

CHAPTER 1 DEFINITIONS AND RELATED PROVISIONS

PART A DEFINITIONS AND INTERPRETATION

1.01 Definitions

The following terms have the following meanings unless the context requires otherwise.

Act	The Capital Markets and Services Act 2007.
Adjusted Net Capital	An amount calculated in accordance with Schedule 2.
Affiliate	Shall have the same meaning as in the Act.
Approved Collateral	As defined in Rule 6.17.
Approved Market	A market operated by an Exchange.
Assign	The invoking of the rights granted to the Clearing House as Buyer to an Option Open Contract in accordance with Rule 7.04.
Audited Accounts	Accounts certified by an Auditor.
Auditor	A professional accountant registered and holding a practising certificate under the Accountants Act 1967 (Revised 1972).
Bank Clearing Participant	A General Clearing Participant that is an entity that is also governed by the Central Bank.
Books	Shall have the same meaning as in the Act.
Business Day	Any day other than a Saturday, Sunday or public holiday, which has not been declared a non-business day by the Clearing House.
Buyer	The party to a Derivative taking a Long Position.
Call Option	A Market Contract under which a person acquires from another person an Option or a right, exercisable at or before a stated time: <ul style="list-style-type: none"> (a) to buy from that other person a stated quantity of a named Instrument at a price stated in, or to be determined in accordance with, the Market Contract; (b) to assume, at a stated price and within a stated period, a Long Position in relation to a named Futures Contract; or (c) to be paid by that other party, at the time when the Option or right is exercised, an amount of money to be determined by reference to a state of affairs that relates to fluctuations in the value or price of an Instrument or other property, or in the numerical level of an index, an interest rate or other factor.
Capital Markets Services Licence	Shall have the same meaning as in the Act.
Central Bank	The Central Bank of Malaysia established by the Central Bank of Malaysia Act 2009.

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Clearing	Shall have the same meaning as is assigned to the expression 'Clearing for securities or derivatives' in Part 2 of Schedule 2 of the Act, in relation to clearing of Market Contracts.
Clearing facilities	Shall have the same meaning as in the Act, in relation to the Clearing House.
Clearing House	Bursa Malaysia Derivatives Clearing Berhad.
Clearing Fund	A fund established by the Clearing House in accordance with Chapter 9.
Clearing Fund Contribution	The amount paid by a Clearing Participant to the Clearing Fund pursuant to Rule 9.02.
Clearing Participant	An Affiliate of the Clearing House.
Clearing Fund Statement	A document issued to a Clearing Participant in relation to that Clearing Participant's Clearing Fund Contribution.
Client	A person whose account is carried in the books of a Clearing Participant except where such person is the Clearing Participant itself with respect to the proprietary account of the Clearing Participant.
Commission	The Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.
Commission's Licensing Handbook	The licensing handbook issued by the Commission pursuant to Section 377 of the Act.
Compliance Officer	A person who a General Clearing Participant registers under Rule 3.33(c).
Daily Settlement Price	In relation to an Open Contract, a price determined in accordance with Rule 6.12.
Delivery	Settlement by delivery of an Instrument under the terms of the relevant Open Contract.
Derivatives	Shall have the same meaning as in the Act.
Direct Clearing Participant	An Affiliate of the Clearing House whose application for Participantship has been approved under Chapter 3 and who has met all the conditions in Rule 3.05.
Direct Clearing Participant Deposit	An amount required to be deposited with the Clearing House by each Direct Clearing Participant in accordance with Rule 3.16.
Document	Shall have the same meaning as in the Act.
Exchange	Such body corporate approved under Section 8(2) of the Act and for which the Clearing House provides Clearing facilities.
Exchange Rules	In relation to an Exchange, the business rules of that Exchange, including any instrument issued under them.
Exercise	The invoking of the rights of the Buyer to an Option in accordance with these Rules.

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Exchange Holding Company	Bursa Malaysia Berhad.
Financial Year	In relation to a Clearing Participant a period not longer than twelve consecutive months which is adopted by that Clearing Participant as its financial year for accounting purposes.
Futures Contract	A Derivative that is traded on a derivatives exchange, whether within or outside Malaysia, which creates an obligation for physical delivery or acceptance of physical delivery of the underlying instrument of such Derivative, the quantity and quality of which is determined by that derivatives exchange at a fixed date in the future at a fixed price, and which may be cash settled in lieu of physical delivery.
General Clearing Participant	An Affiliate of the Clearing House whose application for Participantship has been approved under Chapter 3 and who has met all the conditions in Rule 3.04.
Group	In relation to a Clearing Participant, same meaning as in the Commission's Licensing Handbook.
Guidelines on Investment Banks	Guidelines on Investment Banks issued jointly by the Central Bank and the Commission and any directives or guidelines as may be issued thereunder.
in writing	Written, printed or lithographed or partly one and partly another or other modes of representing or reproducing words in a visible form.
Instrument	Shall have the same meaning as in the Exchange Rules.
Investment Bank	As referred to in the Guidelines on Investment Banks.
Long Position	Shall have the same meaning as in the Exchange Rules.
Margin	Includes the Performance Bond and the settlement variation referred to in Rule 6.13.
Market Contract	A Futures Contract or Option entered into in accordance with the Exchange Rules or such other Derivatives as the Clearing House may prescribe.
Minister	Shall have the same meaning as in the Act.
Month	Calendar month.
Net Tangible Assets	An amount calculated in accordance with Schedule 1.
Participantship	Ability to exercise the rights of a Clearing Participant under the Rules.
Performance Bond	Initial margin, being payment or deposit from a Clearing Participant as security for performance by that Clearing Participant of obligations under all Open Contracts to which that Clearing Participant is party.
Officer	Shall have the same meaning as in the Act.

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Off-Balance Sheet	<p>Includes:</p> <ul style="list-style-type: none">(a) uncalled amounts on securities, options, other contingent liabilities and capital commitments (whether secured or not);(b) all assets pledged as security, forward purchase or sale contracts;(c) securities, derivatives and other commitments that contractually oblige a Clearing Participant to perform certain actions that are transacted outside the designated automated and computerised trading system established by the Exchange.
Open Contract	A Futures Contract or Option between a Clearing Participant and the Clearing House which has not been extinguished or terminated in accordance with the Rules.
Open Position	In relation to a Clearing Participant all Open Contracts to which that Clearing Participant is party.
Option	An option that is traded on the Exchange or any other option which the Clearing House may prescribe, and includes a Call Option and a Put Option.
Option Open Contract	An Open Contract which is an Option.
Participating Organisation	Shall have the same meaning as in the Exchange Rules.
Premium	The sum of money which is consideration for the grant of an Option.
Put Option	<p>A Market Contract under which a person acquires from another person an Option or a right, exercisable at or before a stated time:</p> <ul style="list-style-type: none">(a) to sell to another person a stated quantity of a named Instrument at a price stated in, or to be determined in accordance with, the Market Contract;(b) to assume, at a stated price and within a stated period, a Short Position in relation to a named Futures Contract; or(c) to be paid by that other party, at the time when the Option or right is exercised, an amount of money to be determined by reference to a state of affairs that relates to fluctuations in the value or price of an Instrument or other property, or in the numerical level of an index, an interest rate or other factor.
Record	Shall have the same meaning as in the Act.
Related Corporation	Shall have the same meaning as in the Act.
Reference Price	A value or price of an Instrument or other property, or the numerical value of an index, an interest rate or other factor.
Register of CPs and RPs	The list or roll that the Clearing House keeps of Clearing Participants, Registered Person(s) and such other persons determined by the Clearing House.

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Registered Person	A person stipulated under Rule 3.33, who is registered with the Clearing House.
Relevant Person	The Clearing Participant's Registered Persons, agents, directors and employees.
Responsible Person for Overall Clearing Business	A person who a General Clearing Participant registers under Rule 3.33(a).
Responsible Person for Risk Management	A person who a General Clearing Participant registers under Rule 3.33(b).
RM	Ringgit Malaysia
Rules	Shall have the same meaning as in the Act, in relation to the Clearing House.
Security Deposit	An amount required to be deposited with the Clearing House by each Clearing Participant in accordance with Rule 3.15.
Securities Laws	Shall have the same meaning as in the Securities Commission Malaysia Act 1993.
Segregated Account	An account maintained by the Clearing House in the name of a Clearing Participant and established under Rule 6.05.
Seller	The party to a Derivative taking a Short Position.
Service Provider	The entity within the group or an external entity to which the Clearing Participant has outsourced its Clearing functions and includes any subsequent service provider(s) to whom the initial service provider or any subsequent service provider has further contracted the Clearing Participant's Clearing functions.
Settlement Bank	The bank(s) prescribed by the Clearing House pursuant to Rule 3.25.
Short Position	Shall have the same meaning as in the Exchange Rules.
Specified Exchange	Shall have the same meaning as in the Act.
Stock Exchange	Shall have the same meaning as in the Act.
Sub-Account	An account maintained by the Clearing House within the Segregated Account of a Clearing Participant bearing such identification as advised by that Clearing Participant.
Trading Participant	An individual or corporation that has been granted trading privileges by the Exchange as contemplated in the Exchange Rules.
Unsegregated Account	An account maintained by the Clearing House in the name of a Clearing Participant and established under Rule 6.05.

1.02 Interpretation

- (1) In these Rules:
- (a) the singular includes the plural and vice versa.
 - (b) the masculine gender includes the feminine or neuter gender and vice versa.
 - (c) a reference to a person includes a firm, partnership and corporation.
 - (d) if a word or phrase is defined in these Rules, any grammatical form in respect of such word or phrase has a corresponding meaning.
 - (e) headings and sub-headings in these Rules are inserted for convenience of reference only and do not affect the interpretation and construction of these Rules.
 - (f) a reference to any statute, ordinance or other law is to that statute, ordinance or law so modified, re-enacted or consolidated and includes all regulations, rules or other statutory instruments made under that statute, ordinance or law.
 - (g) a reference to a rule, directive, guideline or requirement of the Clearing House, Exchange, Exchange Holding Company, the Commission or the Central Bank or other relevant party is to that rule, directive, guideline or requirement so amended, supplemented, consolidated or substituted.
 - (h) a reference to writing includes any mode of representing or reproducing letters, figures or marks in a visible form.
 - (i) a reference to a rule, chapter, schedule or appendix is to the relevant rule, chapter, schedule and appendix to these Rules.
 - (j) a reference to a day or month is to a calendar day or calendar month.
 - (k) a reference to a time of day is a reference to Malaysian time.
 - (l) a reference to “suspend” or “suspension” in relation to Clearing where the context permits, includes “forbidden”, “interrupted”, “reserved”, “suspended” or “frozen”.
- (2) In the event of any inconsistency between any provision of the Act and the Rules, that provision of the Act prevails to the extent of that inconsistency.
- (3) In the event of any inconsistency between these Rules and any agreement entered into by the Clearing Participant with the Clearing House, these Rules will prevail to the extent of the inconsistency.

PART B APPLICATION AND EFFECT OF THESE RULES

1.03 Rules of the Clearing House

These Rules must be read together with:

- (a) the Securities Laws; and
- (b) any other laws or requirements of any relevant authority applicable to Clearing Participants or Registered Persons.

1.04 Binding effect of the Rules

These Rules are binding on Clearing Participants and Registered Persons in the manner set out in:

- (a) section 354(2) of the Act; and
- (b) Rule 1.05.

1.05 Covenants to observe Rules

These Rules have the effect of a contract between:

- (a) the Clearing House and Clearing Participants under which each Clearing Participant covenants with the Clearing House to observe these Rules and to perform the obligations that these Rules purport to impose on the Clearing Participant in the manner set out by these Rules; and
- (b) the Clearing House and Registered Persons under which each Registered Person covenants with the Clearing House to observe these Rules and to perform the obligations that these Rules purport to impose on the Registered Person in the manner provided by these Rules.

1.06 Partial invalidity

If at any time any provisions of the Rules becomes illegal, invalid or inapplicable in any respect, the legality, validity or enforceability of the remaining provisions shall not in any way be affected or impaired.

1.07 Governing law and jurisdiction

The interpretation, construction and operations of these Rules and the respective rights and obligations of the Clearing House and the Clearing Participant shall be determined under the laws of Malaysia and subject to these Rules, each Clearing Participant agrees to submit to the jurisdiction of the courts of Malaysia.

1.08 Investment Banks

If a provision in these Rules is expressed to be inapplicable to an Investment Bank or a Registered Person of an Investment Bank, the relevant requirements in the Guidelines on

Investment Banks and any other requirement the Central Bank specifies on the matter will apply instead.

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PART C NOTICES

1.09 Notices

- (1) The Clearing House will send all notices required to be sent under these Rules in writing:
 - (a) to the address or facsimile number (or both) of the addressee contained in the records of the Clearing House; or
 - (b) using any other mode of giving notice the Clearing House thinks fit, including electronic mail, other electronic means and advertisement in newspapers.

- (2) A notice given under these Rules is regarded as received:
 - (a) if delivered by hand, at the time of delivery;
 - (b) if sent by post within Peninsular Malaysia, on the 3rd Business Day after posting;
 - (c) if sent by air mail to Sabah, Sarawak or outside Malaysia, on the 5th Business Day after posting;
 - (d) if sent by courier, on the 2nd Business Day after dispatch;
 - (e) if sent by facsimile or other electronic means, at the time of transmission; and
 - (f) if published in any public media, at the time of publication.

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PART D PERSONAL DATA NOTICE

1.10 Personal Data Notice

- (1) Any person who provides or has provided personal data to the Clearing House or the Exchange Holding Company pursuant to or in connection with these Rules should read and be aware of the relevant notification in relation to the Personal Data Protection Act 2010 (“PDPA”) available at the Exchange Holding Company’s website at www.bursamalaysia.com (“Personal Data Notice”).
- (2) Where the personal data provided is of another individual (“data subject”), the person providing such data must have notified the data subject in writing of the Personal Data Notice before providing the personal data unless:
 - (a) section 41 of the PDPA applies; or
 - (b) the Clearing House otherwise specifies in connection with the PDPA.
- (3) For the purposes of this Rule 1.10, ‘personal data’ shall have the same meaning given in section 4 of the PDPA.

[End of Chapter]