

BURSA MALAYSIA SECURITIES CLEARING SDN BHD

Date: 13 January 2012

No : SBL 1/2012

1. **SECURITIES BORROWING AND LENDING (“SBL”) – CAPITAL MARKETS AND SERVICES (SECURITIES BORROWING AND LENDING) REGULATIONS 2012;**
2. **AMENDMENTS TO THE SECURITIES BORROWING AND LENDING - NEGOTIATED TRANSACTIONS (SBLNT) OPERATIONAL GUIDELINES PURSUANT TO THE DIRECTIVE TO PRESCRIBE THE SCHEDULED DELIVERY TIME AND SCHEDULED SETTLEMENT TIME FOR RECALLED SECURITIES; AND**
3. **FREQUENTLY ASKED QUESTIONS (FAQ)**

1. SECURITIES BORROWING AND LENDING (“SBL”) - CAPITAL MARKETS AND SERVICES (SECURITIES BORROWING AND LENDING) REGULATIONS 2012

In general, a person must not sell securities unless he has reasonable grounds to believe he has a right to vest the securities in a purchaser. An exception is being made under the Capital Markets and Services (Securities Borrowing and Lending) Regulations 2012, which came into effect on 9 January 2012 (“Regulations”). The Regulations provide that for the purposes of subsection 98(1) of the Capital Markets and Services Act 2007, a lender who sells loaned securities under a securities borrowing and lending transaction before recalling the loaned securities shall be deemed as having a right to vest the securities in a purchaser of the securities if certain conditions are met. One of the conditions is that the sale of the loaned securities is settled on the settlement date as may be prescribed by the stock exchange or the clearing house.

This circular sets out requirements arising from the Regulations. A copy of the Regulations is attached as **ANNEXURE 1**.

2. AMENDMENTS TO THE SBLNT OPERATIONAL GUIDELINES PURSUANT TO THE DIRECTIVE TO PRESCRIBE THE SCHEDULED DELIVERY TIME AND SCHEDULED SETTLEMENT TIME FOR RECALLED SECURITIES

A copy of the amended SBLNT Operational Guidelines for the Approved SBLNT Lender and the Approved SBLNT Borrower is attached as “**ANNEXURE 2**”.

The amendments are with reference to the prescribed modified Scheduled Delivery Time and Scheduled Settlement Time for Recalled Securities set out in Participating Organisations’ Circular No: R/R 2 of 2012 dated 13 January 2012 (“Exchange Directive”). A copy of the Exchange Directive is available on the Bursa Malaysia’s website at www.bursamalaysia.com.

The Exchange Directive also sets out the conditions that must be satisfied in order for the relevant securities to be considered Recalled Securities and this includes the seller having notified Bursa Clearing (S) of the relevant details in connection with the sale and the recalled securities in the manner and within the time prescribed by Bursa Clearing (S).

Borrowing Representatives are now required to enter the details of any on-market buy trades executed for the purposes of returning the Loaned Securities to the Approved SBLNT Lender, in the manner specified in the attached Operational Guidelines.

Amendments to the Operational Guidelines are denoted with track changes as indicated in the table below:

| No. | Document Name | Remark |
|-----|---------------|---|
| 1. | Section 5 | To remove section 5 and insert the new document enclosed. |
| 2. | Section 7 | To remove Section 7 and insert the new document enclosed. |
| 3. | Appendix 7 | To remove Appendix 7. |

3. FREQUENTLY ASKED QUESTIONS (FAQ)

We have enclosed a set of Frequently Asked Questions (“FAQs”) for your kind attention. Please refer to “**ANNEXURE 3**”.

All directives as set out in this circular shall take immediate effect.

For further information or enquiries kindly contact the following person:

Kunalan Sivapragasam (03-20347255)

Clearing and Settlement Operations

“ANNEXURE 1”

**CAPITAL MARKETS AND SERVICES (SECURITIES BORROWING AND LENDING)
REGULATIONS 2012**

CAPITAL MARKETS AND SERVICES ACT 2007

CAPITAL MARKETS AND SERVICES (SECURITIES BORROWING AND LENDING)
REGULATIONS 2012

IN exercise of the powers conferred by subsection 378(1) and paragraph 98(4)(e) of the Capital Markets and Services Act 2007 [Act 671], the Commission, with the approval of the Minister, makes the following regulations:

Citation and commencement

1. (1) These regulations may be cited as the **Capital Markets and Services (Securities Borrowing and Lending) Regulations 2012**.

(2) These Regulations come into operation on 9 January 2012.

Interpretation

2. In these Regulations, unless the context otherwise requires—

“Act” means the Capital Markets and Services Act 2007;

“borrower” means a person who borrows securities from a lender under a securities borrowing and lending transaction;

“lender” means a person who lends securities to a borrower under a securities borrowing and lending transaction;

“loaned securities” means any eligible securities which has been delivered by a lender to a borrower under a securities borrowing and lending transaction;

“eligible securities” has the same meaning assigned to it in the rules of the clearing house;

“securities borrowing and lending transaction” means any securities borrowing and lending transaction entered into under the rules of the stock exchange and the clearing house.

Sale before recall of loaned securities

3. (1) For the purposes of subsection 98(1) of the Act, a lender who sells loaned securities under a securities borrowing and lending transaction before recalling the loaned securities shall be deemed to have a presently exercisable and unconditional right to vest the securities in a purchaser of the securities, subject to the following conditions:

- (a) the sale is a bona fide sale transaction;
- (b) at the time of sale, the lender is entitled to recall from the borrower, at least the number of loaned securities which are the subject of the sale;
- (c) the lender recalls the loaned securities as soon as practicable within the same market day the loaned securities were sold; and
- (d) the sale of the loaned securities is settled on the settlement date as may be prescribed by the stock exchange or the clearing house.

(2) Notwithstanding anything contained in this regulation, paragraph 3(1)(d) shall not apply to a lender if the borrower fails to deliver the loaned securities to the lender in circumstances where:

- (a) the securities has been suspended;
- (b) the borrower is only able to make partial delivery of the recalled loaned securities; or
- (c) the borrower is unable to make delivery of the recalled loaned securities.

Made 21 December 2011

[RS(A&R)/SBL-Crpdn.13/11(060)-1D; PN(PU2)662/VI]

TAN SRI ZARINAH ANWAR
Chairman Securities Commission

Approved 4 January 2012

[KK/BPKA/K1/(S)/483/128/1/1 Jld.4; PN(PU2) 662/V]

DATO' SERI AHMAD HUSNI MOHAMAD HANADZLAH
Second Minister of Finance

“ANNEXURE 2”

SBLNT – OPERATIONAL GUIDELINES FOR LENDERS AND BORROWERS



CLEARING & SETTLEMENT OPERATIONS

**BURSA SECURITIES BORROWING AND
LENDING - NEGOTIATED TRANSACTION
("SBLNT")**

**OPERATIONAL GUIDELINES
For
LENDERS & BORROWERS**

(BMSC/CD/SBL/008)

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**CSO/SSO SBLNT OPERATIONAL GUIDELINES FOR LENDERS &
BORROWERS**

Section:

1. **OVERVIEW OF SBLNT**
2. **APPLICATION PROCEDURES**
3. **MASTER SBL AGREEMENT**
4. **CREATING A LOAN UNDER SBLNT**
5. **LOAN TERMINATION**
6. **INTERMEDIARY FEE**
7. **CORPORATE ACTION**

CSO/SSO SBLNT OPERATIONAL GUIDELINES FOR LENDERS & BORROWERS

Section: 1. OVERVIEW OF SBLNT

Bursa Malaysia Securities Clearing Sdn Bhd (Bursa Clearing) introduced a new Securities Borrowing and Lending (SBL) model called the Negotiated Transaction (NT) model herein referred to as “SBLNT”. SBLNT provides Lenders and Borrowers an option to agree to their own SBL terms and conditions (OTC agreement).

This new model is an alternative to the existing Central Lending Agency (CLA) model whereby Bursa Clearing acts as the central lending agency for all SBL transactions between Lender and Borrower, and where lenders and borrowers have to comply with Bursa Clearing’s SBL CLA Terms and Conditions.

Under the SBLNT model, both Lenders and Borrowers would be given the option to agree to their OTC agreement and input the transactions into the Bursa Clearing’s SBLNT system via on-shore lending representatives or borrowing representatives. The need to report via the SBLNT system serves 2-fold:

- (i) It is a means of effecting finality to the SBLNT transaction as it is through such reporting that movement of the loaned securities is effected from the Lender's depository account to the Borrower's depository account; and
- (ii) Monitoring and statistical purposes by Bursa Clearing.



CSO/SSO SBLNT OPERATIONAL GUIDELINES FOR LENDERS & BORROWERS

Section: 2. APPLICATION PROCEDURES

2.1 How to apply to be a Lender or Borrower

2.1.1 In the SBLNT rules, Lenders and Borrowers apply to become Approved SBLNT Lenders or Approved SBLNT Borrowers.

2.1.2 The following are the qualifying criteria for Approved SBLNT Lenders and Approved SBLNT Borrowers:

Approved SBLNT Lender

- Individuals or corporate bodies who hold a valid account with the depository i.e. Bursa Malaysia Depository Sdn Bhd.

Approved SBLNT Borrower

- Please refer to Schedule 1 of the **Application To Be Approved As Approved SBLNT SBLNT Lender / Approved SBLNT SBLNT Borrower Form (Appendix 1)**.

2.1.3 Approved SBLNT Lender / Approved SBLNT Borrower will have to identify and appoint a Lending Representative for Approved SBLNT Lender and a Borrowing Representative for Approved SBLNT Borrower who will then be the liaison between the Approved SBLNT Lender / Approved SBLNT Borrower and Bursa Clearing.

2.1.4 The appointed Lending Representative/Borrowing Representative shall advice and submit the relevant forms and documents to Bursa Clearing on behalf of the Approved SBLNT Lender / Approved SBLNT Borrower.

2.1.5 Bursa Clearing shall reserve the right to reject applications to be an Approved SBLNT Lender / Approved SBLNT Borrower.

2.1.6 The following are the forms and documents which Bursa Clearing should receive from the Lending Representative / Borrowing Representative on behalf of the Approved SBLNT Lender / Approved SBLNT Borrower:-

Approved SBLNT Lender

Where the Approved SBLNT Lender is a:

a. Resident Individual

- i. A completed and duly signed Application To Be Approved As Approved SBLNT Lender / Approved SBLNT Borrower Form;
- ii. A completed and duly signed Appointment Of Lending Representative / Borrowing Representative Form; and
- iii. Two (2) copies of original, certified true copy of NRIC or other forms of acceptable identification documents issued by Jabatan Pendaftaran Negara

CSO/SSO SBLNT OPERATIONAL GUIDELINES FOR LENDERS & BORROWERS

Section: 2. APPLICATION PROCEDURES

/ Passport (for foreigner) / Authority Card (for Armed Forces / Police Personnel).

b. Non-Resident Individual Living In Malaysia

- i. A completed and duly signed Application To Be Approved As Approved SBLNT Lender / Approved SBLNT Borrower Form;
- ii. A completed and duly signed Appointment Of Lending Representative / Borrowing Representative Form; and
- iii. Two (2) copies of original, certified true copy of the front page of passport.

c. Non-Resident Individual Living In Their Home Country

- i. A completed and duly signed Application To Be Approved As Approved SBLNT Lender/ Approved SBLNT Borrower Form;
- ii. A completed and duly signed Appointment Of Lending Representative / Borrowing Representative Form; and
- iii. Two (2) copies of original, certified true copy of any of the following:
 - National Registration Identity Card, or
 - National Health Insurance Card / Social Security Card, or
 - Any other documents subject to Bursa Clearing (S)'s approval on a case-by-case basis.

d. Corporate

- i. A completed and duly signed Application To Be Approved As Approved SBLNT Lender / Approved SBLNT Borrower Form;
- ii. A completed and duly signed Appointment Of Lending Representative / Borrowing Representative Form;
- iii. An original, certified true copy of Certificate Of Incorporation / Certificate Of Registration (for registration number, name and place of incorporation); and
- iv. An original, certified true copy of document evidencing the appointment of Authorised Signatory(ies) with specimen signatures.

CSO/SSO SBLNT OPERATIONAL GUIDELINES FOR LENDERS & BORROWERS

Section: 2. APPLICATION PROCEDURES

Approved SBLNT Borrower:

(applies to any category of Approved SBLNT Borrower)

- a. The Approved SBLNT Borrower must first meet the qualifying criteria as mentioned in Item 2.1.2 above.
- b. Complete the following:
 - i. Application To Be Approved As Approved SBLNT Lender / Approved SBLNT Borrower Form;
 - ii. Appointment Of Lending Representative / Borrowing Representative Form; and
 - iii. Submit original, certified true copy of the following or its equivalent:-
 - Certificate Of Incorporation / Certificate Of Registration (for registration number, name and place of incorporation);
 - Document evidencing the appointment of Authorised Signatory(ies) with specimen signatures;
 - Supporting documents to evidence that the company is classified under the eligible list of Approved SBLNT Borrower;
 - Latest audited accounts and related documents to evidence the Effective Shareholders' Funds; and
 - Approval Letter by Bursa Malaysia Securities Berhad for Registration of Market Maker (only applicable to Market Makers.)

Note:

Please refer to:-

- i. Appendix 1: Application To Be Approved As Approved SBLNT Lender / Approved SBLNT Borrower Form;*
- ii. Appendix 2: Appointment Of Lending Representative / Borrowing Representative Form; and*
- iii. Appendix 3: Diagram which illustrates the Application process.*



3.1 Master SBL Agreement

- 3.1.1 The Master SBL Agreement need not be lodged with Bursa Clearing.
- 3.1.2 If the Approved SBLNT Lender or the Approved SBLNT Borrower or their clients wish to avail themselves to the benefit of the Income Tax (Exemption) (No. 30) Order 1995, they must comply with the requirements set out in the Securities Borrowing and Lending Guidelines issued by the Securities Commission. One of the requirements is that the SBL agreement must include all the matters set out in Appendix 5 of the Rules of Bursa Clearing (S).
- 3.1.3 The following are the matters set out in Appendix 5 of the Rules of Bursa Clearing (S):-
- a. Unless the parties agree otherwise, the Eligible Securities must not be lent unless collateral has been received or will be received simultaneously with the loan. As a minimum step towards the lender's interest, collateral (if applicable) must be delivered directly to the lender or the lender's representative or a designated third party authorised by the lender or the lender's representative;
 - b. The Loaned Securities and the collateral (if applicable) must be marked to market (at least daily) and the amount of collateral must be adjusted, if necessary;
 - c. How the securities borrowing and lending transaction may be terminated by the lender or the borrower, and how such termination may be effected;
 - d. Which party shall be entitled to any dividends or other benefits or distributions accumulating on the Loaned Securities and any securities provided as collateral;
 - e. The rights and obligations of the lender or borrower in the event of either the Loaned Securities or any securities provided as collateral, as the case may be, being affected by a conversion, sub-division, consolidation, pre-emption, take-over of the issuer of the Securities comprised in the Loaned Securities or by other corporate actions affecting such Securities;
 - f. The Loaned Securities must be delivered to the borrower free of any encumbrances or restrictions;
 - g. Provisions governing fees to be paid by either party under the agreement that governs the terms and conditions of the securities borrowing and lending transaction ; and
 - h. The rights and remedies of either party in the event of a default by the other party.



CSO/SSO SBLNT OPERATIONAL GUIDELINES FOR LENDERS & BORROWERS

Section : 4. CREATING A LOAN UNDER SBLNT

4.1 How to create a loan transaction

- 4.2.1 An Approved SBLNT Lender and an Approved SBLNT Borrower must have a valid Master SBL Agreement before any SBLNT transaction can be created.
- 4.2.2 Approved SBLNT Lender and Approved SBLNT Borrower agree on SBL transaction outside the SBLNT system.
- 4.2.3 Once the SBL transaction has been agreed between the Approved SBLNT Lender and Approved SBLNT Borrower:
- a. Approved SBLNT Borrower must ensure that it obtains a confirmation from an Approved SBLNT Lender. The minimum details in the loan confirmation issued by Approved SBLNT Lender to Approved SBLNT Borrower are as follows:
 - i. A clear statement that the confirmation relates to an order to borrow or to an order to hold securities;
 - ii. Name of the Approved SBLNT Lender;
 - iii. Name of the Approved SBLNT Borrower;
 - iv. Name and security code of the securities borrowed or to be held;
 - v. Quantity of the securities borrowed or to be held;
 - vi. Settlement date of the borrow/loan or number of days of the hold confirmation; and
 - vii. A date and time-stamp showing the date and time of receipt of the confirmation by the AB.

(Please refer Appendix 4: Directive on Maintenance of Confirmation Information by Approved SBLNT Borrower).

- b. Approved SBLNT Lender and Approved SBLNT Borrower must decide when loaned securities is to be moved from Approved SBLNT Lender to Approved SBLNT Borrower;
- c. Approved SBLNT Lender must report the lending transaction of the moved securities. This is achieved by the act of Accepting the Borrowing Request via the SBLNT system as stipulated in the following item 4.2.

4.2 How to move loaned securities

- 4.2.1 To move the loan securities, the following instructions must be given:-
- a. Approved SBLNT Borrower will have to instruct the Borrowing Representative to Initiate a Borrowing Request; and
 - b. Approved SBLNT Lender will have to instruct the Lending Representative to Accept the Borrowing Request.
- 4.2.2 Upon successful acceptance of the borrowing request by the Lending Representative, securities transfer will be immediate from the Approved SBLNT Lender's depository account to Approved SBLNT Borrower's depository account.

4.3 Consequence of not reporting to SBLNT system

4.3.1 The following are the consequences of not reporting to SBLNT system:

- a. There will be no movement of securities from the Approved SBLNT Lender's depository account to Approved SBLNT Borrower's depository account;
- b. Breach of Rule 8.12(b) of the Rules of Bursa Clearing which mandates the notification of the agreed SBLNT transaction to Bursa Clearing.

Note:

Collateral arrangement is not handled via the SBLNT system and as such will have to be dealt with between the Approved SBLNT Lender and Approved SBLNT Borrower. It is advisable for this issue to be included in the Master SBL Agreement.

*Please refer to diagram in **Appendix 5** which illustrates the Loan Initiation process.*



CSO/SSO SBLNT OPERATIONAL GUIDELINES FOR LENDERS & BORROWERS

Section: 5. LOAN TERMINATION

5.1 Loan Termination

- 5.1.1 The Approved SBLNT Lender and Approved SBLNT Borrower will have to agree on a date for the return of loaned securities.
- 5.1.2 Approved SBLNT Lender and Approved SBLNT Borrower must do the following:
 - a. Approved SBLNT Borrower to instruct its Borrowing Representative to Initiate the Loan Return; and
 - b. Approved SBLNT Lender to instruct its Lending Representative to Accept the Loan Return.
- 5.1.3 Once both instructions are matched and confirmed by Bursa Clearing’s SBLNT system, securities transfer will be immediate from the Approved SBLNT Borrower’s depository account to Approved SBLNT Lender’s depository account.

Note:

It is advisable (if item 5.2 does not apply) for an Approved SBLNT Lender to confirm the delivery of the recalled/returned loan from Approved SBLNT Borrower, prior to selling the securities. If the Approved SBLNT Borrower purchases the securities from the market to fulfil the recall/return to Approved SBLNT Lender, there will be a mismatch in the settlement timing.

The Approved SBLNT Lender will have to deliver the securities for the sale made by T+2 4:30pm but the delivery of securities from Approved SBLNT Borrower will only take effect on T+3. In this situation the Approved SBLNT Lender will be subject to the Buying-in rules and the relevant penalty applies.

The following table gives an illustration of this mismatch in timings:

| | T | T+1 | T+2 | T+3 |
|--------------------------------|---|-----|---|---|
| Approved SBLNT Lender | ① Sells Loaned Securities | | <i>Need to deliver loaned securities for settlement (cut off by 4.30pm)</i> | ⑦ Receive Recalled loaned securities after the settlement delivery deadline |
| | ② Recalls Loan | | | |
| Approved SBLNT Borrower | ③ Receive Recall Notice | | ⑤ Received securities during settlement (after midnight) | ⑥ Return loaned Securities to Approved SBLNT Lender |
| | ④ Purchase Securities For Return to Approved SBLNT Lender | | | |

*Please refer to **Appendix 6** which illustrates the Loan Termination process.*

5.2 Withholding From Buying-in

5.2.1 This facility is provided to an Approved SBLNT Lender to facilitate the withholding of their sell trade from buying-in due to the mismatch in settlement time when the loan is sold and recalled on the same day. The manner in which the Approved SBLNT Lender (seller) is required to notify Bursa Clearing (S) of the relevant details in connection with the sale and the recalled securities is through the Lending Representative initiating the withholding from buying-in process and confirming the same.

Note: The mismatch of timing is illustrated in Section 5.1

5.2.2 In order to withhold from buying-in, an Approved SBLNT Lender will have to furnish their respective Lending Representative with the following details:

- SBLNT Loan ID from where a recall has been made against the Approved SBLNT Borrower;
- Contact Date of the sell trade;
- Selling CDS account number from where the sell trade was transacted; and
- Quantity requested to withhold from buying-in.

5.2.3 The withholding from buying-in will be facility will only be effective for one for one (1) business day only (T+3).

Note: A buying-in will be instituted against the Approved SBLNT Lender if the outstanding sell trade is not delivered within the Scheduled Delivery Time as set out under Exchange Rules. Please refer to the table below for an illustration of the allowable withholding from buying-in timing.

The following table gives an illustration of the process of withholding from buying-in timing:

| | T | T+1 and T+2 | T+3 | T+4 |
|-----------------------------------|------------------------------------|---|---|--|
| Approved SBLNT Lender (AL) | ① Sells Loaned Securities | ③ LRs to Initiate and Confirm the Withholding From Buying-in request (8:30 am to 4:30pm) | ④ Withholding from buying-in effected | ⑤ Approved SBLNT Lender will be subjected to buying-in if SBL recalled securities is unsuccessfully delivered |
| | ② Recalls Loan | | | |



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 follows: -

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 Approved SBLNT Borrower and Approved SBLNT Lender;

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 Approved SBLNT Borrower only.

6.1.2 Depending on the commercial agreement, Approved SBLNT Lender and Approved SBLNT Borrower must inform their respective Lending representative and Borrowing Representative on the fee arrangement to indicate on the SBLNT system.

Note:

6.1.1(a) is on shared arrangement between the Approved SBLNT Lender and Approved SBLNT Borrower where else 6.1.1(b) is non-shared i.e. the entire intermediary fee is borne by the Approved SBLNT Borrower.



7.1 Corporate Actions

- 7.1.1 Bursa Clearing will not perform any adjustment to the loan quantity or loan value pursuant to any corporate action undertaken by an issuer.
- 7.1.2 The Approved SBLNT Lender and Approved SBLNT Borrower will have to agree on the loan quantity to be adjusted.
- 7.1.3 The SBLNT system provides the facility to adjust the loan quantity arising from a corporate action.
- 7.1.4 To have the Loan Quantity Adjustment done, Approved SBLNT Lender and Approved SBLNT Borrower must do the following:
 - a. Approved SBLNT Borrower to instruct its Borrowing Representative to Initiate the Loan Quantity Adjustment; and
 - b. Approved SBLNT Lender to instruct its Lending Representative to Accept the Loan Quantity Adjustment.

Note:

The Loan Quantity Adjustment must be performed within 5 business days from the lodgement date (this includes the lodgement date).



APPLICATION TO BE APPROVED SBLNT LENDER / APPROVED SBLNT BORROWER
SECURITIES BORROWING AND LENDING – NEGOTIATED TRANSACTION (“SBLNT”)

This application is made pursuant to Rule 8.2 of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd (“Bursa Clearing (S)”) in relation to be an Approved SBLNT Lender or Rule 8.3 of the Rules of Bursa Clearing (S) in relation to be an Approved SBLNT Borrower.
 Please complete all sections of this form by typing in black or using black ink pen as the form will be photocopied.

For office use only

Bursa Clearing (S)'s reference number

 New Application Updating Information (please complete only relevant information)

I/We hereby request Bursa Clearing (S) to approve me/us as any one or all of the following (Please tick accordingly):

 Approved SBLNT Lender Approved SBLNT Borrower Both
1. Particulars of the applicant

Applicant's name in full

Date of incorporation (if applicable)

Place of incorporation (if applicable)

Company Registration Number or Identification Number

Registered address

(Change of address MUST be notified immediately)

| |
|--|
| |
| |
| |
| |

Correspondence address (if different)

(Change of address MUST be notified immediately)

| |
|--|
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| |
| |
| |

2. Details of Authorised Contact Person(s): -

| Name | Designation | Tel. No./Fax/e-mail |
|------|-------------|------------------------------------|
| | | Tel. No : Fax. No : e-Mail : |
| | | Tel. No : Fax. No : e-Mail : |

Parts 3 and 4 to be completed by Approved SBLNT Borrower applicant only
3. Applicant's Category (Please refer Schedule 1 of this form for the Category Number)

 Category Number
4. Financial Requirement

| | |
|--|-----------|
| Effective Shareholders' Funds (RM equivalent) (Minimum of RM50 million or its equivalent in other currencies to qualify as Approved SBLNT Borrower) | RM |
|--|-----------|

Note: Effective Shareholders' Funds means last audited shareholders' funds less unaudited losses (if any).

5. Supporting Documents

This application must be accompanied by all of the following documents. (Please tick the relevant documents which you have provided):-

5.1 If the application is for approval as an Approved SBLNT Lender:

| | | |
|----|---|--|
| i | Certificate of Incorporation / Identification Number / Passport | |
| ii | Document evidencing appointment of Authorised Signatory(ies). | |

5.2 If application is for Approved SBLNT Borrower:

| | | |
|-----|---|--|
| i | Certificate of Incorporation. | |
| ii | Document evidencing appointment of Authorised Signatory(ies). | |
| iii | Documents to evidence that the company is classified under the list of eligible persons to be an Approved SBLNT Borrower (Schedule 1 of this form). | |
| iv | Latest audited accounts and related documents to evidence the Effective Shareholders' Funds. | |

Note: The documents submitted with this application shall be certified as true copies by an Authorised Signatory of the applicant.

6. Declaration and Undertaking

I/We:-

- declare that, I/we, am/are properly authorised to carry out activities relating to securities borrowing and lending in accordance with the Rules of Bursa Clearing (S).
- declare that all information given in this application and in the attached annexures is true and correct.
- acknowledge that Bursa Clearing (S) may in its absolute discretion, approve or reject this application, and shall not hold Bursa Clearing (S) liable in any manner for its decision.
- agree, upon approval of this application, to at all times comply with all requirements prescribed by Bursa Clearing (S) for an Approved SBLNT Borrower / Approved SBLNT Lender as contained in the Rules of Bursa Clearing (S), the SBL Conditions (as defined under the Rules of Bursa Clearing (S)), or as prescribed by Bursa Clearing (S) from time to time in relation to Securities borrowing and lending.
- in relation to our application to be an Approved SBLNT Borrower (if applicable), agree, upon approval of this application, to at all times comply with Rules 608.4(1)(a) to (c) of the Rules of Bursa Malaysia Securities Berhad as may be amended, varied, modified, supplemented or substituted from time to time as if we were the Participating Organisation referred to in such Rule.

| |
|--|
| Signature of Individual / Authorised Signatory(ies) |
| Name: |
| Company Stamp (if applicable) |

Dated thisof

Kindly submit the duly completed application form to:-

Head, Participants Supervision Division
 Regulation, **Bursa Malaysia Berhad**
 12th Floor, Exchange Square, Bukit Kewangan
 50200 Kuala Lumpur

Schedule 1
Persons eligible to be an Approved SBLNT Borrower

| No. | Category Description |
|-----|---|
| 1. | A licensed institution as defined in the Banking and Financial Institution Act 1989 and its wholly-owned subsidiary that is a nominee company. |
| 2. | A scheduled institution under the Banking and Financial Institutions Act 1989 which carries on development finance business as defined under the Banking and Financial Institution Act 1989 and its wholly-owned subsidiary that is a nominee company. |
| 3. | A financial institution established under any Act of Parliament and its wholly-owned subsidiary that is a nominee company. |
| 4. | An Islamic Bank as defined in the Islamic Banking Act 1983 and its wholly-owned subsidiary that is a nominee company. |
| 5. | A prescribed institution as defined in the Development Financial Institutions Act 2002 and its wholly-owned subsidiary that is a nominee company. |
| 6. | A licensed offshore bank as defined under the Offshore Banking Act 1990 and its wholly-owned subsidiary that is a nominee company. |
| 7. | A holder of a Capital Markets Services Licence for the purpose of carrying on the business of fund management, its wholly-owned subsidiary that is a nominee company and its custodian appointed pursuant to section 121 of the Capital Markets and Services Act 2007. |
| 8. | A closed-end fund that is approved by the Commission under section 212 of the Capital Markets and Services Act 2007 and its custodian in relation to closed-end fund's investments. |
| 9. | A foreign fund manager. |
| 10. | A stockbroking company who is a member of other recognised stock exchanges defined in the Rules of the Stock Exchange. |
| 11. | A securities dealer who is not a member of other recognised stock exchanges but is authorised to carry out the business of dealing in securities by the relevant authorities in jurisdictions of the recognised stock exchanges defined in the Rules of the Stock Exchange. |
| 12. | A foreign financial institution. |
| 13. | A person appointed by the Depository to be an authorised depository agent and its wholly-owned subsidiary that is a nominee company. |
| 14. | A person appointed by the Depository to be an authorised direct member and its wholly-owned subsidiary that is a nominee company. |
| 15. | A clearing house approved under section 38 of the Capital Markets and Services Act 2007. |
| 16. | A holder of a Capital Markets Services Licence for the purpose of carrying on the business of dealing in securities and its wholly-owned subsidiary that is a nominee company. |

**APPOINTMENT OF LENDING REPRESENTATIVE / BORROWING REPRESENTATIVE
SECURITIES BORROWING AND LENDING – NEGOTIATED TRANSACTION (“SBLNT”)**

Please complete all sections of the form by typing in black or using black ink pen as the form will be photocopied.

For office use only

Bursa Malaysia Securities Clearing Sdn Bhd's reference number

1. Particulars of the Applicant – * Approved SBLNT Lender / Approved SBLNT Borrower

[Empty box for Applicant's name in full]

Applicant's name in full

[Empty box for Company Registration No. or NRIC]

Company Registration No. or NRIC

[Grid for Securities Account (CDS) Number To Be Linked: 3 boxes, dash, 3 boxes, dash, 10 boxes, dash, 2 boxes]

Securities Account (CDS) Number To Be Linked
(To link more than 1 securities account, fill the attachment for subsequent accounts)

Account Purpose
(Refer attachment for code details)

2. Particulars of the Lending Representative / Borrowing Representative

[Empty box for Corporation's name in full]

Corporation's name in full

[Empty box for Company No. (if any)]

Company No. (if any)

Please tick the relevant:

Borrowing Representative

Lending Representative

Acknowledgement by Approved SBLNT Lender / Approved SBLNT Borrower

I/We, *the Approved SBLNT Lender / the Approved SBLNT Borrower / both Approved SBLNT Lender and the Approved SBLNT Borrower hereby wish to appoint the corporation as stated in item 2 above as our *Lending Representative / Borrowing Representative / both Borrowing Representative and Lending Representative to carry out SBLNT.

| |
|--|
| Signature of Individual / Authorised Signatory(ies) |
| Name: |
| Company Stamp (if applicable) |

3. Acknowledgement by SBLNT Lending Representative / SBLNT Borrowing Representative

I/We hereby agree to act as the *Lending Representative / Borrowing Representative / both Lending Representative and Borrowing Representative to carry out SBLNT for the *Approved SBLNT Lender / Approved SBLNT Borrower as stated in item 1 above.

| |
|--|
| Authorised Signatory(ies) |
| Name: |
| Company Stamp (if applicable) |

Dated thisof

* Delete whichever is not applicable

Kindly submit the duly completed application form to:-

Head, Participants Supervision Division
Regulations
Bursa Malaysia Berhad
12th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur



APPOINTMENT OF LENDING REPRESENTATIVE / BORROWING REPRESENTATIVE
SECURITIES BORROWING AND LENDING – NEGOTIATED TRANSACTION (“SBLNT”)

Particulars of the applicant’s Approved SBLNT Lender / Approved SBLNT Borrower

Applicant’s Approved SBLNT Lender / Approved SBLNT Borrower’s name in full

Company Registration Number or NRIC No.

Securities Account (CDS) Number To Be Linked

Account Purpose:

B = Borrowing

L = Lending

BL = Borrowing & Lending

| | | | | | | | | | |
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| □ | □ | □ | - | □ | □ | □ | - | | |

.....
Signature of Individual / Authorised Signatory(ies)

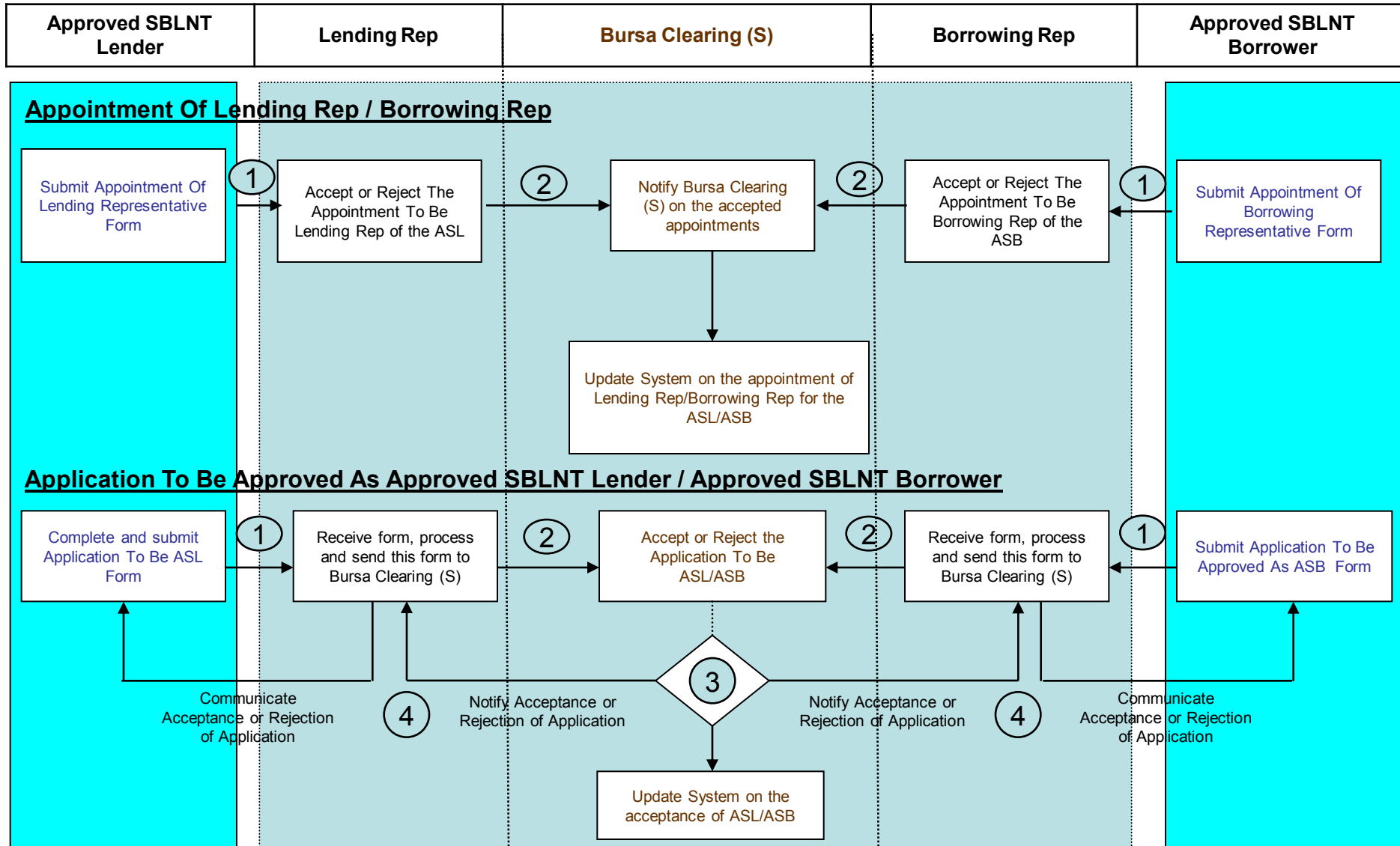
Name:

.....
Company Stamp (if applicable)

Dated this of

I. Appointment Of Lending Representative / Borrowing Representative

II. Application To Be Approved SBLNT Lender (ASL)/ Approved SBLNT Borrower (ASB)



DIRECTIVE ON MAINTENANCE OF CONFIRMATION INFORMATION BY APPROVED SBLNT BORROWER**MAINTENANCE OF CONFIRMATION**

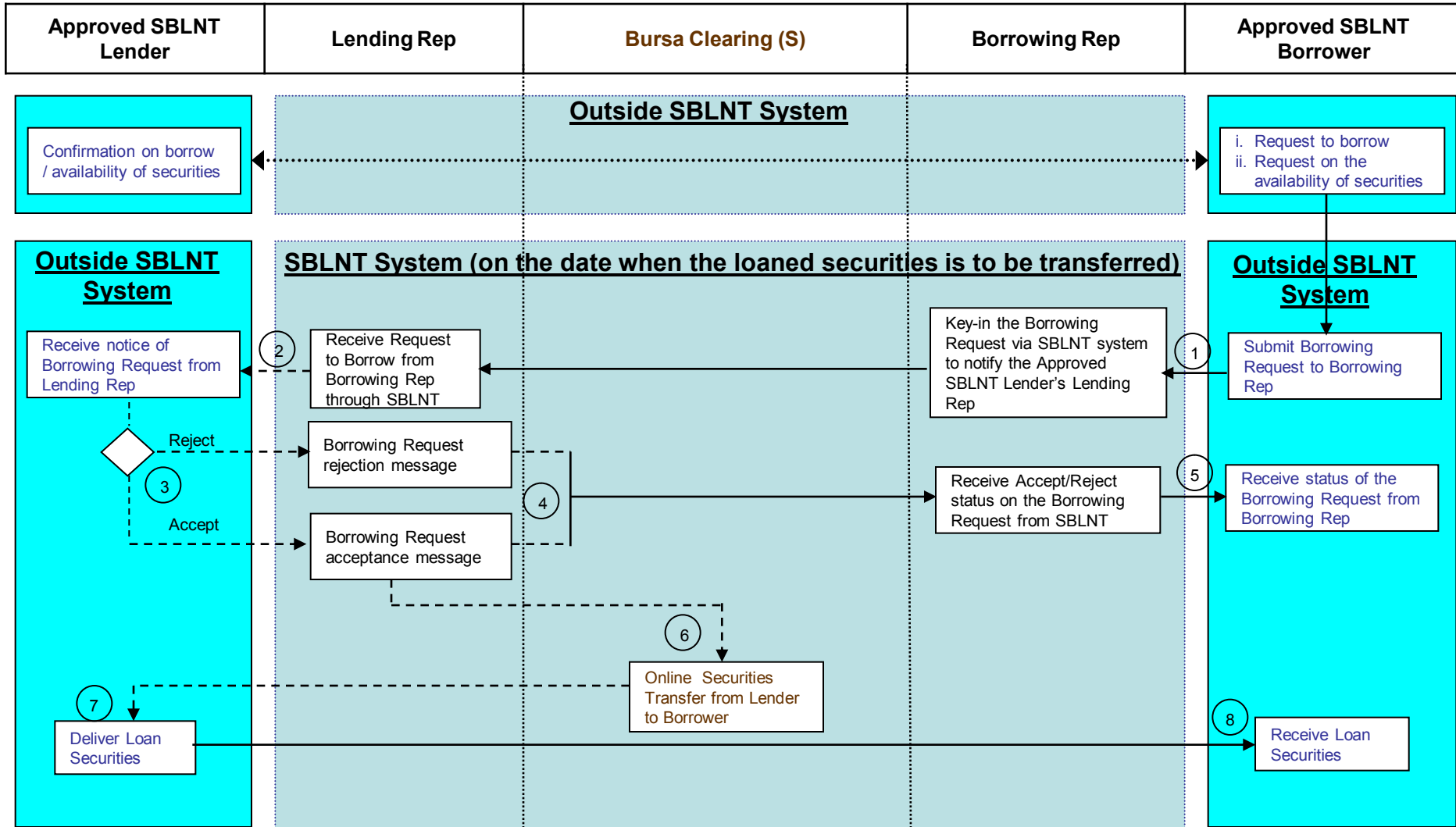
1. This Directive is issued pursuant to Rule 8.12(a) of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd.
2. In accordance with Rule 8.12(a), an Approved SBLNT Borrower ("AB") must ensure that it obtains a confirmation from an Approved SBLNT Lender ("AL") that the AL has the Eligible Securities available to be lent to the AB.
3. The confirmation must contain, at the minimum, the following details:-
 - (a) A clear statement that the confirmation relates to an order to borrow or to an order to hold securities;
 - (b) Name of the lender;
 - (c) Name of the borrower;
 - (d) Name and security code of the securities borrowed or to be held;
 - (e) Quantity of the securities borrowed or to be held;
 - (f) Settlement date of the borrow/loan or number of days of the hold confirmation; and
 - (g) A date and time-stamp showing the date and time of receipt of the confirmation by the AB.
4. The confirmation must be maintained in writing or in electronic form capable of being reproduced in hard copy form or by way of a recording on any medium provided the minimum content of the confirmation required under Paragraph 3 above can be clearly ascertained.
5. An AB must maintain the confirmation for at least 2 years from the effective date of lending or the effective date of the hold confirmation ("Retention Period") and must produce the confirmation upon request by the Exchange or the Securities Commission in accordance with Rule 8.15 of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd.
6. Failure to maintain the confirmation in the manner set out in Paragraph 2 above for the Retention Period or failure to produce the confirmation upon request will be a breach of this Directive for which action may be taken by the Clearing House.

Issue Date: [04 August 2009]

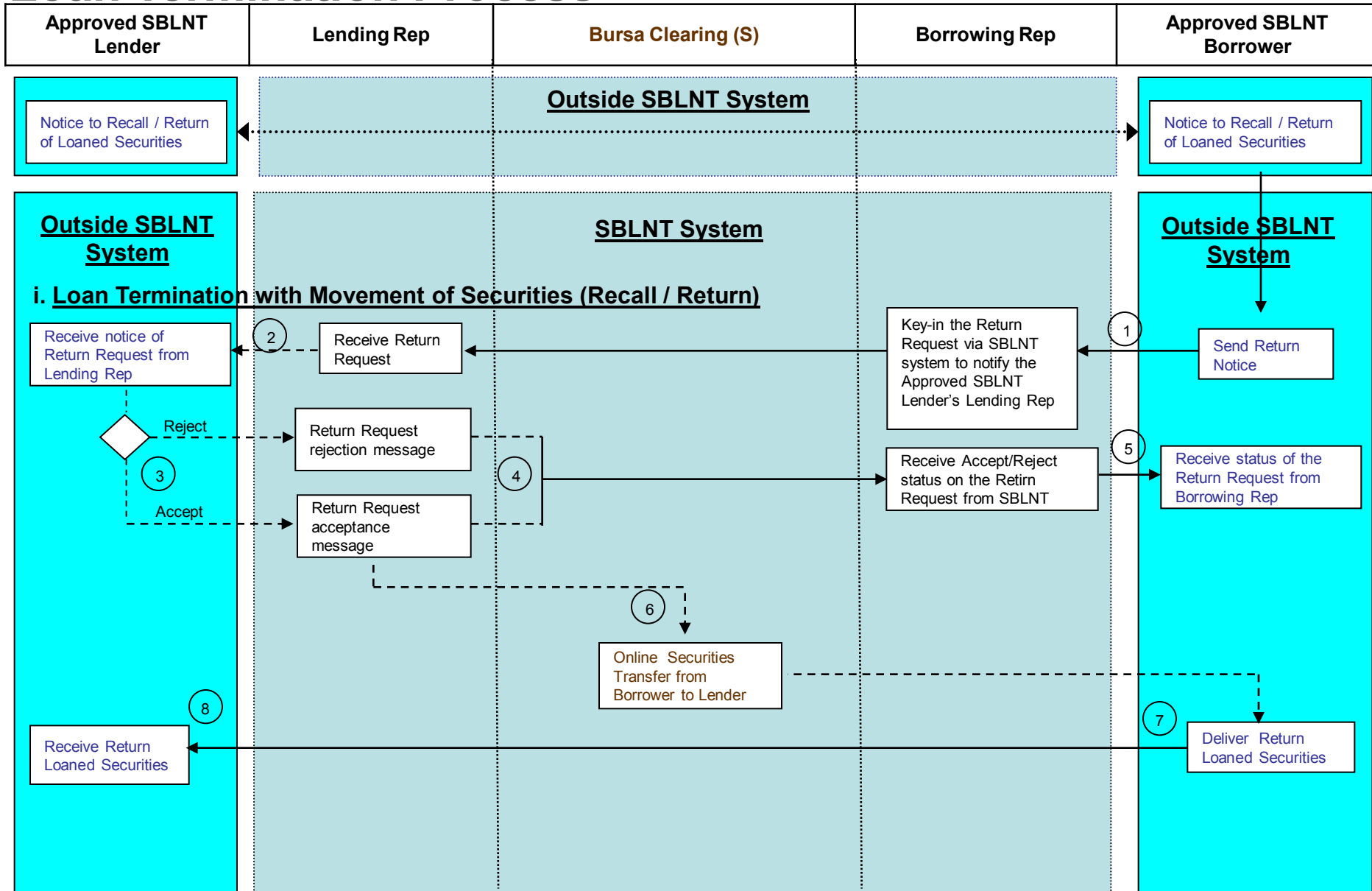
Effective Date: [17 August 2009]

Contact Person: Ng G-Ming
Head, Intermediaries Supervision
Regulation
Tel: 603-20347364

Loan Initiation Process



Loan Termination Process



“ANNEXURE 3”

FREQUENTLY ASKED QUESTIONS (FAQ)

FREQUENTLY ASKED QUESTIONS (FAQ)

Securities Borrowing and Lending - Withholding From Buying-in

1. What is the Withholding From Buying-in facility?

Answer:

It is a facility to enable lenders in a securities borrowing and lending (SBL) transaction to notify Bursa Clearing (S) through their agents of the Recalled Securities that may be subject to the modified Scheduled Delivery Time set out in Participating Organisations' Circular No. R/R 2 of 2012 dated 13 January 2012 ("Exchange Directive").

2. Why is the Withholding From Buying-in facility being introduced?

Answer:

The facility is being introduced pursuant to the Capital Markets and Services (Securities Borrowing and Lending) Regulations 2012 ("Regulations").

In general, a person must not sell securities unless he has reasonable grounds to believe he has a right to vest the securities in a purchaser. An exception is being made under the Regulations that came into effect on 9 January 2012.

The Regulations provide that for the purposes of s98(1) of the Capital Markets and Services Act 2007, a lender who sells loaned securities under a SBL transaction before recalling the loaned securities shall be deemed as having a right to vest the securities in a purchaser of the securities if certain conditions are met. One of the conditions is that the sale of the loaned securities is settled on the settlement date as may be prescribed by the stock exchange or the clearing house.

These loaned securities are referred to as "Recalled Securities" in the directive issued by the Exchange ("Exchange Directive"). They have to meet certain conditions to be considered as Recalled Securities, as stipulated in the Exchange Directive.

The modified Scheduled Delivery Time for Recalled Securities is as follows:

- (a) there must be sufficient securities in the seller's CDS account to facilitate delivery by the seller, by 4.00pm on the third market day following the contract date; and
- (b) in respect of delivery to the buyer, not later than the end of the third market day following the contract date.

One of the conditions specified in the Exchange Directive is that the lender/seller must notify Bursa Clearing (S) of the relevant details in connection with the sale and the recalled securities in the manner and within the time prescribed by Bursa Clearing (S). The Withholding From Buying-in facility has been introduced to facilitate the lender/seller in making such notification to Bursa Clearing (S) ("the Requisite Notice"). With this facility, Bursa Clearing (S) will also be able to withhold buying-in which would otherwise take place for the Recalled Securities, and instead facilitate the trade settlement to take place later the same market day.

3. With reference to the fourth paragraph of the answer in Q2, what are the conditions specified in the Exchange Directive?

Answer:

The conditions are as follows:

- (a) the seller intends to use securities returned from a securities borrowing and lending transaction to settle, in part or in full, the sale;
- (b) the seller has made the recall on the same market day as the day the sale was entered into;
- (c) the seller has notified Bursa Clearing (S) of the relevant details in connection with the sale and the recalled securities in the manner and within the time prescribed by Bursa Clearing (S);

FREQUENTLY ASKED QUESTIONS (FAQ)

(d) the delivery of the portion of the sale that fulfills the conditions in items (a) to (c) is still outstanding after the Scheduled Delivery Time; and

(e) the seller fulfills such other conditions as may be prescribed by Bursa Clearing (S).

4. Are there other requirements that must be met by the lender who intends to sell his loaned securities before recalling them under the Regulations?

Answer:

Yes, they are set out in paragraph 3(1) of the Regulations which includes the condition that the sale be a bona fide sale transaction.

5. Where can I find a copy of the Exchange Directive?

Answer:

On Bursa Malaysia's website: www.bursamalaysia.com.

6. Is the Withholding From Buying-in facility applicable to both securities that have been loaned out under the Securities Borrowing and Lending – Negotiated Transaction (SBLNT) and Securities Borrowing and Lending - Central Lending Agency (SBLCLA) frameworks?

Answer:

The facility applies to the SBLNT transaction as prescribed under the Clearing Participant's Circular No. G 1/2012 dated 13 January 2012. The same will apply to the SBLCLA transaction when the system is enhanced at a later date.

7. Does the Withholding From Buying-in facility apply to both Board Lot and Odd Lot transactions?

Answer:

No, it applies to Board Lot transactions only. The Odd Lot transactions will be cash settled in accordance with the Rules of Bursa Clearing (S).

8. Does the Withholding From Buying-in facility apply to both Novated Contracts and Direct Business Contracts?

Answer:

No, it applies to Novated Contracts only.

9. Who enters the Withholding From Buying-in information into the securities borrowing and lending system?

Answer:

The agent of the lender upon receiving instructions from the lender. In the case of SBLNT, it would be the Lending Representative upon receiving instructions from the Approved SBLNT Lender.

10. What are the details required to be entered into the Withholding From Buying-in facility?

Answer:

- The SBL Loan ID from where a recall has been made against the borrower;
- Contract Date of the sell trade;
- Selling CDS Account Number from where the sell trade was transacted; and
- The quantity of securities requested to be withheld from buying-in (this must not exceed the loan balance quantity or the sold quantity, whichever lower).

11. When can the lender's agent enter the Withholding From Buying-in information into the SBL system?

Answer:

On T+1 and T+2 and within such time(s) as may be prescribed by Bursa Clearing (S).

FREQUENTLY ASKED QUESTIONS (FAQ)

12. When must the lender ensure that there are sufficient securities in the CDS account to facilitate delivery based on the modified Scheduled Delivery Time to ensure that the sell transaction will not be bought-in on T+4?

Answer:

On T+3 by 4.00 p.m.

13. What happens if the lender sells securities which he has loaned out and which he recalls on the same day for settlement of the sale but fails to give the Requisite Notice via the Withholding from Buying-in facility?

Answer:

The modified Scheduled Delivery Time will not apply to the securities that have been sold and the lender/seller will be in default of his settlement obligations for his sell transaction.

14. How will the borrower return the securities to the lender?

Answer:

The borrower will have to perform an "SBL Return" to the lender on T+3 and within such time(s) as may be prescribed by Bursa Clearing (S).

15. Is the lender required to onward transfer the securities he receives from the borrower to the lender's selling CDS account from where the securities were sold on T day ("Selling CDS Account")?

Answer:

Yes, the lender, through his agent, will have to perform a CDS transfer to the Selling CDS Account (applies only if Selling CDS Account differs from the SBL CDS account used for the loan transaction).

16. When will the trade settlement take place for the securities sold and recalled by the lender on the same day, and for which the Requisite Notice has been given to Bursa Clearing (S)?

Answer:

As stated in the Exchange Directive, the modified Scheduled Delivery Time applies. Accordingly, a new batch process has been introduced to move the securities from the lender's Selling CDS Account to the on-market buyer's CDS account not later than the end of the third (3rd) market day following the contract date.

17. The lender has given the Requisite Notice to Bursa Clearing (S) after selling his loaned securities and recalling the same. However, the borrower fails to return the securities by T+3. What happens to the lender's sell transaction in this situation?

Answer:

That part of the lender's sell transaction that is still outstanding by 4pm on T+3 will be bought-in on T+4. The buying-in cost will have to be settled outside the Clearing House system between the lender and borrower.

18. What happens during the usual settlement cycle at 10a.m. T+3 for Scenario A below?

Scenario A:

- Lender executes an on-market sell transaction for 50,000 shares on T day
- Lender recalls 50,000 shares from borrower on T day
- Lender gives Requisite Notice to Bursa Clearing (S) through the Withholding From Buying-in facility
- Lender has tradeable balance of 50,000 shares in the Selling CDS Account on T+2
- Borrower returns the 50,000 shares to lender on T+3

FREQUENTLY ASKED QUESTIONS (FAQ)

Answer:

By 10am T+3, the lender's tradeable balance in the Selling CDS Account will be used to settle in full, the lender's trade executed on T day even though the lender has given Bursa Clearing (S) the Requisite Notice through the Withholding From Buying-in facility.

19. What happens during the usual settlement cycle at 10 a.m. T+3 and after 10.00 a.m. T+3 following the modified Scheduled Delivery Time for Scenario B below?

Scenario B:

- Lender executes an on-market sell transaction for 50,000 shares on T day
- Lender recalls 50,000 shares from borrower on T day
- Lender gives the Requisite Notice to Bursa Clearing (S) through the Withholding From Buying-in facility
- Lender has a tradeable balance of 30,000 shares in the Selling CDS Account on T+2
- Borrower returns the 50,000 shares to lender on T+3 to the lender's SBL account
- Lender, through his agent, **transfers** the 50,000 shares to the Selling CDS Account

Answer:

- During the usual settlement cycle at 10 a.m. T+3, the lender's sell transaction will be settled to the extent of the tradeable balance available in the Selling CDS Account, which is using the quantity of 30,000 shares.
- After 10.00 a.m. T+3 and following the modified Scheduled Delivery Time, the outstanding quantity of 20,000 shares will be settled not later than the end of the third (3rd) market day following the contract date.

20. What happens during the usual settlement cycle at 10 a.m. T+3 and after 10.00 a.m. T+3 following the modified Scheduled Delivery Time for Scenario C below?

Scenario C:

- Lender executes an on-market sell transaction for 50,000 shares on T day
- Lender recalls 50,000 shares from borrower on T day
- Lender gives the Requisite Notice to Bursa Clearing (S) through the Withholding From Buying-in facility
- Lender has a tradeable balance of 30,000 shares in the Selling CDS Account on T+2
- Borrower returns the 50,000 shares to lender on T+3 to the lender's SBL account
- Lender through his agent **does not** transfer the shares to the Selling CDS Account by 4pm on T+3

Answer:

- During the usual settlement cycle at 10 a.m. T+3, the lender's sell transaction will be settled to the extent of the tradeable balance available in the Selling CDS Account, which is using the quantity of 30,000 shares.
- After 10.00 a.m. T+3 and following the modified Scheduled Delivery Time, the outstanding quantity that was not transferred into the Selling CDS Account will be bought-in on T+4.