



**Suruhanjaya Sekuriti**  
Securities Commission

## **CIRCULAR ON GUIDELINES ON UNIT TRUST FUNDS**

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Reference No:	TIM/CIRC 2 - 05	Date:	11 October 2005
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### **FINANCIAL DERIVATIVES FOR HEDGING PURPOSE**

It is hereby notified that unit trust funds are allowed to trade in financial derivatives, which include, but not limited to, forwards, swaps and futures, for the purpose of hedging the investment exposure of unit trust funds.

2. Financial derivatives are financial instruments whose values are derived from the price of underlying financial assets such as shares, currencies and stock market indices, and through which specific financial risks can be traded in financial markets in their own rights. Transactions in financial derivatives are treated as separate transactions rather than as integral parts of the value of underlying transactions to which they may be linked.
3. For investments in warrants, options and futures, the current provisions in the Guidelines on Unit Trust Funds will apply.

Trusts and Investment Management Department  
Issues and Investment Division  
**SECURITIES COMMISSION**