

# SECURITIES INDUSTRY ACT 1983

## SECURITIES INDUSTRY (DEALER'S CONTRACT NOTE) REGULATIONS 1997

In exercise of the powers conferred by sections 38 and 127 of the Securities Industry Act 1983, the Minister makes the following regulations:

*Act 280.*

*Citation and commencement.*

1. These regulations may be cited as the **Securities Industry (Dealer's Contract Note) Regulations 1997** and shall come into force on 30 January 1997.

*Interpretation.*

2. (1) In these Regulations, unless the context otherwise requires—

“contract note” means the document issued by a dealer for the sale or purchase of any security to its client;

*Act 453.*

“depositor” has the same meaning as is assigned to that expression under subsection 2(1) of the Securities Industry (Central Depositories) Act 1991;

“market day” means the hours between 9.30 a.m. and 5.00 p.m. from Mondays to Fridays or such other times or days as may be determined by the stock exchange from time to time but excludes public holidays or any other day on which the market is declared officially closed by the stock exchange;

*Act 453.*

“securities account” has the same meaning as is assigned to that expression under subsection 2(1) of the Securities Industry (Central Depositories) Act 1991;

“transaction” means any transaction for the sale or purchase of securities entered into by the dealer either as principal or on behalf of another person;

“transaction in the ordinary course of business at a stock market” means a transaction which takes place at any official trading on a stock market of a stock exchange which is executed through the trading facility of the stock exchange and during the market day.

(2) A reference in these Regulations to a dealer dealing or entering into a transaction as principal includes a reference to a person—

- (a) dealing or entering into a transaction on behalf of a person associated with him;
- (b) dealing in securities on behalf of a body corporate in which he has a controlling interest; or
- (c) where he carries on business as a dealer on behalf of a body corporate in which his interest and the interests of his directors together constitute a controlling interest.

(3) For the purposes of subregulation (2), a person is not associated with another person by reason only that he is a director of a body corporate of which the other person is also a director, whether or not the body corporate carries on a business of dealing in securities.

3. (1) A dealer shall, not later than the end of the next market day after the transaction was entered into, give a contract note which complies with regulation 4 to its clients in respect of the transaction.

Issue of contract note.

(2) For the purposes of subregulation (1), “client” refers to—

- (a) where the transaction took place in the ordinary course of business at a stock market of a stock exchange and the dealer entered into the transaction otherwise than as principal, the person for whom the dealer entered into the transaction;
- (b) where the transaction did not take place in the ordinary course of business at a stock market of a stock exchange and the dealer entered into the transaction otherwise than as principal, the person with whom the dealer entered into the transaction; and
- (c) where the transaction did not take place in the ordinary course of business at a stock market of a stock exchange and the dealer entered into the transaction as principal, the person with whom the dealer entered into the transaction.

(3) For the purposes of subregulation (2), a member company shall not be taken to have entered into a transaction as principal by reason only that the transaction was entered into with another member company.

4. A contract note given by the dealer shall include the following information:

Information in a contract note.

- (a) the name and address of the principal place of business, of the dealer;
- (b) the name of the exchange of which the dealer is a member;
- (c) the name and address of the client to whom the dealer issues the contract note;
- (d) the date of the transaction;

- (e) the client's account number;
- (f) the securities account number related to the transaction, where applicable;
- (g) a statement stating that the contract note issued shall be subject to the rules of the relevant stock exchange;
- (h) the reference number or contract number in respect of that contract note;
- (i) the name, or any other type of identification, of the dealer's representative who executed the transaction;
- (j) the number of the transaction given by a recognised clearing house under the Act;
- (k) in respect of a transaction where the dealer is acting for a person who is not a dealer, a statement whether it is acting as principal in respect of that transaction;
- (l) in respect of a transaction which did not take place on a stock market of a stock exchange, a statement to that effect;
- (m) the quantity and description of the securities transacted;
- (n) the price per unit of the securities;
- (o) the total amount of consideration for the transaction;
- (p) reference particulars of the securities such as its security code number by which the security is identified on a transaction on the stock market of a stock exchange;
- (q) a statement as to whether the price paid for the transaction includes or excludes the benefit of any corporate actions which is attached to that transaction such as payment of dividends, rights or bonus issues;
- (r) the rate and amount of commission charged;
- (s) the amount of stamp duty payable;
- (t) the date of the delivery of securities and settlement; and
- (u) other fees (if any) charged.

5. A contract note may contain the particulars of more than one transaction which have been transacted in the course of one market day in relation to one client and where this is the case, the following shall apply:

- (a) there shall be a breakdown of particulars in paragraphs 4(i), (j), (k), (l), (m), (n), (o), (p), (q), (r), (s), (t) and (u) for each transaction; and
- (b) there shall be a statement to the effect that the invalidity of any one transaction for any reason whatsoever shall not operate as to invalidate all other transactions recorded in that contract note.

6. A dealer shall not include in a contract note given under regulation 3, as the name of the person with or for whom he has entered into the transaction, a name that he knows, or could reasonably be expected to know, is not the name by which that person is ordinarily known.

Prohibition from including name of a person not ordinarily known.

Dated 16 January 1997.

[S. (8.02) 443-20 Jld. 4; PN. (PU<sup>2</sup>) 135/IV.]

ANWAR IBRAHIM,  
*Minister of Finance*