

BURSA MALAYSIA DERIVATIVES BERHAD

Date : 23 May 2018

Trading Participant Circular : 09/2018

AMENDMENTS TO THE RULES OF BURSA MALAYSIA DERIVATIVES BHD (“RULES OF BURSA DERIVATIVES”) IN RELATION TO THE REVISION OF DELIVERY PROCEDURE FOR THE USD DENOMINATED REFINED, BLEACHED AND DEODORIZED PALM OLEIN FUTURES (“FPOL”) CONTRACT.

1. INTRODUCTION

- 1.1 Bursa Malaysia Derivatives Berhad (the “**Exchange**”) has revised the physical delivery procedure for the FPOL Contract from ex-tank delivery to a free on board (“**FOB**”) delivery. The revision of the delivery procedure aligns the physical delivery procedure for the FPOL Contract with that of the physical palm olein market, which is based on a FOB delivery.
- 1.2 The amendments to the Rules of Bursa Derivatives include the introduction of the definition for FOB as well as changes to the contract specifications for the FPOL Contract.
- 1.3 The amendments to the Rules of Bursa Derivatives have been approved by the Securities Commission Malaysia.
- 1.4 The amendments are detailed in paragraph 2 below.

2. RULE AMENDMENTS

- 2.1 In addition to the amendments made to Rule 200 to introduce the definition for FOB, the salient amendments to the contract specifications of the FPOL Contract in Item 2404 of Schedule 24 are as follows:
 - (a) the Final Trading Day for the FPOL Contract is on the 25th day of the spot month (2 months prior to the delivery month) instead of on the 15th day of the delivery month;
 - (b) the Settlement Method is physical delivery vide FOB, or such other settlement methodology as the Clearing House may prescribe, instead of a tender for delivery to an approved Port Tank Installation. The other settlement methodology refers to the alternative delivery procedure (“**ADP**”) as prescribed in the Rules of Bursa Malaysia Derivatives Clearing Bhd and the Clearing Participants’ Manual;
 - (c) the delivery month for the FPOL Contract is the second month following the spot month and the Final Settlement Day is on the last day of the delivery month instead of on the 20th day of the delivery month;
 - (d) FOB delivery must be made in deliverable units of 500 metric tons each instead of 25 metric tons, in accordance with the provisions on settlement of

weight differences. Open Positions of less than 500 metric tons which are not closed out by the Final Trading Day are cash settled against the final settlement value as may be determined by Bursa Malaysia Derivatives Clearing Bhd; and

(e) the requirements for appraisal in the FPOL Contract are set out in the Clearing Participants' Manual instead of the contract specifications.

2.2 The amendments to the Rules of Bursa Derivatives are set out in full in **Annexure 1**.

3. EFFECTIVE DATE

The amendments to the Rules of Bursa Derivatives will take effect on **24 May 2018**.

4. CONTACT PERSON

In the event of any queries in relation to this circular, please contact the following persons:

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Regulation