

Guidelines on the Offering of Private Debt Securities:

Practice Note 2

Application of the Guidelines on the Offering of Private Debt Securities to the Issue, Offer or Invitation of Ringgit Denominated Private Debt Securities by a Multilateral Development Bank or Multilateral Financial Institution in Malaysia

Introduction

This Note seeks to disapply, vary or clarify the application of the Guidelines on the Offering of Private Debt Securities ("PDS Guidelines") in relation to the issue, offer or invitation of Ringgit denominated private debt securities by a Multilateral Development Bank or Multilateral Financial Institution in Malaysia.

Exemptions from various requirements of the PDS Guidelines

The following requirements under the PDS Guidelines shall not apply to the issue, offer or invitation of Ringgit denominated private debt securities by a Multilateral Development Bank or Multilateral Financial Institution in Malaysia:-

- Documents / Information required, the details of which are listed in Appendix 1 and 2 of the PDS Guidelines:
 - Appendix 1 (Information to be submitted for the purpose of obtaining the approval of the SC, Information to be submitted after obtaining the approval of the SC and Principal terms and conditions of the proposal) and
 - Appendix 2 (Declaration by the issuer and principal adviser on Compliance with the PDS Guidelines and other requirements of the Securities Commission Act 1993)
- Underwriting or minimum level of subscription requirements
- Utilisation of proceeds requirements
 - Funds raised from issue, offer or invitation of Ringgit denominated private debt securities by a Multilateral Development Bank or Multilateral Financial Institution in Malaysia are not subject to the National Bond Market Committee negative list.

Clarification of various requirements in the PDS Guidelines

Rating Requirement

The issue, offer or invitation of Ringgit denominated private debt securities by a Multilateral Development Bank or Multilateral Financial Institution in Malaysia must be accompanied by a rating. In this regard, international ratings are acceptable.

Submission to the SC

An Information Memorandum must be submitted to the SC prior to the issue, offer or invitation of Ringgit denominated private debt securities by a Multilateral Development Bank or Multilateral Financial Institution in Malaysia, and the SC must be notified of any subsequent variations to the terms or structure of such issuance.

In addition, for the issue, offer or invitation of Ringgit denominated private debt securities by a Multilateral Development Bank or Multilateral Financial Institution under a debt programme, an information supplement must be submitted to the SC following each issuance. The information supplement must include the following:-

- Size of the issuance
- Mode of issue
- Utilisation of proceeds from the issuance
- Tenor of the proposed issuance
- Yield to maturity
- Revisions of the rating since the date of the last drawdown

A submission of Information Memorandum and / or information supplement may be made to the SC through an adviser or by the Multilateral Development Bank or Multilateral Financial Institution.

Mode of approval by the SC

Such issue, offer or invitation of Ringgit denominated private debt securities by a Multilateral Development Bank or Multilateral Financial Institution shall be deemed approved by the SC on the date of receipt of a complete submission pursuant to the relevant requirements in the PDS Guidelines and this Practice Note.