DIRECTIVE ON POSITION LIMITS AND EXERCISE LIMITS	**No. 613-001**

Relevant to	:	Rule 613
Introduced with effect from	:	16 June 2014
Amended	:	31 October 2016 vide TP Circular 18/2016
TP Circular No(s).	:	N/A
Refer also to Directive No(s).	:	N/A

1. Rule 613

(1) Rule 613.1 empowers the Exchange to determine the limits on the Open Positions which may be held or controlled by any Client or a Participant in any Contract ("position limits") or the number of Options that can be exercised by any Client or a Participant ("exercise limits") and grant exemption, modification or variation in relation to the position limits or exercise limits.

(2) Pursuant to Rule 613.1, a Participant must ensure that the position limits and exercise limits applicable to any Client or Participant are adhered to at all times.

(3) In connection with the above Rule, a Client or Participant must, amongst others, comply with the requirements set out below.

(4) Any reference to the following terms will be construed as follows:

(a) 'omnibus account' means a Client Account utilised by a Client for the trading of Contracts for the Underlying Clients of the Client.

(b) 'Underlying Clients' means the persons whom the Client is trading in Contracts for.

1.1 Position Limits for Client or Participant

(1) A Client or Participant acting alone or in concert with others, must not directly or indirectly hold or control Open Positions in a Contract in excess of the limits on Open Positions stated in **Schedule 1** of this Directive.

(2) For purposes of Options, the limits stated are in relation to Open Positions net on the same side of the Market. A long Call Option, a short Put Option and a long underlying Futures Contract are taken as being on the same side of the Market; similarly a short Call Option, a long Put Option and a short underlying Futures Contract are taken as being on the same side of the Market.

(3) For purposes of Futures Contracts, the limits stated are in relation to Open Positions net long or net short.

(4) If a Client or a Participant holds or controls a combination of FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures Contract and Option on FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures, the Client or Participant must comply with the position limits stated for Option on FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures.

(5) If a Client or a Participant holds or controls a combination of Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts and Options on Ringgit Malaysia Denominated Crude Palm Oil Futures, the Client or Participant must comply with the position limits stated for Option on Ringgit Malaysia Denominated Crude Palm Oil Futures.

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(6) Notwithstanding any provisions contained in Rule 500, Trading Participants or Associate Participants who are in breach of position limits may be ordered by the Exchange, without notice, to limit trading to liquidation only. The Exchange may take any other action deemed appropriate in the circumstances.

1.2 Position Limits for Market Makers

(1) A Market Maker acting alone or in concert with others, must not directly or indirectly hold or control Open Positions in a Contract in excess of twice the limits stated in **Schedule 1** of this Directive.

(2) Market makers may seek an exemption to the position limits stated in paragraph 1.2(1) to assure that there is sufficient depth and liquidity in the marketplace.

(3) In respect of paragraph 1.2(2) above, Market Makers must submit to the Exchange a written request seeking approval for the exemption and state the reasons why an exemption should be granted.

1.3 Exemption for Bona Fide Hedging Transactions

(1) A Participant may apply to the Exchange for an approval to exceed the position limit as stated in **Schedule 1** of this Directive for bona fide hedging transactions. For the avoidance of doubt, a Client or an Underlying Client may apply for such approval through their Trading Participant. The Exchange may approve such application only if the person's open positions and proposed open positions are for bona fide hedging transactions. The Exchange's approval must be obtained before a person assumes positions which exceed the position limits as stated in **Schedule 1** of this Directive.

(2) In considering an application received from a Participant in paragraph 1.3(1), the Exchange may require that the Participant provides or causes to be provided to the Exchange the details of exposure to the underlying market to justify the granting of the exemption for hedging purposes.

(3) In approving an application received from a Participant under paragraph 1.3(1), the Exchange may impose any terms and conditions as it deems fit.

(4) If a Participant receives the Exchange's approval, positions in Contracts which result from bona fide hedging transactions will not be included in the computation of positions restricted by the position limits as stated in **Schedule 1** of this Directive.

(5) In respect of hedging with FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures Contract or Option on FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures, such transactions will only qualify for an exemption if the underlying stock portfolio:

(i) contains at least 3 FTSE Bursa Malaysia Kuala Lumpur Composite Index (KLCI) stocks and none of these stocks account for more than 50% of the total value of the underlying stock portfolio; and

(ii) comprises stocks in at least 3 sectors.

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(6) The Exchange reserves the right to approve other underlying stock portfolio that may not meet the requirements in paragraph 1.3(5), if it is of the opinion that the underlying stock portfolio does represent a bona fide hedge.

(7) The Exchange may revoke the exemption granted to a Participant under paragraph 1.3.

1.4 Limit on Uncovered Short Positions for Stock Option Contract

(1) The uncovered short in the money positions for Stock Option Contract on a market wide basis must not be more than 10 percent of the underlying free float, or any other percentage as may be determined by the Exchange in light of the prevailing market conditions in the Market and Underlying Market.

(2) If the limit in paragraph 1.4(1) is breached, the Exchange may prohibit any further opening writing transactions in that class of options, or it may prohibit the uncovering of any existing covered Short Positions in one or more series of that class of Options.

1.5 Exercise Limits for Stock Option Contract

(1) The exercise limits for Stock Option Contract will be equivalent to the position limits as stated in **Schedule 1** of this Directive.

(2) In relation to paragraph 1.5(1), a Client or Participant acting alone or in concert with others, must not directly or indirectly exercise more than the exercise limits within 5 consecutive Business Days its aggregate Long Positions for all contract months combined.

(3) Notwithstanding any provisions contained in Rule 500, Trading Participants or Associate Participants who are in breach of the exercise limits may be ordered by the Exchange, without notice, to stop any further exercise of the Options. The Exchange may take any other action deemed necessary in the circumstances.

1.6 Exemption from Position Limits and Exercise Limits for Omnibus Accounts

(1) A Participant may allow a Client who maintains an omnibus account to hold positions or exercise Options that exceed the position limits or exercise limits as stated in **Schedule 1** of this Directive subject to the following conditions:

(i) the Participant is satisfied as to the financial probity of the Client;

(ii) the open positions held or controlled or the exercise of Options by each of the Underlying Clients in the omnibus account must not exceed the position limits or exercise limits as stated in **Schedule 1** of this Directive except as allowed under paragraph 1.3 above; and

(iii) compliance with any other terms or conditions that the Exchange may prescribe as it deems fit.

(2) A Participant who allows a Client to exceed the position limits or exercise limits pursuant to paragraph 1.6(1) above must notify the Exchange immediately of the following:

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(i) that the conditions in paragraph 1.6(1) have been complied with;

(ii) the details of the omnibus account including the identity of the Client and the Underlying Clients; and

(iii) any other information as may be requested by the Exchange.

(3) If any of the provisions in this paragraph 1.6 is not complied with, the Exchange may direct the Participant to revoke the exemption granted to the Client pursuant to paragraph 1.6(1) above.

(4) Where an exemption has been granted pursuant to paragraph 1.6(1), the provisions in Rule 613 and paragraphs 1.1 and 1.5 above in relation to position limits or exercise limits and any provisions relating to a breach of such limits that are applicable to a Client directly or indirectly (“the relevant provisions”) will also be applicable to each of the Underlying Clients. In this respect, all actions of each of the Underlying Clients will be construed to be the actions of the Client.

(5) The Participant must ensure that an omnibus account in relation to which an exemption has been granted under paragraph 1.6(1) is identified as such in the books and records of the Participant.

[End of Directive]

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Schedule 1

Stock Option Contract

The position limits in relation to Stock Option Contract are set out in 3 tiers as follows:

Past 6 Months Trading Volume For The Underlying Market		**Underlying Market Free Float**	**Position Limits for all contract months combined (net on the same side of the Market)**
More than 45 million	and	More than 500 million	5,000
More than 60 million	and	More than 250 million	5,000
More than 45 million	and	More than 250 million	2,500
More than 60 million	and	250 million or less	2,500
45 million or less	and	More than 500 million	2,500
None of the above			1,000

All other Contracts

~~Item No.~~ **Contract**	**Position Limits**	
	All contract months combined	**Others**
AGRICULTURE CONTRACTS		
Ringgit Malaysia (RM) Denominated Crude Palm Oil Futures Contract	15,000 Contracts	a) 800 Contracts for spot month b) 10,000 Contracts for any one contract month (except for spot month)

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~~Item No.~~ Contract	Position Limits	
	All contract months combined	**Others**
Option on Ringgit Malaysia Denominated Crude Palm Oil Futures	an equivalent of 15,000 Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts (Option on Ringgit Malaysia Denominated Crude Palm Oil Futures and Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts combined)	an equivalent of 10,000 Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts for any one contract month (Option on Ringgit Malaysia Denominated Crude Palm Oil Futures and Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts combined)
United States Dollar (USD) Denominated Crude Palm Oil Futures Contract	8,000 Contracts	a) 500 Contracts for spot month b) 5,000 Contracts for any one contract month (except for spot month)
Crude Palm Kernel Oil Futures Contract	1,500 Contracts	a) 250 Contracts for spot month b) 1,000 Contracts for any one contract month (except for spot month)
United States Dollar (USD) Denominated RBD Palm Olein Futures Contract	15,000 Contracts	a) 800 Contracts for spot month b) 10,000 Contracts for any one contract month (except for spot month)
EQUITY CONTRACTS		
~~1.~~ **FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures Contract**	10,000 Contracts	n/a
~~2.~~	an equivalent of 10,000	n/a

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~~**Item No.**~~ **Contract**		**Position Limits** All contract months combined	Others
Option on FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures		FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures Contract (Option on FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures and FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures Contract combined)	
Single Stock Futures Contract (for each individual Single Stock Futures Contract)		1) 1,350 Contracts; or 2) 2,300 Contracts (if Average Daily Trading Volume of the underlying stocks is more than 20 million units of stocks for the most recent 6-month period)	1) 1,350 Contracts for any month; or 2) 2,300 Contracts for any month (if Average Daily Trading Volume of the underlying stocks is more than 20 million units of stocks for the most recent 6-month period)
METAL CONTRACTS			
Gold Futures Contract		25,000 Contracts	n/a
Tin Futures Contract		1,000 Contracts	500 Contracts for spot month
INTEREST RATE CONTRACTS			
~~3.~~ **3-~~month~~ Month KLIBOR Futures Contract**		5,000 Contracts	n/a
~~4.~~	~~Ringgit Malaysia Denominated Crude Palm Oil Futures Contract~~	~~15,000 Contracts~~	~~(a) 800 Contracts for spot month~~ ~~(b) 10,000 Contracts for any one contract month (except for spot month)~~

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~~**Item No.**~~ **Contract**		**Position Limits** All contract months combined	**Position Limits** Others
~~5.~~	~~United States Dollar Denominated Crude Palm Oil Futures Contract~~	~~8,000 Contracts~~	~~(a) 500 Contracts for spot month~~ ~~(b) 5,000 Contracts for any one contract month (except for spot month)~~
~~6.~~	~~Option on Ringgit Malaysia Denominated Crude Palm Oil Futures~~	~~an equivalent of 15,000 Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts (Option on Ringgit Malaysia Denominated Crude Palm Oil Futures and Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts combined)~~	~~an equivalent of 10,000 Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts for any one contract month (Option on Ringgit Malaysia Denominated Crude Palm Oil Futures and Ringgit Malaysia Denominated Crude Palm Oil Futures Contracts combined)~~
3-Year MGS Futures Contract		10,000 Contracts	10,000 Contracts in any one quarterly month
~~7.~~ **5-~~year~~ Year MGS Futures Contract**		10,000 Contracts	10,000 Contracts in any one quarterly month
~~8.~~ ~~**3-year MGS Futures Contract**~~		~~10,000 Contracts~~	~~10,000 Contracts in any one quarterly month~~
~~9.~~ **10-Y~~y~~ear MGS Futures Contract**		10,000 Contracts	10,000 Contracts in any one quarterly month
~~10.~~	~~Crude Palm Kernel Oil Futures Contract~~	~~1,500 Contracts~~	~~a) 250 Contracts for spot month~~ ~~b) 1,000 Contracts for any one contract month (except for spot month)~~

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~~Item No.~~ **Contract**		**Position Limits** All contract months combined	**Position Limits** Others
~~11.~~	~~Single Stock Futures Contract (for each individual Single Stock Futures Contract)~~	~~1) 1,350 Contracts; or~~ ~~2) 2,300 Contracts (if Average Daily Trading Volume of the underlying stocks is more than 20 million units of stocks for the most recent 6-month period)~~	~~1) 1,350 Contracts for any month; or~~ ~~2) 2,300 Contracts for any month (if Average Daily Trading Volume of the underlying stocks is more than 20 million units of stocks for the most recent 6-month period)~~
~~12.~~	~~Gold Futures Contract~~	~~25,000 Contracts~~	~~n/a~~
~~13.~~	~~Refined, Bleached and Deodorized (RBD) Palm Olein Futures Contract~~	~~15,000 Contracts~~	~~a) 800 Contracts for spot month~~ ~~b) 10,000 Contracts for any one contract month (except for spot month)~~

[End of Schedule 1]