

Bursa Malaysia Securities Clearing Sdn Bhd (109716-D)

Date : 5 December 2017

No : ISSBNT NO. 1/2017

**INTRODUCTION OF THE ISLAMIC SECURITIES SELLING AND BUYING –
NEGOTIATED TRANSACTION (“ISSBNT”)**

1. INTRODUCTION

1.1. Bursa Malaysia Berhad (“Bursa”) is introducing the ISSBNT framework for parties to undertake a transaction that delivers the equivalent outcome of a conventional securities borrowing and lending transaction but is structured based on Shariah principles. The ISSBNT framework is based on the Securities Borrowing and Lending – Negotiated Transaction (“SBLNT”) model which has been in existence since 2009.

1.2. The ISSBNT framework covers the following key areas –

- (a) An Approved Supplier and Approved User will negotiate and agree on the terms of the ISSBNT and transact directly with each other in relation to the ISSBNT, which will be reported to and facilitated by Bursa Malaysia Securities Clearing Sdn Bhd (“BMSC”) just like in the case of SBLNT.
- (b) The securities eligible for ISSBNT (“ISSBNT Eligible Securities”) shall be those as prescribed by BMSC. These securities are intended to be a subset of the list of securities approved for lending and borrowing for SBL (“Eligible Securities list”), i.e. the list will comprise of the Shariah-compliant securities from the Eligible Securities list. There is no minimum units of ISSBNT Eligible Securities for ISSBNT.
- (c) In line with the current purposes allowed for SBLNT, ISSBNT may be undertaken only for any one of the following purposes:
 - i) to settle a regulated short sale in ISSBNT Eligible Securities executed in accordance with the Rules of Bursa Malaysia Securities Berhad (“BMS”);
 - ii) to settle a sale of ISSBNT Eligible Securities where there are no or insufficient securities in the securities account of the seller as this will enable the seller to meet its delivery obligations to the purchaser as a result of a mistake howsoever made when

executing the sale provided always that the mistake was made in good faith and discovered only after the sale has been executed;

- iii) to settle a sale in the Exchange Traded Fund related securities which are ISSBNT Eligible Securities, where the following requirements are complied with:
 - a) the sale was executed by the Approved User in its capacity as a market maker for the particular ETF related securities or for its client who is a market maker for the particular ETF related securities; and
 - b) the Approved User executed the sale as part of its permitted short selling activities or as part of the permitted short selling activities of the Approved User's client;
 - iv) to perform an SBLNT or another ISSBNT provided that the participants in such transactions comply with the Rules and BMSC's requirements in relation to SBLNT or ISSBNT.
- (d) The parties that can participate in ISSBNT and parties who need to act as their representatives:

Approved Supplier and Supplier Representative

- i. Any person approved by BMSC to be an Approved Supplier may enter into an ISSBNT to sell its own ISSBNT Eligible Securities or ISSBNT Eligible Securities owned by its client to an Approved User. In this regard, anyone can apply to be an Approved Supplier and that there is no eligibility criteria in respect of the same.
- ii. Similar to an SBLNT, an Approved Supplier must appoint a person to act as a representative and intermediary between the Approved Supplier and BMSC in relation to the ISSBNTs entered into by the Approved Supplier ("the Supplier Representative").
- iii. The following persons may apply to be a Supplier Representative:
 - a) a Trading Clearing Participant;
 - b) a Non-Trading Clearing Participant; and
 - c) such other person as BMSC may prescribe.
- iv. All communications between the Approved Supplier and BMSC will go through the Supplier Representative who will be granted access to the ISSBNT System to among others, key-in notifications, receive notices, and adjust the securities which are the subject matter of the ISSBNT ("ISSBNT Securities") on behalf of the Approved Supplier in respect of all ISSBNT.
- v. All payments to or from BMSC and the Approved Supplier shall also be made through the Supplier Representative.

Approved User & User Representative

- vi. Only the eligible persons approved by BMSC to be an Approved User may buy ISSBNT Eligible Securities, whether for itself or its client. The eligible persons to be an Approved User are as prescribed in the **ANNEXURE 1 - Persons Eligible to be an Approved User**.
- vii. An Approved User is required to have a minimum Effective Shareholders' Funds of RM50 million. This requirement is also applicable to an approved borrower under the SBLNT framework.
- viii. Again, similar to an SBLNT, an Approved User must appoint a person to act as a representative and intermediary between the Approved User and BMSC in relation to the ISSBNTs entered into by the Approved User ("the User Representative").
- ix. The following persons may apply to be a User Representative:
 - a) a Trading Clearing Participant; and
 - b) such other person as BSMC may prescribe.
- x. All communications between the Approved User and BMSC will go through the User Representative who will be granted access to the ISSBNT System to among others, key-in notifications, receive notices, and adjust the ISSBNT Securities on behalf of the Approved User in respect of all ISSBNT.
- xi. All payments to or from BMSC and the Approved User shall also be made through the User Representative.

(e) Criteria for an ISSBNT

- i. The Securities Commission Malaysia's Shariah Advisory Council resolved on 26 February 2015 that an ISSBNT which is structured based on two outright *bai'* (sale) transactions that includes the features of *wa'dan* (two unilateral undertakings), *khiyar al-shart* and the provision of collateral as security for indebtedness ("ISSBNT model") is permissible.
- ii. The Shariah principles that are applicable to an ISSBNT are reflected in the criteria for an ISSBNT as set out in the **ANNEXURE 2 – Frequently-Asked Questions (FAQs)**;
- iii. Only an ISSBNT that is transacted in accordance with the ISSBNT model should be keyed-in to the ISSBNT system and in this regard,

the onus to ensure Shariah compliance of the ISSBNT lies with the ISSBNT Participants.

- iv. The ISSBNT Participants are to declare to BMSC that all ISSBNT performed will be Shariah compliant and in line with the ISSBNT model. This declaration is to be made at the point of application to become an ISSBNT Participant.
 - v. Similar to BMSC's role in SBLNT, BMSC's role in an ISSBNT will be restricted to facilitating the transfers of securities pursuant to the ISSBNT and will not extend to Shariah compliance of the ISSBNT entered into.
- (f) The ISSBNT Participants are free to execute their own ISSBNT Agreement and *wa'dan*, provided that these documents are in line with the ISSBNT Model.

2. AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN BHD ("BMSC")

2.1. Pursuant to section 9 of the Capital Markets and Services Act 2007, the Rules of BMSC have been amended in conjunction with the introduction of the ISSBNT model.

2.2. The key amendments are as follows:

- a) the prescription of securities that may be approved for selling and buying in an ISSBNT;
- b) the purposes for which an Approved User may buy ISSBNT Securities, including to settle a regulated short sale, a permitted short sale or potential failed trade;
- c) the requirement for a person to be an Approved Supplier or an Approved User before being able to enter into an ISSBNT;
- d) the eligibility requirements and manner in which the relevant persons may apply to become an Approved Supplier or an Approved User;
- e) the requirements in connection with a representative acting for the Approved Supplier or Approved User, including the need for such

representatives to be approved by BMSC, and the functions and responsibilities of these representatives;

- f) matters to be included in an ISSBNT Agreement in order for the same to qualify for the proposed tax exemption;
 - g) the requirements relating to ISSBNT, e.g. the requirement for the relevant participant to notify BMSC of the prescribed details of the ISSBNT through their representatives and the execution of the second leg of the ISSBNT;
 - h) the actions that can be taken by BMSC against the ISSBNT participants; and
 - i) other proposed amendments such as disclosure of information, fees and charges, liability of BMSC, force majeure, indemnity by the representatives and extending BMSC's disciplinary powers to a participant or representative.
- 2.3. The detailed amendments to the Rules of BMSC are as set out in **ANNEXURE 3 – Amendments to the Rules of BMSC** and also available on Bursa Malaysia's website at: <http://www.bursamalaysia.com>.
- 2.4. The rule amendments have been approved by the Securities Commission Malaysia.

3. ISSBNT OPERATIONAL GUIDELINES FOR APPROVED SUPPLIERS AND APPROVED USERS

A copy of the ISSBNT Operational Guidelines (including the relevant application forms) for the Approved Supplier and the Approved User who participate in ISSBNT is attached as **ANNEXURE 4 - ISSBNT Operational Guidelines for Approved Suppliers and Approved Users**.

4. LIST OF ISSBNT ELIGIBLE SECURITIES

Following the item 1.2 above, pursuant to the definitions of "ISSBNT Eligible Securities" in the Rules of Bursa Malaysia Securities Clearing Sdn. Bhd., please be advised that the list of "ISSBNT Eligible Securities" is as set out in **ANNEXURE 5 – List of ISSBNT Eligible Securities**. The list will be reviewed and issued twice a year in June and December.

Please be informed that the list is available on Bursa Malaysia's website at: <http://www.bursamalaysia.com>.

5. SUBMISSION OF APPLICATIONS

Participants are invited to submit their applications to be approved as an Approved Supplier and Approved User from now onwards.

Kindly be guided accordingly.

6. FREQUENTLY-ASKED QUESTIONS (“FAQs”)

A set of FAQs in relation to the ISSBNT framework is attached as **ANNEXURE 2 – Frequently-Asked Questions (FAQs)** and may also be accessed at the following link:

<http://www.bursamalaysia.com/market/products-services/islamic-securities-selling-buying-negotiated-transaction-issbnt/>

7. EFFECTIVE DATE AND CONTACT PERSONS

The amendments of the Rules of BMSC, the Operational Guidelines, the List of ISSBNT Eligible Securities, and the FAQs take effect from **12 December 2017**.

In the event of any queries in relation to the above matters, kindly contact the following persons:

Name	Matters	Contact
Muhammad Hasanan Yunus; or Shihab Rashidee Norhisam	Shariah	03-2034 7552; or 03-2034 7486
Kunalan Sivapragasam; or Noor Eryanti Othman	Operations and Guidelines	03-2034 7255; or 03-2034 7723
Michelle Hoh Suhuey	Rule amendments	03-2034 7326

Persons eligible to be an Approved User

No.	Category Description
1	A licensed bank, licensed investment bank or approved money-broker institution as defined under the Financial Services Act 2013 and its wholly-owned subsidiary that is a nominee company.
2.	A financial institution established under any Act of Parliament and its wholly-owned subsidiary that is a nominee company.
3.	A licensed Islamic Bank as defined in the Islamic Financial and Services Act 2013 and its wholly-owned subsidiary that is a nominee company.
4.	A prescribed institution as defined in the Development Financial Institutions Act 2002 and its wholly-owned subsidiary that is a nominee company.
5.	A bank licensee as defined under the Labuan Financial Services and Securities Act 2010 and its wholly-owned subsidiary that is a nominee company.
6.	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.
7.	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.
8.	A foreign fund manager.
9.	A person appointed by the Depository to be an authorised depository agent and its wholly-owned subsidiary that is a nominee company.
10.	A person appointed by the Depository to be an authorised direct member and its wholly-owned subsidiary that is a nominee company.
11.	A clearing house approved under section 38 of the Capital Markets and Services Act 2007.
12.	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.

**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

NO	QUESTION	ANSWER
1.	What is the ISSBNT model as endorsed by the Shariah Advisory Council (“SAC”) of the Securities Commission Malaysia (“SC”)?	<p>Islamic Securities Selling and Buying - Negotiated Transaction (“ISSBNT”) Model is a Shariah compliant alternative to the conventional Securities Borrowing and Lending - Negotiated Transaction (“SBLNT”) Model.</p> <p>The ISSBNT Model is structured based on two outright <i>bai`</i> (sale) transactions that includes the feature of <i>wa`dan</i> (two unilateral promises/undertakings), <i>khiyar al-shart</i> (conditional option) and the provision of collateral as security for the indebtedness. The details of these features are explained in Item 2 below.</p> <p>The SAC of the SC resolved on 26 February 2015 that the ISSBNT Model is permissible (Ref: Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 2016, page 27, which is downloadable at https://www.sc.com.my/wp-content/uploads/eng/html/icm/Resolution_SAC_%202016.pdf).</p>
2.	What are the key criteria of the ISSBNT model as endorsed by the SAC of the SC?	The key criteria of the ISSBNT model are reflected in item 2.1 to 2.11 below. These criteria must be present before a transaction can be considered an ISSBNT.

**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

NO	QUESTION	ANSWER
2.1	<i>(Criterion no. 1)</i>	<p>Each transfer of securities from a principal contracting party to another principal contracting party is supported by a contract of sale (<i>bai</i>). The ISSBNT model proposes the following two (2) outright sale transactions:</p> <p>(i) Leg 1 – Approved Supplier sells securities to the Approved User at an agreed sale price (Sale Price for Leg 1) on a deferred payment basis; and</p> <p>(ii) Leg 2– Approved User sells similar or equivalent securities to the Approved Supplier at an agreed sale price (Exercise Price for Leg 2) on a cash payment basis via setting-off the Sale Price for Leg 2 against the Sale Price for Leg 1.</p>
2.2	<i>(Criterion no. 2)</i>	The principal contracting parties of the ISSBNT must execute the <i>wa’dan</i> (two unilateral promises or undertakings), i.e. <i>Wa’d 1</i> and <i>Wa’d 2</i> , to reflect the commitment of the principal contracting parties to perform certain obligations such as selling or delivery of securities, buying or acceptance of securities and releasing the pledged collateral upon the settlement of the contract.
2.2 (a)	What is <i>Wa’d 1</i> ?	<i>Wa’d 1</i> is the unilateral promise/ undertaking issued by the Approved Supplier to buy or to accept if the Approved User sells or delivers or upon occurrence of the agreed upon trigger events.

**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

NO	QUESTION	ANSWER
2.2 (b)	What is <i>Wa’d 2</i> ?	<p><i>Wa’d 2</i> is the unilateral promise/ undertaking issued by the Approved User to:</p> <ul style="list-style-type: none"> i. execute Leg 2 upon recall by the Approved Supplier or upon the occurrence of the agreed upon trigger events; and ii. adjust the value of pledged collateral in accordance to the market price of the securities on a marked to market basis.
2.3	(<i>Criterion no. 3</i>)	The principle of <i>khiyar al-shart</i> , which is a conditional option to cancel a previous agreed sale within a specific number of days. is applied in the ISSBNT model where the Approved User may be granted a grace period to rescind the Leg 1 sale and return the purchased securities to the Approved Supplier without any cost to be incurred between the Approved Supplier and Approved User. For the avoidance of doubt, provided that the Approved User is the owner and in possession of the purchased securities, it reserves the right to exercise the option (<i>khiyar</i>) based on mutually agreed terms and conditions. The Approved User may lose the right should there be any impediments that would prevent the Approved User from returning the securities to the Approved Supplier such as the disposal by the Approved User of the purchased securities.
2.4	(<i>Criterion no. 4</i>)	In ISSBNT, the securities sold via Leg 1 and Leg 2 are considered as different assets of sale. The set of securities transacted under Leg 1 might have been sold by Approved User of which the Approved Supplier will get upon execution of Leg 2 later, a different set of similar/ equivalent securities.

**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

NO	QUESTION	ANSWER
2.5	When is Leg 2 expected to take place? (<i>Criterion no. 5</i>)	Leg 2 should take place when the Approved Supplier exercises his option to purchase equivalent securities as that in Leg 1 in accordance with the <i>Wa'd</i> given by the Approved User to the Approved Supplier or upon the triggering of certain events which the parties have agreed upon as circumstances when the Leg 2 transaction is to be executed, e.g. the announcement of a corporate action involving the securities in question. This corporate action could include rights issues, bonus issues or mergers and acquisitions.
2.5 (a)	Could the parties agree to vary the number of ISSBNT Eligible Securities in lieu of executing Leg 2?	The parties could, in lieu of executing Leg 2 also agree to vary the number of ISSBNT Eligible Securities but this would usually be confined to situations of corporate actions such as bonus issues and subdivision of shares.





**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

NO	QUESTION	ANSWER
2.6	Can ISSBNT be extinguished without the execution of Leg 2? <i>(Criterion no. 6)</i>	The parties may also agree upfront that the ISSBNT may be extinguished without the execution of Leg 2 in certain circumstances as follow: a) Where any of the events of default under the agreement between the ISSBNT Participants setting out the terms and conditions of the transaction are triggered; and b) Where Leg 2 cannot be performed as a result of an event beyond the control of the ISSBNT Participant, and this would include the situation where the ISSBNT Securities cease to become Shariah compliant.

**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

NO	QUESTION	ANSWER
2.6 (a)	What happens when the stocks become Shariah non-compliant after execution of Leg 1?	<p>In the event the Shariah status of the securities turns to be Shariah non-compliant, subject to the agreement between the Participants, the following options are available;</p> <p>Scenario 1 If the status of the ISSBNT Eligible Securities changes to Shariah non-compliant after the said securities are fully sold to a third party prior to execution of Leg 2, Approved User may wish to opt for the following remedies; (a) Cash settlement via Commodity Murabahah transaction; or (b) Replacement with other Shariah compliant securities</p> <p>Scenario 2 If the status of the ISSBNT Eligible Securities changes to Shariah non-compliant after the Approved User has not sold or sold a portion of the said securities to a third party, Approved User may wish to opt for the following remedies; (a) the remaining units in its possession can be sold to Approved Supplier under Leg 2; and the difference can be arranged via the following options; (b) Cash settlement via Commodity Murabahah transaction; or (c) Replacement with other Shariah compliant securities</p>

**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

NO	QUESTION	ANSWER
2.6 (b)	What is cash settlement via Commodity Murabahah?	<p>The cash settlement via Commodity Murabahah exercise is meant to settle the Sale Price of Leg 1 transaction which was deferred as well as preservation of investment value to Approved Supplier due to inability of Approved User to perform Leg 2. Therefore, the settlement process is to ensure neither Approved Supplier nor Approved User will be adversely affected by the non-event of Leg 2.</p> <p>The settlement which takes into account the movement of market price of the securities (ΔMP), total fee (MI) and total dividend (D) needs to be undertaken. As there is no exchange of securities, it would be appropriate for Approved Supplier and Approved User to undertake a Commodity Murabahah transaction to reflect the above cash settlement. The settlement via Commodity Murabahah has no direct relationship with Leg 1 because it is a separate transaction of selling and buying a commodity at an agreed price. There will be no securities involved in this transaction.</p> <p>Samples of calculation and mechanism of the settlement are provided in Appendix 1;</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Adobe Acrobat Document</p> </div> <div style="text-align: center;">  <p>Adobe Acrobat Document</p> </div> <div style="text-align: center;">  <p>Adobe Acrobat Document</p> </div> <div style="text-align: center;">  <p>Adobe Acrobat Document</p> </div> </div>

**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

2.6 (c)	How long can the Approved User hold on to the Shariah non-compliant securities?	<p>Based on the guide provided by the SAC of the SC in the List of Shariah Compliant Securities (Ref: https://www.sc.com.my/wp-content/uploads/eng/html/icm/sas/sc_syariahcompliant_171124_.pdf), holding of Shariah non compliant securities should observe the followings;</p> <p>Timing for the disposal of Shariah non-compliant securities</p> <p>As a guide to investors, the SAC would like to advise investors on the timing for the disposal of securities which have been classified as Shariah non-compliant.</p> <p>(i) “Shariah-compliant securities” which are subsequently re-classified as “Shariah non-compliant”. These refer to securities which were earlier classified as Shariah compliant but due to certain factors such as changes in the companies’ business operations and financial positions, are subsequently reclassified as Shariah non-compliant. In this regard, if on the date this updated list takes effect (24 November 2017), the respective market price of Shariah non-compliant securities exceeds or is equal to the investment cost, investors who hold such securities must dispose them off. Any dividends received up to the date of the announcement and capital gains arising from the disposal of Shariah non-compliant securities on the date of the announcement can be kept by the investors. However, any dividends received and excess capital gain from the disposal of Shariah non-compliant securities after the date of the announcement should be channeled to baitulmal and/or charitable bodies. On the other hand, investors are allowed to hold their investment in the Shariah non-compliant securities if the market price of the said securities is below the investment cost. It is also permissible for the investors to keep the dividends received during the holding period until such time when the total amount of dividends received and the market value of the Shariah non-compliant securities held equal the investment cost. At this stage, they are advised to dispose of their holding. In addition, during the holding period, investors are allowed to subscribe to:</p> <p>(a) any issue of new securities by a company whose Shariah non compliant securities are held by the investors, for example rights issues, bonus issues, special issues and warrants (excluding securities whose nature is Shariah non-compliant e.g. loan stocks); and</p>
---------	---	--

**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

NO	QUESTION	ANSWER
		<p>(b) Shariah-compliant securities of other companies offered by the company whose Shariah non-compliant securities are held by the investors, on condition that they expedite the disposal of the Shariah non-compliant securities.</p> <p>(ii) Shariah non-compliant securities</p> <p>The SAC advises investors who invest based on Shariah principles to dispose of any Shariah non-compliant securities which they presently hold, within a month of knowing the status of the securities. Any gain made in the form of capital gain or dividend received before or after the disposal of the securities has to be channeled to baitulmal and/or charitable bodies. The investor has a right to retain only the investment cost.</p> <p>Note: Investment cost may include brokerage cost or other related transaction cost.</p>

**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

NO	QUESTION	ANSWER
2.7	<p>Since ISSBNT involves the contract of sale-and-purchase, with whom then the risks and liabilities of the securities reside with? <i>(Criterion no. 7)</i></p>	<p>Similar to SBLNT, the title of the securities transfers to the Approved User. The economic rights over the securities still reside with the beneficial owner by virtue of the ISSBNT Agreement.</p>
2.8	<p><i>(Criterion no. 8)</i></p>	<p>The execution of Leg 2 in an ISSBNT must not be on the same day with the execution of Leg 1. The time gap is required under ISSBNT to eliminate <i>bai' al-'inah</i> (a sale with an immediate re-purchase).</p>

**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

NO	QUESTION	ANSWER
2.9	Sale –and- purchase requires price to be established. How does ISSBNT determine the prices for Leg 1 and Leg 2? <i>(Criterion no. 9)</i>	<p>Sale values for both Leg 1 and Leg 2 should typically take into consideration the market price of the securities at the contracted date, fees, and dividend payout, as demonstrated by the following formula:</p> <p>(i) Leg 1: Selling Price = $MP_t \times Q$</p> <p>Where, MP_t : Market Price of the shares at Leg 1 contracted date Q : Quantity of the shares</p> <p>(ii) Leg 2: Exercise Price = $(MP_t \times Q) - MI - D$</p> <p>Where, MI : Monthly Instalment (reflects the “lending fee” in conventional SBL) D : Dividend</p>

**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

NO	QUESTION	ANSWER
2.10	Are the collaterals pledged by Approved User limited to certain types of assets? (<i>Criterion no. 10</i>)	<p>Unless the parties agree otherwise, the indebtedness arising from Leg 1 is to be secured against acceptable collateral as set out below. The significance of the pledged collateral is to ensure the payment of the Leg 1 transaction by the Approved User to the Approved Supplier through the set-off settlement mechanism.</p> <ul style="list-style-type: none"> i. Cash or cash equivalent instruments; ii. Shariah compliant securities; iii. Sukuk (Malaysia); iv. Sukuk (Foreign); v. Sovereign bonds (Foreign) – in the event of non-availability of (i) – (iv). <p>Examples of cash equivalent instruments: Fixed Deposit, Bank Draft etc.</p>
2.11	Can the contracting parties impose any compensation charges on any defaulting party in ISSBNT? (<i>Criterion no. 11</i>)	<p>The imposition of compensation charges at actual loss based on the principle of <i>ta'widh</i> (compensation) on the defaulting party is permissible. The calculation of the actual loss is to be determined by the contracting party.</p> <p>Defaulting party means any participant who does not honour its obligation(s) towards its counterparty as agreed upon.</p> <p>The imposition should be applicable in the event of insufficient collateral value to cover indebtedness and any other actual losses incurred by Approved Supplier (e.g. actual losses due to change of market price of the securities).</p>

**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

NO	QUESTION	ANSWER
3.	Who would ensure compliance of ISSBNT with Shariah principles?	The onus to ensure Shariah compliance of the ISSBNT lies with the ISSBNT Participants.

**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

NO	QUESTION	ANSWER												
4.	What are the key differences between ISSBNT and SBLNT?	<p>ISSBNT is architected based on the established framework of the Securities Borrowing and Lending Negotiated Transaction (SBLNT) model. The key differences between SBLNT and ISSBNT are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 50%;"><u>SBLNT</u></th> <th style="text-align: center; width: 50%;"><u>ISSBNT</u></th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> • Application of a ‘lending-borrowing’ concept </td> <td> <ul style="list-style-type: none"> • Application of a trade, i.e. selling-buying concept consisting of two outright sale transactions </td> </tr> <tr> <td> <ul style="list-style-type: none"> • Mainly governed by Global Master Securities Lending Agreement “GMSLA”/ Global Master Repurchase Agreement “GMRA”. </td> <td> <ul style="list-style-type: none"> • Governed by ISSBNT agreement and <i>wa’dan</i> (two unilateral promises) </td> </tr> <tr> <td> <ul style="list-style-type: none"> • No requirement to observe Shariah principles pertaining to interest, risks and liabilities, charges, etc. </td> <td> <ul style="list-style-type: none"> • Subject to validity of a trade contract from Shariah perspective. </td> </tr> <tr> <td> <ul style="list-style-type: none"> • List of eligible securities may consist of Shariah non-compliant securities </td> <td> <ul style="list-style-type: none"> • A subset of the SBLNT list of eligible securities consisting of only Shariah compliant securities published by the SAC of SC. </td> </tr> <tr> <td> <ul style="list-style-type: none"> • Options of collaterals </td> <td> <ul style="list-style-type: none"> • Only acceptable collaterals from Shariah perspective </td> </tr> </tbody> </table>	<u>SBLNT</u>	<u>ISSBNT</u>	<ul style="list-style-type: none"> • Application of a ‘lending-borrowing’ concept 	<ul style="list-style-type: none"> • Application of a trade, i.e. selling-buying concept consisting of two outright sale transactions 	<ul style="list-style-type: none"> • Mainly governed by Global Master Securities Lending Agreement “GMSLA”/ Global Master Repurchase Agreement “GMRA”. 	<ul style="list-style-type: none"> • Governed by ISSBNT agreement and <i>wa’dan</i> (two unilateral promises) 	<ul style="list-style-type: none"> • No requirement to observe Shariah principles pertaining to interest, risks and liabilities, charges, etc. 	<ul style="list-style-type: none"> • Subject to validity of a trade contract from Shariah perspective. 	<ul style="list-style-type: none"> • List of eligible securities may consist of Shariah non-compliant securities 	<ul style="list-style-type: none"> • A subset of the SBLNT list of eligible securities consisting of only Shariah compliant securities published by the SAC of SC. 	<ul style="list-style-type: none"> • Options of collaterals 	<ul style="list-style-type: none"> • Only acceptable collaterals from Shariah perspective
<u>SBLNT</u>	<u>ISSBNT</u>													
<ul style="list-style-type: none"> • Application of a ‘lending-borrowing’ concept 	<ul style="list-style-type: none"> • Application of a trade, i.e. selling-buying concept consisting of two outright sale transactions 													
<ul style="list-style-type: none"> • Mainly governed by Global Master Securities Lending Agreement “GMSLA”/ Global Master Repurchase Agreement “GMRA”. 	<ul style="list-style-type: none"> • Governed by ISSBNT agreement and <i>wa’dan</i> (two unilateral promises) 													
<ul style="list-style-type: none"> • No requirement to observe Shariah principles pertaining to interest, risks and liabilities, charges, etc. 	<ul style="list-style-type: none"> • Subject to validity of a trade contract from Shariah perspective. 													
<ul style="list-style-type: none"> • List of eligible securities may consist of Shariah non-compliant securities 	<ul style="list-style-type: none"> • A subset of the SBLNT list of eligible securities consisting of only Shariah compliant securities published by the SAC of SC. 													
<ul style="list-style-type: none"> • Options of collaterals 	<ul style="list-style-type: none"> • Only acceptable collaterals from Shariah perspective 													

**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

NO	QUESTION	ANSWER
5.	What are examples of triggering events that would lead to the execution of Leg 2?	<p>Execution of Leg 2 would take place upon occurrence of a triggering event as agreed between the contracting parties and set out in the <i>Wa'd 1</i> and <i>Wa'd 2</i> of ISSBNT. Depending on mutual agreement between an Approved Supplier and Approved User, the circumstances/ events that would trigger the <i>Wa'd 1</i> to be exercised by Approved User are amongst others;</p> <ul style="list-style-type: none"> a) Whenever the Approved User does not want to hold the ISSBNT Securities, i.e. to make full settlement of the Sale Price and to redeem the collateral. b) Whenever there is any activity related to corporate action of the affected Public Listed Company (“PLC”), e.g. delisting, merger, etc. <p>Depending on mutual agreement between Approved Supplier and Approved User, the circumstances/ events that would trigger <i>Wa'd 2</i> to be exercised by Approved Supplier are amongst others;</p> <ul style="list-style-type: none"> a) Whenever the Approved Supplier needs to recall the sold securities for the purpose of exercising its voting rights. b) Whenever the Approved Supplier wants to completely dispose of its holding of the securities to the market (not through ISSBNT). c) Whenever the total payment of monthly installment (“MI”) and dividend (“D”) exceeds 90% of the value of the Sale Price of Leg 1. d) Whenever there is any issuance of ‘bonus issue’ or ‘right issue’ by the respective PLC(s) on the assumption that the Approved Supplier would want to participate in such corporate exercises.
6.	How do I obtain the list of ISSBNT Eligible Securities?	The list of ISSBNT Eligible Securities is made available on the website of Bursa Malaysia. The list is updated twice a year in accordance to the List of Shariah compliant Securities published by the SAC of the SC.

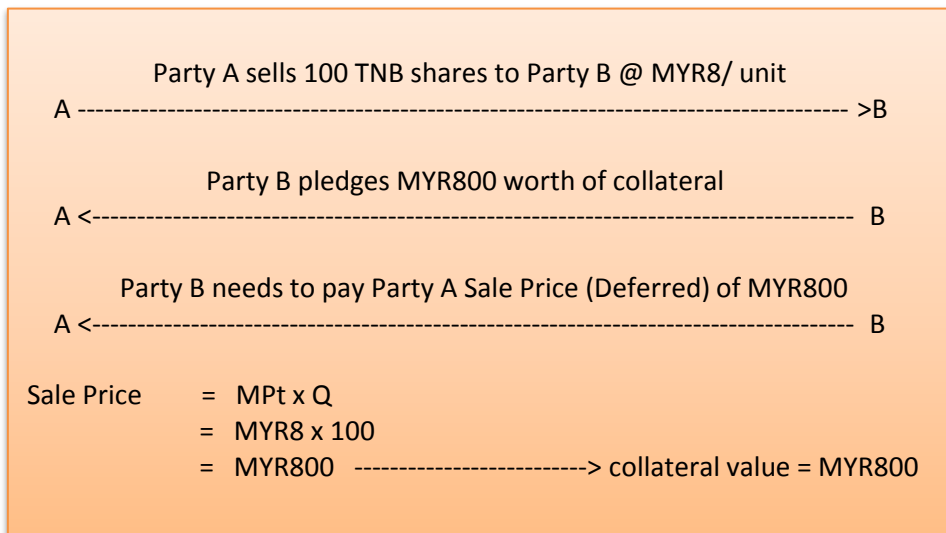
**FREQUENTLY-ASKED QUESTIONS (“FAQs”)
ISLAMIC SECURITIES SELLING AND BUYING - NEGOTIATED TRANSACTION (ISSBNT)
Date: 5 December 2017**

NO	QUESTION	ANSWER
7.	How can the PO utilise the Custodial Securities (referred to in paragraph 3.1 of the Directive No. 7-001) in a Shariah compliant manner?	The Participating Organisation and the Custodial Client shall execute a written agreement to allow the utilisation of the Custodial Securities for ISSBNT which shall address Shariah compliant issues and stipulates the Custodial Client’s consent to allow PO to utilise the ISSBNT Eligible Securities in its custody.
8.	Is it possible for an Approved Supplier to sell the ISSBNT Eligible Securities that it has sold to an Approved User (under Leg 1 of ISSBNT), to a third party?	It is not possible for the Approved Supplier to sell the securities to a third party since the securities are considered transferred to and owned by the Approved User as a result of the execution of Leg 1. If the Approved Supplier intends to sell the securities to a third party, the Approved Supplier would need to have recalled the securities first from the Approved User before selling the securities to a third party.

Scenario 1 - If Share Price Moves Up + Leg 2 Takes Place

Leg 1

Date, T=0	31-Dec-14	
No. of TNB shares, Q	100.00	
Price/ unit (MYR), MPt	8.00	
Sale Price (MYR), SP	800.00 (Deferred)	
Total Fee (MYR), MI	100.00	
Total Dividend (MYR), D	100.00	
Expected Maturity Date	31-Dec-15	
Value of Collateral pledged (MYR) on T=0	800.00 (Mark-to-Market)	[X]



Date, T=181	30-Jun-15	
TNB Share Price/ unit (MYR), MP	10.00	
Collateral top-up, (MP x Q) - (MPt x Q)	200	[Y]
Therefore Collateral value (MYR), [X] + [Y]	1,000.00	

Leg 2 happens

Date, T=365	31-Dec-15
No. of TNB shares, Q	100.00
Price/ unit (MYR), MP	10.00
Sale Price (MYR), SP	800.00
Total Fee (MYR), MI	100.00
Total Dividend (MYR), D	100.00
Value of Collateral pledged (MYR) on T=365	1,000.00

Based on prevailing MP, Party B is selling 100 TNB shares to Party A @ MYR10/ unit

B ----- >A

Party A needs to return MYR1,000 worth of collateral

B <----- A

Party B needs to pay Party A Sale Price of MYR800

B ----- > A

Party A needs to pay Party B Exercise Price of MYR600

B <----- A

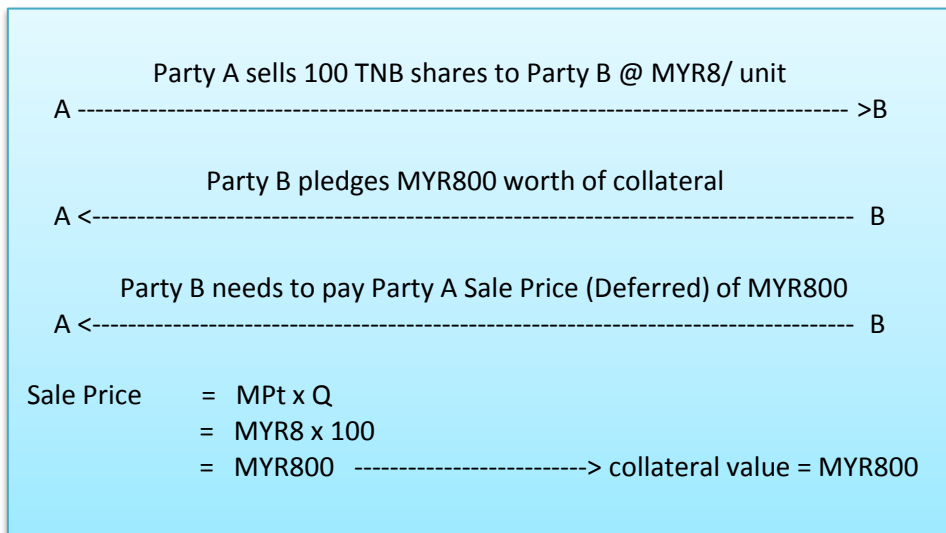
$$\begin{aligned}\text{Ex Price} &= (\text{MPt} \times \text{Q}) - \text{MI} - \text{D} \\ &= \text{MYR}800 - \text{MYR}100 - \text{MYR}100 \\ &= \text{MYR}600\end{aligned}$$

$$\text{Net-off} = \text{MYR}800 - \text{MYR}600$$

Scenario 2 - If Share Price Moves Down + Leg 2 Takes Place

Leg 1

Date, T=0	31-Dec-14	
No. of TNB shares, Q	100.00	
Price/ unit (MYR), MPt	8.00	
Sale Price (MYR), SP	800.00 (Deferred)	
Total Fee (MYR), MI	100.00	
Total Dividend (MYR), D	100.00	
Expected Maturity Date	31-Dec-15	
Value of Collateral pledged (MYR) on T=0	800.00 (Mark-to-Market)	[X]



Date, T=181	30-Jun-15	
TNB Share Price/ unit (MYR), MP	5.00	
*Collateral top-up, (MP x Q) - (MPt x Q)	-300	[Y]
Collateral value (MYR), [X] + [Y]	500.00	

** readjustment of collateral value, Party A returns excess value to Party B*

Leg 2 happens

Date, T=365	31-Dec-15
No. of TNB shares, Q	100.00
Price/ unit (MYR), MP	5.00
Sale Price (MYR), SP	800.00
Total Fee (MYR), MI	100.00
Total Dividend (MYR), D	100.00
Value of Collateral pledged (MYR) on T=365	500.00

Based on prevailing MP, Party B is selling 100 TNB shares to Party A @ MYR5/ unit

B ----- >A

Party A needs to return MYR500 worth of collateral

B <----- A

Party B needs to pay Party A Sale Price of MYR800

B ----- > A

Party A needs to pay Party B Exercise Price of MYR600

B <----- A

$$\begin{aligned}\text{Ex Price} &= (\text{MPt} \times \text{Q}) - \text{MI} - \text{D} \\ &= \text{MYR}800 - \text{MYR}100 - \text{MYR}100 \\ &= \text{MYR}600\end{aligned}$$

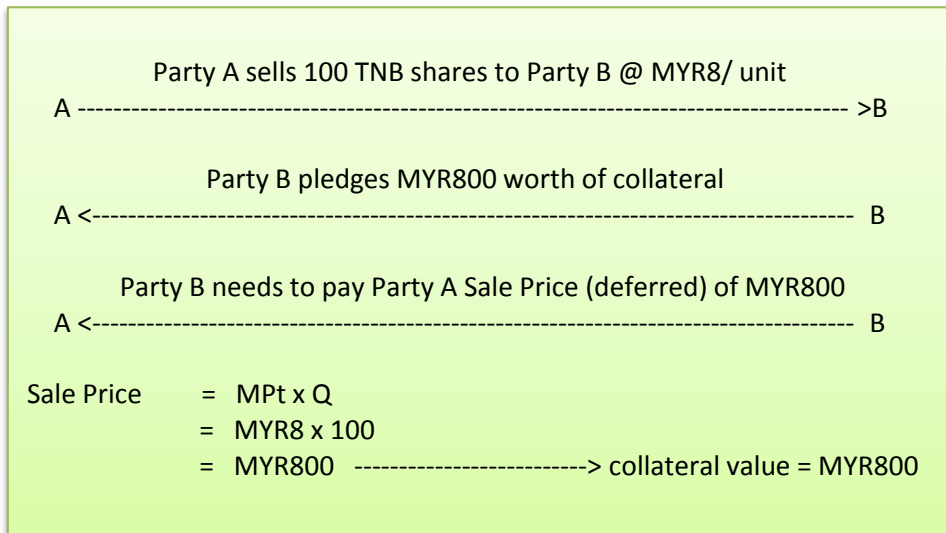
$$\text{Net-off} = \text{MYR}800 - \text{MYR}600$$

Scenario 3 - If Share Price Moves Up + Leg 2 Does Not Take Place

(Settlement can be by Cash Settlement or Replacement)

Leg 1

Date, T=0	31-Dec-14	
No. of TNB shares, Q	100.00	
Price/ unit (MYR), MPt	8.00	
Sale Price (MYR), SP	800.00	(deferred)
Total Fee (MYR), MI	100.00	
Total Dividend (MYR), D	100.00	
Expected Maturity Date	31-Dec-15	
Value of Collateral pledged (MYR) on T=0	800.00	(mark-to-market) [X]



Date, T=181	30-Jun-15	
TNB Share Price/ unit (MYR), MP	10.00	
Collateral top-up, (MP x Q) - (MPt x Q)	200	[Y]
Collateral value (MYR), [X] + [Y]	1,000.00	

Leg 2 cannot happen

Date, T=334	30-Nov-15
No. of TNB shares, Q	100.00
Price/ unit (MYR), MP	10.00
Sale Price (MYR), SP	800.00
Total Fee (MYR), MI	100.00
Total Dividend (MYR), D	100.00
Value of Collateral pledged (MYR) on T=334	1,000.00

A) Cash Settlement

Leg 2 cannot take place

B -----X----- >A

Party A needs to return MYR1,000 worth of collateral

B <----- A

Party B needs to pay Party A Sale Price of MYR800

B ----- > A

Party B opts to make Cash Settlement @ [V] value

B <----- A

[V] = SP + Δ MP + D + MI
= SP + [(MP x Q) - (MPt x Q)] + D + MI
= MYR800 + [MYR1,000 - MYR800] + MYR100 + MYR100
= MYR800 + [MYR200] + MYR100 + MYR100
= MYR1,200*

Difference = MYR1,200 - MYR800
= MYR400 -----> (ΔMP + D + MI)

**preservation of investment value to Party A, excluding MI*

Draft Accounting Entries for Cash Settlement via Commodity Murabahah (MYR)

1) Party A buys commodity from CSP	800.00
2) Party A sells commodity to Party B	1,200.00
3) Party B sells commodity to BMIS	800.00
Gain to Party A	400.00

1) Party A	Dr Commodity	800.00	
	Cr Cash		800.00
BMIS (as agent for CSP)	Dr Cash	800.00	
	Cr Commodity		800.00
2) Party A	Dr Cash	1,200.00	
	Cr Commodity		800.00
	Cr 'Profit'*		400.00
Party B	Dr Commodity	800.00	
	Dr 'Expenses'*	400.00	
	Cr Cash		1,200.00
3) Party B	Dr Cash	800.00	
	Cr Commodity		800.00
BMIS (as principal)	Dr Commodity	800.00	
	Cr Cash		800.00

** subject to confirmation on accurate terminology to be used*

BMIS: Bursa Malaysia Islamic Services

B) Replacement

Step 1:

$$[V] = \text{MYR}1,200$$

Step 2: Assuming both parties agree to exchange
Maxis share at prevailing market price e.g. RM5/unit
Therefore,

Party B will deliver Maxis shares @ MYR5/unit

Party B needs to deliver :

$$\text{-----} \rightarrow [V] \div \text{MYR}5$$

$$\text{-----} \rightarrow \text{MYR}1,200 \div \text{MYR}5$$

$$\text{-----} \rightarrow 240 \text{ units of Maxis shares}$$

Draft Accounting Entries for Replacement with Alt. Shariah Compliant Securities (MYR)

1) Party B buys MAXIS shares from QRS 1,200.00
 2) Party B sells MAXIS shares to Party A 800.00

Gain to Party A 400.00

1) Party B

	Dr Shares	1,200.00	
	Cr Cash		1,200.00

2) Party B

	Dr Cash	800.00	
	Dr 'Loss'*	400.00	
	Cr Shares		1,200.00

Party A

	Dr Shares	1,200.00	
	Cr Cash		800.00
	Cr 'Profit'*		400.00

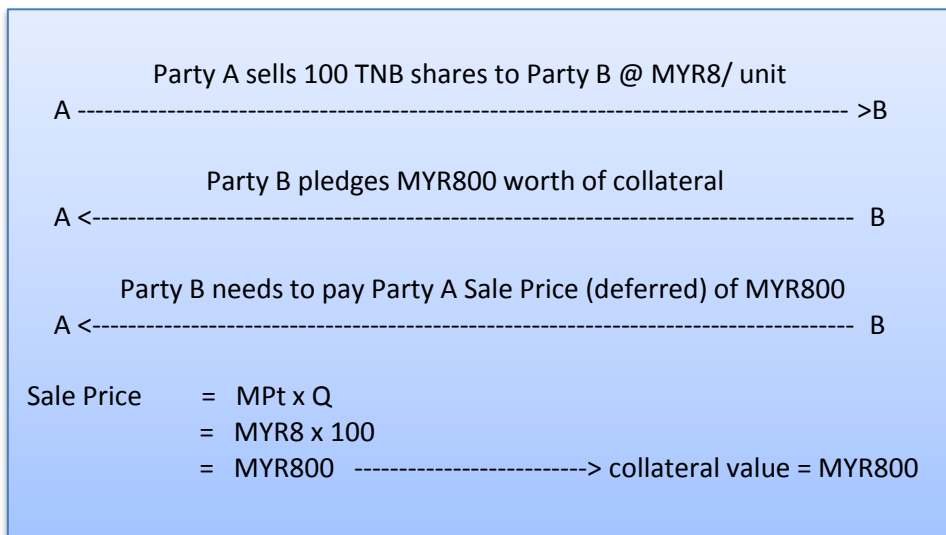
** subject to confirmation on accurate terminology to be used*

Scenario 4 - If Share Price Moves Down + Leg 2 Does Not Take Place

(Settlement can be by Cash Settlement or Replacement)

Leg 1

Date, T=0	31-Dec-14	
No. of TNB shares, Q	100.00	
Price/ unit (MYR), MPt	8.00	
Sale Price (MYR), SP	800.00	(deferred)
Total Fee (MYR), MI	100.00	
Total Dividend (MYR), D	100.00	
Expected Maturity Date	31-Dec-15	
Value of Collateral pledged (MYR) on T=0	800.00	(mark-to-market) [X]



Date, T=181	30-Jun-15	
TNB Share Price/ unit (MYR), MP	5.00	
Collateral top-up, (MP x Q) - (MPt x Q)	-300	[Y]
Collateral value (MYR), [X] + [Y]	500.00	

Scenario 4 - If Share Price Moves Down + Leg 2 Does Not Take Place
(Settlement can be by Cash Settlement or Replacement)

Leg 2 cannot happen

Date, T=334	30-Nov-15
No. of TNB shares, Q	100.00
Price/ unit (MYR), MP	5.00
Sale Price (MYR), SP	800.00
Total Fee (MYR), MI	100.00
Total Dividend (MYR), D	100.00
Value of Collateral pledged (MYR) on T=334	500.00

A) Cash Settlement

Leg 2 cannot take place

B -----X----- >A

Party A needs to return MYR500 worth of collateral

B <----- A

Party B needs to pay Party A Sale Price of MYR800

B ----- > A

Party B opts to make Cash Settlement @ [V] value

B <----- A

[V] = SP + Δ MP + D + MI
= SP + [(MP x Q) - (MPt x Q)] + D + MI
= MYR800 + [MYR500 - MYR800] + MYR100 + MYR100
= MYR800 + [-MYR300] + MYR100 + MYR100
= MYR700*

Difference = MYR700 - MYR800
= -MYR100 -----> (Δ MP + D + MI)

**preservation of investment value to Party A, excluding MI*

Draft Accounting Entries for Cash Settlement via Commodity Murabahah (MYR)

1) Party B buys commodity from CSP	700.00
2) Party B sells commodity to Party A	800.00
3) Party A sells commodity to BMIS	700.00
Gain to Party A	(100.00)

1) Party B	Dr Commodity	700.00	
	Cr Cash		700.00
BMIS (as agent for CSP)	Dr Cash	700.00	
	Cr Commodity		700.00
2) Party B	Dr Cash	800.00	
	Cr Commodity		700.00
	Cr 'Profit'*		100.00
Party A	Dr Commodity	700.00	
	Dr 'Expenses'*	100.00	
	Cr Cash		800.00
3) Party A	Dr Cash	700.00	
	Cr Commodity		700.00
BMIS (as principal)	Dr Commodity	700.00	
	Cr Cash		700.00

** subject to confirmation on correct terminology to be used*

BMIS: Bursa Malaysia Islamic Services

B) Replacement

Step 1:

$$[V] = \text{MYR}700$$

Step 2: Assuming both parties agree to exchange Maxis share at prevailing market price e.g. RM5/unit

Therefore

Party B will deliver Maxis shares @ MYR5/unit

Party B needs to deliver :

$$\text{-----} \rightarrow [V] \div \text{MYR}5$$

$$\text{-----} \rightarrow \text{MYR}700 \div \text{MYR}5$$

$$\text{-----} \rightarrow 140 \text{ units of Maxis shares}$$

Draft Accounting Entries for Replacement with Alt. Shariah Compliant Securities (MYR)

1) Party B buys MAXIS shares from QRS 700.00
 2) Party B sells MAXIS shares to Party A 800.00

 Gain to Party A (100.00)

1) Party B				
	Dr Shares		700.00	
		Cr Cash		700.00
2) Party B				
	Dr Cash		800.00	
		Cr Shares		700.00
		Cr 'Profit'*		100.00
Party A				
	Dr Shares		700.00	
	Dr 'Loss'*		100.00	
		Cr Cash		800.00

** subject to confirmation on accurate terminology to be used*

ANNEXURE 1

RULES OF BURSA MALAYSIA SECURITIES CLEARING SDN. BHD.

RULE AMENDMENTS IN RELATION TO ISLAMIC SECURITIES SELLING AND BUYING NEGOTIATED TRANSACTIONS (ISSBNT)

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
Interpretation	New provision.	Interpretation	<p><u>“Approved Supplier”</u></p> <p><u>A person approved by the Clearing House to be a supplier in an ISSBNT.</u></p>
Interpretation	New provision.	Interpretation	<p><u>“Approved User”</u></p> <p><u>A person approved by the Clearing House to be a user in an ISSBNT.</u></p>
Interpretation	New provision.	Interpretation	<p><u>“Extinguishment of the ISSBNT”</u></p> <p><u>The removal of the ISSBNT from the ISSBNT System in the manner and subject to the conditions as may be prescribed by the Clearing House, and the word “Extinguish” is to be construed accordingly.</u></p>
Interpretation	New provision.	Interpretation	<p><u>“ISSB Negotiated Transaction” or “ISSBNT”</u></p> <p><u>A Securities selling and buying transaction entered into between an Approved Supplier and an Approved User based on the ISSBNT Model and facilitated by the Clearing House in accordance with the Rules.</u></p>
Interpretation	New provision.	Interpretation	<p><u>“ISSBNT Circulars”</u></p> <p><u>Any circulars, guidelines, procedures, terms and conditions and all other written requirements as may be prescribed and issued by the Clearing House, whether or not electronically, relating to the ISSBNT.</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
Interpretation	New provision.	Interpretation	<p><u>"ISSBNT Eligible Securities"</u></p> <p><u>That portion of the Eligible Securities prescribed by the Clearing House as approved for an ISSBNT.</u></p>
Interpretation	New provision.	Interpretation	<p><u>"ISSBNT Model"</u></p> <p><u>The prevailing Islamic Securities Selling and Buying – Negotiated Transaction model endorsed by the Shariah Advisory Council of Securities Commission Malaysia.</u></p>
Interpretation	New provision.	Interpretation	<p><u>"ISSBNT Participant"</u></p> <p><u>The Approved Supplier or Approved User, or both, as the context may require.</u></p>
Interpretation	New provision.	Interpretation	<p><u>"ISSBNT Participant/Representative"</u></p> <p><u>The Approved Supplier, Approved User, Supplier Representative or User Representative, or any one or more of them, as the context may require.</u></p>
Interpretation	New provision.	Interpretation	<p><u>"ISSBNT Securities"</u></p> <p><u>The ISSBNT Eligible Securities that are sold or purchased in relation to an ISSBNT.</u></p>
Interpretation	New provision.	Interpretation	<p><u>"ISSBNT System"</u></p> <p><u>The system operated by the Clearing House to facilitate ISSBNT.</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
Interpretation	New provision.	Interpretation	<u>“Leg 1 of the ISSBNT”</u> <u>The initial sale of the ISSBNT Eligible Securities by the Approved Supplier to the Approved User in accordance with the ISSBNT Model.</u>
Interpretation	New provision.	Interpretation	<u>“Leg 2 of the ISSBNT”</u> <u>Any subsequent sale by the Approved User to the Approved Supplier of similar or equivalent securities as that of Leg 1 of the relevant ISSBNT in accordance with the ISSBNT Model.</u>
Interpretation	“Participants” Clearing Participants and SBL Participants/Agents who are not Clearing Participants, or any one or more of them, as the context may require.	Interpretation	“Participants” Clearing Participants, and SBL Participants/Agents <u>and ISSBNT Participants/Representatives</u> who are not Clearing Participants, or any one or more of them, as the context may require.
Interpretation	New provision.	Interpretation	<u>“Supplier Representative”</u> <u>A person approved by the Clearing House to perform certain functions with respect to the selling of Securities by the Approved Supplier in an ISSBNT.</u>
Interpretation	New provision.	Interpretation	<u>“User Representative”</u> <u>A person approved by the Clearing House to perform certain functions with respect to the buying of Securities by the Approved User in an ISSBNT.</u>
3.2	DISCIPLINARY POWERS The Clearing House may exercise its disciplinary powers under this General Section of Chapter 3 against a Participant if the Participant is found to have committed any of the acts of misconduct stipulated in Rule 3.3 (“Defaulting	3.2	DISCIPLINARY POWERS The Clearing House may exercise its disciplinary powers under this General Section of Chapter 3 against a Participant if the Participant is found to have committed any of the acts of misconduct stipulated in Rule 3.3 (“Defaulting

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
	<p>Participant”). The Clearing House’s disciplinary powers include the taking of one or more of the following actions:</p> <p>(a) suspend or terminate its Clearing Participantship in accordance with the terms prescribed by the Clearing House;</p> <p>(b) suspend or terminate the Defaulting Participant as a SBL Participant/Agent in accordance with the terms prescribed by the Clearing House;</p> <p>(c) limit or disallow the access of the Defaulting Participant to any of the services or facilities of the Clearing House or suspend the Defaulting Participant’s privileges or activities on such terms and for such period ass the Clearing House may in its sole discretion determine, including in relation to any function that has been outsourced;</p> <p>(d) impose a fine not exceeding RM1 million on the Defaulting Participant;</p> <p>(e) reprimand (privately or publicly) the Defaulting Participant;</p> <p>(f) impose any restriction or condition in relation to the breach committed or on the activities that a Defaulting Participant who is a Clearing Participant undertakes;</p> <p>(g) impose one or more conditions for compliance including issuing a directive to take such steps to remedy or mitigate the breach, other than a directive to make restitution;</p> <p>(h) direct a Defaulting Participant who is a Clearing Participant to take appropriate action against any of its</p>		<p>Participant”). The Clearing House’s disciplinary powers include the taking of one or more of the following actions:</p> <p>(a) suspend or terminate its Clearing Participantship in accordance with the terms prescribed by the Clearing House;</p> <p>(b) suspend or terminate the Defaulting Participant as a SBL Participant/Agent <u>or ISSBNT Participant/Representative</u> in accordance with the terms prescribed by the Clearing House;</p> <p>(c) limit or disallow the access of the Defaulting Participant to any of the services or facilities of the Clearing House or suspend the Defaulting Participant’s privileges or activities on such terms and for such period ass the Clearing House may in its sole discretion determine, including in relation to any function that has been outsourced;</p> <p>(d) impose a fine not exceeding RM1 million on the Defaulting Participant;</p> <p>(e) reprimand (privately or publicly) the Defaulting Participant;</p> <p>(f) impose any restriction or condition in relation to the breach committed or on the activities that a Defaulting Participant who is a Clearing Participant undertakes;</p> <p>(g) impose one or more conditions for compliance including issuing a directive to take such steps to remedy or mitigate the breach, other than a directive to make restitution;</p> <p>(h) direct a Defaulting Participant who is a Clearing Participant to take appropriate action against any of its</p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
	<p>employees or agents if such employees or agents caused the Defaulting Participant to commit the breach;</p> <p>(i) mandate education, training or such other types of programme as may be determined by the Clearing House, to be undertaken or implemented by the Defaulting Participant who is a Clearing Participant, for its employees;</p> <p>(j) [Deleted];</p> <p>(k) impose any restriction, prohibition or requirement regarding the disposal, holding or dealing with any monies or assets of a client by a Defaulting Participant who is a Clearing Participant; or</p> <p>(l) any other action the Clearing House considers appropriate, subject to consultation with the Commission.</p>		<p>employees or agents if such employees or agents caused the Defaulting Participant to commit the breach;</p> <p>(i) mandate education, training or such other types of programme as may be determined by the Clearing House, to be undertaken or implemented by the Defaulting Participant who is a Clearing Participant, for its employees;</p> <p>(j) [Deleted];</p> <p>(k) impose any restriction, prohibition or requirement regarding the disposal, holding or dealing with any monies or assets of a client by a Defaulting Participant who is a Clearing Participant; or</p> <p>(l) any other action the Clearing House considers appropriate, subject to consultation with the Commission.</p>
7.3	<p>APPLICATION TO BE A BORROWER</p> <p>Any person who wishes to be a Borrower must:–</p> <p>(a) be a Trading Clearing Participant or such other category of persons who is prescribed by the Clearing House to be eligible to become a Borrower;</p> <p>(b) submit a complete and duly executed application and undertaking in the prescribed form to the Clearing House;</p> <p>(c) comply with all requirements prescribed by the Clearing House for a Borrower as contained in these Rules, the SBL Conditions or as prescribed by the Clearing House from time to time in relation to the Bursa SBL; and</p>	7.3	<p>APPLICATION TO BE A BORROWER</p> <p>Any person who wishes to be <u>To become</u> a Borrower, <u>the person</u> must:–</p> <p>(a) be a Trading Clearing Participant or such other category of persons who is prescribed by the Clearing House to be eligible to become a Borrower;</p> <p>(b) submit a complete and duly executed application and undertaking in the prescribed form to the Clearing House;</p> <p>(c) comply with all requirements prescribed by the Clearing House for a Borrower as contained in these Rules, the SBL Conditions or as prescribed by the</p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
	<p>(d) comply with Rules 7.20(a) and (b) of the Exchange Rules as may be amended, varied, modified, supplemented or substituted from time to time as if it were the Participating Organisation referred to in such Rules.</p>		<p>Clearing House from time to time in relation to the Bursa SBL; and</p> <p>(d) comply with Rules 7.20 (a) and (b) of the Exchange Rules as may be amended, varied, modified, supplemented or substituted from time to time as if it were the Participating Organisation referred to in such Rules.</p>
8.3	<p>APPLICATION TO BE AN APPROVED SBLNT BORROWER</p> <p>Any person who wishes to be an Approved SBLNT Borrower must:-</p> <p>(a) fall within one of the categories of persons prescribed by the Clearing House to be eligible to become an Approved SBLNT Borrower;</p> <p>(b) submit a complete and duly executed application and undertaking in the prescribed form via its Borrowing Representative to the Clearing House;</p> <p>(c) comply with all requirements prescribed by the Clearing House for an Approved SBLNT Borrower as contained in these Rules or as prescribed by the Clearing House from time to time in relation to the SBL Negotiated Transactions; and</p> <p>(d) comply with Rules 7.20 (a) and (b) of the Exchange Rules as may be amended, varied, modified, supplemented or substituted from time to time as if it were the Participating Organisation referred to in such Rules.</p>	8.3	<p>APPLICATION TO BE AN APPROVED SBLNT BORROWER</p> <p>Any person who wishes to be <u>To become</u> an Approved SBLNT Borrower, <u>the person</u> must:-</p> <p>(a) fall within one of the categories of persons prescribed by the Clearing House to be eligible to become an Approved SBLNT Borrower;</p> <p>(b) submit a complete and duly executed application and undertaking in the prescribed form via its Borrowing Representative to the Clearing House;</p> <p>(c) comply with all requirements prescribed by the Clearing House for an Approved SBLNT Borrower as contained in these Rules or as prescribed by the Clearing House from time to time in relation to the SBL Negotiated Transactions; and</p> <p>(d) comply with Rules 7.20 (a) and (b) of the Exchange Rules as may be amended, varied, modified, supplemented or substituted from time to time as if it were the Participating Organisation referred to in such Rules.</p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
	New chapter.	Chapter 9	<p align="center"><u>CHAPTER 9</u></p> <p align="center"><u>ISLAMIC SECURITIES SELLING AND BUYING NEGOTIATED TRANSACTION</u></p>
	New provision.	9.1	<p><u>PARTIES WHO MAY ENTER INTO AN ISSBNT</u></p> <p><u>Only an ISSBNT Participant may enter into an ISSBNT.</u></p>
	New provision.	9.2	<p><u>APPLICATION TO BE AN APPROVED SUPPLIER</u></p> <p><u>A person applying to participate as a supplier in ISSBNT either to sell its own Securities or Securities owned by its client must:</u></p> <p><u>(a) submit a complete and duly executed application and undertaking in the prescribed form via its Supplier Representative to the Clearing House; and</u></p> <p><u>(b) comply with all requirements prescribed by the Clearing House for an Approved Supplier as contained in these Rules or as prescribed by the Clearing House in relation to ISSBNT.</u></p>
	New provision.	9.3	<p><u>APPLICATION TO BE AN APPROVED USER</u></p> <p><u>A person applying to participate as a user in ISSBNT either to buy Securities for itself or its client must:</u></p> <p><u>(a) fall within one of the categories of persons prescribed by the Clearing House to be eligible to become an Approved User;</u></p> <p><u>(b) submit a complete and duly executed application and undertaking in the prescribed form via its User Representative to the Clearing House;</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<u>(c) comply with all requirements prescribed by the Clearing House for an Approved User as contained in these Rules or as prescribed by the Clearing House in relation to ISSBNT;</u>
			<u>(d) comply with Rule 7.37 of the Exchange Rules as if it were the Participating Organisation referred to in such Rule.</u>
	New provision.	9.4	<u>DISCRETION OF THE CLEARING HOUSE</u> <u>(a) The Clearing House may approve or reject such application as it deems fit. The Clearing House may also approve an application unconditionally or subject to such conditions, as it deems fit.</u>
	New provision.	9.4	<u>(b) The Clearing House may revoke the approval given to an ISSBNT Participant, at any time without further reference to the ISSBNT Participant when any one or more of the following events occurs:</u> <u>(i) when an ISSBNT Participant applies for revocation;</u> <u>(ii) when an ISSBNT Participant is no longer eligible under Rule 9.2 or Rule 9.3, as the case may be, to continue as an Approved Supplier or Approved User; or</u> <u>(iii) where the Clearing House deems necessary in consultation with the Commission.</u>
	New provision.	9.4	<u>(c) Where the Clearing House has revoked the approval given to an ISSBNT Participant, the Clearing House may direct such ISSBNT Participant to Extinguish the ISSBNT or take such other action as may be</u>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<p><u>determined by the Clearing House within the timeframe and in the manner as prescribed by the Clearing House.</u></p>
	<p>New provision.</p>	<p>9.5</p>	<p><u>PURPOSES OF ISLAMIC SECURITIES SELLING AND BUYING</u></p> <p><u>(a) An Approved User may buy ISSBNT Eligible Securities only for any one of the following purposes:</u></p> <p><u>(i) to settle a Regulated Short Sale in ISSBNT Eligible Securities;</u></p> <p><u>(ii) to settle a sale of ISSBNT Eligible Securities where there are no Securities or insufficient Securities in the securities account of the seller as will enable the seller to meet its delivery obligations to the purchaser (“potential failed trade”) as a result of a mistake howsoever made when executing the sale provided always that the mistake was made in good faith and discovered only after the sale has been executed;</u></p> <p><u>(iii) in relation to ISSBNT Eligible Securities that are ETF units or the Constituent Securities (the ETF Units, the Constituent Securities or any one of the Constituent Securities shall hereinafter be collectively referred to as “the ETF Related Securities”), to settle a sale in the ETF Related Securities where the following requirements are complied with:</u></p> <p><u>(aa) the sale was executed by the Approved User in its capacity as Market Maker for that particular ETF Related Securities or executed by the Approved User for its client</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<p><u>who is a Market Maker for that particular ETF Related Securities; and</u></p> <p><u>(bb) the Approved User executed the sale as part of its Permitted Short Selling activities or as part of the Permitted Short Selling activities of the Approved User's client;</u></p> <p><u>(iv) to perform an SBLNT or another ISSBNT, provided that the participants in such transactions comply with these Rules; or</u></p> <p><u>(v) for such other purposes as may be determined by the Clearing House in consultation with the Commission.</u></p>
	New provision.	9.5	<u>(b) Where the ISSBNT Securities are bought to settle a potential failed trade as provided in Rule 9.5(a)(ii), the Approved User must execute Leg 2 of the ISSBNT within the time prescribed by the Clearing House.</u>
	New provision.	9.5	<p><u>(c) For the purpose of sub-rule (a), unless the context otherwise requires –</u></p> <p><u>(i) “Constituent Securities” shall have the meaning as is assigned to that expression in the Exchange Rules;</u></p> <p><u>(ii) “ETF” means exchange traded fund as defined in the Commission’s Guidelines on Exchange Traded Funds;</u></p> <p><u>(iii) “Market Maker” shall have the meaning as is assigned to that expression in the Exchange Rules;</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<p><u>(iv) "Permitted Short Selling" shall have the meaning as is assigned to that expression in the Exchange Rules; and</u></p> <p><u>(v) "Regulated Short Sale" shall have the same meaning as is assigned to that expression in the Exchange Rules.</u></p>
	New provision.	9.6	<p><u>APPROVAL AS SUPPLIER REPRESENTATIVE</u></p> <p><u>(a) To become a Supplier Representative, the person must:</u></p> <p><u>(i) be a Trading Clearing Participant, a Non Trading Clearing Participant or fall within such other category of persons prescribed by the Clearing House as being eligible to become a Supplier Representative;</u></p> <p><u>(ii) satisfy the requirements of Rule 9.7(c);</u></p> <p><u>(iii) apply to the Clearing House to be approved as a Supplier Representative; and</u></p> <p><u>(iv) submit to the Clearing House a written declaration in the form prescribed in Appendix 1 together with its application as referred to above.</u></p>
	New provision.	9.6	<p><u>(b) Without prejudice to the power conferred on the Clearing House in Rule 2A.2, the Clearing House may, at any time prior to or after the receipt of the prescribed declaration in Appendix 1, undertake any inspection or audit on the person seeking approval to act as a Supplier Representative in the manner determined by the Clearing House.</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
	New provision.	9.6	<u>(c) The Clearing House may approve or reject the application to be a Supplier Representative as it deems fit.</u>
	New provision.	9.6	<u>(d) The Clearing House may also approve the application to be a Supplier Representative unconditionally or subject to such conditions, as it deems necessary to ensure the smooth operation of the ISSBNT.</u>
	New provision.	9.6	<u>(e) A Supplier Representative must act as the duly appointed representative of the Approved Supplier when performing the functions and responsibilities set out under Rule 9.7(a) and as may be specified by the Clearing House.</u>
	New provision.	9.6	<u>(f) A person must not perform the functions and responsibilities set out under Rule 9.7(a) for any Approved Supplier, as its representative, unless it has first been approved as a Supplier Representative and has entered into a written agreement with such Approved Supplier to be appointed as its Supplier Representative, which agreement must include the matters specified in Appendix 2.</u>
	New provision.	9.7	<p><u>FUNCTIONS AND RESPONSIBILITIES OF SUPPLIER REPRESENTATIVE</u></p> <p><u>(a) A Supplier Representative appointed by an Approved Supplier must have the following functions and responsibilities:</u></p> <ul style="list-style-type: none"> <u>(i) to process the application of any person applying to be an Approved Supplier ("Said Approved Supplier");</u> <u>(ii) to transmit or forward to the Said Approved Supplier any notification or update communicated</u>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<p><u>by the Clearing House in relation to the Said Approved Supplier's ISSBNTs or received by the Supplier Representative from the Clearing House for the information of the Said Approved Supplier;</u></p> <p><u>(iii) to collect all documents, forms, agreements, deeds including any amendments or variations to such documents relating to or governing the ISSBNTs as the Clearing House may require, from the Said Approved Supplier for submission to the Clearing House and from the Clearing House for transmission to the Said Approved Supplier;</u></p> <p><u>(iv) to receive any fees, charges and the GST amount referred to in Rule 1.30(1) due and payable by the Said Approved Supplier to the Clearing House arising with respect to any of the services and facilities provided by the Clearing House in relation to the ISSBNTs and to pay to the Clearing House such fees, charges and the GST amount referred to in Rule 1.30(1) in relation to the ISSBNTs;</u></p> <p><u>(v) to furnish to the Clearing House such information or documents relating to the ISSBNTs and such advice, statement and report on the operation of the ISSBNTs at such times and in such manner as may be prescribed by the Clearing House;</u></p> <p><u>(vi) to give effect to any instructions, directives or orders given by the Clearing House to facilitate the operation of any transactions by the Said Approved Supplier relating to the ISSBNTs;</u></p> <p><u>(vii) to immediately notify the Clearing House upon it becoming aware of any breach committed or likely to be committed by the Said Approved Supplier of any of these Rules or requirements imposed by the</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<p><u>Clearing House on the Said Approved Supplier in relation to the ISSBNTs; and</u></p> <p><u>(viii) such other functions and responsibilities as may be specified by the Clearing House.</u></p>
	New provision.	9.7	<p><u>(b) The Clearing House may, by notice given to the Supplier Representative, amend, vary or modify the functions and responsibilities of a Supplier Representative.</u></p>
	New provision.	9.7	<p><u>(c) A Supplier Representative must ensure that it has in place, at all times, the requisite systems, infrastructure, functionalities and controls for the performance of the functions and responsibilities stipulated in Rule 9.7(a).</u></p>
	New provision.	9.7	<p><u>(d) In performing the functions and responsibilities stipulated in Rule 9.7(a) on behalf of the Approved Supplier, a Supplier Representative must comply with the procedures or requirements as may be imposed by the Clearing House.</u></p>
	New provision.	9.8	<p><u>APPROVAL AS USER REPRESENTATIVE</u></p> <p><u>(a) To become a User Representative, the person must:</u></p> <p><u>(i) be a Trading Clearing Participant or fall within such other category of persons prescribed by the Clearing House as being eligible to become a User Representative;</u></p> <p><u>(ii) satisfy the requirements of Rule 9.9(c) below;</u></p> <p><u>(iii) apply to the Clearing House to be approved as a User Representative; and</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<u>(iv) submit to the Clearing House a written declaration in the form prescribed in Appendix 3, together with its application as referred to above.</u>
	New provision.	9.8	<u>(b) Without prejudice to the power conferred on the Clearing House in Rule 2A.2, the Clearing House may, prior to or after the receipt of the prescribed declaration in Appendix 3, undertake any inspection or audit on the person seeking approval to act as a User Representative in the manner determined by the Clearing House.</u>
	New provision.	9.8	<u>(c) The Clearing House may approve or reject the application to be a User Representative as it deems fit.</u>
	New provision.	9.8	<u>(d) The Clearing House may also approve the application to be a User Representative unconditionally or subject to such conditions as it deems necessary to ensure the smooth operation of the ISSBNT.</u>
	New provision.	9.8	<u>(e) A User Representative must act as the duly appointed representative of the Approved User when performing the functions and responsibilities set out under Rule 9.9(a) and as may be specified by the Clearing House.</u>
	New provision.	9.8	<u>(f) A person must not perform the functions and responsibilities set out under Rule 9.9(a) for any Approved User as its representative, unless it has first been approved as a User Representative and has entered into a written agreement with such Approved User to be appointed as its User Representative, which agreement must include the matters specified in Appendix 4.</u>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
	New provision.	9.9	<p><u>FUNCTIONS AND RESPONSIBILITES OF USER REPRESENTATIVE</u></p> <p><u>(a) A User Representative appointed by an Approved User must have the following functions and responsibilities:</u></p> <p><u>(i) to process the application of any eligible person applying to be an Approved User (“Said Approved User”);</u></p> <p><u>(ii) to transmit or forward to the Approved User any notification or update communicated by the Clearing House in relation to the Said Approved User’s ISSBNTs or received by the User Representative from the Clearing House for the information of the Said Approved User;</u></p> <p><u>(iii) to collect all documents, forms, agreements, deeds including any amendments or variations to such documents relating to or governing the ISSBNTs as the Clearing House may require from the Said Approved User for submission to the Clearing House and from the Clearing House for transmission to the Said Approved User;</u></p> <p><u>(iv) to receive any fees, charges and the GST amount referred to in Rule 1.30(1) due and payable by the Said Approved User to the Clearing House arising with respect to any of the services and facilities provided by the Clearing House in relation to the ISSBNTs and to pay to the Clearing House such fees, charges and the GST amount referred to Rule 1.30(1) in relation to the ISSBNTs;</u></p> <p><u>(v) to furnish to the Clearing House such information or documents relating to the ISSBNTs and such advice, statement and report on the operation of</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<p><u>the ISSBNTs at such times and in such manner as may be prescribed by the Clearing House;</u></p> <p><u>(vi) to give effect to any instructions, directives or orders given by the Clearing House to facilitate the operation of any transactions by the Approved User relating to the ISSBNTs;</u></p> <p><u>(vii) to immediately notify the Clearing House upon it becoming aware of any breach committed or likely to be committed by the Approved User of any of these Rules or requirements imposed by the Clearing House on the Approved User in relation to the ISSBNTs; and</u></p> <p><u>(viii) such other functions and responsibilities as may be specified by the Clearing House.</u></p>
	New provision.	9.9	<u>(b) The Clearing House may, by notice given to the User Representative, amend, vary or modify the functions and responsibilities of a User Representative.</u>
	New provision.	9.9	<u>(c) A User Representative must ensure that it has in place, at all times, the requisite systems, infrastructure, functionalities and controls for the performance of the functions and responsibilities stipulated in Rule 9.9(a).</u>
	New provision.	9.9	<u>(d) In performing the functions and responsibilities stipulated in Rule 9.9(a) on behalf of the Approved User, a User Representative must comply with the procedures or requirements as may be imposed by the Clearing House.</u>
	New provision.	9.10	<p><u>ISSBNT AGREEMENT</u></p> <p><u>ISSBNT Participants or their clients may include the matters set out in Appendix 5 in the agreement that governs the</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<u>terms and conditions of the ISSBNT that is facilitated by the Clearing House under Chapter 9 and if they do, such agreement will be deemed an ISSBNT agreement for the purposes of the relevant tax exemption order(s) applicable to ISSBNT.</u>
	New provision.	9.11	<u>ACCESS TO ISSBNT SYSTEM</u> <u>(a) A Supplier Representative or a User Representative will be given access to the ISSBNT System to perform any of its functions and responsibilities.</u>
	New provision.	9.11	<u>(b) A Supplier Representative and a User Representative must comply with any conditions or requirements prescribed by the Clearing House in relation to the access to or usage of the ISSBNT System.</u>
	New provision.	9.12	<u>REQUIREMENTS OF ISSBNT</u> <u>(a) The Approved User must ensure that it obtains a confirmation from the Approved Supplier that the Approved Supplier has the ISSBNT Eligible Securities available to be sold to the Approved User. Such confirmation must contain such details and be maintained in such manner as prescribed by the Clearing House.</u>
	New provision.	9.12	<u>(b) ISSBNT Participants who have agreed on an ISSBNT and wish to have the ISSBNT Securities delivered, whether pursuant to Leg 1 or Leg 2 of the ISSBNT, must each notify the Clearing House of the prescribed details of the ISSBNT through their respective appointed Supplier Representative or User Representative and in the manner as prescribed by the Clearing House.</u>
	New provision.	9.12	<u>(c) ISSBNT Participants who have agreed to cancel Leg 1 of the ISSBNT pursuant to the ISSBNT Model and wish</u>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<p><u>to have the ISSBNT Securities re-delivered to the Approved Supplier must each notify the Clearing House of the prescribed details through their respective appointed Supplier Representative or User Representative within the time frame and in the manner as prescribed by the Clearing House.</u></p>
	New provision.	9.12	<p><u>(d) Upon receipt of the relevant notifications from both the ISSBNT Participants, the Clearing House shall be authorised by the Approved Supplier and Approved User, respectively, to instruct the Central Depository to debit or credit the securities accounts provided by the Approved Supplier and Approved User, as the case may be, for the purpose of delivery of the ISSBNT Securities, provided that:</u></p> <p><u>(i) the relevant details provided by the ISSBNT Participants are validated in the manner prescribed by the Clearing House; and</u></p> <p><u>(ii) there are sufficient Securities in the securities account of the Approved Supplier or Approved User, as the case may be, at the relevant time as stipulated by the Clearing House to satisfy the delivery of the ISSBNT Securities.</u></p>
	New provision.	9.12	<p><u>(e) The ISSBNT Participants may, at any time prior to the Extinguishment of the ISSBNT and in the manner prescribed by the Clearing House, adjust or vary the Securities comprised in the ISSBNT Securities (including the amount of the Securities) pursuant to any action taken by the issuer of the ISSBNT Securities in relation to or arising from its Securities.</u></p>
	New provision.	9.12	<p><u>(f) Upon the execution of Leg 2 of the ISSBNT by the ISSBNT Participants, the Approved User must deliver the ISSBNT Securities to the Approved Supplier within</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<u>the timeframe and in the manner prescribed by the Clearing House.</u>
	New provision.	9.12	<u>(g) Notwithstanding anything in these Rules, an ISSBNT Participant may Extinguish an ISSBNT without the execution of Leg 2 of the ISSBNT in any of the circumstances as may be prescribed by the Clearing House.</u>
	New provision.	9.12	<u>(h) An ISSBNT Participant who intends to Extinguish the ISSBNT without the execution of Leg 2 of the ISSBNT under Rule 9.12(g) must do so in the manner specified by the Clearing House.</u>
	New provision.	9.12	<u>(i) The Clearing House may prohibit the Extinguishment of the ISSBNT without the execution of Leg 2 of the ISSBNT referred to in Rule 9.12(g).</u>
	New provision.	9.12	<u>(j) The Clearing House's facilitation of the Extinguishment of the ISSBNT without the execution of Leg 2 of the ISSBNT under Rule 9.12(g) does not prejudice the Clearing House's right or power to take action for breach of any of these Rules or the Clearing House's requirements in relation to ISSBNT.</u>
	New provision.	9.12	<u>(k) Each ISSBNT Participant who is involved in an Extinguishment of the ISSBNT without the execution of Leg 2 of the ISSBNT must fully indemnify and hold indemnified the Clearing House, whether such indemnity is claimed by the Clearing House during or after the expiry of the tenure of the ISSBNT Participant as an Approved Supplier or Approved User, from and against any loss, damage, claim, liability, cost or expense (including but not limited to legal costs on a solicitor and client basis) suffered or incurred by the Clearing House, whether directly or indirectly, arising</u>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<u>from or in connection with the Extinguishment of the ISSBNT without the execution of Leg 2 of the ISSBNT.</u>
	New provision.	9.12	<u>(l) ISSBNT Participants are solely responsible for all rights and obligations arising from, and must assume all default and recovery risks associated with the relationship between the ISSBNT Participants. The Clearing House shall in no event be held liable for the performance of any obligation arising from the relationship between the ISSBNT Participants.</u>
	New provision.	9.13	<u>DESIGNATED SECURITIES ACCOUNT</u> <u>An Approved User must ensure that all ISSBNT Securities are held in and where relevant, transferred to, the designated securities accounts as prescribed by the Clearing House and no other securities account.</u>
	New provision.	9.14	<u>ACTION BY THE CLEARING HOUSE</u> <u>(a) The Clearing House may exercise any of the powers set out in Rule 9.14(b) immediately without further reference to a ISSBNT Participant/Representative:</u> <u>(i) if the ISSBNT Participant/ Representative commits a breach of any of the conditions or requirements imposed by the Clearing House in relation to the ISSBNTs;</u> <u>(ii) if the Clearing House determines in its absolute discretion that the ISSBNT Participant/ Representative is unable to conduct any of the ISSBNTs due to any circumstances including bankruptcy and insolvency;</u> <u>(iii) if the Clearing House determines that the ISSBNT Participant/Representative is likely to cause</u>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<p><u>damage to other ISSBNT Participants/ Representatives as a result of violating any of the requirements or obligations in relation to the ISSBNTs; or</u></p> <p><u>(iv) in any such circumstances which the Clearing House in its absolute discretion deems fit.</u></p>
	New provision.	9.14	<p><u>(b) Without prejudice to any of the powers of the Clearing House contained in the Act, these Rules or any directives, circulars or instructions issued by the Clearing House, the actions which the Clearing House may take upon the happening of any of the events set out in Rule 9.14(a) include one or more of the following:</u></p> <p><u>(i) prohibit the ISSBNT Participant/ Representative from entering into any or all new ISSBNTs and/or transactions contemplated under any directives, circulars or instructions issued by the Clearing House in relation to the ISSBNTs;</u></p> <p><u>(ii) suspend or terminate the ISSBNT Participant/ Representative as an ISSBNT Participant/ Representative;</u></p> <p><u>(iii) notify all ISSBNT Participants/ Representatives of the suspension or termination of any ISSBNT Participant/ Representative; or</u></p> <p><u>(iv) limit the activities or access of the ISSBNT Participant/ Representative to the services and facilities provided by the Clearing House in relation to the ISSBNTs on such terms and for such duration as the Clearing House may in its absolute discretion determine.</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
	New provision.	9.14	<u>(c) Where an action has been taken under Rule 9.14(b), an ISSBNT Participant/ Representative may make representations to the Clearing House for discontinuance of the action taken. The Clearing House may after representations have been made, discontinue with the action taken. However, such discontinuance shall not be construed as an omission or error of any kind on the part of the Clearing House in undertaking the action under Rule 9.14(b) in the first place.</u>
	New provision.	9.14	<u>(d) The Clearing House shall not be held liable for any loss or damage suffered by any party arising from or in connection with the action taken by the Clearing House under Rule 9.14(b) provided that the Clearing House has acted in good faith.</u>
	New provision.	9.14	<u>(e) Notwithstanding any provisions to the contrary in these Rules, the Clearing House, where it deems necessary, may:</u> <u>(i) suspend its services and facilities for the ISSBNTs entirely or partially for such duration as the Clearing House in its absolute discretion deems fit;</u> <u>or</u>
			<u>(ii) direct an ISSBNT Participant to Extinguish its ISSBNTs in accordance with any directive or instruction issued by the Commission or as required by any written law, and take such further action as may be determined by the Clearing House, the timeframe and in the manner as prescribed by the Clearing House.</u>
	New provision.	9.15	<u>PROVISION OF INFORMATION</u> <u>The ISSBNT Participants/ Representatives must furnish to the Clearing House or the Commission any information or</u>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<u>Document in relation to any ISSBNT as required by the Clearing House or the Commission.</u>
	New provision.	9.16	<p><u>DISCLOSURE OF INFORMATION</u></p> <p><u>Notwithstanding any provisions in these Rules, the Clearing House shall be entitled to:</u></p> <p>(a) <u>disclose any information or to produce any document in its possession or control in relation to the ISSBNT if required or requested to do so by the Commission; and</u></p> <p>(b) <u>disclose any information in its possession or control to the Commission or authorised personnel of the Exchange by way of granting such persons access to the ISSBNT System, for the purpose of facilitating the performance of their duties and functions under the relevant requirements, rules or laws.</u></p>
	New provision.	9.17	<p><u>FEES AND CHARGES</u></p> <p>(a) <u>An ISSBNT Participant/ Representative must pay to the Clearing House the relevant fees and charges prescribed by the Clearing House in relation to any or all of the services and facilities provided by the Clearing House in relation to the ISSBNT.</u></p>
	New provision.	9.17	<p>(b) <u>The Clearing House may, from time to time where it deems necessary in its absolute discretion, vary or change any of the fees and charges by prescription in the ISSBNT Circulars and without any further notice to the ISSBNT Participant/ Representative.</u></p>
	New provision.	9.18	<p><u>LIABILITY</u></p> <p><u>The Clearing House shall not be liable to any person for any loss or damage that may be incurred or suffered by such</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<p><u>person as a result of the exercise or intended exercise of any power or performance of any duty or function conferred or imposed on the Clearing House in relation to the ISSBNT and exercised by the Clearing House in good faith.</u></p>
	New provision.	9.19	<p><u>FORCE MAJEURE</u></p> <p><u>(a) In the event that the Clearing House is required to suspend the operation of the ISSBNT System, as the case may be, and the provision of all ancilliary services where for any reason the records of the Clearing House, the Central Depository or the ISSBNT System are unavailable, inaccessible, delayed or hindered in any manner, the Clearing House shall not be liable for any failure, hindrance or delay in the provision of services or for the failure to give or the delay in giving effect to any notice or communication from an ISSBNT Participant/ Representative.</u></p>
	New provision.	9.19	<p><u>(b) The Clearing House or its directors, officers, employees or agents shall not be liable for any losses or damages that may be incurred or suffered by the ISSBNT Participant/ Representative arising from causes beyond its reasonable control including, without limitation, acts of God or the public enemy, acts of a civil or military authority, natural disasters, embargoes, industrial action, fires, floods, mechanical breakdowns, computer or system failures or sabotage, delay or inability to act by any registrar, interruptions of power supplies or other utility or services, currency restrictions, any law, regulation or order of any government, competent authority or any court or tribunal, war or terrorism.</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
	New provision.	9.20	<p><u>INDEMNITY BY SUPPLIER REPRESENTATIVE OR USER REPRESENTATIVE</u></p> <p><u>Each Supplier Representative or User Representative shall be responsible for its own operations and functions as are required under these Rules, the ISSBNT Circulars or otherwise and must fully indemnify or hold indemnified the Clearing House, whether such indemnity is claimed by the Clearing House during or after the expiry of the tenure of such person as a Supplier Representative or User Representative, for any loss, legal costs (including third party legal costs), damage or liability suffered or incurred by the Clearing House, whether directly or otherwise, as a result of any negligence, omission, mistake, misrepresentation, fraud or error on the part of the Supplier Representative or User Representative, its servants or agents, provided always that such action or omission was committed during its tenure as a Supplier Representative or User Representative.</u></p>
	New provision.	9.21	<p><u>RULES OF CLEARING HOUSE TO TAKE PRECEDENCE</u></p> <p><u>The ISSBNT Participants/Representatives must ensure that the provisions of the agreements entered into amongst the ISSBNT Participants/Representatives shall not in any way be inconsistent with any of these Rules or the requirements imposed by the Clearing House or the provisions of the agreements entered into between the ISSBNT Participants/Representatives and the Clearing House in relation to the ISSBNT (“the Rules of the Clearing House”), and the ISSBNT Participants/ Representatives must give effect to the Rules of the Clearing House.</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
	New provision.	Appendix 1	<p><u>To:</u></p> <p><u>Bursa Malaysia Securities Clearing Sdn Bhd</u> <u>Exchange Square</u> <u>Bukit Kewangan</u> <u>50200 Kuala Lumpur</u></p> <p><u>COMPLIANCE WITH REQUIREMENTS IMPOSED BY BURSA MALAYSIA SECURITIES CLEARING SDN BHD (“BURSA CLEARING (S)”) IN RELATION TO THE SUPPLIER REPRESENTATIVE</u></p> <p><u>Pursuant to the requirements of Rule 9.6(a) of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd (“Bursa Clearing (S) Rules”), we [name of person applying to be a Supplier Representative] hereby declare and undertake as follows:</u></p>
	New provision.	Appendix 1	<p><u>(1) we must provide to Bursa Clearing (S) or the Securities Commission Malaysia, upon request, any information or document in relation to ISSBNT required by Bursa Clearing (S) or the Securities Commission Malaysia pertaining to the Approved Suppliers for whom we are acting;</u></p>
	New provision.	Appendix 1	<p><u>(2) we have formulated a set of Internal Guidelines for Acting as a Supplier Representative which has been approved by our board of directors;</u></p>
	New provision.	Appendix 1	<p><u>(3) the Internal Guidelines for Acting as a Supplier Representative have been brought to the notice of the relevant employees who have read and understood the contents therein;</u></p>
	New provision.	Appendix 1	<p><u>(4) the Internal Guidelines for Acting as a Supplier Representative comply with the requirements set out in Bursa Clearing (S) Rules; and</u></p>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
	<p>New provision.</p> <p>New provision.</p>	Appendix 1	<p><u>(5) all relevant systems and infrastructure including front office and/or back office systems have been verified and assessed in terms of application as well as software and the hardware capabilities and are confirmed to be operational and have all the functionalities, requirements and controls in place for the purpose of carrying out activities as a Supplier Representative in accordance with Bursa Clearing (S) Rules or directives, circulars or instructions issued by Bursa Clearing (S).</u></p> <p><u>Dated this [] day of [] [].</u></p> <p><u>Signed []</u> <u>Name:</u> <u>Designation:</u> <u>Date:</u></p>
	New provision.	Appendix 2	<u>Matters which must be contained in the written agreement between the Supplier Representative and the Approved Supplier (Rule 9.6(f))</u>
	New provision.	Appendix 2	<u>(1) The Supplier Representative is the representative of the Approved Supplier in performing the functions and responsibilities stipulated in these Rules or any requirements, directives, circulars or instructions issued by the Clearing House in relation to the ISSBNTs;</u>
	New provision.	Appendix 2	<u>(2) The functions and responsibilities of the Supplier Representative stipulated in these Rules or any directives, circulars or instructions issued by the Clearing House in relation to the ISSBNTs, as the same may be amended, modified or varied from time to time; and</u>
	New provision.	Appendix 2	<u>(3) The Supplier Representative must comply with the obligations imposed on a Supplier Representative, as</u>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<u>contained in these Rules and as prescribed by the Clearing House from time to time.</u>
	New provision.	Appendix 2	<u>(4) The Approved Supplier expressly consents to the Supplier Representative providing the Clearing House or the Securities Commission Malaysia with any information or document in relation to any transaction entered into by the Approved Supplier pursuant to the ISSBNT as required by the Clearing House from time to time.</u>
	New provision.	Appendix 3	<u>To:</u> <u>Bursa Malaysia Securities Clearing Sdn Bhd</u> <u>Exchange Square</u> <u>Bukit Kewangan</u> <u>50200 Kuala Lumpur</u> <u>COMPLIANCE WITH REQUIREMENTS IMPOSED BY BURSA MALAYSIA SECURITIES CLEARING SDN BHD (“BURSA CLEARING (S)”) IN RELATION TO THE USER REPRESENTATIVE</u> <u>Pursuant to the requirements of Rule 9.8(a) of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd (“Bursa Clearing (S) Rules”), we [name of person applying to be a User Representative] hereby declare and undertake as follows:</u>
	New provision.	Appendix 3	<u>(1) we must provide to Bursa Clearing (S) or the Securities Commission Malaysia, upon request, any information or document required by Bursa Clearing (S) or the Securities Commission Malaysia pertaining to the Approved Users for whom we are acting;</u>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
	New provision.	Appendix 3	<u>(2) we have formulated a set of Internal Guidelines for Acting as a User Representative which has been approved by our board of directors;</u>
	New provision.	Appendix 3	<u>(3) the Internal Guidelines for Acting as a User Representative have been brought to the notice of the relevant employees who have read and understood the contents therein;</u>
	New provision.	Appendix 3	<u>(4) the Internal Guidelines for Acting as a User Representative comply with the requirements set out in Bursa Clearing (S) Rules; and</u>
	New provision.	Appendix 3	<u>(5) all relevant systems and infrastructure including front office and/or back office systems have been verified and assessed in terms of application as well as software and the hardware capabilities and are confirmed to be operational and have all the functionalities, requirements and controls in place for the purpose of carrying out activities as a User Representative in accordance with Bursa Clearing (S) Rules or any directives, circulars or instructions issued by Bursa Clearing (S).</u>
	New provision.	Appendix 3	<u>Dated this [] day of [] [] .</u> <u>Signed []</u> <u>Name:</u> <u>Designation:</u> <u>Date:</u>
	New provision.	Appendix 4	<u>Matters which must be contained in the written agreement between the User Representative and the Approved User (Rule 9.8(f)).</u>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
	New provision.	Appendix 4	<u>(1) The User Representative is the representative of the Approved User in performing the functions and responsibilities stipulated in these Rules or any directives, circulars or instructions issued by the Clearing House in relation to the ISSBNT;</u>
	New provision.	Appendix 4	<u>(2) The functions and responsibilities of the User Representative stipulated in these Rules or any requirements, directives, circulars or instructions issued by the Clearing House in relation to the ISSBNTs, as the same may be amended, modified or varied from time to time; and</u>
	New provision.	Appendix 4	<u>(3) The User Representative must comply with the obligations imposed on a User Representative, as contained in these Rules and as prescribed by the Clearing House from time to time.</u>
	New provision.	Appendix 4	<u>(4) The Approved User expressly consents to the User Representative providing the Clearing House or the Securities Commission Malaysia with any information or document in relation to any transaction entered into by the Approved User pursuant to the ISSBNT as required by the Clearing House from time to time.</u>
	New provision.	Appendix 5	<u>Matters to be included in an agreement for ISSBNT (Rule 9.10)</u> <u>(1) Unless the parties agree otherwise, the ISSBNT Eligible Securities must not be sold under Leg 1 unless collateral has been received or will be received simultaneously with the sale. As a minimum step towards the supplier's interest, collateral (if applicable) must be delivered directly to the supplier or the supplier's representative or a designated third party authorised by the supplier or the supplier's representative;</u>

Rule	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
			<p><u>(2) The ISSBNT Securities sold under Leg 1 and the collateral (if applicable) must be marked to market (at least daily) and the amount of collateral must be adjusted, if necessary;</u></p> <p><u>(3) How the ISSBNT may be extinguished by the supplier or the user, and how such extinguishment may be effected;</u></p> <p><u>(4) Which party shall be entitled to any dividends or other benefits or distributions accumulating on the ISSBNT Securities sold under Leg 1 and any Securities provided as collateral;</u></p> <p><u>(5) The rights and obligations of the supplier or user in the event of either the ISSBNT Securities sold under Leg 1 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 ISSBNT Securities sold under Leg 1 or by other corporate actions affecting such Securities;</u></p> <p><u>(6) The ISSBNT Securities sold under Leg 1 must be delivered to the user free of any encumbrances or restrictions;</u></p> <p><u>(7) Provisions governing fees to be paid by either party under the agreement that governs the terms and conditions of the ISSBNT; and</u></p> <p><u>(8) The rights and remedies of either party in the event of a default by the other party.</u></p>

[End of Rule Amendments]



SECURITIES CLEARING & SETTLEMENT

**ISLAMIC SECURITIES SELLING AND BUYING
NEGOTIATED TRANSACTION
("ISSBNT")**

**OPERATIONAL GUIDELINES
For
APPROVED SUPPLIERS &
APPROVED USERS**

(BMSC/CD/ISSBNT/004)

This document is the intellectual property of Bursa Malaysia Bhd. No part of the document is to be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or any information storage and retrieval system, without permission in writing from Bursa Malaysia Bhd.

**SCS ISSBNT OPERATIONAL GUIDELINES FOR APPROVED SUPPLIERS
& APPROVED USERS**

Section:

1.	OVERVIEW OF ISSBNT	1
2.	APPLICATION PROCEDURES	2
3.	CREATING A TRANSACTION UNDER ISSBNT	5
4.	CANCELLATION OF ISSBNT (<i>KHIYAR SYART</i>)	7
5.	ISSBNT EXTINGUISHMENT	8
6.	ISSBNT INTERMEDIARY FEE	10
7.	CORPORATE ACTION	11
8.	GLOSSARY	12

**SCS ISSBNT OPERATIONAL GUIDELINES FOR APPROVED SUPPLIERS
& APPROVED USERS**

Section: 1. OVERVIEW OF ISSBNT

Bursa Malaysia Securities Clearing Sdn Bhd (“BMSC”) introduced an Islamic Securities Selling and Buying Negotiated Transaction herein referred to as “ISSBNT”. ISSBNT provides Approved Suppliers and Approved Users an option to agree to their own ISSBNT terms and conditions (ISSBNT agreement).

Under the ISSBNT Model, both Approved Supplier and Approved User would be given the option to agree to their ISSBNT agreement and input the transactions into the BMSC’s ISSBNT System via on-shore Supplier Representatives or User Representatives. The need to report via the ISSBNT System serves 2-fold:

- (i) It is a means of effecting finality to the ISSBNT as it is through such reporting that movement of the ISSBNT Securities is effected from the Approved Supplier's CDS account to the Approved User's CDS account; and
- (ii) Monitoring and statistical purposes by BMSC.



2.1 How to apply to be an Approved Supplier or Approved User

2.1.1 In the Rules of BMSC (Rule 9.1), suppliers and users apply to become Approved Suppliers or Approved Users.

2.1.2 The following are the qualifying criteria for an Approved Supplier and an Approved User:

Approved Supplier

- Individuals or corporate bodies who hold a valid account with the Bursa Depository.

Approved User

- Please refer to Schedule 1 of the **Application To Be Approved Supplier/ Approved User Form (Appendix 1)**.

2.1.3 Approved Supplier and Approved User will have to identify and appoint a Supplier Representative and a User Representative, who will then be the liaison between the Approved Supplier/ Approved User and BMSC.

2.1.4 The appointed Supplier Representative/ User Representative shall advise and submit the relevant forms and documents to BMSC on behalf of the Approved Supplier/ Approved User.

2.1.5 BMSC shall reserve the right to reject application to be an Approved Supplier/ Approved User.

2.1.6 The following are the forms and documents which BMSC should receive from the Supplier Representative/ User Representative on behalf of the Approved Supplier/ Approved User:-

Approved Supplier

Where the Approved Supplier is a:

a. Resident Individual

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

c. Non-Resident Individual Living In Their Home Country

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

d. Corporate

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

SCS **ISSBNT OPERATIONAL GUIDELINES FOR APPROVED SUPPLIERS
& APPROVED USERS**

Section: 2. APPLICATION PROCEDURES

Approved User:

(applies to any category of Approved User)

- a. The Approved User 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 Supplier/ Approved User Form;
 - ii. Appointment Of Supplier Representative/ User 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 User;
 - 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 Supplier/ Approved User Form;*

*ii. **Appendix 2:** Appointment Of Supplier Representative/ User Representative Form;*

If the holder of the Securities Account stated in the Appointment Of Supplier Representative/ User Representative Form does not belong to the Approved Supplier then the Approved Supplier will have to provide the following:

Appendix 7 - Letter Of Authorisation/ Consent By Holder Of Securities Account In Relation To The Islamic Securities Selling And Buying – Negotiated Transaction (“THE ISSBNT”)

*iii. **Appendix 3:** Diagram which illustrates the Application process.*



**SCS ISSBNT OPERATIONAL GUIDELINES FOR APPROVED SUPPLIERS
& APPROVED USERS**

Section: 3. CREATING A TRANSACTION UNDER ISSBNT

3.1 How to create a Leg 1

- 3.1.1 An Approved Supplier and an Approved User must have a valid ISSBNT Agreement before any ISSBNT can be created.
- 3.1.2 Approved Supplier and Approved User agree on ISSBNT outside the ISSBNT System.
- 3.1.3 Once the ISSBNT has been agreed between the Approved Supplier and Approved User:
 - a. Approved User must ensure that it obtains a confirmation from an Approved Supplier. The minimum details in the confirmation issued by Approved Supplier to Approved User are as follows:
 - i. A clear statement that the confirmation relates to an order to buy or to an order to hold securities;
 - ii. Name of the Approved Supplier;
 - iii. Name of the Approved User;
 - iv. Name and security code of the securities transacted or to be held;
 - v. Quantity of the securities transacted or to be held;
 - vi. Settlement date of the transaction 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 Approved User.

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

- b. Approved Supplier and Approved User must decide when ISSBNT Securities is to be moved from Approved Supplier to Approved User;
- c. Approved Supplier must report the Leg 1 transaction of the moved securities. This is achieved by the act of Accepting the Leg 1 via the ISSBNT System as stipulated in the following item 3.2.

3.2 How to move ISSBNT Securities

- 3.2.1 To move the ISSBNT Securities, the following instructions must be given:-
 - a. Approved User will have to instruct the User Representative to Initiate a Leg 1; and
 - b. Approved Supplier will have to instruct the Supplier Representative to Accept the Leg 1.
- 3.2.2 Upon successful acceptance of the Leg 1 by the Supplier Representative, securities transfer will be immediate from the Approved Supplier's CDS account to Approved User's CDS account.

3.3 Consequence of not reporting to ISSBNT System

3.3.1 The following are the consequences of not reporting to ISSBNT System:

- a. There will be no movement of securities from the Approved Supplier's CDS account to Approved User's CDS account;
- b. Breach of Rule 9.12(b) of the Rules of BMSC which mandates the notification of the agreed ISSBNT to BMSC.

Note:

Collateral arrangement is not handled via the ISSBNT System and as such will have to be dealt with between the Approved Supplier and Approved User. It is advisable for this issue to be included in the ISSBNT Agreement.

In relation to ISSBNT Securities bought under Rule 9.5(a)(ii) for the purpose of settling a potential failed trade, the quantity of ISSBNT Securities that is permitted to be transferred by the Approved User to the relevant securities account to fulfil the delivery obligation in respect of that potential failed trade must not be higher than the quantity of securities needed to fulfil such delivery obligation.

*Please refer to diagram in **Appendix 5** which illustrates the Leg 1 process.*



**SCS ISSBNT OPERATIONAL GUIDELINES FOR APPROVED SUPPLIERS
& APPROVED USERS**

Section: 4. CANCELLATION OF ISSBNT

4.1 Cancellation of ISSBNT (*Khiyar Syart*)

- 4.1.1 Approved Supplier and Approved User have the option to cancel an ISSBNT transaction on T day and T+1 day.

- 4.1.2 Upon the cancellation process, the ISSBNT Securities will be transferred in full from the Approved User’s account to the Approved Supplier’s account and the ISSBNT will be cancelled.

The following table gives an illustration of the ISSBNT (Khiyar Syart) Cancellation process:

T	T+1
① Approved Supplier and Approved User complete Leg 1 process	
② Permitted to perform ISSNT Cancellation process (<i>Khiyar Syart</i>)	

**SCS ISSBNT OPERATIONAL GUIDELINES FOR APPROVED SUPPLIERS
& APPROVED USERS**

Section: 5. ISSBNT EXTINGUISHMENT

5.1 Execution of Leg 2

- 5.1.1 The Approved Supplier and Approved User will have to agree on a date for Leg 2 of ISSBNT to take place.
- 5.1.2 Where the ISSBNT Securities are bought to facilitate the settlement of Potential Trade Failure (PTF), such ISSBNT Securities must be returned in full no later than 6 market days after the date of the execution of the potential failed trade (i.e. T+6).
- 5.1.3 Approved Supplier and Approved User must do the following:
 - a. Approved User to instruct its User Representative to Initiate the Leg 2; and
 - b. Approved Supplier to instruct its Supplier Representative to Accept the Leg 2.
- 5.1.4 Once both instructions are matched and confirmed by BMSC’s ISSBNT System, securities transfer will be immediate from the Approved User’s CDS account to Approved Supplier’s CDS account.

*Note:
It is advisable (if item 5.2 does not apply) for an Approved Supplier to confirm the delivery of the recalled/Leg 2 securities from Approved User, prior to selling the securities. If the Approved User purchases the securities from the market to fulfil the recall, there will be a mismatch in the settlement timing.*

The Approved Supplier will have to deliver the securities for the sale made by T+2 4:30pm but the delivery of securities from Approved User will only take effect on T+3. In this situation the Approved Supplier 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 Supplier	① Sells ISSBNT Securities		Need to deliver ISSBNT securities for settlement (cut off by 4.30pm)	⑦ Receive Recalled ISSBNT Securities after the settlement delivery deadline
	② Recalls Transaction			
Approved User	③ Receive Recall Notice		⑤ Received securities during settlement (after midnight)	⑥ Executes Leg 2 of the ISSBNT Securities to Approved Supplier
	④ Purchase Securities to execute Leg 2			

*Please refer to **Appendix 6** which illustrates the ISSBNT Extinguishment/Leg 2 process.*

5.2 Withholding From Buying-in

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

Note: The mismatch of timing is illustrated in Section 5.1

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

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

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

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

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

	T	T+1 and T+2	T+3	T+4
Approved Supplier (AS)	① Sells ISSBNT Securities	③ Supplier Representative to Initiate and Confirm the Withholding From Buying-in request (8:30 am to 4:30pm)	④ Withholding from buying-in effected	⑤ Approved Supplier will be subjected to buying-in if ISSBNT recalled securities is unsuccessfully delivered
	② Recalls Transaction			



6.1 ISSBNT Intermediary Fee

6.1.1 BMSC will charge an **ISSBNT Intermediary Fee** for the services provided. This fee is computed by the ISSBNT System. The fee structure is of 2 types as the following:

- a. 0.02% (2 basis point) per annum of the outstanding ISSBNT (based on the daily closing price of the securities transacted) with a minimum of RM100 levied on both User Representative and Supplier Representative;

OR

- b. 0.04% (4 basis point) per annum of the outstanding ISSBNT (based on the daily closing price of the securities transacted) with a minimum of RM200 on User Representative only.

Note:

- *6.1.1(a) is on shared arrangement between the Supplier Representative and User Representative where else 6.1.1(b) is non-shared i.e. the entire intermediary fee is borne by the User Representative.*
- *Bursa has obtained an approval to display prices exclusive of the Goods and Services Tax ("GST") under subsection 9(7) of the Goods and Services Tax Act 2014. Accordingly, each fee, charge or amount payable to BMSC set out above does not include GST i.e. price payable is exclusive of GST.*
- *6% GST is payable on all fees, charges or amounts payable (unless otherwise specified by Bursa in accordance with the Goods and Services Tax Act 2014), and will be billed in the tax invoices issued in relation to such fees, charges or amounts payable.*
- *Supplier Representative and User Representative are required to pay BMSC the Intermediary Fee together with the GST on every 3rd business day of the month by 10 a.m.*



7.1 Corporate Actions

- 7.1.1 BMSC will not perform any adjustment to the ISSBNT Securiteis quantity or buying value pursuant to any corporate action undertaken by an issuer.
- 7.1.2 The Approved Supplier and Approved User will have to agree on the ISSBNT Securities quantity to be adjusted.
- 7.1.3 The ISSBNT System provides the facility to adjust the ISSBNT Securities quantity arising from a corporate action.
- 7.1.4 To have the ISSBNT Securities Quantity Adjustment done, Approved Supplier and Approved User must do the following:
 - a. Approved User to instruct its User Representative to Initiate the ISSBNT Securities Quantity Adjustment; and
 - b. Approved Supplier to instruct its Supplier Representative to Accept the ISSBNT Securities Quantity Adjustment.

Note:

The ISSBNT Securities quantity adjustment process for corporate actions will have to be carried out prior to the ISSBNT Extinguishment.



**SCS SBLNT OPERATIONAL GUIDELINES FOR APPROVED SUPPLIER
& APPROVED USER**

Section: 8. GLOSSARY

Text	Definition
Approved Supplier	means a person approved by BMSC to be a supplier in an ISSBNT.
Approved User	means a person approved by the BMSC to be a user in an ISSBNT.
Bursa Depository	Bursa Malaysia Depository Sdn Bhd
BMSC	known as BURSA MALAYSIA SECURITIES CLEARING SDN BHD, means the Clearing House.
CDS	Central Depository System.
CDS Account	means a securities account established by Bursa Depository or other central depository for an account holder.
Corporate Action	means any action taken by an issuer in relation to or arising from its securities including payment of dividend , issue of bonus shares and other rights and interests associated with such securities, capital restructuring and share consolidation.
ISSB Negotiated Transaction or ISSBNT	means a securities selling and buying transaction entered into between an Approved Supplier and an Approved User based on the ISSBNT Model and facilitated by BMSC in accordance with the Rules.
ISSBNT Eligible Securities	means that portion of the Eligible Securities prescribed by BMSC as approved for an ISSBNT.
ISSBNT Model	means the prevailing Islamic Securities Selling and Buying – Negotiated Tansaction model endorsed by the Shariah Advisory Council of Securities Commission Malaysia.
ISSBNT Securities	means the ISSBNT Eligible Securities that are sold or purchased in relation to an ISSBNT.
ISSBNT System	means the system operated by BMSC to facilitate ISSBNT.
Leg 1 of the ISSBNT	means the initial sale of the ISSBNT Eligible Securities by the Approved Supplier to the Approved User in accordance with the ISSBNT Model.
Leg 2 of the ISSBNT	means any subsequent sale by the Approved User to the Approved Supplier of similar or equivalent securities as that of Leg 1 of the relevant ISSBNT in accordance with the ISSBNT Model.
NTCP	Non Trading Clearing Participant.
Operational Procedure	means the Operational Procedure(s) of BMSC in relation to any of the services or facilities of BMSC containing the practices, procedures and requirements relating to the operations and functions of any such services or facilities of BMSC, issued from time to time.
Supplier Representative	means a person approved by BMSC to perform certain functions with respect transacting of securities by the Approved Supplier in an ISSBNT.
TCP	Trading Clearing Participants.
User Representative	means a person approved by BMSC to perform certain functions with respect to transacting of securities by the Approved User in an ISSBNT.

APPLICATION TO BE APPROVED SUPPLIER / APPROVED USER
ISLAMIC SECURITIES SELLING AND BUYING – NEGOTIATED TRANSACTION (“ISSBNT”)

This application is made pursuant to Rule 9.2 of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd (“BMSC”) in relation to be an Approved Supplier or Rule 9.3 of the Rules of BMSC in relation to be an Approved User.
 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

BMSC's reference number.....

New Application
 Updating Information
 (please complete only relevant information)

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

Approved Supplier
 Approved User
 Both

1. Particulars of the applicant

Applicant's name in full

Date of incorporation (if applicable)

Place of incorporation (if applicable)

Company Registration Number or Identification Number

Registered address

(Change of address MUST be notified immediately)

Correspondence address (if different)

(Change of address MUST be notified immediately)

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 User 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 User)	RM
--	-----------

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

5. Supporting Documents

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

5.1 If the application is for approval as an Approved Supplier:

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

5.2 If application is for Approved User:

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 User (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:-

- undertake to ensure that all ISSBNT(s) including the agreements, procedures, and documentation, to the best of our knowledge, are compliant with the ISSBNT Model (as defined under the Rules of BMSC) and Shariah principles.
- Declare that, I/we, am/are properly authorised to carry out activities relating to ISSBNT in accordance with the Rules of BMSC
- Declare that all information given in this application and in the attached annexures is true and correct.
- Acknowledge that BMSC may in its absolute discretion, approve or reject this application, and shall not hold BMSC liable in any manner for its decision.
- agree, upon approval of this application, to at all times comply with all requirements prescribed by BMSC for an Approved User / Approved Supplier as contained in the Rules of BMSC or as prescribed by BMSC from time to time in relation to ISSBNT.
- in relation to our application to be an Approved User (if applicable), agree, upon approval of this application, to at all times comply with Rules 7.37 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**
 2nd Floor, Exchange Square, Bukit Kewangan
 50200 Kuala Lumpur

Schedule 1
Persons eligible to be an Approved User

No.	Category Description
1	A licensed bank, licensed investment bank or approved money-broker institution as defined under the Financial Services Act 2013 and its wholly-owned subsidiary that is a nominee company.
2.	A financial institution established under any Act of Parliament and its wholly-owned subsidiary that is a nominee company.
3.	A licensed Islamic Bank as defined in the Islamic Financial and Services Act 2013 and its wholly-owned subsidiary that is a nominee company.
4.	A prescribed institution as defined in the Development Financial Institutions Act 2002 and its wholly-owned subsidiary that is a nominee company.
5.	A bank licensee as defined under the Labuan Financial Services and Securities Act 2010 and its wholly-owned subsidiary that is a nominee company.
6.	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.
7.	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.
8.	A foreign fund manager.
9.	A person appointed by the Depository to be an authorised depository agent and its wholly-owned subsidiary that is a nominee company.
10.	A person appointed by the Depository to be an authorised direct member and its wholly-owned subsidiary that is a nominee company.
11.	A clearing house approved under section 38 of the Capital Markets and Services Act 2007.
12.	A holder of a Capital Markets Services Licence for the purpose of carrying on the business of dealing in securities and its wholly-owned subsidiary that is a nominee company.

**APPOINTMENT OF SUPPLIER REPRESENTATIVE / USER REPRESENTATIVE
ISLAMIC SECURITIES SELLING AND BUYING – NEGOTIATED TRANSACTION (“ISSBNT”)**

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

For office use only

BMSC's reference number.....

1. Particulars of the Applicant – *Approved Supplier / Approved User

Applicant's name in full

Company Registration No. or NRIC

Securities Account (CDS) Number To Be Linked

(To link more than 1 securities account, fill the attachment for subsequent accounts)

Account Purpose

(Refer attachment for code details)

Account Qualifier of the CDS account above

2. Particulars of the Supplier Representative / User Representative

Corporation's name in full

Company No. (if any)

Please tick the relevant:

User Representative

Supplier Representative

Acknowledgement by Approved Supplier / Approved User

I/We, *the Approved Supplier / the Approved User / both Approved Supplier and the Approved Supplier hereby wish to appoint the corporation as stated in item 2 above as our *Supplier Representative / User Representative / both Supplier Representative and User Representative to carry out ISSBNT.

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

3. Acknowledgement by Supplier Representative / User Representative

I/We hereby agree to act as the *Supplier Representative / User Representative / both Supplier Representative and User Representative to carry out ISSBNT for the *Approved Supplier / Approved User as stated in item 1 above.

..... Authorised Signatory(ies)
Name:
..... Company Stamp (if applicable)

Dated thisof

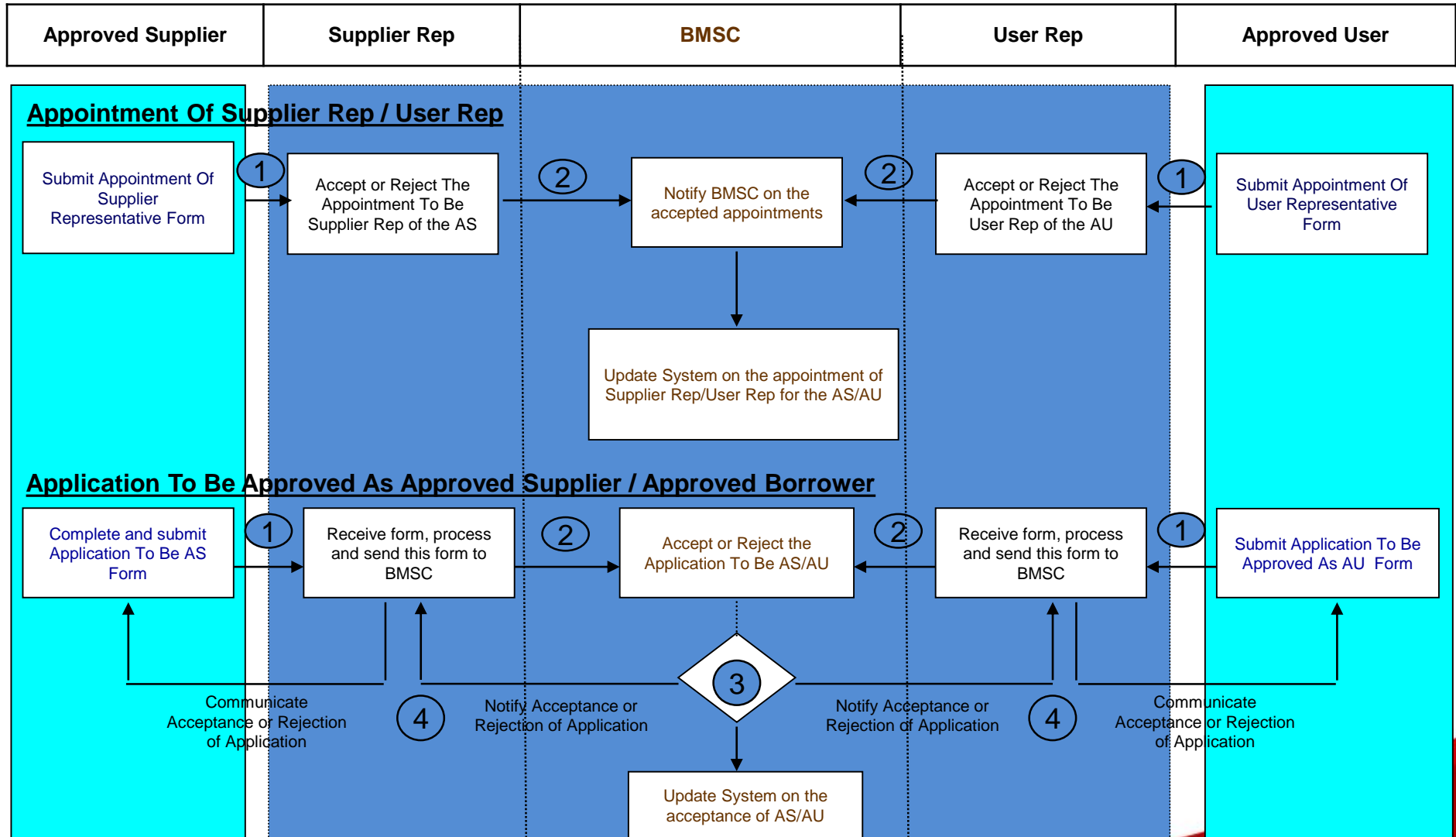
* Delete whichever is not applicable

Kindly submit the duly completed application form to:-

Head, Participants Supervision Division
Regulations
Bursa Malaysia Berhad
2nd Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

I. Appointment Of Supplier Representative / User Representative

II. Application To Be Approved Supplier (AS) / Approved User (AU)



DIRECTIVE ON MAINTENANCE OF CONFIRMATION INFORMATION BY APPROVED USER**MAINTENANCE OF CONFIRMATION**

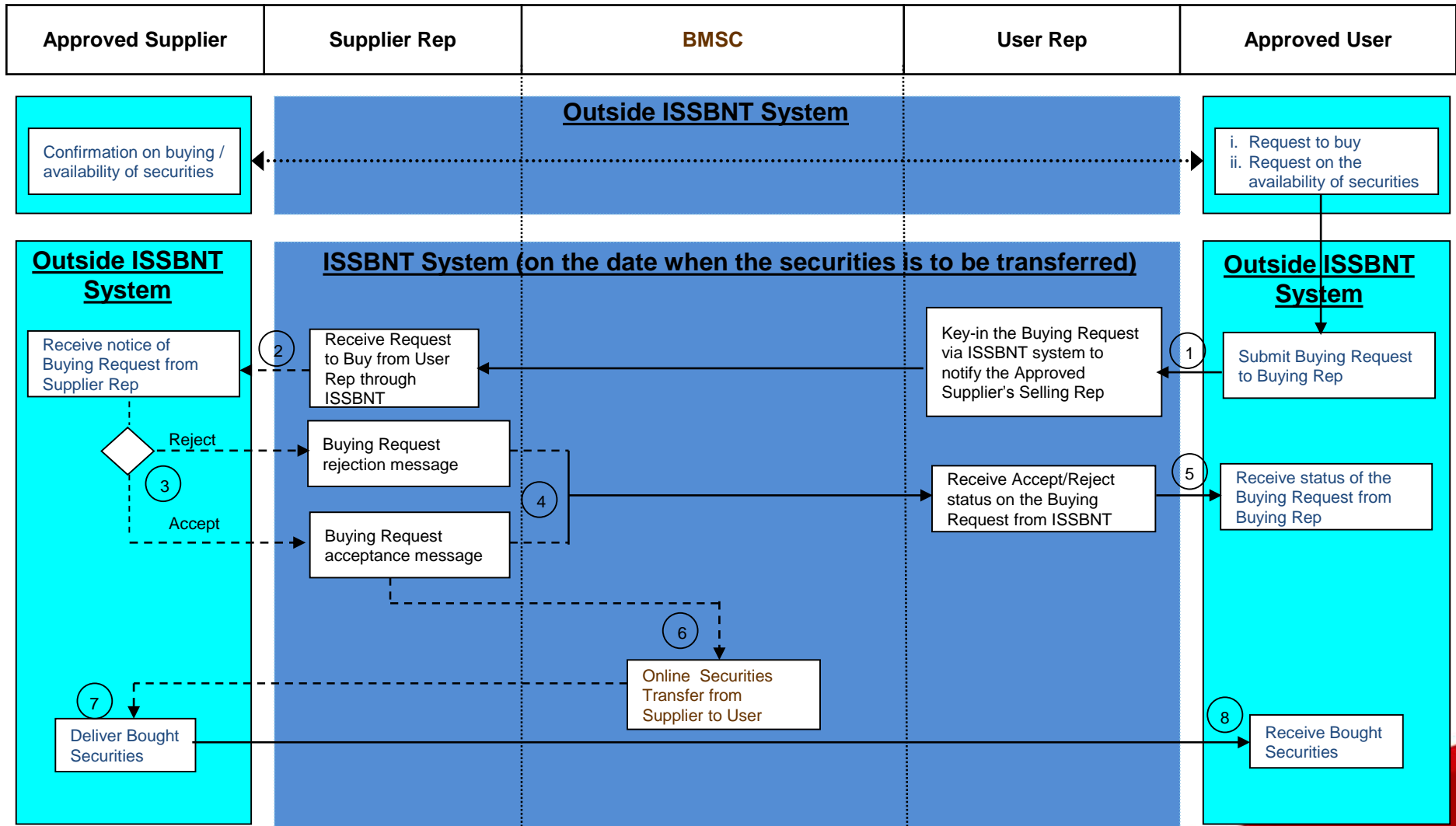
1. This Directive is issued pursuant to Rule 9.12(a) of the Rules of Bursa Malaysia Securities Clearing Sdn Bhd.
2. In accordance with Rule 9.12(a), an Approved User (“AU”) must ensure that it obtains a confirmation from an Approved Supplier (“AS”) that the AS has the ISSBNT Eligible Securities available to be sold to the AU.
3. The confirmation must contain, at the minimum, the following details:-
 - (a) A clear statement that the confirmation relates to an order to buy or to an order to hold securities;
 - (b) Name of the supplier;
 - (c) Name of the user;
 - (d) Name and security code of the securities bought or to be held;
 - (e) Quantity of the securities bought or to be held;
 - (f) Settlement date of the buying 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 AU.
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 AU 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 9.15 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: [5 December 2017]

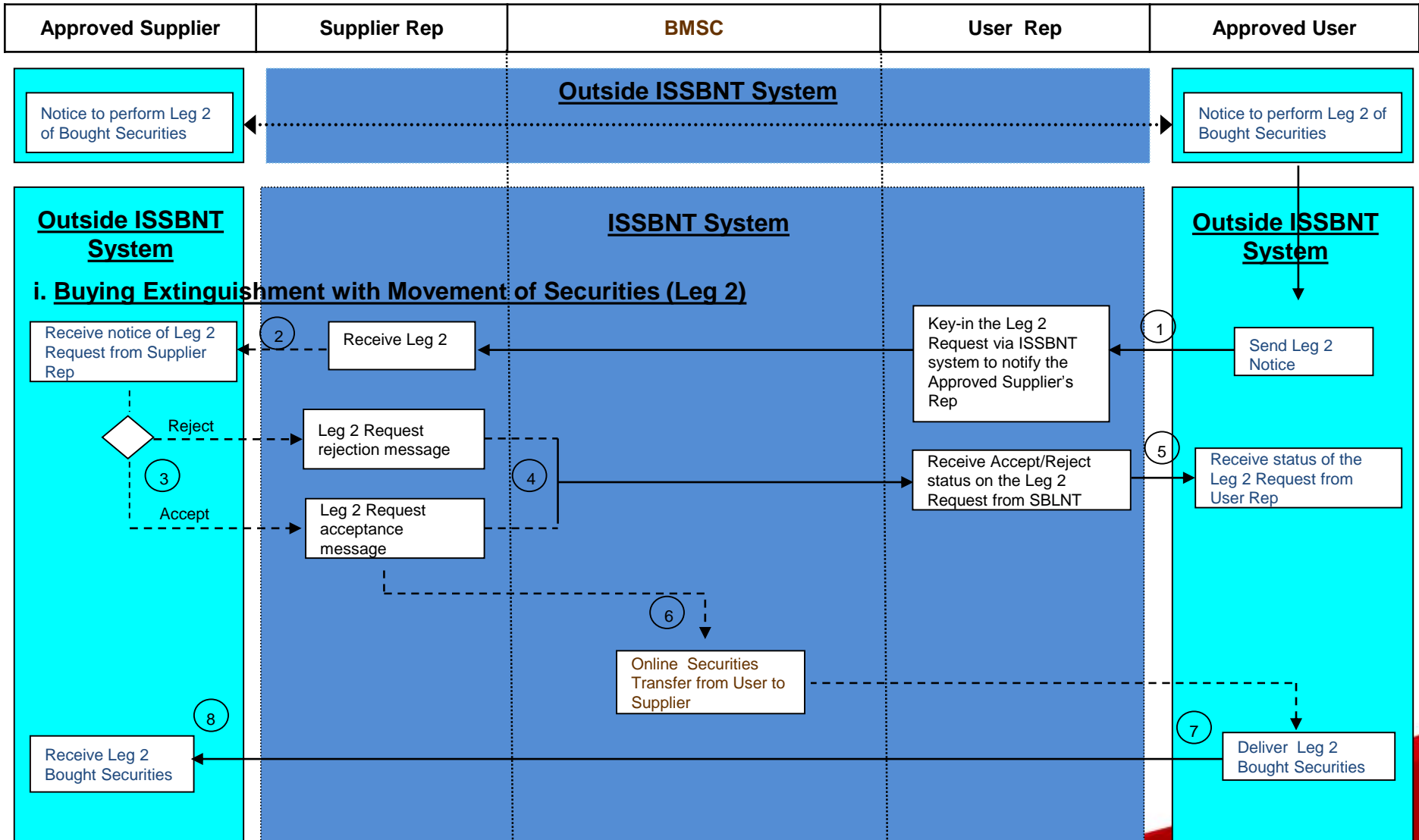
Effective Date: [12 December 2017]

Contact Person: Head, Intermediaries Supervision
Regulation

Leg 1 Process



ISSBNT Extinguishment / Leg 2 Process



LETTER OF AUTHORISATION / CONSENT BY HOLDER OF SECURITIES ACCOUNT IN RELATION TO THE ISLAMIC SECURITIES SELLING AND BUYING – NEGOTIATED TRANSACTION (“THE ISSBNT”)

[On letterhead of Approved Supplier’s client/ authorised nominee]

To :

Bursa Malaysia Securities Clearing Sdn Bhd and
Bursa Malaysia Depository Sdn Bhd
10th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

Authorisation/ Consent by Approved Supplier’s client/ authorised nominee in relation to the ISSBNT

I/We, _____ [name of the Approved Supplier’s client/authorised nominee] am/are the account holder of the Securities Account No. _____ (hereinafter referred to as “the Securities Account”) stated in the Appointment Of Supplier Representative/ User Representative Form submitted by _____ [name of the Approved Supplier] (hereinafter referred to as “the Approved Supplier”) to Bursa Malaysia Securities Clearing Sdn Bhd (hereinafter referred to as “the Clearing House”) on [date of Form] pursuant to the ISSBNT related rules prescribed in the Rules of Bursa Clearing (S) (“hereinafter referred to as the ISSBNT Rules”).

In consideration of the Clearing House approving the Approved Supplier’s application to become an Approved Supplier in relation to the ISSBNT and continuing to allow the Approved Supplier to enter into new ISSB Negotiated Transactions or transactions contemplated under any directives, circulars or instructions issued by the Clearing House in relation to ISSB Negotiated Transactions, **I/ WE HEREBY GIVE OUR AUTHORISATION AND CONSENT** to the following:-

- (i) the Clearing House instructing Bursa Malaysia Depository Sdn Bhd (“the Depository”) to debit from the Securities Account and for the Depository to debit the eligible securities specified by the Approved Supplier which are available for selling to the Approved User (“the ISSBNT Securities”) for the purpose of the delivery of the ISSBNT Securities by the Approved Supplier to the Approved User and for the Clearing House instructing the Depository to credit into the Securities Account and for the Depository to credit the equivalent ISSBNT Securities for purpose of the redelivery of the equivalent ISSBNT Securities by the Approved User to the Approved Supplier, pursuant to the ISSBNT Rules; and
- (ii) the Clearing House or the Depository disclosing any information or producing any documents in its possession or control which relate to the Securities Account or the securities held therein where the Clearing House or the Depository is bound by law or the requirements of any relevant authority in Malaysia so to do.

I/ We hereby undertake that for so long as the transactions entered into between the Approved Supplier and the Approved User pursuant to the ISSBNT Rules shall remain outstanding:

- (a) this authorisation and consent shall be irrevocable; and
- (b) I/we shall not close and shall ensure no closure of the Securities Account stated herein.

We hereby confirm that [name of authorised signatory of authorised nominee] has been duly authorised by resolution of our board of directors dated [date of resolution] to give this authorisation/consent (this is applicable only to authorised nominee).

Yours faithfully

.....

Name: [Approved Supplier's client/Authorised signatory of authorised nominee]

Designation: [applicable if authorised nominee]

Date:

Signature authentication by Supplier Representative

We hereby confirm that we have checked and verified that the signature of the Approved Supplier's client corresponds with the signature on the specimen signature card / the signature of the authorised signatory of the authorised nominee corresponds with our records.

..... Authorised Signatory(ies)
Name:
..... Company Stamp

Dated this of

**LIST OF ISSBNT ELIGIBLE SECURITIES
(With effect from 12 December 2017)**

No	STOCK CODE	STOCK LONG NAME
1	5959	AMVERTON BERHAD (Formerly known as A & M REALTY BHD)
2	6599	AEON CO. (M) BHD
3	7078	AHMAD ZAKI RESOURCES BHD
4	5238	AIRASIA X BERHAD
5	5116	AL-AQAR HEALTHCARE REIT
6	5269	AL-SALAM REAL ESTATE INVESTMENT TRUST
7	6556	ANN JOO RESOURCES BHD
8	6888	AXIATA GROUP BERHAD
9	5106	AXIS REITS
10	7251	BARAKAH OFFSHORE PETROLEUM BHD
11	5248	BERMAZ AUTO BERHAD
12	5258	BIMB HOLDINGS BHD
13	9288	BONIA CORPORATION BHD
14	7036	BORNEO OIL BHD
15	5254	BOUSTEAD PLANTATIONS BHD
16	2852	CAHYA MATA SARAWAK BHD
17	5105	CAN-ONE BHD
18	7076	CB INDUSTRIAL PRODUCT HOLDING
19	7148	CCM DUOPHARMA BIOTECH BHD
20	2879	CHEMICAL COMPANY OF MALAYSIA
21	5273	CHIN HIN GROUP BERHAD
22	5007	CHIN WELL HOLDINGS BHD
23	5071	COASTAL CONTRACTS BHD
24	7205	COCOALAND HOLDINGS BHD
25	5094	CSC STEEL HOLDINGS BERHAD
26	5184	CYPARK RESOURCES BERHAD
27	7204	D&O GREEN TECHNOLOGIES BERHAD
28	4456	DAGANG NEXCHANGE BERHAD
29	5216	DATASONIC GROUP BERHAD
30	5141	DAYANG ENTERPRISE HOLDINGS BHD
31	7212	DESTINI BERHAD
32	7277	DIALOG GROUP BHD
33	1619	DRB-HICOM BHD
34	3417	EASTERN & ORIENTAL BHD
35	8206	ECO WORLD DEVELOPMENT GROUP BERHAD
36	5253	ECONPILE HOLDINGS BHD
37	8877	EKOVEST BHD

No	STOCK CODE	STOCK LONG NAME
38	0090	ELSOFT RESEARCH BHD
39	5101	EVERGREEN FIBREBOARD BHD
40	7229	FAVELLE FAVCO BHD
41	5222	FELDA GLOBAL VENTURES HLDG BHD
42	3689	FRASER & NEAVE HOLDINGS BHD
43	5226	GABUNGAN AQRS BERHAD
44	9261	GADANG HOLDINGS BHD
45	5398	GAMUDA BHD
46	5209	GAS MALAYSIA BERHAD
47	2291	GENTING PLANTATIONS BERHAD
48	3204	GEORGE KENT (M) BHD
49	0021	GHL SYSTEMS BHD
50	7022	GLOBETRONICS TECHNOLOGY BHD
51	5020	GLOMAC BHD
52	5138	HAP SENG PLANTATIONS HOLDINGS
53	5168	HARTALEGA HOLDINGS BHD
54	5095	HEVEABOARD BHD
55	6238	HOCK SENG LEE BHD
56	3301	HONG LEONG INDUSTRIES BHD
57	5024	HUP SENG INDUSTRIES BHD
58	4251	I-BHD
59	5225	IHH HEALTHCARE BERHAD
60	3336	IJM CORPORATION BHD
61	2216	IJM PLANTATIONS BHD
62	0166	INARI AMERTRON BERHAD
63	6262	INNOPRISE PLANTATIONS BERHAD
64	1961	IOI CORPORATION BHD
65	5249	IOI PROPERTIES GROUP BERHAD
66	1589	ISKANDAR WATERFRONT CITY BERHAD
67	4723	JAKS RESOURCES BERHAD
68	4383	JAYA TIASA HOLDINGS BHD
69	5161	JCY INTERNATIONAL BERHAD
70	7216	KAWAN FOOD BHD
71	7161	KERJAYA PROSPEK GROUP BERHAD
72	5171	KIMLUN CORPORATION BERHAD
73	5235SS	KLCC PROP&REITS-STAPLED SEC
74	7164	KNM GROUP BHD
75	7153	KOSSAN RUBBER INDUSTRIES BHD
76	5878	KPJ HEALTHCARE BHD
77	1996	KRETAM HOLDINGS BHD
78	5038	KSL HOLDINGS BHD
79	2445	KUALA LUMPUR KEPONG BHD

No	STOCK CODE	STOCK LONG NAME
80	6491	KUMPULAN FIMA BHD
81	5843	KUMPULAN PERANGSANG SELANGOR
82	3794	LAFARGE MALAYSIA BERHAD
83	9385	LAY HONG BHD
84	5789	LBS BINA GROUP BHD
85	7089	LII HEN INDUSTRIES BHD
86	6645	LINGKARAN TRANS KOTA HOLDINGS
87	4235	LION INDUSTRIES CORPORATION
88	7617	MAGNA PRIMA BHD
89	7087	MAGNI-TECH INDUSTRIES BHD
90	8583	MAH SING GROUP BHD
91	5264	MALAKOFF CORPORATION BERHAD
92	5186	MALAYSIA MARINE AND HEAVY ENG
93	3867	MALAYSIAN PACIFIC INDUSTRIES
94	1651	MALAYSIAN RESOURCES CORPORATION BERHAD
95	6181	MALTON BHD
96	5236	MATRIX CONCEPTS HOLDINGS BHD
97	6012	MAXIS BERHAD
98	5983	MBM RESOURCES BHD
99	5090	MEDIA CHINESE INTERNATIONAL LT
100	3069	MEGA FIRST CORPORATION BHD
101	3816	MISC BHD
102	9571	MITRAJAYA HOLDINGS BHD
103	6114	MKH BERHAD
104	2194	MMC CORPORATION BHD
105	5202	MSM MALAYSIA HOLDINGS BERHAD
106	3883	MUDA HOLDINGS BHD
107	5085	MUDAJAYA GROUP BHD
108	5703	MUHIBBAH ENGINEERING (M) BHD
109	0138	MY E.G. SERVICES BHD
110	5066	NTPM HOLDINGS BHD
111	0172	OCK GROUP BERHAD
112	5201	OLDTOWN BERHAD
113	7095	P.I.E. INDUSTRIAL BHD
114	7052	PADINI HOLDINGS BHD
115	1724	PARAMOUNT CORPORATION BHD
116	5657	PARKSON HOLDINGS BHD
117	5219	PESTECH INTERNATIONAL BERHAD
118	3042	PETRON MSIA REFINING& MKTG BHD
119	5183	PETRONAS CHEMICALS GROUP BHD
120	5681	PETRONAS DAGANGAN BHD
121	6033	PETRONAS GAS BHD

No	STOCK CODE	STOCK LONG NAME
122	9598	PINTARAS JAYA BHD
123	4634	POS MALAYSIA BHD
124	7237	POWER ROOT BERHAD
125	4065	PPB GROUP BHD
126	8869	PRESS METAL ALUMINIUM HOLDINGS BERHAD
127	5204	PRESTARIANG BERHAD
128	5070	PROTASCO BHD
129	6807	PUNCAK NIAGA HOLDINGS BHD
130	7084	QL RESOURCES BHD
131	5272	RANHILL HOLDINGS BERHAD
132	5256	REACH ENERGY BHD
133	5113	RIMBUNAN SAWIT BHD
134	0183	SALUTICA BERHAD
135	5218	SAPURA ENERGY BERHAD
136	5126	SARAWAK OIL PALMS BHD
137	7247	SCGM BHD
138	0099	SCICOM (MSC) BHD
139	4731	SCIENTEX BERHAD
140	4197	SIME DARBY BHD
141	7155	SKP RESOURCES BHD
142	7248	SLP RESOURCES BHD
143	8664	SP SETIA BHD
144	6084	STAR MEDIA GROUP BERHAD
145	3743	SUNSURIA BERHAD
146	5211	SUNWAY BERHAD
147	5263	SUNWAY CONSTRUCTION GROUP BERHAD
148	7106	SUPERMAX CORPORATION BHD
149	6521	SURIA CAPITAL HOLDINGS BHD
150	6139	SYARIKAT TAKAFUL MALAYSIA BHD
151	5012	TA ANN HOLDINGS BHD
152	8524	TALIWORKS CORPORATION BHD
153	5191	TAMBUN INDAH LAND BERHAD
154	4405	TAN CHONG MOTOR HOLDINGS BHD
155	4863	TELEKOM MALAYSIA BHD
156	5347	TENAGA NASIONAL BHD
157	5112	TH PLANTATIONS BHD
158	7034	THONG GUAN INDUSTRIES BHD
159	0012	THREE-A RESOURCES BHD
160	5031	TIME DOTCOM BHD
161	5239	TITIJAYA LAND BERHAD
162	7113	TOP GLOVE CORPORATION BHD
163	5401	TROPICANA CORPORATION BERHAD

No	STOCK CODE	STOCK LONG NAME
164	9059	TSH RESOURCES BHD
165	7100	UCHI TECHNOLOGIES BHD
166	1368	UEM EDGENTA BERHAD
167	5148	UEM SUNRISE BERHAD
168	4588	UMW HOLDINGS BHD
169	5243	UMW OIL & GAS CORPORATION BHD
170	5005	UNISEM (M) BHD
171	2593	UNITED MALACCA BHD
172	7133	UNITED U-LI CORPORATION BHD
173	5200	UOA DEVELOPMENT BERHAD
174	7250	UZMA BHD
175	6963	V.S INDUSTRY BHD
176	0097	VITROX CORPORATION BHD
177	5142	WAH SEONG CORPORATION BHD
178	3565	WCE HOLDINGS BERHAD
179	9679	WCT HOLDINGS BERHAD
180	7231	WELLCALL HOLDINGS BHD
181	5246	WESTPORTS HOLDINGS BERHAD
182	4243	WTK HOLDINGS BHD
183	5584	YEE LEE CORPORATION BHD
184	7293	YINSON HOLDINGS BHD
185	7066	YONG TAI BHD
186	5131	ZHULIAN CORPORATION BHD