**AMENDMENTS TO THE BMD RULES IN RELATION TO THE REVISION OF THE
5-YEAR MALAYSIAN GOVERNMENT SECURITIES FUTURES CONTRACT**

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES BERHAD ("BMD RULES")
IN RELATION TO THE REVISION OF THE 5-YEAR MALAYSIAN GOVERNMENT SECURITIES FUTURES CONTRACT**

RULE	EXISTING PROVISIONS	RULE	AMENDED PROVISIONS
9.06	**Application** Rules 9.07 and 9.08 apply where settlement of the Contract is prescribed in the Contract Specifications to be by physical delivery of the Instrument underlying the Contract.	**9.06**	~~Application~~ ~~Rules 9.07 and 9.08 apply where settlement of the Contract is prescribed in the Contract Specifications to be by physical delivery of the Instrument underlying the Contract.~~[Deleted]
9.07	**Obligations of the Buyer and Seller** (1) The buyer's obligation under a Contract is to take delivery and make payment. (2) The seller's obligation under a Contract is to make delivery of the Instrument underlying the Contract in accordance with the Contract Specifications.	**9.07**	**Obligations of the Buyer and Seller** (1) Where settlement of a Contract is prescribed in the Contract Specifications to be by physical delivery of the Instrument underlying the Contract, ~~T~~the buyer's obligation under ~~a~~the Contract is to take delivery and make payment. (2) The seller's obligation under ~~a~~the Contract is to make delivery of the Instrument underlying the Contract in accordance with the Contract Specifications.
Item 4.03 of Schedule 4	Please refer to Item 4.03 of Schedule 4 below.	**Item 4.03 of Schedule 4**	Please refer to Item 4.03 of Schedule 4 below.

SCHEDULE 4
INTEREST RATE CONTRACTS

Item 4.03 (FMG5)	Contract Specifications for 5-Year MGS Futures Contract

CONTRACT	5-YEAR MGS FUTURES CONTRACT
CONTRACT CODE	FMG5
UNDERLYING INSTRUMENT	Malaysian Government securities with a 5-year maturity ("5-Year MGS")
COUPON RATE	6% per annum, payable semi-annually
CONTRACT UNIT	5-Year MGS having a principal value of RM100,000.00
PRICE QUOTATION	In Ringgit Malaysia per RM100.00 in face value, up to 2 decimal places
MINIMUM PRICE FLUCTUATION	0.01 = RM10.00
CONTRACT MONTHS	4 nearest quarterly cycle months of March, June, September and December. The contract months are as set out in Appendix C.
TRADING HOURS	First trading session: 0900 hours to 1230 hours (Malaysia time); and Second trading session: 1430 hours to 1800 hours (Malaysia time).
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 1800 hours (Malaysia time) on the Final Trading Day.
SETTLEMENT METHOD	~~Cash settlement based on the final settlement value~~Physical delivery.
FINAL SETTLEMENT DAY	1. Delivery may be made on any Business Day from the 1st Business Day of the delivery month until 2 Business Days after the Final Trading Day ("last delivery day"). 2. Any Contracts remaining open after the cessation of trading on the Final Trading Day will be settled by delivery on the last delivery day or, if the last delivery day is a non-Business Day, by the 1st Business Day immediately following the last delivery day.

	3. The delivery process must be done in accordance with the Clearing House Rules.
~~FINAL SETTLEMENT VALUE~~ ELIGIBLE MGS FOR DELIVERY	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 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, = 5~~
	~~C is the coupon, = 0.06~~
	~~Y is the yield rounded to the nearest 4 decimal places.~~
	(a) ~~5. **Basket of eligible MGS**~~ (b) ~~(c)~~(a) ~~5.1~~ Subject to paragraph (c) ~~paragraph 5.4~~ below, the list ~~basket~~ of eligible MGS that may be delivered includes MGS with the following characteristics:

	Bond Type	Minimum Issuance Size	Term to Maturity	~~Other requirements~~
(~~a~~i)	**Benchmark bonds**	Not applicable		~~Not applicable~~

			4 to 6 years on the first calendar day of the contract month	
(~~b~~ii)	**Non-benchmark bonds**	RM5 billion	4 to 6 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 5 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.~~
	(b)~~5.3~~ The eligible MGS ~~and its weightage for a Contract~~ will be announced on the 10th day of the 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.
	(c)~~5.4~~ No new MGS will be included in the list of eligible MGS, after the announcement of eligible MGS for the spot quarterly month Contract has been made.
	~~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.~~

[End of item 4.03 (FMG5) of Schedule 4]

[End of Amendments to BMD Rules]