

ANNEXURE A
**(Guidelines on Self Assessment Approach, Declaratory Approach and Green Lane Policy
in respect of Readiness Audits)**

**GUIDELINES ON SELF ASSESSMENT APPROACH, DECLARATORY APPROACH AND GREEN
LANE POLICY IN RESPECT OF READINESS AUDITS (“GUIDELINES”)**

1. SCOPE OF GUIDELINES

- (1) For the purposes of obtaining the relevant approval of Bursa Clearing (S) and/or SC, the applicant or TCP is required to undertake a readiness audit. Once the readiness audit is completed, the applicant or TCP must follow either the self assessment approach or the declaratory approach as provided under these Guidelines to notify Bursa Clearing (S) of the completion of the readiness audit. If the TCP is eligible for the Green Lane Policy referred to in paragraph 5 below and wishes to avail itself to the Green Lane Policy, the TCP must comply with paragraph 5.
- (2) These Guidelines provide clarifications on the circumstances where a readiness audit is required to be undertaken and the application of the self assessment approach, declaratory approach and Green Lane Policy.

2. DEFINITIONS

In these Guidelines, the following abbreviations shall carry the following meanings:-

Abbreviation	Meaning
AIP	Approval-In-Principle
Board	Board of Directors of the TCP
Bursa Clearing (S)	Bursa Malaysia Securities Clearing Sdn Bhd
DA	Declaratory Approach in notifying Bursa Clearing (S) of the completion of the Readiness Audits
GLP	Green Lane Policy in relation to Readiness Audits as referred to in paragraph 5
SAA	Self Assessment Approach in notifying Bursa Clearing (S) of the completion of the Readiness Audits
SC	Securities Commission
TCP	Trading Clearing Participant

**3. ACTIVITIES REQUIRING APPROVAL OF THE SC AND/OR BURSA CLEARING (S) AND
THE CIRCUMSTANCES IN WHICH A READINESS AUDIT IS REQUIRED TO BE
UNDERTAKEN BY A TCP**

- (1) The commencement of operations as a new TCP requires the approval of the SC and Bursa Clearing (S).
- (2) Activities by an existing TCP involving new premises and activities that require Bursa Clearing (S)'s approval only are:

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- (a) the relocation of Business Premises or Change of Business Address (applicable to Principle Office and Branch Office)¹; and
 - (b) the opening of a new Branch Office of TCPs.
- (3) An applicant wishing to commence the activities requiring the approval of the SC and Bursa Clearing (S), or Bursa Clearing (S), as mentioned in paragraphs 3(1) and 3(2), must first undertake a readiness audit in accordance with these Guidelines.
- (4) Except where paragraph 5 applies, Bursa Clearing (S) will, upon receiving an application for approval from a TCP to commence a new activity and upon due consideration, give an AIP setting out the relevant conditions that need to be complied with by the TCP prior to commencement of the activity. Bursa Clearing (S) will indicate whether the TCP is required, in relation to the readiness audit, to follow the SAA or the DA.
- (5) The requirement to follow either the SAA or DA is assessed based on the following principles:
- (a) Operating as a new TCP

The SAA will apply to readiness audits required for approval to commence operations as a new TCP.
 - (b) Opening of a New Branch Office By TCP
 - (i) The SAA will apply to readiness audits required for approval to open the first 3 Branch Offices.
 - (ii) The DA will apply to readiness audits required for approval to open subsequent Branch Offices.
 - (c) All other activities of a TCP
 - (i) The SAA will apply to readiness audits required for approval to commence an activity for the first time.
 - (ii) The DA will apply to readiness audits required for approval of subsequent applications of the same nature.
- (6) Notwithstanding items (a), (b) and (c) in paragraph 3(5) above, Bursa Clearing (S) may at any time or under any circumstance it deems fit, require the TCP to adhere to the SAA in place of the DA.

4. REQUIREMENTS FOR SAA OR DA

In following the SAA or DA in respect of its readiness audit, a TCP must comply with the requirements set out below.

4.1 Self Assessment Approach (SAA)

- (1) A TCP must comply with the requirements set out in the following appendices to these Guidelines, in relation to the SAA:

¹ For avoidance of doubt, the relocation of business premises includes a redesignation between a Principal Office and a Branch Office i.e. the Principal Office is redesignated as a Branch Office and the Branch Office is redesignated as the Principal Office.

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No.	Type Of Document	Appendix
1.	Procedures for submission and approval in respect of SAA	1
2.	Declaration of Readiness for SAA	2

4.2 Declaratory Approach (DA)

- (1) A TCP must comply with the requirements set out in the following appendices to these Guidelines, in relation to the DA:

No.	Type Of Document	Appendix
1.	Procedures for submission and approval in respect of DA	3
2.	Declaration of Readiness for DA	4

5. Green Lane Policy (“GLP”)

- (1) Bursa Clearing (S) will allow a TCP to commence certain activities without waiting for Bursa Clearing (S) to issue its AIP under paragraph 3(4) above if:
- (a) the TCP is assessed as being eligible under paragraph 5.1 below (“Eligible TCP”);
 - (b) the activity falls within the types of activities prescribed under paragraph 5.2 below and meets the criteria prescribed under paragraph 5.3 below; and
 - (c) the Eligible TCP completes the readiness audit in accordance with the requirements stipulated in paragraph 1(4) of Appendix 1 and paragraph 4 of Appendix 2 and notifies Bursa Clearing (S) in the form attached as Appendix 5 before the commencement of the relevant activity.
- (2) The Eligible TCP that complies with the requirements of subparagraph 5(1)(c) above is deemed to have been given Bursa Clearing (S)’s approval to carry out the said activity pursuant to these Guidelines.
- (3) Notwithstanding paragraph 5(1) above, Bursa Clearing (S) may, at any time or under any circumstance it deems fit, in respect of a TCP proceeding under paragraph 5(1) above, require the TCP to adhere to the SAA or DA, instead of providing the notification to Bursa Clearing (S) that is referred to under paragraph 5(1)(c).

5.1 Eligibility of a TCP

- (1) Bursa Clearing (S) will assess a TCP to determine whether it may be considered as an Eligible TCP for a particular activity. In making this assessment, Bursa Clearing (S) may take into consideration, among others, whether:
- (a) the TCP is familiar with the requirements applicable to the proposed activity, having undertaken the said activity previously;
 - (b) Bursa Clearing (S) has noted any unsatisfactory supervisory controls or governance or compliance culture issues in the TCP’s front, middle or back office activities whether as part of its off-site or on-site supervision activities or otherwise;

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- (c) Bursa Clearing (S) or the SC has any serious regulatory concern about the TCP; and
 - (d) where the TCP is also a participant of another subsidiary of Bursa Malaysia Berhad (“other participantship”), Bursa Clearing (S) has noted any unsatisfactory supervisory controls or governance or compliance culture issues in the TCP’s activities vis-à-vis such other participantship(s).
- (2) Bursa Clearing (S) will notify a TCP upon determination that it is an Eligible TCP for a particular activity and where there is any subsequent change to its status. Bursa Clearing (S)’s assessment is final and binding on the TCP concerned.
- (3) A TCP that has not fulfilled the criterion under paragraph 5.1(1)(b) or (c) may still be considered as an Eligible TCP if it addresses the weaknesses and breaches or serious regulatory concerns, to the satisfaction of Bursa Clearing (S).

5.2 Activities

- (1) Subject to paragraph 5.3, Bursa Clearing (S) may apply the GLP to the following types of activities:
- (a) the relocation of Business Premises or Change of Business Address (applicable to Principle Office and Branch Office)²; and
 - (b) the opening of a new Branch Office of TCPs.

5.3 Criteria for activities falling within the GLP

- (1) Bursa Clearing (S) may apply the GLP to the activities in paragraph 5.2 in the following manner:
- (a) in relation to the opening of a new Branch Office of a TCP, the GLP will apply to readiness audits required for approval to open the TCP’s 5th Branch Office onwards; and
 - (b) in relation to relocating the TCP’s business premises or changing its business address, the GLP will apply to a readiness audit required for approval to commence such activity if Bursa Clearing (S) had on a previous and separate occasion granted approval for the TCP to carry out such activity.

[End of Guidelines]

² For avoidance of doubt, the relocation of business premises includes a redesignation between a Principal Office and a Branch Office i.e. the Principal Office is redesignated as a Branch Office and the Branch Office is redesignated as the Principal Office.

Appendix 1

**SAA PROCEDURES ON SUBMISSION AND REVIEW OF APPLICATIONS FROM TRADING
CLEARING PARTICIPANTS ON NEW ACTIVITIES**

1. Procedures For Submission and Approval in respect of SAA

- (1) The TCP intending to commence an activity is required to formally inform Bursa Clearing (S) in writing setting out the type of activity for which the approval is required.
- (2) Bursa Clearing (S) will upon due consideration give its Approval-In-Principle ("AIP") to the TCP.
- (3) Upon receipt of the AIP from Bursa Clearing (S), the TCP shall commence to demonstrate its readiness to Bursa Clearing (S). This will include making the necessary arrangements and commissioning of the relevant infrastructure that are needed to commence the proposed activity.
- (4) The TCP would then be required to carry out an independent readiness audit and complete the relevant checklists as prescribed by Bursa Clearing (S) or the Commission. The review shall be carried out by a party that is independent of trading and operations of the TCP, for example, internal audit or external audit.
- (5) A formal application will then be made by the TCP to Bursa Clearing (S) setting out the level of readiness, the intended commencement date together with all relevant supporting documents and the report produced from the independent readiness audit. Bursa Clearing (S) may seek additional clarification or documents where necessary to ensure the completeness of the readiness audit process.
- (6) If the proposed activity only requires the approval of Bursa Clearing (S), it will then review the application made together with the supporting documents and communicate the outcome of the review and issue its approval directly to the TCP.
- (7) Where the proposed activity also requires the approval of the Commission, Bursa Clearing (S) will review the submission made by the TCP and forward the same together with Bursa Clearing (S)'s recommendation to the Commission for its further consideration and approval.

2. Documentation Requirements for New Activities

The following documents are required:

- Relevant checklist in the prescribed form for each type of new activity.
- Final report of the independent readiness audit carried out by the TCP.
- Extract of board resolutions / minutes of meeting where applicable.
- Extract of relevant sections of operations manual.
- Copies of relevant agreements entered into by TCP in connection with the proposed activity.
- Diagrams of new office layout where applicable.
- Results of infrastructure testing where required by Bursa Clearing (S).
- Any other documents in support of the application or expressly required to be submitted by Bursa Clearing (S).

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Note:-

The TCP is required to submit complete documentation and checklist together with the required declaration to Bursa Clearing (S) at least 4 weeks prior to the intended commencement date of the proposed activity. The TCP should also ensure that all the relevant requirements of the checklist(s) wherein applicable has been complied with prior to the submission to Bursa Clearing (S).

[End of Appendix 1]

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Appendix 2

DECLARATION OF READINESS FOR THE SELF ASSESSMENT APPROACH

To: Head
Participants Supervision Division
Regulation

BURSA MALAYSIA BERHAD
12th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

[insert name of Participating Organisation/Authorised Depository Agent/Trading Clearing Participant]

DECLARATION ON COMPLIANCE FOR PURPOSES OF READINESS TO COMMENCE OPERATIONS

We refer to our application to commence the operation of our *[insert the particulars of the activity concerned]* referenced *[insert reference]* dated *[insert date]*, full details of which are contained in the proposal accompanying our said application.

We, *[insert name of Participating Organisation/Authorised Depository Agent/Trading Clearing Participant]*, hereby declare and confirm as follows:

1. we shall comply at all times with the relevant rules, directives, circulars and guidelines issued from time to time by Bursa Malaysia Berhad and/or other subsidiaries of Bursa Malaysia Berhad (collectively referred to hereinafter as the "Bursa Group") in relation to the establishment, maintenance or operation of the *[insert the particulars of the activity concerned]* by the *Participating Organisation/Authorised Depository Agent/Trading Clearing Participant*;
2. that to the best of our knowledge, the *[insert the particulars of the activity concerned]* to be established, maintained or operated by us complies fully with all requirements prescribed by the Bursa Group in relation to the establishment, maintenance or operation of the *[insert the particulars of the activity concerned]* by the *Participating Organisation/Authorised Depository Agent/Trading Clearing Participant*;
3. that the *[insert the particulars of the activity concerned]* that is established, maintained or operated, or as the case may be, intended to be established, maintained or operated, outside our Principal Office, Branch Office(s) and/or any of electronic access facility(s) contains adequate and effective specifications and capabilities to ensure that the security of transactions and confidentiality of clients are at all times reasonably and adequately preserved;
4. that the *[insert the particulars of the activity concerned]* is, in terms of the applications or software, the physical site location and the hardware, reasonably secured from unauthorised tampering and intrusion and in this respect we have at the minimum strictly complied with all relevant directives, guidelines, circulars and codes relating to security issue by the Bursa Group for the time being in force, including but not limited to the Participating Organisations' IT Security Code or the use of information technology (as may be amended from time to time);
5. the *[insert the particulars of the activity concerned]* conforms in all material respects with all relevant rules, directives, circulars and guidelines issued by the Bursa Group with respect to trading of securities on the Exchange by Participating Organisations generally;

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6. we are satisfied that the relevant controls and monitoring policies and procedures pertaining to the establishment, maintenance or operation of the *[insert the particulars of the activity concerned]* is/are adequate and effective; and
7. we shall indemnify the Bursa Group and not hold the Bursa Group liable to any claims made by any party as a result of the establishment, maintenance or operations of the *[insert the particulars of the activity concerned]* and its activities.

Signed _____
Authorised signatory

Date _____

[End of Appendix 2]

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Appendix 3

**DA PROCEDURES ON SUBMISSION AND REVIEW OF APPLICATIONS FROM TRADING
CLEARING PARTICIPANTS ON NEW ACTIVITIES**

1. The TCP intending to commence an activity is required to formally inform Bursa Clearing (S) in writing setting out the type of activity for which the approval is required.
2. Bursa Clearing (S) will upon due consideration give its Approval-In-Principle (“AIP”) to the TCP.
3. Upon receipt of the AIP from Bursa Clearing (S), the TCP shall commence to demonstrate its readiness to Bursa Clearing (S). This will include making the necessary arrangements and commissioning of the relevant infrastructure that are needed to commence the proposed activity.
4. The TCP would then be required to carry out an independent readiness audit and complete the relevant checklists as prescribed by Bursa Clearing (S). The review shall be carried out by a party that is independent of trading and operations of the TCP, for example, internal audit or external audit.
5. The TCP must then submit the DA Declaration Form in the format prescribed in Appendix 4 to these Guidelines at least 2 clear weeks before the above intended commencement date.
6. Bursa Clearing (S) will process the application based on the declaration provided by the TCP and issue its approval directly to the TCP.

[End of Appendix 3]

Appendix 4

DECLARATION OF READINESS FOR THE DECLARATORY APPROACH

To: Head
Participants Supervision
Regulation
BURSA MALAYSIA BERHAD
12th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

[insert name of Participating Organisation/Authorised Depository Agent/Trading Clearing Participant]

DECLARATION ON COMPLIANCE FOR PURPOSES OF READINESS TO COMMENCE OPERATIONS

PART I

We refer to our application to commence the operation of our *[insert particulars of the activity concerned]* referenced *[insert reference]* date *[insert date]*.

We, *[insert name of Participating Organisation/Authorised Depository Agent/Trading Clearing Participant]*, hereby declare and confirm as follows:

1. that *[insert name of Participating Organisation/Authorised Depository Agent/Trading Clearing Participant]* has carried out an independent readiness audit in regard of *[insert the particulars of the activity concerned]*, and we have reasonable assurance that all the relevant systems, policies and procedures and relevant front office and back office systems IT systems that are required for the effective establishment, maintenance or operation of *[insert the particulars of the activity concerned]* are readily available, operative and functional and are adequate and effective in achieving the intended purpose;
2. we are satisfied that the relevant controls and monitoring policies and procedures pertaining to the establishment, maintenance or operation of the *[insert the particulars of the activity concerned]* is/are adequate and effective;
3. we shall comply at all times with the relevant rules, directives, circulars and guidelines issued from time to time by Bursa Malaysia Berhad and/or other subsidiaries of Bursa Malaysia Berhad (collectively referred to as the Bursa Group) in relation to the establishment, maintenance or operation of the *[insert the particulars of the activity concerned]* by the *Participating Organisation/Authorised Depository Agent/Trading Clearing Participant*;
4. that to the best of our knowledge, the *[insert the particulars of the activity concerned]* to be established, maintained or operated by us complies fully with all requirements prescribed by the Bursa Group in relation to the establishment, maintenance or operation of the *[insert the particulars of the activity concerned]* by *[insert name of Participating Organisation/Authorised Depository Agent/Trading Clearing Participant]*;
5. that the *[insert the particulars of the activity concerned]* that is established, maintained or operated, or as the case may be, intended to be established, maintained or operated, outside our Principal Office, Branch Office(s) and/or any of electronic access facility(s) contains adequate and effective specifications and capabilities to ensure that the security of transactions and confidentiality of clients are at all times reasonable and adequately preserved.
6. that the *[insert the particulars of the activity concerned]* is, in terms of the applications or software, the physical site location and the hardware, reasonably secured from unauthorized

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tampering and intrusion and in this respect we have at the minimum strictly complied with all relevant directives, guidelines, circulars and codes relating to security issued by the Bursa Group for the time being in force, including but not limited to the Participating Organisations' IT Security Code or the use of information technology (as may be amended from time to time);

7. the [*insert the particulars of the activity concerned*] conforms in all material respects with all relevant rules, directives, circulars and guidelines issued by the Bursa Group with respect to trading of securities on the Exchange by the Participating Organisations generally; and
8. we shall indemnify the Bursa Group and not hold the Bursa Group liable to any claims made by any party as a result of the establishment, maintenance or operations of the [*insert the particulars of the activity concerned*] and its activities.

PART II: NOTIFICATION

The following are the details of the activities that will be undertaken:*

Authorised signatory

Date

[End of Appendix 4]

* To provide the details of the activities, including the systems employed and key personnel involved. For Branch Office, to indicate the systems employed and whether the back office and operations are centralized at the Principal Office/other Branch Office or whether there are remote terminals for processing of transactions.

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Appendix 5

NOTIFICATION OF COMMENCEMENT OF OPERATIONS UNDER THE GREEN LANE POLICY

To: Head
Participants Supervision
Regulation
BURSA MALAYSIA BERHAD
12th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

[insert name of Participating Organisation/Authorised Depository Agent/Trading Clearing Participant]

NOTIFICATION OF COMMENCEMENT OF OPERATIONS UNDER THE GREEN LANE POLICY

The following are the details of the activities that will be undertaken:*

Authorised signatory

Date

[End of Appendix 5]

* To provide the details of the activities, including the systems employed and key personnel involved. For Branch Office, to indicate the systems employed and whether the back office and operations are centralized at the Principal Office/other Branch Office or whether there are remote terminals for processing of transactions.