



Exchange for Related Position (EFRP)

Frequently Asked Questions

1. What is an Exchange for Related Position (EFRP)?

EFRP refers to an agreement between 2 parties whereby a futures position is exchanged for related positions or vice versa. The related position can include cash or physical, swap, OTC derivative or other futures position.

Phillip Capital offered clients who trade FGLD with an option for physical gold through EFRP arrangement. Clients able to convert their futures position via a physical settlement.

2. What are the benefits of EFRP?

EFRPs provide flexibility for trading and hedging. Phillip Capital offered clients another access to gold investment, as clients have an option to convert their FGLD contract into physical gold via EFRP at any time at a daily price in Ringgit Malaysia (RM).

3. What derivatives/ products that Phillip Capital offered for EFRP?

BMD FGLD contract

4. Will a facility fee be imposed on EFRP transactions?

Phillip Capital will charge client's account on the EFRP for a nominal fee.

5. What type of gold to receive? What is the purity of gold bar?

Client will receive the gold bar that either weighs 100g or 1 kilogram with the fineness of 999.9.

The gold bar is recognized international refiner, Metalor Technologies Singapore Pte Ltd who is credited by London Bullion Market Association. The Metalor seal is stamped on the gold bar to serve as a guaranty of quality, in accordance with LBMA requirements.

6. What is the process for EFRP?

- i. Client A and Client B agrees on size of trade and price
- ii. Both clients will inform Phillip Capital on the agreed trade and submit details of their related cash market transaction
- iii. Phillip Capital will verify the cash transaction and then prepare and submit Notification of EFRP Registration form, proof of underlying transaction and a letter of intention to do EFRP to Exchange Operations (EO)
- iv. The Exchange will undertake steps to consider the EFRP submission (eg: perform verification processes, where necessary)
- v. The EFRP submission (including the documents) will then be forwarded to Risk Management for risk evaluation
- vi. If in order the EFRP will be send to Clearing and Settlement for registration
- vii. EO will proceed to broadcast the EFRP transaction to the market via messaging upon successful registration of the transaction by the Clearing and Settlement.

The diagram below shows the trading flow for using the EFRP facility.



PHILLIP CAPITAL SDN BHD

Co. Registration: 199501033331 (362533-U)

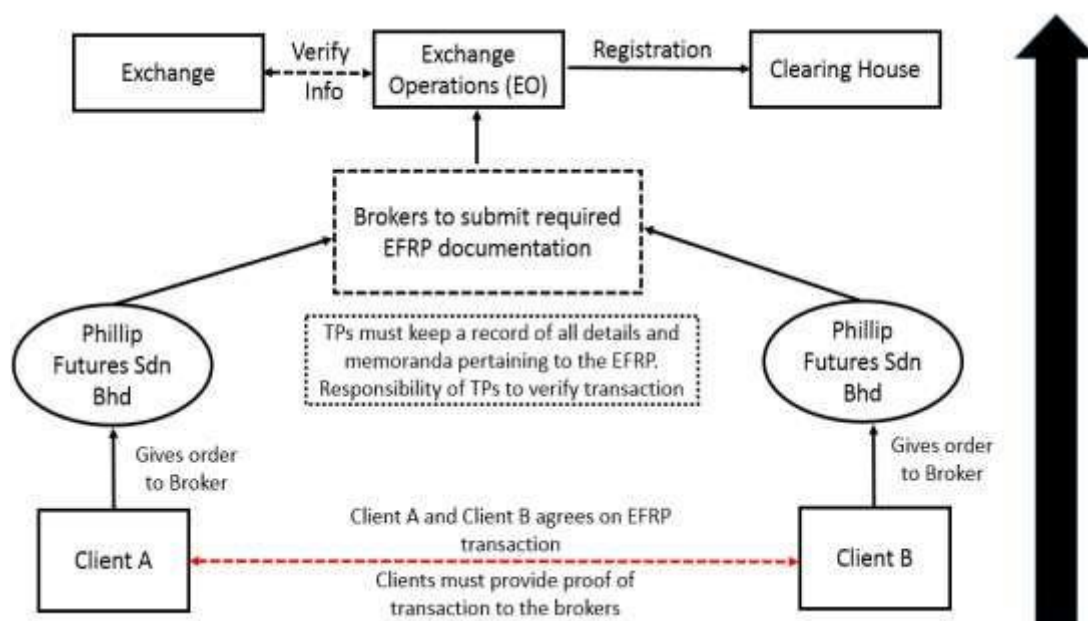
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7. Can the EFRP be amended or cancelled once the registration form has been submitted?

Before the EFRP is registered, the transaction can be amended or cancelled provided that both the buyer and seller mutually agree to do so. Instruction must be received from both the counterparties to the EFRP.

In the event of cancellation, Phillip Capital must inform Derivatives Exchange Operations to hold on to the registration and to resubmit the original registration form with a note to cancel that is signed by the same signatories.

8. Can the EFRP be mutually cancelled once it has been registered?

No. The EFRP cannot be cancelled once it has been registered.

9. Are there instances where the EFRP may be rejected?

Yes. EFRP may be rejected if it does not comply with the Rules of Bursa Malaysia Derivatives Berhad and Trading Participants' Manual. Below are some examples of circumstances where an EFRP may be rejected:

- Price of the transaction is deemed to be not fair and reasonable
- Financial standing of the Clearing Participant and/or end-client if transaction results in a negative monetary position
- Requirement that only separate parties are permitted to conduct EFRP has not been met

10. When will I receive the gold?

Once the cash market transaction is complete, client will have to provide ID card and other supporting documents to ACE Capital when obtaining the gold from Ace Capital assayer office. The responsibility shall lie with Ace Capital in performing their respective duties stipulated under the contract.

The whole process will take roughly 3 to 5 working days upon the receipt of a full payment.