



Bursa Malaysia Derivatives Berhad
199301007200 (261937-H)

Date : 27 April 2023

Trading Participant Circular: 08/2023

EXCESSIVE MESSAGING THRESHOLD

Effective Thursday, 11 May 2023, Bursa Malaysia Derivatives Berhad (“BMD”) will implement the CME Globex Excessive Messaging Threshold (“EMT”) to promote efficient messaging and foster high quality, liquid markets.

The associated EMT calculations pertaining to BMD iLink Session ID are as follows:-

- **Raw Message Count** (Orders + Modifications + Cancellations + Eliminations)
- **Messaging Score** (Number of modifications) + (Number of orders cancellations multiple by 3) + (Number of FAK or FOK orders eliminated multiple by 3)
- **Volume Ratio** = $\frac{\text{iLink Session ID Product Group Messaging Score}}{\text{iLink Session ID Product Group Volume}}$

Any iLink Session ID which exceeds a Raw Message Count of 1 million for a Globex trade date and a Volume Ratio > 500:1 in each individual product group that subject to the EMT, may result in the following escalations by the CME:-

- Warning notification stating the iLink Session ID(s) exceeded the EMT threshold.
- Second warning notification stating the associated market participant’s GCC port will be closed if a third instance occurs within a rolling 12-month period.
- iLink Session port closure with accompanying USD1,000 port closure fee.

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9th Floor, Exchange Square | Tel : 03-2034 7000, 03-2732 4999 (GL)
Bukit Kewangan | Fax : 03-2026 3711
50200 Kuala Lumpur, Malaysia | Website : www.bursamalaysia.com

Case Example 1:

Product Group = BC (FCPO)

Globex iLink session activity on a Trade Date:

Trade Date	Orders	Modifications	Cancellations	Eliminations	Trade Volume
1 Nov 22	13,645	1,049,554	13,322	122	849

$$\begin{aligned} \text{Raw Message Count} &= 13,645 + 1,049,554 + 13,322 + 122 \\ &= 1,076,643 \end{aligned}$$

$$\begin{aligned} \text{Messaging Score} &= (1,049,554) + (13,322 \times 3) + (122 \times 3) \\ &= 1,089,886 \end{aligned}$$

$$\begin{aligned} \text{Volume Ratio} &= 1,089,886 / 849 \\ &= 1,283.7 \end{aligned}$$

In this example, the iLink session has exceeded the Raw Message Count of 1 million and with a Volume Ratio higher than 500:1. Hence, it has exceeded the EMT threshold.

Case Example 2:

Product Group = BC (FCPO)

Globex iLink session activity on a Trade Date:

Trade Date	Orders	Modifications	Cancellations	Eliminations	Trade Volume
1 Nov 22	13,145	973,554	12,822	122	849

$$\begin{aligned} \text{Raw Message Count} &= 13,145 + 973,554 + 12,822 + 122 \\ &= 999,643 \end{aligned}$$

$$\begin{aligned} \text{Messaging Score} &= (973,554) + (12,822 \times 3) + (122 \times 3) \\ &= 1,012,386 \end{aligned}$$

$$\begin{aligned} \text{Volume Ratio} &= 1,012,386 / 849 \\ &= 1,192.5 \end{aligned}$$

In this example, the Volume Ratio is higher than 500:1 but the Raw Message Count is below 1 million. Hence, the iLink session does not exceed the EMT threshold.

Reopening iLink Session Ports

To reopen the iLink session ports, TP's authorised personnel will need to contact the CME Global Command Center ("GCC") via phone or e-mail to request for port reopening. iLink session ports will be reopened upon GCC determination that the detrimental behaviour has been corrected.

The GCC will require a written explanation from the TP to ensure that the TP and its client (if any) have a complete understanding of the root cause.

In addition to the explanation, the GCC will require detailed information as to the mitigating and programmatic steps that have been taken or will be taken to ensure the offending activity will not occur again. The mitigating and programmatic steps in this context refer to the controlling actions or steps specific to the TP and its client's trading system that could be taken to reduce/mitigate the potential violation. This typically means that the action taken is on the specific client's trading system and the firm's solution.

TP is required to e-mail to GCC (with cc to BMD) with the explanation and information as mentioned above.

TP can submit a port closure fee waiver request (via e-mail to GCC with cc to BMD) by providing its justification to GCC. The fee waiver will be subjected to GCC's review and decision.

Please be informed that the TP Trading Manual will be updated with the above substance on the effective date of the EMT implementation (i.e. 11 May 2023).

Should you have any queries, please contact the following department:

Department	Contact Details
Securities, Derivatives & Bond Trading Operations	Phone: +603 2052 3494 E-mail: bmdcustomersupport@bursamalaysia.com

Trading Operations & Market Control Market Operations