

**Bursa Malaysia Derivatives Berhad**

Date : 18 NOVEMBER 2009

Trading Participant Circular : 38/2009

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES BERHAD  
("RULES OF BURSA DERIVATIVES") IN RELATION TO ENHANCING  
FLEXIBILITY IN DOING BUSINESS**

**1. INTRODUCTION**

Bursa Malaysia Derivatives Bhd ("the Exchange") has amended the Rules of Bursa Derivatives to provide Trading Participants ("TPs") with greater flexibility in relation to carrying on their business.

**2. AMENDMENTS TO THE RULES OF BURSA DERIVATIVES**

Pursuant to section 9 of the Capital Markets and Services Act 2007, the Rules of Bursa Derivatives have been amended as set out in **Annexure 1 ("the Amendments")**. The salient amendments are set out below:

(a) **Prescribed client agreements under Schedules 1 and 1A**

The requirement for a client to execute the prescribed agreements in Schedules 1 and 1A before the TP can commence trading for the client has been replaced with a requirement for the client to execute a written agreement that fulfils the requirements set out in the amended rules. See amended Rules 603.1(a)(iii) and 603.1A(b)(iii), the new Rule 603.1(a)(iv) and the deleted Rule 606.1 and Schedules 1 and 1A.

(b) **Appointment of Designated Representative**

An existing client of a TP can now nominate another client of the same TP as a Designated Representative of the first mentioned client provided that the TP obtains a written authorisation from the first mentioned client. See amended Rule 603.1(b) which is to be read together with the revocation of Trading Participant Circular 15/2002 referred to in paragraph 3 below.

(c) **Advertising and Publicity**

The requirement for the Exchange's approval to be obtained before advertisements, sales literature, educational materials etc. are issued has been replaced with the requirement that the TP's advertising or publicity must comply with the requirements set out in the amended Rule 603.5.

(d) **Employee/Director Trading**

(i) The requirement for employees and directors of a TP to obtain consent to open a trading account with another TP will now only apply to the employees' or directors' accounts as defined in the amended Rule 601.2B(a). Previously, the requirement extended to accounts in which the employee or director had a direct or indirect interest. See amended Rule 601.2B(a).

- (ii) The rules have also been amended to clarify the requirement that TPs must approve each trade executed on account of its employee or director. The requirement for consent to be obtained before business may be transacted for immediate family members of the employee has been removed. See amended Rule 601.2B(b).

(e) **Continuing responsibility of TP**

Rule 601A.1(c) has been amended to clarify that a TP is responsible for the activities of their Registered Representatives and Local Participants stationed at the premises of a Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker or Investment Bank.

(f) **Contract specifications for the Crude Palm Oil Futures Contract**

Schedule 13 has been amended to incorporate a provision on the settlement of weight difference in the delivery of crude palm oil.

### 3. **REVOCATION OF MEMBERS CIRCULAR 15/2002**

With reference to paragraph 2(b) above, Members Circular 15/2002 dated 24 April 2002 pertaining to the Restriction on Nomination of Client as a Designated Representative is revoked with effect from the Effective Date referred to in paragraph 4 below.

For the avoidance of any doubt, Trading Members Circular 35/99 dated 9 November 1999 and Trading Participant Circular 7/2009 dated 20 February 2009 remain in full force and effect.

### 4. **EFFECTIVE DATE**

Please be informed that the Amendments are effective from **18 November 2009** (“**Effective Date**”).

All rules, directives, circulars in force which make reference or contain provisions relating to the above matters shall have effect from the Effective Date as if such reference or provisions relate to the Amendments.

### 5. **CONTACT PERSONS**

In the event of any queries in relation to the Amendments, kindly contact the following persons:

Name	Contact Details
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This Circular is available at

[http://www.bursamalaysia.com/website/bm/rules\\_and\\_regulations/bursa\\_rules/bm\\_securities.html](http://www.bursamalaysia.com/website/bm/rules_and_regulations/bursa_rules/bm_securities.html)

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## REGULATORY POLICY & ADVISORY

Bursa Malaysia Berhad 303632-P

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**RULES OF BURSA MALAYSIA DERIVATIVES BERHAD  
RULE AMENDMENTS IN RELATION TO ENHANCING FLEXIBILITY IN DOING BUSINESS**

The following sets out the rule amendments to provide greater flexibility in doing business by the Trading Participants.

**1.0 RULE 601.2A**

**Rule 601.2A**

1.1 Rule 601.2A be amended as follows:

For the purpose of this sub-Rule 601.2, "employee" shall include Registered Representatives and Registered Representatives in training, ~~and directors of Trading Participant; and any company in which the Registered Representatives, Registered Representatives in training, or directors have more than a 15% direct equity shareholding.~~

~~For the purpose of this sub-Rule 601.2, "immediate family member" shall include parents, spouse, children or siblings.~~

**2.0 RULE 601.2B**

**Rule 601.2B(a)**

2.1 Rule 601.2B(a) be amended as follows:

It shall be the responsibility of the Trading Participant to ensure that:

(a) ~~no business account shall be opened knowingly be transacted~~ by a Trading Participant ("First Trading Participant") on behalf of an employee or director of another Trading Participant ("Second Trading Participant") ~~or for an account in which such employee or director has an interest either directly or indirectly~~ without the prior ~~consent written approval issued by~~ of the second Trading Participant. ~~For the purpose of this sub-Rule, the second Trading Participant shall not allow its employee or director to open an account with the first Trading Participant unless prior written consent is obtained from its Board Of Directors~~ For the purposes of Rule 601.2B(a):

(i) A director's account includes an account within the control of the director or which is held by a company in which the director has 15% or more direct equity shareholding.

(i) An employee's account includes an account which is held by a company in which the employee has 15% or more direct equity shareholding.

**Rule 601.2B(b)**

2.2 Rule 601.2B(b) be amended as follows:

(b) ~~no business shall knowingly be transacted by a Trading Participant on behalf of its employee or the immediate family member of the employee, or any Client in which such employee or the immediate family member of the employee has any interest, direct or indirect except with the prior written consent from the Board of Directors of the Trading Participant. Provided always that:~~



- ~~(i) no such consent shall be given unless the Board of Directors is satisfied that any such business transacted does not in anyway conflict with the interest of the Trading Participant or any Client of the Trading Participant;~~
- ~~(ii) a copy of the written consent is attached to the signed Client agreement between the employee and the Trading Participant; and~~
- ~~(iii) such account shall be actively monitored by a Compliance Officer in the manner envisaged by Rule 610.1B.~~

~~a Trading Participant must issue a prior written approval for each trade in Contracts proposed to be executed on account of its employee or director whether the trade in Contracts is proposed to be executed through the Trading Participant itself or through another Trading Participant. Such approval can only be issued if the Trading Participant is satisfied that trading in the Contracts does not conflict with the interests of any Client of the Trading Participant. For purposes of this Rule 601.2B(b):~~

- ~~(i) A director's account includes an account within the control of the director or which is held by a company in which the director has 15% or more direct equity shareholding.~~
- ~~(ii) An employee's account includes an account which is held by a company in which the employee has 15% or more direct equity shareholding.~~

### **3.0 RULE 601A.1**

#### **Rule 601A.1(c)**

3.1 Rule 601A.1(c) be amended as follows:

- ~~(c) Further to the preceding Rule 601A.1(b), the Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker or Investment Bank shall:-~~
  - ~~(i) ensure that the licences of the Registered Representatives engaged or employed by the Trading Participant and who are stationed in the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's or Investment Bank's principal office or any of its branch office(s) are varied or cause to be varied, as the case may be, by the Commission to reflect the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's or Investment Bank's address;~~
  - ~~(ii) implement measures to ensure that the futures trading activities conducted at the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's or Investment Bank's principal office and/or any of its branch office(s) shall be segregated from the other activities of the Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker or Investment Bank, as the case may be, which measures shall, without limitation, secure the following:-~~
    - ~~(1) there shall be no sharing of employees who are common to the Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker or Investment Bank, as the case may be, and the Trading Participant for any purpose except for the purpose of carrying out the back office system and operations in relation to the conduct of futures trading activities at the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's or Investment Bank's principal office and/or any of its branch office(s)~~



- ~~(2) — the back office system and operations in relation to the conduct of futures trading activities at the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's or Investment Bank's principal office and/or any of its branch office(s) shall at all times remain under the auspices and purview of the Trading Participant~~
- ~~(3) — maintenance of 'chinese walls' to prevent any flow of information between the Local Participants, Registered Representatives and dealer's representatives of the Universal Brokers, Eligible Non-Universal Brokers, Special Scheme Brokers or Investment Banks.~~
- ~~(4) — physical segregation of the trading facilities pertaining to futures broking business and the automated trading system of the Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker or Investment Bank; and~~
- ~~(5) — establishment and implementation of policies and procedures governing restricted access to the trading facilities pertaining to futures broking business and the automated trading system of the Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker or Investment Bank~~

~~For the purposes of this Rule, the Trading Participant shall be responsible for the activities that are carried out by their Registered Representatives engaged and employed by that Trading Participant, and the Local Participants who clear their trades via that Trading Participant (and for whom that Trading Participant is a nominating participant) who may be stationed at the principal office or any branch office(s) of the Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker or Investment Bank.~~

#### **4.0 RULE 603**

##### **Rule 603.1(a)(ii) & (iii)**

4.1 Rule 603.1(a)(ii) & (iii) are amended as follows:

Without prejudice to the generality of Rule 601, a Trading Participant shall, in relation to its dealings with Clients, be responsible:

- (a) before commencing to trade in Contracts for or on behalf of any Clients, to ensure that the following procedures are complied with:
  - (i) the Trading Participant shall exercise due diligence in learning the essential facts as to the Client and its or his investment objectives and financial situation and shall make and retain a record of such information. Based upon such information, a Compliance Officer or such other persons appointed by the Trading Participant shall approve in writing the Client's account for trading; provided, that if the person approving is not a Compliance Officer, his approval shall be subject to review by a Compliance Officer;
  - ~~(ii) [This sub-rule has been deleted] the background and financial information shall be sent to the Client for verification within fifteen (15) calendar days after the Client's account has been approved for trading;~~
  - ~~(iii) the Trading Participant shall obtain from the Client a signed written Client Agreement that the account shall be handled in accordance with the Rules and such Client, acting alone or in concert with others, will not violate the position or exercise limits that are set by the Exchange from time to time must enter into a written agreement with the Client for whom the Trading~~



Participant opens a Client Account. The written agreement between the Trading Participant and the Client must:

- (A) contain the terms and conditions for the operation of the Client Account;
- (B) contain the Client's obligation to comply with these Rules, whether these Rules apply directly or indirectly to the Client;
- (C) not contain any term inconsistent with any provision in these Rules; and
- (D) not contain any term, the effect of which is to exclude or limit the liability of that Trading Participant, its employees, or its agents, to the Client for negligence, fraud or dishonesty, in relation to the Trading Participant's activities as a futures broker.

**Rule 603.1(a)(iv)**

4.2 A new Rule 603.1(a)(iv) be introduced as follows:

(iv) if the Executing Broker and Clearing Broker are two different parties within the meaning of Rule 603.1A, the Executing Broker, Clearing Broker and Client must also, in addition to Rule 603.1(a)(iii) above, enter into a written agreement which addresses the terms and conditions of the giving up and clearing of Contracts between the parties. The written agreement between the Executing Broker, Clearing Broker and Client must:

- (A) contain terms and conditions for the giving up and clearing of Contracts between the parties; and
- (B) contain the Client's obligation to comply with these Rules, whether these Rules apply directly or indirectly to the Client; and
- (C) not contain any term inconsistent with any provision in these Rules; and
- (D) not contain any term, the effect of which is to exclude or limit the liability of that Trading Participant, Clearing Participant, their employees, or their agents, to the Client for negligence, fraud or dishonesty, in relation to their activities as a futures broker or Clearing Participant respectively.

**Rule 603.1(a)(iv)**

4.3 The current Rule 603.1(a)(iv) be renumbered Rule 603.1(a)(v) and amended as follows:

~~(iv)~~ (v) the Trading Participant shall:

- (A) give to the prospective Client a document which contains, at the minimum, the following:
  - (1) an explanation of the nature of Contracts;
  - (2) an explanation of the nature of the obligations assumed by a Client who instructs a Trading Participant to enter into a Contract;



- (3) a Risk Disclosure ~~Statement–Document~~ as prescribed by the Exchange in Schedule 2; and
  - (4) the specifications and details of the essential terms of each kind of Contract in which the Trading Participant trades for the Client.
- (B) obtain a written acknowledgement, signed by the prospective Client, that the Client has received the document referred to in paragraph (A). Similarly, the Client must sign the Risk Disclosure ~~Document~~Statement that is furnished by the Trading Participant, prior to the Client's account being approved;

**Rule 603.1(b)**

4.4 Rule 603.1(b) be amended as follows:

Without prejudice to the generality of Rule 601, a Trading Participant shall, in relation to its dealings with Clients, be responsible:

- (b) to obtain ~~proper–written~~ authorisation from the Client in relation to accepting instructions from any person or persons on behalf of a Client;

**5.0 RULE 603.1A**

**Rule 603.1A(b)(iii)**

5.1 Rule 603.1A(b)(iii) be amended as follows:

- (iii) unless otherwise determined by the Exchange, ~~an tripartite Brokerage Execution Services Agreement (containing at a minimum the terms prescribed in Schedule 1A) agreement~~ shall be executed between the Client, Executing Broker and Clearing Broker pursuant to Rule 603.1(a)(iv).

**6.0 RULE 603.5**

**Rule 603.5**

6.1 Rule 603.5 be amended as follows:

**Rule 603.5 ~~Advertisement and Unsolicited Business Communication~~Advertising and Publicity**

- ~~(a) — Advertisements, sales literature, educational materials, market letters and similar information issued by Trading Participants shall observe truth, avoid misrepresentation and make no promise with respect to profits, and always indicate the possibility of loss if profit is mentioned. All such information shall not contain any hedge clauses or disclaimers which are illegible, or attempt to disclaim responsibility for the contents of such literature or opinions expressed therein, or which are otherwise inconsistent with such communications. Exchange approval shall be obtained prior to the release of these information (excluding research papers, performance reports, projections or recommendations with respect to Contracts). Failure to abide by any directive in accordance with this Rule shall constitute a major offence.~~



- ~~(b) It is the responsibility of each Trading Participant not to issue or disseminate, or permit the issue or dissemination of, any advertisement, educational materials, sales literature and other communications or unsolicited business communication in writing, in respect of its business in Contracts, which is false or which may be misleading or prejudicial to the goodwill or public image of the Exchange and its Participants or which has been disapproved, or is of a class that has been disapproved by the Exchange by notice in writing to the Trading Participant concerned or to Participants generally.~~
- ~~(c) All advertisement, sales literature and educational materials issued by Trading Participant pertaining to Contracts shall be approved in advance by a Compliance Officer. Copies thereof, together with the names of persons who prepared the material, the names of persons who approved the material and, in the case of sales literature, the source of any recommendation contained therein, shall be retained by the Trading Participant for easy access for examination by the Exchange.~~
- ~~(a) A Trading Participant's advertising or publicity in relation to the Trading Participant's business must:~~
- ~~(i) be factual, accurate and not be misleading or ambiguous;~~
  - ~~(ii) not contain hedge clauses or disclaimers which are illegible, or attempt to disclaim responsibility for the contents of such material or opinions expressed in such material which is inconsistent with such communications;~~
  - ~~(iii) not tend to bring the Exchange or its subsidiaries or any other Trading Participant into disrepute;~~
  - ~~(iv) contain a warning statement advising investors to read and understand all applicable terms and conditions and to consider the risks and charges involved before investing in or subscribing to the products or services;~~
  - ~~(v) not give an investor the impression that from any investments made through or with the Trading Participant, the investor's capital is secure and the investor's income or profits are guaranteed or that such rate of return is certain; and~~
  - ~~(vi) not imply that an investor could profit without risk by using the services of the Trading Participant.~~

## **7.0 RULE 606**

### **Rule 606.1**

7.1 Rule 606.1 be deleted in its entirety:

#### **Rule 606.1**

~~[This Rule has been deleted]All agreements between the Trading Participant and its Client for trading in Contracts shall be in writing and shall contain at a minimum, the terms to the effect of that prescribed in the standard Client Agreement in Schedule 1 and shall not contain any term inconsistent with any provision in these Rules. No Trading Participant shall enter into any agreement with a person nor give effect to any term of an agreement, if the effect or purported effect of such term is to exclude or limit the liability of that Trading Participant, its employees, or its agents, to the person for negligence, fraud or dishonesty, in relation to the Trading Participant's activities as a futures broker. A Trading Participant shall submit a copy of its standard Client Agreement and any amendment thereto for the approval of the Exchange prior to circulating or distributing the said agreement to its Clients provided always that deviations from such approved standard Client Agreement made at the request of a~~





~~Client which is not inconsistent with the requirements of a Client Agreement contained in these Rules need not be approved by the Exchange.~~

**8.0 SCHEDULE 1**

8.1 Schedule 1 be deleted in its entirety.

~~[This Schedule has been deleted] A Client Agreement shall contain provisions to the effect of such of the following clauses as are prescribed below. This schedule is to be used as the basis of establishing minimum agreements with Clients.~~

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**CLIENT AGREEMENT**

~~AN AGREEMENT made this~~

~~BETWEEN~~

~~\_\_\_\_\_ (“the Broker”)~~

~~AND the party whose name and address for service appears in Item 1 of Appendix 1 (“the Client”).~~

~~WHEREAS~~

- ~~A. — The Broker is a holder of Capital Markets Services Licence who carries on the business of regulated activity of trading in futures contracts under the Capital Markets and Services Act 2007 (“the Act”) and a Trading Participant of Bursa Malaysia Derivatives Berhad (“the Exchange”).~~
- ~~B. — The Client is desirous of maintaining an account with the Broker for the purposes of trading in futures contracts (as defined in the Act).~~
- ~~C. — Trades in futures contracts will be cleared through a clearing house appointed by the Exchange (“the Clearing House”).~~

~~**NOW THIS AGREEMENT witnesses as follows:-**~~

- ~~1. — The Client appoints the Broker and the Broker accepts the appointment, upon the terms and conditions of this Agreement, as the Client’s broker in relation to trading in futures contracts and to maintain and operate accounts with the Broker in relation to trading in futures contracts.~~
- ~~2. — (The following provision is only to be inserted if the account is an absolute discretionary account)~~

~~Subject to the terms of this Agreement, the Client hereby authorises the Broker to trade in futures contracts on behalf of the Client at the absolute discretion of the Broker and without further reference or approval by the Client.~~

- ~~3. — (This provision is only to be inserted if the account is a limited discretionary account)~~

~~Subject to the terms of this Agreement and any limitations contained in Appendix 2, the Client hereby authorises the Broker to trade in futures contracts on behalf of the Client at the Broker’s discretion. The Client may at any time by written notice instruct~~



~~the Broker to change any of the limitations contained in Appendix 2 or transfer any open position to a non-discretionary account of the Client held with the Broker and acknowledges that any such instruction may result in losses to the Client.~~

- ~~4. The Client shall pay commission and fees at such rates as is determined from time to time by the Exchange, or in the absence of such determination, at the rates as notified by the Broker to the Client in writing from time to time. All stamp duty, costs and expenses incurred for, or to be incurred on behalf of, the Client shall be paid by the Client as invoiced by the Broker.~~
- ~~5. The Client shall maintain with the Broker a deposit in the account as stated in item 2 of the Appendix 1 and pay such margins or lodge such securities (acceptable to the Broker) as may be required by the Broker from time to time in connection with the trading by the Client in futures contracts. The Client agrees and acknowledges:
  - ~~(a) that the Client's liability in respect of margin calls is not limited to the amount of the deposit;~~
  - ~~(b) that the Broker may call for payment of a further deposit or margin (by whatever terms those obligations are described) or call for the lodgement of securities (acceptable to the Broker) as the Broker, in its absolute discretion feels is necessary to protect itself from the personal obligation incurred by dealing in futures contracts on behalf of the Client;~~
  - ~~(c) that the time for payment of margins is of the essence and if no time is stipulated by the Broker prior to calling a margin then the Client is required to comply before the start of trading on the following day;~~
  - ~~(d) that the liability to pay margin accrues at the time the margin requirement comes into existence regardless of when a call is made;~~
  - ~~(e) that in respect of trading in options, the liability to pay the premium accrues at the time the trade is executed regardless of when a demand for payment of the same is made;~~
  - ~~(f) that the Broker may (in accordance with the business rules of the Exchange) deem one hour a reasonable time to comply with a demand for payment of margins; and~~
  - ~~(g) in relation to trades conducted on the Exchange and registered with the Clearing House on the Client's behalf, that the Client has no rights whether by way of subrogation or otherwise against any person or corporation other than the Broker.~~~~
- ~~6. The Client further agrees and acknowledges:
  - ~~(a) that the Client and Broker are bound by the Act the Capital Markets and Services Regulations 2007 and any instrument issued in accordance with the Act, the business rules and customs, usages and practices of the Exchange, the business rules of the Clearing House and the customs, usages and practices of the Clearing House;~~
  - ~~(b) that the Broker will be trading as a principal at all times (and accordingly be liable to the Exchange as such principal) notwithstanding that the Broker will be carrying out the instructions of the Client as the Client's agent. Any benefit or rights accruing to the Broker in relation to its dealings with the Exchange or~~~~

**ANNEXURE 1**  
**RULE AMENDMENTS**  
**in relation to enhancing flexibility**  
**in doing business**



~~in relation to any registration of a futures contract with the Clearing House is personal to the Broker and need not be passed by the Broker to the Client;~~

- ~~(e) — that the Client will take all reasonable steps to obtain and communicate to the Broker all information and deliver or cause to be delivered to the Broker all documents with respect to dealings by the Client in futures contracts, which are requested by the Exchange or the Clearing House and also authorises the Broker to produce the information or documents to the requesting party;~~
- ~~(d) — that dealing in futures contracts may create an obligation to give or take delivery or make cash settlement in accordance with the terms of trading of such futures contracts;~~
- ~~(e) — that the Client has the power and all the requisite approvals to enter into the Agreement with the Broker and to trade in futures contracts;~~
- ~~(f) — that the Broker has the right (subject to section 50 of the Act), either on its own account or on behalf of other Clients, to take opposite positions to the positions taken by the Client in futures contracts;~~
- ~~(g) — that the Client's conversations with the Broker may be recorded by the Broker or the Exchange, provided that the Client may listen to any recording in the event of a dispute or anticipated dispute;~~
- ~~(h) — that should the Broker have notice of any act of bankruptcy of the Client (in the case of an individual) or of the presentation of any petition for the winding-up of the Client (in the case of a corporate Client) or should the Client fail to meet any call for payment of deposit, premium or margin (or to lodge any securities acceptable to the Broker) then the Broker may (without prejudice to any other rights or powers available to it) in its absolute discretion, and without creating an obligation to do so, close out without notice, all or some of the Client's futures contracts;~~
- ~~(i) — that the Client is responsible to pay in cash any deficit owing to the Broker after close out of any of the Client's futures contracts or closure of the Client's account and that if the Client defaults in payment of such deficit, the Broker may realize any deposit and securities held by the Broker and apply the proceeds against the deficiency;~~
- ~~(j) — that the Broker reserves the right to refuse to deal on behalf of the Client in relation to any dealings, in futures contract (other than closing out existing positions held on behalf of the Client) or limit the number of open positions held on behalf of the Client or both. The Broker will however, inform the Client of any refusal at or before the time of the Client placing any further orders with the Broker, or, as soon as possible thereafter;~~
- ~~(k) — that the deposit, margin and any securities deposited with the Broker may be utilised in meeting any obligations of the Client or obligations incurred by the Broker in dealing in futures contracts on behalf of the Client, in respect of futures contracts traded by or on behalf of the Client and registered with the Clearing House;~~
- ~~(l) — that the Broker, its directors, agents, employees or persons related to any of the foregoing may trade in futures contracts on their own account;~~
- ~~(m) — that the Client agrees to abide by any position and exercise limits set by the Exchange or Clearing House as notified by the Broker to the Client;~~

**ANNEXURE 1  
RULE AMENDMENTS  
in relation to enhancing flexibility  
in doing business**



- ~~(n) that the Broker will incur a personal obligation when dealing in contracts on behalf of the Client;~~
  - ~~(o) that each employee and Registered Representative of the Broker acts as the agent of the Broker in connection with the Broker's business of trading in futures contracts and the Broker is liable for all such acts of the agent; and~~
  - ~~(p) that the Agreement cannot be varied or added to without the prior written consent of the Client and the Broker.~~
- ~~7. Either party may terminate this Agreement at any time by giving the other notice in writing to that effect. Upon termination of the Agreement, unless otherwise agreed in writing, the Broker will Close Out all the Client's futures contracts and Close Out abandon and exercise any options not yet exercised.~~
- ~~8. The Client in relation to dealings on the Exchange appoints the Chief Executive Officer of the Clearing House as the Client's attorney (and/or agent) to do all things necessary to transfer any open positions held by the Broker on the Client's behalf to another Broker where the participanship of the Broker has been suspended or terminated.~~
- ~~9. The Client acknowledges receipt of a risk disclosure statement from the Broker and the execution of a duplicate of that risk disclosure statement after reading (or explanation by the Broker) and understanding the same. The Client states that the Client has considered the Client's own objectives, financial situation, needs and risks involved and has formed the opinion that dealing in futures contracts is suitable for the Client.~~

~~**IN WITNESS WHEREOF** the parties hereto have set their hands the day and year first abovewritten.~~

~~Signed by \_\_\_\_\_ )  
\_\_\_\_\_)  
In the presence of \_\_\_\_\_ )~~

~~Signed by \_\_\_\_\_ )  
\_\_\_\_\_)  
In the presence of \_\_\_\_\_ )~~

**Appendix 1**

<del>1.</del>	<del>Item Name and address for service of Client</del>	
<del>2.</del>	<del>Deposit Amount</del>	





<del>Business Rules of the Exchange</del>	<del>:</del>	<del>Business Rules, regulations and procedures and manuals of the Exchange as issued and amended from time to time</del>
<del>Business Rules of the Clearing House</del>	<del>:</del>	<del>Business Rules, regulations and procedures and manuals of the Clearing House as issued and amended from time to time</del>
<del>Clearing House</del>	<del>:</del>	<del>Bursa Malaysia Derivatives Clearing Berhad and/or any other clearing house approved under the Act and appointed by the Exchange to act as a clearing house for the Exchange</del>
<del>Exchange</del>	<del>:</del>	<del>Bursa Malaysia Derivatives Berhad</del>
<del>Proprietary Account</del>	<del>:</del>	<del>As defined in the Business Rules of the Exchange.</del>

~~2. **CLIENT'S ACKNOWLEDGMENT**~~

~~The Client agrees and acknowledges that:~~

- ~~(a) all parties to this Agreement are bound by the Act, Business Rules of the Exchange, Business Rules of the Clearing House and the customs, usage and practices of the Exchange and the Clearing House;~~
- ~~(b) the Client understands and has executed the risk disclosure statement appended to this Agreement as required by the Act and the Business Rules of the Exchange;~~
- ~~(c) the Client's conversation with the Executing Broker may be recorded by the Executing Broker or the Exchange, provided that the Client may listen to any recording in the event of a dispute or anticipated dispute; and~~
- ~~(d) the Executing Broker, acting as principal or on its Proprietary Account or on behalf of another Client, may take the opposite position to the Client in futures contract subject to provisions under the Act.~~

~~3. **CLIENT'S OBLIGATIONS**~~

- ~~3.1 The Client shall by itself or through its authorised representative instruct the Executing Broker to place orders on the Exchange.~~
- ~~3.2 The Client shall be responsible for giving accurate instructions for the placement of the orders with and to the Executing Broker.~~

~~4. **EXECUTING BROKER'S OBLIGATIONS**~~

- ~~4.1 For each order in futures contract executed by the Executing Broker at the request of the Client, the Executing Broker will:~~
  - ~~(a) confirm to Client that the order has been executed, including the quantity and price of the order, and in addition to any other information requested by Client;~~



- ~~(b) be responsible for the accuracy of the execution of such order and shall be solely responsible for any and all errors that may occur in connection therewith;~~
- ~~(c) to do all that is necessary to ensure that such contract resulting from the said order will be given up to the Clearing Broker; and~~
- ~~(d) be liable for any or all of the defaults by the Client until the time the Executing Broker has given up such contracts to the Clearing Broker and the Clearing Broker has confirmed its acceptance to take up such contracts.~~

~~4.2 The Executing Broker may refuse to accept orders on behalf of the Client in relation to trading in futures contract, or may limit the number of open positions held on behalf of the Client or both. The Executing Broker will however, inform the Client of any refusal at or before the time of the Client placing any further orders with the Executing Broker, or as soon as possible thereafter.~~

~~4.3 The Executing Broker may appoint any of its employees and registered representatives to act as agents of the Executing Broker in connection with the Executing Broker's business of trading in futures contracts and the Executing Broker is liable for all such acts of the agents of the Executing Broker.~~

#### ~~5. **CLEARING BROKER'S OBLIGATIONS**~~

~~5.1 The Clearing Broker may place limits or conditions on the positions it will accept for give up for the Client's account, subject always to prior written notice being given to the Client and the Executing Broker.~~

~~5.2 Subject to Clause 5.1 above, the Clearing Broker shall be responsible for clearing all contracts executed by the Executing Broker on behalf of or on the instructions of the Client.~~

~~5.3 The clearing of the Client's contracts pursuant to Clause 5.2 shall be in accordance with the terms and conditions in the Client Agreement which terms and conditions shall be incorporated into this Agreement by inference.~~

#### ~~6. **REFUSAL TO CLEAR**~~

~~6.1 In the event that the Clearing Broker does not, for any reason, accept a contract transmitted to it by the Executing Broker, the Clearing Broker shall promptly notify the Client and the Executing Broker of such non-acceptance, and the Executing Broker shall be entitled:~~

~~(a) to clear the contracts subject to the following provisions:~~

- ~~(i) the Client and Executing Broker shall enter into a client agreement as provided in the Business Rules of the Exchange;~~
- ~~(ii) the Client shall be fully liable for any and all obligations arising out of or related to the trading by or on behalf of the Client by the Executing Broker, including but not limited to chargeable commission and fees as determined by the Exchange and the Clearing House, all stamp duty, costs and expenses incurred for, or to be incurred on behalf of the Client;~~
- ~~(iii) the Executing Broker shall have the right to call for margins in such amounts, in such form, by such time and in such manner as the Executing Broker, at its~~



~~discretion (subject always to the relevant Exchange and Clearing House rules), feels necessary to protect itself from the personal obligation incurred by dealing in futures contract on behalf of the Client; and~~

- ~~(iv) the Client is aware and acknowledges that trading in futures contracts may create an obligation to give or take delivery or make cash settlement in accordance with the terms of trading of such futures contracts; or~~
- ~~(b) to transfer the Client's contract to another Clearing Broker pursuant to the Client's instruction; or~~
- ~~(c) to execute orders resulting in a closing out of open positions in such manner that the Executing Broker may determine and the Executing Broker shall promptly notify the Client of such close out. Any balance resulting from such close out shall be promptly settled between the Executing Broker and the Client.~~

## ~~7. FEES~~

- ~~7.1 The Executing Broker will, where applicable, bill commissions for executing orders, as elected in Clause 7.3 below, on a monthly basis. The Client or the Clearing Broker, as elected in Clause 7.3 below, shall be responsible for verifying billing and making payment. The Clearing Broker will pay all Exchange and Clearing House fees, incurred for all transaction executed by the Executing Broker for and behalf of the Client and subsequently given up to the Clearing Broker.~~
- ~~7.2 The Executing Broker will, where applicable, bill the Client for clearing contracts, in the amount of the standard fee payable for the clearing of contracts, in the event that the Clearing Broker does not accept a contract executed by the Executing Broker and the Executing Broker clears the contract in accordance with Clause 6.~~
- ~~7.3 The Executing Broker will, where applicable, bill commissions in the amount of \_\_\_\_\_ per contract per half turn to the Client/Clearing Broker. *[delete where appropriate]*.~~

## ~~8. CONTRACT NOTES AND MONTHLY STATEMENTS~~

- ~~8.1 The Clearing Broker shall be responsible for the furnishing to the Client contract notes for all the orders executed under this Agreement and shall also be responsible for providing the Client with monthly statements as required by the Act and the Business Rules of the Exchange.~~
- ~~8.2 In the event of a refusal by the Clearing Broker to clear any contract for the Client, and the Executing Broker clears the contract in accordance with clause 6, the Executing Broker shall furnish the Client with a statement containing the same information that is required to be contained in a monthly statement furnished by a Broker in accordance with the Act and the Business Rules of the Exchange.~~

## ~~9. TERMINATION~~

~~Any party may terminate this Agreement at any time by giving the other notice in writing to that effect. Any such termination shall have no effect upon any party's rights and obligations arising out of any transaction executed prior to such termination.~~





~~10. **EFFECT**~~

~~This Agreement shall not amend or vary the Client Agreement and if there is any inconsistency between this Agreement and the Client Agreement, the Client Agreement shall prevail.~~

~~11. **CHOICE OF LAW**~~

~~This Agreement shall be exclusively governed by and construed in accordance with the laws of Malaysia.~~

~~12. **DISPUTE**~~

~~All the parties hereby agree that any disputes relating to the execution and clearing of contracts pursuant to and under this Agreement shall be subject to the jurisdiction of the Exchange and where applicable, the Clearing House upon which the dispute arises. The parties to this Agreement shall perform their respective obligations and exercise their respective rights under this Agreement using their judgment in a reasonable manner under the circumstances.~~

~~**IN WITNESS WHEREOF** the parties hereto have set their hands the day and year first abovewritten.~~

~~Signed by \_\_\_\_\_ ]  
\_\_\_\_\_ ]  
\_\_\_\_\_ ]  
Client \_\_\_\_\_ ]  
in the presence of : \_\_\_\_\_ ]~~

~~Signed by \_\_\_\_\_ ]  
\_\_\_\_\_ ]  
for and on behalf of \_\_\_\_\_ ]  
the Executing Broker \_\_\_\_\_ ]  
in the presence of : \_\_\_\_\_ ]~~

~~Signed by \_\_\_\_\_ ]  
\_\_\_\_\_ ]  
for and on behalf of \_\_\_\_\_ ]  
the Clearing Broker \_\_\_\_\_ ]  
in the presence of : \_\_\_\_\_ ]~~

**Appendix I**

**Risk Disclosure Document**



**10.0 SCHEDULE 13**

10.1 A new provision in Schedule 13 be introduced as follows:

**CRUDE PALM OIL FUTURES CONTRACT**

**DELIVERABLE UNIT**

25 metric tons, plus or minus not more than 2%.

Settlement of weight differences shall be based on the simple average of the daily Settlement Prices of the delivery month from:

- a. The 1<sup>st</sup> Business Day of the delivery month to the day of tender, if the tender is made before the last trading day of the delivery month; or
- b. The 1<sup>st</sup> Business Day of the delivery month to the last day of trading, if the tender is made on the last trading day or thereafter.

[End of Rule Amendments]