

Associate Participant

1. Eligibility

- An Associate Participant must:-

- (a) be a Corporation or body corporate;
- (b) not carry on the business of futures broking within Malaysia;
- (c) not own any Preference Shares;
- (d) have a minimum paid up capital of Ringgit Malaysia Two Million (RM2,000,000);
- (e) be a Clearing Participant or be nominated by a Nominating Participant for the clearing of its Contracts;
- (f) comply with such financial requirements as are for the time being prescribed by the Exchange; and
- (g) comply with such other conditions as the Exchange may from time to time prescribe.

2. Rights

- An Associate Participant shall have the following rights in respect of the trading facilities provided by the Exchange:

- (a) the right to trade for itself in the Market via a Trading Participant for trading in Contracts in such manner as the Exchange may from time to time direct; and
- (b) all other rights conferred on Associate Participants by these Rules in respect of trading in Contracts transacted in the Market.

- The Associate Participant's rights shall cease for any period of suspension of participation of that Associate Participant or for the duration when it ceases to have the ability or access to the ability to clear its Contracts through the Clearing House; and shall cease permanently in the event of the participation of the Associate Participant being terminated or the Associate Participant otherwise ceasing to be an Associate Participant unless otherwise directed by the Exchange.

- The Exchange may from time to time prescribe new rights, vary, suspend or abrogate any existing right of Associate Participants.

3. Registration

- Application for registration as an Associate Participant shall occur in the following manner:-

(a) an applicant for registration as an Associate Participant shall lodge, or cause to be lodged, with the Exchange an application in such form and providing such information, as the Exchange may from time to time require, together with a nonrefundable fee prescribed by the Exchange;

(b) the form of application for participants shall contain an acknowledgment 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;

(c) the Exchange shall in considering the application for participants may call for such further information, as it deems necessary.

(d) in determining whether to approve an application the Exchange shall be entitled to consider not only the character, business integrity, financial probity and trading expertise of the applicant and its directors and principal officers, the degree of accessibility of the market through the applicant for both the trade and public at large, as well as such other matters as the Exchange may regard as relevant from time to time.

- Following the approval by the Exchange, the applicant shall lodge with the Exchange:-

(a) the participants entrance fee of such amount as may from time to time be determined by the Exchange; and

(b) such portion of the annual subscription as the Exchange may determine.

4. Registration Fees, Levies and Deposits

- An Associate Participant shall pay, in addition to the amounts payable on application to be a participant:

(a) an annual fee of such amount as may from time to time be determined by the Exchange; and

(b) deposits or levies of such amounts, calculated in such manner (including any manner based on each Contract traded, cleared or settled) as the Exchange may from time to time think fit.

- Payment shall be due on such date or dates as the Exchange may from time to time determine.

- If an Associate Participant fails to pay any subscription, deposit or levy within seven (7) days of the due date, he shall pay interest from the due date at such rate as may be fixed by the Exchange from time to time. Should the default not be remedied within thirty (30) days of the due date, then the Exchange may give notice of termination or suspension from participants. Notwithstanding such termination or suspension, the Exchange may pursue payment of the amount due by legal action.

- There shall be no entitlement to a refund of any portion of the participantship entrance fee paid by an Associate Participant or any subscription, deposit or levy which has been paid by an Associate Participant, which has ceased for any reason to be an Associate Participant or whose participantship rights have been suspended, and all subscriptions and deposits and levies, which have become due and payable by an Associate Participant, which has ceased for any reason to be an Associate Participant or whose participantship rights have been suspended, but have not been paid, shall remain due and payable by him notwithstanding such cessation or suspension.

5. Transfer of Participantship

- An Associate Participant shall be entitled to transfer its participantship subject to the following conditions:-

(a) the Associate Participant shall have paid, or made provisions satisfactory to the Exchange for the payment of, all monies payable by it, whether actual or contingent, to the Exchange and shall, if so required by the Exchange, have complied with all its other obligations under these Rules;

(b) the Associate Participant shall have given notice in writing to the Exchange of its wish to transfer (herein called "the proposed transfer"), accompanied by an application form completed by the proposed transferee as if it were an applicant for admission as an Associate Participant, and the application fee prescribed by **Rule of Registration**;

(c) the proposed transferee shall otherwise have complied with the provisions of **Rule of Registration** as if they were repeated in full in this Rule;

(d) the proposed transferee shall have been approved by the Exchange on the same criteria as the Exchange approves an applicant for admission as an Associate Participant; and

(e) the proposed transfer is not effective without the approval of the Exchange.

- The Exchange may impose conditions on any approval and shall not be obliged to give any reasons for imposing any such conditions or refusing to approve a proposed transfer. Any application for approval shall be deemed to have been withdrawn if the conditions imposed by the Exchange have not been met within sixty (60) days (or such longer period as may be allowed by the Exchange) of their being imposed by the Exchange.

- A proposed transfer once approved by the Exchange or any other relevant authorities (if required) shall be implemented within sixty (60) days of the date of the approval, or such further period as the Exchange may allow, and if not so implemented the approval shall be deemed to have lapsed. Implementation shall occur by way of:

(a) written acknowledgment from the two parties being lodged with the Exchange that all legal documentation and requirements of both parties in order to complete the transfer have been satisfactorily completed; and

- (b) the approved transferee paying to the Exchange the transfer fee prescribed by the Exchange.
- The Exchange may require that the purchase price paid for the transfer of participants in accordance with this Rule 320F shall be paid directly by the proposed transferee to the Exchange and dealt with by the Exchange.
 - The purchase price paid by the proposed transferee for the associate participants (if required under **Rule Transfer of Participants** to be paid directly to the Exchange) shall be retained and used As at 28 December 2012 Rule 300 - 24 by the Exchange to settle all the transferor's liabilities to the Exchange (including other Participants) to the maximum extent legally possible and in the following order of priority:
 - (a) payment of all contributions, levies, charges, fines and any other liabilities of the transferor to the Exchange; and
 - (b) payment to other Participants in respect of any other liabilities arising directly out of transactions on the Exchange. All Participants who shall have any claim against the transferor shall within ten (10) days of publication by the Exchange of the transfer of the transferor's participants submit to the Exchange in writing the details of their claims against the transferor. In determining the liabilities and extent of the liabilities of the transferor to the other Participants, the Exchange shall have regard to the claims so submitted and shall deduct from such claims of a Participant, the prevailing market price of any collateral held by such Participant. If the purchase price of the transfer of participants shall be insufficient to pay all amounts determined to be payable under the above categories, claims under the above categories shall be paid in the priority stated above.
 - If the purchase price shall be insufficient to pay the amount to be payable in one category, then claims under that category shall be paid pro-rata and the remaining shall be left unpaid. The residue of the purchase price shall be paid to the transferor or his legal representative or to such person as the transferor or legal representative shall direct.
 - The transfer of a participants shall not release the transferor from any liability, which at the date of transfer has already accrued to the Exchange, the Clearing House or any other Participant or any other Client of that Associate Participant which may thereafter accrue in respect of any act or omission prior to such transfer.
 - The Exchange will maintain a register of the particulars of the transfer and may at its discretion, disclose the price of the transfer.

6. Surrender of Participants/Resignation

- (a) An Associate Participant desirous of resigning from participants with the Exchange may make a written application to the Exchange for surrender of its participants.
- (b) If a Associate Participant wishes to resign from participants of the Exchange, it shall:-

(i) give not less than thirty (30) days (or such period as may otherwise be prescribed by the Exchange) prior written notice of its intention to resign and proposed date of resignation;

(ii) satisfy the Exchange that it has taken or will take before the proposed date of resignation proper and adequate steps for the orderly winding down of its futures trading business;

(iii) not enter into any transactions in the period of [thirty] days (or such period as may otherwise be prescribed by the Exchange) immediately preceding the proposed date of resignation except with the consent of the Exchange;

(iv) comply with such direction as may be issued by the Exchange in relation to the orderly winding down of its futures trading business; and

(v) enter into such agreement or arrangement or undertaking with the Exchange as the Exchange shall deem fit or expedient. As at 28 December 2012 Rule 300 - 25 **Rule**

Surrender of Participant/Resignation

(c) The Exchange may accept the Associate Participant's surrender or participation/resignation provided that in consultation with the Clearing House and the Commission, the Exchange is satisfied that the Associate Participant has fulfilled or will be able to fulfil all its obligations to the Exchange, the Clearing House and its Clients whereupon the Exchange shall notify all other Trading Participants of its acceptance and the resigning Associate Participant's effective date of resignation.

(d) The surrender of its participation by an Associate Participant shall not take effect until such surrender is officially approved by the Exchange. The Exchange may give its approval upon such terms and conditions as the Exchange may determine.

(e) The resigning Associate Participant is bound to comply with such restrictions on its participation as may be imposed by the Exchange and/or Clearing House until its effective date of resignation as published by the Exchange.

- There shall be no entitlement to a refund of any portion of the participation entrance fee or of any annual subscription fee paid by an Associate Participant who resigns or otherwise ceases to be an Associate Participant.

- The surrender of its participation by an Associate Participant shall not in any way diminish any liability which that Associate Participant may have to the Exchange or the Clearing House or any other Participant or any Client of that Associate Participant arising out of its participation up to the date of surrender of participation and such liability shall continue to subsist until satisfied or discharged.

- The resigning Associate Participant's name will be removed from the Register of Associate Participants on the effective date of resignation.

7. Suspension of Participantship

- The Exchange may, decide in its absolute discretion to suspend the participantship of an Associate Participant in the event of any non-compliance or default of these Rules.
- The period of suspension shall be within the sole discretion of the Exchange.
- Upon the Exchange granting its approval, the Exchange shall by notice in writing inform the Associate Participant of the suspension and such suspension shall take immediate effect and shall continue until the suspension period expires or such earlier time as the Exchange deems fit to lift the suspension.
- The suspension of its participantship shall not in any way whatsoever diminish any liability which the Associate Participant may have to the Exchange or the Clearing House or any other Participant or any Client of that Associate Participant where such liability arises from the participantship up to the date of the suspension and such liability shall continue to subsist until fully satisfied or discharged.

8. Voluntary Suspension of Participantship

- An Associate Participant may make a written application to the Exchange for suspension of its participantship in accordance with such policies as may be determined by the Exchange from time to time.
- The suspension of an Associate Participant's participantship shall not take effect until the application for suspension is approved by the Exchange. The Exchange may give approval upon such terms and conditions as the Exchange may determine.
- The suspension of an Associate Participant's participantship shall not in any way diminish or affect any liability which that Associate Participant may have to the Exchange or the Clearing House or any other Participant or any Client of that Associate Participant arising out of its participantship up to the date of suspension and such liability shall continue to subsist until satisfied or discharged.
- During the suspension period, the suspended Associate Participant may by written application to the Exchange, apply for reinstatement of its participantship. The reinstatement shall not take effect until the application for reinstatement is approved by the Exchange. The Exchange may give approval upon such terms and conditions as the Exchange may from time to time determine.

9. Termination of Participantship

- The Exchange may, in consultation with the Commission, decide in its absolute discretion to terminate the associate participantship in the event of any or all of the following namely: upon any order being made for the winding up of the Associate Participant or the appointment to the Associate Participant of a receiver, statutory manager, provisional liquidator or upon the failure of the Associate Participant to comply with these Rules or upon revocation of its license by the Securities Commission pursuant to the Capital Markets and Services Act.

- Within seven (7) days from the Exchange approval, the Exchange shall issue a notice in writing to the Associate Participant informing it of its termination.
- The termination of its participantship shall not in any way whatsoever diminish any liability which the Associate Participant may have to the Exchange or the Clearing House or any other Participant where such liability arises from the participantship up to the date of termination and such liability shall continue to subsist until fully satisfied or discharged.
- In the event the Associate Participant fails to perform any or all acts required to be performed by it under this Rule, the Exchange shall be entitled to take further action to compel the performance of the same.

10. Voluntary Liquidation

- An Associate Participant shall by notice in writing inform the Exchange that it intends to go into voluntary liquidation.
- Upon receipt of this written notice, the Exchange shall require the Associate Participant to surrender its participantship in accordance with **Rule Surrender of Participantship/Resignation** above.