

**PARTICIPATING ORGANISATIONS' CIRCULAR**

Date : 26 July 2018

No : R/R 10 of 2018

**AMENDMENTS TO DIRECTIVE NO. 13.32-001 (DIRECTIVES ON LIQUIDITY RISK MANAGEMENT FRAMEWORK) IN RELATION TO STRESS TESTING AND SCENARIO ANALYSIS**

**1.0 INTRODUCTION**

- 1.1 Bursa Malaysia Securities Berhad (“**the Exchange**”) has amended Directive No. 13.32-001 on the Liquidity Risk Management Framework (“**Directive No. 13.32-001**”) to set out the minimum requirements for compliance by a Participating Organisation which is not an Investment Bank, when conducting stress testing and scenario analysis.
- 1.2 The objectives of the amendments are to assist a Participating Organisation which is not an Investment Bank to manage its capital resources more effectively in order to mitigate default risk, and to introduce minimum standards to enhance the quality and effectiveness of the existing stress testing requirements and scenario analysis. The amendments will also require a Participating Organisation which is not an Investment Bank, to report on the results of the prescribed stress testing and scenario analysis to the Exchange.

**2.0 AMENDMENTS TO THE DIRECTIVE**

- 2.1 The key amendments to Directive No. 13.32-001 include requiring a Participating Organisation which is not an Investment Bank to do the following:
- (a) at the minimum, conduct stress testing and scenario analysis in accordance with the prescribed scenarios as set out in the Directive and on a quarterly basis;
  - (b) formulate appropriate action plans if the results from the stress testing and scenario analysis fall below the prescribed Net Surplus Requirements levels required in the Directive;
  - (c) submit a report on the stress testing and any action plans to the Exchange using the prescribed template as set out in the new Appendix 4 of the Directive, by the 20<sup>th</sup> calendar day of the month following each quarter; and
  - (d) report the results from the stress testing to its Risk Management Committee or Audit Committee.
- 2.2 The amendments to the Directives are set out in detail in **Annexure 1**.

### 3.0 MODE OF SUBMISSION TO THE EXCHANGE

3.1 With reference to paragraph 1.6(1) of the Directive, the Liquidity Reporting Forms in Appendix 1 and the LRM Stress Test templates in Appendix 4 (together with the action plan, if any), must be emailed to the Exchange at [psd@bursamalaysia.com](mailto:psd@bursamalaysia.com).

### 4.0 EFFECTIVE DATE

4.1 The amendments to the Directives will take effect from **26 July 2018**.

4.2 The first submission of the report in paragraph 2.1(c) above must be made by 20 October 2018 for the stress testing and scenario analysis conducted as at end of September 2018.

### 5.0 CONTACT PERSON

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

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## Regulation