
Frequently Asked Questions on the Liberalisation of Securities Accounts

I. DEPOSITORY SERVICES

1. What is the objective of liberalising the Securities account structure?

Through the Securities account structure liberalisation, it is envisaged that Securities account holders especially institutional investors will have greater flexibility in managing their accounts. Existing Exempt Authorised Nominees (Exempt ANs) will be able to operate omnibus accounts with greater flexibility and a wider range of persons will be given the privilege of maintaining omnibus accounts. Similarly the list of Authorised Nominees (ANs) that can hold deposited securities on behalf of one beneficial owner in each account, will be expanded. It is expected that this will promote greater efficiency in managing clients' portfolio by institutional investors when trading in securities listed on Bursa Malaysia Securities Berhad (Bursa Securities).

2. What is an omnibus Securities account?

An omnibus account is an account in which securities are held for two or more beneficial owners. The names of the beneficial owners are not required to be provided when opening this account. However, the particulars of beneficial owners should be made readily available as and when required by the regulators.

3. Who can operate an omnibus Securities account?

Only Exempt ANs as stipulated in the Schedule of the Securities Industry (Central Depositories) (Exemption) Order 2005 (the Exemption Order 2005) can operate an omnibus Securities account. A list of parties that are categorised as Exempt ANs can be obtained from Bursa Malaysia's website, www.bursamalaysia.com.

4. What is the impact of this liberalisation exercise on existing Securities accounts held directly in the name of the beneficial owner?

There is no impact on such existing Securities accounts which are opened directly under the name of the Securities account holder i.e. as an individual or a corporate depositor. The Securities account holder shall continue to operate the account as the beneficial owner.

5. Can an Exempt AN have more than one omnibus Securities account?

There is no restriction on the number of omnibus Securities accounts which can be operated by an Exempt AN.

6. Who is an Instructing Client?

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An instructing client is a direct client (who is a body corporate) of a nominee company as referred to in Items 1 to 7 of the Schedule of the Exemption Order 2005 and gives instructions to the nominee company to hold securities on its behalf or on behalf of its clients.

7. Can an Exempt AN choose to continue operating under the “one account one beneficial owner” account structure? Must an Exempt AN operate only omnibus accounts?

It is up to the Exempt AN to choose whether to maintain accounts under the one account one beneficial owner structure or omnibus accounts or both.

8. Is there a need for existing Exempt AN to update the Account Qualifier field in its current omnibus Securities accounts that have been opened via the previous exemption orders?

Existing Exempt ANs may continue to maintain the Account Qualifier for their existing omnibus account as per the previous guidelines, in which case the usage of the account must be consistent with the Account Qualifier. However new omnibus accounts to be opened shall comply with the latest naming convention issued by Bursa Malaysia Depository Sdn Bhd (Bursa Depository).

9. Is there a deadline for an Exempt AN to open an omnibus account or update the account qualifier for an existing omnibus account?

No, there is no deadline for an Exempt AN to open an omnibus account or update the account qualifier for an existing omnibus account pursuant to this liberalisation. If an Exempt AN wants to transfer securities from an existing one account one beneficial owner account into an omnibus account, it can do so at any time.

II. APPROVED REASONS FOR TRANSFER OF SECURITIES

10. Will the Approved Reasons for Transfer (ART) continue to be applicable for transfer of securities?

Although there has been a relaxation on supporting documents for transfer of securities request, the ART, together with the relevant changes, will continue to be applicable. The ART should be adhered to strictly when performing any request for transfer of securities in Securities. Kindly refer to the amended version of the ART issued by Bursa Depository for more information.

III. TRADING ACCOUNTS

11. Who can be given a Clearing Account?

A Clearing Account can be given to any clients of the PO provided that each Clearing Account is maintained for one client only.

12. Can a client have more than one Clearing Account?

Yes, a client may have more than one Clearing Account. The PO must maintain adequate records in respect of each of the Clearing Accounts a particular client is given.

13. What naming convention that is applicable to the account qualifier of the clearing account?

The account qualifier for the clearing account should now be in the client's name.

14. Are the declarations by Holder/Exempt Fund Manager, Foreign Intermediaries and Participating Organisations under Schedule A of Participating Organisations' Circular R/R 13 of 2003 and C-1 and C-2 of Participating Organisations' Circular R/R 8 of 2001 still required?

No, they are no longer required.

15. Are trades allowed to be carried forward in the clearing account?

Yes, if a client's order is not fulfilled by the end of T day, the order may be carried forward up to a maximum of T+2 day.

16. If a client's order is not fulfilled by T day and is carried forward to T+1 or T+2, is the PO required to book out the partially-fulfilled order and issue a contract note to the client at the end of T day?

No, the booking out and issuance of contract notes may be done after the entire order is fulfilled, with a maximum allowable carrying forward period of up to T+2 day.

17. If a client's order is fulfilled on T or T+1 day, is the PO allowed to delay the booking out and issuance of contract note to T+2 day?

No, the booking out and issuance of contract note shall be done at the end of the day in which the order is fulfilled.

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- 18. Can a PO allow the crediting of the securities purchased under a Clearing Account directly into a beneficial owner's Securities account or a Securities account in the name of an AN or Exempt AN?**

Yes, provided that the Securities account is maintained with the PO.

- 19. Is a PO still required to mirror the trading account structure with the Securities account structure?**

No, this requirement has been removed. The trading account of a client may be tagged to a Securities account in the name of the AN or Exempt AN of the client or the beneficial owner of the securities for whom the client is dealing for. Further a written consent and authorisation for the use of the Securities account must be procured from the Securities accountholder and the client of the PO is required to provide a confirmation and undertaking that the beneficial owner of both the trading and Securities account is the same.

- 20. Is a PO allowed to leave securities purchased under the Clearing Account in the Clearing Securities Account?**

No, securities must be transferred by the end of the settlement date to the beneficial owner, AN or Exempt AN account as instructed by the client, except in cases of non-payment or absence of transfer instructions by the client.

- 21. Is the client of a PO still required to disclose whether any dealings in securities in respect of the trading account is carried out on another person's behalf?**

Yes, the disclosure is still required. However, PO need not obtain the information on the beneficial owner unless required by Bursa Securities or the Securities Commission. POs must also ensure that the terms and conditions of the client agreement incorporates the obligation on the part of the client to provide information in relation to parties for whom the clients of POs are acting for, including information on the beneficial owners of the securities as and when required by both Bursa Securities and the Securities Commission.

- 22. Are the clients bound to comply with the Rules of Bursa Securities?**

Yes. There is a requirement in the rules that require the PO to impose an obligation on the part of the clients, to comply with the rules in the client agreement.

- 23. Is Bursa Securities empowered to take action against the client in the event of a breach of the rules committed by the clients?**

Yes. The rules empower Bursa Securities to direct any of the PO to refrain from dealing with a client where the act or omission by the client in relation to or arising from any transactions or dealings in securities reflected in the trading account(s) of the client and/or held in the Securities account(s) has directly or indirectly caused, aided or facilitated a breach of the rules.

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24. Which trading account should the Participating Organisation (PO) use if it wants to carry out intra-day activities?

The Intra-Day Activities Account has been consolidated under the Investment Account, thus PO should use the Investment Account for all proprietary positions, irrespective of whether the positions are for intra-day, short term or long term investment activities.

25. Are the directors and dealer's representatives allowed to share an Investment Account?

Yes, provided proper records are maintained by the PO as to the persons executing the trades.

[End of FAQs]