

BURSA MALAYSIA DERIVATIVES BERHAD

Date: 9 July 2020

Trading Participant Circular: 17/2020

AMENDMENTS TO DIRECTIVE NO. 4-001 (DIRECTIVE ON CONDUCT OF BUSINESS) IN RELATION TO THE REQUIREMENTS ON ACCOUNT OPENING AND CLIENT ONBOARDING

1. INTRODUCTION

- 1.1 Bursa Malaysia Derivatives Bhd (“**Exchange**”) has amended Directive No. 4-001 to enhance the provisions relating to non face-to-face verification of a client when opening a trading account with a Trading Participant (“**TP**”).
- 1.2 The Exchange has undertaken the amendments in view of the global trends and technological advances where new methods of reliable client authentication have emerged and are widely practised. The amendments will accord greater flexibility to both the TP and clients in the opening of a trading account, which will in turn reduce regulatory costs and promote ease of doing business by the TP.
- 1.3 The amendments to Directive No. 4-001 have been approved by the Securities Commission Malaysia and are further detailed in paragraph 2 below.

2. AMENDMENTS TO DIRECTIVE NO. 4-001

- 2.1 The amendments made to Directive No. 4-001 are as follows:
- (1) expanding the non face-to-face verification methods to allow a TP to verify a client’s identity and the authenticity of the application for an account opening in the following manner:
- (a) through a video recording of the client;
 - (b) by requiring the client to make a nominal payment to the TP, from his own bank account with a licensed bank under the Financial Services Act 2013 or licensed Islamic bank under the Islamic Financial Services Act 2013, or the TP may transfer a nominal sum into the client’s bank account; or
 - (c) by using any other technological solution to verify the identity of a client, including but not limited to, biometric technologies, which is able to verify the client’s identity effectively;
- (2) clarifying that in relation to the existing paragraph 6.1(4)(d) of Directive No. 4-001, the entity within the TP’s group which has previously verified a client’s identity, must be a reporting institution under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.
- 2.2 The detailed amendments to Directive No. 4-001 are as set out in **Annexure 1**.

3. FREQUENTLY ASKED QUESTIONS (“FAQS”)

- 3.1 A new set of FAQs in relation to account opening through electronic means and the use of technology to on-board a client may be accessed at the following link:
https://www.bursamalaysia.com/regulation/faqs_relating_to_bursa_malaysia_rules.

4. EFFECTIVE DATE

- 4.1 The amendments to Directive No. 4-001 will take effect from **9 July 2020**.

5. CONTACT PERSON

- 5.1 In the event of any queries in relation to the above matter, kindly contact us at the following email: isd2@bursamalaysia.com

This Circular is available at:

https://www.bursamalaysia.com/regulation/derivatives/rules_of_bursa_malaysia_derivatives

Regulation