

BURSA MALAYSIA SECURITIES CLEARING SDN BHD

Date : 16 March 2015

No : SBL 2/2015

CONSEQUENTIAL AMENDMENTS ARISING FROM THE GOODS AND SERVICES TAX ACT 2014

- 1. RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD (“RULES OF BURSA CLEARING (S)”)**
- 2. SECURITIES BORROWING AND LENDING – NEGOTIATED TRANSACTIONS (SBLNT) OPERATIONAL GUIDELINES FOR LENDERS AND BORROWERS**

INTRODUCTION

The following Rules and Operational Guidelines are amended consequential to the implementation of the Goods and Services Tax Act 2014 (“GST Act”). These amendments shall take effect from 1 April 2015.

1. RULES OF BURSA CLEARING (S)

Pursuant to section 9 of the Capital Markets and Services Act 2007, Bursa Clearing (S) has amended the Rules of Bursa Clearing (S) consequential to the implementation of the GST Act. The said amendments are set out in “**ANNEXURE 1**” (“Rule Amendments”).

The salient changes to the rules are as follows:

- providing that a person required to pay fees, charges and all amounts where GST is payable is obliged to pay the Goods and Services Tax (“GST”);
- providing that where a refund of fees, charges or any amount paid is not allowed under the rules, no refund of the GST amount paid on such amount will be made by the Clearing House;
- empowering the Clearing House to issue directions in connection with GST, including the collection of the GST amount and the issuance of a tax invoice required pursuant to the GST Act 2014; and
- clarifying, in relation to securities borrowing and lending, the functions and responsibilities of a Lending Agent, Lending Representative and Borrowing Representative in relation to GST as set out in Rules 7.8(a), 8.7(a) and 8.9(a).

The Rule Amendments have been approved by the Securities Commission.

Please be informed that the Rule Amendments are available on Bursa Malaysia’s website at: <http://www.bursamalaysia.com>.

If you have any queries on the Rule Amendments, kindly contact the following person:

Michelle Hoh Suhuey (03-2034 7326)

2. SECURITIES BORROWING AND LENDING – NEGOTIATED TRANSACTIONS (“SBLNT”) OPERATIONAL GUIDELINES FOR LENDERS AND BORROWERS

Pursuant to the implementation of the GST Act which takes effect on 1 April 2015, the SBLNT Operational Guidelines for Lenders and Borrowers has been updated. The following table provides the information of the revised pages of the SBLNT Operational Guidelines for Lenders and Borrowers.

No.	Document Name	Remark
1.	Section 6 – Intermediary Fee	Section 6 is amended to reflect GST charges and to clarify the obligation of the Borrowing Representatives and/or Lending Representatives in relation to the Intermediary Fee and GST.

“ANNEXURE 2” provides the details of the updates made to the SBLNT Operational Guidelines for Lenders and Borrowers as stated in the above table and the relevant amendments are denoted with track changes.

For further information or enquiries kindly contact the following person:

Kunalan Sivapragasam (03-20347255)

Clearing and Settlement Operations

“ANNEXURE 1”

RULE AMENDMENTS

ANNEXURE 1

RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD

RULE AMENDMENTS CONSEQUENTIAL TO THE GOODS AND SERVICES TAX ACT 2014

EXISTING PROVISIONS		AMENDED PROVISIONS	
Interpretation	New Provision	Interpretation	Definition <u>“Goods and Services Tax” or “GST”</u> <u>The goods and services tax payable pursuant to the Goods and Services Tax Act 2014.</u>
Rule 1.16(d)	Each Clearing Participant undertakes to indemnify the Clearing House against all costs, expenses, fees, liabilities losses and damages of any nature whatsoever incurred by the Clearing House directly or indirectly as a result of or in connection with the purchase of the replacement Securities by the Clearing House on the Clearing Participant’s behalf.	Rule 1.16(d)	Each Clearing Participant undertakes to indemnify the Clearing House against all costs, expenses, fees, liabilities, <u>taxes,</u> losses and damages of any nature whatsoever incurred by the Clearing House directly or indirectly as a result of or in connection with the purchase of the replacement Securities by the Clearing House on the Clearing Participant’s behalf.
	New Provision	Rule 1.30	<u>GOODS AND SERVICES TAX</u> <u>(1) A person required or directed to pay the fees, charges, costs, expenses or any amount under these Rules must pay an amount equal to the Goods and Services Tax payable (“GST amount”) in the manner and within the period the Clearing House specifies unless otherwise specified by the Clearing House in accordance with the Goods and Services Tax Act 2014.</u> <u>(2) Where a refund of any amount paid is not allowed under these Rules, no refund of the GST amount paid on such amount will be made by the Clearing</u>

EXISTING PROVISIONS		AMENDED PROVISIONS	
			<p><u>House.</u></p> <p><u>(3) The Clearing House may from time to time issue directions to Clearing Participants in connection with GST including the collection of the GST amount referred to in Rule 1.30(1) and the issuance of any tax invoice required pursuant to the Goods and Services Tax Act 2014.</u></p>
Rule 7.8(a)	<p>A Clearing Participant who is approved and appointed to be a Lending Agent for a Lending Participant or Lender must have, amongst others, the following functions and responsibilities:-</p> <p>(i) To process the application of any person applying to be a Lending Participant (hereinafter in this Rule referred to as “the Said Lending Participant”);</p> <p>(ii) To give effect to any instructions or orders given by the Said Lending Participant or Lender (hereinafter in this Rule referred to as “the Said Lender”) which include, inter alia, the keying-in of Lending Interests into the Bursa SBL System;</p> <p>(iii) To transmit or forward to the Said Lending Participant or Said Lender any notification or update communicated by the Clearing House via the Bursa SBL System in relation to the transactions entered into by the Said Lending Participant or Said Lender relating to the Bursa SBL (other than notices pertaining to the issue of announcements made by an issuer of the Securities comprised in the Loaned Securities of any action taken by such issuer in relation to or</p>	Rule 7.8(a)	<p>A Clearing Participant who is approved and appointed to be a Lending Agent for a Lending Participant or Lender must have, amongst others, the following functions and responsibilities:-</p> <p>(i) To process the application of any person applying to be a Lending Participant (hereinafter in this Rule referred to as “the Said Lending Participant”);</p> <p>(ii) To give effect to any instructions or orders given by the Said Lending Participant or Lender (hereinafter in this Rule referred to as “the Said Lender”) which include, inter alia, the keying-in of Lending Interests into the Bursa SBL System;</p> <p>(iii) To transmit or forward to the Said Lending Participant or Said Lender any notification or update communicated by the Clearing House via the Bursa SBL System in relation to the transactions entered into by the Said Lending Participant or Said Lender relating to the Bursa SBL (other than notices pertaining to the issue of announcements made by an issuer of the Securities comprised in the Loaned Securities of any action taken by such issuer in relation to or</p>

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p>arising from its Securities including payment of dividend, issue of bonus Securities and other rights and interests associated with its Securities, capital restructuring and Securities consolidation) or received by the Lending Agent from the Clearing House for the information of the Said Lending Participant or Said Lender, including but not limited to, such matters relating to any approval of Lending Interests, recall of Loaned Securities, entitlement received or is to be received by the Said Lender arising from any corporate action with respect to the Loaned Securities in accordance with the SBL Conditions;</p>		<p>arising from its Securities including payment of dividend, issue of bonus Securities and other rights and interests associated with its Securities, capital restructuring and Securities consolidation) or received by the Lending Agent from the Clearing House for the information of the Said Lending Participant or Said Lender, including but not limited to, such matters relating to any approval of Lending Interests, recall of Loaned Securities, entitlement received or is to be received by the Said Lender arising from any corporate action with respect to the Loaned Securities in accordance with the SBL Conditions;</p>
(iv)	To collect all documents, forms, agreements, deeds including any amendments or variations thereof relating to or governing the Bursa SBL as the Clearing House may require from time to time, from the Said Lending Participant or the Said Lender for submission to the Clearing House and from the Clearing House for transmission to the Said Lending Participant or the Said Lender;	(iv)	To collect all documents, forms, <u>tax invoices or other documents relating to GST</u> , agreements, deeds including any amendments or variations thereof relating to or governing the Bursa SBL as the Clearing House may require from time to time, from the Said Lending Participant or the Said Lender for submission to the Clearing House and from the Clearing House for transmission to the Said Lending Participant or the Said Lender;
(v)	To receive into the Lending Agent's bank account designated for the receipt of any fees, charges or income arising with respect to any Loaned Securities due and payable by the Clearing House to the Said Lender relating to the Bursa SBL ("Designated Bank Account") and to pay to the Said Lender such fees, charges or income as may be prescribed by the Clearing House from time to time and that have been credited into the Lending Agent's Designated Bank Account by	(v)	To receive into the Lending Agent's <u>designated</u> bank account designated for the receipt ("Designated Bank Account") , <u>of any fees, charges or income arising with respect to any Loaned Securities, and the GST payable on such amount</u> , due and payable by the Clearing House to the Said Lender relating to the Bursa SBL ("Designated Bank Account") and to pay to the Said Lender such fees, charges or income as may be prescribed by the Clearing House

EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p>the Clearing House subject to the deduction of any fees and charges as may be agreed between the Said Lender and the Lending Agent, and to collect from the Said Lender and to pay to the Clearing House, any fees and charges due and payable by the Said Lender to the Clearing House relating to the Bursa SBL as may be prescribed by the Clearing House from time to time without any deduction or set off;</p>		<p>from time to time <u>and the GST payable on such amount</u> and that have been credited into the Lending Agent's Designated Bank Account by the Clearing House subject to the deduction of any fees and charges, <u>and the GST payable on such amount</u>, as may be agreed between the Said Lender and the Lending Agent, and to collect from the Said Lender and to pay to the Clearing House, any fees, and charges <u>and the GST amount referred to in Rule 1.30(1)</u> due and payable by the Said Lender to the Clearing House relating to the Bursa SBL as may be prescribed by the Clearing House from time to time without any deduction or set off;</p>
(vi)	To furnish to the Clearing House such information or documents relating to the Bursa SBL and such advice, statement and report on the operation of transactions relating to the Bursa SBL at such times and in such manner as may be prescribed by the Clearing House;	(vi)	To furnish to the Clearing House such information or documents relating to the Bursa SBL and such advice, statement and report on the operation of transactions relating to the Bursa SBL at such times and in such manner as may be prescribed by the Clearing House;
(vii)	To give effect to any instructions, directives or orders given by the Clearing House to facilitate the operation of any transactions by the Lending Participant or Lender relating to the Bursa SBL or the SBL Conditions; and	(vii)	To give effect to any instructions, directives or orders given by the Clearing House to facilitate the operation of any transactions by the Lending Participant or Lender relating to the Bursa SBL or the SBL Conditions; and
(viii)	Such other functions and responsibilities as may be specified by the Clearing House from time to time.	(viii)	Such other functions and responsibilities as may be specified by the Clearing House from time to time.

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule 8.7(a)	<p>A Clearing Participant who is approved and appointed to be a Lending Representative for an Approved SBLNT Lender must have, amongst others, the following functions and responsibilities:</p> <ul style="list-style-type: none"> (i) To process the application of any person applying to be an Approved SBLNT Lender (hereinafter in this Rule referred to as “the Said Approved SBLNT Lender”); (ii) To transmit or forward to the Said Approved SBLNT Lender any notification or update communicated by the Clearing House in relation to the Said Approved SBLNT Lender’s SBL Negotiated Transactions or received by the Lending Representative from the Clearing House for the information of the Said Approved SBLNT Lender; (iii) To collect all documents, forms, agreements, deeds including any amendments or variations thereof relating to or governing the SBL Negotiated Transactions as the Clearing House may require from time to time, from the Said Approved SBLNT Lender for submission to the Clearing House and from the Clearing House for transmission to the Said Approved SBLNT Lender; (iv) To receive any fees and charges due and payable by the Said Approved SBLNT Lender to the Clearing House arising with respect to any of the services and facilities provided by the Clearing House in relation to the SBL Negotiated Transactions and to pay to the Clearing House such fees and charges in relation to the SBL 	Rule 8.7(a)	<p>A Clearing Participant who is approved and appointed to be a Lending Representative for an Approved SBLNT Lender must have, amongst others, the following functions and responsibilities:</p> <ul style="list-style-type: none"> (i) To process the application of any person applying to be an Approved SBLNT Lender (hereinafter in this Rule referred to as “the Said Approved SBLNT Lender”); (ii) To transmit or forward to the Said Approved SBLNT Lender any notification or update communicated by the Clearing House in relation to the Said Approved SBLNT Lender’s SBL Negotiated Transactions or received by the Lending Representative from the Clearing House for the information of the Said Approved SBLNT Lender; (iii) To collect all documents, forms, agreements, deeds including any amendments or variations thereof relating to or governing the SBL Negotiated Transactions as the Clearing House may require from time to time, from the Said Approved SBLNT Lender for submission to the Clearing House and from the Clearing House for transmission to the Said Approved SBLNT Lender; (iv) To receive any fees, and charges <u>and the GST amount referred to in Rule 1.30(1)</u> due and payable by the Said Approved SBLNT Lender to the Clearing House arising with respect to any of the services and facilities provided by the Clearing House in relation to the SBL Negotiated Transactions and to pay to the Clearing House

EXISTING PROVISIONS		AMENDED PROVISIONS	
	Negotiated Transactions;		such fees, and charges <u>and the GST amount referred to in Rule 1.30(1)</u> in relation to the SBL Negotiated Transactions;
(v)	To furnish to the Clearing House such information or documents relating to the SBL Negotiated Transactions and such advice, statement and report on the operation of the SBL Negotiated Transactions at such times and in such manner as may be prescribed by the Clearing House;	(v)	To furnish to the Clearing House such information or documents relating to the SBL Negotiated Transactions and such advice, statement and report on the operation of the SBL Negotiated Transactions at such times and in such manner as may be prescribed by the Clearing House;
(vi)	To give effect to any instructions, directives or orders given by the Clearing House to facilitate the operation of any transactions by the Said Approved SBLNT Lender relating to the SBL Negotiated Transactions;	(vi)	To give effect to any instructions, directives or orders given by the Clearing House to facilitate the operation of any transactions by the Said Approved SBLNT Lender relating to the SBL Negotiated Transactions;
(vii)	To immediately notify the Clearing House upon it becoming aware of any breach committed or likely to be committed by the Said Approved SBLNT Lender of any of these Rules or requirements imposed by the Clearing House on the Said Approved SBLNT Lender in relation to the SBL Negotiated Transactions; and	(vii)	To immediately notify the Clearing House upon it becoming aware of any breach committed or likely to be committed by the Said Approved SBLNT Lender of any of these Rules or requirements imposed by the Clearing House on the Said Approved SBLNT Lender in relation to the SBL Negotiated Transactions; and
(viii)	Such other functions and responsibilities as may be specified by the Clearing House from time to time.	(viii)	Such other functions and responsibilities as may be specified by the Clearing House from time to time.

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule 8.9(a)	<p>A Clearing Participant who is approved and appointed to be a Borrowing Representative for an Approved SBLNT Borrower must have, amongst others, the following functions and responsibilities:</p> <ul style="list-style-type: none"> (i) To process the application of any eligible person applying to be an Approved SBLNT Borrower (hereinafter in this Rule referred to as “the Said Approved SBLNT Borrower”); (ii) To transmit or forward to the Said Approved SBLNT Borrower any notification or update communicated by the Clearing House in relation to the Said Approved SBLNT Borrower’s SBL Negotiated Transactions or received by the Borrowing Representative from the Clearing House for the information of the Said Approved SBLNT Borrower; (iii) To collect all documents, forms, agreements, deeds including any amendments or variations thereof relating to or governing the SBL Negotiated Transactions as the Clearing House may require from time to time, from the Said Approved SBLNT Borrower for submission to the Clearing House and from the Clearing House for transmission to the Said Approved SBLNT Borrower; (iv) To receive any fees and charges due and payable by the Said Approved SBLNT Borrower to the Clearing House arising with respect to any of the services and facilities provided by the Clearing House in relation to the SBL Negotiated Transactions and to pay to the Clearing House such fees and charges in relation to the SBL 	Rule 8.9(a)	<p>A Clearing Participant who is approved and appointed to be a Borrowing Representative for an Approved SBLNT Borrower must have, amongst others, the following functions and responsibilities:</p> <ul style="list-style-type: none"> (i) To process the application of any eligible person applying to be an Approved SBLNT Borrower (hereinafter in this Rule referred to as “the Said Approved SBLNT Borrower”); (ii) To transmit or forward to the Said Approved SBLNT Borrower any notification or update communicated by the Clearing House in relation to the Said Approved SBLNT Borrower’s SBL Negotiated Transactions or received by the Borrowing Representative from the Clearing House for the information of the Said Approved SBLNT Borrower; (iii) To collect all documents, forms, agreements, deeds including any amendments or variations thereof relating to or governing the SBL Negotiated Transactions as the Clearing House may require from time to time, from the Said Approved SBLNT Borrower for submission to the Clearing House and from the Clearing House for transmission to the Said Approved SBLNT Borrower; (iv) To receive any fees, and charges <u>and the GST amount referred to in Rule 1.30(1)</u> due and payable by the Said Approved SBLNT Borrower to the Clearing House arising with respect to any of the services and facilities provided by the Clearing House in relation to the SBL Negotiated Transactions and to pay to the Clearing House

EXISTING PROVISIONS		AMENDED PROVISIONS	
	Negotiated Transactions;		such fees, and charges <u>and the GST amount referred to in Rule 1.30(1)</u> in relation to the SBL Negotiated Transactions;
(v)	To furnish to the Clearing House such information or documents relating to the SBL Negotiated Transactions and such advice, statement and report on the operation of the SBL Negotiated Transactions at such times and in such manner as may be prescribed by the Clearing House;	(v)	To furnish to the Clearing House such information or documents relating to the SBL Negotiated Transactions and such advice, statement and report on the operation of the SBL Negotiated Transactions at such times and in such manner as may be prescribed by the Clearing House;
(vi)	To give effect to any instructions, directives or orders given by the Clearing House to facilitate the operation of any transactions by the Said Approved SBLNT Borrower relating to the SBL Negotiated Transactions;	(vi)	To give effect to any instructions, directives or orders given by the Clearing House to facilitate the operation of any transactions by the Said Approved SBLNT Borrower relating to the SBL Negotiated Transactions;
(vii)	To immediately notify the Clearing House upon it becoming aware of any breach committed or likely to be committed by the Said Approved SBLNT Borrower of any of these Rules or requirements imposed by the Clearing House on the Said Approved SBLNT Borrower in relation to the SBL Negotiated Transactions; and	(vii)	To immediately notify the Clearing House upon it becoming aware of any breach committed or likely to be committed by the Said Approved SBLNT Borrower of any of these Rules or requirements imposed by the Clearing House on the Said Approved SBLNT Borrower in relation to the SBL Negotiated Transactions; and
(viii)	Such other functions and responsibilities as may be specified by the Clearing House from time to time.	(viii)	Such other functions and responsibilities as may be specified by the Clearing House from time to time.

[End of Rule Amendments]

“ANNEXURE 2”

**SECURITIES BORROWING AND LENDING – NEGOTIATED TRANSACTION (SBLNT)
OPERATIONAL GUIDELINES TO LENDERS AND BORROWERS**

6.1 Intermediary Fee

- 6.1.1 Bursa will charge an **Intermediary Fee** for the services provided. This fee is computed by the SBLNT system. The fee structure is of 2 types as the following:
- a. 0.02% (2 basis point) per annum of the outstanding loan (based on the daily closing price of the securities transacted) with a minimum of RM100 levied on both Borrowing Representative and Lending Representative;

or

 - b. 0.04% (4 basis point) per annum of the outstanding loan (based on the daily closing price of the securities transacted) with a minimum of RM200 on Borrowing Representative only.

Note:

- *6.1.1(a) is on shared arrangement between the Lending Representative and Borrowing Representative where else 6.1.1(b) is non-shared i.e. the entire intermediary fee is borne by the Borrowing Representative.*
- *Bursa has obtained an approval to display prices exclusive of the Goods and Services Tax ("GST") under subsection 9(7) of the Goods and Services Tax Act 2014. Accordingly, each fee, charge or amount payable to Bursa Clearing (S) set out above does not include GST i.e. **price payable is exclusive of GST.***
- *6% GST is payable on all fees, charges or amounts payable (unless otherwise specified by Bursa in accordance with the Goods and Services Tax Act 2014), and will be billed in the tax invoices issued in relation to such fees, charges or amounts payable.*
- *Lending Representative and Borrowing Representative are required to pay Bursa Clearing (S) the Intermediary Fee together with the GST on every 3rd business day of the month by 10 a.m.*

