BURSA MALAYSIA

RULES OF BURSA MALAYSIA DERIVATIVES BHD
RULE AMENDMENTS IN RELATION TO 3-YEAR MGS FUTURES ("FMG3") AND 10-YEAR MGS FUTURES ("FMGA") CONTRACTS

Table of rule amendments in relation to the FMG3 Contract:

EXISTING PROVISIONS		AMENDED PROVISIONS	
Schedule 27 – Item 2702	**Contract Specifications for 3-Year MGS Futures Contract**	Schedule 27 – Item 2702	**Contract Specifications for 3-Year MGS Futures Contract**
Schedule 27 – Item 2702 **(Trading Hours)**	**TRADING HOURS** First trading session: 0900 hours to 1230 hours (Malaysia time); and Second trading session: 1430 hours to 1700 hours (Malaysia time)	Schedule 27 – Item 2702 **(Trading Hours)**	**TRADING HOURS** First trading session: 0900 hours to 1230 hours (Malaysia time); and Second trading session: 1430 hours to ~~1700~~1800 hours (Malaysia time)
Schedule 27 – Item 2702 **(Final Trading Day)**	**FINAL TRADING DAY** 1. 3rd Wednesday of the contract month or the 1st Business Day immediately following the 3rd Wednesday if the 3rd Wednesday of the contract month is not a Business Day. 2. Trading in the expiring month Contract ceases at 1100 hours (Malaysian time) on the Final Trading Day.	Schedule 27 – Item 2702 **(Final Trading Day)**	**FINAL TRADING DAY** 1. 3rd Wednesday of the contract month or the 1st Business Day immediately following the 3rd Wednesday if the 3rd Wednesday of the contract month is not a Business Day. 2. Trading in the expiring month Contract ceases at ~~1100~~1800 hours (Malaysian time) on the Final Trading Day.
Schedule 27 – Item 2702 **(Final Settlement**	**FINAL SETTLEMENT VALUE** 1. **Weightage**	Schedule 27 – Item 2702 **(Final Settlement**	**FINAL SETTLEMENT VALUE** ~~1.~~ ~~**Weightage**~~

	EXISTING PROVISIONS		AMENDED PROVISIONS
Value)	1.1 The final settlement value will be weighted equally on the eligible MGS.	**Value)**	1.1 ~~The final settlement value will be weighted equally on the eligible MGS.~~
	1.2 In the event new eligible MGS are introduced, the following will apply:		1.2 ~~In the event new eligible MGS are introduced, the following will apply:~~
	(a) If there are 4 or more MGS in the basket of eligible MGS (including the new MGS/reissued MGS), the new MGS/reissued MGS will be assigned a 30% weighting while the rest will receive equal weights.		(a) ~~If there are 4 or more MGS in the basket of eligible MGS (including the new MGS/reissued MGS), the new MGS/reissued MGS will be assigned a 30% weighting while the rest will receive equal weights.~~
	(b) If there are 3 MGS in the basket of eligible MGS (including the new MGS/reissued MGS), the new MGS/reissued will be assigned a 40% weighting while the rest of the MGS in the basket will receive equal weights.		(b) ~~If there are 3 MGS in the basket of eligible MGS (including the new MGS/reissued MGS), the new MGS/reissued will be assigned a 40% weighting while the rest of the MGS in the basket will receive equal weights.~~
	(c) If there are 2 MGS in the basket of eligible MGS (including the new MGS/reissued MGS), the new MGS/reissued MGS will be assigned a 60% weighting while the other MGS will receive 40% weight.		(c) ~~If there are 2 MGS in the basket of eligible MGS (including the new MGS/reissued MGS), the new MGS/reissued MGS will be assigned a 60% weighting while the other MGS will receive 40% weight.~~
	2. Yield		**2. ~~Yield~~**
	2.1 At 1100 hours (Malaysia time) on the Final Trading Day, from the quotation contributed by selected institutions on Thomson Reuters, the		2.1 ~~At 1100 hours (Malaysia time) on the Final Trading Day, from the quotation contributed by selected institutions on Thomson Reuters, the~~

EXISTING PROVISIONS	AMENDED PROVISIONS
arithmetic mean of the eligible MGS mid price will be calculated, after discarding the 2 highest and the 2 lowest mid prices. It will be converted to yield, rounded to the nearest 4 decimal places. The final yield for all the eligible MGS in the basket is derived from the yield for each MGS as per the weightage announced by the Exchange. The final settlement value will be calculated from the final yield in accordance with the following formula rounded to 2 decimal places: Price = $\{(C/Y)[1-(1+Y/2)^{-2N}] +(1+Y/2)^{-2N}\}$x RM100 Where C = Coupon, Y = Yield. 2.2 If calculation based on paragraph 2.1 cannot be made, the final settlement value will be calculated as published by another financial news vendor determined by the Exchange at 1100 hours (Malaysia time) on the Final Trading Day. 2.3 If calculation based on paragraphs 2.1 and 2.2 cannot be made, the final settlement value will be calculated as obtained from Bank Negara Malaysia at 1100 hours (Malaysia time) on the Final Trading Day. **3. Eligible MGS**	arithmetic mean of the eligible MGS mid price will be calculated, after discarding the 2 highest and the 2 lowest mid prices. It will be converted to yield, rounded to the nearest 4 decimal places. The final yield for all the eligible MGS in the basket is derived from the yield for each MGS as per the weightage announced by the Exchange. The final settlement value will be calculated from the final yield in accordance with the following formula rounded to 2 decimal places: Price = $\{(C/Y)[1-(1+Y/2)^{-2N}] +(1+Y/2)^{-2N}\}$x RM100 Where C = Coupon, Y = Yield. 2.2 If calculation based on paragraph 2.1 cannot be made, the final settlement value will be calculated as published by another financial news vendor determined by the Exchange at 1100 hours (Malaysia time) on the Final Trading Day. 2.3 If calculation based on paragraphs 2.1 and 2.2 cannot be made, the final settlement value will be calculated as obtained from Bank Negara Malaysia at 1100 hours (Malaysia time) on the Final Trading Day.

EXISTING PROVISIONS	AMENDED PROVISIONS
3.1 Subject to paragraph 3.3, an existing MGS in the market, or in the case of new/reissued MGS that fulfil the requirement of minimum issuance size of RM500 million 2 ½ to 3½ years term to maturity on the 1st calendar day of the Contract month will be included. 3.2 The eligible MGS and its weightage for the preceding quarterly month Contract will be announced on the 10th day of the expiry month for the current quarterly month (March, June, September, December) or the next Business Day immediately following the 10th day if the 10th day is not a Business Day. 3.3 No new MGS will be included after the announcement of eligible MGS for the spot quarterly month Contract. 4. On the Final Trading Day for a Contract, all Open Positions for the Contract are marked to the final settlement value determined by the Exchange.	3. ~~Eligible MGS~~ 3.1 ~~Subject to paragraph 3.3, an existing MGS in the market, or in the case of new/reissued MGS that fulfil the requirement of minimum issuance size of RM500 million 2 ½ to 3½ years term to maturity on the 1st calendar day of the Contract month will be included.~~ 1. The final settlement value will be calculated from the prices of MGS in the basket of eligible MGS that are reported in the Electronic Trading Platform ("ETP") of Bursa Malaysia Bonds Sdn Bhd on the Final Trading Day from 0900 hours to 1800 hours (Malaysia time). 2. Volume weighted average prices ("VWAP") of each MGS in the basket will be calculated and converted to yield in percentage, rounded to the nearest 4 decimal places. Only transactions reported in the ETP with notional values of RM10 million and above per transaction ("Relevant Transactions") will be included in the calculation of the VWAP. 3. The final yield is derived from the yield for each MGS in the basket after weighting the yield of all benchmark bonds by 60% or such other weighting as may be prescribed by the Exchange. The remaining weighting will be

EXISTING PROVISIONS	AMENDED PROVISIONS
	equally distributed over the yields of the other bonds. 4. The final settlement value will be calculated from the final yield in accordance with the following formula rounded to the nearest 2 decimal places: $Price = \{(C/Y)[1 - (1 + Y/2)^{-2N}] + (1 + Y/2)^{-2N}\} \times RM100$ where N is the number of years, = 3 C is the coupon, = 0.06 Y is the yield rounded to the nearest 4 decimal places. **5. Basket of eligible MGS** 5.1 Subject to paragraph 5.4 below, the basket of eligible MGS includes MGS with the following characteristics:

	Bond Type	Minimum Issuance Size	Term to Maturity	Other requirements
(a)	Benchmark bonds	Not applicable	2 to 4 years on the	Not applicable

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EXISTING PROVISIONS	AMENDED PROVISIONS

Amended Provisions (continued):

			first calendar day of the contract month	
(b)	**Non-benchmark bonds**	RM5 billion	2 to 4 years on the first calendar day of the contract month	(i) Private placements are excluded. (ii) A maximum of 2 bonds which meet the requirements in paragraph 5.2 below will be included in the basket of eligible MGS.

5.2 **Additional Requirements for Non-Benchmark Bonds**

(1) In addition to the characteristics specified in paragraph 5.1(b) above, the non-benchmark bonds must meet the following requirements:

(a) The bonds must have Relevant Transactions reported in the ETP within a period of 3 months prior to the date of

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EXISTING PROVISIONS		AMENDED PROVISIONS	
		announcement referred to in paragraph 5.3. The period of 3 months is calculated until the Business Day immediately before the date of such announcement.	
		(b) A maximum of 2 non-benchmark bonds may be selected for inclusion in the basket of eligible MGS, using the following criteria applied in the following sequence:	
		(i) Bonds with the highest aggregate number of Relevant Transactions;	
		(ii) From the bonds with equal number of Relevant Transactions, the bond(s) with Relevant Transactions having the highest aggregate transacted notional value(s);	
		(iii) From the bonds with Relevant Transactions having equal aggregate transacted notional values, the bond(s) with a remaining maturity period that is closest to 3 years on the first calendar day of the contract month.	
		(2) If a maximum of 2 non-benchmark bonds cannot be selected by applying the requirements in paragraph (1) above, the	

EXISTING PROVISIONS		AMENDED PROVISIONS	
		Exchange may, in its absolute discretion, make a decision on the selection including a decision to exclude non-benchmark bonds from the basket of eligible MGS. Any decision made by the Exchange pursuant to this paragraph is final and binding.	
		3.25.3 The eligible MGS and its weightage for ~~the preceding quarterly month~~a Contract will be announced on the 10th day of the ~~expiry month for the current~~ quarterly month (i.e. March, June, September, December) immediately before the contract month of that Contract or the next Business Day immediately following the 10th day if the 10th day is not a Business Day.	
		3.35.4 No new MGS will be included after the announcement of eligible MGS for the spot quarterly month Contract.	
		46. On the Final Trading Day for a Contract, all Open Positions for the Contract are marked to the final settlement value determined by the Exchange.	

Table of rule amendments in relation to the FMGA Contract:

Schedule 27 – Item 2704	Contract Specifications for 10-Year MGS Futures Contract	Schedule 27 – Item 2704	Contract Specifications for 10-Year MGS Futures Contract
Schedule 27 – Item 2704 **(Trading Hours)**	**TRADING HOURS** First trading session: 0900 hours to 1230 hours (Malaysia time); and Second trading session: 1430 hours to 1700 hours (Malaysia time)	**Schedule 27 – Item 2704** **(Trading Hours)**	**TRADING HOURS** First trading session: 0900 hours to 1230 hours (Malaysia time); and Second trading session: 1430 hours to ~~1700~~1800 hours (Malaysia time)
Schedule 27 – Item 2704 **(Final Trading Day)**	**FINAL TRADING DAY** 1. 3rd Wednesday of the contract month or the 1st Business Day immediately following the 3rd Wednesday if the 3rd Wednesday of the contract month is not a Business Day. 2. Trading in the expiring month Contract ceases at 1100 hours (Malaysian time) on the Final Trading Day.	**Schedule 27 – Item 2704** **(Final Trading Day)**	**FINAL TRADING DAY** 1. 3rd Wednesday of the contract month or the 1st Business Day immediately following the 3rd Wednesday if the 3rd Wednesday of the contract month is not a Business Day. 2. Trading in the expiring month Contract ceases at ~~1100~~1800 hours (Malaysian time) on the Final Trading Day.
Schedule 27 – Item 2704 **(Final Settlement Value)**	1. **Weightage** 1.1 The final settlement value will be weighted equally on the eligible MGS. 1.2 In the event new eligible MGS are introduced, the following will apply: (a) If there are 4 or more MGS in the basket of eligible MGS (including the new	**Schedule 27 – Item 2704** **(Final Settlement Value)**	~~1. **Weightage**~~ ~~1.1 The final settlement value will be weighted equally on the eligible MGS.~~ ~~1.2 In the event new eligible MGS are introduced, the following will apply:~~ ~~(a) If there are 4 or more MGS in the basket of eligible MGS (including the new~~

MGS/reissued MGS), the new MGS/reissued MGS will be assigned a 30% weighting while the rest will receive equal weights.

(b) If there are 3 MGS in the basket of eligible MGS (including the new MGS/reissued MGS), the new MGS/reissued will be assigned a 40% weighting while the rest of the MGS in the basket will receive equal weights.

(c) If there are 2 MGS in the basket of eligible MGS (including the new MGS/reissued MGS), the new MGS/reissued MGS will be assigned a 60% weighting while the other MGS will receive 40% weight.

2. **Yield**

2.1 At 1100 hours (Malaysia time) on the Final Trading Day, from the quotation contributed by selected institutions on Thomson Reuters, the arithmetic mean of the eligible MGS mid price will be calculated, after discarding the 2 highest and the 2 lowest mid prices. It will be converted to yield, rounded to the nearest 4 decimal places.

The final yield for all the eligible MGS in the basket is derived from the yield for each MGS as per the weightage announced by the Exchange.

The final settlement value will be calculated from the final yield in accordance with the following

formula rounded to 2 decimal places:

$$Price = \{(C/Y)[1-(1+Y/2)^{-2N}] +(1+Y/2)^{-2N}\}x \, RM100$$

Where C = Coupon, Y = Yield.

2.2 If calculation based on paragraph 2.1 cannot be made, the final settlement value will be calculated as published by another financial news vendor determined by the Exchange at 1100 hours (Malaysia time) on the Final Trading Day.

2.3 If calculation based on paragraphs 2.1 and 2.2 cannot be made, the final settlement value will be calculated as obtained from Bank Negara Malaysia at 1100 hours (Malaysia time) on the Final Trading Day.

3. Eligible MGS

3.1 Subject to paragraph 3.3, an existing MGS in the market, or in the case of new/reissued MGS that fulfil the requirement of minimum issuance size of RM500 million 9 to 11 years term to maturity on the 1st calendar day of the contract month will be included.

3.2 The eligible MGS and its weightage for the preceding quarterly month Contract will be announced on the 10th day of the expiry month for the current quarterly month (March, June, September, December) or the next Business Day

The final settlement value will be calculated from the final yield in accordance with the following formula rounded to 2 decimal places:

Price = {(C/Y)[1-(1+Y/2)-2N] +(1+Y/2)-2N}x RM100
Where C = Coupon, Y = Yield.

2.2 If calculation based on paragraph 2.1 cannot be made, the final settlement value will be calculated as published by another financial news vendor determined by the Exchange at 1100 hours (Malaysia time) on the Final Trading Day.

2.3 If calculation based on paragraphs 2.1 and 2.2 cannot be made, the final settlement value will be calculated as obtained from Bank Negara Malaysia at 1100 hours (Malaysia time) on the Final Trading Day.

3. Eligible MGS

3.1 Subject to paragraph 3.3, an existing MGS in the market, or in the case of new/reissued MGS that fulfil the requirement of minimum issuance size of RM500 million 9 to 11 years term to maturity on the 1st calendar day of the contract month will be included.

1. The final settlement value will be calculated from the prices of MGS in the basket of eligible MGS that are reported in the Electronic Trading Platform ("ETP") of Bursa Malaysia

immediately following the 10th day if the 10th day is not a Business Day.

3.3 No new MGS will be included after the announcement of eligible MGS for the spot quarterly month Contract.

4. On the Final Trading Day for a Contract, all Open Positions for the Contract are marked to the final settlement value determined by the Exchange.

Bonds Sdn Bhd on the Final Trading Day from 0900 hours to 1800 hours (Malaysia time).

2. Volume weighted average prices ("VWAP") of each MGS in the basket will be calculated and converted to yield in percentage, rounded to the nearest 4 decimal places. Only transactions reported in the ETP with notional values of RM10 million and above per transaction ("Relevant Transactions") will be included in the calculation of the VWAP.

3. The final yield is derived from the yield for each MGS in the basket after weighting the yield of all benchmark bonds by 60% or such other weighting as may be prescribed by the Exchange. The remaining weighting will be equally distributed over the yields of the other bonds.

4. The final settlement value will be calculated from the final yield in accordance with the following formula rounded to the nearest 2 decimal places:

$$Price = \{(C/Y)[1 - (1 + Y/2)^{-2N}] + (1 + Y/2)^{-2N} \} \times RM100$$

where

N is the number of years, = 10
C is the coupon, = 0.06
Y is the yield rounded to the nearest 4 decimal places.

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5. **Basket of eligible MGS**

5.1 Subject to paragraph 5.4 below, the basket of eligible MGS includes MGS with the following characteristics:

	Bond Type	Minimum Issuance Size	Term to Maturity	Other requirements
(a)	Benchmark bonds	Not applicable	8 to 11 years on the first calendar day of the contract month	Not applicable
(b)	Non-benchmark bonds	RM3 billion	8 to 11 years on the first calendar day of the contract month	(i) Private placements are excluded. (ii) A maximum of 2 bonds which meet the requirements in paragraph 5.2 below will be included in the basket of eligible MGS.

			5.2 **Additional Requirements for Non-Benchmark Bonds**
			(1) In addition to the characteristics specified in paragraph 5.1(b) above, the non-benchmark bonds must meet the following requirements:
			(a) The bonds must have Relevant Transactions reported in the ETP within a period of 3 months prior to the date of announcement referred to in paragraph 5.3. The period of 3 months is calculated until the Business Day immediately before the date of such announcement.
			(b) A maximum of 2 non-benchmark bonds may be selected for inclusion in the basket of eligible MGS, using the following criteria applied in the following sequence:
			(i) Bonds with the highest aggregate number of Relevant Transactions;
			(ii) From the bonds with equal number of Relevant Transactions, the bond(s) with Relevant Transactions having the highest aggregate transacted notional value(s);
			(iii) From the bonds with Relevant Transactions having equal aggregate transacted notional values, the bond(s) with a remaining maturity

period that is closest to 10 years on the first calendar day of the contract month.

(2) If a maximum of 2 non-benchmark bonds cannot be selected by applying the requirements in paragraph (1) above, the Exchange may, in its absolute discretion, make a decision on the selection including a decision to exclude non-benchmark bonds from the basket of eligible MGS. Any decision made by the Exchange pursuant to this paragraph is final and binding.

~~3.2~~5.3 The eligible MGS and its weightage for ~~the preceding quarterly month~~a Contract will be announced on the 10th day of the ~~expiry~~ month for the current quarterly month (i.e. March, June, September, December) immediately before the contract month of that Contract or the next Business Day immediately following the 10th day if the 10th day is not a Business Day.

~~3.3~~5.4 No new MGS will be included after the announcement of eligible MGS for the spot quarterly month Contract.

~~4~~6. On the Final Trading Day for a Contract, all Open Positions for the Contract are marked to the final settlement value determined by the Exchange.

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[End of Rule Amendments]