

**Saiful**

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**Subject:** Proposed Enhancements on Equities Margin and Clearing Guarantee Fund  
(Consultation Paper)

**From:** Nur Asiah Tuan Yaacob [<mailto:asiah@bursamalaysia.com>]

**Sent:** Friday, May 15, 2020 11:07 AM

**To:** Equities Risk

**Cc:** Siew Sze Yih; Muhammad Darwiis Mahadzir; Kelvin Wan Kah-Jian; Noraza Muhamad

**Subject:** [External] Proposed Enhancements on Equities Margin and Clearing Guarantee Fund (Consultation Paper)

Dear Trading Clearing Participants,

Good day to you.

We would like to inform you that Bursa Malaysia Securities Clearing Sdn Bhd (BMSC) is in the midst of enhancing the Equities Margin (EM) approach and Clearing Guarantee Fund (CGF) to be in line with international best practices. BMSC as a CCP plays a crucial role in the financial system, and it is imperative for a robust CCP to withstand any potential default by Clearing Participant and other stress events to a high probability. This is backed by a comprehensive financial risk management framework in place to safeguard the market and improves resilience.

Pursuant to our first industry consultation on the enhancements of Equities Margin approach and Clearing Guarantee Fund held at Bursa Malaysia on 24 October 2019, we would like to seek your feedbacks 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

Kindly revert your feedbacks on the proposed enhancements to [equitiesrisk@bursamalaysia.com](mailto:equitiesrisk@bursamalaysia.com) by **3 June 2020 (Wednesday)**.

If you require further assistance, please do not hesitate to contact us at Risk and Compliance.

Thank you.

Regards,

**Nur Asiah Tuan Yaacob**

Executive

Financial Risk Management

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