

**ANNEXURE 3**  
**AMENDMENTS TO THE BMD DIRECTIVES**  
**In relation to review of the (1) Guidelines for Compliance Function and (2) Compliance Reporting for Participating Organisation, Trading Participants and Clearing Participants**

<b>DIRECTIVE ON COMPLIANCE FUNCTIONS FOR DEALING IN DERIVATIVES IN A PARTICIPATING ORGANISATION OF TRADING PARTICIPANT</b>	<b>No. 5.05-001</b>
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Relevant to : Rules 5.05 and 5.17  
Introduced with effect from : 15 August 2019  
Amended : N/A 30 November 2021 vide TP Circular No. 17/2021  
TPs' Circular No(s). : N/A  
Refer also to Directive No(s). : N/A

**1. Rules 5.05 and 5.17**

- (1) Rule 5.05 states that a Trading Participant must establish and maintain a compliance function which is responsible to monitor compliance with these Rules, Directives and the Securities Laws and to provide advice on all the relevant requirements that a Trading Participant must comply with, in carrying out the Trading Participant's business.
- (2) Rule 5.17 states that a Universal Broker, 1+1 Broker, Special Scheme Broker or Investment Bank may carry out the business of dealing in derivatives through its subsidiary or a subsidiary of its holding company which is a Trading Participant.
- (3) In discharging the obligations in the said Rules, a Trading Participant must, amongst others, comply with the requirements set out below.

**1.1 Compliance Functions for Dealing in Derivatives at the Universal Broker's, 1+1 Broker's, Special Scheme Broker's and Investment Bank's principal office and/or branch office(s).**

- (1) Where a Universal Broker, 1+1 Broker, Special Scheme Broker or Investment Bank undertakes dealing in derivatives under Rule 5.17(1), unless otherwise required by the Exchange, Bursa Securities and/or the Commission, the Trading Participant may elect to have the department that is carrying out the compliance functions for the Universal Broker, 1+1 Broker, Special Scheme Broker and Investment Bank, undertake the compliance function for the Trading Participant. However, the Trading Participant must ensure that:
  - (i) the Universal Broker's, 1+1 Broker's, Special Scheme Broker's and Investment Bank's Compliance Officers' roles and responsibilities are not in any way whatsoever compromised or affected; and
  - (ii) the Universal Broker's, 1+1 Broker's, Special Scheme Broker's and Investment Bank's Compliance Officer so acting must have passed the relevant Commission's examination.
- (2) The Universal Broker, 1+1 Broker, Special Scheme Broker and Investment Bank must submit all compliance reports pertaining to the business of dealing in derivatives to the Trading Participant's Compliance Officer.
- (3) The Compliance Officer of the Trading Participant and the Trading Participant are ultimately responsible for the compliance functions in relation to dealing in derivatives at the Universal Broker's, 1+1 Broker's, Special Scheme Broker's and Investment Bank's principal office and/or branch office(s).

[End of Directive]

As at 15 August 2021 30 November 2021

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