

## The Association of Global Custodians - Questionnaire - Database

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▼ \*2014 - 2015 AGC Questionnaire

Current View: Malaysia- Bursa Malaysia Depository Sdn Bhd

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**Welcome to the Depository-Information Gathering Project.** Before beginning, we suggest that you: print the entire document for review on paper; review the Glossary of Terms. Each will assist you with answering the questions. For help, contact: Robin D. Truesdale, Baker & McKenzie LLP (202) 835-1664; e-mail: Robin.Truesdale@bakermckenzie.com.

Note

\* When reviewing/updating your prior year's responses in the questionnaire, please ensure that the sub-questions are reviewed/updated as well.

\* Please deselect/uncheck any responses in the sub-questions where those responses are no longer applicable.

\* Please note: Any text in the "other" and/or "please explain/describe" questions should be deleted before deselecting the response. In this regard, note that deselecting a response with written text does not delete the information, it only hides the information from view.

\* Any responses that appear in open text boxes should be deleted if the information is no longer applicable.

### SCOPE, STRUCTURE, OWNERSHIP, CAPITAL, REGULATION AND AUDIT

*The purpose of this section is to understand the ownership structure and financial strength of your institution, as well as the level of regulatory and operational supervision to which it is subject.*

#### Response Necessary/Eligibility Question

1. Rule 17f-7, by reference to Rule 17f-4, requires that, for a depository to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as "Eligible Securities Depositories"), the depository must be a "system for the central handling of securities where all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities."

Are all securities of a particular class or series of any issuer that are deposited in your institution treated as fungible, and can they be transferred or pledged by bookkeeping entry without physical delivery of the securities?

Yes

Response Necessary/Eligibility Question

**2. Rule 17f-7 also requires that an Eligible Securities Depository “acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated,” or “acts as or operates a transnational system for the central handling of securities or equivalent book-entries.”**

**Does your institution: (Choose all that apply.)**

Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated? (please answer 2b)

**2b. Please specify the types of securities for which you act as or operate a system for the central handling of securities or equivalent book-entries:**

Equity securities such as ordinary shares, moratorium shares, preference shares, stapled securities and non-equity securities such as Company warrants, structured warrants, loan stocks, bonds, Exchange Traded Fund (ETFs), Real Estate Investment Trusts (REITs) and Sukuk Bond.

**3. What type of legal entity is the institution? (Choose all that apply.)**

Private Company

**4. Is the institution operated as a "for profit" or a "not for profit" organization?**

Other (please answer 4a)

**4a. If other, please explain:**

For profit, subject to its regulatory duties under the Securities laws

**5. Please provide the names of the owners and their ownership interest percentages.**

Bursa Malaysia Berhad - 100%

**6. Please answer the following:**

**6a. What is the date of establishment of the depository?**

26/Oct/1987

**6b. What is the date that the depository's operations began?**

23/Oct/1992

**7. Under what regulation or statute is the depository established and governed?**

Bursa Malaysia Depository Sdn Bhd is incorporated under the Companies Act 1965 and governed by the Securities Industry(Central Depositories) Act, 1991 (SICDA) to undertake central depository function.

**7a. Is the regulation or statute electronically available?**

Yes (please answer 7b)

**7b. If regulation or statute is electronically available, please supply web address(es) here or upload document(s) in question 7c.**

<http://www.sc.com.my/>

**7c. Please supply document(s) here:**

**7d. Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the depository.**

**What are the qualifications to become a board member?**

The Articles of Association of Bursa Depository does not set out specific qualifications to become a board member. The Board of Bursa Depository currently comprises of 2 Directors. Please refer to to the attached profile for their experience and qualifications.

#### 7e. What are the election procedures?

An election of Directors shall take place each year at the annual general meeting of the Company where one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. In addition, the Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing board of Directors.

#### 7f. What is the maximum length of time a board member can serve?

There is no maximum tenure for Directors to serve on the Board. However, 1/3 of the Board shall retire from office and be eligible for re-election at every annual general meeting. Please refer to answer to question 7e above.

#### 7g. How are the voting powers distributed amongst the board members (i.e. does each board member have one vote or do certain members have additional voting power)?

Any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a decision of the Directors and PROVIDED ALWAYS that in the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. A Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted.

#### 7h. Who is responsible for regulating the board members?

Amongst the relevant authorities are the Securities Commission and Companies Commission of Malaysia.

##### **Response Necessary/Eligibility Question**

**8. Rule 17f-7 requires that an Eligible Securities Depository “is regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act”, with section 2(a)(50) establishing that “‘foreign financial regulatory authority’ means any (A) foreign securities authority, (B) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of fiduciaries, trusts, commercial lending, insurance, trading in contracts of sale of a commodity for future delivery, or other instruments traded on or subject to the rules of a contract market, board of trade or foreign equivalent, or other financial activities, or (C) membership organization a function of which is to regulate the participation of its members in activities listed above.”**

#### **Who regulates the activities of the depository? (Choose all that apply.)**

A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters., A membership organization which regulates the participation of its members in securities matters or other financial activities.

#### **9. Please provide the name of regulatory authority(ies) identified in question 8:**

i) Securities Commission ii) Bursa Malaysia Depository Sdn Bhd

##### **Response Necessary/Eligibility Question**

**10. Rule 17f-7 requires that an Eligible Securities Depository “is subject to periodic examination by regulatory authorities or independent accountants.”**

#### **Is the depository subject to periodic examination by: (Choose all that apply.)**

Regulatory authorities?, Independent accountants?

#### **11. What enforcement actions are available to the regulatory authority(ies) for breach of applicable statute or regulatory requirements? (Choose all that apply.)**

##### **Name of Authority #1 (please answer 11a):**

Securities Commission

##### **11a.**

Fines, Restrictions on depository activities., Suspension of depository activities., Termination of depository activities., Other (please answer 11b)

**11b. Please explain:**

Issue reprimand letter, give direction to Depository and require the person in breach to take such steps to remedy the breach or mitigate the effect of such breach, including making restitution to any other person aggrieved by such breach. Also power to investigate or to apply to court for the court to make orders in relation to amongst others, 1. restraining the Depository activities or direction for certain actions to be taken 2. winding up order

**Name of Authority #2 (please answer 11c):**

Bursa Malaysia Depository Sdn Bhd

**11c.**

Fines, Restrictions on depository activities., Suspension of depository activities., Termination of depository activities., Other (please answer 11d)

**11d. Please explain:**

Issue caution/reprimand letters or petition to court for winding up orders against the participants of Depository.

**12. Has there been any use of such enforcement actions in the last three years?**

Yes (please answer 12a)

**12a. If yes or other, please explain:**

Disciplinary actions have been taken against the participants of Depository who were found to be in breach of the Rules of Bursa Depository.

**Capital**

**13. Are annual financial statements publicly disclosed?**

Yes (please answer 13a)

**13a. If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically?**

Yes (please answer 13b)

**13b. If yes, please upload the document(s) here or insert web link(s) in question 13d:**

**13c. If more than one document for 13b, please upload the additional document here:**

**13d. Please insert web link(s) for 13b here:**

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/1566233>

**Internal Audit**

**14. Is an internal audit undertaken in your depository?**

Yes (please answer 14a)

**14a. If yes, what areas does the audit cover (financials, operations, etc.) and which department in your depository handles it?**

Operations audit by Group Internat Audit Department of Bursa Malaysia Berhad.

**14b. Please list the date of your last internal audit:**

17/Sep/2014

**Please list the period that the audit covered:**

01/Jan/2014

**to**

31/Aug/2014

**14c. How frequently does the internal audit occur? (Choose one.)**

Annually (please answer 14e)

**14e. Are the results of the internal audit publicly available?**

No

**14f. Please select the statement that most accurately characterizes the results of the last internal audit: (Choose one.)**

No material exceptions found.

**15. Is a financial audit performed by an Audit Firm, Regulatory Authority, or other external party?**

Yes (please answer 15a)

**15a. If yes, please state the name(s) of the entity(ies) who perform the financial audit.**

Ernst & Young

**15b. Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party:**

29/Jan/2014

**15c. Please list the period that the audit covered:**

01/Jan/2013

**to**

31/Dec/2013

**15d. How frequently does the financial audit occur? (Choose one.)**

Annually (please answer 15f)

**15f. Are the results of the financial audit publicly available?**

Yes

**15g. Please select the statement that most accurately characterizes the results of the last financial audit: (Choose one.)**

No material exceptions found.

**16. Is an operational audit performed by an Audit Firm, Regulatory Authority, or other external party?**

Yes (please answer 16a)

**16a. If yes, please state the name(s) of the entity(ies) who perform the operational audit.**

Securities Commission

**16b. Please list the date of your last operational audit performed by an Audit Firm, Regulatory Authority, or other external party:**

28/Mar/2014

**16c. Please list the period that the audit covered:**

01/Jan/2013

to

31/Dec/2013

**16d. How frequently does the operational audit occur? (Choose one.)**

Annually (please answer 16f)

**16f. Are the results of the operational audit publicly available?**

No

**16g. Please select the statement that most accurately characterizes the results of the last operational audit: (Choose one.)**

No material exceptions found.

**PARTICIPANTS AND PARTICIPATION**

*The purpose of this section is to understand issues relating to participation in the depository, including eligibility requirements, conditions of participation, and supervision of participants.*

**17. What types of entities are eligible to become participants and how many of each type are there currently? (Choose all that apply.)**

Banks (please answer 17a), Brokers (please answer 17e), Other entities (please answer 17q)

**17a. How many Bank participants are there currently? (then please answer 17b)**

14 - as at 30 September 2014

**17b. Please select the features included in the eligibility requirements for Banks. (Choose all that apply.)**

Financial Thresholds (please answer 17c), Regulatory Oversight (please answer 17c)

**17c. Where can a description of the specific eligibility requirements for Bank participants be found?**

Part III Rules Relating to Authorised Direct Members, Rule 14.02 of the Rules of Bursa Malaysia Depository Sdn Bhd.

**17e. How many Broker participants are there currently? (then please answer 17f)**

30 - as at 30 September 2014

**17f. Please select the features included in the eligibility requirements for Brokers. (Choose all that apply.)**

Financial Thresholds (please answer 17g), Regulatory Oversight (please answer 17g)

**17g. Where can a description of the specific eligibility requirements for Broker participants be found?**

Part II Rules Relating to Authorised Depository Agents, Rule 2.02 of the Rules of Bursa Malaysia Depository Sdn Bhd.

**17q. If you have selected "Other entities" above, please explain:**

The National Trust Fund, Insurance Companies, Institutional Investors, Government related bodies.

**17r. Indicate how many "Other entities" are currently participants?**

9 - as at 30 September 2014

**17s. Please select the features included in the eligibility requirements for the participants referred to above as "Other entities". (Choose all that apply.)**

Financial Thresholds (please answer 17t), Regulatory Oversight (please answer 17t)

**17t. Where can a description of the specific eligibility requirements for participants described above as "Other entities" be found?**

Part III Rules Relating to Authorised Direct Members, Rule 14.02 of the Rules of Bursa Malaysia Depository Sdn Bhd.

**18. Are participants required to contribute capital to the depository that would result in ownership of the depository?**

No

**19. Are prospective participants subject to an initial review and approval process regarding compliance with eligibility requirements?**

Yes

### **Conditions of Participation**

**20. What governs the relationship between the depository and the participants? (Choose all that apply.)**

Relevant law and regulation, Standard participation contract, Established terms and conditions of participation, By-laws of the depository, Rules of the depository

### **Response Necessary/Eligibility Question**

**21. Rule 17f-7 requires that an Eligible Securities Depository "holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable than the conditions that apply to other participants."**

**Please confirm that assets of foreign investors held by custodians as participants in the depository are held under safekeeping conditions no less favorable than the conditions that apply to other participants.**

Yes (please answer 21b)

**21b. Please confirm the basis for the arrangements in place to ensure that the assets you hold for custodians receive the same level of safekeeping protection as the assets held for other categories of participants. (Choose all that apply.)**

Standard participation contract (please answer 21d)

**21d. For each item in Question 21b that you checked, please briefly supply references or citations to the law(s), regulation(s), or depository rule(s), participation condition(s), or participant contract provision(s), as applicable.**

As per SICDA & Depository rules

**22. How does the depository notify participants of material changes to the conditions of participation? (Choose all that apply.)**

Other (please answer 22a)

**22a. Please explain:**

The circulars are electronically circulated to the participants and are available on the website.

### **Governance of Participants**

**23. Who enforces compliance with the depository's conditions of participation? (Choose all that apply.)**

The depository, The depository's regulator

**24. What enforcement actions are available to the enforcement authority? (Choose all that apply.)**

Fines, Restrictions on participation, Suspension of participation, Termination of participation, Other (please answer 24a)

**24a. Please explain:**

By Bursa Malaysia Depository Sdn Bhd - issue caution/reprimand letters or petition to court for winding up orders against participants of Depository. By Securities Commission - issue reprimand letters and require the person in breach to take such steps to remedy the breach or mitigate the effect of such breach, including making restitution to any other aggrieved by such breach.

**25. Has there been any such enforcement actions in the last three years?**

Yes (please answer 25a)

**25a. If yes, please explain, including information relative to any suspensions of depository participants:**

Caution/reprimand/fines have been imposed on depository participants by Bursa Malaysia Depository Sdn Bhd for breach of the Rules and procedures of the Central Depository. To date, Bursa Malaysia Depository Sdn Bhd has not terminated/suspended any participants for breaches.

**DEPOSITORY FUNCTIONALITY AND SERVICES; USE OF AGENTS**

*Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution.*

**26. For which of the following security types do you serve as a depository or clearing system? (Choose all that apply.)**

Equities, Corporate bonds, Others (please answer 26a)

**26a. Please name the other security types:**

Non-equities securities such as warrants, Sukuk Bond, loan stocks, call warrants, Provisional Allotment Letters (PALs), Exchange Traded Fund (ETF), Real Estate Investment Trust (REITS), Structured Warrants i.e. call warrant, callable Bull Bear Certificate (CBBC) and Stapled Securities.

**27. Is the use of the depository in your market compulsory by law or compulsory by market practice for the settlement or safekeeping of all instrument types in your market (e.g. equities, government securities, corporate bonds, money market instruments, warrants, derivatives etc). (Choose all that apply.)**

Yes by law for settlement of all instrument types (please answer 27a), Yes by law for safekeeping of all instrument types (please answer 27b)

**27a. Please list the instrument types for which it is not compulsory by law to:**  
**(i) settle in your depository**

Government Securities and Corporate Bonds

**(ii) safekeep in your depository:**

Government securities and Corporate bonds

**27b. Please list the instrument types for which it is not compulsory by market practice to:**  
**(i) settle in your depository**

N/A

**(ii) safekeep in your depository:**



N/A

## 28. Settlement and Safekeeping Percentages

**28a. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) settled within your institution, exclusive of your links with third parties.**

100%

**28b. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.**

100%

**29. Are there any activities performed by a third party on behalf of the depository for the depository participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?**

Yes (please answer 29a)

**29a. If third parties are employed, please indicate which services they supply (then please answer 29b):**

1. Dividend payment

**29b. If third parties are employed, does the depository assume liability for losses incurred by participants as a result of the actions/inactions of the third parties?**

No

**30. Has any participant suffered any losses in the past three years due to the depository's performance?**

No

## **Other Services**

**31. Who accepts cash deposits (or makes payment credit accommodations) for depository transactions? (Choose all that apply.)**

Not applicable

**32. Who processes cash clearing (or draws on credit lines, if applicable) for depository transactions? (Choose all that apply.)**

Neither/others (please answer 32b)

**32b. If others, please explain:**

Cash clearing arising from trade settlement will be performed by the clearing house , Bursa Malaysia Securities Clearing Sdn Bhd. Bursa Malaysia Depository Sdn Bhd will only effect book entry movement of securities based on trading instructions received from Bursa Malaysia Securities Clearing Sdn Bhd.

**33. Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)? (Choose all that apply.)**

Not applicable

**34. Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)? (Choose all that apply.)**

Neither/others (please answer 34b)

**34b. If others, please explain:**

The clearing house, Bursa Malaysia Securities Clearing Sdn Bhd.

**35. Please indicate services you provide. (Choose all that apply.)**

Information on distribution of new issues (IPO, Privatization), Other (please answer 35d)

**35d. If other services, please explain:**

1) Deposit of prescribed securities 2) Transfer of securities within depositors' accounts 3) Depositors' account management 4) Vaulting of physical securities 5) Processing of certain corporate exercise i.e. Share Splits, Bonus Issue and Share Consolidation, 6) Provide shareholding information to Share Registrar. 7) Dividend payment 8. Electronic Rights (eRights) 9. eStatement

**36. What procedures are in place for the processing of corporate action entitlements? (Choose all that apply.)**

Credited to the securities account upon actual receipt by the depository., Corporate action entitlements are handled by an entity separate from the depository. (please answer 36c)

**36c. Name of entity:**

The share registrars representing the respective Issuers.

**37. What procedures are in place for the processing of interest and dividends?(Choose all that apply.)**

Credited to the cash account upon actual receipt by the depository., Income and dividend collection is handled by an entity separate from the depository. (please answer 37c)

**37c. Name of entity:**

The issuer has an option to appoint share registrars or Bursa Malaysia Depository to perform its processing of interest or dividend payments.

**Linkages With Other Central Securities Depositories (CSD) or International Central Securities Depositories (ICSD)**

**38. Please list all depositories or settlement systems to which you have an electronic link.**

None.

**39. Are procedures and controls (firewalls) in place to avoid systemic collapse or contamination if one of the linked entities should experience business interruptions for whatever reason?**

Not applicable

**40. Has a business interruption recovery plan been developed in the event the linkages should become inoperable for any reason?**

Not applicable

**ACCOUNT STRUCTURES AND RECORDKEEPING**

*The purpose of this section is to identify the nature of accounts; the naming convention is employed, the level of segregation achieved, accessibility in the event of bankruptcy and the frequency of reporting generated from them.*

**41. Are participants permitted to maintain more than one account at the depository?**

Yes (please answer 41a)

**41a. If yes, please indicate number: (Choose one.)**

An unlimited number of accounts.

**42. Are participants required/permitted to segregate assets held for their own benefit from those they hold for their clients?**

Yes (please answer 42a)

**42a. If yes, is segregation required or simply permitted?**

Required (please answer 42b)

**42b. How does segregation occur? (Choose all that apply.)**

By separately designated participant accounts., By separately designated beneficial owner accounts.

**43. Does the depository permit its participants to open accounts in the participant's own nominee name(s)?**

Yes (please answer 43a)

**43a. If yes, do laws exist, which define as well as protect the rights of beneficial owners with respect to securities registered in nominee name?**

Yes

**44. In the event a participant's single or main account is blocked for any reason (e.g., insolvency, penalties, violations, liens), would securities held in any account or accounts on behalf of the participant's clients be accessible:**

**44a. By the participant's clients?**

Yes (please answer 44b)

**44b. If yes, please describe briefly how clients of participants would access their securities and whether there would be any delay in their ability to do so:**

This will be facilitated by Bursa Depository whereby clients will be allowed to access their securities and also to move these securities to their accounts at other participant. There will not be delay in their ability to access and moving out their securities if required by the clients.

**44d. By the intervening authorities controlling insolvency or other proceedings?**

No

**44g. By the participant's creditors?**

No

**44j. By the depository's creditors?**

No

**45. In what form does the depository maintain records identifying the assets of each participant? (Choose all that apply. Please refer to "Help" for clarification.)**

Computer file (please answer 45b), Hard copy (please answer 45b), Computer tape (please answer 45b)

**45b. In which format is the source data maintained?**

SQL database format.

**Response Necessary/Eligibility Question**

**46. Rule 17f-7 requires that an Eligible Securities Depository "provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account."**

**Does the depository make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?**

Yes (please answer 46b)

**46b. If yes, please indicate the scheduled frequency: (Choose one.)**

Daily

**47. What is your document and record retention policy for documents and records described above in this section? (Choose one.)**

7 years

## SETTLEMENTS

*The purpose of this section is to identify the model of settlement employed, the relationship between cash and securities, and the basis on which participants meet their obligations.*

**48. The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely resemble (Please refer to details on the models within the "Help" section located below this question): (Choose all that apply.)**

Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. (please answer 48a)

**48a. Please briefly describe your settlement process, including how your settlement procedures may vary from the model chosen above (and as described below in the Help section)?**

Delivery and settlement of securities is performed through book entry share settlement at client level based on records maintained by the Depository. Financial settlement of securities is on a net basis in which the monetary obligations of the participants are pooled and off-set resulting in one final position for each participant on the settlement date. The participant shall settle the financial settlement through a designated account with a designated clearing bank appointed by the Clearing House.

### **Question 48 Help:**

*Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds simultaneously on a trade-by-trade (gross) basis, with final (irrevocable and unconditional) transfer of securities from the seller to the buyer (delivery) occurring at the same time as final transfer of funds from the buyer to the seller (payment). The securities settlement system maintains securities accounts and funds accounts for participants. Transfer of securities and cash are made by book-entry.*

*Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. These systems settle securities transfer instructions on a trade-for-trade (gross) basis, with final transfer of securities from the seller to the buyer (delivery) occurring throughout the processing cycle, but settle funds transfer instruction on a net basis, with final transfer of funds from the buyer to the seller (payment) occurring at the end of the processing cycle.*

*The securities settlement system maintains securities accounts for participants, but funds accounts are usually held by another entity (often a commercial bank or the central bank). Securities are transferred by book-entry, such transfer being final at the instant the entries are made on the securities settlement system's books. The corresponding funds transfers are irrevocable, but not final. During the processing cycle, the system calculates running balances of funds debits and credits, the balance being settled at the end of the processing cycle when the net debit and net credit positions are posted on the books of the commercial bank or central bank that maintains the funds accounts. Settlement of funds accounts may occur once a day or several times a day.*

*Model 3 - Simultaneous Net Settlement of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds on a net basis, with final transfer of both occurring at the end of the processing cycle. Settlement may occur once a day or several times a day. The securities settlement system maintains securities accounts for participants. Funds accounts may be maintained by another entity, either a commercial bank or the central bank.*

*During a processing cycle, running balances of debits and credits to funds and securities accounts are calculated. All funds and securities transfers are provisional until the end of the processing cycle, at which time book-entry transfer of securities take place. If and only if all participants have sufficient balances of funds and securities, final*

transfers of the net securities balances and net funds balances are executed.

**49. Are the cash and security movements simultaneous?**

Yes

**OWNERSHIP OF SECURITIES**

*The purpose of this section is to determine how ownership of securities is represented, the ways the depository maintains ownership or control of securities held in the depository, and the extent to which ownership of assets held by the depository is separated from the proprietary assets of the depository.*

*This section also considers the process by which the ownership of securities is transferred in the depository and the existence of any liens or claims on the depository securities (such as a clearing lien) that would affect the ownership of depository securities.*

**50. How are depository eligible securities held by the depository?**

Securities in the depository are held in certificated form.

**51. If depository eligible securities are certificated, can depository eligible securities be held outside of the depository?**

All eligible securities must be held in the depository. (please answer 51b)

**51b. If depository eligible securities are required to be centrally immobilized at the depository, where and with whom are the certificates safekept? (then please answer 51c)**

The certificates are kept in Bursa Malaysia Depository Sdn Bhd's vault.

**51c. Are these certificates:**

Registered (please answer 51d)

**51d. If registered, how are the depository eligible securities registered?**

In the name of a separate nominee of the depository. (please answer 51f)

**51f. If in the name of a separate nominee, please identify by name the nominee used:**

Bursa Malaysia Depository Nominees Sdn Bhd

**52. If securities are dematerialized:**

**May dematerialized security positions be re-certificated and held outside the depository?**

Not applicable

**52d. If the securities held by the depository are recorded by book entry at the registrar, are the securities registered only to the depository, with the depository providing the function of recording ownership on a centralized basis for the market? (Choose all that apply.)**

Yes (please answer 52e)

**52e. If yes, how are securities held at the registrar for the account of the depository? (Choose one.)**

In the name of a separate nominee of the depository

**52i. If the securities held with the depository are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the depository (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:**

Not Applicable

**Response Necessary/Eligibility Question**

**53. Rule 17f-7 requires that an Eligible Securities Depository “maintains records that identify the assets of each participant and segregate the system’s own assets from the assets of participants.”**

**Does the depository maintain records that identify the assets of each participant and segregate the system’s own assets from the assets of participants?**

Yes

**54. Does the law protect participant assets from claims and liabilities of the depository?**

Yes

**55. Can the depository assess a lien on participant accounts? (A lien would entitle the depository to take and hold or sell the securities of the participant in payment of a debt.)**

Not applicable

**55c. Please indicate the limits of this lien as indicated below: (Choose one.)**

**55e. If a lien is placed on a participant’s account which has been designated for its clients, will the depository select certain securities to be subject to the lien?**

No (please answer 55h)

**55h. If no, please indicate whether the entire account will be subject to the lien.**

No

**55j. For accounts designated as client accounts, do procedures exist to restrict the placement of liens only to obligations arising from safe custody and administration of those accounts?**

No

**56. Transfer of Legal Ownership**

**Does the depository have legal authority to transfer title to securities?**

Yes (please answer 56a)

**56a. When does title or entitlement to depository securities pass between participants? (Choose one.)**

Other (please answer 56b)

**56b. Please describe:**

When securities are credited into the CDS account.

**HANDLING OF SECURITIES OUTSIDE THE DEPOSITORY ENVIRONMENT**

*The purpose of this section is to consider the process (and any risk inherent within such a process) that involves the safekeeping of client assets while they are being removed from a depository and being lodged into a depository.*

**57. How are eligible securities lodged (that is, placed) in the depository system? (Choose all that apply.)**

A registered certificate in the name of the depository is delivered to the depository., A participant delivers the security with a valid transfer deed or stock power or other transfer document to the depository which then effects registration., A registrar re-registers the security in the name of the depository.

**58. When are securities lodged into the depository reflected in a participant’s depository account? (Choose all that apply.)**

Securities are reflected in the participant depository account immediately upon delivery to the depository.

**59. How long does it usually take to lodge securities with the depository? (Choose one.)**

Other (please answer 59b)

**59b. If other, please explain:**

within the same day

**60. During the process of lodging securities into the depository, can the securities:**

**Be traded?**

Yes

**60a. During the process of lodging securities into the depository, can the securities:**

**Be settled?**

Yes

**60b. During the process of lodging securities into the depository, can the securities:**

**Have ownership transferred?**

Yes

**61. Are securities immediately available for delivery upon transfer to the depository?**

Yes

**62. Please describe briefly the arrangements/procedures/facilities you maintain to ensure that eligible securities held at the depository are handled at least as efficiently as compared to securities held outside the depository, particularly in relation to income, corporate actions and proxy services.**

The existing law governing Depository in Malaysia recognises the account holder where the securities are held as the entitled shareholders in relation to any income distribution, corporate action and proxy services.

**63. What transfer process steps are involved when eligible securities are withdrawn from the depository for safekeeping? (Choose one.)**

Other (please answer 63a)

**63a. Please specify:**

No withdrawal of securities from the Central Depository is allowed except in the following circumstances a) to facilitate share buy back; b) to facilitate conversion of debt securities; c) to facilitate company restructuring process; d) to facilitate rectification of error; e) where a body corporate is removed from the official list of the Exchange; f) in any other circumstances determined by the Central Depository from time to time, after consultation with the Securities Commission.

**64. How long does it usually take to remove securities from the depository? (Choose one.)**

Other (please answer 64b)

**64b. If other, please explain:**

with the same day or maximum of 1 day

**65. While the securities are being removed from the depository, can they:**

**65a. Be traded? (Choose one)**

No (please answer 65b)

**65b. Please explain:**

Securities held outside of the depository system cannot be traded or settled.

**65c. Be settled?**

No (please answer 65d)

**65d. Please explain:**

Securities held outside of the depository system cannot be traded or settled.

**65e. Have ownership transferred?**

Other (please answer 65f)

**65f. Please explain:**

With regard to body corporate removed from the official list of the Exchange, the ownership of the shares can be transferred.

**STANDARD OF CARE**

*The purpose of this section is to understand the responsibility and liability that the depository has in providing services to its participants/members in the settlement and clearing of securities and/or cash, and to understand what type of protections exist for participants in the event of a participant failure/default.*

**Depository Liability**

**66. Does the depository accept liability (independent of any insurance coverage) for the following:**

**66a. Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?**

No

**66e. Theft of securities (either physical certificate or electronically from accounts at the depository) from the depository that result in direct damages or losses to participants?**

Yes (please answer 66f)

**66f. If yes, please check all of the following that apply:**

Financial limits are imposed on the amount of liability assumed by the depository, The depository assumes liability for direct losses, Other (please answer 66g)

**66g. If other, please explain:**

Please refer to the response in Question 68(a). In addition, the Depository shall not be liable for any loss or damage that may be suffered, incurred or sustained by a depositor, Authorised Depository Agent or Authorised Direct Member as a result of or in connection with the Depository's failure to comply or delay in complying with any of its duties or obligations arising as a direct or indirect result of anything beyond its reasonable control. (Rule 38.06 of the Rules of Bursa Malaysia Depository)"

**66i. Failure of the depository's systems that result in direct damages or losses to participants because they cannot use either securities or funds?**

Yes (please answer 66j)

**66j. If yes, please check all of the following that apply:**

The depository assumes liability for direct losses, Other (please answer 66k)

**66k. If other, please explain:**



Please refer to the response in Q66(g)

**66m. Any direct damages or losses to participants caused by the depository due to its errors, omissions or fraud?**

Yes (please answer 66n)

**66n. If yes, please check all of the following that apply:**

Financial limits are imposed on the amount of liability assumed by the depository, The depository assumes liability for direct losses, Other (please answer 66o)

**66o. If other, please explain:**

Please refer to the response in Q66(g)

**66q. Any direct damages or losses to participants caused by the depository in its capacity as a central counterparty?**

Not applicable

**66u. Does the depository guaranty settlement?**

Not applicable

**66x. Any direct damages or losses to participants caused by the depository as a result of force majeure events, acts of God, or political events, etc.?**

No

**66+. In all cases where the depository assumes responsibility for direct or indirect or consequential losses, is the depository's liability limited by a standard of care determination?**

Yes (please answer 66\*)

**66\*. Please define the standard of care applied:**

Please refer to the response in Q66(g)

**67. Do the depository's written contracts, rules, or established practices and procedures provide protection against risk of loss of participant assets by the depository in the form of?**

**67a. Indemnification**

Other (please answer 67b)

**67b. Please explain (then please answer 67c):**

Establishment and maintenance of compensation funds, for the purpose of settling claims by depositors against the Depository, its nominee companies and Authorised Depository Agent (ADA).

**67c. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

Rule 34.01 of the Rules of Bursa Malaysia Depository provides for the compensation fund maintained by Bursa Depository.

**67d. Insurance**

Other (please answer 67e)

**67e. Please explain (then please answer 67f):**

Bursa Malaysia Depository maintains insurance to cover its direct financial losses and legal liability for claims made by a 3rd party. As for protection against of participant assets, the Authorised Depository Agent is required to maintain insurance for loss or damage arising from the circumstances set out in Article 8.1 of the Authorised Depository Agent Agreement which relate to the ADA's acts or omissions.]

**67f. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

Please refer to our response in Q 67 (e)

**67g. Acknowledgement of liability for losses caused by depository's own actions.**

Yes (please answer 67h)

**67h. Please explain (then please answer 67i):**

Please refer to our response in Q 66 (g). Nevertheless, the Depository maintains a compensation scheme which covers loss or damage incurred by depositors arising from certain situations as prescribed in the Rules of Bursa Malaysia Depository (Rule 34.01 )

**67i. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

Rule 38.06 of the Rules of Bursa Malaysia Depository provides for the liability of Bursa Depository. Rule 34.01 of the Rules of Bursa Malaysia Depository sets out the provisions on the compensation scheme maintained by Bursa Depository.

**67j. Other**

No

**68. Is the depository immune from legal action in its own jurisdiction?**

Other (please answer 68a)

**68a. If other, please explain:**

Depository is immune from civil liability in respect of anything done, any statement made or omitted to be done or made, in connection with the discharge on performance of any duties under the SICDA where such act / statement on omissions was done in good faith. (Section 62 of the Securities Industry (Central Depositories) Act 1991).

**Security Control**

**69. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts? (Choose all that apply.)**

By direct electronic link, By receipt of physical account holding statements

**70. Do participants have access to affect their holdings, including confirming and affirming trades, movement of securities on their accounts, etc.?**

Yes (please answer 70a)

**70a. How is access given to participants? (Choose all that apply.)**

By direct electronic link (please answer 70b), Other (please answer 70c)

**70b. Please select type of electronic link:**

Secured, leased, dedicated telephone line

**70c. Please explain:**

Confirming & affirming trades are captured in the trading system provided to the participating organisations by the Exchange.

**71. Regarding data security:**

**71a. Are passwords used by participants to access their accounts?**

Yes

**71c. Does each user have a unique user ID?**

Yes

**71e. Are passwords regularly changed?**

Yes (please answer 71f)

**71f. How often?**

System forced user to change their password every 30 days

**71h. Is there a user lock-out after a pre-set number of unsuccessful User ID attempts?**

Yes (please answer 71i)

**71i. How many?**

After 3 failed log-on attempts.

**72. Does the depository communicate with other market entities such as stock exchanges, payment systems, clearing houses, etc., by secured linkages?**

Yes (please answer 72a)

**72a. Please explain:**

The depository communicates with the Exchange through host-to-host secured electronic linkage. Trade data is received from the Exchange thru clearing house via file transfer.

**73. How does the depository communicate with other market entities?**

**73a. Stock Exchanges (Choose all that apply.)**

Secured, leased, dedicated telephone line

**73b. Payment Systems (Choose all that apply.)**

Secured, leased, dedicated telephone line

**73c. Clearing Houses (Choose all that apply.)**

Secured, leased, dedicated telephone line

**73d. Registrars (Choose all that apply.)**

Internet

**74. How is access to the physical building controlled? (Choose all that apply.)**

By guards, By electronic keys/personal ID card, By alarm system

**75. What are the vault security procedures for the safekeeping of physical paper? (Choose all that apply.)**

Electronic keys/combinations, Dual access control, Visitor logs, Vault counts (please answer 75a), Intrusion alarms, Fire alarms, Guards

**75a. Please indicate frequency of vault counts:**

It is required by law to conduct quarterly stock counts.

**Participant Default Protections Resulting from a Participant Failure**

**76. If a participant defaults, how is the loss covered? (Choose all that apply?)**

Not applicable

**77. During the past three years, has there been a situation where a participant defaulted which resulted in a significant loss?**

Not applicable

**78. Does the depository have a guaranty fund independent of stock exchange or other market guarantees?**

Other (please answer 78l)

**78d. How is the fund financed? (Choose one.)**

**78h. Who is covered by the fund? (Choose all that apply.)**

**78j. When is the guaranty fund used? (Choose all that apply.)**

**78l. If other, please explain:**

Bursa Malaysia Depository Sdn Bhd maintains a Compensation Fund (not guaranty fund) comprising of RM50 million physical fund and an insurance policy with a limit of indemnity of RM25 million to settle claims by depositors who have suffered loss or damage in the circumstances set out under Rule 34.01 of the Rules of Bursa Malaysia Depository Sdn Bhd.

**79. Does the depository have forms of oversight management for assessing and monitoring of the following? (Choose all that apply.)**

Participant eligibility requirements, Participant financial strength

**80. Does the stock exchange have default protections that extend to the depository, such as the following? (Choose all that apply.)**

Not applicable

## **BUSINESS RECOVERY PLAN**

*This section is intended to identify key aspects of the depository's Business Recovery Plan (BRP), including testing requirements and past results, expected recovery time periods, and the independent review and validation (if any) of the BRP.*

**81. Do you have a formal business recovery plan?**

Yes (please answer 81a)

**81a. Does your Business Recovery Plan include: (Choose all that apply.)**

Back-up of all computer files, Off-site data storage, Back-up files stored and locked, Off-site operations facility, Other (please answer 81h)

**81b. Please identify both the frequency and the last date of testing for the following third party:**

**Depository participants/members**

Once per annum. Last test date: 16/08/2014

**81c. Please identify both the frequency and the last date of testing for the following third party:**

### Stock exchange

Once per annum for all Bursa Malaysia Berhad Group of companies inclusive of Bursa Securities, Clearing House and Depository. Last test date:16/08/2014 .

**81d. Please identify both the frequency and the last date of testing for the following third party:**

#### Central bank

Not applicable.

**81e. Please identify both the frequency and the last date of testing for the following third party:**

#### Local brokers

Once per annum. Last test date: 16/08/2014.

**81f. Please identify both the frequency and the last date of testing for the following third party:**

#### Any other third party

Clearing Members: Once per annum. Last Test date: 16/08/2014. Information Vendor: Once per annum. Last Test date: 16/08/2014

#### 81h. If other, please explain:

i) Back-up voice and data communication ii) Disaster Recovery Organisation iii) Business Recovery Procedures iv) Crisis Communication Procedures

**82. How quickly can the main system be reactivated in the event of an outage? (Choose one.)**

Other (please answer 82a)

#### 82a. If other, please explain:

The system is designed on a high-availability infrastructure, thus once outage is detected, it will automatically fallback to secondary server and this process shall not take more than 10 minutes.

**83. If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing? (Choose one.)**

1 - 4 hours

**84. Will the depository publicly announce any system interruption?**

Yes (please answer 84a)

**84a. To whom will the depository disclose any system interruptions? (Choose all that apply.)**

To the depository regulators, To all direct participants, To direct and indirect participants, To the public via the internet (please answer 84b), In the press (please answer 84c)

**84b. If so, please list webpage address:**

<http://www.bursamalaysia.com/market>

**84c. If so, please list all publications:**

Local newspapers.

**84e. How will the depository disclose any system interruptions? (Choose all that apply.)**

By e-mail, By telephone, Public announcement, Press release, Other (please answer 84f)

**84f. Please explain:**

We have dedicated website to communicate or update any information to all participants via eCircular.

**85. In the past three years, has it been necessary to activate the recovery plan in a live situation?**

No

## **PERFORMANCE, INSURANCE, AND LOSS**

*This section is intended to identify the level of insurance maintained by the depository, and the extent to which coverage would extend to financial loss incurred by participants and their clients, including but not limited to losses resulting from operating performance, security breaches, and employee negligence or misconduct.*

**86. Has there been any material loss by the depository during the past three years?**

No

**87. Has the depository been subject to any litigation involving a participant during the past three years?**

No

**88. Has the depository realized revenues sufficient to cover expenses during the past three years? (Choose one.)**

Yes for all three years

**89. Does the depository maintain a reserve for operating losses?**

Yes (please answer 89a)

**89a. Please describe and indicate reserve amount:**

Total shareholders' funds for Bursa Malaysia Depository Sdn Bhd as per the last audited accounts as at 31 December 2013 was 51.6 million.

**90. Has the regulatory body with oversight responsibility for the depository issued public notice that the depository is not in current compliance with any capital, solvency, insurance or similar financial strength requirements imposed by such regulatory body?**

No

**90b. In the case of such a notice having been issued, has such notice been withdrawn, or, has the remedy of such noncompliance been publicly announced by the depository?**

No (please answer 90d)

**90d. If no, why not?**

**91. Does the depository have insurance to cover losses in the event of Default on settlement commitments by the depository or a participant?**

Not applicable

**92. Does the depository have Fidelity insurance (that is, insurance to cover loss of securities or money resulting, for example, from acts such as forgery, theft, fraud and/or employee dishonesty)?**

Yes (please answer 92a)

**92a. What is the amount of the coverage?**

RM25million

**92b. What is the amount of the deductible?**

Deductible of RM250,000.00

**93. Does the depository have insurance for Operational Errors?**

Yes (please answer 93a)

**93a. What is the amount of the coverage?**

As part of the crime and professional liability insurance policy with limit of liability of RM25 million.

**93b. What is the amount of the deductible?**

Deductible of RM250,000.00

**94. Does the depository have Errors and Omissions insurance?**

Yes (please answer 94a)

**94a. What is the amount of the coverage?**

Same as 93a

**94b. What is the amount of the deductible?**

Same as 93b

**95. Does the depository have insurance for the Premises?**

Yes (please answer 95a)

**95a. What is the amount of the coverage?**

Fire Policy for the Exchange of RM280.6 million.

**95b. What is the amount of the deductible?**

No

**96. Does the depository have any other insurance?**

Yes (please answer 96a)

**96a. If so, what is it for?**

1.Directors and Officers (D&O)Liability at Group Level. 2.General insurance example fire, insurance for property and equipment at Bursa Depository level. 3. Public Liability Insurance at Group level. 4. Money Insurance at Group level.

**96b. What is the amount of the coverage?**

As part of Bursa Malaysia Berhad Group, the D&O insurance policy with limit of liability of RM55 million.

**96c. What is the amount of the deductible?**

Nil

**97. Who is the insurance carrier? If more than one insurance carrier, please list each carrier here and provide your responses to questions 97a and 97b in corresponding order.**

MCIS Zurich

**97a. Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)**

N/A

**97b. What is the term of the policy?**

One year.

**97c. Who does the insurance cover? (Choose all that apply.)**

Depository

**98. If you feel that you would like to provide additional details on any of the given answers, feel free to provide any additional comments here (maximum of 5,000 characters) or prepare an additional document identifying the question(s) you are commenting on and upload the document under 98a:**

More information on Depository : 1. <http://www.bursamalaysia.com/market/products-services/central-depository-system-cds/overview/> 2. <http://www.bursamalaysia.com/market/regulation/rules/bursa-malaysia-rules/securities/rules-of-bursa-malaysia-depository> More information on Clearing and Settlement : <http://www.bursamalaysia.com/market/regulation/rules/bursa-malaysia-rules/securities/rules-of-bursa-malaysia-securities-clearing>

**98a. Upload document here:**



Director Profile for Bursa Malaysia Depository Sdn Bhd

## **PUBLIC AVAILABILITY**

**99. The AGC encourages respondents/depositories to make their answers to this questionnaire publicly available. Will you be making your response publicly available? (For additional guidance, please review the help feature to this question.)**

Yes (please answer 99a)

**99a. If yes, how will you be making it publicly available: (Choose all that apply.)**

Web site (please answer 99b)

**99b. Please provide web site address of publicly available questionnaire:**

<http://www.bursamalaysia.com/market/products-services/central-depository-system-cds/association-of-global-custodians-agc-questionnaire/>

**100. Association members from time to time receive requests from their direct investor-clients for an informational copy of a depository's completed questionnaire. Such requests typically lead to interactions between personnel at the depository in question and member personnel or client personnel, or both. Those interactions take time and impose costs on both members and depositories.**

**Do you approve of Association members delivering a copy of your completed questionnaire to the member's direct client in response to the client's request?**

Yes