

CSO/SSO SBLNT OPERATIONAL GUIDELINES FOR LENDERS & BORROWERS

Section: 5. LOAN TERMINATION

5.1 Loan Termination

- 5.1.1 The Approved SBLNT Lender and Approved SBLNT Borrower will have to agree on a date for the return of loaned securities.
- 5.1.2 Where the Loaned Securities are borrowed to facilitate the settlement of Potential Trade Failure (PTF), such Loaned Securities must be returned in full no later than 6 market days after the date of the execution of the potential failed trade (i.e. T+6).
- 5.1.3 Approved SBLNT Lender and Approved SBLNT Borrower must do the following:
 - a. Approved SBLNT Borrower to instruct its Borrowing Representative to Initiate the Loan Return; and
 - b. Approved SBLNT Lender to instruct its Lending Representative to Accept the Loan Return.
- 5.1.4 Once both instructions are matched and confirmed by Bursa Clearing’s SBLNT system, securities transfer will be immediate from the Approved SBLNT Borrower’s depository account to Approved SBLNT Lender’s depository account.

Note:

It is advisable (if item 5.2 does not apply) for an Approved SBLNT Lender to confirm the delivery of the recalled/returned loan from Approved SBLNT Borrower, prior to selling the securities. If the Approved SBLNT Borrower purchases the securities from the market to fulfil the recall/return to Approved SBLNT Lender, there will be a mismatch in the settlement timing.

The Approved SBLNT Lender will have to deliver the securities for the sale made by T+2 4:30pm but the delivery of securities from Approved SBLNT Borrower will only take effect on T+3. In this situation the Approved SBLNT Lender will be subject to the Buying-in rules and the relevant penalty applies.

The following table gives an illustration of this mismatch in timings:

	T	T+1	T+2	T+3
Approved SBLNT Lender	① Sells Loaned Securities		<i>Need to deliver loaned securities for settlement (cut off by 4.30pm)</i>	⑦ Receive Recalled loaned securities after the settlement delivery deadline
	② Recalls Loan			
Approved SBLNT Borrower	③ Receive Recall Notice		⑤ Received securities during settlement (after midnight)	⑥ Return loaned Securities to Approved SBLNT Lender
	④ Purchase Securities For Return to Approved SBLNT Lender			

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Please refer to **Appendix 6** which illustrates the Loan Termination process.

5.2 Withholding From Buying-in

5.2.1 This facility is provided to an Approved SBLNT Lender to facilitate the withholding of their sell trade from buying-in due to the mismatch in settlement time when the loan is sold and recalled on the same day. The manner in which the Approved SBLNT Lender (seller) is required to notify Bursa Clearing (S) of the relevant details in connection with the sale and the recalled securities is through the Lending Representative initiating the withholding from buying-in process and confirming the same.

Note: The mismatch of timing is illustrated in Section 5.1

5.2.2 In order to withhold from buying-in, an Approved SBLNT Lender will have to furnish their respective Lending Representative with the following details:

- SBLNT Loan ID from where a recall has been made against the Approved SBLNT Borrower;
- Contact Date of the sell trade;
- Selling CDS account number from where the sell trade was transacted; and
- Quantity requested to withhold from buying-in.

5.2.3 The withholding from buying-in will be facility will only be effective for one for one (1) business day only (T+3).

Note: A buying-in will be instituted against the Approved SBLNT Lender if the outstanding sell trade is not delivered within the Scheduled Delivery Time as set out under Exchange Rules. Please refer to the table below for an illustration of the allowable withholding from buying-in timing.

The following table gives an illustration of the process of withholding from buying-in timing:

	T	T+1 and T+2	T+3	T+4
Approved SBLNT Lender (AL)	① Sells Loaned Securities	③ LRs to Initiate and Confirm the Withholding From Buying-in request (8:30 am to 4:30pm)	④ Withholding from buying-in effected	⑤ Approved SBLNT Lender will be subjected to buying-in if SBL recalled securities is unsuccessfully delivered
	② Recalls Loan			

