

Appendix 1

Group of Thirty Compliance

The Group of Thirty Recommendations were originally conceived as the Group of Thirty's Standards on Securities Settlement Systems in 1989, detailing in a first-of-its-kind report nine recommendations for efficient and effective securities markets and covering legal, structural, and settlement process areas. The recommendations were subsequently reviewed and updated in 2001, under the leadership of the Bank for International Settlements, and through the efforts of a joint task force of the Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions.

While use of the Group of Thirty Recommendations may appear dated, with the most recent update having occurred in 2001, compliance with, or the assessment against, the Group of Thirty Recommendations in individual markets continues to be an integral part of the due diligence process of securities industry participants, such as intermediaries and their investor clients. In fact, regulations in a number of countries may have specific references to an adequate coverage of the Group of Thirty Recommendations for its domiciled institutions to be able to access any securities market.

Hence, the Group of Thirty Recommendations, and the assessment of the Malaysian capital market in relation to them, are being included in this Bond Market Guide as a matter of practical reference.

Table A1: Group of Thirty Compliance

Recommendation		Implemented
1	Eliminate paper and automate communication, data capture, and enrichment.	Yes All unlisted debt securities are dematerialized, except for some CP/MTN programs issued before April 2006.
2	Harmonize messaging standards and communication protocols.	No CSD and most local market participants do not use SWIFT message formats.
3	Develop and implement reference data standards.	Yes ISIN codes are available for all local bond issues and are available at the time of issue.
4	Synchronize timing between different clearing and settlement systems and associated payment and foreign exchange systems.	Yes
5	Automate and standardize institutional trade matching.	Yes
6	Expand the use of central counterparties.	No
7	Permit securities lending and borrowing to expedite settlement.	
8	Automate and standardize asset servicing processes, including corporate actions, tax relief arrangements, and restrictions on foreign ownership.	
9	Ensure the financial integrity of providers of clearing and settlement services.	Yes
10	Reinforce the risk management practices of users of clearing and settlement service providers.	Yes
11	Ensure final, simultaneous transfer and availability of assets.	Yes
12	Ensure effective business continuity and disaster recovery planning.	
13	Address the possibility of failure of a systematically important institution.	
14	Strengthen assessment of the enforceability of contracts.	Yes
15	Advance legal certainty over rights to securities, cash, or collateral.	Yes
16	Recognize and support improved valuation methodologies and closeout netting arrangements.	Yes
17	Ensure appointment of appropriately experienced and senior board members (of the boards of securities clearing and settlement infrastructure providers).	Yes
18	Promote fair access to securities clearing and settlement networks.	Yes
19	Ensure equitable and effective attention to stakeholder interests.	Yes
20	Encourage consistent regulation and oversight of securities clearing and settlement service providers.	Yes

CP = commercial paper, CSD = central securities depository, ISIN = International Securities Identification Number, MTN = medium-term, SWIFT = Society for Worldwide Interbank Financial Telecommunication

Source: Group of Thirty. 2003. *Global Clearing and Settlement—A Plan of Action*. Available at <http://newsite.group30.org/publications/detail/123>

Appendix 2

List of Guidelines (Regulations)

This appendix contains a list of the applicable Guidelines and Practice Notes of the regulatory authorities governing the Malaysian bond market, and the market institutions under its purview. These Guidelines and Practice Notes represent the bond market regulations. For ease of reference, the presentation is arranged in alphabetical order.

A. List of Guidelines on Debt Securities and Sukuk Issued by Securities Commission Malaysia

Table A2.1: Guidelines and Practice and Other Notes—Securities Commission Malaysia

Guidelines	Last Revised	Effective Date
Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework	15 Jun 2015	15 Jun 2015
Guidelines on Issuance of Private Debt Securities and Sukuk to Retail Investors	15 Jun 2015	15 Jun 2015
Guidelines on allowing a person to be appointed or to act as a trustee under subsection 69(2) of the Securities Commission Act 1993	17 Sep 2001	17 Sep 2001
Guidelines on Dealing in Unlisted Debt Securities by a Universal Broker	30 Oct 2002	30 Oct 2002
Guidelines on Registration of an Electronic Broking System	6 Jan 2006	6 Jan 2006
Guidelines on Registration of Credit Rating Agencies	30 Mar 2011	30 Mar 2011
Guidelines on Registration of Bond Pricing Agencies	25 Jan 2006	25 Jan 2006
Guidelines on the Offering of Structured Products	27 Apr 2007	27 Apr 2007
Guidelines on Trust Deeds	12 Jul 2011	12 Aug 2011
Prospectus Guidelines	1 Apr 2013	28 Dec 2012
Securities Borrowing and Lending Guidelines	4 Aug 2009	17 Aug 2009
Practice Notes		Issue Date
Guidance Note on the Secondary Trading of Foreign Currency-Denominated Debentures and Foreign Currency Denominated Islamic Securities		15 Sep 2005
Joint Information Note on the Issuance and Subscription of Ringgit and Foreign Currency-Denominated Sukuk and Bonds in Malaysia		1 Jul 2013

continued on next page

Table A2.1 continued

Practice Note on Registration by the Securities Commission for the Purpose of Acting as a Bond Trustee	12 Oct 2006
Practice Notes	Issue Date
Practice Note 1 – Application of the Guidelines to Cross-selling of Unlisted Debt Securities to Eligible Individuals by Dealer’s Representatives Not Certified by the FMA	12 Jul 2005
Practice Note 1 – Specific Requirements and Disclosure of Information on Primary Collateralised Loan Obligations Transaction	28 Jan 2008

SC = Securities Commission Malaysia.

Note: The List of Guidelines and Notes is current as of the date of publication of this Bond Market Guide. However, the SC continuously reviews its regulatory framework and may revise or issue new or revised Guidelines as the need arises. For the latest list and updated versions, please refer to the SC website at <http://www.sc.com.my/legislation-guidelines/bond/>

Source: Securities Commission Malaysia.

B. List of Guidelines and Practice Notes on Debt Securities and Sukuk Issued by Bank Negara Malaysia and MyClear

Table A2.2: Guidelines and Practice and Other Notes—Bank Negara Malaysia and MyClear

Name	Last Revised	Version
Foreign Exchange Administration Notices	30 June 2013	n.a.
Central Securities Depository and Paying Agency Rules	20 May 2015	1.4
Explanatory Notes on Negotiable Instruments of Deposit and Islamic Negotiable Instruments	30 June 2009	n.a.
Guidance Notes on Sell and Buy Back Agreement	28 Jun 2013	n.a.
Guidelines on Bankers Acceptances	May 2007	n.a.
Operational Procedures for Cross Border Securities Custody Services in RENTAS	1 Aug 2014	1.4
Operational Procedures for Foreign Currency Settlement in RENTAS	20 May 2015	1.7
Operational Procedures for Malaysian Ringgit Settlement in RENTAS	20 May 2015	2.1
Operational Procedures for Securities Services	19 Jan 2015	2.0
Participation and Operation Rules for Payments and Securities Services	20 May 2015	2.1
Policy Document on Repurchase Agreement Transactions	31 July 2015	n.a.
Regulated Short-Selling of Securities in the Wholesale Money Market	29 Aug 2014	n.a.

n.a. = not applicable, RENTAS = Real-Time Electronic Transfer of Funds and Securities System.

Notes: Version number applicable to MyClear documents only. The List of Guidance Notes and Rules is current as of the date of publication of this Bond Market Guide. However, Bank Negara Malaysia and MyClear continuously review their regulatory and operational frameworks and may revise or issue new or revised Guidance Notes or Rules as the need arises. For the latest list and updated versions, please refer to the respective websites at http://www.bnm.gov.my/index.php?ch=en_reference&pg=en_reference_index&ac=584&lang=en, <https://fast.bnm.gov.my/fastweb/public/MainPage.do>, or <http://www.myclear.org.my/references.html>

Sources: Bank Negara Malaysia and MyClear.

Appendix 3

Practical References

For easy access to further information about the Malaysian regulatory framework and bond market features—including information on the policy bodies, regulatory authorities, and securities market-related institutions—interested parties are encouraged to utilize the following links (all websites available in English):

AMBIF Implementation Guideline for Malaysia
<http://tinyurl.com/AMBIF-Impl-GL-for-MAL>

AMBIF—Single Submission Form (as accepted by Malaysian regulatory authorities)
<http://tinyurl.com/AMBIF-Single-Submission-Form>

AsianBondsOnline (an initiative of the Asian Development Bank)
<https://asianbondsonline.adb.org/malaysia.php>

Bank Negara Malaysia
<http://www.bnm.gov.my>

Bank Negara Malaysia—Joint Information Note (with the Securities Commission Malaysia)
<http://www.bnm.gov.my/microsites/fxadmin/notices/Jointinfonote.pdf>

Bank Negara Malaysia—Monthly Statistical Bulletin
http://www.bnm.gov.my/index.php?ch=en_publication_catalogue&pg=en_publication_msb&mth=4&yr=2015&lang=en

Bond Info Hub (an initiative of Bank Negara Malaysia)
<http://bondinfo.bnm.gov.my/portal/server.pt>

Bond Pricing Agency Malaysia Sdn. Bhd.
<http://www.bpam.com.my>

Bursa Malaysia—General
<http://www.bursamalaysia.com>

Bursa Malaysia Securities—Exempt Regime
<http://www.bursamalaysia.com/market/securities/bonds/products/listed-under-exempt-regime-copy/overview/>

International Islamic Liquidity Management Corporation
<http://www.iilm.com>

Malaysia International Islamic Financial Centre (an initiative of Bank Negara Malaysia)
<http://www.mifc.com>

Malaysian Rating Corporation Berhad
<http://www.marc.com.my>

MyClear (Malaysian Electronic Clearing Corporation) Sdn. Bhd.
<http://www.myclar.org.my>

RAM Holding Berhad
<http://www.ram.com.my>

Securities Commission Malaysia
<http://www.sc.com.my>

Securities Commission Malaysia—Guidelines and Practice Notes on Bonds
<http://www.sc.com.my/legislation-guidelines/bond/>

Securities Commission Malaysia—Lodge and Launch Framework
<http://www.sc.com.my/legislation-guidelines/lodge-and-launch-framework/>

Securities Commission Malaysia—List of Principal Advisers
<http://www.sc.com.my/approved-list-of-principal-advisers/>

Appendix 4

Glossary of Technical Terms

Accredited Investors	Professional investors definition in Malaysia
Bhd.	Berhad (Bhd.) means “private” in Malaysia; equivalent to a private limited company
Bond Members	Brokers eligible to trade in debt securities on Bursa Malaysia Securities
Bursa Bonds	Bursa Malaysia Bonds (bond trading platform of Bursa Malaysia Securities)
Cagamas	National Mortgage Corporation of Malaysia (http://www.cagamas.com.my)
Khazanah	National, the investment holding arm of the Government of Malaysia
Listing	Typically, action of submitting a bond, note, or <i>sukuk</i> to an exchange for the purpose of price finding, disclosure, or profiling
Lodgement Party	Party who is lodging the necessary documents under the Lodge and Launch Framework, typically the Principal Adviser
Moody’s	Credit rating agency (https://www.moodys.com/)
MyClear	Malaysian Electronic Clearing Corporation (http://www.myclear.org.my)
Offering Memorandum	Synonymous with Information Memorandum; term typically used for key documentation for a private placement mainly to professional investors
PDS	private debt securities (collective term used in Malaysia for nongovernment securities, not equivalent to private placements)
Principal Adviser	Specific term in Malaysia for underwriter in regulations
Prospectus	Term generally used for the key disclosure document in offers of securities to retail investors
RAM	RAM Holdings formerly Rating Agency Malaysia (http://www.ram.com.my)
Registration	Action of registering a bond issue, as may be applicable
Responsible Party	Party to a debt instrument and <i>sukuk</i> issuance under the Lodge and Launch Framework
Sdn. Bhd.	<i>Sendirian Berhad</i> (equivalent to “incorporated” in Malaysia)
Sophisticated Investors	Professional investor definition in Malaysia

Standard & Poor's	Credit rating agency (www.standardandpoors.com/)
<i>sukuk</i>	Islamic bonds structured in such a way as to generate returns to investors without infringing on Islamic law
<i>sukuk ijarah</i>	Type of <i>sukuk</i> in the Malaysian market
<i>takaful</i>	Islamic insurance

Source: AMBF SF1.