

**MEMORANDUM**

**To** : ALL DEALER'S REPRESENTATIVES  
**From** : THE MANAGEMENT  
**Date** : 2 JANUARY 2019  
**Subject** : Trading in Leveraged and Inverse Exchange Traded Funds (L&I ETFs)

We wish to inform that the Securities Commission Malaysia ("SC") has allowed the issuance of a more diversified range of Exchange Traded Funds ("ETFs") in the market which include a futures-based ETFs such as the leveraged and inverse ETFs ("L&I ETFs"), synthetic ETFs, physical commodity ETFs and smart beta ETFs. The introduction of an array of ETFs aims to promote competitive growth and facilitate product innovation in the market, providing new investment opportunities and exposure for investors with varying risk appetites.

Premised on the above, Bursa Malaysia Securities Berhad ("the Exchange") have issued the ETF Guidelines which will come into effect on 2 January 2019.

The prescribed conditions that a Client must fulfil in order to trade in L&I ETFs, includes the execution of a risk disclosure statement and must fulfil at least one of the conditions below :-

- (a) is a Sophisticated Investors (as defined under Part 1, Schedule 6 or 7 of the Capital Markets and Services Act 2007);
- (b) has a Margin account;
- (c) has executed at least five (5) transactions in exchange traded derivatives or structured warrants within the preceding twelve (12) months; or
- (d) has utilized a performance simulator which stimulates trading in L&I ETFs and undergone an e-learning tutorial developed by the Exchange for trading in L&I ETFs.

However, Institutional clients who fall within the exempted institution list prescribed by the Exchange is exempted from having to execute a risk disclosure statement and written declaration.

For further enquiries, please do not hesitate to contact En Saiful (ext 9211), Mr Richard (ext 9693) or Pn Jamaliah (ext 9218) or Head of Branch/Operation for assistance.

Thank you.

