

Our Ref: SR/TAC/ro/LD07/10

19 February 2010

The Company Secretary  
(Listed Issuers / Companies)

Via email

Dear Sir/Madam,

### **IMPLEMENTATION OF ELECTRONIC DIVIDEND PAYMENT (“eDividend”)**

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#### **Background**

1. Electronic Dividend Payment or eDividend refers to the payment of cash dividends by a listed issuer to its shareholders by directly crediting the shareholders' cash dividend entitlements into their respective bank accounts.
2. In tabling the Federal Budget 2010, the Prime Minister announced that all listed issuers are required to offer eDividend services to their shareholders. The Securities Commission's (“SC”) subsequent press release stated that shareholders are given a one-year grace period to provide their bank account information to Bursa Malaysia Depository Sdn Bhd (“**Bursa Depository**”) (as the repository of such information) and that eDividend will be implemented in the third quarter of 2010.
3. The main objectives of implementing eDividend are, amongst others, to promote greater efficiency of the dividend payment system and to put the Malaysian market on par with practices in other regional markets in relation to receipt of dividend proceeds by shareholders.
4. At the same time, the move towards eDividend is a further step towards the national agenda of migrating to electronic payments as well as adherence to G-30's recommendation on best practices of a paperless environment and zero-intervention process.

#### **Implementation of eDividend**

5. The eDividend framework will be implemented in two phases as described below:

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*First phase*

- (a) The first phase involves the collation of bank account information from shareholders where shareholders will be able to start providing their bank account information to Bursa Depository (through their authorised depository agents/brokers) from 19 April 2010.

*Second phase*

- (b) In the second phase, Bursa Depository will be able to provide bank account information together with the Record of Depositors to those listed issuers who need the bank account information for eDividend. As such, by 1 September 2010, listed issuers may request for the bank account information together with the Record of Depositors from Bursa Depository.

**Listed Issuers’ Obligations**

6. In line with the announcement and press release, and pursuant to paragraph 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements (“**Main LR**”), all listed issuers who announce a books closing date for cash dividend entitlements **on or after 1 September 2010** are directed to pay the cash dividends via eDividend to shareholders who have provided their bank account information to Bursa Depository. For the avoidance of doubt, this directive does not apply to dividends in specie declared by a listed issuer.
7. In this regard, listed issuers are advised to take all reasonable and appropriate steps to ensure that they comply with this directive. Listed issuers may appoint a service provider to provide the eDividend services but they remain responsible for the acts or omissions of the service provider in relation to the eDividend and vis-à-vis their shareholders.
8. In addition, to ensure the successful implementation of the eDividend initiative for the listed issuer community, we would like to seek all listed issuers’ support on creating greater awareness of the benefits of eDividend and participation in shareholder education relating to eDividend. In this connection, all listed issuers are required to communicate to their shareholders on the availability of eDividend and its benefits at the earliest opportunity. This may be done through various channels and means such as:
- (a) Issuing a separate notice to shareholders on eDividend and its benefits;
- (b) Including information on eDividend and its benefits in annual reports or other printed materials (for example, circular and notices of meeting to shareholders);

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- (c) Briefing the shareholders on eDividend and its benefits during Annual General Meetings or Extraordinary General Meetings;
  - (d) Promoting eDividend and its benefits through investor relation activities; or
  - (e) Setting out relevant information on eDividend including its benefits through listed issuers' websites.
9. The Exchange and Bursa Depository will also be embarking on various communications initiatives to increase shareholder awareness on eDividend. This will be done through, amongst others, press releases and advertisements in local media, flyers, the Exchange's website, messaging to CDS account holders and joint road-shows with brokers.

**Rule Changes and Others**

10. The Exchange and Bursa Depository will be issuing the relevant changes to the rules and procedures to reflect the eDividend framework as stated in paragraphs 5 to 6 above in due course.
11. In this regard, the Exchange and Bursa Depository have, on 19 February 2010, issued Consultation Paper No. 1/2010 to seek your feedback on our proposed rule changes and issues relating to eDividend. All listed issuers may refer to the Consultation Paper No. 1/2010 which is posted on our website, for further details. All listed issuers are also encouraged to participate in this public consultation.

**Questions and Answers**

12. Further to the above, we are pleased to enclose the following for your reference:
- (a) Questions and Answers in relation to implementation of eDividend pursuant to this directive to facilitate and aid listed issuers' understanding of eDividend and compliance with this directive; and
  - (b) Frequently Asked Questions on eDividend for depositors/shareholders to facilitate and aid listed issuers in communicating with their shareholders on the availability and benefits of eDividend.

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13. If you have any query on the above, please do not hesitate to liaise with the contact persons from our Listing Division who have been assigned to you as informed via our letter dated 20 June 2008 (Our Ref: IS/LD09/08), the details of which can also be found at [http://www.bursamalaysia.com/website/bm/contact\\_us.html](http://www.bursamalaysia.com/website/bm/contact_us.html).

Thank you.

Yours faithfully,



**SELVARANY RASIAH**  
Chief Regulatory Officer

TAC/ro