

BURSA MALAYSIA DERIVATIVES CLEARING BERHAD

Date: 21 DECEMBER 2020 Clearing Circular: 39/2020

THE MALAYSIAN SUSTAINABLE PALM OIL (MSPO) CERTIFICATION REQUIREMENT FOR CRUDE PALM OIL FUTURES (FCPO) CONTRACT PHYSICAL DELIVERY

Bursa Malaysia Derivatives Clearing Berhad wishes to inform Clearing Participants that all sellers intending to make physical delivery pursuant to a FCPO contract must deliver Crude Palm Oil (CPO) sourced from Palm Oil Mills that fulfill Oil Palm Management Certification (OPMC) Part 4 (General Principals for Palm Oil Mills) under the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme requirements.

The MSPO certification shall be certified by respective certification bodies accredited by the Department of Standards Malaysia (DSM). All relevant certification bodies are available on the Malaysia Palm Oil Council Certification (MPOCC) website: https://www.mpocc.org.my/

With the new MSPO requirement in place, all sellers intending to make physical delivery will need to include the following in the traceability document before submitting to the Port Tank Installations (PTIs):

- a. Parent Company of the seller
- b. Mill Party
- c. Mill Address
- d. Mill Coordinate: Longitude and Latitude
- e. Quantity of CPO delivered in metric ton (MT)
- f. MSPO Certification Number

The Electronic Negotiable Storage Receipt (e-NSR) will not be issued by PTIs to the sellers who deliver physical CPO through Bursa Malaysia Derivatives Clearing Berhad if the MSPO certification by proper accreditors requirement and the traceability documents requirement are not met.

This requirement will take effect for all physical deliveries from 1 April 2021 onwards. Please refer to **Appendix 1** for the new physical delivery flow of the sellers and buyers.

For further enquiries, please contact the following:

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Appendix 1

New Physical Delivery Flow for Seller to PTI

Seller to deliver MSPO certified CPO together with the traceability documents*

PTIs to check on the following:

- Only CPO with proper MSPO certification from certification bodies accredited by DSM.
- Quantity of CPO delivered.
- FFA, M&I and DOBI values are fulfilled.
- Traceability documents are submitted by Seller.

PTI to issue eNSR if all requirements are fulfilled



Clearing House to allocate to Buyer's Clearing Participant



Seller's Clearing Participant to notify Clearing House



Seller to notify Clearing Participant on their intent to tender

*Information required for traceability documents:

- Parent Company of the Seller
- Mill Party
- Mill Address
- Mill Coordinate: Latitude and Longitude
- Quantity of CPO received in MT
- MSPO Certification Number



New Physical Delivery Flow for PTI to Buyer

After allocation by Clearing House, Buyer makes full payment to Clearing Participant



Clearing Participant makes payment to Clearing House



Buyer to collect oil from PTI

• PTI is responsible to provide traceability documents* and to ensure only MSPO Certified palm oil is delivered to the buyer upon collection



Clearing House to provide the eNSR to buyer via Clearing Participant

*Information required for traceability documents:

- Parent Company of the Seller
- Mill Party
- Mill Address
- Mill Coordinate: Latitude and Longitude
- Quantity of CPO received in MT
- MSPO Certification Number

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