

## PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 15 June 2009

No.: R/R 4 of 2009

1. **AMENDMENTS TO THE RULES OF BURSA MALAYSIA SECURITIES BERHAD (“RULES OF BURSA SECURITIES”) PERTAINING TO THE TRADING OF SECURITIES DENOMINATED IN FOREIGN CURRENCY**
2. **DIRECTIVES IN RELATION TO THE TRADING OF SECURITIES DENOMINATED IN FOREIGN CURRENCY (“DIRECTIVES”)**
3. **FREQUENTLY ASKED QUESTIONS (“FAQs”)**

Pursuant to Bursa Securities Berhad Main Market Listing Requirements issued via our letter dated 8 May 2009 to all listed issuers which amongst others allow for the listing of securities in foreign currency, amendments have been made to the Rules of Bursa Malaysia Securities Berhad (“Rules of Bursa Securities”) to provide for the trading of securities denominated in foreign currency on Bursa Securities.

1. **AMENDMENTS TO THE RULES OF BURSA SECURITIES PERTAINING TO THE TRADING OF SECURITIES DENOMINATED IN FOREIGN CURRENCY**

The amendments to the Rules of Bursa Securities to provide for the trading of securities denominated in foreign currency are set out in Annexure 1.

These amendments must be read together with the amendments to the Rules of Bursa Malaysia Securities Clearing Sdn Bhd issued via Bursa Malaysia Securities Clearing Sdn Bhd Circular G19/2009 dated 15 June 2009, the directives and requirements under paragraphs 2 and 3 below respectively.

## 2 **DIRECTIVES**

### A. **Trading Accounts for trades in securities denominated in foreign currency**

Participating Organisations (“POs”) must indicate in the system (WinSCORE), that a trading account (whether an existing or a new trading account) is to be used for the trading of securities denominated in foreign currency before the account can be utilised for trading in securities denominated in foreign currency, in the manner required in the User Guide which will be issued via an IT Circular prior to the effective date stated under item 5.

If the above indication with regard to a trading account is not made, the POs will not be able to execute trades in securities denominated in foreign currency through the trading account.

## **B. Bid Sizes for Securities traded on Bursa Securities**

The amended Rule 701.3(3) in **Annexure 1** provides that bid sizes for all securities traded on Bursa Securities shall be as stipulated by Bursa Securities.

Pursuant to the above rule, bid sizes for the trading of all securities, whether denominated in RM or foreign currency, are stipulated in **Annexure 2**.

## **C. Upper and Lower Limits**

The amended Rule 701.1 in **Annexure 1** defines Upper Limit Price and Lower Limit Price as the highest price and lowest price, respectively from a Reference Price, that the securities can be traded in a trading session as stipulated by Bursa Securities.

Pursuant to the above rule, the Upper Limit Price and Lower Limit Price for all securities traded on Bursa Securities, whether denominated in RM or foreign currency are stipulated in **Annexure 3**.

## **D. Minimum Fixed Brokerage for Trades in foreign currency Denominated Securities**

Pursuant to Rule 1001.1(6)(a)(ii), minimum fixed brokerage for trades in securities denominated in foreign currency will be stipulated by Bursa Securities.

Pursuant to the above rule, Bursa Securities will inform on a 'once-off' basis, the minimum fixed brokerage to be charged for trades denominated in a particular foreign currency when there is a first listing of securities in that foreign currency. However Bursa Securities may vary the minimum fixed brokerage rate from time to time depending on the fluctuation in the foreign exchange rate.

## **3. CONTRACT NOTES**

Bursa Securities has been advised by the Stamp Duty Office that for the purpose of calculation of stamp duty, POs must indicate the exchange rate used for conversion from foreign currency to RM on each contract note for transactions involving securities denominated in foreign currency irrespective of whether the settlement between the client and the PO is in foreign currency or otherwise.

Please also be advised that pursuant to the requirement by Bank Negara Malaysia, the exchange rate above must be an exchange rate which is quoted by a licensed on-shore bank to the PO.

## **4. FAQs**

In order to aid POs compliance with the rule changes, FAQs are provided in **Annexure 4** in relation to trading in securities denominated in foreign

currency on Bursa Securities and the clearing and settlement of such trades on Bursa Malaysia Securities Clearing Sdn Bhd.

## 5. EFFECTIVE DATE

Please be informed that the above amendments to the Rules of Bursa Securities and the Directives are effective from 13 July 2009.

All rules, directives or circulars in force which make references to or contain provisions relating to the above matters shall have effect as if such references or provisions relate to the amended provision/s aforesaid.

## 6. CONTACT DETAILS

Please direct any queries you may have in relation to the above Rules of Bursa Securities and Directives to the following persons:

Name	Subject Matter	Contact Number
Rules of Bursa Securities	Benothini Bascaran	03-2034 7317 or Benothini@bursamalaysia.com
Directives	1.Ponniah Ramiah	03-20347448 or Ponniah@bursamalaysia.com
	2.Lum Chee Wah	03-20347734 or Cheewah L@bursamalaysia.com
	3.Benothini Bascaran	03-2034 7317 or Benothini@bursamalaysia.com
FAQs	Rohimah Yusof	03-20347366 or RohimahYusof@bursamalaysia.com

Please be informed that this circular is available on Bursa Malaysia's website at:  
[http://www.klse.com.my/website/bm/regulation/rules/bursa\\_rules/](http://www.klse.com.my/website/bm/regulation/rules/bursa_rules/)



**RULES OF BURSA MALAYSIA SECURITIES BERHAD  
RULE AMENDMENTS IN RELATION TO TRADING IN SECURITIES DENOMINATED IN FOREIGN  
CURRENCY**

The following sets out the rule amendments in relation to trading in securities denominated in foreign currency. The purpose of the amendment is provided.

**1.0 RULE 404.3(9)**

**Rule 404.3(9)**

1.1 Rule 404.3(9) be amended as follows.

**(9) Contract Note:**

- (a) Every Participating Organisation shall ensure that all contract notes issued to its client shall comply with the Regulations issued by the Minister pursuant to Section 90 of the Capital Markets and Services Act and that currency values reflected in the contract note is the currency in which the securities are traded in.
- (b) The names of the buyer and seller in the contract notes issued in respect of trades done on the Exchange shall, unless otherwise permitted by the Exchange upon notification to the Commission, be the name of the client.

**Purpose of amendment:** With the listing of non RM securities on Bursa Securities, the rule above has been amended to clarify that all information required to be reflected in the contract note must be in the currency in which the securities are traded. However it should be noted that there is no prohibition in the rule above to restrict the PO, from, in addition to the above, also reflecting the above details in RM where the PO allows settlement in RM.

**2.0 RULE 404.8**

**Rule 404.8 (1) – (3)**

2.1 A new Rule 404.8 be introduced as follows.

**Rule 404.8 Currency**

- (1) Unless stated otherwise, all Rules containing references to RM values which relate to transactions in securities, will also apply to all transactions in securities denominated in foreign currency. In order to apply the Rules, the foreign currency values must be converted to RM values.
- (2) Unless stated otherwise, all monies payable to the Participating Organisation from the Exchange or from the Participating Organisation to the Exchange pursuant to these Rules or directives will be in RM even where the monies payable relate to transactions in securities denominated in foreign currency.

**Purpose of amendment:** With the listing of non RM securities on Bursa Securities, a new Rule 404.8 has been introduced to provide clarity as to the applicability of existing Rules to dealings in securities listed in foreign currency and to address the currency in which payments to and from the Exchange may be made.



### 3.0 RULE 701.3

#### Rule 701.3(3)

3.1 Rule 701.3(3) be amended as follows.

- (3) **Minimum Bid:** The Minimum Bid in respect of securities of a certain market price shall be as stipulated by the Exchange.

**Purpose of amendment:** With the listing of non RM securities on Bursa Securities, separate ranges of minimum bid sizes would be provided for in relation to securities listed and traded in different currencies. Pursuant to the same, information in the current Schedule 4 of the Rules of Bursa Malaysia Securities which contains minimum bid sizes related to securities listed and traded in RM will be reflected in a separate directive issued by Bursa Securities which would contain all bid sizes applicable in relation to products listed in different currencies and where relevant, different types of securities. Schedule 4 is therefore deleted in its entirety.

### 4.0 RULE 701.1

#### Rule 701.1

4.1 The definition of Lower Limit Price in Rule 701.1 is amended as follows:

Lower Limit Price

~~means:~~

- ~~(a) except for ABFMY1 for securities being traded for a trading session with Reference Price of below RM1.00, the lowest price such securities can be traded shall be thirty (30) sen below the Reference Price; rounded to the higher bid;~~
- ~~(b) except for ABFMY1, for securities being traded for a trading session with Reference Price of equal to or above RM1.00, the lowest price such securities can be traded shall be 30% below the Reference Price rounded to the higher bid;~~
- ~~(c) for ABFMY1 being traded for a trading session at any Reference Price, the lowest price such securities can be traded shall be thirty (30) sen below the Reference Price; and~~
- ~~(d) except for ABFMY1, for securities which have been approved by the Exchange for listing and quotation on the Official List, the lowest price such securities can be traded on the first day of their listing and quotation is as follows :-~~

~~Reference Price~~

~~Lowest price~~

~~Equal to or above  
RM1.00~~

~~30% below the  
Reference Price  
rounded to the higher~~

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in relation to trading in securities denominated in foreign currency



bid

~~Above 30 sen but  
below RM1.00~~

~~30 sen below the  
Reference Price~~

~~Equal to or below 30  
sen~~

~~0.5 sen~~

means the lowest price at which the securities can be traded from a Reference Price in a trading session as stipulated by the Exchange.

**Purpose of amendment:** With the listing of non RM securities on Bursa Securities, separate parameters in relation to limits would be provided for in relation to securities listed and traded in different currencies. As Bursa Securities anticipates that initial listings of securities would likely be in major global currencies, as an initial step, Bursa Securities will be issuing a separate directive providing for limits in respect of securities traded in several major currencies. Pursuant to the same, the current parameters in RM appearing in the definition of lower limit price is deleted from this Rule.

4.2 The definition of Upper Limit Price in Rule 701.1 is amended as follows:

Upper Limit Price

~~means—~~

~~(a) except for ABFMY1 for securities being traded for a trading session with Reference Price of below RM1.00, the highest price such securities can be traded shall be thirty (30) sen above the Reference Price rounded to the lower bid;~~

~~(b) except for ABFMY1, for securities being traded for a trading session with Reference Price of equal to or above RM1.00, the highest price such securities can be traded shall be 30% above the Reference Price rounded to the lower bid;~~

~~(c) for ABFMY1 being traded for a trading session at any Reference Price, the highest price such securities can be traded shall be thirty (30) sen above the Reference Price ; and~~

~~(d) except for ABFMY1, for securities which have been approved by the Exchange for listing and quotation on the Official List, the highest price such securities can be traded on the first day of their listing and quotation is as follows :-~~

~~Reference Price~~

~~Highest price~~

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~~Equal to or  
above 15 sen~~

~~400% above  
the Reference  
Price rounded  
to the lower  
bid~~

~~Below 15 sen~~

~~30 sen above  
the Reference  
Price.~~

means the highest price at which the securities  
can be traded from a Reference Price in a trading  
session as stipulated by the Exchange.

**Purpose of amendment:** With the listing of non RM securities on Bursa Securities, separate parameters in relation to limits would be provided for in relation to securities listed and traded in different currencies. As Bursa Securities anticipates that initial listings of securities would likely be in major global currencies, as an initial step, Bursa Securities will be issuing a separate directive providing for limits in respect of securities traded in several major currencies. Pursuant to the same, the current parameters in RM appearing in the definition of upper limit price is removed.

### 5.0 RULE 803.2

#### Rule 803.2(13)

5.1 Rule 803.2 (13) be amended as follows.

- (13) A levy of one percent (1%) of the buying-in contract value shall be charged by the Exchange to the defaulting Participating Organisation and is payable in the currency in which the securities are traded in. The Participating Organisation concerned shall have the right to recover such levy from the defaulting client and shall be entitled to a rebate of fifty percent (50%) from that levy.

**Purpose of amendment:** With the listing of non RM securities on Bursa Securities, this rule amendment is made to clarify that where there is a buy in of securities under Rule 803.2, the levy payable to Bursa Securities under this rule is in the currency in which the securities subject to the buying in are traded in.

### 6.0 RULE 804.3

#### Rule 804.3(1)

6.1 Rule 804.3 (1) be amended as follows.

~~(1) **Currency On Settlement Of Securities:**~~

~~(a) **Securities quoted on the Official List:** All securities quoted on the Official List and all settlement for transactions relating to such securities shall be denominated in Ringgit Malaysia.~~

~~(b) **Securities quoted overseas:**~~

~~(i) Where shares are quoted overseas in an approved market place and in foreign currencies, settlement shall be in such foreign currencies~~

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~~converted to Ringgit Malaysia at the official rate of exchange on the date of settlement except where the rate of settlement is clearly and adequately specified and incorporated into a contract, settlement shall be as specified in such a contract.~~

~~(ii) Settlement of dividend, bonus or rights issue, or claims and adjustments declared or made on shares quoted overseas shall be in such foreign currencies converted to Ringgit Malaysia at the official rate of exchange on the date of settlement except where the rate of settlement is clearly and adequately specified and incorporated into a contract, settlement shall be as specified in such a contract.~~

- (12) **Stamp Duty:** Duty payable on contracts shall be borne by the client for whose account the purchase or sale is made.
- (23) **Payment:** Payment to selling clients from the trust account maintained by the Participating Organisation in respect of any sale of securities shall be made by Participating Organisations after delivery of the securities.
- (34) **Interest:** A Participating Organisation which fails to make payment of any amount due to its selling client by the Scheduled Settlement Time shall pay interest on such amount at such rate as shall be determined by the Exchange save that nothing herein shall affect the right of the Exchange to take action against the Participating Organisation for such breach under any other provisions of these Rules.

**Purpose of amendment:** This amendment is to remove the requirement that securities must be listed and settled in RM.

## 7.0 RULE 1001.1(6)

### Rule 1001.1(6)

7.1 Rule 1001.1(6) be amended as follows.

#### (6) **Minimum brokerage:**

- (a) Subject to Rule 1001.1(4)(a) and unless otherwise provided, Participating Organisations are entitled to, and shall at all times ensure that, a minimum fixed brokerage ("Minimum Fixed Brokerage") is payable by both the buyer and the seller as follows –

(i) in relation to transactions in securities denominated in RM:

~~(i) (aa)~~ on transactions of loan instruments RM2.00;

~~(ii) (bb)~~ on any other transaction RM40.00

(ii) in relation to transactions in securities denominated in foreign currency, as stipulated by the Exchange.

- (b) Notwithstanding the foregoing rule, Participating Organisations are entitled to, and shall at all times ensure that, a minimum brokerage ("Minimum Retail Brokerage") calculated as follows is payable by both the buyer and seller for retail trades –
- (i) where the contract value is RM100,000 or below, the minimum brokerage payable shall be calculated at 0.6% of the contract value or the Minimum Fixed Brokerage, whichever is the higher;



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- (ii) where the contract value exceeds RM100,000, the minimum brokerage payable shall be calculated at 0.3% of the contract value or the Minimum Fixed Brokerage, whichever is the higher;
- (iii) for trades of a particular securities where the outstanding purchase positions are settled against sale positions of the same securities when the purchase and sale transactions are transacted on the same contract date, the minimum brokerage payable shall be calculated at 0.15% of the contract value or the Minimum Fixed Brokerage, whichever is the higher.

**Purpose of amendment:** This amendment is made to provide that the Minimum Fixed Brokerage payable for transactions involving non RM denominated securities will be as stipulated by Bursa Securities. Bursa Securities will do the same as and when a product in a specific currency is listed.

#### 8.0 SCHEDULE 4

8.1 Schedule 4 be amended as follows.

#### SCHEDULE 4

#### ~~SCHEDULE 4 [Rule 701.3(3)] — MINIMUM BID~~ ~~[Rule 803.2(4)]~~

<del>Market Price of Securities excluding ABFMY1 and Equity-based Exchange Traded Funds</del>	<del>Minimum Bid</del>
<del>(RM)</del>	<del>(Sen)</del>
<del>Less than 1.00</del>	<del>0.5</del>
<del>Between 1.00 to 2.99</del>	<del>1</del>
<del>Between 3.00 to 4.98</del>	<del>2</del>
<del>Between 5.00 to 9.95</del>	<del>5</del>
<del>Between 10.00 to 24.99</del>	<del>10</del>
<del>Between 25.00 to 99.75</del>	<del>25</del>
<del>100.00 and above</del>	<del>50</del>

~~Market Price of~~                      ~~Minimum Bid~~

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<del>ABFMY1 (RM)</del>	<del>(Sen)</del>
<del>At any price</del>	<del>0.1</del>
<del>Market Price of Equity-based Exchange Traded Funds (RM)</del>	<del>Minimum Bid  (Sen)</del>
<del>At any price</del>	<del>4</del>

**Purpose of amendment:** The contents of Schedule 4 which is on bid sizes in relation to products listed in RM or in addition foreign currency will be reflected in a separate directive issued by Bursa Securities. As such Schedule 4 is deleted in its entirety from the rules.

[End of Rule Amendments]

## ANNEXURE 2

### MINIMUM BIDS FOR SECURITIES TRADED ON THE EXCHANGE

Type of Securities	Market Price	Minimum Bid
<b>Bid Sizes for Securities Quoted in RM</b>		
All securities except ABFMY1 and Equity-based Exchange Traded Fund	<u>RM</u> Less than 1.00	<u>Sen</u> 0.5
	Between 1.00 to 2.99	1
	Between 3.00 to 4.98	2
	Between 5.00 to 9.95	5
	Between 10.00 to 24.90	10
	Between 25.00 to 99.75 100.00 and above	25 50
ABFMY1	At any price	0.1
Equity-based Exchange Traded Fund	At any price	1
<b>Bid Sizes for Securities Quoted in USD, EURO, AUD and SGD</b>		
All securities except Equity-based Exchange Traded Fund	<u>Dollar</u> Less than 1.00	<u>Cent</u> 0.5
	Between 1.00 to 2.99	1
	Between 3.00 to 4.98	2
	Between 5.00 to 9.95	5
	Between 10.00 to 24.90	10
	Between 25.00 to 99.75 100.00 and above	25 50
Equity-based Exchange Traded Fund	At any price	1
<b>Bid Sizes for Securities Quoted in GBP</b>		
All securities except Equity based Exchange Traded Fund	<u>Pound</u> Less than 1.00	<u>Pence</u> 0.5
	Between 1.00 to 2.99	1
	Between 3.00 to 4.98	2
	Between 5.00 to 9.95	5
	Between 10.00 to 24.90	10
	Between 25.00 to 99.75 100.00 and above	25 50
Equity-based Exchange Traded Fund	At any price	1

## ANNEXURE 3

### Lower Limit Price

Type of Securities	Reference Price	Lower Limit Price
<b>Securities Quoted in RM</b>		
All securities except ABFMY1	Below RM1.00	30 sen below Reference Price rounded to the higher bid
	Equal or above RM1.00	30% below Reference Price rounded to the higher bid
All securities on the first day of listing or quotation except ABFMY1	Equal to or above RM1.00	30% below the Reference Price rounded to the higher bid
	Above 30 sen but below RM1.00	30 sen below the Reference Price
	Equal to or below 30 sen	0.5 sen
ABFMY1	At any price	30 sen below the Reference Price
<b>Securities Quoted in USD, EURO, AUD and SGD</b>		
All securities	Below USD/EURO/AUD/SGD 1.00	30 cents below Reference Price rounded to the higher bid
	Equal to or above USD/EURO/AUD/SGD 1.00	30% below Reference Price rounded to the higher bid
All securities on the first day of listing or quotation	Equal to or above USD/EURO/AUD/SGD 1.00	30% below the Reference price rounded to the higher bid
	Above 30 cent but below USD/EURO/AUD/SGD 1.00	30 cent below the Reference Price
	Equal to or below 30 cent	0.5 cent
<b>Securities Quoted in GBP</b>		
All securities	Below GBP1.00	30 pence below Reference Price rounded to the higher bid
	Equal to or above GBP1.00	30% below Reference Price rounded to the higher bid
All securities on the first day of listing or quotation	Equal to or above GBP 1.00	30% below the Reference price rounded to the higher bid
	Above 30 pence but below GBP1.00	30 pence below the Reference Price
	Equal to or below 30 pence	0.5 pence

## ANNEXURE 3

### Upper Limit Price

Type of Securities	Reference Price	Lower Limit Price
<b>Securities Quoted in RM</b>		
All securities except ABFMY1	Below RM1.00	30 sen above Reference Price rounded to the lower bid
	Equal to or above RM1.00	30% above Reference Price rounded to the lower bid
All securities on the first day of listing or quotation except ABFMY1	Equal to or above 15 sen	400% above the Reference Price rounded to the lower bid
	Below 15 sen	30 sen above the Reference Price.
ABFMY1	At any price	30 sen above the Reference Price
<b>Securities Quoted in USD, EURO, AUD and SGD</b>		
All securities	Below USD/EURO/AUD/SGD 1.00	30 cents above Reference Price rounded to the lower bid
	Equal to or above USD/EURO/AUD/SGD 1.00	30% above Reference Price rounded to the lower bid
All securities on the first day of listing or quotation	Equal to or above 15 cents	400% above the Reference Price rounded to the lower bid
	Below 15 cents	30 cents above the Reference Price.
<b>Securities Quoted in GBP</b>		
All securities	Below GBP 1.00	30 pence above Reference Price rounded to the lower bid
	Equal to or above GBP 1.00	30% above Reference Price rounded to the lower bid
All securities on the first day of listing or quotation	Equal to or above 15 pence	400% above the Reference Price rounded to the lower bid
	Below 15 pence	30 pence above the Reference Price.

## Frequently Asked Questions on Multi-Currency Securities

### Trading

1. What are Multi-Currency Securities?

**Multi-Currency Securities are securities which are listed and quoted on Bursa Malaysia in currencies other than Ringgit Malaysia (“RM”). These securities could be new listings or securities arising from cross-listings of securities previously listed on another stock exchange.**

2. Who can trade in Multi-Currency Securities?

**Trading in Multi-Currency Securities is open to all investors. Investing in Multi-Currency Securities is considered as an investment in foreign currency assets within the context of Bank Negara Malaysia’s (“BNM’s”) Foreign Exchange Administration (“FEA”) policy. Hence, before a client commences trading in Multi-Currency Securities, Participating Organisations (“POs”) are required to obtain disclosure from their clients on certain information in accordance with the BNM’s FEA policy. This includes the clients disclosing if they are a Resident or Non-Resident and if they are Residents, whether they have domestic ringgit borrowings. This is to allow POs to determine if the conversion limit as prescribed in BNM’s FEA policy applies to the clients and to facilitate POs to track clients’ purchases accordingly.**

3. Do investors need to open new trading account to trade in non-RM securities?

**Bursa does not make any recommendation in relation to this. It depends on the approach adopted by POs in tracking investors’ purchases in accordance with BNM’s FEA policy. POs have the option to either allow their investors to either use their existing trading account or open a new trading account to trade Multi-Currency Securities.**

4. How do POs ensure that only investors who have submitted the relevant disclosures be allowed to commence trading in Multi-Currency Securities?

**A new function has been designed at the Broker Front-End system, WinSCORE, which allows POs to flag trading accounts of investors who have submitted the relevant disclosure documents in accordance with BNM’s FEA policy. POs are permitted to enter trade orders in Multi-Currency Securities for the trading accounts that have been flagged only.**

5. What is the process involved in flagging investors trading account in the WinSCORE system for trading in Multi-Currency Securities?

**POs are required to communicate to the clients that Multi-Currency Securities that are listed on Bursa are foreign currency assets, thus these securities fall within the purview of BNM’s FEA policy and all rules pertaining to investment in foreign currency assets are applicable. Upon ascertaining the Resident/Non-Resident status of clients, POs are required to activate the multi-currency tag on the**

## ANNEXURE 4

investors trading account in the WinSCORE system to allow order entry to be carried out on the trading account.

6. How is the credit limit for clients dealing in Multi-Currency Securities being computed on Broker Front End (“BFE”)?

**The credit limit for clients dealing in Multi-Currency Securities will be first converted into RM and consolidated with other RM trades to get the total credit limit for display on the BFE. By default, the exchange rate displayed on BFE will be BNM T-1, 9 am rate. However, POs are allowed to change this to a rate that is reflective of the POs’ requirements.**

7. What is the exchange rate to be used on the contract notes for non-RM transactions?

**The exchange rate to be used on the contract notes for Multi-Currency Securities is that which is quoted to the POs daily by licensed onshore banks.**

8. How should POs issue contract notes for transactions in Multi-Currency Securities?

**Pursuant to Rule 404.3(9) of Rules of Bursa Securities, contract notes issued by POs to the clients to reflect the currency values in which the securities are traded in. If POs intend to offer settlement of transactions of non-RM securities in only non-RM currency, then the contract notes need only indicate the details in non-RM values and the exchange rate value used in computing the stamp duty.**

**However, if POs intend to offer their clients settlement in either non-RM or RM for transactions in non-RM securities, the contract notes should indicate values payable/receivable in both non-RM currency and the converted equivalent in RM.**

9. How does Bursa determine the Minimum Fixed Brokerage for Multi-Currency Securities?

**The Minimum Fixed Brokerage for Multi-Currency Securities as defined in the Rules of Bursa Securities will be fixed by Bursa Securities in the currency in which the product is listed. These brokerage rates will be communicated to the POs prior to issuance and quotation of Multi-Currency Securities and POs will be updated on any changes on this minimum brokerage for the respective currencies via Circular from time to time.**

10. What are the risks involved for POs and investors who are dealing in Multi-Currency Securities?

**There are two risks that POs or investors may face when dealing in Multi-Currency Securities:**

- (i) Capital loss/gain risk (Capital risk) – risk associated with movements in securities prices**
- (ii) Foreign exchange risk (Forex risk) – risk associated with movements in exchange rate**

## ANNEXURE 4

The example below (non-exhaustive) shows two extreme cases of significant price change and exchange rate movement where investors may gain or lose when dealing in non-RM securities.

Risks Associated with Dealing in Non-RM Securities			
Capital & Forex Losses		Capital & Forex Gains	
<p><u>2/2/09</u> (1USD=RM3.50) Buy Price (Stock A): USD1 Quantity: 1,000 shares Buy Amount : USD1,000 ( ≈ RM3,500)</p> <p><u>9/2/09</u> (1USD=RM3.40) Sell Price (Stock A): USD0.90 Quantity: 1,000 shares Sell Amount: USD900 ( ≈ RM3,060)</p>		<p><u>2/2/09</u> (1USD=RM3.50) Buy Price (Stock A): USD1 Quantity: 1,000 shares Buy Amount: USD1,000 ( ≈ RM3,500)</p> <p><u>13/2/09</u> (1USD=RM3.60) Sell Price (Stock A): USD1.10 Quantity: 1,000 shares Sell Amount: USD1,100 ( ≈ RM3,960)</p>	
<p style="color: blue;">Settlement in USD      Settlement in RM</p>		<p style="color: blue;">Settlement in USD      Settlement in RM</p>	
<p>Capital Loss: USD100</p> <p>Forex Loss : -</p> <p>Total Loss : <u>USD100</u></p> <p>(1USD = RM3.40)</p>	<p>≈</p> <p>RM340</p> <p><u>RM100</u></p> <p><u>RM440</u></p>	<p>Capital Gain: USD100</p> <p>Forex Gain : -</p> <p>Total Gain : <u>USD100</u></p> <p>(1USD = RM3.60)</p>	<p>≈</p> <p>RM360</p> <p><u>RM100</u></p> <p><u>RM460</u></p>

**Note:** The above scenarios are extreme cases where POs and investors do not have risk management measure against:

a) Foreign exchange risk; and b) Capital loss/gain risk

11. Will lower and upper price limits apply to Multi-Currency Securities?

**Yes, the lower and the upper price limits also apply to Multi-Currency Securities and these limits have been prescribed by the Exchange via circulars.**

12. What are the minimum bids for Multi-Currency Securities?

**The minimum bids structure for Multi-Currency Securities has been prescribed by the Exchange via circulars.**

13. What is the ISIN Codes for Multi-Currency Securities?

**There is no change to the ISIN code structure. The naming convention remains the same in that the initial 3 digits will reflect the country of incorporation. Any foreign listings with primary listings in a foreign stock exchange will carry the ISIN code designated by the foreign country even though listed on Bursa.**



## ANNEXURE 4

### Clearing & Settlement

14. What is the exchange rate to be used by POs to compute the clearing fees payable to Bursa Malaysia Securities Clearing ["Bursa Clearing (S)"] for Multi-Currency Securities?

**The exchange rate used will be the prescribed rate on the contract note that is quoted to the POs daily by licensed onshore banks. (Payment to Bursa Clearing (S) for clearing fees will be in RM.)**

15. Are investors who trade in Multi-Currency Securities subject to maximum clearing fee?

**Yes, investors who trade in Multi-Currency Securities are subject to a maximum clearing fee which is the converted equivalent of RM1,000, to be prescribed by Bursa Clearing (S) via Clearing Participant's circular from time to time.**

16. What is the settlement currency between Clearing Participants and Bursa Clearing (S) for Multi-Currency Securities?

**Financial settlement between Clearing Participants and Bursa Clearing (S) shall be effected in the same currency in which the securities are traded. Cross netting of financial settlement between different currencies is not allowed.**

17. What is the settlement cycle for Multi-Currency Securities?

**The settlement cycle for Multi-Currency Securities is T + 3.**

18. Who will be the Clearing Bank for Multi-Currency Securities? Is it the same Clearing Banks that are used for settlement of RM securities?

**One common clearing bank will be appointed to handle financial settlement of Multi-Currency Securities. Clearing Participants will be informed on the appointment via a Clearing Participants' Circular.**

19. What is the applicable currency for buying-in levy on Multi-Currency Securities that is payable to Bursa Malaysia Securities?

**Buying-in levy for Multi-Currency Securities is payable to Bursa Malaysia Securities in the same currency in which the securities are traded.**

## ANNEXURE 4

### Invoicing of SCORE fees and SC Levy

20. What are the procedures for payment of SCORE fees on Multi-Currency Securities?

**SCORE fees for Multi-Currency Securities are payable to Bursa on a monthly basis in RM. The invoices will show the SCORE fees in RM only. The SCORE fees, both in RM and Non-RM, will be shown in a report which is attached to the invoice. The exchange rate for computation of non-RM trades is to be based on daily exchange rate, BNM, T - 1, 9 a.m.**

21. What are the procedures for computation of SC Levy on Multi-Currency Securities?

**Similar to SCORE fees, SC Levy for Multi-Currency Securities are payable to Bursa on a monthly basis in RM. The invoices will show SC Levy in RM only. The SC Levy, both in RM and Non-RM, will be shown in a report which is attached to the invoice. The exchange rate for computation of SC Levy on non-RM trades is to be based on daily exchange rate, BNM, T - 1, 9 a.m.**

### Listing & Entitlement

22. Will Bursa limit listing of Multi-Currency Securities to certain type of securities only?

**Any issuance of non-RM securities requires the approval of Bank Negara Malaysia and Securities Commission. Bursa will facilitate the listing and quotation of all types of securities that have been approved by Securities Commission and Bank Negara Malaysia.**

23. Are dividends for Multi-Currency Securities payable in RM or non-RM?

**It is up to the Issuers to decide on payment currency for any dividend payment announced by the Issuers.**

### Regulation

24. What is the currency used in ARMADA reporting?

**ARMADA reporting mechanism has been designed to accept both RM and non-RM.**

25. What is the reporting currency for daily, weekly and monthly regulatory reporting to Participants Supervision?

**All regulatory reporting shall be in RM. POs need to seek approval from Participant Supervision if they wish to report in other currencies.**

## ANNEXURE 4

### Operationalisation of BNM's Foreign Exchange Administration (FEA) Policy

**Note:** FAQs on the operationalisation of BNM's FEA Policy should not be taken as a legal advice from Bursa and that the onus is on the POs and the clients to know and keep themselves updated on the requirements for compliance with FEA Policy from BNM.

26. How would BNM's FEA policy requirement apply in the context of Multi-Currency Securities?

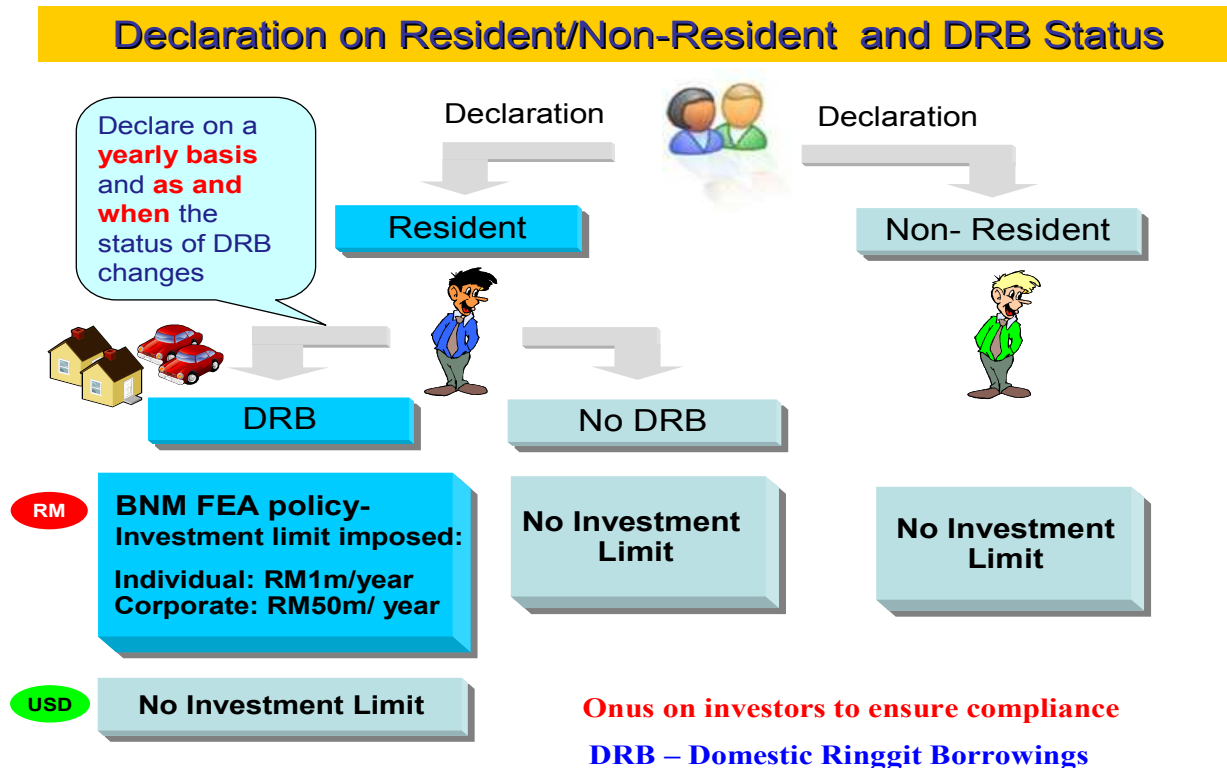
To facilitate the application of BNM's FEA policy, POs need to ascertain the Residents/Non-Residents status of investors and if Residents, their domestic ringgit borrowings status. These involve:-

- i) Declaration by investors on their Residents or Non-Residents status as defined by BNM; and
- ii) Declaration by Resident investors on their domestic ringgit borrowings status.

For Non-Residents, there is no conversion limit of RM into foreign currency for purchases of non-RM securities. The conversion limit is applicable to Residents with domestic Ringgit borrowing who choose to settle payment for investment in non-RM securities in RM.

**Note:** Refer Appendix 1 below for the schematic on declaration by Residents/Non-Residents, declaration by Residents on domestic ringgit borrowings and the applicable limit on the amount of RM that can be converted into foreign currency for investment in non-RM securities as per BNM guidelines.

## Flowchart on Declaration of Resident/Non-Resident &amp; DRB Status



27. What are the definitions of Residents and Non-Residents?

Under BNM's FEA policy, Residents are defined as:

- Citizens of Malaysia (excluding persons who have obtained permanent resident status of a territory outside Malaysia and are residing abroad);
- Non-citizens who have obtained permanent resident status in Malaysia and are residing permanently in Malaysia; or
- Persons, whether body corporate or unincorporated, registered or approved by any authority in Malaysia.

Under BNM's FEA policy, Non-Residents are defined as:

- Overseas branches, subsidiaries, regional offices, sales offices and representative offices of resident companies;
- Embassies, Consulates, High Commissions, supranational or international organisations recognised by the Government of Malaysia; or
- Malaysian citizens who have obtained permanent status of a territory outside Malaysia and are residing outside Malaysia.

(Note: For further information or the latest update on the above, please refer to BNM's website at [www.bnm.gov.my](http://www.bnm.gov.my))

## ANNEXURE 4

28. What are the limits on the amount of RM that can be converted to foreign currency to purchase Multi-Currency Securities?

**For Non-Residents, there are no such limits on the amount of RM conversion to purchase Multi-Currency Securities. Neither are there limits for Residents without domestic ringgit borrowings.**

**However, for Residents that have domestic ringgit borrowings and are converting ringgit into foreign currency to invest in Multi-Currency Securities, there are conversion limits of up to RM1 million in aggregate per calendar year for individuals and up to RM50 million equivalents in aggregate and on corporate group basis per calendar year for companies.**

**Domestic ringgit borrowings refer to any ringgit advances, loans, trade financing facilities, hire purchase, factoring facilities with recourse, financial leasing facilities, guarantee for payment of goods, redeemable preference shares or similar facilities in whatever name or form, except:**

- **Trade credit terms extended by suppliers for all types of goods and services;**
- **Forward foreign exchange contracts entered into with licensed onshore banks;**
- **Performance guarantees and financial guarantees;**
- **One personal housing loan and one vehicle loan obtained from Residents;**
- **Credit card and charge card facilities;**
- **Operational leasing facilities;**
- **Factoring facilities without recourse; and**
- **Inter-company borrowings within a corporate group in Malaysia.**

*(Note: For further information or the latest update, please refer to BNM's website at [www.bnm.gov.my](http://www.bnm.gov.my))*

29. Who are responsible to ensure compliance to BNM's FEA policy as regards to Multi-Currency Securities?

**The onus is on Resident investors with domestic ringgit borrowings to ensure compliance to the conversion limit of RM into foreign currency stipulated in the BNM's FEA policy.**

30. What are POs' roles in tracking the conversion limit from RM into foreign currency for investing in Multi-Currency Securities to facilitate compliance with the BNM's FEA policy?

**POs need to put in place processes to track clients' conversion limits stipulated by BNM's FEA policy if POs intend to offer settlement by client in RM for trading in Multi-Currency Securities. It is not applicable if POs only intend to offer settlement in non-RM on Multi-Currency Securities traded by clients.**

**As indicated by BNM, POs have the prerogative to apply the necessary means to monitor compliance to the conversion limits set out in BNM's FEA policy. The following are merely suggestions on methods in which a PO may choose to track**

## ANNEXURE 4

conversion limits of clients investing in non-RM securities listed on Bursa Malaysia within context of BNM's FEA policy. (Appendix 2)

Due to the changes required in processes and systems, POs are allowed to offer/accept currency of settlement between POs and clients in either: -

- a) Non-RM only - if POs are not able to monitor investors' investment limit to comply with BNM's FEA requirement that Resident investors with domestic ringgit borrowings do not convert in a calendar year more than RM1m if they are individuals or RM50m per Group corporate basis. (Option 1)
- b) Non-RM or RM if POs are able to monitor investors' investment limit to comply with BNM's FEA requirement that Resident investors with domestic ringgit borrowings do not convert in a calendar year more than RM1m if they are individuals or RM50m per Group corporate basis.

For option (b) involving settlement in RM, POs have the prerogative to implement any means to ensure clients do not exceed the conversion limits stipulated in the BNM's FEA policy on the purchases of non-RM securities. The suggested options are:

### Option 2: Tracking of conversion limit intra-day by Resident clients via system trading limit

- Initial declaration before client commences trading. Investment limit will be set according to declaration, as part of the trading limit which covers cumulative purchases by Resident investors in RM.
- Nevertheless, for each subsequent trading year, a new limit of RM1million (individual) or RM50 million (corporate) will be imposed on all Resident clients. Once the limit is reached, the system will block that account from further trading in non-RM securities. Upon receipt of subsequent declaration from Resident clients to indicate that they have no domestic ringgit borrowings, only then will the limit be lifted and the Resident investor allowed to invest freely. If there is no subsequent declaration to indicate no domestic ringgit borrowings, then the trading block will remain till the next calendar year.

### Option 3: Tracking of conversion limit by Resident clients via end-of-day (EOD) report

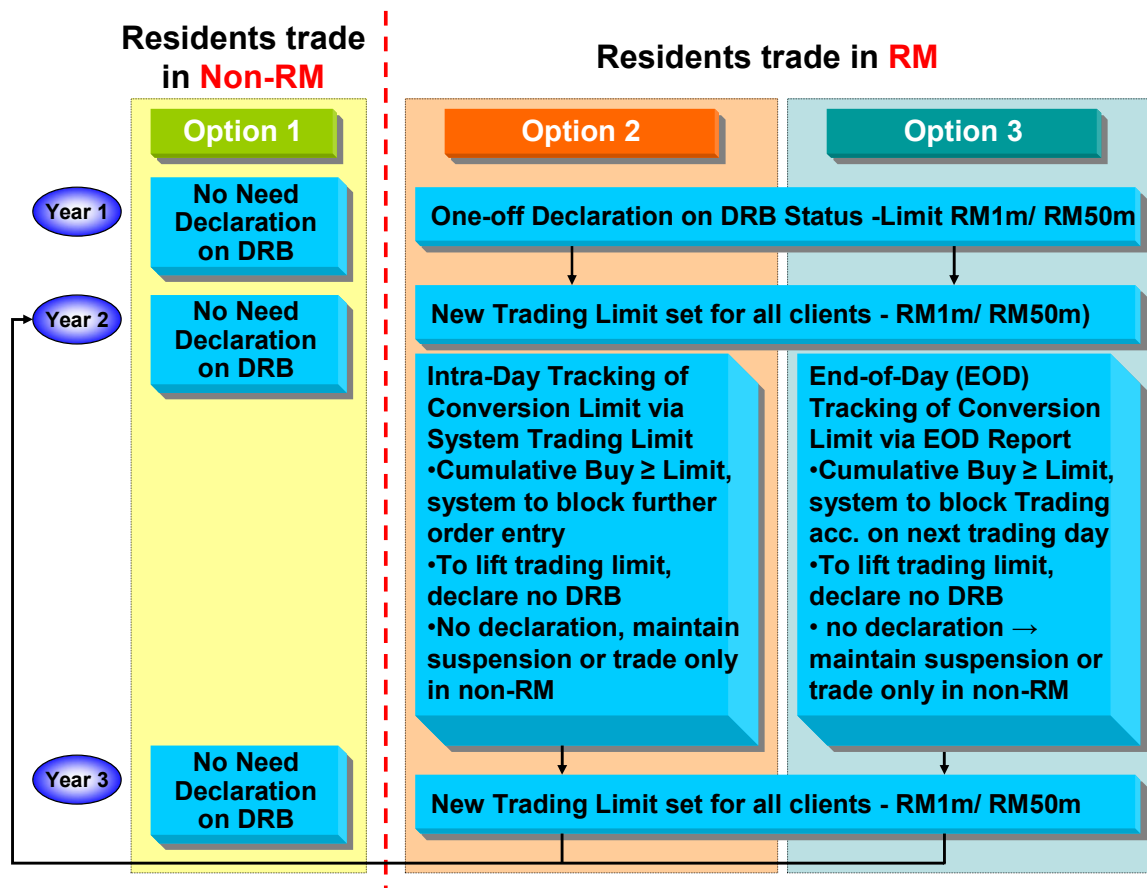
- Upon the initial declaration by Resident clients, POs to monitor the cumulative purchases in RM by Residents clients with domestic ringgit borrowings via EOD reports. POs to generate EOD reports for Resident clients with domestic ringgit borrowings to facilitate POs in monitoring of the BNM's investment limit.
- POs to block the clients with domestic ringgit borrowings who exceeded the limit from trading until the following calendar year where a fresh limit is given to the client. The amount in excess of the RM1m or RM50m is required to be settled in non-RM between PO and client. Clients with domestic ringgit borrowings who exceeded the RM conversion limit may continue to trade only using non-RM as settlement.
- In subsequent calendar year, a standard limit as per BNM's conversion limit will be set for all Resident clients, with or without domestic ringgit borrowings. The report will be generated at EOD for all clients, whether

## ANNEXURE 4

with domestic ringgit borrowings or without domestic ringgit borrowings. If clients exceeded the BNM's investment limit, POs to block the clients from trading until a fresh declaration is received indicating no domestic ringgit borrowings or until the following calendar year where a fresh limit is given to the client. The BNM's investment limit will be removed upon submission of a declaration indicating no domestic ringgit borrowings and POs to allow trading to continue and settlement be made in RM. The amount in excess of the RM1m or RM50m is required to be settled in non-RM between PO and client. Clients with domestic ringgit borrowings who exceeded the RM conversion limit may continue to trade only using non-RM as settlement. POs are required to keep record of exception reports.

- As option 3 gives the flexibility for POs to monitor the limit at EOD instead of intraday monitoring, POs need to incorporate the following in their business processes to facilitate monitoring exercise:
  - i) Procedures to notify clients on the settlement to be made in non-RM if in excess of RM1m or RM50m. Failure of settlement in non-RM may result in involuntary sale of such securities by the POs.
  - ii) Procedures on informing POs' clients on the remaining balance of the investment limit. The remaining balance can be included in the report to the remisiers/dealers or appear in the statement to clients.

Flowchart on Options for Currency of Settlement by Client



31. How to compute conversion limit of RM into foreign currency? How will this limit be impacted by sales transactions or contra arrangements?

The conversion limit of RM into foreign currency is computed based on cumulative value of purchases in Multi-Currency Securities settled in RM in a calendar year. The amount is not to be netted or reduced in the event of sales or contra transactions throughout the calendar year. Purchases of Multi-Currency Securities using non-RM should not be taken into account when computing this investment limit.



## Stamp Duty

32. How do POs compute the amount of stamp duty payable to Stamp Duty Office for purchase and sale of Multi-Currency Securities?
- The stamp duty is to be calculated based on a double conversion method and it ranges from a minimum of RM1 to a maximum of RM200 depending on the value of securities traded in RM.
  - The RM value of the transaction for purposes of computing stamp duty payable will be the converted equivalent of non-RM trade value using the exchange rate quoted by licensed onshore banks.
  - Once the stamp duty amount payable in RM is determined, it will be converted to non-RM and charged to investors in the contract note.
  - POs accumulate daily stamp duty and pay to Stamp Duty Office in RM on monthly basis. Conversion rate will be based on exchange rate quoted by POs' on transaction date (T date).
  - Refer to Appendix 3 for computation of stamp duty.

### Appendix 3

#### Flowchart on Computation of Stamp Duty

STAMP DUTY < RM200, TRADE VALUE < RM200,000

	SECURITIES	PRICE	QUANTITY	PROCEEDS	BROKERAGE	STAMP DUTY	CLEARING FEE	TOTAL AMOUNT
USD	FA40ETF	0.10	100.00	10.00	0.07	0.30	0.01	10.38
				X 3.35				
				33.50		1		
RM	FA40ETF	0.34	100.00	33.50	0.23	1.00	0.01	34.75
	EXCH RATE			3.35				

Stamp Duty Payable RM1 whether investor pays in RM or USD

STAMP DUTY = RM 200, TRADE VALUE > RM200,000

	SECURITIES	PRICE	QUANTITY	PROCEEDS	BROKERAGE	STAMP DUTY	CLEARING FEE	TOTAL AMOUNT
USD	FA40ETF	10.20	10,000.00	102,000.00	714.00	59.70	40.80	102,814.50
				X 3.35				
				341,700.00		200		
RM	FA40ETF	34.17	10,000.00	341,700.00	2,391.90	200.00	136.68	344,428.58
	EXCH RATE			3.35				

Stamp Duty Payable RM200 whether investor pays in RM or USD

**Note :** The prescribed purpose of Appendix 3 is for illustrating the computation of stamp duty for Multi-Currency Securities and is not meant to be used as the prescribed format for issuance of contract notes on Multi-Currency Securities