

**BURSA MALAYSIA DERIVATIVES BERHAD**

Date : 8 November 2006

Trading Participant Circular : 29/2006

**AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES  
BERHAD IN RELATION TO INVESTMENT BANKS**

In respect of the above matter, please be informed that pursuant to Section 6 of the Futures Industry Act 1993, amendments have been made to the Rules of Bursa Malaysia Derivatives Berhad in relation to Investment Banks following the issuance of the Guidelines on Investment Banks by Bank Negara Malaysia and the Commission jointly on 1 July 2005. The said amendments shall take effect from **8 November 2006**.

The above amendments are attached herein as **Annexure 1** ("the Amendments").

This circular is available on Bursa Malaysia's website at this link:

[http://www.bursamalaysia.com/website/bm/rules\\_and\\_regulations/bursa\\_rules/bm\\_derivatives.html](http://www.bursamalaysia.com/website/bm/rules_and_regulations/bursa_rules/bm_derivatives.html)

All rules, directives or circulars in force which make references to or contain provisions relating to the above matters shall have effect from that date as if such reference or provisions relate to the amended provisions aforesaid.

Please direct any queries you may have in relation to the above rule amendments to the following persons at the respective telephone numbers:

- i. Ms Shohbana Vythy (03-20347312);
- ii. Mr Ng G-Ming (03-20347364)
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Legal Advisory & Corporate Legal Affairs

## ANNEXURE 1

## AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES BERHAD IN RELATION TO INVESTMENT BANKS

Existing Rule		Amended Rule	
Rule 201	New Rule		<b>“Bursa Securities”</b> means Bursa Malaysia Securities Berhad;
Rule 201	New Rule		<b>“Capital Adequacy Ratio”</b> means “Capital Adequacy Ratio” as referred to in the Rules of Bursa Securities;
Rule 201	New Rule		<b>“Capital Adequacy Requirements”</b> means the capital adequacy requirements as referred to in the Rules of Bursa Securities;
Rule 201	<b>“Eligible Non- Universal Broker”</b> shall have the same meaning as is assigned to that expression in the Rules of Bursa <i>Malaysia</i> Securities Berhad;		<b>“Eligible Non- Universal Broker”</b> shall have the same meaning as is assigned to that expression in the Rules of Bursa Securities;
Rule 201	New Rule.		<b>“Guidelines on Investment Banks”</b> means the Guidelines on Investment Banks issued by Bank Negara Malaysia and the Commission, including all modifications, re-issuance or consolidations thereof and directives issued pursuant thereto;

Existing Rule		Amended Rule	
Rule 201	New Rule		“ <b>Investment Bank</b> ” means an Investment Bank as defined in the Rules of Bursa Securities and which is approved as a Trading Participant of the Exchange in accordance with Rule 305, unless the context otherwise permits;
Rule 201	New Rule		“ <b>Investment Bank Capital Adequacy Framework</b> ” means the Investment Bank Capital Adequacy Framework referred to in the Guidelines on Investment Banks;
Rule 201	“ <b>Participating Organisation</b> ” shall have the same meaning as is assigned to that expression in the Rules of Bursa <i>Malaysia</i> Securities <i>Berhad</i> ;		“ <b>Participating Organisation</b> ” shall have the same meaning as is assigned to that expression in the Rules of Bursa Securities;
Rule 201	New Rule		“ <b>Risk Weighted Capital Ratio</b> ” shall have the same meaning that is assigned to that expression in the Guidelines on Investment Banks;
Rule 201	New Rule		“ <b>Rules of Bursa Securities</b> ” means the Rules of Bursa Securities, including any amendments made thereto, and any rulings, guidelines and directives issued pursuant thereto;
Rule 201	New Rule		“ <b>Securities Industry Act</b> ” means Security Industry Act 1983;

Existing Rule		Amended Rule	
Rule 201	<p>“<b>Special Scheme Broker</b>” shall have the same meaning as is assigned to that expression in the Rules of Bursa <i>Malaysia</i> Securities <i>Berhad</i>;</p>		<p>“<b>Special Scheme Broker</b>” shall have the same meaning as is assigned to that expression in the Rules of Bursa Securities;</p>
Rule 201	New Rule		<p>“<b>Universal Broker</b>” means Universal Broker as defined in the Rules of Bursa Securities;</p>
Rule 301.7	<p><b>Rule 301.7</b></p> <p>All Participants shall be required to be a Clearing Participant or to enter into an arrangement with a Clearing Participant for the clearing of their Contracts.</p>		<p><b>Rule 301.7</b></p> <p>All Participants shall be required to be a Clearing Participant or to enter into an arrangement with a Clearing Participant for the clearing of their Contracts. <b>In the case of an Investment Bank, the Investment Banks shall be required to be a Clearing Participant.</b></p>
	<p><b>Rule 303      Trading Participant – Eligibility</b></p> <p>Trading Participants shall be company ies duly incorporated under the Companies Act 1965 with a minimum issued and paid-up capital of RM5 million or any other such amount which may be determined by the Exchange from time to time in consultation with the Commission and shall comply with any other financial requirements specified under the Futures Industry Act and all guidelines issued by the Commission. To be eligible for participation, the</p>		<p><b>Rule 303      Trading Participant – Eligibility</b></p> <p>Trading Participants shall be companies duly incorporated under the Companies Act 1965 with a minimum issued and paid-up capital of RM5 million or any other such amount which may be determined by the Exchange from time to time in consultation with the Commission and shall comply with any other financial requirements specified under the Futures Industry Act and all guidelines issued by the Commission. To be eligible for participation, the applicant to be a Trading Participant must satisfy all the requirements and criteria for participation, which the Exchange may from time to time determine. <b>Subject to Rule</b></p>

<b>Existing Rule</b>		<b>Amended Rule</b>	
	<p>applicant to be a Trading Participant must satisfy all the requirements and criteria for participantship, which the Exchange may from time to time determine. Trading Participants may be Clearing Participants or Non-Clearing Participants.</p> <p>Trading Participants shall also be a holder of a valid futures brokers licence issued pursuant to the Futures Industry Act and have satisfied or will satisfy upon registration, the terms and conditions of, or imposed by the Commission related to, such licence.</p>		<p><b>301.7</b>, Trading Participants may be Clearing Participants or Non-Clearing Participants.</p> <p>Trading Participants shall also be a holder of a valid futures brokers licence issued pursuant to the Futures Industry Act and have satisfied or will satisfy upon registration, the terms and conditions of, or imposed by the Commission related to, such licence.</p>
	<p><b>Rule 305.1</b></p> <p>Application for registration as a Trading Participant shall be made in the following manner:</p> <p>(a) an applicant for registration as a Trading Participant shall lodge, or caused to be lodged, with the Exchange:</p> <p style="padding-left: 40px;">(i) an application in such form and providing such information, as the Exchange may from time to time require, together with a non-refundable trading participantship application fee prescribed by the Exchange; and</p> <p style="padding-left: 40px;">(ii) an application for subscription of one (1) class “A”, “B” or “C” Preference Share</p>		<p><b>Rule 305.1</b></p> <p>Application for registration as a Trading Participant shall be made in the following manner:</p> <p>(a) an applicant for registration as a Trading Participant shall lodge, or caused to be lodged, with the Exchange:</p> <p style="padding-left: 40px;">(i) an application in such form and providing such information, as the Exchange may from time to time require, together with a non-refundable trading participantship application fee prescribed by the Exchange; and</p> <p style="padding-left: 40px;">(ii) an application for subscription of one (1) class “A”, “B” or “C” Preference Share at a subscription price</p>

Existing Rule		Amended Rule	
	<p>at a subscription price as may be determined by the Exchange from time to time.</p> <p>(b) the form of application for participants shall contain an acknowledgement that the applicant has perused the Rules of the Exchange and agrees to abide by them and any other requirements as may be determined by the Exchange from time to time. The minimum information to be provided by the applicant shall include:</p> <p>(i) a copy of its Memorandum and Articles of Association;</p> <p>(ii) a copy of the applicant's board resolution authorising the making of the application; and</p> <p>(iii) a statement of its net tangible assets, its Adjusted Net Capital, and its secured creditors, in such form as the Exchange shall from time to time prescribe, signed by a director of the applicant.</p>		<p>as may be determined by the Exchange from time to time.</p> <p>(b) the form of application for participants shall contain an acknowledgement that the applicant has perused the Rules of the Exchange and agrees to abide by them and any other requirements as may be determined by the Exchange from time to time. The minimum information to be provided by the applicant shall include:</p> <p>(i) a copy of its Memorandum and Articles of Association;</p> <p>(ii) a copy of the applicant's board resolution authorising the making of the application; and</p> <p>(iii) a statement of its net tangible assets, its Adjusted Net Capital, and its secured creditors, in such form as the Exchange shall from time to time prescribe, signed by a director of the applicant. <b>Where the applicant is a Universal Broker, Eligible Non-Universal Broker or Special Scheme Broker, the statement of Adjusted Net Capital here shall be substituted with the statement of its Capital Adequacy Ratio. Where the applicant is an Investment Bank, the statement of Adjusted Net Capital here shall be substituted with the statement of its Risk Weighted Capital Ratio.</b></p>

Existing Rule		Amended Rule	
	<p><b>Rule 305.4</b></p> <p>Registration of trading participants shall not be effective until the applicant has complied with this Rule 305, has been duly licensed as a futures broker under the Futures Industry Act and furnishes evidence satisfactory to the Exchange either that the Trading Participant is also or has been granted approval in principle by the Clearing House to be a Clearing Participant or has entered into arrangements satisfactory to the Exchange with a Clearing Participant for the clearing, settlement and exercise of Contracts of that Trading Participant .</p>		<p><b>Rule 305.4</b></p> <p>(a) Registration of trading participants shall not be effective until:</p> <p>(i) the applicant has complied with this Rule 305, has been duly licensed as a futures broker under the Futures Industry Act. <b>In the case of an applicant who is a Universal Broker, Eligible Non-Universal Broker or Special Scheme Broker, in addition to being duly licensed as a futures broker under the Futures Industry Act, it must also be duly licensed as dealer under the Securities Industry Act. In the case of an applicant who is an Investment Bank, in addition to being duly licensed as a futures broker under the Futures Industry Act, it must also be duly licensed as a merchant bank under the Banking and Financial Institutions Act 1989 and a dealer under the Securities Industry Act; and</b></p> <p>(ii) the <b>applicant</b> is also or has been granted approval in principle by the Clearing House to be a Clearing Participant <b>or, with the exception of Investment Banks</b>, has entered into arrangements satisfactory to the Exchange with a Clearing Participant for the clearing, settlement and exercise of Contracts of that applicant.</p>

Existing Rule		Amended Rule	
			(b) The Exchange <b>may</b> require that an applicant furnish it with evidence which prove that the requirements set out Rule 305.4(i) and (ii) has been complied with.
	New Rule		<p><b>Rule 305.5</b></p> <p>In relation to a Trading Participant that has obtained approval to operate as an Investment Bank after its registration as a Trading Participant under this Chapter, the Trading Participant shall notify the Exchange in writing of the same at least seven (7) days prior to the commencement of its business as an Investment Bank or such other timeframe as may be permitted by the Exchange, which notification shall be accompanied by the documents stipulated under Rule 305.1(a)(i) and (iii) and those evidencing compliance with Rule 305.4(a)(ii) and Rule 301.7 above. In addition, the Trading Participant is required to provide a copy of the relevant documents necessary to evidence a change of name (if any) under the Companies Act 1965, and any other document that may required by the Exchange.</p>
	<p><b>Rule 311C Universal Broker</b></p> <p><b>Rule 311C.1</b></p> <p>A Universal Broker may at its discretion and in line with its commercial considerations determine the structure of its futures broking activities, subject to the Rules hereinafter contained and to the requirements of</p>		<p><b>Rule 311C Universal Broker, <u>Eligible Non-Universal Broker, Special Scheme Broker and Investment Bank</u></b></p> <p><b>Rule 311C.1</b></p> <p>A Universal Broker, <b>Eligible Non-Universal Broker, Special Scheme Broker and Investment Bank</b> may at its discretion and in line with its commercial considerations determine the structure of</p>



<b>Existing Rule</b>		<b>Amended Rule</b>	
	the Rules of <i>the Malaysia Securities Exchange Berhad on Universal Brokers</i> .		its futures broking activities, subject to the Rules hereinafter contained and to the requirements of the Rules of <b>Bursa Securities</b> .
	<p><b>Rule 311C.2</b></p> <p>A Universal Broker not having a futures broking subsidiary but intends to carry out futures trading activities shall fulfil the following:-</p> <p>(a) become a Trading Participant of the Exchange and a Clearing Participant as defined in these Rules; and</p> <p>(b) apply for a licence pursuant to the Futures Industry Act; and</p> <p>(c) its representatives shall pass the relevant examinations approved by the Exchange in consultation with the Commission, and be licensed as a Registered Representative within the definition of these Rules.</p>		<p><b>Rule 311C.2</b></p> <p>A Universal Broker, <b>Eligible Non-Universal Broker, Special Scheme Broker and/or Investment Bank</b> not having a futures broking subsidiary but intends to carry out futures trading activities shall fulfil the following:-</p> <p>(a) become a Trading Participant of the Exchange and a Clearing Participant as defined in these Rules; and</p> <p>(b) apply for a licence pursuant to the Futures Industry Act; and</p> <p>(d) its representatives shall pass the relevant examinations approved by the Exchange in consultation with the Commission, and be licensed as a Registered Representative within the definition of these Rules.</p>
	<p><b>Rule 311C.3</b></p> <p>A Universal Broker may carry out futures broking activities via its subsidiary or related company (being a subsidiary of the Universal Broker's holding company) where the subsidiary or related company is a Trading Participant of the Exchange duly licensed pursuant to the Futures Industry Act.</p>		<p><b>Rule 311C.3</b></p> <p>A Universal Broker, <b>Eligible Non-Universal Broker, Special Scheme Broker and/or Investment Bank</b> may carry out futures broking activities via its subsidiary or related company (being a subsidiary of the Universal Broker's, <b>Eligible Non-Universal Broker's, Special Scheme Broker's or Investment Bank's</b> holding company) where the subsidiary or related company is a</p>

Existing Rule		Amended Rule	
			Trading Participant of the Exchange duly licensed pursuant to the Futures Industry Act.
	<p><b>Rule 601.4 Outsourcing of Back Office Functions</b></p> <p><b>Rule 601.4(1)</b></p> <p>(a) A Trading Participant may be permitted to outsource its Back Office Functions subject to the prior approval of the Exchange and compliance with the Guiding Principles.</p> <p>(b) The Guiding Principles shall be regarded as part of these Rules and consequently any breach by the Trading Participant of the Guiding Principles shall be deemed to be a breach of these Rules.</p> <p>(c) The Exchange may issue any directives, rulings and guidelines in relation to the outsourcing of the Back Office Functions of a Trading Participant, in consultation with the Commission, from time to time.</p> <p><b>Rule 601.4(2)</b></p> <p><i>For the purposes of this Rule 601.4:</i></p> <p>(a) <i>“Back Office Functions” shall mean the back office functions as envisaged under clause 4 of</i></p>		<p><b>Rule 601.4 Outsourcing of Back Office Functions</b></p> <p>(a) A Trading Participant may be permitted to outsource its Back Office Functions subject to the prior approval of the Exchange and compliance with the Guiding Principles.</p> <p>(b) The Guiding Principles shall be regarded as part of these Rules and consequently any breach by the Trading Participant of the Guiding Principles shall be deemed to be a breach of these Rules.</p> <p>(c) The Exchange may issue any directives, rulings and guidelines in relation to the outsourcing of the Back Office Functions of a Trading Participant, in consultation with the Commission, from time to time.</p> <p><b>(d)</b> For the purposes of this Rule 601.4:</p> <p><b>(i)</b> “Back Office Functions” shall mean the back office functions as envisaged under clause 4 of the Guiding Principles; and</p> <p><b>(ii)</b> “Guiding Principles” shall mean the Guiding Principles For Outsourcing of Back Office Functions For Capital Market Intermediaries issued by the Securities Commission on 29 June 2005 including subsequent amendments, modifications,</p>

Existing Rule		Amended Rule	
	<p><i>the Guiding Principles; and</i></p> <p>(b) <i>“Guiding Principles” shall mean the Guiding Principles For Outsourcing of Back Office Functions For Capital Market Intermediaries issued by the Securities Commission on 29 June 2005 including subsequent amendments, modifications, variations, supplements or substitutes thereto and any directives or guidelines as may be issued thereunder.</i></p>		<p>variations, supplements or substitutes thereto and any directives or guidelines as may be issued thereunder.</p>
	<p><b>Rule 601A Trading in Futures Contracts By Universal Brokers, Eligible Non-Universal Brokers and Special Scheme Brokers</b></p> <p><b>Rule 601A.1</b></p> <p>(a) A Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker may carry out futures broking activities via its subsidiary or related company (being a subsidiary of the Universal Broker’s, Eligible Non-Universal Broker’s or Special Scheme Broker’s holding company) where the subsidiary or related company is a Trading Participant of the Exchange duly licensed pursuant to the Futures Industry Act.</p> <p>(b) For the purposes of this Rule, the Registered</p>		<p><b>Rule 601A Trading in Futures Contracts By Universal Brokers, Eligible Non-Universal Brokers, Special Scheme Brokers and Investment Banks</b></p> <p><b>Rule 601A.1</b></p> <p>(a) A Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker <b>or Investment Bank</b> may carry out futures broking activities via its subsidiary or related company (being a subsidiary of the Universal Broker’s, Eligible Non-Universal Broker’s, Special Scheme Broker’s <b>or Investment Bank’s</b> holding company, <b>as the case may be</b>) where the subsidiary or related company is a Trading Participant of the Exchange duly licensed pursuant to the Futures Industry Act.</p> <p>(b) For the purposes of this Rule, the Registered Representatives engaged or employed by that Trading Participant, and Local Participants who clear their trades</p>

Existing Rule		Amended Rule	
	<p>Representatives engaged or employed by that Trading Participant, and Local Participants who clear their trades via that Trading Participant (and/or for whom that Trading Participant is a nominating participant), may be stationed at the principal office and/or any branch office(s) of the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker, subject to the Rules herein contained.</p> <p>(c) Further to the preceding Rule 601A.1(b), the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker shall:-</p> <p>(i) ensure that the licences of the Registered Representatives engaged or employed by the Trading Participant and who are stationed in the Universal Broker's, Eligible Non-Universal Broker's and Special Scheme Broker's principal office or any of its branch office(s) are varied or cause to be varied, as the case may be, by the Commission to reflect the Universal Broker's, Eligible Non-Universal Broker's and Special Scheme Broker's address;</p> <p>(ii) implement measures to ensure that the futures trading activities</p>		<p>via that Trading Participant (and/or for whom that Trading Participant is a nominating participant), may be stationed at the principal office and/or any branch office(s) of the Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker <b>or Investment Bank</b>, subject to the Rules herein contained.</p> <p>(c) Further to the preceding Rule 601A.1(b), the Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker <b>or Investment Bank</b> shall:-</p> <p>(i) ensure that the licences of the Registered Representatives engaged or employed by the Trading Participant and who are stationed in the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's <b>or Investment Bank's</b> principal office or any of its branch office(s) are varied or cause to be varied, as the case may be, by the Commission to reflect the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's <b>or Investment Bank's</b> address;</p> <p>(ii) implement measures to ensure that the futures trading activities conducted at the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's <b>or Investment Bank's</b> principal office and/or any of its branch office(s) shall be segregated from the other activities of the Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker <b>or Investment Bank</b>, as</p>

Existing Rule		Amended Rule	
	<p>conducted at the Universal Broker's, Eligible Non-Universal Broker's and Special Scheme Broker's principal office and/or any of its branch office(s) shall be segregated from the other activities of the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker, which measures shall, without limitation, secure the following:-</p> <p>(1) there shall be no sharing of employees who are common to the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker and the Trading Participant for any purpose except for the purpose of carrying out the back office system and operations in relation to the conduct of futures trading activities at the Universal Broker's, Eligible Non-Universal Broker's and Special Scheme Broker's principal office and/or any of its branch office(s);</p> <p>(2) the back office system and</p>		<p><b>the case may be</b>, which measures shall, without limitation, secure the following:-</p> <p>(1) there shall be no sharing of employees who are common to the Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker <b>or Investment Bank, as the case may be</b> and the Trading Participant for any purpose except for the purpose of carrying out the back office system and operations in relation to the conduct of futures trading activities at the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's <b>or Investment Bank's</b> principal office and/or any of its branch office(s);</p> <p>(2) the back office system and operations in relation to the conduct of futures trading activities at the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's <b>or Investment Bank's</b> principal office and/or any of its branch office(s) shall at all times remain under the auspices and purview of the Trading Participant;</p> <p>(3) maintenance of 'chinese walls' to prevent any flow of information between the Local Participants, Registered Representatives and dealer's representatives of the <b>Universal Brokers, Eligible Non-Universal Brokers, Special Scheme Brokers or Investment</b></p>

Existing Rule		Amended Rule	
	<p>operations in relation to the conduct of futures trading activities at the Universal Broker's, Eligible Non-Universal Broker's and Special Scheme Broker's principal office and/or any of its branch office(s) shall at all times remain under the auspices and purview of the Trading Participant;</p> <p>(3) maintenance of 'chinese walls' to prevent any flow of information between the Local Participants, Registered Representatives and dealer's representatives of the Exchange holding company or Exchange or Bursa Malaysia Securities Berhad;</p> <p>(4) physical segregation of the trading facilities pertaining to futures broking business and the automated trading system of the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker; and</p>		<p><b>Banks;</b></p> <p>(4) physical segregation of the trading facilities pertaining to futures broking business and the automated trading system of the Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker <b>or Investment Bank; and</b></p> <p>(5) establishment and implementation of policies and procedures governing restricted access to the trading facilities pertaining to futures broking business and the automated trading system of the Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker <b>or Investment Bank.</b></p>

Existing Rule		Amended Rule	
	<p>(5) establishment and implementation of policies and procedures governing restricted access to the trading facilities pertaining to futures broking business and the automated trading system of the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker.</p>		
	<p><b>Rule 601A.2 Compliance Functions</b></p> <p>(a) the Trading Participant shall designate one or more of its Compliance Officers to carry out the supervisory functions in relation to the futures trading activities being conducted at the Universal Broker's, Eligible Non-Universal Broker's and Special Scheme Broker's principal offices and/or any of its branch office(s). However, the Compliance Officer need not be physically present at the Universal Broker's, Eligible Non-Universal Broker's and Special Scheme Broker's principal offices and/or its branch office(s), unless otherwise required by the Exchange and/or Bursa Malaysia Securities Berhad, in consultation with the Commission;</p> <p>(b) Notwithstanding the Rule 601A.2(a) and</p>		<p><b>Rule 601A.2 Compliance Functions</b></p> <p>(a) the Trading Participant shall designate one or more of its Compliance Officers to carry out the supervisory functions in relation to the futures trading activities being conducted at the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's <b>and Investment Bank's</b> principal offices and/or any of its branch office(s). However, the Compliance Officer need not be physically present at the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's <b>or Investment Bank's</b> principal offices and/or its branch office(s), unless otherwise required by the Exchange and/or Bursa Malaysia Securities Berhad, in consultation with the Commission;</p> <p>(b) Notwithstanding the Rule 601A.2(a) and unless otherwise required by the Exchange, Bursa Malaysia Securities Berhad and/or the Commission, the Trading Participant may elect to have the Compliance Department of the</p>

Existing Rule	Amended Rule
<p>unless otherwise required by the Exchange, Bursa Malaysia Securities Berhad and/or the Commission, the Trading Participant may elect to have the Compliance Department of the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker undertake the supervisory responsibilities envisaged in these Rules, provided that:</p> <p>(i) the Universal Broker's, Eligible Non-Universal Broker's and Special Scheme Broker's Compliance Officers' roles and responsibilities are not in any way whatsoever compromised or affected; and</p> <p>(ii) the Universal Broker's, Eligible Non-Universal Broker's and Special Scheme Broker's Compliance Officer so acting shall have passed the relevant examination approved by the Exchange in consultation with the Commission,</p> <p>whereupon the Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker shall submit all compliance reports pertaining to the futures trading activities to the Trading Participant's Compliance Officer.</p>	<p>Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker <b>and Investment Bank</b> undertake the supervisory responsibilities envisaged in these Rules, provided that:</p> <p>(i) the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's <b>and Investment Bank's</b> Compliance Officers' roles and responsibilities are not in any way whatsoever compromised or affected; and</p> <p>(ii) the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's <b>and Investment Bank's</b> Compliance Officer so acting shall have passed the relevant examination approved by the Exchange in consultation with the Commission,</p> <p>whereupon the Universal Broker, Eligible Non-Universal Broker, Special Scheme Broker <b>and Investment Bank</b> shall submit all compliance reports pertaining to the futures trading activities to the Trading Participant's Compliance Officer.</p> <p>(c) Notwithstanding the provision in Rule 601A.2(b) above, the responsibility for supervisory activities in respect of futures trading activities at the Universal Broker's, Eligible Non-Universal Broker's and Special Scheme Broker's principal office and/or branch office(s) shall at all times</p>



<b>Existing Rule</b>		<b>Amended Rule</b>	
	<p>(c) Notwithstanding the provision in Rule 601A.2(b) above, the responsibility for supervisory activities in respect of futures trading activities at the Universal Broker's, Eligible Non-Universal Broker's and Special Scheme Broker's principal office and/or branch office(s) shall at all times remain vested in the Trading Participant and its Compliance Officer.</p>		<p>remain vested in the Trading Participant and its Compliance Officer.</p>
	<p><b>Rule 601A.3</b></p> <p>(a) The Trading Participant shall furnish a written declaration to the Exchange, Exchange holding company or Bursa Malaysia Securities Berhad, in the form and substance acceptable to the Exchange, Exchange holding company or Bursa Malaysia Securities Berhad, stating the following –</p> <p>(i) the particulars of the Registered Representative(s) stationed at the Universal Broker's, Eligible Non-Universal Broker's and Special Scheme Broker's principal office and/or any of its branch office(s) and any changes thereto from time to time; and</p>		<p><b>Rule 601A.3</b></p> <p>(a) The Trading Participant shall furnish a written declaration to the Exchange, Exchange holding company or Bursa Securities, in the form and substance acceptable to the Exchange, Exchange holding company or Bursa Securities, stating the following –</p> <p>(i) the particulars of the Registered Representative(s) stationed at the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's <b>and Investment Bank's</b> principal office and/or any of its branch office(s) and any changes thereto from time to time; and</p> <p>(ii) the respective activities of such Registered Representative(s), whether engaged in proprietary or agency trading.</p>

<b>Existing Rule</b>		<b>Amended Rule</b>	
	<p>(ii) the respective activities of such Registered Representative(s), whether engaged in proprietary or agency trading.</p> <p>(b) The Trading Participant shall further provide to the Exchange, Exchange holding company or Bursa Malaysia Securities Berhad and the Commission prior notification in writing of the respective locations of its Local Participants who are stationed at the Universal Broker's, Eligible Non-Universal Broker's and Special Scheme Broker's principal office and/or any of its branch office(s) and such notice shall be given not less than fourteen (14) Business Days before the date of relocation of the Local Participant concerned at the Universal Broker's, Eligible Non-Universal Broker's or Special Scheme Broker's premises.</p>		<p>(b) The Trading Participant shall further provide to the Exchange, Exchange holding company or Bursa Malaysia Securities Berhad and the Commission prior notification in writing of the respective locations of its Local Participants who are stationed at the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's <b>and Investment Bank's</b> principal office and/or any of its branch office(s) and such notice shall be given not less than fourteen (14) Business Days before the date of relocation of the Local Participant concerned at the Universal Broker's, Eligible Non-Universal Broker's, Special Scheme Broker's <b>and Investment Bank's</b> premises.</p>
	<p><b>Rule 601A.4 Integrated Business</b></p> <p>Where a Universal Broker intends to merge or amalgamate the futures trading activities being carried out by a Trading Participant with its other businesses as a Universal Broker, the Universal Brokers shall at all times comply with:-</p>		<p><b>Rule 601A.4 Integrated Business</b></p> <p>Where a Universal Broker, <b>Eligible Non-Universal Broker, Special Scheme Broker or Investment Bank</b> intends to merge or amalgamate the futures trading activities being carried out by a Trading Participant with its other businesses as a Universal Broker, <b>Eligible Non-Universal Broker, Special Scheme Broker or</b></p>

Existing Rule		Amended Rule	
	<p>(a) the relevant Rules of the Exchange and the Clearing House concerning the transfer of participantship from the Trading Participant to the Universal Broker;</p> <p>(b) the requirements in relation to contribution to the Fidelity Fund to be made by the Universal Broker; and</p> <p>(c) such terms and conditions as may be prescribed by the Exchange, Exchange holding company or Bursa <i>Malaysia Securities Berhad</i> and/or the Commission from time to time.</p>		<p><b>Investment Bank</b>, the Universal Broker, <b>Eligible Non-Universal Broker, Special Scheme Broker or Investment Bank</b> shall at all times comply with:-</p> <p>(a) the relevant Rules of the Exchange and the Clearing House concerning the transfer of participantship from the Trading Participant to the Universal Broker, <b>Eligible Non-Universal Broker, Special Scheme Broker and Investment Bank</b>;</p> <p>(b) the requirements in relation to contribution to the Fidelity Fund to be made by the Universal Broker, <b>Eligible Non-Universal Broker, Special Scheme Broker and Investment Bank</b>; and</p> <p>(c) such terms and conditions as may be prescribed by the Exchange, Exchange holding company or Bursa Securities and/or the Commission from time to time.</p>
	<p><b>Rule 601B Futures Fund Management by Universal Broker</b></p> <p><b>Rule 601B.1</b></p> <p>(a) A Universal Broker shall be permitted to carry out futures fund management albeit without being licensed pursuant to Section 16A(1) of the Futures Industry Act, subject always to the following conditions:-</p>		<p><b>Rule 601B Futures Fund Management by Universal Broker and Investment Bank</b></p> <p><b>Rule 601B.1</b></p> <p>(a) A Universal Broker <b>and Investment Bank</b> shall be permitted to carry out futures fund management albeit without being licensed pursuant to Section 16A(1) of the Futures Industry Act, subject always to the following conditions:-</p>

Existing Rule		Amended Rule	
	<p>(i) the Universal Broker is the holder of a futures broker's licence under Part III of the Futures Industry Act;</p> <p>(ii) the Universal Broker employs or engages or has employed or engaged, as the case may be, person(s) on a full-time basis to conduct the futures fund management business ("dedicated futures fund manager's representative(s)");</p> <p>(iii) a dedicated futures fund manager's representative(s) shall be a person who has passed the examination(s) prescribed by the Commission from time to time in respect of futures fund manager's representatives. A dedicated fund manager's representative may be exempted from sitting for the relevant examination(s) in the case where:-</p>		<p>(ii) the Universal Broker <b>or Investment Bank, as the case may be</b>, is the holder of a futures broker's licence under Part III of the Futures Industry Act;</p> <p>(ii) the Universal Broker <b>and Investment Bank respectively</b> employs or engages or has employed or engaged, as the case may be, person(s) on a full-time basis to conduct the futures fund management business ("dedicated futures fund manager's representative(s)");</p> <p>(iii) a dedicated futures fund manager's representative(s) shall be a person who has passed the examination(s) prescribed by the Commission from time to time in respect of futures fund manager's representatives. A dedicated fund manager's representative may be exempted from sitting for the relevant examination(s) in the case where:-</p> <p>(1) he was previously licensed as a futures fund manager's representative; and</p> <p>(2) he is licensed as a dealer's representative of the Bursa Malaysia Securities Berhad.</p>

<b>Existing Rule</b>		<b>Amended Rule</b>	
	<p><b>Rule 601B.2 Concurrent fund management services</b></p> <p>A Universal Broker shall be permitted to carry out the following concurrently:-</p> <p>(a) the activities of a fund manager; and</p> <p>(b) a futures fund management business,</p> <p>provided always that Rule 601B.1 and the relevant Rules of the Bursa Malaysia Securities Berhad are at all times fulfilled.</p>		<p><b>Rule 601B.2 Concurrent fund management services</b></p> <p>A Universal Broker <b>and Investment Bank</b> shall be permitted to carry out the following concurrently:-</p> <p>(a) the activities of a fund manager; and</p> <p>(b) a futures fund management business,</p> <p>provided always that Rule 601B.1 and the relevant Rules of the Bursa Malaysia Securities Berhad are at all times fulfilled.</p>
	<p><b>Rule 602.1</b></p> <p>Each Trading Participant shall at all times, maintain an Adjusted Net Capital of:</p> <p>(a) RM500,000; or</p> <p>(b) 10% of aggregate Margins required;</p> <p>whichever is the higher.</p> <p>It is the responsibility of the Trading Participant to be in compliance with the Minimum Financial Resources Requirements, as stipulated above and must demonstrate such compliance to the satisfaction of the</p>		<p><b>Rule 602.1</b></p> <p><b>Subject to Rule 602.1A</b>, each Trading Participant shall at all times, maintain an Adjusted Net Capital of:</p> <p>(a) RM500,000; or</p> <p>(b) 10% of aggregate Margins required;</p> <p>whichever is the higher.</p> <p>It is the responsibility of the Trading Participant to be in compliance with the Minimum Financial Resources Requirements, as stipulated above and must demonstrate such compliance to the satisfaction of the Exchange. Where</p>

<b>Existing Rule</b>		<b>Amended Rule</b>	
	Exchange. Where the Trading Participant is unable to comply with the Minimum Financial Resources Requirements as stipulated above, the Trading Participant shall immediately notify the Exchange and indicate the steps taken by the Trading Participant to comply with such Minimum Financial Resources Requirements.		the Trading Participant is unable to comply with the Minimum Financial Resources Requirements as stipulated above, the Trading Participant shall immediately notify the Exchange and indicate the steps taken by the Trading Participant to comply with such Minimum Financial Resources Requirements.
	<p><b>Rule 602.1A</b></p> <p>(a) The minimum financial resources requirement as stipulated in rule 602.1 and rule 602.2 shall not be applicable to a Trading Participant who is also a Participating Organisation of <i>Bursa Malaysia Securities Berhad</i>.</p> <p>(b) Notwithstanding Rule 602.1A(a), a Trading Participant who is also a Participating Organisation of <i>Bursa Malaysia Securities Berhad</i> shall at all times comply with the capital adequacy requirements as imposed by Bursa Malaysia Securities Berhad on Participating Organisations.</p> <p>(c) For the purposes of this Rule 602.1A, the capital adequacy requirements as imposed by <i>Bursa Malaysia Securities Berhad</i> on Participating Organisations shall be deemed to be part of the Rules.</p>		<p><b>Rule 602.1A</b></p> <p>(a) The minimum financial resources requirement as stipulated in rule 602.1 and rule 602.2 shall not be applicable to a Trading Participant who is also a Participating Organisation.</p> <p>(b) Notwithstanding Rule 602.1A(a), a Trading Participant who is also a Participating Organisation of Bursa Securities shall at all times comply with the <b>Capital Adequacy Requirements</b> as imposed by Bursa Securities on Participating Organisations. <b>In the case of an Investment Bank, it shall at all times comply with the Capital Adequacy Requirements as imposed by Bursa Securities on an Investment Bank.</b></p> <p>(c) For the purposes of this Rule 602.1A, the <b>Capital Adequacy Requirements</b> imposed by Bursa Securities on Participating Organisations <b>and Investment Banks respectively</b>, shall be deemed to be part of these Rules.</p>

Existing Rule	Amended Rule
<p><b>Rule 602.3</b></p> <p>It is the responsibility of each Trading Participant to submit to the Exchange the following statements, <i>or in the case of a Trading Participant who is also a Participating Organisation of Bursa Malaysia Securities Berhad, the relevant statements as prescribed by the Bursa Malaysia Securities Berhad, within the stipulated reporting interval as determined by the Exchange:</i></p> <p>(i) a statement of Adjusted Net Capital, <i>or in the case of a Trading Participant who is also a Participating Organisation of Bursa Malaysia Securities Berhad, the prescribed statements required by the Bursa Malaysia Securities Berhad in relation to the capital adequacy requirements, a statement of financial condition and a statement of income/(loss) on a monthly basis, i.e. not later than fifteen (15) calendar days after the end of each month. Submission of the above statements shall be accompanied by a letter of attestation to be signed by a director of the Trading Participant, or by a person duly authorised by the director to sign such statements; and</i></p> <p>(ii) signed audited annual financial accounts</p>	<p><b>Rule 602.3</b></p> <p>It is the responsibility of each Trading Participant to submit to the Exchange the following statements:</p> <p>(a) a statement of Adjusted Net Capital <b>within the stipulated reporting interval as determined by the Exchange. In the case of a Trading Participant who is a Universal Broker, Eligible Non-Universal Broker and Special Scheme Broker, the Adjusted Net Capital herein is substituted with a statement of its Capital Adequacy Ratio which is to be reported within the timeframe as stipulated in the Rules of Bursa Securities. In the case of an Investment Bank, the Adjusted Net Capital herein is substituted with a statement of its Risk Weighted Capital Ratio which is to be reported within the timeframe as stipulated in the Rules of Bursa Securities;</b></p> <p>(b) a statement of financial condition on a monthly basis, i.e. not later than fifteen (15) calendar days after the end of each month. Submission of the above statement shall be accompanied by a letter of attestation to be signed by a director of the Trading Participant, or by a person duly authorised by the director to sign such letter of attestation;</p> <p>(c) and a statement of income/(loss) on a monthly basis, i.e. not later than fifteen (15) calendar days</p>

<b>Existing Rule</b>		<b>Amended Rule</b>	
	<p>within three (3) months after the end of each financial year. The signed audited annual financial accounts shall be submitted together with an auditor's report.</p> <p>Provided always that the Exchange, at its discretion, may from time to time prescribe a different reporting interval for any particular Trading Participant as it deems fit and appropriate.</p>		<p><b>after the end of each month. Submission of the above statement shall be accompanied by a letter of attestation to be signed by a director of the Trading Participant, or by a person duly authorised by the director to sign such letter of attestation;</b></p> <p>(d) signed audited annual financial accounts within three (3) months after the end of each financial year. The signed audited annual financial accounts shall be submitted together with an auditor's report.</p> <p>Provided always that the Exchange, at its discretion, may from time to time prescribe a different reporting interval for any particular Trading Participant as it deems fit and appropriate.</p>
	<p><b>Rule 603.1A</b></p> <p>Without prejudice to the generality of Rule 601, a Trading Participant ("the first-mentioned Trading Participant") shall be permitted to execute orders on behalf of a Client for the purpose of giving up Contracts resulting from such orders to another Trading Participant ("the second-mentioned Trading Participant") who is also a Clearing Participant. The second-mentioned Trading Participant will clear these Contracts and maintain them in its Clients' Account:</p>		<p><b>Rule 603.1A</b></p> <p>Without prejudice to the generality of Rule 601, a Trading Participant ("the first-mentioned Trading Participant") <b>with the exception of an Investment Bank</b> shall be permitted to execute orders on behalf of a Client for the purpose of giving up Contracts resulting from such orders to another Trading Participant ("the second-mentioned Trading Participant") who is also a Clearing Participant. The second-mentioned Trading Participant will clear these Contracts and maintain them in its Clients' Account:</p> <p>(a) for the purpose of Rule 603.1A and wherever the Rule is referred to herein, the first-mentioned</p>



<b>Existing Rule</b>		<b>Amended Rule</b>	
	<p>(a) for the purpose of Rule 603.1A and wherever the Rule is referred to herein, the first-mentioned Trading Participant shall be known as the Executing Broker and the second-mentioned Trading Participant shall be known as the Clearing Broker;</p> <p>(b) before any Client's orders are executed for give up as provided for under Rule 603.1A above, the following must be complied with:-</p> <p style="padding-left: 20px;">(i) the Executing Broker shall comply with the provisions for obtaining proper authorisation from the Client when accepting instructions, suitability of recommendation and order taking as set out in Rules 603.1(b), 603.2 and 603.3 respectively;</p> <p style="padding-left: 20px;">(ii) the Clearing Broker shall comply with the provisions set out in Rules 603 in its entirety with the exception of Rules 603.1(b), 603.2 and 603.3; and</p> <p style="padding-left: 20px;">(iii) unless otherwise determined by the Exchange, a tripartite Brokerage Execution Services</p>		<p>Trading Participant shall be known as the Executing Broker and the second-mentioned Trading Participant shall be known as the Clearing Broker;</p> <p>(b) before any Client's orders are executed for give up as provided for under Rule 603.1A above, the following must be complied with:-</p> <p style="padding-left: 20px;">(i) the Executing Broker shall comply with the provisions for obtaining proper authorisation from the Client when accepting instructions, suitability of recommendation and order taking as set out in Rules 603.1(b), 603.2 and 603.3 respectively;</p> <p style="padding-left: 20px;">(ii) the Clearing Broker shall comply with the provisions set out in Rules 603 in its entirety with the exception of Rules 603.1(b), 603.2 and 603.3; and</p> <p style="padding-left: 20px;">(iii) unless otherwise determined by the Exchange, a tripartite Brokerage Execution Services Agreement (containing at a minimum the terms prescribed in Schedule 1A) shall be executed between the Client, Executing Broker and Clearing Broker.</p>

<b>Existing Rule</b>		<b>Amended Rule</b>	
	Agreement (containing at a minimum the terms prescribed in Schedule 1A) shall be executed between the Client, Executing Broker and Clearing Broker.		