



BURSA MALAYSIA SECURITIES CLEARING SDN BHD (109716-D)

Date : 04 August 2009

No : SBL 5/2009

SECURITIES BORROWING AND LENDING: INTRODUCTION OF THE SECURITIES BORROWING AND LENDING NEGOTIATED TRANSACTION (“SBL NEGOTIATED TRANSACTION” OR “SBLNT”) MODEL

Bursa Malaysia Securities Clearing Sdn Bhd (“Bursa Clearing (S)”) is pleased to announce the introduction of the SBLNT model. The introduction of this new model aims to make the Malaysian securities borrowing and lending (“SBL”) market more attractive for participants. The existing securities borrowing and lending transaction model where eligible securities are borrowed from or lent to Bursa Clearing (S) acting as a central lending agency (“Bursa SBL Transaction model”) will still be operational together with SBLNT. The implementation date for SBLNT is 17 August 2009.

Under the SBLNT model, participants who have agreed to their own SBL terms and conditions in an over-the-counter transaction may input the transaction into Bursa Clearing (S)’s system for SBL Negotiated Transactions (“SBLNT System”) to effect the movement of the loaned securities between the participants.

Bursa Clearing (S) is pleased to advise on the operational aspects in relation to SBLNT as prescribed by Bursa Clearing (S).

A. Application Form To Be Approved SBLNT Lender / Approved SBLNT Borrower

Only persons approved by Bursa Clearing (S) to participate as a lender (“Approved SBLNT Lender”) or borrower (“Approved SBLNT Borrower”) in SBL Negotiated Transactions (“SBLNT Participants”) may enter into a SBL Negotiated Transaction.

Any person intending to lend securities under the SBLNT model may apply to be an Approved SBLNT Lender. Only persons falling within one of the categories of persons set out in the **Schedule 1** of the application form for an Approved SBLNT Lender/Approved SBLNT Borrower attached as “ANNEXURE 1” and who are approved by Bursa Clearing (S) to participate as a borrower in SBL Negotiated Transactions (“Approved SBLNT Borrower”) may borrow Eligible Securities.

Any person wishing to be approved as an Approved SBLNT Lender or Approved SBLNT Borrower (or both) must submit a complete and duly executed application form as set out in “ANNEXURE 1”.

Participants are invited to submit their applications to be approved as an Approved SBLNT Lender or Approved SBLNT Borrower (or both). Approvals will be granted on or after 17 August 2009.

B. Appointment of Lending Representative / Borrowing Representative

An Approved SBLNT Lender or Approved SBLNT Borrower must appoint a clearing participant to act as its agent in respect of reporting the lending or borrowing transactions.

The clearing participant acting as the Approved SBLNT Lender's agent ("Lending Representative") or Approved SBLNT Borrower's agent ("Borrowing Representative") must be approved by Bursa Clearing (S) to act as a Lending Representative or Borrowing Representative (as applicable).

C. Eligible Bursa SBL Securities

Securities eligible for borrowing and lending under the SBLNT model ("Eligible Securities") are the same as those securities eligible for borrowing and lending under the current Bursa SBL Transaction model which are prescribed by Bursa Clearing (S) in SBL Circulars (as defined in the Rules of Bursa Clearing (S)).

D. Operational Framework

1. Communication between SBLNT Participants and Bursa Clearing (S)

Unless otherwise prescribed by Bursa Clearing (S), all communications between the SBLNT Participants and Bursa Clearing (S) will go through the Lending Representative / Borrowing Representative who will be given access to the SBLNT System to, amongst others, key-in requests, receive notices on behalf of the SBLNT Participants in respect of all loan transactions.

2. Delivery of Loaned Securities

Delivery of loaned securities is by way of book-entry transfer in the Central Depository System whereby the loaned securities will be debited from and credited to the securities accounts as specified by the Approved SBLNT Lender / Approved SBLNT Borrower.

3. SBL Agreement

Both the Approved SBLNT Lender and the Approved SBLNT Borrower are free to execute their own SBL agreements. There is no requirement for this agreement to be submitted to Bursa Clearing (S) for approval or registration. Both parties are only required to report the SBLNT transaction at the point of delivery of the loaned securities from the Approved SBLNT Lender to the Approved SBLNT Borrower.

4. Tax

However, if the Approved SBLNT Lender or the Approved SBLNT Borrower or their respective 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 revised Securities Borrowing and Lending Guidelines issued by the Securities Commission on 4 August 2009. 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).

5. SBL Designated CDS Account

An Approved SBLNT Borrower and a Borrowing Representative must open a designated SBL CDS account to hold the loaned securities and all transfers of the loaned securities from or to this account are restricted to the specific circumstances set out in the directives relating to the conditions and procedures for compliance by Authorised Depository Agents and Authorised Direct Members who hold securities accounts for SBL, regulated short selling and permitted short selling pursuant to market making activities contained in CDS Circular No. ADA/DOD/033/2009 dated 4 August 2009.

6. Permitted Borrowing Purpose under SBLNT

An Approved SBLNT Borrower may borrow Eligible Securities under the SBLNT model only for the following purposes:

- 6.1 to facilitate the settlement of a regulated short sale in Eligible Securities executed in accordance with the Rules of Bursa Malaysia Securities Berhad (“Rules of Bursa Securities”);
- 6.2 to facilitate the settlement of a permitted short selling of exchange traded fund (“ETF”) units and its related constituent securities by a market maker in accordance with the Rules of Bursa Securities;
- 6.3 to onward lend the loaned securities; or
- 6.4 for such other purposes as may be determined by Bursa Clearing (s) in consultation with the Securities Commission.

The Approved SBLNT Borrower must, through its Borrowing Representative, inform Bursa Clearing (S) of the purpose of such borrowing.

7. Loan Confirmation

An Approved SBLNT Borrower must ensure that it obtains a confirmation from the Approved SBLNT Lender that the Approved SBLNT Lender has the eligible securities available to be lent to the Approved SBLNT Borrower. Such confirmation must contain the details set out in “ANNEXURE 2”.

8. Fees Levied

Bursa Clearing (S) will charge an **Intermediary Fee** for the services provided through the SBLNT System. Participants have a choice of either of the following fee structures:

- i. 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 payable by each of the Approved SBLNT Borrower and Approved SBLNT Lender; or
- ii. 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 payable by the Approved SBLNT Borrower only.

9. Return of Loaned Securities

SBLNT Participants who wish to have the loaned securities returned must each notify Bursa Clearing (S) of the prescribed details of the SBL Negotiated Transaction through their respective appointed Lending Representative or Borrowing Representative.

The redelivery of loaned securities is by way of book-entry transfer in the Central Depository System whereby the loaned securities will be debited from the securities account as specified by the Approved SBLNT Borrower and credited to the securities account as specified by the Approved SBLNT Lender.

E. Operational Guidelines

A copy of the SBLNT Operational Guidelines for the Approved SBLNT Lender and the Approved SBLNT Borrower who participate in the SBLNT is attached as “ANNEXURE 3”.

The SBLNT Operational Guidelines take effect from 17 August 2009.

F. Submission of Applications

Participants are invited to submit their applications to be approved as an Approved SBLNT Lender, Approved SBLNT Borrower, Lending Representative or Borrowing Representative. Approvals will be granted on or after 17 August 2009.

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	<input type="checkbox"/>	Updating Information	<input type="checkbox"/>	(please complete only relevant information)
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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	<input type="checkbox"/>	Approved SBLNT Borrower	<input type="checkbox"/>	Both	<input type="checkbox"/>
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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)

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
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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:-

- (a) 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).
- (b) declare that all information given in this application and in the attached annexures is true and correct.
- (c) 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.
- (d) 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.
- (e) 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 Rule 608.4 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.

<p>..... Signature of Individual / Authorised Signatory(ies)</p> <p>Name:.....</p> <p>..... Company Stamp (if applicable)</p>
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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.

3. 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.

<p>.....</p> <p>Signature of Individual / Authorised Signatory(ies)</p> <p>Name:.....</p> <p>.....</p> <p>Company Stamp (if applicable)</p>
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4. 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.

<p>.....</p> <p>Authorised Signatory(ies)</p> <p>Name:.....</p> <p>.....</p> <p>Company Stamp (if applicable)</p>
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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 To Be Linked

	-		-	
	-		-	
	-		-	
	-		-	
	-		-	
	-		-	
	-		-	
	-		-	
	-		-	
	-		-	

.....
Authorized Signatory(ies)

Name:.....

.....
Company Stamp (if applicable)

Dated thisOf

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

“ANNEXURE 3”



CLEARING & SETTLEMENT OPERATIONS

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

OPERATIONAL GUIDELINES
For
LENDERS & BORROWERS

(BMSC/CD/SBL/008)

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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**

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.



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 NRIC or other forms of acceptable identification documents issued by Jabatan Pendaftaran Negara / 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 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 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. A Certificate Of Incorporation / Certificate Of Registration (for registration number, name and place of incorporation); and
- iv. Document evidencing the appointment of Authorised Signatory(ies) with specimen signatures.

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.



4.1 How to create a loan transaction

- 4.1.1 An Approved SBLNT Lender and an Approved SBLNT Borrower must have a valid Master SBL Agreement before any SBLNT transaction can be created.
- 4.1.2 Approved SBLNT Lender and Approved SBLNT Borrower agree on SBL transaction outside the SBLNT system.
- 4.1.3 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.*



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 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.



6.1 Intermediary Fee

- 6.1.1 Bursa will charge an **Intermediary Fee** for the services provided. This fee is computed by the SBLNT system. The fee structure is of 2 types as the 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 on the next business day of the lodgement date of the corporate action in-order to reflect the quantity of securities loaned in the SBLNT system.



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	<input type="checkbox"/>	Updating Information	<input type="checkbox"/>	(please complete only relevant information)
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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	<input type="checkbox"/>	Approved SBLNT Borrower	<input type="checkbox"/>	Both	<input type="checkbox"/>
-----------------------	--------------------------	-------------------------	--------------------------	------	--------------------------

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)

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
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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 Rule 608.4 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.

3. 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)

4. 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 To Be Linked

	-		-	
	-		-	
	-		-	
	-		-	
	-		-	
	-		-	
	-		-	
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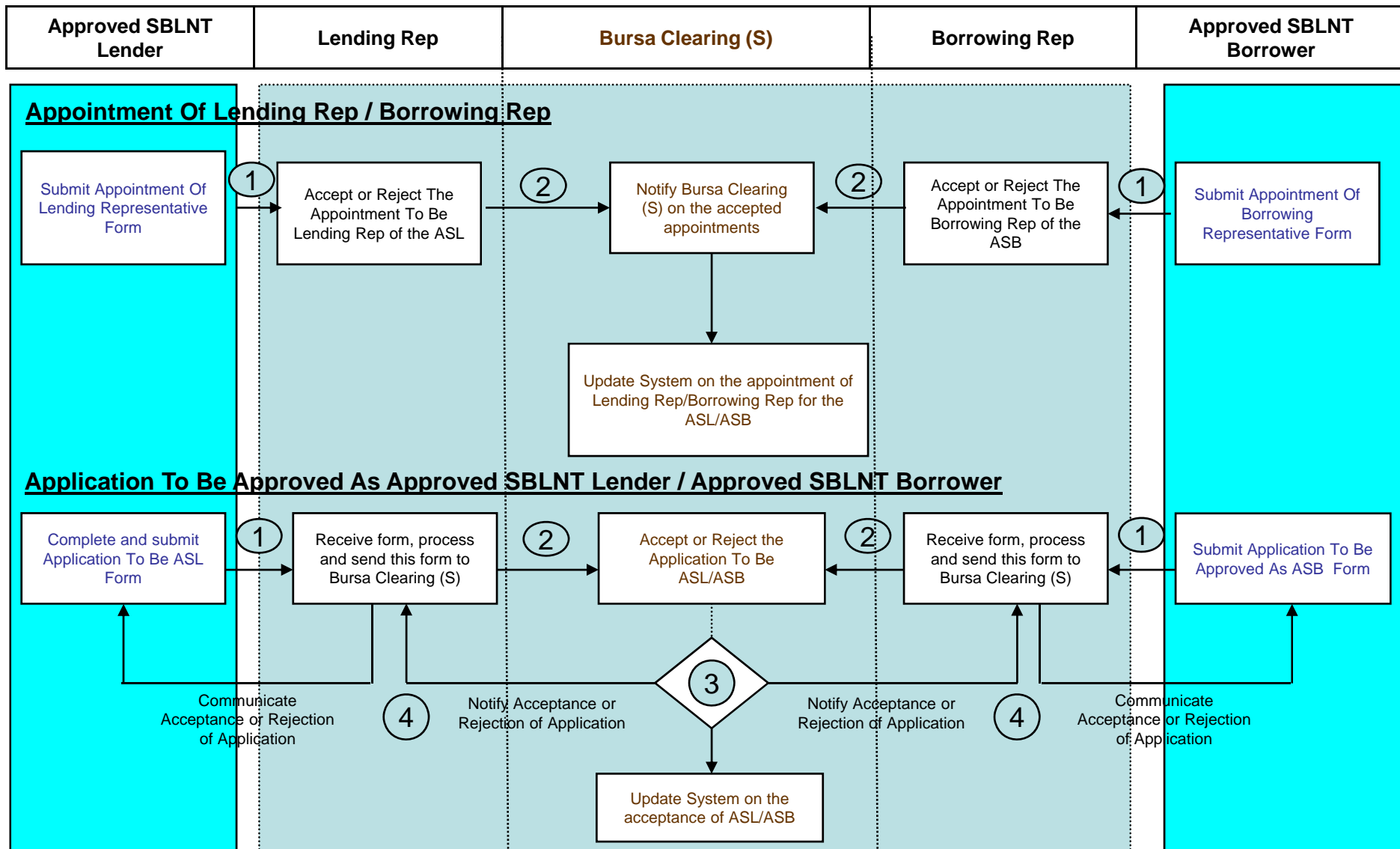
.....
Authorized Signatory(ies)

Name:.....

.....
Company Stamp (if applicable)

Dated thisOf

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

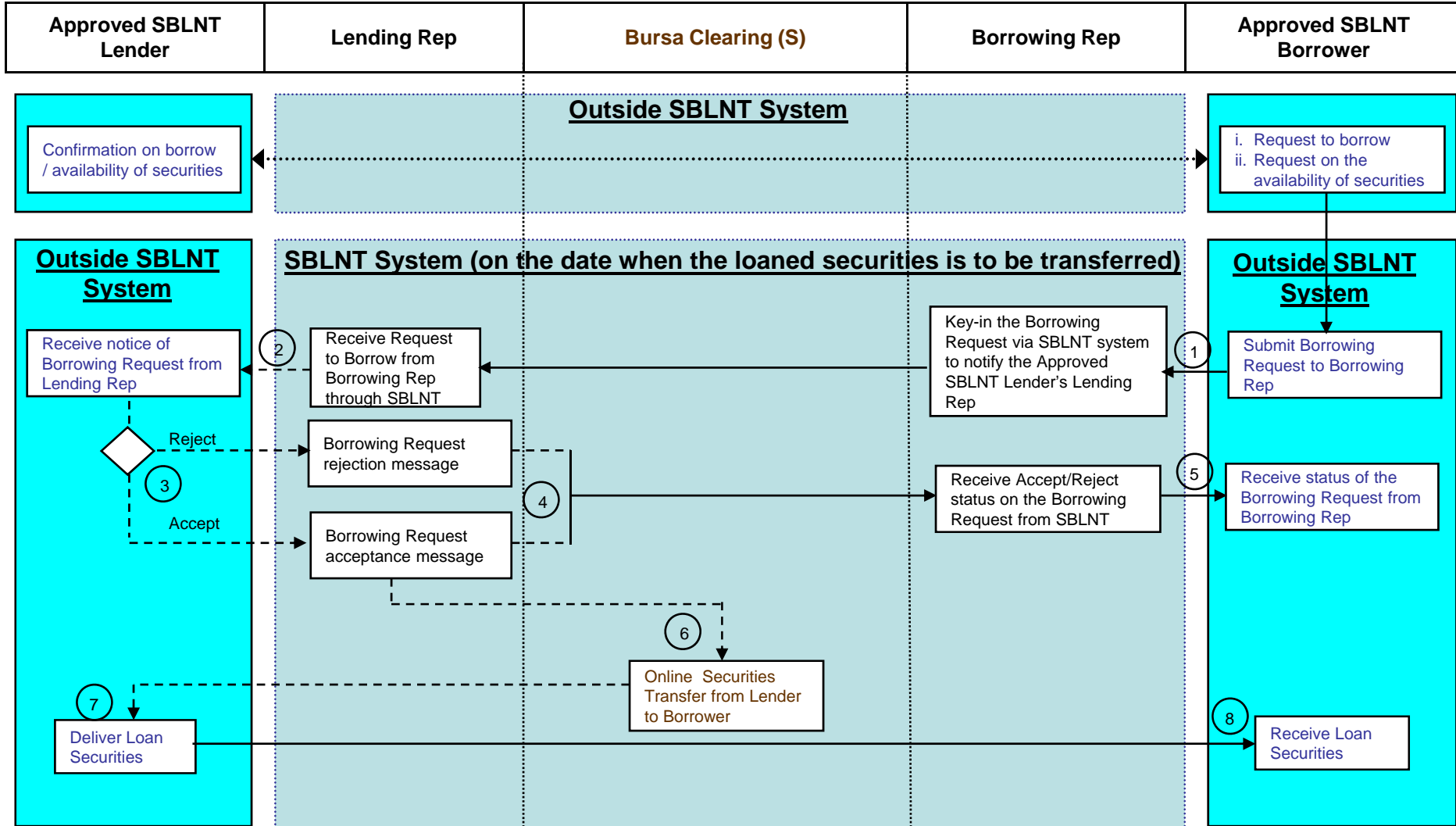
1. This Directive is issued pursuant to Rule 8.12(a) of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd.
2. In accordance with Rule 8.12(a), an Approved SBLNT Borrower ("AB") must ensure that it obtains a confirmation from an Approved SBLNT Lender ("AL") that the AL has the Eligible Securities 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

