

## FREQUENTLY ASKED QUESTION IN RELATION TO THE RESIGNATION OF A CLEARING PARTICIPANT

1. Issue : Grounds for refusing to accept a resignation
- Relevant Rule : Rule 3.31(2)
- Question : Rule 3.31(2) of the Rules of Bursa Malaysia Derivatives Clearing Bhd (“BMDC”) provides that the acceptance of the resignation by a Clearing Participant is at the discretion of BMDC. What would be the possible grounds for refusal to accept the resignation?
- Answer : BMDC may exercise its discretion to not accept the resignation of a Clearing Participant based on, amongst others, the following circumstances:
- (a) where investigation and enforcement proceedings have been commenced against the Clearing Participant;
  - (b) where there has been non-compliance with the BMDC rules, or the operational/procedures manual;
  - (c) if the Clearing Participant still has open positions<sup>1</sup>;
  - (d) if there are outstanding obligations due from the Clearing Participant to BMDC, Bursa Malaysia Derivatives Bhd (“BMD”) or the Clearing Participants’ clients;
  - (e) if the Clearing Participant fails to adhere to the conditions imposed by BMDC or BMD to ensure an orderly exit by the Clearing Participant, including the transfer of its clients and their accounts to another designated Clearing Participant; and
  - (f) as directed by the Securities Commission Malaysia or any other regulatory authorities.
- In such circumstances, BMDC will determine the effective date of resignation of a Clearing Participant, taking into consideration the time needed by such Clearing Participant to resolve the above circumstances.
2. Issue : Effect of BMDC refusing to accept resignation within the 30 days’ notice period
- Relevant Rule : Rule 3.31(1), 3.31(2), 9.02(8)
- Question : What is the extent of a Clearing Participant’s liability to any claim made against the Clearing Fund where BMDC has yet to accept the notice of termination after the minimum notice period of 30 days mentioned in Rule 3.31(1)
- Answer : Provided the Clearing Participant has served the notice of resignation before any claim is made against the Clearing Fund and that the Clearing Participant is taking action to ensure an orderly exit, the Clearing Participant need not make any further contributions to the Clearing Fund in respect of such claim.

[End of Frequently Asked Questions]

---

<sup>1</sup> “open position” means the position of a party under a contract whose rights or obligations have not expired or been discharged or where the rights and/or obligations under that contract are yet to be fulfilled.