

MEDIA RELEASE

PRESS RELEASE

8 July 2005

BURSA MALAYSIA TO START CLEARING OTC CONTRACTS

Kuala Lumpur - Bursa Malaysia Derivatives Clearing Bhd (the Clearing House), a subsidiary of Bursa Malaysia Bhd, will start clearing Over-the-Counter (OTC) traded derivatives contracts (OTC Contracts) from 8 July 2005. The Clearing House currently clears futures and options traded on Bursa Malaysia Derivatives Bhd including the KLCI Futures, Crude Palm Oil Futures, Crude Palm Kernel Oil Futures, KLIBOR Futures and MGS Futures.

The first OTC contract to be cleared by Bursa Malaysia Derivatives Clearing Bhd will be the USD-denominated Ethylene OTC Contract, a cash-settled derivatives contract based on the ICIS-LOR Ethylene Index (EIX). Ethylene is an olefinic hydrocarbon which is used as a petrochemical feedstock for numerous chemical applications and the production of consumer goods.

Mr Cheah Sin Keat, Head of Clearing, Settlement and Depository at Bursa Malaysia said that this Contract will be traded by a host of international companies comprising participants in the Free on Board (FOB), Cost and Freight (CFR) and domestic market, as well as major ethylene traders and producers, and traders of ethylene-derived products. "This Contract will be the first ever chemical-based derivatives contract to be cleared by an exchange in Asia and we hope to introduce new products on the OTC clearing infrastructure in the near future".

The Ethylene OTC Contract combines features of both over-the-counter traded contracts (OTC Forward) and those traded over the exchange (Futures contracts). Although it is traded on an OTC basis via selected trading brokers, the Contract is standardised in terms of the contract size, contract months and final settlement day, and is cleared by the Clearing House. The Contract presents market participants with an opportunity to hedge against the risk of fluctuations in ethylene prices and facilitates further price discovery in a transparent and efficient environment.

Market participants have the choice of either clearing their OTC Contracts directly with the Clearing House, by applying to become a Special Clearing Participant, or via participating Malaysian futures brokers namely CIMB Futures Sdn Bhd and TA Futures Sdn Bhd.

The EIX settlement index, which will be determined by global pricing and market intelligence service provider ICIS-LOR, will be used as the basis for determining the Daily Settlement Price by Bursa Malaysia Derivatives Clearing Bhd to revalue all Open Positions at the end of each Business Day and also as the basis for the Final Settlement Price upon Contract expiry. The EIX is assessed based on CFR North East Asia Ethylene physical spot trades, Ethylene OTC Contract trades, bids and offers, and market fundamentals. ICIS-LOR currently reports on more than 100 global energy and petrochemical markets.

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Ginga Petroleum Pte Ltd, which provides global brokerage services for oil, petrochemical, tanker freight and coal in physical and derivative products, and specialises in the open spec naphtha and petrochemical forward market in Asia, is a selected trading broker for the Ethylene OTC Contract. Leading financial services company, Citigroup in Malaysia has been appointed as the settlement bank for funds settlement of the OTC Contracts.

Bursa Malaysia Berhad is a public company limited by shares under the Companies Act 1965. Bursa Malaysia is an approved exchange holding company under Section 11D of the Securities Industry Act 1983. Other companies in the Bursa Malaysia Bhd Group of companies include a stock exchange, a derivatives exchange, an off-shore international financial exchange, equity and derivatives clearing houses, a central depository, an information services provider and an Information Technology services provider.

Bursa Malaysia Securities Berhad, a wholly-owned subsidiary of Bursa Malaysia Berhad, is an approved stock exchange under Section 8 of the Securities Industry Act 1983.

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