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**Frequently Asked Questions on the Mobility of Dealer's Representative**

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**(1) Which Dealer's Representatives can be allowed to be mobile?**

Both commissioned and salaried Dealer's Representatives can be allowed to be mobile provided their Participating Organisation allows it on a case-to-case basis based on the criteria established by the Participating Organisation on mobility of Dealer's Representatives.

However, the granting of mobility is at the discretion of the Participating Organisation.

**(2) What are mobile Dealer's Representatives allowed to do?**

Dealer's Representatives who are mobile are allowed to move around outside the premises of their Participating Organisation during trading hours to provide services as Dealer's Representatives to their clients and to market their Participating Organisation's products. However, Dealer's Representatives must wear their identification tag at all times and notify their clients that they are engaged with a licensed dealer which is a Participating Organisation of the Exchange so that complaints, if any, may be directed there.

**(3) Can Dealer's Representatives key in client orders outside of their Participating Organisation's office?**

Yes, Dealer's Representatives can remotely key in their clients' orders, either:-

- through mobile devices like PDA and laptop; or
- by instructing alternate Dealer's Representatives or Trading Clerks at the Participating Organisation's premises to key in clients' orders.

In this regard a Participating Organisation must ensure that all orders of its clients are executed by its Dealer's Representatives in a timely manner.

**(4) Are there any restrictions/conditions for Dealer's Representatives who are mobile?**

Yes, Dealer's Representatives who are mobile are not allowed to operate from a particular premises or a particular location outside of their Participating Organisation's premises on a continuous basis unless the premise or location has been approved by the Exchange or the Commission.

**(5). What can constitute "a particular premises or a particular location on a continuous basis"?**

"A particular premises or a particular location on a continuous basis" can be construed to be the setting up of permanent structures or putting up banners/buntings/signboards or renting a specific premise, which are akin to "branches" or EAFs for the purposes of dealing in securities.

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**(6) Why is there a prohibition on “a particular premises or a particular location on a continuous basis” for mobile Dealer’s Representatives?**

There is such a prohibition because the intention of allowing mobility is to enable Dealer’s Representatives to visit their clients to provide their services as Dealer’s Representatives and to market investment opportunities to their clients, and not to set up an unauthorised base or branch office or EAF which in any event can only be established by a Participating Organisation.

This serves as an investor protection mechanism so that clients only deal with authorized Dealer’s Representatives in duly approved principal office/branch office of Participating Organisations.

**(7) Can Dealer’s Representatives operate and key in clients’ orders from home?**

Just like any other locations, Dealer’s Representatives can key in orders from home, provided the high standards of conduct of Dealer’s Representatives when dealing with clients are maintained at all times.

However, bearing in mind the intention of allowing mobility as stated in Question 6 above, Dealer’s Representatives must ensure that their operation from home must not result in the setting up of an unauthorised base or branch or EAF.

**(8) Can Dealer’s Representatives advise clients about investing in the stock market?**

Yes. Dealer’s Representatives are allowed to advise clients by virtue of their holding the Dealer’s Representative’s license.

**(9) Are Dealer’s Representatives allowed to deal in other products, apart from shares?**

Dealer’s Representatives can now deal in other products that their Participating Organisation is allowed to deal in, but it must be one of the activities that their license allows them to do, and their Participating Organisation must also authorise them to conduct such activity on their behalf.

**(10) Can Trading Clerks of Dealer’s Representatives be allowed to key in clients’ orders and give investment advice to clients?**

Trading Clerks can only key in orders upon instruction from their Dealer’s Representatives. They are not allowed to receive orders/instructions from and give investment advice to clients.

[End of FAQs]

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## Frequently Asked Questions on Multi-Currency Securities

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### 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?**

Brokers’ order management systems allow 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 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 investors trading account in the brokers’ order management systems to allow order entry to be carried out on the trading account.

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**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?**

Paragraph 12.2 of Direct 5-001 provides that 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 Commission for Multi-Currency Securities?**

The Minimum Fixed Commission 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

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.

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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>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>13/2/09</u> (1USD=RM3.60) Sell Price (Stock A): USD1.10 Quantity: 1,000 shares Sell Amount: USD1,100 ( ≈ RM3,960)</p>	
	Settlement in USD	Settlement in RM	
Capital Loss: USD100	≈	RM340	Capital Gain: USD100
Forex Loss : -		<u>RM100</u>	Forex Gain : -
Total Loss : <u>USD100</u>		<u>RM440</u>	Total Gain : <u>USD100</u>
(1USD = RM3.40)			(1USD = RM3.60)

**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 directives.

### 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 directives.

### 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.

## 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?

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The exchange rate used will be the prescribed rate on the contract note that is quoted to the POs daily by licensed commercial banks.

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

Yes, investors who trade in Multi-Currency Securities are subject to a minimum clearing fee set at the lowest denomination in foreign currency eg. USD 1 cent or SGD 1 cent, while the clearing fee cap 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.

**Invoicing of trading fees and SC Levy**

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

Trading fees for Multi-Currency Securities are payable to Bursa on a monthly basis in RM. The invoices will show the trading fees in RM only. The trading 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 trading 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.

**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 the Exchange's Participant Supervision Department if they wish to report in other currencies.

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

**Important 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.

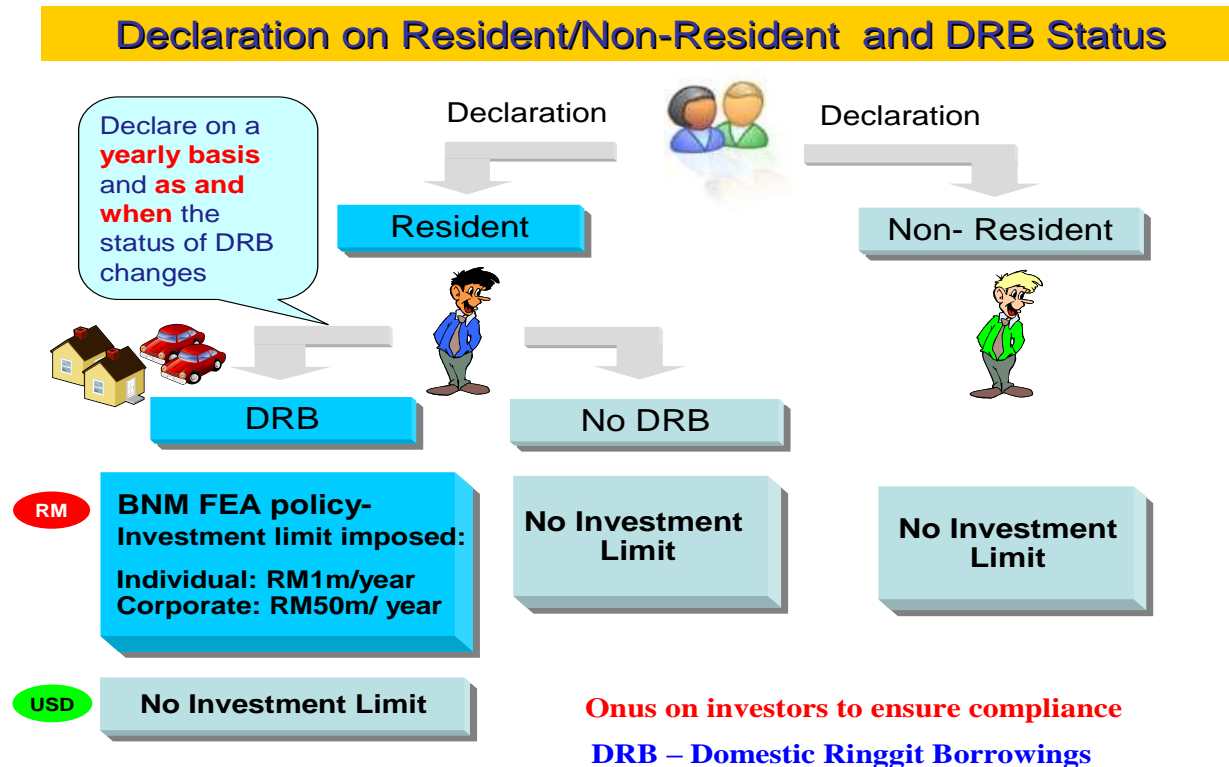
## FAQS ON MULTI-CURRENCY SECURITIES

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.

### Appendix 1

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



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

Under BNM's FEA policy, Resident is defined as:

- A citizen of Malaysia (excluding citizens who has obtained permanent resident status of a territory outside Malaysia and is residing outside Malaysia);
- A non-citizen who has obtained permanent resident status in Malaysia and is ordinarily residing in Malaysia;
- A body corporate incorporated or established, or registered with or approved by any authority, in Malaysia;
- An unincorporated body registered with or approved by any authority in Malaysia;
- The Government or any State Government; or



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- Any other person as may be specified by the Controller of Foreign Exchange to be a resident.

Under BNM's FEA policy, Non-Resident is defined as:

- An overseas branch, subsidiary, regional office, sales office and representative office of a resident company;
- Embassies, Consulates, High Commissions, supranational or international organisations;
- A Malaysian citizen who has obtained permanent status of a country or territory outside Malaysia and is residing outside Malaysia; and
- Any other person as may be specified by the Controller of Foreign Exchange to be a non-resident

*(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))*

**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?**

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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 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: -

Option 1:

- 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.
- 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

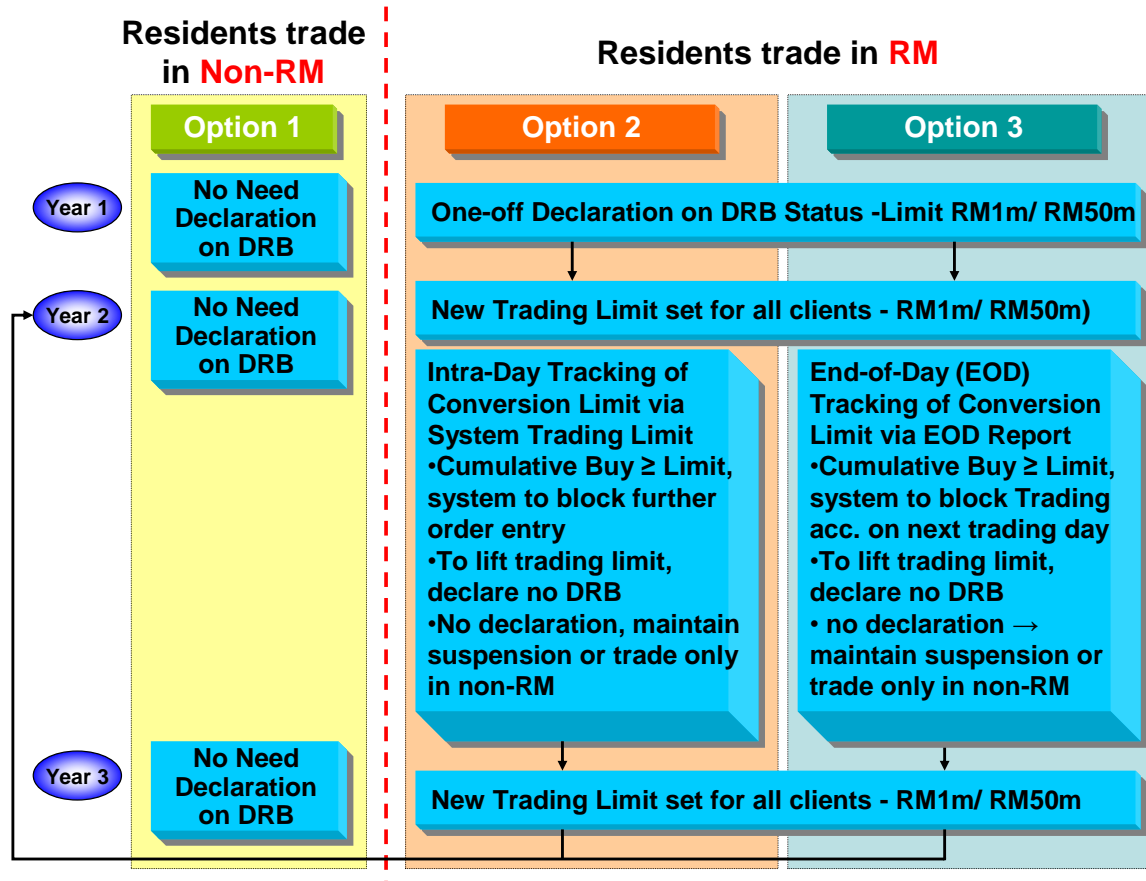
- Upon the initial declaration by Resident clients, POs to monitor the cumulative purchases in RM by Residents clients with domestic ringgit borrowings via EOD reports. POs to generate EOD reports for Resident clients with domestic ringgit borrowings to facilitate POs in monitoring of the BNM's investment 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

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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 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 remisers/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.

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- 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 on-shore licensed 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.

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**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		

	SECURITIES	PRICE	QUANTITY	PROCEEDS	BROKERAGE	STAMP DUTY	CLEARING FEE	TOTAL AMOUNT
RM	FA40ETF	0.34	100.00	33.50	0.23	1.00	0.01	34.75

EXCH RATE	3.35
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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		

	SECURITIES	PRICE	QUANTITY	PROCEEDS	BROKERAGE	STAMP DUTY	CLEARING FEE	TOTAL AMOUNT
RM	FA40ETF	34.17	10,000.00	341,700.00	2,391.90	200.00	136.68	344,428.58

EXCH RATE	3.35
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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.

[End of FAQs]

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**Frequently Asked Questions on the Regulated Short Selling (“RSS”)**

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**1. Are all securities eligible for short-selling?**

No, only selected securities which qualify as Approved Securities are eligible for RSS activities.

**2. What are the Approved Securities for RSS?**

The Approved Securities for the re-introduction of RSS consists of 70 stocks on the main board based on the criteria set.

**3. Will this list of Approved Securities change?**

Yes, the list of Approved Securities will be reviewed approximately every 6 months i.e. in June and December.

**4. What are the criteria for the selection of RSS Approved Securities?**

Securities which must satisfy all the following criteria:

- the securities are for the time being admitted to the Official List;
- Average daily market capitalization of more than RM500 million for the past 3 months;
- At least 50 million shares in public float;
- Average monthly volume traded of more than 1 million units for the past 12 calendar months.

However, Bursa may not declare securities as Approved Securities notwithstanding that it fulfils the criteria above.

**5. Will the criteria for the selection of RSS Approved Securities change from time to time?**

The criteria may be reviewed but any changes will be notified via circulars.

**6. What are the new features of RSS?**

There are 3 new features: (i) the Uptick Rule whereby RSS orders can only be keyed-in at a price greater than the last traded price; (ii) RSS orders must be executed through designated RSS Trading Accounts; and (iii) gross short transactions is limited to 10% of the total number of listed shares of a particular Approved Securities. RSS activities will be suspended for 4 trading days from the day the limit is reached.

**7. Can RSS be executed in a Clearing Account?**

Yes, provided the following conditions are complied with:

- (i) a separate Clearing Account is opened for solely for RSS purposes;
- (ii) comply with provisions prescribed in paragraph 1.1 of Directive 7.05(1)-002 followed by “RSS” in brackets;

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- (iii) no carry forward of any execution of an order for RSS to the next market day from date of order notwithstanding that the order may be unexecuted either fully or partially; and
- (iv) no outward transfers of purchases from the Clearing Account.

**8. What happens when the 10% limit is reached?**

RSS activities for a particular Approved Security for RSS will be suspended for 4 market days from the day the limit is reached. Normal trades for the particular security will continue.

**9. What happens to orders already entered prior to the above suspension?**

Orders already entered will be matched in full unless withdrawn by the broker. The 10% limit is a trigger point to commence action to suspend RSS activities.

**10. Where can I find the information on the percentage of 'gross short transactions'?**

The BFE will display the percentage of the 'gross short transactions' on a real-time basis in the short sell column of each RSS Approved Security and also in the 'stock scoreboard' in BFE.

**11. What do investors need to do if they are interested to short-sell any of the RSS Approved Securities?**

Investors interested to short-sell any of the RSS Approved Securities would need to open a designated RSS trading account with their brokers. All trades have to be executed via this designated RSS trading account. Before any short-selling orders can be executed, investors must provide a confirmation to the broker (i) that they are not an associate pursuant to section 3 of the Securities Industry Act 1983, and (ii) that have borrowed the RSS Approved Securities or have procured confirmation from an Authorised SBL Participant that the RSS Approved Securities are available for borrowing.

**12. POs have the obligation to obtain confirmation from the client as stated under Question 11. Would a verbal confirmation be sufficient?**

Yes, verbal confirmation is permitted provided that the verbal confirmation is taped. Therefore, if a Participating Organisation allows verbal confirmation, it must put in place phone taping system to record such verbal confirmation.

**13. Can an investor borrow securities and do RSS at different POs?**

Yes.

**15. Are purchases allowed in an RSS Trading account?**

Yes, purchases are allowed in an RSS Trading account provided it is executed after the execution of any RSS of an approved securities for the following purposes:

- (i) for a contra either in full or partially, the RSS trade provided an approved security executed in the RSS Account;



<b>FAQS ON REGULATED SHORT SELLING</b>	
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- (ii) for the return of the borrowed securities; or
- (iii) for the borrowing to execute another regulated short sale of that approved securities.

Purchases shall not exceed the total amount of net short positions of the approved securities on a market day.

**16. Can a client sell overbought securities in the RSS account?**

Yes, provided the overbought position of the securities arose from a mistake and the sale is subsequently reported by the Executive Director Dealing to the Exchange with explanation on how the mistake arose.

**17. Can a trade on a non-RSS account be amended to a RSS account?**

No, this is prohibited by the rules and the BFE.

**18. Can a trade on using a RSS account be amended to a non-RSS account?**

Yes.

**19. Would POs have to still upload the TSHTSELL file to the Exchange?**

No, POs will no longer have to upload the said file to the Exchange.

**20. What action can be taken by the Exchange if there is a breach of any of the rules on RSS or where the Exchange suspects that the RSS is used for manipulative activities?**

The Exchange amongst others will be able to suspend or restrict the short selling activities carried out by the Participating Organisation whether for itself or its clients immediately.

[End of FAQs]

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## Frequently Asked Questions on the Liberalisation of Securities Accounts

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### I. DEPOSITORY SERVICES

#### 1. What is the objective of liberalising the Securities account structure?

Through the Securities account structure liberalisation, it is envisaged that Securities account holders especially institutional investors will have greater flexibility in managing their accounts. Existing Exempt Authorised Nominees (Exempt ANs) will be able to operate omnibus accounts with greater flexibility and a wider range of persons will be given the privilege of maintaining omnibus accounts. Similarly the list of Authorised Nominees (ANs) that can hold deposited securities on behalf of one beneficial owner in each account, will be expanded. It is expected that this will promote greater efficiency in managing clients' portfolio by institutional investors when trading in securities listed on Bursa Malaysia Securities Berhad ("Bursa Securities").

#### 2. What is an omnibus Securities account?

An omnibus account is an account in which securities are held for two or more beneficial owners. The names of the beneficial owners are not required to be provided when opening this account. However, the particulars of beneficial owners' should be made readily available as and when required by the regulators.

#### 3. Who can operate an omnibus Securities account?

Only Exempt ANs as stipulated in the Schedule of the Securities Industry (Central Depositories) (Exemption) Order 2005 ("the Exemption Order 2005") can operate an omnibus Securities account. A list of parties that are categorised as Exempt ANs can be obtained from Bursa Malaysia's website, [www.bursamalaysia.com](http://www.bursamalaysia.com).

#### 4. What is the impact of this liberalisation exercise on existing Securities accounts held directly in the name of the beneficial owner?

There is no impact on such existing Securities accounts which are opened directly under the name of the Securities account holder i.e. as an individual or a corporate depositor. The Securities account holder shall continue to operate the account as the beneficial owner.

#### 5. Can an Exempt AN have more than one omnibus Securities account?

There is no restriction on the number of omnibus Securities accounts which can be operated by an Exempt AN.

<b>FREQUENTLY ASKED QUESTIONS ON THE LIBERALISATION OF SECURITIES ACCOUNTS</b>	
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**6. Who is an Instructing Client?**

An instructing client is a direct client (who is a body corporate) of a nominee company as referred to in Items 1 to 7 of the Schedule of the Exemption Order 2005 and gives instructions to the nominee company to hold securities on its behalf or on behalf of its clients.

**7. Can an Exempt AN choose to continue operating under the “one account one beneficial owner” account structure? Must an Exempt AN operate only omnibus accounts?**

It is up to the Exempt AN to choose whether to maintain accounts under the “one account one beneficial owner” structure or omnibus accounts or both.

**8. Is there a need for existing Exempt AN to update the Account Qualifier field in its current omnibus Securities accounts that have been opened via the previous exemption orders?**

Existing Exempt ANs may continue to maintain the Account Qualifier for their existing omnibus account as per the previous guidelines, in which case the usage of the account must be consistent with the Account Qualifier. However new omnibus accounts to be opened shall comply with the latest naming convention issued by Bursa Malaysia Depository Sdn Bhd (“Bursa Depository”).

**9. Is there a deadline for an Exempt AN to open an omnibus account or update the account qualifier for an existing omnibus account?**

No, there is no deadline for an Exempt AN to open an omnibus account or update the account qualifier for an existing omnibus account pursuant to this liberalisation. If an Exempt AN wants to transfer securities from an existing “one account one beneficial owner” account into an omnibus account, it can do so at any time.

**II. APPROVED REASONS FOR TRANSFER OF SECURITIES**

**10. Will the Approved Reasons for Transfer (ART) continue to be applicable for transfer of securities?**

Although there has been a relaxation on supporting documents for transfer of securities request, the ART, together with the relevant changes, will continue to be applicable. The ART should be adhered to strictly when performing any request for transfer of securities in Securities. Kindly refer to the amended version of the ART issued by Bursa Depository for more information.

**11. What are the changes to the requirements in relation to the ART, of securities arising from the liberalisation of the Securities account structure?**

The changes are as follows:-

- i) Reduction in the number of supporting documents required to be provided for transfer transactions involving Exempt AN.

<b>FREQUENTLY ASKED QUESTIONS ON THE LIBERALISATION OF SECURITIES ACCOUNTS</b>	
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- ii) Extension of parameters under Category B3 (transfer involving Government Authorities) to include Khazanah Nasional Berhad under the category of Government related body.

Please note that the categories of ART remain the same, i.e.:

*Category A*      *No Change in beneficial ownership (“NCBO”)*

*Category B*      *Change in beneficial ownership (“CBO”)*

- i)      B1 - Take-Over Offer
- ii)     B2 - Family member
- iii)    B3 - Transfer involving Government Authorities
- iv)     B4 - Pledge/Charge
- v)      B5 - Reasons with prior approval of Bursa Malaysia Depository Sdn Bhd

## **12. What are the changes to the supporting documents requirement?**

The changes are as follows:-

### **NCBO Transfers**

No supporting documents are required for NCBO transfers when both the transferor and transferee are Exempt AN;

When either one of the transferor or transferee is an Exempt AN, the transferor is required to produce to the Authorised Depository Agents (ADAs)/Authorised Direct Members (ADMs) relevant supporting documents to prove that the transfer does not result in a change in beneficial ownership.

### **CBO Transfers**

#### *Category B4 – Pledge/Charge*

No supporting documents are required for transfer transactions under this category of accounts, where the account qualifier is denoted with the words “Pledged Securities Account”.

#### *Category B2 – Family members*

When the securities account involved is held by an Exempt AN (either as a transferor/transferee), the Exempt AN or their client is required to provide a confirmation on the name of the beneficial owner of the securities held by them. This requirement is an addition to the existing requirement on supporting documents.

## **III. CLEARING FEE CHANGES**

### **13. Is there an increase in clearing fees?**

The current clearing fee of 0.04% of contract value remains unchanged, so effectively there is no increase in the percentage of clearing fee charged. However, there is an increase in the maximum cap prescribed; the maximum amount chargeable of RM200.00 is now increased to a maximum of RM500.00.

**14. How is the new clearing fee computed?**

The structure of the clearing fee and its computation for clearing and settlement of On-Market and Direct Business Transactions are as follows:

**On-Market Transaction (OMT)**

The clearing fee payable to Bursa Malaysia Securities Clearing Sdn Bhd ("Bursa Securities Clearing") shall be computed at 0.04% of the value of every contract entered into by a Clearing Participant either as principal or on behalf of a client for the sale or purchase of securities subject to a maximum of RM500.00 per contract. There is no minimum amount chargeable for OMT.

**Direct Business Transaction (DBT)**

The clearing fee payable to Bursa Securities Clearing shall be computed at 0.04% of the value of every contract entered into by a Clearing Participant either as principal or on behalf of a client for the sale or purchase of securities, subject to a minimum of RM10.00 and a maximum of RM500.00 per contract.

**All sales or purchase of securities on each market day are subject to the above clearing fee.**

**15. When will the new clearing fee become effective?**

The new clearing fee will become effective as of October 21 2005.

**16. Why is Bursa Securities Clearing changing its clearing fee structure?**

Bursa Securities Clearing carefully evaluates its clearing fee structure from time to time and determines changes to its fee to support the provision of a vibrant securities market infrastructure. We are currently working to implement a set of measures to strengthen the clearing and settlement infrastructure to reduce risk and increase efficiency in the securities market. These include upgrading of the clearing and depository technology platforms and setting up a Clearing Guarantee Fund aimed at mitigating counterparty risk.

**17. How does our clearing fee compare to other jurisdictions?**

The revised clearing fee structure is competitive vis-à-vis regional jurisdictions, in fact regional benchmarking was one of the main factors deliberated upon in making the decision to change the cap in clearing fees. Over the last four years, it is interesting to note that the effective clearing fee has actually decreased quite substantially due to the capping of the clearing fees.

Holistically, it is important to note that the clearing fee for securities transactions on Bursa Securities is only a small portion of total transaction costs incurred by an investor.

<b>FREQUENTLY ASKED QUESTIONS ON THE LIBERALISATION OF SECURITIES ACCOUNTS</b>	
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#### **IV. TRADING ACCOUNTS**

**18. Who can be given a Clearing Account?**

A Clearing Account can be given to any clients of the PO provided that each Clearing Account is maintained for one client only.

**19. Can a client have more than one Clearing Account?**

Yes, a client may have more than one Clearing Account. The PO must maintain adequate records in respect of each of the Clearing Accounts a particular client is given.

**20. What naming convention that is applicable to the account qualifier of the clearing account?**

The account qualifier for the clearing account should now be in the client's name.

**21. Are the declarations by Holder/Exempt Fund Manager, Foreign Intermediaries and Participating Organisations under Schedule A of Participating Organisations' Circular R/R 13 of 2003 and C-1 and C-2 of Participating Organisations' Circular R/R 8 of 2001 still required?**

No, they are no longer required.

**22. Are trades allowed to be carried forward in the clearing account?**

Yes, if a client's order is not fulfilled by the end of T day, the order may be carried forward up to a maximum of T+2 day.

**23. If a client's order is not fulfilled by T day and is carried forward to T+1 or T+2, is the PO required to book out the partially-fulfilled order and issue a contract note to the client at the end of T day?**

No, the booking out and issuance of contract notes may be done after the entire order is fulfilled, with a maximum allowable carrying forward period of up to T+2 day.

**24. If a client's order is fulfilled on T or T+1 day, is the PO allowed to delay the booking out and issuance of contract note to T+2 day?**

No, the booking out and issuance of contract note shall be done at the end of the day in which the order is fulfilled.

<b>FREQUENTLY ASKED QUESTIONS ON THE LIBERALISATION OF SECURITIES ACCOUNTS</b>	
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- 25. Can a PO allow the crediting of the securities purchased under a Clearing Account directly into a beneficial owner's Securities account or a Securities account in the name of an AN or Exempt AN?**

Yes, provided that the Securities account is maintained with the PO.

- 26. Is a PO still required to mirror the trading account structure with the Securities account structure?**

No, this requirement has been removed. The trading account of a client may be tagged to a Securities account in the name of the AN or Exempt AN of the client or the beneficial owner of the securities for whom the client is dealing for. Further a written consent and authorisation for the use of the Securities account must be procured from the Securities accountholder and the client of the PO is required to provide a confirmation and undertaking that the beneficial owner of both the trading and Securities account is the same.

- 27. Is a PO allowed to leave securities purchased under the Clearing Account in the Clearing Securities Account?**

No, securities must be transferred by the end of the settlement date to the beneficial owner, AN or Exempt AN account as instructed by the client, except in cases of non-payment or absence of transfer instructions by the client.

- 28. Is the client of a PO still required to disclose whether any dealings in securities in respect of the trading account is carried out on another person's behalf?**

Yes, the disclosure is still required. However, PO need not obtain the information on the beneficial owner unless required by Bursa Securities or the Securities Commission. POs must also ensure that the terms and conditions of the client agreement incorporates the obligation on the part of the client to provide information in relation to parties for whom the clients of POs are acting for, including information on the beneficial owners of the securities as and when required by both Bursa Securities and the Securities Commission.

- 29. Are the clients bound to comply with the Rules of Bursa Securities?**

Yes. There is a requirement in the rules that require the PO to impose an obligation on the part of the clients, to comply with the rules in the client agreement.

- 30. Is Bursa Securities empowered to take action against the client in the event of a breach of the rules committed by the clients?**

Yes. The rules empower Bursa Securities to direct any of the PO to refrain from dealing with a client where the act or omission by the client in relation to or arising from any transactions or dealings in securities reflected in the trading account(s) of the client and/or held in the Securities account(s) has directly or indirectly caused, aided or facilitated a breach of the rules.

<b>FREQUENTLY ASKED QUESTIONS ON THE LIBERALISATION OF SECURITIES ACCOUNTS</b>	
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- 31. Which trading account should the Participating Organisation (PO) use if it wants to carry out intra-day activities?**

The Intra-Day Activities Account has been consolidated under the Investment Account, thus PO should use the Investment Account for all proprietary positions, irrespective of whether the positions are for intra-day, short term or long term investment activities.

- 32. Are the directors and dealer's representatives allowed to share an Investment Account?**

Yes, provided proper records are maintained by the PO as to the persons executing the trades.

[End of FAQs]



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**Frequently Asked Questions in relation to the Verification and Attestation of the Account Opening Documentation**

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**1. Is a Participating Organisation (“PO”) obliged under Rule 5.15 to allow verification and attestation by the persons listed in paragraph 9.1(3) of Directive 5-001**

The PO is not obliged, but has the discretion, to allow verification and attestation of account opening documentation by any of the persons in paragraph 9.1(3) of Directive 5-001. This discretion should be exercised bearing in mind that the PO is responsible at all times to ensure that such witnessing is properly carried out.

**2. Are the persons listed in paragraph 9.1(3) of Directive 5-001 obliged to carry out the verification and attestation on behalf of the PO?**

The persons listed in paragraph 9.1(3) of Directive 5-001 are not obliged, but have the discretion as to whether to carry out the verification and attestation of account opening documentation on behalf of a PO. The persons listed in paragraph 9.1(3) of Directive 5-001 also have the discretion as to who they want to witness for and may decline to act a witness for certain individuals if they see fit.

**3. What steps are required of the PO prior to allowing the persons mentioned in paragraph 9.1(3) of Directive 5-001 to verify and attest account opening documentation?**

Pursuant to paragraph 4.1(1)(a) of Directive 5-001, POs must have adequate and effective written policies and procedures on the opening of accounts for their clients and adequate internal control to ensure that all information obtained is properly verified. POs must take all such steps necessary to ensure the genuineness or the authenticity of the application by first assessing whether, in its opinion, the account opening documents will be duly and properly verified by the persons mentioned in paragraph 9.1(3) of Directive 5-001. A PO must be satisfied that it is reasonable for the PO to rely on the verification and attestation of the persons mentioned in paragraph 9.1(3) of Directive 5-001. If the PO is comfortable that these procedures and safeguards are satisfactory, the PO may allow the verification and attestation to be done by such persons. If not, the PO must verify and attest the account opening documents through other persons in paragraph 9.1(3) of Directive 5-001 who they are comfortable with, or require the individual to be present before the PO.

[End of FAQs]

### Frequently Asked Questions on the Rules of Bursa Securities

- (1) **Issue** : **Knowledge about client**
- Relevant Rule : Rule 5.15(1)(a) and Paragraph 8 of Directive 5-001
- Question : Any guideline(s) or benchmarks(s) from the Exchange of how this Rule be implemented?
- Answer : Participating Organisations should start with the account opening forms where adequate questionnaires be provided for new clients to fill up. For existing clients, the same questionnaires should be filled up by clients as to the requirements of the said Rule. Thereon Dealer's Representatives should categorize their clients as to their creditworthiness, background, investment objectives and knowledge in investment management. This will assist the Dealer's Representative to know which clients need detailed guidance and which clients can be left to their own complete judgment.
- (2) **Issue** : **Client's financial position**
- Relevant Rule : Rule 5.15(1)(a) and Paragraph 8 of Directive 5-001
- Question : What are the relevant information on client's financial position required to be maintained by a Participating Organisation?
- Answer : A Participating Organisation should have in place sufficient credit policies for the continued assessment of all their clients. The type or nature of information required to be kept as records are dictated by the Participating Organisation's internal policies.
- (3) **Issue** : **Scope of Internal Audit**
- Relevant Rule : Rule 6.14(1)(a)
- Question : Under the said Rule, by what specific criteria should "the performance of management of the Participating Organisation" be required?
- Answer : The scope of the internal audit envisaged under this Rule should, in the minimum, ensure compliance with internal policies and procedures, rules, laws and best business practices.
- (4) **Issue** : **Internal audit responsibility and scope**
- Relevant Rule : Rule 6.14(1)(f) and (j)
- Question : What internal audit responsibility and scope are envisaged here? Does it entail performing a financial audit which may duplicate what the statutory auditor does?
- Answer : Yes.

<b>FREQUENTLY ASKED QUESTIONS ON THE RULES OF BURSA MALAYSIA SECURITIES BERHAD</b>	
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Question : Does it involve a limited review of periodical financial records and statements?

Answer : Yes.

**(5) Issue : Internal audit - reporting**

Relevant Rule : Rule 6.15(1)

Question : Does this apply even to those highlighted issues, which were subsequently rectified by the time the audit was completed?

Answer : Yes.

**(6) Issue : Internal audit - reporting**

Relevant Rule : Rule 6.15(2)

Question : Are the audit reports by IAD and the report submitted by Audit committee to BOD/the Exchange the same?

Answer : Yes but the report submitted by Audit Committee to BOD/the Exchange should contain the deliberations and decisions/recommendations of the Audit Committee on the audit report submitted by IAD to the Audit Committee.

**(7) Issue : Transactions by employees and Dealer's Representatives**

Relevant Rule : Rule 7.25

Question : Does the prohibition against an employee or Dealer's Representative opening a trading account with a Participating Organisation other than the one with which he is employed or engaged extend to include employees/DR of a Participating Organisation which has been:

- (a) suspended; or
- (b) under restriction.

Answer : Yes.

Question : Does the prohibition also extend to a director of a Participating Organisation (suspended or under restriction) who holds a DR license and who wishes to open a trading account with a Participating Organisation of which he is not a director?

Answer : No. Transactions by directors are governed by the provisions of Rule 7.26 and 7.27.

Question : Since an employee cannot open trading account with other PO as per Rule 7.25, does he need to close his Securities accounts with other Participating Organisation?

<b>FREQUENTLY ASKED QUESTIONS ON THE RULES OF BURSA MALAYSIA SECURITIES BERHAD</b>	
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Answer : Yes, it is advisable to do so. However, the prohibition expressed in this Rule applies to trading accounts only, in that, no employee may open a trading account other than with the Participating Organisation by whom he is employed. An employee may continue to maintain other Securities accounts with other Participating Organisations so long as such Securities accounts are not trading accounts, for example, Securities accounts for custody of securities.

(8) **Issue : Transactions by employees and Dealer's Representatives**

Relevant Rule : Rule 7.25(1)

Question : The Rule prohibits employees from opening trading account with other Participating Organisation. If an employee took a loan from a financial institution and the terms of the loan is that the employee must sell through their appointed Participating Organisation, kindly advise on the same?

Answer : The employee cannot accept a term that the employee must sell through the financial institution's appointed Participating Organisation.

If the employee were to take a loan from a financial institution, a pledge securities account (not a trading account) will be opened by the financial institution's nominee with the employee's name identified in the account qualifier. It is possible for the pledge securities account to be held in the financial institution's or the financial institution's nominee's name with the employee's name identified in the account.

(9) **Issue : Transactions by employees, Directors and Dealer's Representatives**

Relevant Rule : Rules 7.25 and 7.27

Question : If an Employee or director opens an account with an asset management company, must such Employee or Director:

- (a) trade through its employing Participating Organisation; and
- (b) obtain approval to trade in securities in such account?

Answer : If the account is a discretionary account, such Employee or Director:

- (a) need not trade through his employing Participating Organisation; and
- (b) would not need consent to trade in securities in such account.

If the account is a non-discretionary account, such Employee or Director:

- (a) must trade through his employing PO; and
- (b) the provisions in Rule 7.26 concerning requirement for approval for each trade will apply.

(10) **Issue : Margin facilities – purpose and period**

Relevant Rule : Rule 7.30

Question : A Participating Organisation may extend facilities to its clients for a period of 3 months only, with rollover, if necessary. When does the effective date commence for the 3 months period – from the date of contract or date amount is drawn down? What are the maximum and minimum rollover fees?

Answer : The commencement date for the period of three (3) months, with rollover (if necessary) permitted under this Rule for any extension of credit facilities by the Participating Organisation is to be determined in accordance with the terms of the margin agreement made between the PO and its clients.

(11) **Issue : Margin financing facilities – restrictions**

Relevant Rule : Rule 7.30(6)

Question : Does the prohibition on PO against extending credit facilities to its directors and employees extend to include Directors, employees and/or DR of another PO?

Answer : No, provided the director, employees and/or Dealer's Representative of another PO, is/are not persons falling within the ambit of Rule 7.30(6)(d), (e) and (f).

Question : Does the following terms include the following respective person:

(a) Parent – include parent in-law?

(b) Child – include step children and son in-law/daughter in-law?

Answer : The expression “parent” excludes parent-in-law. The expression “child” includes stepchildren and adopted children but excludes son-in-law and daughter-in-law.

(12) **Issue : Types and method of valuation of collateral that a client may deposit into margin account**

Relevant Rule : Rule 7.30(7)

Question : Can a Participating Organisation include securities to be issued and credited into a Client's account under a corporate action in the computation of collateral in that Client's margin account?

Answer : Yes.

Question : What price is the valuation of securities in a margin account based on?

Answer : The Last Done Price. In the absence of the Last Done Price, the Reference Price.

<b>FREQUENTLY ASKED QUESTIONS ON THE RULES OF BURSA MALAYSIA SECURITIES BERHAD</b>	
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(13) **Issue** : **Clearing fee**

Relevant Rule : Rule 11.05

Question : Can a broking house waive clearing fee for certain in-house approved client?

Answer : A broking house (PO) cannot waive Clearing Fees which are charged by the Clearing House and must charge the same to its clients accordingly.

(14) **Issue** : **Guidelines on the suspension of interest and provision for bad and doubtful debts**

Relevant Rule : Rule 12.04 and Best Practice 12.04-001

Question : Paragraph 4 of Best Practice 12.04-001 – Treatment of interest on impaired accounts, refers.

To confirm the following:-

Suspension of interest is to be reflected by a PO in its books based on the types of accounts maintained by the PO, i.e. whether under contra losses, overdue purchase contracts or margin accounts?

Answer : Yes.

[End of FAQs]