity block is 15 orders per second for orders submitted throughout the trading day.

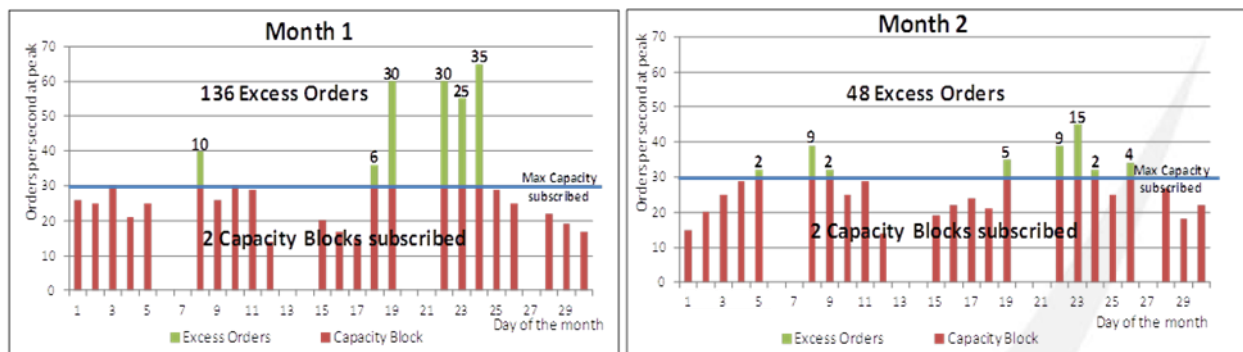
** Excess orders refer to orders that exceed the pre-subscribed capacity blocks.

2.2.2 A Participating Organisation must pay the Bursa Access Fees as mentioned in paragraph 2.2.1 within 7 calendar days from the date of the monthly invoice.

2.2.3 A Participating Organisation must pay any other fees, levies or other charges imposed by the Exchange from time to time.

2.2.4 Illustration

Illustration: Broker B subscribes for 2 capacity blocks and 5 subscriber IDs



Frequency	Type of Fee	Rate	RM	1 st Month Fee	2 nd Month Fee
One-off fee	Set-up 2 nd capacity	@RM4,000 per capacity	4,000.00	4,000.00	0.00
Monthly Fixed fee	2 Capacity blocks	@RM6,000 per blocks	12,000.00	12,000.00	12,000.00
	4 Subscriber IDs	@RM500 per ID	2,000.00	2,000.00	2,000.00
Daily Variable fee	Excess orders	@RM45 per order OR next block		6,120.00	2,160.00
TOTAL FEE PAYABLE				24,120.00	16,160.00

i. 136 orders * RM45/order = RM6,120 OR
 ii. 136 orders < 300 orders(next block) = RM10,000 whichever lower

2.2.5 In the event a Participating Organisation elects to have a hard limit imposed on its order capacity, the order capacity will be restricted to strictly 15 orders per

second per capacity block. No fee for excess orders will be charged to the Participating Organisation in this instance.

2.2.6 Minimum Capacity and Capacity Planning

The minimum capacity block to be subscribed is 1 capacity block per Participating Organisation. A Participating Organisation is responsible for its own capacity planning and must assess its requirements in determining the number of capacity blocks to subscribe.

3. TRANSITION AND REVOCATION

- 3.1 The directives in relation to the ECOS Gateway Access Fee and the Direct Market Access (“DMA”) Fee as set out in the following circulars are revoked with effect from the Effective Date:
- (a) the directives in relation to ECOS Gateway Access Fee as set out in Participating Organisations’ Circular G 732 of 2007 dated 1 August 2007; and
 - (b) the directives in relation to DMA Fee as set out in Paragraph F of Participating Organisations’ Circular R/R 8 of 2011 dated 5 September 2011 (“Circular R/R 8 of 2011”).
- 3.2 For the avoidance of doubt, save for the revocation specified above in paragraph 3.1(b), all other parts of Circular R/R 8 of 2011 remain unchanged and continue to be in force.
- 3.3 In place of the fees referred to in paragraph 3.1 above, the Bursa Access Fees set out above in paragraph 2 will apply in respect of all forms of access to the ATS including ASEAN Link and other forms of DMA from the Effective Date.
- 3.4 All Participating Organisations must indicate their respective subscriptions to the Exchange by completing and submitting the Bursa Access Subscription/Change Request Form (“Form”) to the Exchange no later than **15 December 2012** (“Submission Date”). The Form is available at <http://www.bursamalaysia.com/market/securities/equities/brokers/admission-guidelines/>.
- 3.5 The Exchange reserves the right to decide on the amount of subscription for a Participating Organisation if the Exchange does not receive from the Participating Organisation its completed Form by the Submission Date or to take other appropriate actions. In the event the Exchange decides the amount of subscription for a Participating Organisation, the amount of subscription decided by the Exchange will be deemed to be the subscription of the Participating Organisation and the directives set out above in paragraph 2 will apply in respect of the subscription.

4. EFFECTIVE DATE

- 4.1 The directives set out in paragraph 2 take effect on **1 January 2013** (“**Effective Date**”).
- 4.2 All rules, directives, circulars in force which make reference or contain provisions relating to the above matters shall have effect from the said Effective Date as if such reference or provisions relate to the directives in this circular.

5. FREQUENTLY ASKED QUESTIONS (FAQs)

For further clarification on the Bursa Access Fees, kindly refer to **Annexure 1** for a set of FAQs.

6. CONTACT PERSON

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This Circular is available at <http://www.bursamalaysia.com/market/regulation/rules/bursa-malaysia-rules/securities/rules-of-bursa-malaysia-securities>

Regulation

Bursa Access Fees

(last update on 30 Oct. 2012)

Frequently Asked Questions

1. Q: In the pre-opening phase (or from 8.30am to 8.40am), POs usually enter very high volume (or peak) of orders. It is not fair for pre-opening orders to be charged as it does not reflect the actual usage of the day. In the context of PO, orders do not necessarily convert to money value unless they are matched, hence POs will lose out as there are no earnings when an order is not matched.
A: The Exchange plans for its system capacity to cater for all trading phases including pre-opening to ensure orders are supported throughout all trading phases under all market conditions and this requires capital investment from the Exchange. The Exchange has also provided several options to POs to better manage the throughput of their orders to cater for their business needs.
2. Q: Is there any testing required before 1st Jan 2013 for the new fee structure implementation?
A: Essentially there are no system changes, hence, no further testing is required as the system behaves the same way.
3. Q: Isn't the fee structure misleading especially when market condition is slow at particular times in the month?
A: There are various options open to brokers such as excess orders in addition to pre-subscribed blocks and hard limit blocks. Brokers are encouraged to review these options based on their needs.
4. Q: Can we get the utilization report for January 2013 onwards?
A: POs will be provided with the actual throughput report of July to Sept 2012 for their capacity planning and past monthly throughput report from January 2013 onwards which will be attached in the post monthly billing.
5. Q: How do you control exposure on excess orders?
A: The option of hard limit could be explored to manage excessive exposure. The charges on excess orders are also capped within the block pricing for sudden surges in order volumes.
6. Q: Can the 15-days notice for change request limit be shorter? If we are anticipating high orders but the changes are only reflected two months later, for e.g., change request made after 15th of February based on January stats will only be reflected on 1st March.
A: Bursa Malaysia will try on a best-efforts basis to accommodate the request although officially it is 15 days notice.
7. Q: Explain how the IDs work?
A: The IDs for soft limit is not restrictive as several IDs based on requirements are allowed on each block or across several blocks. However, the ID for hard limit block is limited strictly to one ID on the block/blocks so that the Exchange can limit access to the specified number of orders per second.
8. Q: Can Bursa system capacity actually take up more than 15 orders per second?
A: Bursa system has the capacity for more orders and has been configured to take up to 15 orders per second per block under the current ID-based subscription. Going forward, there is no limitation to 15 orders per second, except for hard limit blocks.

9. Q: How do you derive the RM45 per excess order charges? It is too high compared to the pro-rated hard limit order per second.

A: The rate of RM45 per excess order is derived approximately from taking the pre-subscribed order on block basis at RM33 per order (RM6K per block plus RM4K set-up fee) with margin. Alternatively brokers may subscribe to hard limit option with a fixed subscription fee

10. Q: I reduced my subscribed blocks from 3 to 2 in February. In March, I increase my subscribed block to 3 again. What are my charges?

A: There is no cost incurred to reduce the block subscription. Nevertheless, you will again be charged the set-up fee of RM 4,000 when an additional block is subscribed for in March.

11. Q: Can we have a combination of both Option 1 (Excess Order) and Option 2 (Hard Limit). For example, I want to subscribe to 4 blocks. 2 blocks hard limit for institutional orders and 2 blocks on excess order mechanism for retail orders.

A: Yes, you can as long as the segregation is on block basis of 15 orders per second. You cannot have 7 orders per second on excess order option and 8 orders per second on hard limit option.

12. Q: Can we subscribe under excess order mechanism BUT want to apply a cap on the number of excess orders? For example, subscription of 2 blocks grants me 30 orders/sec and I put a cap of 70 excess orders. Meaning, the 101 order will flow to the next second. Is this possible? The reason for this is that we want to reduce the risk of having to pay too much excess order because it is beyond our control on the numbers of orders being put through our system.

A: You can subscribe to the hard limit blocks but the Exchange will not be able to cap the excess orders to 70 orders. The capping of orders can only apply to hard limit blocks.

13. Q: How will Bursa calculate the number of excess orders in the event that brokers opt for a combination of hardlimit blocks and softlimit blocks?

A: Excess orders are calculated from the aggregate peak orders in that second, less total capacity of the pre-subscribed hardlimit blocks. Refer to examples below:-

Block with hardlimit		Block with softlimit		Total orders	Excess orders
Block subscribed	Max orders at peak/sec	Block subscribed	Max orders at peak/sec		
1	15	2	29	15+29=44	0
1	12	2	32	12+32=44	0
2	25	3	60	25+60=85	10

14. Q: How long will the pricing model and fee structure be valid for?

A: Bursa plans for this pricing to be valid for a period of two years and reserves the right to revise it after 2 years from the effective date of 1st January 2013.

[End of FAQs]