

PART 3

CORPORATE BONDS AND SUKUK

Chapter 1

GENERAL

1.01 Section B, Part 3 of these Guidelines sets out the specific requirements that must be complied with in relation to corporate bonds or sukuk under the Lodge and Launch framework.

1.02 For the purpose of these Guidelines, sukuk will not include any agreement for a financing or investment where—

(a) the financier/investor and customer/investee are signatories to the agreement; and

(b) the provision of financing/investment is in the ordinary course of business of financier/investor,

including any promissory note issued pursuant to the terms of such an agreement.

1.03 Only a corporation within the meaning of subsection 2(1) of the CMSA or a foreign government is eligible to issue corporate bonds or sukuk under the Lodge and Launch framework.

1.04 [Deleted]

1.05 [Deleted]

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1.08 [Deleted]

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1.10 In relation to fixed-rate negotiable instruments of deposit (NIDs) or Islamic negotiable instruments of deposit (INIDs)¹ and foreign currency-denominated corporate bonds or sukuk, Table 1 sets out the applicability of the relevant requirements to such products. Table 1 must be read together with the detailed requirements in Section B, Part 3 of these Guidelines.

1.11 In addition to complying with these Guidelines, any proposal in relation to an ringgit-denominated sukuk and foreign currency-denominated sukuk must also comply with the *Guidelines on Islamic Capital Market Products and Services*.

¹ For the purpose of these Guidelines, NIDs or INIDs refers to an issuance of NIDs or INIDs with a tenure of more than five years by a licensed bank, licensed investment bank or licensed Islamic bank.

Table 1

Summary of relevant requirements applicable to NIDs or INIDs and foreign currency-denominated corporate bonds and sukuk

Requirements	Foreign currency-denominated corporate bonds or sukuk		RM-denominated and foreign currency
	Roadshows	Issuances other than roadshows	NIDs/INIDs
Shariah adviser	√	√	X
Credit rating	X	X	X
Trustee/Trust deed	X	X	X
Tenure of programmes	X	X	X
Mode of issuance	√	√	X
Other regulatory approvals	√	√	√
Disclosure of redemption/call option	X	X	X
Pricing supplement	√	√	√
Compliance with Shariah rulings	X	X	X
Utilisation of proceeds	√	√	√
Upsizing	X	√	X
Revision to terms	√	√	X
Implementation timeframe	√	√	√
SRI Sukuk	X	√	N/A
ASEAN Green Bonds or Sukuk	√	√	N/A
ASEAN Social Bonds or Sukuk	√	√	N/A
ASEAN Sustainability Bonds or Sukuk	√	√	N/A
SRI-linked Sukuk	X	√	N/A
ASEAN Sustainability-Linked Bonds or Sukuk	√	√	N/A

√	To refer to the relevant requirements in Section B, Part 3 of these Guidelines.
X	The requirements are not applicable to such products.

Chapter 2

STRUCTURE

Credit rating

- 2.01 This section on credit rating shall apply to issuances of ringgit-denominated corporate bonds or sukuk that are rated or to be rated.
- 2.02 Any credit rating of a ringgit-denominated corporate bond or sukuk must be provided by a credit rating agency registered with the SC.
- 2.03 Consent of bondholders or sukuk holders must be obtained prior to effecting the following:
- (a) Changing the status of credit rating from rated to unrated, or vice versa, during the tenure of the corporate bond or sukuk;
 - (b) Replacing an appointed credit rating agency during the tenure of the corporate bond or sukuk; or
 - (c) Removal of a credit rating where a corporate bond or sukuk has more than one credit rating.

The circumstances set out above would tantamount to a revision of principal terms and conditions and must comply with the requirements set out under Section B, Part 3, Chapter 6 of these Guidelines.

- 2.04 An issuer must provide sufficient and relevant information to the credit rating agency for which to assess and evaluate the credit risk of a corporate bond or sukuk.
- 2.05 An issuer must provide information to the credit rating agency on a continuous and timely basis in particular, new or additional information that was not previously available for consideration by the credit rating agency.

- 2.06 An issuer must ensure that the credit rating report is published by the credit rating agency within a reasonable time prior to the issuance of the corporate bond or sukuk for investors to make an informed assessment before providing an irrevocable undertaking to subscribe to the corporate bond or sukuk.

Transferability and tradability of corporate bonds or sukuk

- 2.07 Consent of the bondholders or sukuk holders must be obtained prior to changing the transferability and tradability status of a corporate bond or sukuk. Such change would be tantamount to a revision of principal terms and conditions and must comply with the requirements under Section B, Part 3, Chapter 6 of these Guidelines.
- 2.08 Where the corporate bonds or sukuk that is non-transferable and non-tradable becomes transferable and tradable, all exemptions previously granted under any guidelines in relation to a trust deed will cease to apply.
- 2.09 Notwithstanding paragraph 2.08 above, if the issuer of the corporate bond or sukuk wishes to retain the exemptions that had ceased to apply under paragraph 2.08 above, the issuer must make an application to the SC with justification as to why the exemptions should be retained.

Trust deed and trustee

Requirements relating to trust deed and trustee

- 2.10 Where a trustee is appointed, the trustee must be registered with the SC.
- 2.11 In the case of ringgit-denominated corporate bonds or sukuk where a trust deed is not required, the issuer must ensure that the principal terms and conditions include provisions for the following:

- (a) In the event of any default in the payment of principal of, or interest/profit/rental on any of, the corporate bonds or sukuk issued after the said principal or interest/profit/rental becomes due, the bondholders or sukuk holders are entitled to declare the corporate bonds or any payment obligation under the sukuk immediately due and payable. Where there is a provision to remedy the failure to pay principal of, or interest/profit/rental on any of, the corporate bonds or sukuk, the period for remedy must not exceed seven business days from the date on which the payment is due; and
- (b) The issuer must cancel the corporate bonds or sukuk which are redeemed or purchased by the issuer or its subsidiaries or agents of the issuer.

Obligations relating to trust deed and trustee

- 2.12 The issuer must provide the necessary assistance to facilitate the trustee in discharging its duties and obligations under the CMSA and the trust deed.
- 2.13 The issuer and principal adviser must involve the trustee during the documentation process of the corporate bonds or sukuk.
- 2.14 The issuer, through its Lodgement Party, must lodge a duly executed trust deed with the SC via the system either prior to or on the–
 - (a) date of issuance of the corporate bond or sukuk; or
 - (b) date of the first issuance under a debt or sukuk programme.

Tenure for debt or sukuk programmes

- 2.15 The tenure of a debt or sukuk programme involving an issuance of CPs or combination of both CPs and MTNs, whether conventional or Islamic, must not exceed seven years.

- 2.16 The requirement in paragraph 2.15 above does not apply to—
- (a) a stand-alone MTN programme, whether conventional or Islamic; or
 - (b) an issuance of foreign currency-denominated corporate bond or sukuk.

Utilisation of proceeds

2.17 An issuer must ensure that the proceeds from the corporate bond or sukuk issuance are utilised in accordance with the purposes disclosed to the SC.

2.18 [Deleted]

2.19 Where the proceeds are utilised for a project that will generate cash flow for payments to bondholders or sukuk holders, the issuer must ensure that the transaction documents relating to the corporate bond or sukuk include the relevant parameters, conditions, supporting documents and certificates to enable the trustee or facility agent, where applicable, to manage the release of the proceeds to the issuer.

Mode of issuance

Ringgit-denominated corporate bonds or sukuk

- 2.20 All ringgit-denominated corporate bond or sukuk must be—
- (a) issued and/or tendered on the Fully Automated System for Issuing/Tendering (FAST); and
 - (b) issued on scripless basis, deposited and settled in the Real Time Electronic Transfer of Funds and Securities System (RENTAS) which is operated by Bank Negara Malaysia,
- unless a full admission to listing and quotation is sought on a stock exchange.

Foreign currency-denominated corporate bonds or sukuk

- 2.21 Foreign currency-denominated corporate bond or sukuk must be announced or reported on FAST.
- 2.22 Foreign currency-denominated corporate bond or sukuk may be issued on scripless basis, deposited and settled in RENTAS with Bank Negara Malaysia as the central securities depository and Authorised Depository Institutions in Malaysia as the sub-depositories.

Other regulatory approvals and compliance with relevant laws and guidelines

- 2.23 Where applicable, an issuer must ensure that—
- (a) it has complied with all relevant regulatory requirements from other regulatory authorities prior to its lodgement with the SC; and
 - (b) it continues to comply with any conditions imposed by such regulatory authorities throughout the tenure of the corporate bond or sukuk.
- 2.24 For the purpose of subparagraph 2.23(a) above, where an approval from any other regulatory authority is required, such approval must be valid and subsisting at the point of the issuer's lodgement with the SC.
- 2.25 An issuer and its principal adviser must ensure that the issuance has complied with all the relevant laws.

Chapter 3

SPECIFIC REQUIREMENTS APPLICABLE TO FOREIGN CURRENCY-DENOMINATED CORPORATE BONDS OR SUKUK AND NIDs OR INIDs

Foreign currency-denominated corporate bonds or sukuk through a roadshow

- 3.01 An issuer of foreign currency-denominated corporate bonds or sukuk through a roadshow must comply with the following:
- (a) The roadshow must be conducted by authorised representatives of the foreign issuer together with a principal adviser who is appointed by the foreign issuer; and
 - (b) Documentation of the proposed issuance must conform to international standards or standards which are acceptable in the Malaysian market.

NIDs or INIDs

- 3.02 For an issuance of fixed-rate NIDs or INIDs the issuer must disclose to investors the following:
- (a) The inherent risks, including credit risks and price risks, in investing in NIDs or INIDs; and
 - (b) The settlement procedures for any early redemption or termination of the issue to investors.
- 3.03 A floating rate NID or INID with tenure of more than five years would fall within the definition of “structured products” under Section B, Part 2 of these Guidelines.

Chapter 4

LODGEMENT

4.01 [Deleted]

4.02 An issuer, through its Lodgement Party, must lodge all information and documents as set out in the Lodgement Kit prior to issuance.

4.03 In the case of a debt or sukuk programme, lodgement would only be required prior to the first issuance under the programme.

4.04 The Responsible Party permitted to make a lodgement for the respective type of issuer is as follows:

Type of Issuer	Responsible Party
An issuer which is: <ul style="list-style-type: none">• a multilateral development bank;• a multilateral financial institution; or• a principal adviser	<ul style="list-style-type: none">• Issuer; or• Principal adviser
An issuer issuing a foreign currency-denominated corporate bond or sukuk through a roadshow	<ul style="list-style-type: none">• Principal adviser
An issuer other than those listed above	<ul style="list-style-type: none">• Principal adviser

Time frame for issuance

- 4.05 All corporate bonds or sukuk must be issued within 90 business days from the date of lodgement.
- 4.06 In the case of a debt or sukuk programme, only the first issuance under the programme would be required to be issued within 90 business days from the date of lodgement.

Post-issuance notice

- 4.07 For all issuances of corporate bonds or sukuk, an issuer must submit a post-issuance notice to the SC no later than seven business days after the end of the month in which the corporate bonds or sukuk were issued.
- 4.08 The Responsible Party permitted to submit a post-issuance notice for the respective type of issuer is as follows:

Type of Issuer	Responsible Party
An issuer which is: <ul style="list-style-type: none"> • a multilateral development bank; • a multilateral financial institution; or • a principal adviser 	<ul style="list-style-type: none"> • Issuer; • Principal Adviser; or • Other Responsible Party
An issuer other than those listed above	<ul style="list-style-type: none"> • Principal adviser; or • Any Responsible Party other than the issuer

- 4.09 The Party responsible for submitting the post-issuance notice must be specified in the lodgement.
- 4.10 The post-issuance notice must contain all information and documents as set out in the Lodgement Kit.

- 4.11 In the case of a debt or sukuk programme, submission of the post-issuance notice would apply to each issuance under the programme.
- 4.12 In the case of a foreign currency-denominated corporate bond or sukuk issuance, the post-issuance notice must be submitted only when—
- (a) the corporate bond or sukuk has been issued to bondholders or sukuk holders in Malaysia; and
 - (b) the Responsible Party responsible for submitting the post-issuance notice is involved in the book building process and has access to the allocation of the corporate bonds and sukuk as a result of the book building process.

Chapter 5

CONTINUOUS OBLIGATIONS

- 5.01 For an MTN programme, whether conventional or Islamic, lodged with the SC, the issuer must ensure that a pricing supplement is made available to its bondholders or sukuk holders prior to each issue under the MTN programme.
- 5.02 The pricing supplement must include the following terms (final or indicative):
- (a) Date, size and tenure of issue;
 - (b) Credit rating;
 - (c) Coupon/interest/profit rate of the issue; and
 - (d) Utilisation of proceeds raised from the issue.
- 5.03 Paragraphs 5.01 and 5.02 above do not apply if an issue under the MTN programme, whether conventional or Islamic, is tendered through FAST or if it is issued or offered on a primary subscription basis (under a bought-deal or private placement arrangement).

Redemption and call option

- 5.04 An immediate announcement must be made where an issuer decides to—
- (a) make an early redemption of the corporate bonds or sukuk; or
 - (b) exercise a call option to redeem its outstanding corporate bonds or sukuk prior to the maturity date.

- 5.05 The announcement under paragraph 5.04 above must be made:
- (a) For corporate bonds or sukuk that are traded over-the-counter, on FAST by the facility agent; or
 - (b) For corporate bonds or sukuk that are under the Exempt Regime, on the stock exchange by the issuer.
- 5.06 In addition to the announcement requirement, the issuer, facility agent and trustee may use any other means to inform the bond holders or sukuk holders of such redemption as may be provided in the trust deed and other transaction documents.
- 5.07 In the case of an early redemption of the corporate bonds or sukuk:
- (a) Bondholders or sukuk holders must be informed of the relevant details of such redemption, including details of the proposed bondholders' or sukuk holders' resolution where appropriate, as soon as possible through an announcement; and
 - (b) Where prior consent from bond holders or sukuk holders is required for the early redemption, another announcement shall be made at the soonest practicable opportunity after the consent from bond holders or sukuk holders has been obtained.

5.08 Where the corporate bonds or sukuk have been redeemed within the month, the issuer must notify the SC no later than seven business days after the end of the month on the following:

- (a) Partial redemption;
- (b) Early redemption;
- (c) Redemption of perpetual corporate bonds or sukuk, where no fixed maturity date has been submitted in the post-issuance notice; or
- (d) Any other redemption occurring on a date other than the maturity date submitted in the post-issuance notice.

5.09 The Responsible Party permitted to submit the redemption notice for the respective type of issuer is as follows:

Type of Issuer	Responsible Party
An issuer which is: <ul style="list-style-type: none"> • a multilateral development bank; • a multilateral financial institution; or • a principal adviser 	<ul style="list-style-type: none"> • Issuer; • Principal Adviser; or • Other Responsible Party who had submitted the post-issuance notice
An issuer other than those listed above	<ul style="list-style-type: none"> • Principal adviser; or • Other Responsible Party who had submitted the post-issuance notice

5.10 The Responsible Party responsible for submitting the redemption notice must be specified in the lodgement or during the submission of the post-issuance notice for the respective issuance of corporate bonds or sukuk.

- 5.11 In the event there is a change in the maturity date submitted in the post-issuance notice of the corporate bonds or sukuk, an issuer, through its Responsible Party who submitted the post-issuance notice, must notify the SC as soon as practicable.

- 5.12 The requirements under paragraphs 5.04, 5.05, 5.06, 5.07, 5.08, 5.09, 5.10 and 5.11 above do not apply to issuances of foreign currency-denominated corporate bonds or sukuk.

Chapter 6

REVISION

- 6.01 Any revision to the principal terms and conditions of an issue of corporate bonds or sukuk must not result in non-compliance with any requirements provided in Section B, Part 3 of these Guidelines.
- 6.02 Notwithstanding paragraph 6.01 above, the requirements in this chapter do not apply to the issuance of–
- (a) foreign currency-denominated corporate bonds or sukuk by Malaysian issuer exclusively to bondholders or sukuk holders outside Malaysia; or
 - (b) foreign currency-denominated corporate bonds or sukuk through a roadshow. The responsibility to notify bondholders or sukuk holders in Malaysia shall reside with the principal adviser involved.

Pre-issuance revision

- 6.03 Any revision to the information or documents in the initial lodgement to the SC, prior to issuance of corporate bonds or sukuk to bondholders or sukuk holders would require relodgement of all information and documents prior to the issuance of the product.
- 6.04 All information and documents re-lodged pursuant to paragraph 6.03 above shall supersede the initial lodgement and the date of re-lodgement shall be taken as the date of lodgement of the corporate bonds or sukuk.
- 6.05 In the case of a debt or sukuk programme, revision prior to issuance would mean a revision to principal terms and conditions prior to the first issuance under the programme.

Post-issuance revision

- 6.06 The issuer, through its Lodgement Party, must notify the SC of any revision to the principal terms and conditions after issuance within 14 business days after the proposed revision comes into effect.
- 6.07 Prior to the revision, the principal adviser must ensure that the issuer has obtained consent from all relevant parties for the proposed revision if such consent is required.
- 6.08 Where consent from bond holders or sukuk holders is required for any proposed revision to the principal terms and conditions, the principal adviser must ensure that–
- (a) due process has been observed in obtaining bond holders’ or sukuk holders’ consent. This includes the requirement that the issuer and its interested persons abstain from voting in the meeting convened to obtain bond holders’ or sukuk holders’ consent;
 - (b) all material information pertinent to the revision, including the impact on credit rating, has been disclosed to bond holders or sukuk holders;
 - (c) for a corporate bond or sukuk not under the Exempt Regime, two separate announcements, where applicable, have been made on FAST:
 - (i) On the proposed revision, which must be announced prior to obtaining bond holders’ or sukuk holders’ consent; and
 - (ii) On the outcome of the bond holders’ or sukuk holders’ decision, which must be made immediately after the bond holders’ or sukuk holders’ decision;

- (d) for a corporate bond or sukuk under the Exempt Regime, the announcements under subparagraphs 6.08(c)(i) and (ii) above must be made on the stock exchange; and
 - (e) a copy of the announcements as per subparagraphs 6.08(c) or (d) above, as the case may be, is made available to the SC, upon SC's request.
- 6.09 Any revision to the principal terms and conditions to increase the issue size of a one-off issuance of corporate bonds or sukuk is not allowed.
- 6.10 Paragraphs 6.03, 6.04 and 6.05 above do not apply to an upsizing of a debt or sukuk programme.

Upsizing of a debt or sukuk programme

- 6.11 An issuer may revise the principal terms and conditions to increase the size of a debt or sukuk programme subject to the following conditions:
- (a) After upsizing, voting on any resolution for the debt or sukuk programme will be carried out on a 'per series' basis and not on a collective basis; and
 - (b) The option to upsize must have been clearly provided for in the initial lodgement with the SC in relation to the debt or sukuk programme.
- 6.12 Any upsizing of a debt or sukuk programme either pre-issuance or post-issuance, would require an issuer, through its Lodgement Party, to submit all relevant information and documents for lodgement with the SC and comply with all relevant requirements under Section B, Part 3, Chapter 4 of these Guidelines.
- 6.13 Prior to the submission of all relevant information and documents under paragraph 6.12 above, the principal adviser must ensure that the issuer has obtained consent from the relevant parties for the proposed upsizing if such consent is required.

- 6.14 Where consent from bond holders or sukuk holders is required for any proposed upsizing, the principal adviser must ensure that–
- (a) due process has been observed in obtaining bond holders’ or sukuk holders’ consent. This includes the requirement that the issuer and its interested persons abstain from voting in the meeting convened to obtain bond holders’ or sukuk holders’ consent;
 - (b) all material information pertinent to the proposed upsizing, including the impact on credit rating, has been disclosed to bondholders or sukuk holders;
 - (c) for corporate bonds or sukuk not under the Exempt Regime, two separate announcements, where applicable have been made on FAST:
 - (i) On the proposed upsizing, which must be announced prior to obtaining bond holders’ or sukuk holders’ consent; and
 - (ii) On the outcome of the bondholders’ or sukuk holders’ decision, which must be made immediately after the bond holders’ or sukuk holders’ decision.
 - (d) for corporate bonds or sukuk under the Exempt Regime, the announcements under subparagraphs 6.14(c)(i) and (ii) above must be made on the stock exchange; and
 - (e) a copy of the announcements as per subparagraphs 6.14(c) or (d) above, as the case may be, is made available to the SC, upon SC’s request.
- 6.15 An issuer must also ensure that any exercise to upsize a debt or sukuk programme does not unfairly discriminate or is otherwise prejudicial to existing bond holders or sukuk holders of the debt or sukuk programme.

Revision to terms and conditions of ringgit-denominated sukuk

6.16 [Deleted]

6.17 [Deleted]

Chapter 7

SUSTAINABLE AND RESPONSIBLE INVESTMENT (SRI) SUKUK

- 7.01 This chapter sets out the additional requirements for an issuance of SRI sukuk.
- 7.02 For the purpose of this chapter, SRI sukuk refers to sukuk in which its proceeds will be applied exclusively for funding of any activities or transactions relating to the Eligible SRI projects.
- 7.03 An issuer must not–
- (a) use or adopt the term “SRI sukuk”; or
 - (b) hold itself out as an issuer of such SRI sukuk,
- unless the issuance of the SRI sukuk has complied with these Guidelines.
- 7.04 An issuer who wishes to issue an SRI sukuk must establish policies and processes to ensure compliance with the SRI Sukuk Framework as set out in these Guidelines.
- 7.05 The information relating to the issuer and the details of the issuer’s SRI Sukuk Framework must be made publicly accessible via a designated website to be disclosed by the issuer. Such information in the designated website must be made available at the point of issuance and throughout the tenure of the SRI sukuk.
- 7.06 Where a special purpose vehicle is an issuer, all requirements applicable to the issuer in these Guidelines shall also apply, where applicable, to the obligor.

Eligible SRI projects

- 7.07 An Eligible SRI project refers to a project that seeks to achieve any one or a combination of the following objectives:
- (a) Preserving and protecting the environment and natural resources;
 - (b) Conserving the use of energy;
 - (c) Promoting the use of renewable energy;
 - (d) Reducing greenhouse gas emission;

- (e) Addressing or mitigating a specific social issue or seeking to achieve positive social outcomes especially but not exclusively for a target population; or
- (f) Improving the quality of life of the society.

Guidance to subparagraph 7.07(e):

Examples of target populations include but are not limited to the following:

- (a) Living below the poverty line;
- (b) Excluded and/or marginalised populations and/or communities;
- (c) Vulnerable groups as a result of natural disasters;
- (d) People with disabilities;
- (e) Migrants and/or displaced persons;
- (f) Undereducated;
- (g) Underserved, owing to lack of quality access to essential goods and services; or
- (h) Unemployed.

7.08 The Eligible SRI projects may include but not limited to the following:

- (a) Green projects that relate to—
 - (i) renewable energy;
 - (ii) energy efficiency;
 - (iii) pollution prevention and control;
 - (iv) environmentally sustainable management of living natural resources and land use;
 - (v) terrestrial and aquatic biodiversity conservation;
 - (vi) clean transportation;
 - (vii) sustainable water and wastewater management;
 - (viii) climate change adaptation;
 - (ix) eco-efficient and/or circular economy adapted products, production technologies and processes; and
 - (x) green buildings which meet regional, national or internationally recognised standards or certifications;

- (b) Social projects that relate to—
 - (i) affordable basic infrastructure;
 - (ii) access to essential services;
 - (iii) affordable housing;
 - (iv) employment generation including the potential effect of SME financing and microfinance;
 - (v) food security; and
 - (vi) socioeconomic advancement and empowerment;
- (c) Projects which are the combination of Green and Social projects as described in (a) and (b) above; and
- (d) Waqf projects that relate to the development of waqf properties or assets.

SRI Sukuk Framework

7.09 The core components of the SRI Sukuk Framework are set out as follows:

- (a) Utilisation of proceeds;
- (b) Process for project evaluation and selection;
- (c) Management of proceeds; and
- (d) Reporting.

A. Utilisation of proceeds

7.10 An issuer must ensure that the proceeds raised from the issuance of the SRI sukuk are utilised only for the purpose of funding any activities or transactions relating to the Eligible SRI projects as described in paragraph 7.08.

7.11 In relation to the activities or transactions that involve acquisition of a company which carries on the Eligible SRI projects, an issuer must ensure that the company that is to be acquired does not carry on any other business or projects except for the Eligible SRI projects.

B. Process for project evaluation and selection

7.12 An issuer must establish internal processes for evaluation and selection of the Eligible SRI projects as identified in paragraph 7.08 above.

C. Management of proceeds

7.13 An issuer must ensure that the proceeds allocated for the Eligible SRI projects are credited into a designated account or otherwise tracked in an appropriate manner.

D. Reporting

- 7.14 An issuer must provide the following information to the sukuk holders annually through a designated website:
- (a) The original amount allocated for the Eligible SRI projects;
 - (b) The amount utilised for the Eligible SRI projects;
 - (c) The unutilised amount and where such unutilised amount is placed or invested pending utilisation; and
 - (d) The list of the Eligible SRI projects in which the SRI sukuk proceeds have been allocated to and a brief description of the said Eligible SRI projects and their impact or expected impact, including the key underlying methodology or assumptions used to determine the impact or expected impact.

Guidance to subparagraph 7.14(d):

In reporting the impact or expected impact of the Eligible SRI projects, an issuer may use qualitative performance indicators and where feasible, quantitative performance measures. Examples of quantitative measures for projects that fall under the category of renewable energy or energy efficiency – energy capacity, electricity generation, greenhouse gas emissions reduced or avoided, number of people provided with access to clean power, decrease in water use or reduction in the number of cars required.

Examples of quantitative performance measures for projects that fall under the category of social projects include the number of beneficiaries, reduction in unemployment, increase in number of public transport users, increase in literacy rate or increase in life expectancy.

- 7.15 Where an issuer is unable to make available comprehensive information as specified in paragraph 7.14 above due to confidentiality agreements or competitive considerations, such issuer may provide the information in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).

Disclosure requirements

- 7.16 For the purpose of disclosure of the details of the issuer and the SRI Sukuk Framework under paragraph 7.05, the following information must be included:
- (a) The overall SRI objectives that the issuer intends to achieve;
 - (b) The utilisation of proceeds from the issuance of the SRI sukuk. Where all or part of the proceeds are used for refinancing, an issuer must provide the amount of proceeds being allocated for refinancing and which Eligible SRI projects to be refinanced;
 - (c) The Eligible SRI projects in which the proceeds will be allocated;
 - (d) The details of the Eligible SRI projects and to the extent possible, impact objectives from the Eligible SRI projects;
 - (e) The processes used by the issuer to evaluate and select the Eligible SRI projects;
 - (f) The criteria used by the issuer to identify and manage material environmental or social risks associated with the Eligible SRI projects;
 - (g) The processes used by the issuer to manage the proceeds from the issuance of the SRI sukuk; and
 - (h) A statement that the issuer has complied with the relevant environmental, social and governance standards or recognised best practices relating to the Eligible SRI projects.

External review

- 7.17 If an external reviewer is appointed to assess and provide report on the Eligible SRI projects or the issuer's compliance with the requirements under these Guidelines, such external reviewer's report must be made available on the designated website.

Chapter 8

ASEAN BONDS AND SUKUK

8.01 This chapter sets out the additional requirements for an issuance of–

- (a) ASEAN Green Bonds and Sukuk;
- (b) ASEAN Social Bonds and Sukuk; and
- (c) ASEAN Sustainability Bonds and Sukuk.

8.02 The issuer must ensure that the issuance of the corporate bonds or sukuk adopts the prescribed standards issued by ACMF, as follows:

- (a) In the case of ASEAN Green Bonds and Sukuk, the ASEAN Green Bond Standards;
- (b) In the case of ASEAN Social Bonds and Sukuk, the ASEAN Social Bond Standards; and
- (c) In the case of ASEAN Sustainability Bonds and Sukuk, the ASEAN Sustainability Bond Standards.

8.03 An issuer must not–

- (a) use or adopt the term “ASEAN Green”, “ASEAN Social” or “ASEAN Sustainability”, as the case may be, in relation to the name of its corporate bonds or sukuk; or
 - (b) hold itself out as an issuer of such ASEAN corporate bonds or sukuk,
- unless the issuance has complied with this chapter.

Chapter 9

SUSTAINABLE AND RESPONSIBLE INVESTMENT LINKED (SRI-LINKED) SUKUK

- 9.01 This chapter sets out the additional requirements for an issuance of a sustainable and responsible investment linked (SRI-linked) sukuk.
- 9.02 For the purpose of this chapter, SRI-linked sukuk refers to sukuk where—
- (a) the financial or structural characteristics, or both the financial and structural characteristics of the sukuk vary depending on whether the issuer meets the predefined sustainability targets; and
 - (b) its issuance complies with the requirements under these Guidelines.
- 9.03 An issuer must not—
- (a) use or adopt the term “SRI-linked sukuk”; or
 - (b) hold itself out as an issuer of such SRI-linked sukuk,
- unless the issuance of the SRI-linked sukuk meets the requirements as set out in paragraph 9.02 above.
- 9.04 An issuer of a SRI-linked sukuk must establish policies and processes to ensure compliance with the SRI-linked Sukuk Framework as set out in this chapter.
- 9.05 The information relating to the issuer and the details of the issuer’s SRI-linked Sukuk Framework must be made publicly accessible via a designated website to be disclosed by the issuer. Such information in the designated website must be made available at the point of issuance and throughout the tenure of the SRI-linked sukuk.
- 9.06 Where the issuer is a special purpose vehicle, all requirements applicable to the issuer in these Guidelines shall also apply, where applicable, to the obligor.

SRI-linked Sukuk Framework

- 9.07 The core components of the SRI-linked Sukuk Framework are as follows:

- (a) SRI-linked sukuk characteristics;
- (b) Selection of Key Performance Indicators (KPIs);
- (c) Calibration of Sustainability Performance Targets (SPTs);
- (d) External review; and
- (e) Reporting.

A. SRI-linked sukuk characteristics

9.08 An issuer must ensure that a SRI-linked sukuk is structured in a manner that its financial or structural characteristics, or both its financial and structural characteristics vary depending on whether the issuer meets the predefined sustainability targets during the tenure of the SRI-linked sukuk.

Guidance to paragraph 9.08

The variation in the financial or structural characteristics, or both its financial and structural characteristics, should commensurate and be meaningful.

For example, the SRI-linked sukuk is structured such that the profit rate of the SRI-linked sukuk payable to sukuk holders would be varied if the issuer fails to meet the sustainability targets.

The variation to the profit rate should commensurate and be meaningful after having considered the original profit rate payable had the issuer achieved the sustainability targets.

B. Selection of Key Performance Indicators (KPIs)

9.09 An issuer must select KPIs that the issuer intends to use as its sustainability targets.

9.10 An issuer must select KPIs that, among others–

- (a) are significant to the issuer’s sustainability and business strategy;
- (b) address relevant environmental, social or governance (ESG) challenges in the issuer’s industry; and

- (c) are within the issuer's control.

Guidance to paragraph 9.10

The KPIs selected should be—

- (a) relevant, core and material to the issuer's overall business, and of high strategic significance to the issuer's current and/or future operations;
- (b) measurable or quantifiable on a consistent methodological basis;
- (c) externally verifiable; and
- (d) able to be benchmarked as much as possible using an external reference or definition to facilitate the assessment of the SPT's level of ambition.

9.11 An issuer may select any previous or existing KPIs that the issuer has set for itself subject to the following:

- (a) The KPIs must have been made available to the public in any of the issuer's publications, such as in the issuer's annual reports, sustainability reports or other non-financial disclosure reports; or
- (b) In the case where the KPIs were not made available to the public, the KPIs' values must be externally verified to the extent possible, for a period covering at least the three most recent years.

C. Calibration of Sustainable Performance Targets (SPTs)

9.12 An issuer must set out the SPTs, which are measurable targets of improvement over a predefined timeline, for each KPIs.

Guidance to paragraph 9.12

The SPTs selected must be—

- (a) ambitious yet realistic;
- (b) a material improvement in the respective KPIs and be beyond a "Business as Usual" trajectory;
- (c) comparable to a benchmark or an external reference, where possible;
- (d) consistent with the issuers' overall sustainability, business and ESG strategy; and
- (e) set before, or concurrently with, the issuance of the SRI-linked sukuk.

D. External Review

Pre-Issuance

- 9.13 An issuer must appoint an external reviewer to assess and provide a report on the issuer's compliance with the requirements under these Guidelines.

Guidance to paragraph 9.13

The external reviewer's report should include–

- (a) the assessment of the relevance, robustness and reliability of the selected KPIs;
- (b) the rationale and level of ambition of the proposed SPTs;
- (c) the relevance and reliability of selected benchmarks and baselines; and
- (d) the credibility of the strategy outlined to achieve the SPTs, based on scenario analyses, where relevant.

- 9.14 The issuer must make available the external reviewer's report on the designated website.

Post-Issuance

- 9.15 An issuer must appoint an independent verifier to provide a verification report on the issuer's performance level against each SPT for each KPI.
- 9.16 The verification must be carried out at least annually, during the predefined timeline for assessing the SPT performance, until after the last SPT trigger event of the SRI-linked sukuk has been reached.
- 9.17 The issuer must make available the verifier's report on the designated website.

E. Reporting

- 9.18 An issuer must publish the following information on the designated website:
- (a) An up-to-date information on the performance of the selected KPIs, including baselines, where relevant; and

- (b) Relevant information to enable the sukuk holders to assess and monitor the progress or relevancy of the selected KPIs and SPTs including any changes to the issuer’s sustainability, business and ESG strategy that may impact the KPIs and SPTs.
- 9.19 For the purpose of paragraph 9.18, the issuer must publish such information at least annually to allow for a proper assessment to be undertaken by the sukuk holders of the issuer’s performance in relation to the selected SPTs.

Disclosure Requirements

9.20 For the purpose of disclosure of the details of the issuer and the SRI-linked Sukuk Framework under paragraph 9.05, the following information must be included:

- (a) The rationale and process according to which the KPIs have been selected and how the KPIs fit into the issuer’s sustainability and business strategy;
- (b) The detailed description of the potential variation of the SRI-linked sukuk’s structure or financial characteristics and the trigger event leading to such variation;
- (c) Description and the issuer’s plan to achieve each of the SPTs;

Guidance to paragraph 9.20(c)

The issuer may outline its plan by describing its ESG strategy, supporting ESG governance and investments, and its operating strategy, for example, through highlighting the type of actions that are expected to drive the performance towards the SPTs as well as their expected respective contribution, in quantitative terms wherever possible.

- (d) Motivation for the outlined SPTs and the timelines for the achievement of the SPTs, including the target observation date or period, the trigger event and the frequency of SPTs;

Guidance to paragraph 9.20(d)

Motivation for the SPTs may include the ambition level, benchmarking approaches and consistency with overall strategic planning.

- (e) The baseline or reference point selected for improvement of KPIs as well as the rationale for that baseline or reference point to be used (including date or period);
- (f) The situations in which recalculations or pro-forma adjustments of baselines will take place;
- (g) Fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner; and
- (h) Any other key factors beyond the issuer's direct control that may affect the achievement of the SPTs.

Chapter 10

ASEAN SUSTAINABILITY-LINKED BONDS AND SUKUK

- 10.01 This chapter sets out the additional requirements for the issuance of ASEAN Sustainability-Linked corporate bonds and sukuk.
- 10.02 The issuer must ensure that the issuance of the corporate bonds or sukuk adopts the ASEAN Sustainability-Linked Bond Standards issued by ACMF.
- 10.03 An issuer must not–
- (a) use or adopt the term “ASEAN Sustainability-Linked” in relation to the name of its corporate bonds or sukuk; or
 - (b) hold itself out as an issuer of such ASEAN Sustainability-Linked corporate bonds or sukuk,
- unless the issuance has complied with this chapter.