

ANNEXURE B
RULE AMENDMENTS
to Cater for Non Face-to-face Verification in relation to Securities Account Opening



RULES OF BURSA MALAYSIA DEPOSITORY SDN BHD

PROPOSED RULE AMENDMENTS TO CATER FOR NON FACE-TO-FACE VERIFICATION IN RELATION TO SECURITIES ACCOUNT OPENING

EXISTING PROVISIONS		AMENDED PROVISIONS	RATIONALE
Rule 5.02	<p>Rule 5.02 Processing period:</p> <p>An application to open a securities account shall be processed by the Depository within two market days from the date of application.</p>	<p>Rule 5.02 Processing period:</p> <p>An application to open a securities account shall be processed by the Depository <u>authorised depository agent</u> within two market days from the date of application.</p>	<p>We are proposing to clarify that the actual processing of securities account opening is done by the authorised depository agents (“ADAs”) and not Bursa Malaysia Depository Sdn. Bhd. (“Bursa Depository”).</p>
Rule 5.02A	<p>Rule 5.02A Opening of securities account:</p>	<p>Rule 5.02A Opening of securities account:</p>	
Rule 5.02A	<p>(1) Every authorised depository agent shall require any individual who intends to open a securities account or formalise a securities account that has been opened by the Depository under a public offer to be present in person before the authorised depository agent and submit to it, the duly completed prescribed application form together with the relevant supporting documents.</p>	<p>(1) Every authorised depository agent must shall—require any <u>person individual</u>—who intends to open a securities account or formalise a securities account that has been opened by the Depository under a public offer (“<u>applicant</u>”) to be present in person before the authorised depository agent and submit to it, the duly completed prescribed application form together with the relevant supporting documents.</p>	<p>This amendment is to provide a means for the ADA to verify the identity of the individual depositor other than by requiring physical presence before the ADA or the signing of the account opening form before an acceptable witness e.g. a notary public or a commissioner for oaths. Please see the rationale column for Rule 5.02A(2) below for the modes of verification that will be required of the ADAs moving forward.</p>
Rule 5.02A	<p>(2) Notwithstanding Rule 5.02A(1) and subject to Rule 5.02A(3) an authorised depository agent may decide to waive</p>	<p>(2) <u>In relation to processing an application to open a securities account or formalise a securities account that has</u></p>	<p>We have made this amendment to clarify the responsibilities of the ADA in relation to processing an application to open a</p>

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	<p>the requirement under Rule 5.02A(1) for the presence of the individual before the authorised depository agent and instead permit the individual to submit the prescribed application form which has been executed by the individual in the presence of any one of the persons stated hereunder and duly verified and attested by the person in the manner provided under the prescribed form -</p> <p>(a) an individual who holds a Capital Markets Services Representative's Licence pursuant to section 59(1) of the Capital Markets and Services Act 2007 to act as a representative for dealing in securities;</p> <p>(b) an authorised officer of the authorised depository agent;</p>	<p><u>been opened by the Depository under a public offer, an authorised depository agent must comply with the procedures prescribed by the Depository to verify the applicant's identity and the information in the applicant's application form in order to ensure the genuineness or authenticity of the application.</u> Notwithstanding Rule 5.02A(1) and subject to Rule 5.02A(3) an authorised depository agent may decide to waive the requirement under Rule 5.02A(1) for the presence of the individual before the authorised depository agent and instead permit the individual to submit the prescribed application form which has been executed by the individual in the presence of any one of the persons stated hereunder and duly verified and attested by the person in the manner provided under the prescribed form -</p> <p>(a) an individual who holds a Capital Markets Services Representative's Licence pursuant to section 59(1) of the Capital Markets and Services Act 2007 to act as a representative for dealing in securities;</p>	<p>securities account. The scope of this provision includes both individual and non-individual securities accounts.</p> <p>In relation to an individual applicant, the relevant Depository procedures manual will set out the manner in which the ADA would need to satisfy the requirement in this rule and that would include the following:</p> <p>(a) where the applicant appears in person before the ADA to submit the duly completed prescribed application form together with the relevant supporting documents, the ADA must ensure that the applicant signs the form in the presence of an officer authorised by the ADA and the officer verifies the identity of the applicant and the information in the applicant's application form; or</p> <p>(b) where the applicant does not appear in person before the ADA to submit the application, the ADA must, as the case may be:</p> <p>(i) ensure that the duly completed prescribed application form is signed in the presence of an acceptable witness and the acceptable witness has verified</p>

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	<p>(c) an authorised officer of a Malaysian Embassy or High Commission Consulate;</p> <p>(d) a lawyer in any jurisdiction who has a valid licence to practise law in that jurisdiction;</p> <p>(e) a commissioner for oaths in any jurisdiction;</p> <p>(f) a Justice of the Peace in any jurisdiction;</p> <p>(g) a notary public in any jurisdiction;</p> <p>(h) an officer of a registered person referred to under the third column of Item 1(b) of Part 1 of Schedule 4 to the Capital Markets and Services Act 2007, who is authorised by such registered person to perform the activities referred to under the second column of the said Item 1(b);</p> <p>(i) an authorised officer of:</p> <p>(i) a licensed bank as defined in the Banking and Financial Institutions Act 1989; or</p>	<p>(b) an authorised officer of the authorised depository agent;</p> <p>(c) an authorised officer of a Malaysian Embassy or High Commission Consulate;</p> <p>(d) a lawyer in any jurisdiction who has a valid licence to practise law in that jurisdiction;</p> <p>(e) a commissioner for oaths in any jurisdiction;</p> <p>(f) a Justice of the Peace in any jurisdiction;</p> <p>(g) a notary public in any jurisdiction;</p> <p>(h) an officer of a registered person referred to under the third column of Item 1(b) of Part 1 of Schedule 4 to the Capital Markets and Services Act 2007, who is authorised by such registered person to perform the activities referred to under the second column of the said Item 1(b);</p> <p>(i) an authorised officer of:</p>	<p>the identity of the applicant and the information in the applicant's application form; or</p> <p>(ii) where such form is not signed in the presence of an acceptable witness, rely on the ADA's "Non Face-to-face Verification" in its capacity as a Participating Organisation ("PO") of Bursa Malaysia Securities Berhad ("Exchange") in accordance with the relevant directives of the Exchange.</p> <p>In relation to paragraph (b)(ii) above, the methods of "Non Face-to-face Verification" that are proposed by the Exchange will be restricted to one of the following optional methods:</p> <p>(1) obtain confirmation of the applicant's identity from an independent source for example by contacting the human resources department of the applicant's employer on a listed business number to confirm his/her employment;</p> <p>(2) encash a personal cheque of the applicant for an amount of not less than RM100, where the name appearing on</p>

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	<p>(ii) an Islamic bank licensed under the Islamic Banking Act 1983, and with which the individual holds an account;</p> <p>(j) the following persons in relation to a stockbroking company licensed or approved to trade on a recognised stock exchange as defined in the Rules of the Stock Exchange:</p> <p>(i) any person who holds a licence equivalent to a licence held by a dealer's representative; or</p> <p>(ii) any other person authorised by such licenced stockbroking company, or</p> <p>(k) such other persons as may be approved by the Depository from time to time provided that notification of such approval is forwarded to the Commission within three market days from the date of such approval.</p>	<p>(i) a licensed bank as defined in the Banking and Financial Institutions Act 1989; or</p> <p>(ii) an Islamic bank licensed under the Islamic Banking Act 1983, and with which the individual holds an account;</p> <p>(j) the following persons in relation to a stockbroking company licensed or approved to trade on a recognised stock exchange as defined in the Rules of the Stock Exchange:</p> <p>(i) any person who holds a licence equivalent to a licence held by a dealer's representative; or</p> <p>(ii) any other person authorised by such licenced stockbroking company, or</p> <p>(k) such other persons as may be approved by the Depository from time to time provided that notification of such approval is forwarded to the Commission within three market days from the</p>	<p>the cheque and the signature of the applicant on the cheque must match the name and signature of the applicant in the account opening form;</p> <p>(3) initiate face-to-face contact with the applicant through an electronic mode including a video conference facility; or</p> <p>(4) obtain confirmation of the applicant's identity and relevant details of the applicant from another entity within the Participating Organisation's Group which has previously verified the applicant's identity in accordance with such entity's standard operating procedures and ensure that the details of the applicant obtained from such other entity must match the information in the applicant's account opening form.</p>

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		date of such approval.	
Rule 5.02A	(3) In relation to Rule 5.02A(2), an authorised depository agent must be satisfied that it is reasonable for the authorised depository agent to rely on the verification and attestation of the persons stated in Rule 5.02A(2).	(3) [Deleted]In relation to Rule 5.02A(2), an authorised depository agent must be satisfied that it is reasonable for the authorised depository agent to rely on the verification and attestation of the persons stated in Rule 5.02A(2).	This is intended to be covered in the CDS Procedures Manual for ADAs and as such, will be deleted from the rules.
Rule 5.02A	(4) Where an authorised depository agent decides to waive the requirement under Rule 5.02A(1) for the individual to be present before the authorised depository agent, the authorised depository agent shall, in the event of any wilful act, omission, neglect, fraud or error on the part of any of the persons stipulated under Rule 5.02A(2)(a)-(k) in performing the verification of the documents and particulars of an individual applicant appearing before them in the manner provided under the prescribed form, in respect of such account opening and/or account formalisation-	(4) The authorised depository agent shall be liable for and shall Where an authorised depository agent decides to waive the requirement under Rule 5.02A(1) for the individual to be present before the authorised depository agent, the authorised depository agent shall, in the event of any wilful act, omission, neglect, fraud or error on the part of any of the persons stipulated under Rule 5.02A(2)(a)-(k) in performing the verification of the documents and particulars of an individual applicant appearing before them in the manner provided under the prescribed form, in respect of such account opening and/or account formalisation-	This is a consequential amendment arising from the amendment to Rule 5.02A(2). Rule 5.02A(4)(b) has been moved to new Rule 5.02A(5) to simplify this rule.
	(a) indemnify and hold indemnified the Depository for any loss, damage, cost, expense, liability or claim	(a) ——— indemnify and hold indemnified the Depository for against any loss, damage, cost, expense,	

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	suffered or incurred by the Depository, whether directly or otherwise; and	liability or claim suffered or incurred by the Depository, whether directly or otherwise <u>arising from or in connection with:</u> <u>(a) a breach of Rule 5.02A(2); or</u> <u>(b) any wilful act, omission, neglect, fraud or error on the part of any third party relied on to verify the applicant's identity and the information in the applicant's application form; and</u>	
	(b) be deemed to have committed a breach of the provision of this Rule as if the wilful act, omission, neglect, fraud or error had been committed by the authorised depository agents and be subject to the powers of the Depository pursuant to Rule 38.02.	(b) <u>In the event of any wilful act, omission, neglect, fraud or error on the part of any third party referred to in Rule 5.02A(4)(b), the authorised depository agent shall</u> be deemed to have committed a breach of the provision of this Rule as if the wilful act, omission, neglect, fraud or error had been committed by the authorised depository agents and be subject to the powers of the Depository pursuant to Rule 38.02.	We have moved this previous Rule 5.02A(4)(b) to new Rule 5.02A(5) to simplify this rule.
Rule 25.01	Rule 25.01 Application to be a depositor:	Rule 25.01 Application to be a depositor:	
Rule 25.01	(1) Application: Any person who intends	(1) Application: Any person who intends	These amendments are made to clarify that

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	<p>to open a securities account and is eligible to be a depositor pursuant to Rule 25.02 shall apply to the Depository-</p> <p>(a) by submitting a duly completed prescribed application form through an authorised depository agent; or</p> <p>(b) where the application for a securities account is made in respect of an application for new securities issued under a public offer pursuant to section 37 of the Act, by submitting a duly completed prescribed application form through the issuer or offeror (or its issuing house), as the case may be, and upon being successfully allotted the securities, to formalise the account opening by completing the prescribed form with their</p>	<p>to open a securities account <u>or formalise a securities account that has been opened by the Depository under a public offer and is eligible to be a depositor pursuant to Rule 25.02 shall must:—</u> apply to the Depository-</p> <p>(a) <u>be eligible to be a depositor pursuant to Rule 25.02; and</u></p> <p><u>(b) submitting a the</u> duly completed prescribed application form <u>together with the relevant supporting documents through an to the</u> authorised depository agent; <u>or</u></p> <p><u>(b) where the application for a securities account is made in respect of an application for new securities issued under a public offer pursuant to section 37 of the Act, by submitting a duly completed prescribed application form through the issuer or offeror (or its issuing house), as the case may be, and upon being successfully allotted the securities, to formalise the account opening by completing the prescribed form with their</u></p>	<p>the documents to be submitted include both the application form as well as the supporting documents.</p> <p>The amendment to sub-paragraph (b) is a consequential amendment to reflect the current practice where a person making an application for securities pursuant to an initial public offering (“IPO”) would already have a securities account and would state the securities account number in the IPO application form. However, it should be noted that there are securities accounts that have yet to be formalised and as such, we have included references to formalising securities accounts in this sub-rule.</p>

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	preferred authorised depository agent.	preferred authorised depository agent.	
Rule 25.01	(1A) Where an individual intends to open a securities account or formalise a securities account opened by the Depository under a public offer, it is mandatory for the individual to be present in person before the authorised depository agent unless expressly waived by the authorised depository agent pursuant to Rule 5.02A(2) and in which event the provisions of Rule 5.02A(2) shall accordingly apply.	(1A) Where a person <u>person</u> individual intends to open a securities account or formalise a securities account opened by the Depository under a public offer, <u>the person must comply with the authorised depository agent's requirements relating to verification referred to in Rule 5.02A(2)</u> it is mandatory for the individual to be present in person before the authorised depository agent unless expressly waived by the authorised depository agent pursuant to Rule 5.02A(2) and in which event the provisions of Rule 5.02A(2) shall accordingly apply.	These are consequential amendments pursuant to the amendment to Rule 5.02A(2).
Rule 25.01	(2) No obligation: The Depository is under no obligation and may refuse to open a securities account for any person who has not duly completed or executed the appropriate prescribed application form or has not submitted the relevant documents required in relation to the opening of such account.	(2) No obligation: The Depository <u>or the authorised depository agent</u> is under no obligation and may refuse to open a securities account for any person who has not duly completed or executed the appropriate prescribed application form or has not submitted the relevant documents required in relation to the opening of such account.	In view of the fact that the actual processing of securities account opening is done by the ADAs, we are proposing to clarify that the ADAs may refuse to open a securities account for any person who has not completed the prescribed application form.

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Rule 25.01	(3) Deleted.	(3) No change.	
<u>Rule 25.05B</u>	<u>New provision</u>	<u>Rule 25.05B Requirement to keep original documents</u> <u>In the event the depositor submits any form or supporting document (“document”) by electronic means to the authorised depository agent pursuant to Rule 38.01(4), the depositor must retain possession or power of the original document and must produce such original document to the Depository at the Depository’s request.</u>	This amendment is to place a requirement on the depositor to keep the original documents should the depositor submit the same electronically (by scanning and emailing the documents) to the ADA. The requirement is inserted in the event any rules of evidence require the production of the original documents.
Rule 38.01	Rule 38.01 Forms: (1) Prescribed particulars: Where a form prescribed by these Rules require completion by the insertion of, or the attachment to the form of a document containing particulars or other matters referred to in the form, those particulars or matters are prescribed as the particulars or other matters required under these Rules for the purposes of which the form or document is prescribed.	Rule 38.01 Forms: (1) No change.	
Rule 38.01	(2) Directions: A form prescribed by these Rules containing any direction for its	(2) No change.	

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	completion shall be completed in accordance with those directions. Where such form requires insertion of a name of an individual person, it shall be the name as it appears in, in the case of a Malaysian citizen, the identity card or, in the case of a non-Malaysian citizen, the passport of that person or any other identification document prescribed by the Depository.		
Rule 38.01	(3) English version to prevail: The forms prescribed by these Rules are written in English and should the forms be translated into a language other than English, the English version shall, save for any manifest error, prevail.	(3) No change.	
Rule 38.01	<u>New provision</u>	<u>(4) Forms and supporting documents submitted through electronic means: The Depository may prescribe the forms and supporting documents that may be submitted by the depositor to the authorised depository agent by electronic means.</u>	This amendment is to provide that the Depository may specify the forms which may be submitted in softcopy by the depositor to the ADA. It should be noted that the word “may” is used and as such, depositors can still submit such “prescribed forms” in hardcopy should they wish to do so.

[End of Rule Amendments]