

Decoupling of Clearing Participantship from Trading Participantship

Frequently Asked Questions (FAQs)

1. How can I apply to become a Clearing Participant?

An applicant is required to fulfil specified criteria which includes meeting the minimum financial requirement and having sufficient resources and adequate systems for the proper performance of the business of 'clearing' and submit an application to Bursa Clearing (D) for approval to become a Clearing Participant. Please refer to Chapter 2 of the Rules of Bursa Clearing (D) read together with Directive No. 2-001. You can also seek further information from:

Head, Participants Affairs
Participants Supervision
Regulation
Bursa Malaysia Berhad
12th Floor, Exchange Square
50200 Kuala Lumpur
Tel: (603) 2034 7000, (603) 2034 4999 (General Line)

Fax: (603) 2026 3685, (603) 2732 8362
e-mail: IAD@bursamalaysia.com

2. Do existing General Clearing Participants ("GCPs") of Bursa Malaysia Derivatives Clearing Bhd ("Bursa Clearing (D)") who are also Trading Participants of Bursa Malaysia Derivatives Bhd (Bursa Derivatives) ("TPs") need to 'reapply' for participantship with Bursa Clearing (D) after the rule amendments to effect the decoupling of clearing participantship from trading participantship come into effect?

No. However, such GCPs must ensure that the new requirements set out in the Rules of Bursa Clearing (D) are complied with and this includes the registration of the persons as set out below.

3. Who are the persons that a GCP must register with Bursa Clearing (D)?

A new GCP must register the following persons with Bursa Clearing (D) before it can utilise the services or facilities of participantship with Bursa Clearing (D):

- (a) a Responsible Person for the Overall Clearing Business;
- (b) a Responsible Person for Risk Management; and
- (c) a Compliance Officer.

Existing GCPs are required to ensure that the relevant persons are registered by 23 August 2017.

4. For GCPs who are also TPs at the time the relevant rules come into effect, would the Compliance Officer registered by that GCP (in its capacity as TP) with Bursa Derivatives need to be registered with Bursa Clearing (D)?

As there was previously no requirement under the Rules of Bursa Clearing (D) to register a Compliance Officer, once the rule amendments come into effect, the relevant GCP

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(who is also a TP) would need to apply to register a Compliance Officer with Bursa Clearing (D). Such person could be the existing person who is registered with Bursa Derivatives as the Compliance Officer for the TP.

5. **Can the same person be registered with both Bursa Clearing (D) and Bursa Derivatives as the Compliance Officer for both the trading and clearing activities of a participant who is both a TP and a GCP?**

Yes.

6. **Can a Compliance Officer who is registered with Bursa Clearing (D) be similarly registered with Bursa Clearing (D) as the Responsible Person for Risk Management?**

Yes.

7. **What is the scope of the responsibility for a Responsible Person for Risk Management?**

The scope is only in relation to risk management for the clearing activities of the GCP. There is no requirement in the Rules of Bursa Derivatives to register a person in relation to management of risks arising from trading activities of a Trading Participant.

8. **Can a person who is registered as the Responsible Person for Risk Management or the Compliance Officer also be registered as the Responsible Person for Overall Clearing Business?**

No.

9. **How would a GCP go about clearing the derivatives trades that have been executed by another entity e.g. a trading only TP?**

The GCP would need to enter into a written arrangement with the TP and inform Bursa Clearing (D) of such clearing arrangement. Please refer to Rule 228 of the Rules of Bursa Clearing (D) for further details.

10. **Does the requirement to register the relevant persons mentioned in Question 3 apply to a Direct Clearing Participant (“DCP”)?**

No. Whilst a DCP must carry out the risk management and compliance functions set out in Rules 504 and 505 of the Rules of Bursa Clearing (D), the persons carrying out such functions need not be registered with Bursa Clearing (D).

- 11. As a GCP, do I have to pay the annual fee of RM6,000 to Bursa Clearing (D) if I am also a TP at the point when the annual fee becomes due and payable?**

No. This fee has been waived for GCPs who are also TPs until further notice.

- 12. What is the minimum requirement vis-à-vis the share capital and shareholders' funds unimpaired by losses arising from the rule amendments?**

A GCP is now required to maintain a share capital of RM10 million and shareholders' funds unimpaired by losses of RM10 million. Existing GCPs are given a grace period of 3 years from the effective date of the rules to meet this requirement.

- 13. Must there be separate submissions of the 'Compliance Report' required under both the Rules of Bursa Clearing (D) and Bursa Derivatives?**

No. A single submission of the 'Compliance Report' covering both the trading and clearing activities of a GCP who is also a TP can be made by addressing the same report to both Bursa Derivatives and Bursa Clearing (D).

- 14. Is there a requirement to send separate client statements required under both the Rules of Bursa Clearing (D) and Bursa Derivatives to the same client if the participant is both the TP and GCP?**

No. Such participant can send a consolidated client statement in respect of its role as both a TP and a GCP; however, such TP/GCP must ensure that the client statement complies with the provisions on client statements in both the Rules of Bursa Clearing (D) as well as the Rules of Bursa Derivatives.

[End of FAQs]