



PRACTICE NOTE 1 issued pursuant to the Guidelines on the Offering Of Private Debt Securities

Revised edition: 15 September 2005

Application of the Guidelines on the Offering of Private Debt Securities to the Issue of, Offer for Subscription or Purchase, or Invitation to Subscribe for or Purchase, Foreign Currency Denominated Private Debt Securities

Introduction

1. This Note seeks to dis-apply, vary or clarify the application of the Guidelines on the Offering of Private Debt Securities (“PDS Guidelines”) in relation to the issue of, offer for subscription or purchase, or invitation to subscribe for or purchase, foreign currency denominated private debt securities of a Malaysian public company, issued exclusively to persons outside Malaysia and/or sophisticated investors in Malaysia.

Definition

2. For the purposes of this Note, a “sophisticated investor” means a person who fulfils the following criteria:
 - (a) a person who acquires securities pursuant to an offer, as principal, and the aggregate consideration for the acquisition is not less than RM250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise;
 - (b) an individual whose total net personal assets exceed RM3 million or its equivalent in foreign currencies; or
 - (c) a corporation (including an offshore company as defined under the Offshore Companies Act 1990) with total net assets exceeding RM10 million, or its equivalent in foreign currencies, based on the last audited accounts.

Exemption from Various Provisions of the Guidelines

3. The following provisions under the PDS Guidelines shall not apply to the issue of, offer for subscription or purchase, or invitation to subscribe for or purchase, foreign currency denominated private debt securities of a Malaysian public company, issued exclusively to persons outside Malaysia and/or sophisticated investors in Malaysia:
 - (a) Offerings of Private Debt Securities Under a Shelf Registration Scheme
 - (b) Rating requirement
 - (c) Underwriting
 - (d) Mode of Issue
 - (e) Additional Requirement for Debt Programs
 - (f) Adviser's Declaration on Compliance with the Guidelines on the Offering of Private Debt Securities and other requirements of the Securities Commission Act 1993 – Appendix 1.

Clarification on Information Required on the Principal Terms and Conditions of the Proposal

4. The information required to be submitted to the Securities Commission ("SC") is as per the requirements under Principal Terms and Conditions of the Proposal in Appendix 1 of the PDS Guidelines, where applicable.
5. Advisers are reminded that they should ensure that the PDS Guidelines, where relevant, should be duly complied with.

Selling Restrictions of Previous Issues

6. This revised Practice Note 1 will apply retrospectively to foreign currency denominated private debt securities previously issued with a selling restriction restricting their sale exclusively to persons outside Malaysia.
7. The SC's approval for the necessary variation of terms and conditions to amend such selling restrictions will be deemed to have been granted upon the SC's receipt of written notification by the Adviser to an Issuer that the holders of the foreign currency denominated private debt securities have approved such amendment in accordance with the provisions in the Trust Deed.

Revocation of Previous Practice Note 1

8. This revised Practice Note 1 replaces and supercedes the previous Practice Note 1 issued on 8 February 2001, which is no longer applicable from the date this revised Practice Note 1 is issued.