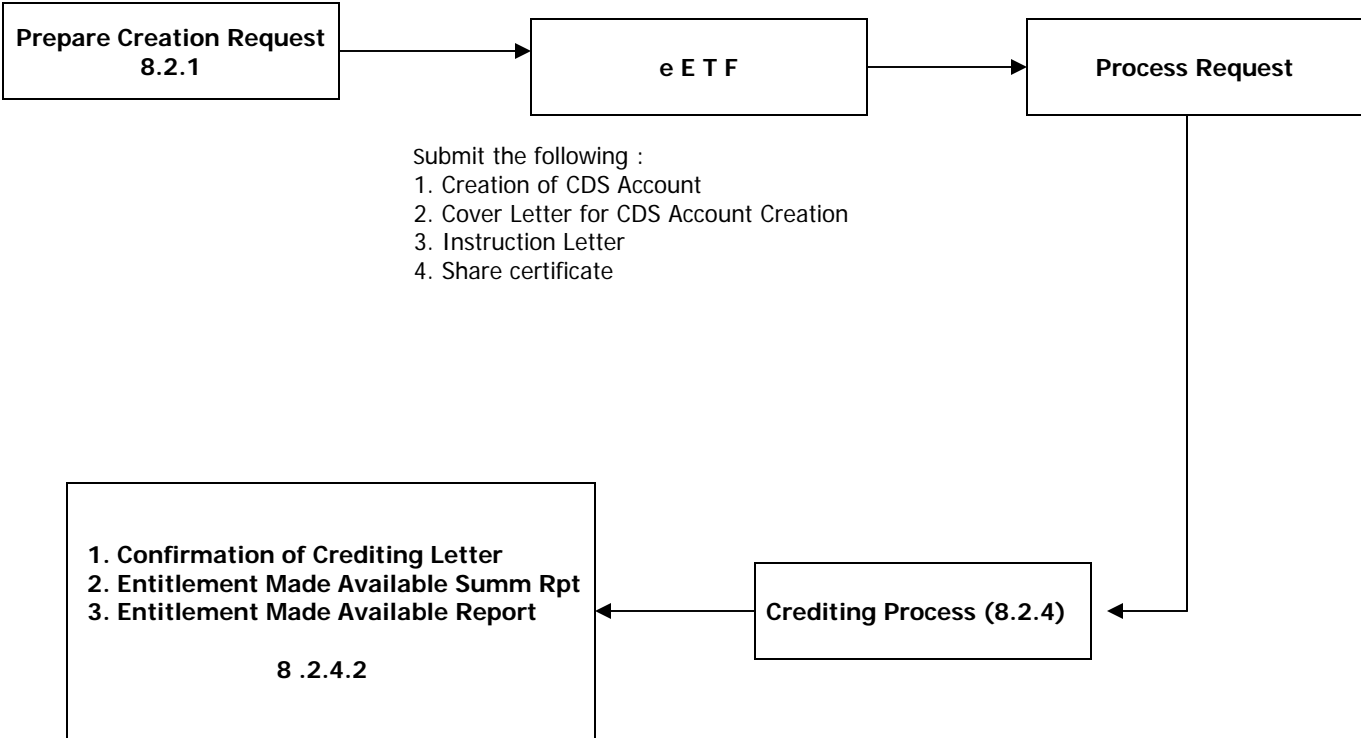


# EXCHANGE TRADED FUND PROCESS WORKFLOW

TRUSTEE

BURSA DEPOSITORY

**Prepare Creation Request/ Crediting of Securities**  
 Creation of Exchange Traded Fund (ETF) units



Notes:

*The number stated by each process refers to the section where the topic can be found in the procedures manual.*

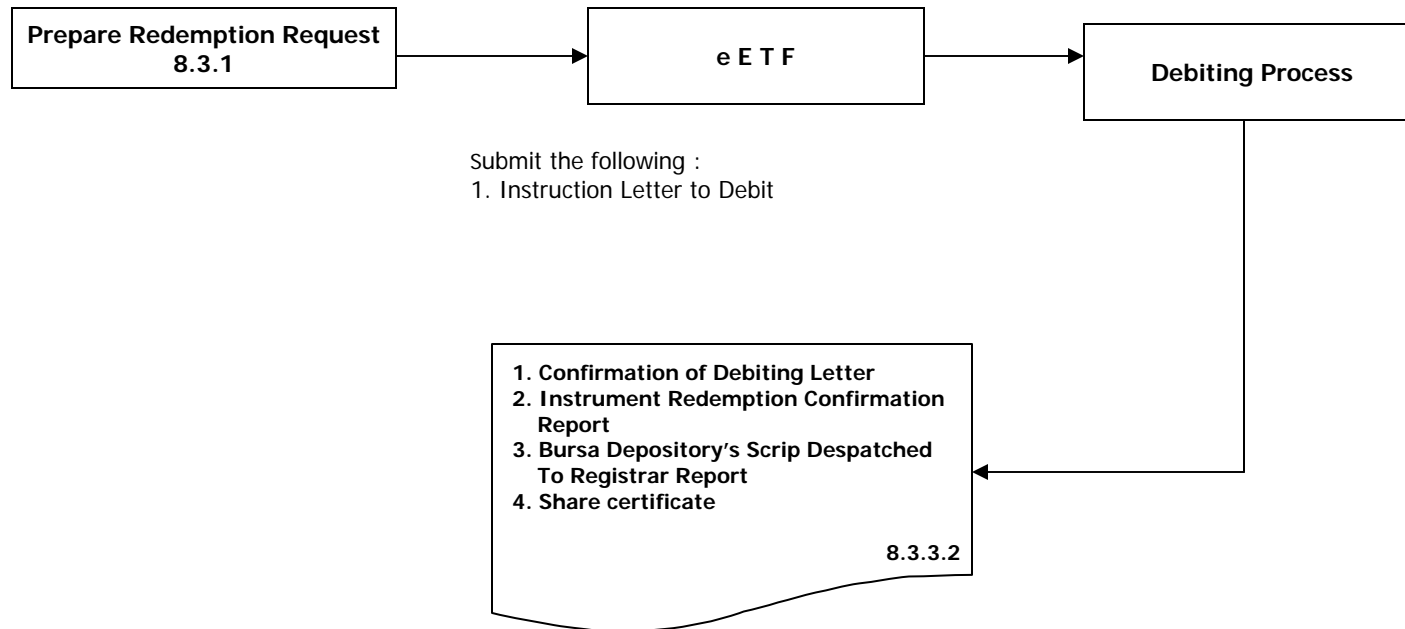
# EXCHANGE TRADED FUND PROCESS WORKFLOW

TRUSTEE

BURSA DEPOSITORY

## Prepare Redemption Request

Redemption of Exchange Traded Fund (ETF) units



Notes:

*The number stated by each process refers to the section where the topic can be found in the procedures manual.*

This chapter describes the processing of Exchange Traded Fund (ETF) listed on Bursa Malaysia Securities Berhad (Bursa Securities). These include the tasks involved in the creation of ETF units, redemption of ETF units, requesting for non-corporate and corporate exercise ROD and processing of any corporate exercise associated to ETF. Pursuant to Clause 10.01(2) of the Securities Commission's ETF Guidelines, Rules 20A.09B & 20A.09C of Rules of Bursa Depository, creation and redemption of ETF units must be done by the Trustee in accordance with the instructions given by the Management Company (MC). As for the requisition of the non-corporate and corporate exercise ROD, only the MC can perform the task as the Issuer of the securities as defined in the Securities Industry (Central Depositories) Act 1991 ["SICDA"].

Instruction to create and redeem of ETF units will be provided to Bursa Depository by the appointed Trustee, via a web base application, electronic Exchange Traded Fund (eETF) under the eRapid infrastructure as provided by Bursa Depository. Depending on the nature of the instruction, Bursa Depository will process the instruction and will result in either crediting or debiting of the ETF units from the specified CDS accounts.

## **8.1    Creation Of Management Company CDS Account**

### **8.1.1    Request For CDS Account Creation**

8.1.1.1    Prepare an **Instruction Letter To Create CDS Account In eETF** (Appendix 35) to Bursa Depository for the creation of the required CDS Account in the eETF system. The letter must contain the following information:-

- a.            Stock Name an Stock Code
- b.            Name of Allottees
- c.            CDS Account Number
- d.            NRIC / Company Registration Number.

**Note:**            *The above information is to allow Bursa Depository to create the CDS account number in the eETF for the Trustee to either create or redeem the ETF units.*

## **8.2    Creation Of ETF**

### **8.2.1    Preparation For Creation Request**

8.2.1.1    Create the creation request through the eETF. Login the URL address for eETF which is <https://erapid.bursamalaysia.com/eETF>.

*Note:    The creation of ETF units can be created from Monday to Friday, 8.30am until 4.00pm.*

8.2.1.2    Ensure the creation request is keyed in correctly before forwarding the request to the “Approver”.

### **8.2.2    Approval For Creation Request**

8.2.2.1    Approve the creation request through the eETF. Login the URL address for eETF, which is <https://erapid.bursamalaysia.com/eETF>.

8.2.2.2    The Approver must approve the ETF creation, before the creation request can be forwarded to Bursa Depository for the crediting process.

### **8.2.3    Preparation Of Share Certificate**

8.2.3.1    Prepare the required share certificate in the name of “Bursa Malaysia Depository Nominees Sdn Bhd” for the total number of the ETF units as contained in each of the creation request. The number of share certificate is to be based on the number of creation request.

8.2.3.2    Prepare an **Instruction Letter To Credit Exchange Traded Fund (ETF) Units** (Appendix 36) to instruct Bursa Depository to credit the ETF units. The instruction letter must be signed by Authorized Signatory(ies) and contain the following information:-

- a.        Stock Name an Stock Code
- b.        Type of request
- c.        The effective date for crediting

- d.            Number of ETF units and number of account to be credited.

8.2.3.3    Ensure that the following items reaches Counter Management Department latest by 4.00pm on the creation date:-

- a.            The creation request is approved by the Approver via eETF.
- b.            Share certificate in the name of “Bursa Malaysia Depository Nominees Sdn Bhd” for the ETF units.
- c.            Instruction Letter to credit the ETF units.

***Note:**    If the above creation request and documentation reaches Bursa Depository after 4.00pm, Bursa Depository would not be responsible if there is any delay in the crediting of the ETF units on the creation date.*

#### **8.2.4        Crediting Of ETF Units**

8.2.4.1    Bursa Depository will only credit the ETF units once all the documentation specified in item 8.2.3.3 is received by Bursa Depository by 4.00pm on or before the creation date.

***Note:**    Crediting of ETF units is to be initiated on the same day the creation request is submitted to Bursa Depository.*

8.2.4.2    Upon confirmation of creation request and crediting, Trustee will receive the following:-

- a.            **Confirmation Of Crediting Letter** (Appendix 37)
- b.            Entitlement Made Available Report
- c.            Entitlement Made Available Summary Report.

8.2.4.3    Acknowledge receipt on the second copy of Appendix 37.

### **8.3    Redemption Of ETF**

#### **8.3.1    Preparation Of Redemption Request**

8.3.1.1    Create the redemption request through the eETF. Login the URL address for eETF, which is <https://erapid.bursamalaysia.com/eETF>.

*Note:*    The redemption request can be created in the eETF from Monday to Friday, 8.30am until 4.00pm.

8.3.1.2    Ensure the redemption request is keyed in correctly before forwarding the request to the “Approver”.

8.3.1.3    Prepare an **Instruction Letter To Debit Exchange Traded Fund (ETF) Units** (Appendix 38) to instruct Bursa Depository to debit the ETF units. The Instruction Letter to be signed by Authorised Signatory(ies) must contain the following information:-

- a.        Stock Name
- b.        Type of request
- c.        The redemption date
- d.        Number of ETF units and number of accounts to be debited.

8.3.1.4    Ensure that the Instruction Letter reaches Counter Management Department latest by 4.00pm on the redemption request date.

#### **8.3.2    Approval For Redemption Request**

8.3.2.1    Approve the redemption request through the eETF. Login the URL address for eETF, which is <https://erapid.bursamalaysia.com/eETF>.

8.3.2.2    The Approver must approve the ETF redemption, before the redemption request can be forwarded to Bursa Depository for the debiting process at Bursa Depository.

*Note:*    *The Approver must approve the redemption request before 4.00pm on the redemption date before the redemption request is forwarded to Bursa Depository for the debiting process.*

### **8.3.3    Debiting Of ETF Units**

8.3.3.1    Bursa Depository will only debit the ETF units once all the documentation is in order.

*Note:*    *Debiting of ETF units is to be initiated on the same day the debiting request is submitted to Bursa Depository.*

8.3.3.2    Receive the following from Bursa Depository on the same day the redemption request is accepted by Bursa Depository:-

- a.            **Confirmation Of Debiting Letter** (Appendix 39)
- b.            Instrument Redemption / Conversion Confirmation Report (Appendix 23)
- c.            Bursa Depository's Scrip Despatched To Registrar Report
- d.            Share certificate in the name of "Bursa Malaysia Depository Nominees Sdn Bhd".

8.3.3.3    Acknowledge receipt on the second copy of Appendix 22.

#### **8.4    Request For Non-Corporate Exercise Record Of Depositors (ROD)**

This section describes the tasks involved in requesting for a Record of Depositor (ROD). The ROD will be used to ascertain the shareholders of a company as of a particular date. An ROD contains a list of investors' names, addresses, account numbers, NRIC numbers and number of shares they possess.

- 8.4.1      Request for Non-Corporate Exercise ROD must be made through eRapid.
  
- 8.4.2      Please refer to **Chapter 5** of the **Procedures Manual For eRapid User** for procedures on requisition for Non-Corporate Exercise ROD.



## **8.5    Processing Of Corporate Exercise**

This section describes the tasks involved in any corporate exercise associated to ETF, from the process of requesting for the corporate exercise ROD and the preparation of allotment request to credit the corporate exercise into the depositors' account.

### **8.5.1    Types Of Corporate Exercise**

8.5.1.1    The following are some of the common types of corporate exercise associated to ETF:-

- a.            Dividend/Interest Payment
- b.            Bonus issue.

### **8.5.2    Request For Corporate Exercise ROD**

8.5.2.1    The procedures are as per those stated in Section 6.2 of Chapter 6.

### **8.5.3    Collection Of Record Of Depositors (ROD)**

8.5.3.1    The procedures are as per **Section 5.4 – Downloading Of ROD** and **Section 5.5 – Collection Of Hardcopy ROD** of the **Procedures Manual For eRapid User**.

### **8.5.4    Preparation Of Allotment Tapes For Crediting**

8.5.4.1    The procedures are as per those stated in Section 6.4 of Chapter 6.

### **8.5.5    Receipt Of Rejected Allotment Results From Bursa Depository**

8.5.5.1    The procedures are as per those stated in Section 6.5 of Chapter 6.

### **8.5.6    Receipt Of Confirmed Allotment Results From Bursa Depository**

8.5.6.1    The procedures are as per those stated in Section 6.6 of Chapter 6.

**8.5.7      Crediting of Securities Arising From Corporate Action**

8.5.7.1      The procedures are as per those stated in Section 6.7 of Chapter 6.

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