

**ANNEXURE A**

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

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

**1. SCOPE OF GUIDELINES**

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

**2. DEFINITIONS**

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

<b>Abbreviation</b>	<b>Meaning</b>
<b>ADA</b>	Authorised Depository Agent
<b>AIP</b>	Approval-In-Principle
<b>Board</b>	Board of Directors of the ADA
<b>Bursa Depository</b>	Bursa Malaysia Depository Sdn Bhd
<b>DA</b>	Declaratory Approach in notifying Bursa Depository of the completion of the Readiness Audits
<b>GLP</b>	Green Lane Policy in relation to Readiness Audits as referred to in paragraph 5
<b>SAA</b>	Self Assessment Approach in notifying Bursa Depository of the completion of the Readiness Audits
<b>SC</b>	Securities Commission

**3. ACTIVITIES REQUIRING APPROVAL OF THE SC AND/OR BURSA DEPOSITORY AND  
THE CIRCUMSTANCES IN WHICH A READINESS AUDIT IS REQUIRED TO BE  
UNDERTAKEN BY AN ADA**

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

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

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

**4. REQUIREMENTS FOR SAA OR DA**

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

**4.1 Self Assessment Approach (SAA)**

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

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

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

**4.2 Declaratory Approach (DA)**

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

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

**5. Green Lane Policy (“GLP”)**

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

**5.1 Eligibility of an ADA**

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

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

**5.2 Activities**

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

**5.3 Criteria for activities falling within the GLP**

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

[End of Guidelines]

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

**Appendix 1**

**SAA PROCEDURES ON SUBMISSION AND REVIEW OF APPLICATIONS FROM AUTHORISED  
DEPOSITORY AGENTS ON NEW ACTIVITIES**

**1. Procedures For Submission and Approval in respect of SAA**

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

**2. Documentation Requirements for New Activities**

The following documents are required:

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

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Note:-

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

[End of Appendix 1]

**Appendix 2**

**DECLARATION OF READINESS FOR THE SELF ASSESSMENT APPROACH**

To: Head  
Participants Supervision Division  
Regulation

BURSA MALAYSIA BERHAD  
12<sup>th</sup> Floor, Exchange Square  
Bukit Kewangan  
50200 Kuala Lumpur

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

**DECLARATION ON COMPLIANCE FOR PURPOSES OF READINESS TO COMMENCE OPERATIONS**

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

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

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

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

Signed \_\_\_\_\_  
Authorised signatory

Date \_\_\_\_\_

[End of Appendix 2]



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**Appendix 3**

**DA PROCEDURES ON SUBMISSION AND REVIEW OF APPLICATIONS FROM AUTHORISED  
DEPOSITORY AGENTS ON NEW ACTIVITIES**

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

[End of Appendix 3]

**Appendix 4**

**DECLARATION OF READINESS FOR THE DECLARATORY APPROACH**

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

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

**DECLARATION ON COMPLIANCE FOR PURPOSES OF READINESS TO COMMENCE OPERATIONS**

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**PART I**

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

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

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

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

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

**PART II: NOTIFICATION**

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

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**Authorised signatory**

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**Date**

[End of Appendix 4]

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

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**Appendix 5**

**NOTIFICATION OF COMMENCEMENT OF OPERATIONS UNDER THE GREEN LANE POLICY**

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

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

**NOTIFICATION OF COMMENCEMENT OF OPERATIONS UNDER THE GREEN LANE POLICY**

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

\_\_\_\_\_  
**Authorised signatory**

\_\_\_\_\_  
**Date**

[End of Appendix 5]

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