



# CONSULTATION PAPER

eDIVIDEND

No. 1/2010

Date of Issue: 19 February 2010

Bursa Malaysia Securities Berhad and Bursa Malaysia Depository Sdn Bhd invite your written comments on the issues set out in this Consultation Paper by 12 March 2010 via:

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Respondents to this Consultation Paper are requested to use the reply format as stipulated in Annexure A.

Kindly contact the following persons if you have any queries in relation to this Consultation Paper:

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# 1 Executive Summary

## 1.1 Purpose of the Consultation Paper

- 1.1.1 This Consultation Paper seeks to inform the public on our proposed rule amendments in relation to facilitating the payment of dividends to the shareholders of listed issuers through directly crediting the dividend entitlements into their respective bank accounts.
- 1.1.2 The proposed amendments for consultation relate to the Rules of Bursa Malaysia Depository Sdn Bhd (“**Bursa Depository**”) and the Main Market Listing Requirements (“**Main LR**”) and ACE Market Listing Requirements (“**ACE LR**”) of Bursa Malaysia Securities Berhad (“**Exchange**”) as summarised below.
- 1.2.3 The proposed rule amendments attached to this Consultation Paper **HAVE NOT** been approved by the Securities Commission (“**SC**”) and as such are not the final rule amendments. Bursa Depository and the Exchange will submit the finalised rule amendments to SC for approval after receipt of comments on the rule amendments pursuant to this Consultation Paper and making the relevant changes where appropriate, to the rule amendments.

## 1.2 Summary of Proposals

- 1.2.1 The Exchange and Bursa Depository invite comments and feedback on the proposed amendments as stated below.
- (1) Proposed amendments to the Main LR and ACE LR in relation to the appointment and retainment of a listed issuer’s share registrar. It is proposed that a listed issuer must appoint and retain a share registrar who -
- (a) has satisfactory internal control procedures in place and financial and operational capabilities which are needed for the proper performance of its obligations as the listed issuer’s share registrar. For this, the listed issuer must consider whether the share registrar is able to provide its services in a timely and efficient manner, has proper safeguards to protect the listed issuer and its shareholders from financial loss, maintains proper records and complies with all applicable laws and regulations, including maintaining confidentiality of information; and
- (b) acts honestly, fairly and in the best interests of the listed issuer and the integrity of the market when providing services for the listed issuer.
- (2) Proposed amendments to the Rules of Bursa Depository to put into place the overall framework and procedures for eDividend.
- 1.2.2 All of the proposed amendments shall collectively be referred to in this Consultation Paper as the “**Proposed Amendments**”.

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## **2 Introduction**

### **2.1 Background**

- 2.1.1 eDividend or electronic dividend payment refers to the payment of cash dividends by an issuer of securities to its shareholders by directly crediting the shareholder's dividend entitlement into his bank account.
- 2.1.2 In tabling the Federal Budget 2010, the Prime Minister announced that all listed issuers are required to offer eDividend to their shareholders. The SC's subsequent press release stated that shareholders are given a one-year grace period to provide their bank account information to Bursa Depository (as the repository of such information) and that eDividend will be implemented in the third quarter of 2010.

### **2.2 Objectives**

- 2.2.1 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. 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.
- 2.2.2 The expected benefits of eDividend include:
- (1) Faster access to dividends which is paid directly into the shareholders' bank account.
  - (2) The convenience of not having to deposit the dividend cheques into the shareholders' bank accounts.
  - (3) The convenience of providing bank account information only once in respect of dividends from all listed issuers, as compared to having to register for electronic payment with each listed issuer.
  - (4) Minimising existing problems such as lost or expired cheques, delays in receiving dividend payments and unauthorised deposit of dividend cheques.

### **2.3 Framework for eDividend**

- 2.3.1 The framework for eDividend will comprise of two main components:
- (1) The collection and maintenance of bank account and other related information by a central repository; and
  - (2) The offering of eDividend services by the listed issuer, through a service provider who would be either Bursa Depository or the listed issuer's share registrar.

2.3.2 The key issues for each component are set out below.

**(1) The collection and maintenance of bank account and other related information by a central repository**

- (a) Bursa Depository will act as the central repository of bank account and other related information.
- (b) All depositors (including foreign nationals) maintaining a securities account with Bursa Depository will be eligible to nominate a Malaysian bank account to receive cash dividends via eDividend.
- (c) For persons opening a new securities account with Bursa Depository, providing bank account information for the purposes of eDividend will be one of the requirements for account opening.
- (d) Existing depositors are to start providing their bank account information for the purposes of eDividend from 19 April 2010 (“Commencement Date”).
- (e) The process of collecting bank account information from all depositors is expected to be completed within one year from the Commencement Date (“one year grace period”). In relation to depositors who have not provided their bank account information to Bursa Depository by the end of the one year grace period, these depositors will not be able to benefit from receiving their dividends in a timely, effective and efficient manner. Moreover, depositors will have to bear an administrative fee when they provide bank account information after the one year grace period.
- (f) Listed issuers must take all reasonable and appropriate steps to engage and communicate with their shareholders on the availability and benefits of eDividend and encourage their shareholders to provide their bank account information to Bursa Depository.
- (g) 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:
  - (i) Issuing a separate notice to shareholders on eDividend and its benefits;
  - (ii) Including information on eDividend and its benefits in annual reports or other printed materials (for example, circular and notices of meeting to shareholders);
  - (iii) Briefing the shareholders on eDividend and its benefits during Annual General Meetings or Extraordinary General Meetings;

- (iv) Promoting eDividend and its benefits through investor relation activities; or
  - (v) Setting out relevant information on eDividend including its benefits through listed issuers' websites.
- (h) 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.
- (i) If a shareholder does not provide his bank account information to Bursa Depository despite the various initiatives by listed issuers, the Exchange and Bursa Depository to communicate with shareholders on the availability and benefits of eDividend, the listed issuer may then continue to pay dividends to that shareholder using an existing manner as authorised under the listed issuer's Articles of Association.
- (j) A depositor can choose to either nominate one bank account for all securities accounts, or nominate one bank account for each securities account held.
- (k) The depositor's consent is required to enable the disclosure of the bank account information by Bursa Depository, the issuer or their respective agents to any person, to facilitate the payment of cash dividends via eDividend.
- (l) Once a depositor has provided his bank account information for the purposes of being paid dividends via eDividend, the depositor will receive all cash dividends via eDividend.
- (m) An issuer paying cash dividends to its shareholders via eDividend must request for the bank account information of its shareholders from Bursa Depository and a prescribed fee will be charged for the provision of such bank account information. This fee will be in addition to the charge for issuance of the Record of Depositors.
- (n) If a service provider is unable to credit the cash dividends using the bank account information provided by a depositor, the depositor will be contacted by Bursa Depository to validate the depositor's bank account information with his stock broker. Arrangements will be made by the issuer to effect payment of dividend using an existing manner as authorised under the listed issuer's Articles of Association until the discrepancy is resolved.

To provide bank account information for eDividend, a depositor must complete the relevant prescribed form and submit it together with the required supporting documents at the stock broker's office where his CDS

account is maintained. The stock broker is an authorised depository agent (“ADA”) of Bursa Malaysia Depository who will collect and maintain the bank account information provided in relation to eDividend on behalf of Bursa Depository.

**(2) The offering of eDividend services by the listed issuer, through a service provider**

- (a) Under the eDividend initiative, all listed issuers are required to pay cash dividends to their shareholders via eDividend by the third quarter of 2010. For this purpose, the listed issuers may appoint a service provider who is able to provide the eDividend services.
- (b) Any share registrar or Bursa Depository will be eligible to be appointed as a service provider for eDividend.
- (c) Consequent to the above, it is envisaged that listed issuers, through their share registrars will play a significant role to ensure the successful implementation of eDividend. Share registrars wishing to provide such services and are appointed by listed issuers should have in place the relevant systems, processes and procedures for the direct crediting of cash dividends into shareholders bank account by 1 September 2010.
- (d) At the same time, the Exchange also takes cognisance of various comments raised by shareholders, who have increasingly demanded for better quality services from the listed issuers, vis-à-vis their share registrars, for example, in relation to the processing of rights applications or proxy forms for voting at general meetings, despatching of notices or documents for general meetings and the manner of handling shareholders’ queries and complaints.
- (e) In this connection, the Exchange believes that listed issuers have the onus of appointing and retaining share registrars who are able to meet the expected standards of service to their shareholders, as well as ensuring the proper performance of the listed issuers’ obligations under the Listing Requirements.
- (f) As a consequence, the Exchange now proposes to require a listed issuer to appoint and retain a share registrar who –
  - (i) has satisfactory internal control procedures in place and financial and operational capabilities which are needed for the proper performance of its obligations. For this purpose, the Exchange proposes, as further guidance, that the listed issuer takes into consideration amongst others, whether the share registrar:
    - is able to provide its services in a timely and efficient manner;

- has proper safeguards to protect the listed issuer and its shareholders from financial loss arising from delay in its services, theft, fraud and other dishonest act or professional misconduct of the share registrar;
  - maintains proper records; and
  - complies with all applicable laws and regulations, including maintaining confidentiality of information pertaining to the listed issuer and its shareholders; and
- (ii) acts honestly, fairly and in the best interests of the listed issuer and the integrity of the market when providing services for the listed issuer.

## 2.4 Proposed Implementation Timeline

2.4.1 The key milestones are as follows:

2 <sup>nd</sup> Quarter 2010 19 April 2010	Commencement of the “one year grace period” for depositors to provide bank account information for eDividend.
3 <sup>rd</sup> Quarter 2010 1 September 2010	Implementation of eDividend by listed issuers.  All listed issuers who announce a books closing date for cash dividend entitlements on or after 1 September 2010 are required to pay the cash dividends via eDividend to their shareholders.

## 2.5 Proposed Amendments

2.5.1 The full text of the Proposed Amendments is attached as annexures B, C and D for your reference.

2.5.2 The Proposed Amendments are reflected in the following manner:

- (a) portions underlined are text newly inserted/added/replaced onto the existing rules; and
- (b) portions struck through are text deleted.

2.5.3 This Consultation Paper which includes the Proposed Amendments can be downloaded from the Exchange’s website at [www.bursamalaysia.com](http://www.bursamalaysia.com).



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## 3 Details of Proposals

### 3.1 Proposed Amendments

The salient Proposed Amendments are stated below. Unless otherwise stated, references to rules and parts in this section shall refer to the relevant rules and parts as stated in the paragraph title.

#### 3.1.1 Main Market LR

*(1) Appointment and retainment of share registrars appointed by listed issuers*

- (a) The Exchange proposes a new requirement under paragraph 2.19A(1) that a listed issuer must appoint and retain a share registrar who:
  - (i) has satisfactory internal control procedures in place and financial and operational capabilities which are needed for the proper performance of its obligations as the listed issuer's share registrar; and
  - (ii) acts honestly, fairly and in the best interests of the listed issuer and the integrity of the market when providing services for the listed issuer.
- (b) To provide further guidance, the Exchange also proposes under paragraph 2.19A(2), the following factors for consideration by a listed issuer when appointing and retaining a share registrar who has satisfactory internal control procedures and financial and operational capabilities, such as whether the share registrar:
  - (i) is able to provide its services in a timely and efficient manner;
  - (ii) has proper safeguards to protect the listed issuer and its shareholders from financial loss arising from delay in its services, theft, fraud and other dishonest act or professional misconduct of the share registrar;
  - (iii) maintains proper records in relation to the services provided to the listed issuer; and
  - (iv) complies with all applicable laws and regulations in relation to the business and services it offers, including maintaining confidentiality of information pertaining to the listed issuer and its shareholders.

- (c) In addition, the Exchange proposes an amendment in paragraph 2.25 to clarify that any act or omission caused directly or indirectly by a listed issuer includes an act or omission of its employee or agent.

**(2) *Implementation of eDividend by listed issuers***

- (a) The Exchange proposes a new requirement under paragraph 8.26A(1) to require that a listed issuer must, in respect of cash dividends, pay such dividends to its shareholders by directly crediting the shareholders' dividend entitlements into their bank accounts as provided to the Depository from time to time.

**(3) *Notification to shareholders by listed issuers***

- (a) Where a listed issuer's shareholders have provided the relevant contact details for the purposes of electronic notifications in connection with eDividend, the Exchange proposes a new requirement under paragraph 8.26A(2) that the listed issuer must notify them electronically once the listed issuer has paid the cash dividends out of its account ("Notification of Payment").
- (b) This could be done, for example, through the service of the bank which debits the cash dividend from the listed issuer's account or through the listed issuer's service provider. Listed issuers may obtain their shareholders' contact details from Bursa Depository when requesting for the bank account information. They are not expected to provide the Notification of Payment if such contact details are not available from Bursa Depository. Shareholders will continue to be notified of their dividend payment when they receive their tax vouchers.

**(4) *Other ancillary amendments relating to eDividend***

- (a) The Exchange proposes under paragraph 2.04(1), as an ancillary amendment arising from the eDividend framework, to clarify that in addition to the Main LR and the Rules of the Exchange, a listed issuer is also bound by the Rules of Bursa Depository.

Please refer to the Proposed Amendments to the Main LR in Annexure B.

**3.1.2 ACE Market LR**

**(1) *Equivalent eDividend amendments***

- (a) The Exchange proposes to make equivalent amendments to the ACE LR.

**(2) *Additional amendments***

- (b) In addition, the Exchange also proposes in Rule 1.01 to define the term "depositor" as a holder of a securities account established by

Bursa Depository. This is consistent with the provisions in the Main LR which currently has a definition for “depositor”.

Please refer to the Proposed Amendments to the ACE LR in Annexure C.

### **3.1.3 Rules of Bursa Depository**

**(1) *Two new definitions are proposed:***

“bank account information” to mean the information prescribed by the Depository relating to the depositor’s bank account that is to be used for crediting of cash dividends made by the issuer.

“eDividend” to mean the payment of cash dividends to a depositor by directly crediting the depositor’s dividend entitlement into his bank account as provided to the Depository from time to time.

**(2) *Terms of service and obligations of the issuer***

The following amendments to Rule 21.10 are proposed:

- (a) an issuer intending to pay cash dividends to its shareholders must request for the bank account information of its shareholders from the Depository. It should be noted that this rule does not apply to an issuer of unlisted securities that are deposited with the Depository unless the issuer of unlisted securities requests for its shareholders’ bank account information from the Depository for the purpose of paying cash dividends electronically (Rules 21.10(1) and 21.10(4)).
- (b) the bank account information will not form part of the Record of Depositors and the issuer must take all reasonable measures to ensure that the bank account information is used solely for the purpose of or in connection with paying cash dividends via eDividend. (Rule 21.10(1)).
- (c) the issuer is required to immediately notify the Depository of any unsuccessful crediting of the dividend entitlement to the depositor’s bank account based on the bank account information received from the Depository (Rule 21.10(2)). This is to enable the Depository to send out the relevant notifications to the depositor.
- (d) the issuer must indemnify the Depository for any losses suffered in connection with the unauthorised access, alteration, disclosure, dissemination or misuse of the bank account information by the issuer or any of the issuer’s agents or servants (Rule 21.10(3)).

**(3) *Terms of service and obligations of the depositor***

The following amendments to Rule 31.03 are proposed:

- (a) depositors must provide their bank account information to receive cash dividends from an issuer via eDividend by providing their bank account information to the Depository in the manner specified by the Depository (Rule 31.03(1)).
- (b) by submitting the relevant form and supporting documents for the purposes of providing the bank account information, the depositor irrevocably consents to:
  - (i) the receipt of all cash dividends that may accrue to the depositor in respect of deposited securities via eDividend (Rule 31.03(2)(a)); and
  - (ii) the disclosure by the Depository, the issuer or their respective agents (including share registrars appointed by the issuers as the service providers for eDividend) to any person, of the bank account information, as may be necessary or expedient to facilitate the payment of cash dividends that may accrue to the depositor via eDividend (Rule 31.03(2)(b)).
- (c) if an issuer is unable to credit the dividends based on the bank account information provided by the depositor:
  - (i) the Depository will issue a notice to the depositor to inform the depositor of the same; and
  - (ii) under such circumstances as the Depository may prescribe, the Depository shall be authorised to omit the depositor from the list of depositors who have provided their bank account information for purpose of eDividend when providing such information to the issuer pursuant to the issuer's request (Rule 31.03(3)).
- (d) to clarify that the issuer remains responsible to make payment of the depositor's dividend entitlements (Rule 31.03(4)).

**(4) *Other ancillary amendments***

- (a) The obligation on the depositor to ensure his account particulars are updated has been extended to bank account information (Rule 25.05(f)).
- (b) Clarification that the depositor is required to provide any information as required under the Rules of Bursa Depository or as the Depository may prescribe, and to ensure that all information is correct and accurate at all times. Clarification also, that the Depository is authorised to rely solely on the information provided without the need to inquire further. (Rule 25.05A)
- (c) Clarification that Chapter 21 also applies to payment of cash dividends by an issuer or offeror (Rule 21.01)

- (d) Clarification that a depositor must comply with any directions which may be issued by the Depository from time to time. This is to cater for any directions that the Depository may issue to depositors including directions relating to eDividend (Rule 25.03)
- (e) Clarification that under the Rules of Bursa Depository, any act or omission by an issuer includes an act or omission caused directly and indirectly by the issuer and this includes an act or omission of its employee or agent (Rule 38.07)

Please refer to the Proposed Amendments to the Rules of Bursa Depository in Annexure D.

## **3.2 Issues for Consultation**

- 3.2.1 With regard to the above, we invite your comments on the Proposed Amendments. For your ease of reference, we enclose here Annexure A setting out the issues for consultation, for your comments.

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## annexure A Comments to proposals in relation to eDIVIDEND

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NAME OF RESPONDENT :  
CONTACT PERSON & CONTACT NUMBER :  
EMAIL ADDRESS :

NO	ISSUES	COMMENTS
1.	<b>Share registrars appointed by the listed issuers</b>	
1.1	<p>As mentioned in paragraphs 2.3.2(2)(d) to (f) above, shareholders have increasingly demanded for better services from their listed issuers and listed issuers must appoint and retain share registrars who can assist them in the proper performance of their obligations under the Listing Requirements, including the provision of eDividend services to their shareholders.</p> <p>Hence, do you agree that the Listing Requirements impose obligations on the listed issuers with regard to the appointment and retainment of their share registrars?</p> <p>Please state your views and the reasons for such views.</p>	

NO	ISSUES	COMMENTS
1.2	<p>We propose that a listed issuer must appoint and retain a share registrar who -</p> <p>(a) has satisfactory internal control procedures in place and financial and operational capabilities which are needed for the proper performance of its obligations as a listed issuer's share registrar. For this, the listed issuer must consider whether the share registrar is able to provide its services in a timely and efficient manner, has proper safeguards to protect the listed issuer and its shareholders from financial loss, maintains proper records and complies with all applicable laws and regulations, including maintaining confidentiality of information; and</p> <p>(b) acts honestly, fairly and in the best interests of the listed issuer and the integrity of the market, when providing services for the listed issuer,</p> <p>(collectively referred to as "the proposed criteria").</p> <p>(1) Do you agree that the proposed criteria for a share registrar's appointment and retainment are sufficiently comprehensive and clear?</p> <p>Please state your views and the reasons for such views.</p>	

NO	ISSUES	COMMENTS
(2)	<p>Do you agree that the proposed criteria for a share registrar's appointment and retainment can be complied with by a listed issuer?</p> <p>Please state your views and the reasons for such views.</p>	
1.3	<p>We propose that:</p> <p>Where a listed issuer's shareholders have provided the relevant contact details for the purposes of electronic notifications in connection with eDividend, the listed issuer must notify them electronically once the listed issuer has paid the cash dividends out of its account ("Notification of Payment").</p> <p>This could be done, for example, through the service of the bank which debits the cash dividend from the listed issuer's account or through the listed issuer's service provider. Listed issuers may obtain their shareholders' contact details from Bursa Depository when requesting for the bank account information. They are not expected to provide the Notification of Payment if such contact details are not available from Bursa Depository.</p> <p>Do you foresee any problems for a listed issuer to comply with this requirement?</p> <p>Please state your views and reasons for such views.</p>	



<b>NO</b>	<b>ISSUES</b>	<b>COMMENTS</b>
2.	<p>Obligations of issuers and depositors under the Rules of Bursa Depository</p> <p>2.1 Do you have any comments on the proposed amendments to the Rules of Bursa Depository in terms of whether the obligations of the issuer and the depositors are clear?</p> <p>Please state your views and the reasons for such views.</p>	

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## CHAPTER 2 – GENERAL

### 2.04 Obligation to comply

- (1) A listed issuer, whether or not admission of its securities has taken place before these Requirements are prescribed, is, by virtue of its admission to the Official List, bound by these Requirements, ~~and the Rules of the Exchange and the Rules of the Depository.~~
- (2) A listed issuer, a management company, a trustee, its directors, officers, advisers or any other person to whom these Requirements are directed must comply with these Requirements for so long as the listed issuer or its securities remain listed on the Official List. This applies even during period when the listed issuer's securities are suspended from trading.

### 2.19A Share registrar

- (1) A listed issuer must appoint and retain a share registrar who –
  - (a) has satisfactory internal control procedures in place and financial and operational capabilities which are needed for the proper performance of its obligations as the listed issuer's share registrar; and
  - (b) acts honestly, fairly and in the best interests of the listed issuer and the integrity of the market when providing services for the listed issuer.
- (2) For purposes of sub-paragraph (1)(a) above, the listed issuer must consider, amongst others, whether the share registrar:
  - (a) is able to provide its services in a timely and efficient manner;
  - (b) has proper safeguards to protect the listed issuer and its shareholders from financial loss arising from delay in its services, theft, fraud and other dishonest act or professional misconduct of the share registrar;
  - (c) maintains proper records in relation to the services provided to the listed issuer; and
  - (d) complies with all applicable laws and regulations in relation to the business and services it offers, including maintaining confidentiality of information pertaining to the listed issuer and its shareholders.

### 2.25 Conduct

Any act or omission by a person includes an act or omission caused directly or indirectly by the said person. For the avoidance of doubt, an act or omission caused directly or indirectly by the person includes an act or omission of its employee or agent.

## CHAPTER 8 – CONTINUING LISTING OBLIGATIONS

### 8.26A eDividend

- (1) In respect of cash dividends, a listed issuer must pay such dividends to its shareholders by directly crediting the shareholders' dividend entitlements into their bank accounts as provided to the Depository from time to time ("eDividend").

(2) Where a listed issuer's shareholders have provided the relevant contact details for the purposes of electronic notifications in connection with eDividend, the listed issuer must notify them electronically once the listed issuer has paid the cash dividends out of its account.

[End]

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## CHAPTER 1 – DEFINITIONS AND INTERPRETATION

### 1.01 Definitions

In these Requirements, unless the context otherwise requires –

depositor means a holder of a securities account established by the Depository.

## CHAPTER 2 – GENERAL

### 2.05 Obligation to comply

- (1) A listed corporation, whether or not admission of its securities has taken place before these Requirements are prescribed, is, by virtue of its admission to the Official List, bound by these Requirements, ~~and the Rules of the Exchange and the Rules of the Depository.~~
- (2) A listed corporation, its directors, officers, advisers or any other person to whom these Requirements are directed must comply with these Requirements for so long as the listed corporation or its securities remain listed on the Official List. This applies even during periods when a listed corporation's securities are suspended from trading.

#### 2.19A Share registrar

- (1) A listed corporation must appoint and retain a share registrar who -
  - (a) has satisfactory internal control procedures in place and financial and operational capabilities which are needed for the proper performance of its obligations as the listed corporation's share registrar; and
  - (b) acts honestly, fairly and in the best interests of the listed corporation and the integrity of the market when providing services for the listed corporation.
- (2) For purposes of sub-Rule (1)(a) above, the listed corporation must consider, amongst others, whether the share registrar:
  - (a) is able to provide its services in a timely and efficient manner;
  - (b) has proper safeguards to protect the listed corporation and its shareholders from financial loss arising from delay in its services, theft, fraud and other dishonest act or professional misconduct of the share registrar;
  - (c) maintains proper records in relation to the services provided to the listed corporation; and
  - (d) complies with all applicable laws and regulations in relation to the business and services it offers, including maintaining confidentiality of information pertaining to the listed corporation and its shareholders.

### 2.25 Conduct

Any act or omission by a person includes an act or omission caused directly or indirectly by the said person. For the avoidance of doubt, an act or omission caused directly or indirectly by the person includes an act or omission of its employee or agent.

## CHAPTER 8 – CONTINUING LISTING OBLIGATIONS

### **8.28A eDividend**

- (1) In respect of cash dividends, a listed corporation must pay such dividends to its shareholders by directly crediting the shareholders' dividend entitlements into their bank accounts as provided to the Depository from time to time ("eDividend").
- (2) Where a listed corporation's shareholders have provided the relevant contact details for the purposes of electronic notifications in connection with eDividend, the listed corporation must notify them electronically once the listed corporation has paid the cash dividends out of its account.

[ End ]

# annexure D Proposed amendments to the Rules of Bursa Depository

**BURSA DEPOSITORY**

**Draft Rule Amendments  
Implementation of eDividend  
(As at 19.2.2010)**

The following sets out the proposed amendments to the Rules of Bursa Malaysia Depository Sdn. Bhd. ("**Rules of Bursa Depository**") to facilitate payment by an issuer of cash dividends by directly crediting the depositor's dividend entitlements into his bank account. The proposed rule amendments deal with, amongst other things:

- a) the collection and maintenance of bank account information and other related information by Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") acting as the central repository of the depositors' bank account information; and
- b) the provision by Bursa Depository of the bank account information and any other relevant information required by the issuers for the purposes of or in connection with crediting the dividend entitlements into the bank accounts of its depositors.

The purpose of the amendment is provided.

## 1.0 **RULE 1.01 – DEFINITIONS:**

1.1 Rule 1.01 be amended to include a new definition as follows:

"bank account information" in relation to a depositor, means the information prescribed by the Depository relating to the depositor's bank account that is to be used for crediting of cash dividends paid by the issuer.

"eDividend" means the payment of cash dividends to a depositor by directly crediting the depositor's dividend entitlement into his bank account as provided to the Depository from time to time.

**Purpose of amendment:** To provide a definition for the terms "bank account information" and "eDividend".

## 2.0 **RULE 21.01 – APPLICATION OF THIS CHAPTER:**

2.1 Rule 21.01 be amended as follows:

- (1) **Application:** This chapter applies to every issuer or offeror who, in relation to any deposited security –
  - (a) makes a bonus issue, or issues securities pursuant to a rights issue;
  - (b) issues securities pursuant to an exercise of any right or option to acquire securities in the share capital of the issuer; ~~or~~
  - (c) makes an offer for sale of securities; or
  - (d) pays any form of cash dividends.
- (2) **Compliance with section 38 of the Act:** Every issuer in relation to any prescribed security who issues securities enumerated in Rule 21.01 shall do all such acts and things as may be necessary in order to comply with section 38 of the Act unless such issuer is exempted by virtue of an exemption order made under section 62A of the Act.

**Purpose of amendment:** To clarify that Chapter 21 also applies to issuers and offerors paying cash dividends.

### 3.0 **RULE 21.10 – DIVIDENDS:**

3.1 The rule title to Rule 21.10 be amended as follows:

#### **RULE 21.10 – CASH DIVIDENDS:**

3.2 Rule 21.10 be amended as follows:

~~The distribution of cash dividends shall be handled solely by the issuer and the Depository's role in a cash dividend exercise is to assist in providing a Record of Depositors to the issuers in accordance with the provisions of chapter 24.0.~~

- ~~(1) **Bank Account Information:** An issuer intending to pay cash dividends to its shareholders must request for bank account information of its shareholders from the Depository in the manner prescribed by the Depository. For the avoidance of doubt, the bank account information provided under this rule will not form part of the Record of Depositors. The issuer must take all reasonable measures to ensure that the bank account information is used solely for the purpose of or in connection with paying cash dividends via eDividend.~~
- ~~(2) **Issuer unable to credit:** If the issuer is unable to credit a depositor's dividend entitlement to the depositor's bank account based on the bank account information received from the Depository, the issuer must immediately notify the Depository of this in the manner prescribed by the Depository.~~
- ~~(3) **Indemnity:** The issuer must fully indemnify the Depository for any loss, damage, liability or cost incurred by the Depository as a result of or in connection with the unauthorised access, alteration, disclosure, dissemination or misuse of the bank account information by the issuer or any of the issuer's agents or servants.~~
- ~~(4) **Unlisted Securities:** An issuer of unlisted securities intending to pay cash dividends electronically may, but is not required pursuant to Rule 21.10(1) to, request for bank account information of its shareholders from the Depository. If such issuer requests for its shareholders' bank account information it must comply with this Rule 21.10.~~

**Purpose of Amendment:** The proposed amendment to Rule 21.10 is to provide for the provision of the bank account information to the issuer by Bursa Depository, and the terms of such provision. Amongst other things, Rule 21.10(1) imposes an obligation on a listed issuer intending to pay cash dividends to its shareholders to request from Bursa Depository for the bank account information of its shareholders. The existing Rule 21.10 is deleted in view of the proposed amendments here, and as the request for the Record of Depositors is already provided for under Rule 24.01 (requests generally) and Rule 21.04 (request for payment of dividends). We have also clarified that the requirement in Rule 21.10(1) only applies to an issuer of unlisted securities where the issuer of unlisted securities requests for its shareholders' bank account information from Bursa Depository for purposes of paying cash dividends electronically.

### 4.0 **RULE 25.03 – COMPLIANCE WITH RULES, ETC:**

4.1 Rule 25.03 be amended as follows:

Every depositor shall comply with the provisions of the Act, the Regulations and these Rules, whether in this part of otherwise, and any directions which may be issued by the Depository from time to time where they purport to apply to him, directly or indirectly.

**Purpose of Amendment:** The amendment to Rule 25.03 is to clarify that a depositor must comply also with any directions which may be issued by Bursa Depository from time to time. "Directions" is defined in the Rules to include any instructions, guidelines or operating procedures issued by Bursa Depository whether in the form of circulars, letters or Procedures Manual or posted on the website of the Exchange Holding Company. This would include any procedures prescribed by Bursa Depository in connection with eDividend which would apply to the depositor for example procedures which set out what happens if the bank account information provided by the depositor are wrong.

## 5.0 RULE 25.05 – CHANGE OF PARTICULARS:

5.1 Rule 25.05 be amended as follows:

It shall be the responsibility of a depositor to notify the authorised depository agent of any change of particulars or information ~~pertaining to the depositor's securities accounts provided to the Depository~~ including, inter alia-

- (a) the name of the depositor;
- (b) the address for correspondence as well as for legal service;
- (c) the identity card, passport or company/business registration number;
- (d) where in the case of corporations, the authorised signatories; ~~and~~
- (e) where in the case of a company, the shareholding, if the shareholding results in the change of status from foreign depositor to Malaysian or vice versa; ~~and~~
- (f) bank account information.

**Purpose of amendment:** To require depositors to ensure that the bank account information provided to Bursa Depository remains current at all times.

## 6.0 RULE 25.05A – DEPOSITORS' INFORMATION

6.1 A new rule 25.05A be inserted as follows:

- (1) **Information:** A depositor must provide to the Depository such information as required under these Rules or as the Depository may prescribe from time to time in relation to or in connection with the depositor's securities accounts or the deposited securities in the depositor's securities account.
- (2) **Accuracy:** A depositor must ensure that all information provided to the Depository, whether or not pursuant to these Rules, is correct and accurate at all times.
- (3) **Reliance:** The Depository is entitled to rely solely on any information provided to it by the depositor without any obligation to inquire further and the Depository shall not be liable to any party for any loss, damage, liability or cost that may be incurred by such party as a result of or in connection with any inaccuracy of information provided by the depositor.

**Purpose of amendment:**

- (1) Rule 25.05A(1) is introduced to impose a general requirement on depositors to provide to Bursa Depository such information as Bursa Depository may prescribe in relation to or in connection with the depositor's securities accounts or the deposited securities in the depositor's securities account.



- (2) Rule 25.05A(2) is introduced to require a depositor to ensure that all information provided to Bursa Depository, whether or not pursuant to the Rules of Bursa Depository, is correct and accurate at all times. This sets out the obligation for the depositor to provide correct and accurate information to Bursa Depository e.g. when providing bank account information for the purposes of eDividend, the depositor must provide correct and accurate bank account information.
- (3) Rule 25.05A(3) is introduced to provide that Bursa Depository is entitled to rely solely on any information provided to Bursa Depository by the depositor without any obligation to inquire further. This rule further states that Bursa Depository shall not be liable to any party for any loss, damage, liability or cost that may be incurred by such party as a result any inaccuracy of such information.

## 7.0 **RULE 31.03 – DIVIDENDS:**

7.1 The rule title to Rule 31.03 be amended as follows:

### **RULE 31.03 – CASH DIVIDENDS:**

7.2 Rule 31.03 be amended as follows:

~~Any dividend (excluding bonus) which may accrue to a depositor shall be forwarded directly by the issuer.~~

- ~~(1) A depositor must provide his bank account information to receive cash dividends from an issuer via eDividend by submitting, through an authorised depository agent, a duly completed prescribed form together with the relevant supporting documents in the manner prescribed by the Depository.~~
- ~~(2) By complying with Rule 31.03(1):~~
  - ~~(a) the depositor irrevocably consents to receiving all cash dividends that may accrue to the depositor in respect of the depositor's deposited securities via eDividend; and~~
  - ~~(b) the depositor irrevocably consents to the disclosure by the Depository, the issuer or their respective agents to any person, of the depositor's bank account information or such other information, as may be necessary or expedient to facilitate the payment of cash dividends that may accrue to the depositor via eDividend.~~
- ~~(3) If the issuer is unable to credit the cash dividends into a depositor's bank account based on the bank account information provided by the depositor:~~
  - ~~(a) the Depository will issue a notice to the depositor to inform the depositor of the same; and~~
  - ~~(b) under such circumstances as may be prescribed by the Depository, the Depository shall be authorised to omit the depositor from the list of depositors who have provided their bank account information for purposes of receiving cash dividends via eDividend when providing such information pursuant to an issuer's request under Rule 21.10(1).~~
- ~~(4) For the avoidance of doubt, it is the issuer's responsibility to make payment of the depositor's dividend entitlements.~~

**Purpose of this amendment:** To provide for the requirements relating to the provision by a depositor of his bank account information to the Depository to enable issuers to pay cash dividends via eDividend.

## 8.0 **RULE 38.07 – CONDUCT**

8.1 A new Rule 38.07 be inserted as follows:

Any act or omission by a person includes an act or omission caused directly or indirectly by the said person. For the avoidance of doubt, an act or omission caused directly or indirectly by the person includes an act or omission of its employee or agent.

**Purpose of this amendment:** To clarify that an act or omission by a person who is required to comply with the Rules of Bursa Depository includes an act or omission caused directly or indirectly by that person and that the persons who are required to comply with the Rules of Bursa Depository are responsible for the acts of their employees or agents. In the context of eDividend, the issuer would be liable for the acts or omission of its appointed service provider.

[ End ]