

MEMORANDUM
FOR FEEDBACK

Ref No : 0014 of 2020/PO
Date : 4 June 2020

To : Executive Director/ Head of Dealing
Executive Director/ Head of Operations

From : The Secretariat, ASCM By Email

No. of pages : As per attachment

RE : **Consultation Paper on Proposed Enhancements on Equities Margin and Clearing Guarantee Fund**

Dear Members,

We have been informed by some Trading Clearing Participants (TCPs) that they are requested to provide feedback on Bursa Malaysia Securities Clearing (BMSC)'s Consultation Paper on Proposed Enhancements on Equities Margin and Clearing Guarantee Fund dated 15th May 2020. This Consultation Paper was sent directly to TCPs in which TCPs are to respond by 3rd June 2020.

Attached is the email from BMSC dated 15th May 2020 for your reference. We have also written to BMSC that ASCM also needs to be consulted in this matter. BMSC has responded to our request on 1st June 2020.

The purpose of this Consultation Paper is to seek feedback on the following proposals:

1. Enhancement to the Equities Margin Approach
 - a. To move towards stock-based margin computation
2. Enhancement to the Clearing Guarantee Fund
 - a. To revise the sequence of drawdown of financial resources in default waterfall
 - b. To rebalance the proportion of financial resources in the default waterfall
 - c. To introduce the replenishment cap in the event of a default

The proposals have an impact on the cash flow of a stockbroking company.

In view of this, kindly forward to us a copy of your response to BMSC on the Consultation Paper in which the deadline has been extended to 15th June 2020 by BMSC. ASCM will collate and analyze the TCPs' views and thereafter to form an industry stand on BMSC's Proposed Enhancements on Equities Margin and Clearing Guarantee Fund for submission to BMSC. Kindly respond to us by 11th June 2020 at saifulazmi@ascm.org.my.

Thank you



Lim Boon Hang
Executive Director, ASCM Secretariat