



CONSULTATION PAPER NO. 2/2019  
 PROPOSED AMENDMENTS TO THE RULES OF BURSA MALAYSIA DEPOSITORY SENDIRIAN  
 BERHAD IN RELATION TO CDS eSERVICES (RELEASE 2) & OTHER AMENDMENTS  
 Date of Issue: 30 May 2019

Bursa Malaysia Berhad (“Bursa Malaysia”) invites your written comments on the proposals set out in this Consultation Paper by 5 July 2019 (Friday) via:

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Respondents to this Consultation Paper are requested to use the reply format as stipulated in the Attachment.

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Please see our Personal Data Notice as set out in the Appendix to this Consultation Paper.

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## A. INTRODUCTION

This Consultation Paper seeks to consult the public on the proposed rule amendments in relation to electronic depository services which will be offered by Bursa Malaysia Depository Sendirian Berhad (“**Bursa Depository**”) to depositors, via a smartphone application and website known as Bursa Anywhere (“**CDS eServices**”). CDS eServices will be made available to depositors in phases, with the aim to improve Bursa Depository’s services to depositors with new enhancements from time to time.

## B. BACKGROUND & BENEFITS

Bursa Depository has always endeavoured to keep up with the changing trends and times and to embrace developments in technology in order to provide ease and convenience to depositors in the provision of depository services.

Bursa Depository’s latest initiative, CDS eServices was mooted with the intention of transforming the depositors’ experience in so far as their securities accounts (CDS accounts) are concerned. This is propelled by data which shows that the number of smartphone users in the country continues to rise and that e-commerce transactions conducted over the internet are increasingly popular.

CDS eServices will be rolled-out by Bursa Depository in stages via Bursa Anywhere - a new platform provided by Bursa Malaysia.

Bursa Anywhere is an electronic platform (smartphone application and website) that will cater for, among others, CDS eServices, which enables investors/depositors to access a wide range of depository services electronically. This is aimed at enhancing Bursa Malaysia’s customer experience, as part of our pledge to continuously improve our services to our valued investors.

The features of CDS eServices on Bursa Anywhere will be offered in stages in line with Bursa Depository’s proposal to introduce the essential basic features initially followed by the more complex ones subsequently. Bursa Depository has decided to adopt a more agile application release methodology. The incremental feature releases enable Bursa Depository to iteratively refine Bursa Anywhere based on the feedback and usage by the retail investors and conduct adequate tests and iterative refinements on the future features to optimize the depositors’ experience.

The key features of CDS eServices as per each proposed release are as follows:

### Release 1

Release 1 facilitates and enables the depositors to perform the following via their smartphones:

1. view the balance shareholdings in all their direct CDS accounts with marked to market value;
2. access and download statement of accounts;

3. update specified depositors' particulars allowed by Bursa Depository; and
4. receive notifications in relation to their shareholdings such as announcement on entitlements.

Release 1 is available from 30 May 2019 onwards.

### Release 2

In the proposed Release 2, depositors will be able to perform additional functions, via either their smartphones or Bursa Anywhere website -

1. open new CDS accounts;
2. subscribe for initial public offerings ("IPO") and rights issue which are offered via CDS eServices.
3. transfer securities between their own CDS accounts with the authorised depository agents' ("ADAs") approval;
4. reactivate their inactive or dormant CDS accounts;
5. register for eDividend to receive cash dividends and other cash payments directly into their bank accounts; and
6. make payment online to Bursa Depository for CDS related transactions.

Release 2 is targeted to be launched by end of 2019.

### Benefits of CDS eServices

The following are the key benefits of CDS eServices:

- (a) Enable depositors to perform specified CDS transactions online with ease and directly, without the need for an intermediary;
- (b) Promote an efficient avenue with an automated process for subscription of selected corporate exercise, such as rights issue and conversion of non-equity securities through one of the CDS eServices;
- (c) Increase efficiency and productivity consequent to the introduction of a document imaging filing system which allows Bursa Depository and the ADAs the ability to share, collaborate, exchange, access and retrieve documents and data;
- (d) Improve the time-to-market by reducing the turnaround time for the processing of selected CDS transactions;

- (e) Facilitate a direct engagement and interaction between Bursa Depository and the depositors resulting in a more personalised approach to the services offered; and
- (f) Drive the sustainability goals through dispensation of documents in hard copies and promotion of digital transformation as a whole.

## C. KEY PROPOSALS

We propose to amend the Rules of Bursa Depository (“**Proposed Amendments**”) to, amongst others, facilitate the Release 2 of CDS eServices and enhance the existing operational processes. The key Proposed Amendments are summarised below:

- (a) simplify the requirements governing opening of CDS accounts including via CDS eServices;
- (b) generalise the provisions relating to IPO share applications and to remove references to ESA (Electronic Share Application);
- (c) enable the reactivation of an inactive or dormant CDS account via CDS eServices;
- (d) remove the existing requirements to submit supporting documents in relation to applications to reactivate inactive or dormant CDS accounts;
- (e) refine and specify the processing periods for applications to reactivate inactive or dormant CDS accounts as well as to open CDS accounts;
- (f) in relation to issuance of and access to statement of accounts and balances in the CDS account, the amendments are to:
  - (i) simplify the provisions on issuance frequency of the statement of accounts;
  - (ii) facilitate issuance of statement of accounts to depositors via CDS eServices; and
  - (iii) enable depositors to view the CDS account balances via the CDS eServices; and
- (g) facilitate the registration of the depositor’s bank account information via CDS eServices to receive cash distributions directly into the bank account.

The Proposed Amendments are discussed in greater detail below.

## D. STRUCTURE OF THE CONSULTATION PAPER

Details of the proposed types of CDS transactions that can be performed via CDS eServices, where relevant, and their rationale are provided in the “**Details of the Proposed Amendments to the Rules of Bursa Malaysia Depository Sendirian Berhad**” in **Section E** of this Consultation Paper.

The Proposed Amendments are provided in **Annexure A** and are reflected in the following manner:

- portions underlined are text newly inserted/added/replaced onto the existing rules; and
- portions struck through are text to be deleted.

Note:

*As the Proposals are open to comments and feedback from the public, the final amendments may be different from those stated in this Consultation Paper. Further, the Proposals have NOT been approved by the Securities Commission Malaysia and as such are not the final amendments. Bursa Malaysia will submit the Proposals to the Securities Commission Malaysia for approval after receipt of comments pursuant to this Consultation Paper and making the relevant changes, where appropriate, to the Proposals.*

## **E. DETAILS OF THE PROPOSED AMENDMENTS TO THE RULES OF BURSA MALAYSIA DEPOSITORY SENDIRIAN BERHAD**

Bursa Depository proposes to amend the Rules of Bursa Depository to facilitate the expansion of the types of CDS transactions that may be performed via CDS eServices under Release 2. Additionally, certain provisions of the Rules of Bursa Depository are proposed to be simplified and streamlined with the existing practice.

### **PROPOSAL 1: OPENING OF CDS ACCOUNTS**

1. Presently, an individual intending to open a CDS account is required to submit the completed physical hard copy of the CDS Account Form to his/her preferred ADA together with supporting documents (such as a copy of the NRIC and bank account statement). Moving forward, Bursa Depository proposes to offer and facilitate a seamless experience in relation to the opening of a CDS account by enabling the submission of applications electronically via CDS eServices which would then be processed and verified by the applicant's preferred ADA.
2. In this regard, similar to an application to open a CDS account which is submitted physically, the electronic applications to open a CDS account with the ADA via CDS eServices will also require an individual to provide the relevant personal details (e.g. name, NRIC/passport number, address, telephone number and bank account information) and to upload the necessary supporting documents.
3. Accordingly, the Rules of Bursa Depository is proposed to be amended to facilitate the dual-option of submission in relation to CDS account opening.
4. It is also to be noted that the ADA's role to verify the applicant's identity and the authenticity of the application remains regardless of the method in which an application to open a CDS account is made. The information provided in an application form which are supported by the necessary documents is required to enable the ADA to authenticate the application and to confirm the identity of the person applying to open a CDS account.
5. In addition, the Rules of Bursa Depository currently provides that the application to open a CDS account must be processed within 2 market days upon submission of the same to the ADA.
6. In the event any of the information provided is inaccurate or inconsistent with the supporting documents provided, the ADA will require the applicant to make the necessary rectifications in which case the 2 market days from the submission may be unviable. As such, we propose that the processing period for an application to open a CDS account which is made through the ADA commences only upon the ADA receiving the complete application along with all the relevant supporting documents.
7. In this regard, the processing period of 2 market days imposed on the ADAs will not run until such time the applicant has submitted the complete documentation or made the necessary rectifications.

**Proposal 1 - Issue for Consultation**

1. Do you agree that the processing period for the application to open a CDS account begins to run only upon the ADA receiving the complete application form with the relevant supporting documents and that the processing period will not commence in the event the ADA requires further necessary information or supporting documents from the applicant?

If not, please state the reasons for your view.

**PROPOSAL 2: REACTIVATION OF INACTIVE AND DORMANT CDS ACCOUNTS**

8. At present, a depositor intending to reactivate an inactive or dormant account may only do so by submitting the hard copy of a completed Application for Reactivation of CDS Account Form (“**Reactivation Form**”) to the relevant ADA for processing which is subject to the ADA’s further action to reactivate the CDS account.
9. Moving forward, registered users of CDS eServices can also reactivate their inactive or dormant CDS accounts via the CDS eServices platform without the need to approach and going through their ADAs to submit the hard copy of the Reactivation Form.
10. Accordingly, the Rules of Bursa Depository is proposed to be amended to facilitate 2 methods to reactivate inactive or dormant CDS accounts which consists of the existing method of going through the ADAs as well as through the new CDS eServices, similar to the option given for opening of CDS accounts.
11. Additionally, we propose to streamline the processing period of 2 market days in relation to applications to reactivate inactive or dormant CDS accounts with the processing period of applications to open CDS accounts, by clarifying that the processing period commences only upon the ADA receiving the complete Reactivation Form.

**PROPOSAL 3: ACCESS TO CDS ACCOUNT BALANCES AND STATEMENTS**

12. At present, a depositor who wishes to check his/her shareholding balance in his/her CDS account or obtain an ad-hoc statement of account will be required to submit a completed Balance Enquiry Request Form or Ad-Hoc Statement Request Form, as the case may be, to his/her ADA. The ADA is then required to verify the signature of the depositor in the form against the records maintained by the ADA and ensure there is a match prior to the balance being disclosed or the ad-hoc statement of account being issued.
13. Separately, Bursa Depository issues statement of accounts periodically to all depositors depending on the status of the CDS account. For active and inactive accounts, the issuance of statement of accounts is done in the month following



any debit or credit entries in the CDS account. Additionally, statement of accounts is issued twice a year in the months of June and December for active accounts, and yearly in the month of December for inactive accounts. There is no statement of accounts issued for dormant accounts.

14. Presently, there are 2 methods in which depositors may receive their statement of accounts issued by Bursa Depository periodically as mentioned in paragraph 13 above, namely either in soft copy (PDF format) sent to the email address registered with Bursa Depository or in hard copy sent to the correspondence address in Bursa Depository's records.
15. In this regard, among the features that Bursa Depository proposes to introduce via the CDS eServices is for depositors to:
  - (a) view the balance holdings in their CDS account(s); and
  - (b) access their statement of accounts,at their ease and convenience via their smartphones or Bursa Anywhere website.
16. In this connection, Bursa Depository proposes to simplify the provisions in the Rules of Bursa Depository relating to balance enquiry by generalising the same so that there are no specific references to the mode of enquiring on the balance in the CDS account(s). As such, the Rules of Bursa Depository will cater for a request made via the ADA as well as through CDS eServices.
17. Moving forward, apart from sending statement of accounts to the email address or the correspondence address of the depositors, CDS eServices will be a further alternative channel for Bursa Depository to issue the statement of accounts to the depositors instead of to the email or correspondence address. Accordingly, the Rules of Bursa Depository is proposed to be amended to specify that Bursa Depository is deemed to have issued statement of accounts to depositors who register on CDS eServices, by making the statement of accounts available on CDS eServices for the depositors to view and download the same.

**Proposal 3 - Issues for Consultation**

2. Do you agree with the discontinuance of issuing the statement of accounts via email or hard copy to depositors who have registered for CDS e-Services as the information will be available on CDS e-Services which can be viewed and downloaded by the depositor anytime?

If not, please state the reasons for your view.

#### **PROPOSAL 4: UPDATING OF PARTICULARS**

18. A feature that will be made available on CDS eServices is the ability for depositors to update certain specified depositor's particulars, namely the registered address, correspondence address, race and nationality as well as the landline telephone number. The CDS eServices system will provide daily notification to the relevant ADA at the end of the day of any updates of particulars made by depositors.
19. The relevant provision in the Rules of Bursa Depository imposes an obligation on the depositor to notify the ADA of the change in particulars and moving forward, it is proposed that this obligation can now be discharged by the depositor using CDS eServices as a channel to make the notification (as opposed to hard copy form). This is in addition to the existing process where the ADA notifies Bursa Depository in the event that any depositor updates his particulars to the ADA directly.
20. The Rules of Bursa Depository is proposed to be amended to simplify the obligation imposed on a depositor in notifying a change in the depositor's particulars. A depositor is to notify Bursa Depository of changes to the depositor's particulars either via CDS eServices (where permitted) or through the ADA, as the case may be.
21. It is proposed that changes to other particulars which are deemed to be more critical, namely changes to name, NRIC/passport number, e-mail address or mobile phone number can only be updated in person with the ADA by filling up the CDS Account Form. Such information is significant and essential as these particulars form part of the controls and security measures of the depositor's CDS account as follows:
  - (a) the name and NRIC/passport number reflect the identity and ownership details of the securities in the CDS account;
  - (b) the email address is used for purposes of access to and resetting of password for Bursa Anywhere; and
  - (c) the mobile phone number is used to send the one-time pin that is required for confirmation of all transactions done on Bursa Anywhere.

As such, the requirement to update the information in person will enable the ADA to undertake the necessary verification to safeguard depositors' interest.

#### **Proposal 4 - Issue for Consultation**

3. Do you agree that changes to the name, NRIC/passport number, e-mail address and mobile phone number of a depositor are critical and such changes can only be permitted to be done in person at the ADA's office?

If not, please state the reasons for your view or any suggestions in this regard.

## **PROPOSAL 5: APPLICATION FOR E-DIVIDEND**

22. Presently, depositors will receive payment of cash distributions directly into their bank accounts if they have provided their bank account details to Bursa Depository through their ADA by submitting a completed CDS Account Form.
23. Moving forward, depositors who are registered on CDS eServices will be able to register their bank account details directly with Bursa Depository without having to make physical/hard copy submission of the CDS Account Form to their ADA. The depositors who plan to register their bank account details via CDS eServices will be required to upload the relevant supporting documents (such as bank account statements with the name of the depositor).
24. In this connection, the Rules of Bursa Depository is proposed to be amended to facilitate registration of bank account details for e-Dividend by allowing, in addition to the existing method of going through the ADAs, via CDS eServices as well.

### **Proposal 5 - Issue for Consultation**

4. Do you agree to allow depositors to register for e-Dividend via CDS eServices?

If not, please state the reasons for your view.

## **PROPOSAL 6: IPO SHARE APPLICATIONS**

25. At present, depositors may apply for IPO shares through the manual process of using a paper form or electronically via automated teller machines (e.g. ESA as defined in the Rules of Bursa Depository) or the websites of participating banks. Bursa Depository processes and verifies information in relation to the IPO shares application based on the allotment list which contains the details of the successful allottees as submitted by the relevant issuer. In this regard, the Rules of Bursa Depository sets out different verification processes to be taken based on the mode of the IPO share applications.
26. With the roll-out of the additional features of CDS eServices, depositors are provided with an additional avenue to subscribe for IPO shares electronically via CDS eServices, if it is offered by the issuers<sup>1</sup>.
27. It is proposed that the verification process is streamlined for all IPO share applications regardless of the modes of applications (as set out in paragraph 25 above). Therefore, we propose to remove all references to ESA in the Rules of Bursa Depository so the rules will be generalised and no longer refer to any specific mode of subscription in an IPO.

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<sup>1</sup> The mode of subscription of shares in an initial public offering will be stated in the prospectus.

**Proposal 6 - Issue for Consultation**

5. Do you agree that the Rules of Bursa Depository should remove references to ESA since the processing and verification of information by Bursa Depository for all IPO share applications (both manual and electronic) is the same based on the allotment list provided by the issuer?

If not, please state the reasons for your view.

**PROPOSAL 7: REMOVING UNFORMALISED CDS ACCOUNTS**

28. Presently, an investor may apply for IPO shares in Malaysia only if he or she has a CDS account with Bursa Depository. Therefore, the Rules of Bursa Depository is proposed to be amended to reflect the current practice.
29. In the past, investors who did not have CDS accounts were permitted to apply for IPO shares and if successful, a CDS account would be opened for the investor by Bursa Depository. In order to complete the CDS accounts opening process, these investors must formalise their CDS account by completing and executing the CDS Account Form and submitting the required supporting documents to the relevant ADA.
30. However, some of these investors have yet to do so until today, rendering such CDS accounts being classified as “unformalised CDS accounts” due to the incomplete account opening process.
31. Towards addressing this, the Rules of Bursa Depository will continue to maintain the obligations of such investors who have previously been successful in their IPO share applications to formalise the CDS accounts that have been opened for them, before they are allowed to sell, transfer or withdraw any of the securities that are deposited in the CDS account.

**Proposal 7 - Issue for Consultation**

6. Do you agree with the proposal to maintain the existing relevant provisions that the investors who have been previously successful in their IPO share applications would have to formalise their CDS account before they are allowed to sell, transfer or withdraw any of the securities that are deposited in the CDS account?

If not, please state the reasons for your view.

## F. FEEDBACK SOUGHT

We invite comments on the Proposals as discussed in this Consultation Paper. Comments can be given by filling up the template as attached in the *Attachment*.

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**ANNEXURE A - PROPOSED AMENDMENTS TO THE RULES OF  
BURSA MALAYSIA DEPOSITORY SENDIRIAN BERHAD**

*[Please see Annexure A enclosed with this Consultation Paper]*

## ATTACHMENT

### TABLE OF COMMENTS

*[Please see the Attachment setting out the Table of Comments enclosed with this Consultation Paper]*

## APPENDIX                      BURSA MALAYSIA'S PERSONAL DATA NOTICE

In relation to the Personal Data Protection Act 2010 and in connection with your personal data provided to us in the course of this consultation, please be informed that Bursa Malaysia's personal data notice ("**Notice**") is available at [www.bursamalaysia.com](http://www.bursamalaysia.com). Kindly ensure that you read and are aware of the Notice.

If you are submitting personal data of an individual other than yourself ("**data subject**"), please ensure that prior to such submission, you have provided the data subject with written notice of the Notice unless section 41 of the Personal Data Protection Act 2010 ("**PDPA**") applies or Bursa Malaysia otherwise specifies in connection with the PDPA.

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Berhubung Akta Perlindungan Data Peribadi 2010 dan berkenaan semua data peribadi anda yang diberikan di dalam proses konsultasi ini, sila ambil maklum bahawa notis Bursa Malaysia mengenai data peribadi ("**Notis tersebut**") boleh didapati di [www.bursamalaysia.com](http://www.bursamalaysia.com). Sila pastikan yang anda membaca dan memahami Notis tersebut.

Jika anda mengemukakan data peribadi individu pihak ketiga ("**Subjek Data**"), anda mesti memastikan bahawa Subjek Data telah diberi notis bertulis mengenai Notis tersebut terlebih dahulu kecuali seksyen 41 Akta Perlindungan Data Peribadi 2010 ("**APDP**") terpakai atau Bursa Malaysia sebaliknya menyatakan berkenaan dengan APDP.

[End of the Appendix]