

SUMMARY OF AMENDMENTS
REVISED GUIDELINES ON THE REGISTRATION AND CONDUCT OF CAPITAL MARKET SERVICES PROVIDERS

(Date of Issuance: 28 November 2024)

The following table provides a summary of key amendments to the revised *Guidelines on the Registration and Conduct of Capital Market Services Providers* (Guidelines) issued on 28 November 2024:

A. Overview
<ol style="list-style-type: none">1. The Guidelines have been amended to strengthen the governance of related-party trustees (RPT) and to provide further clarity to capital market services providers.2. These amendments, among others, include:<ol style="list-style-type: none">(a) Clarifying that the declaration to act a related-party trustee for corporate bonds and sukuk shall be submitted to the in accordance with the requirements in the revised CMSP Guidelines. As such, trustees are no longer required to submit the declaration via the LOLA Online Submission System;(b) Removing the requirement that a trustee can be a related-party trustee provided that it is within the financial group of a financial institution;(c) Broadening the requirement on non-financial resources of the RPT to be sufficiently independent of its related corporations;(d) Inclusion of a new prohibition on independent directors of a related-party trustee from serving as a director of any other corporation within the same group; and(e) Clarifying the timing for submission of the assessment report to the SC and the scope of assessment.

3. Housekeeping and editorial amendments throughout the Guidelines were made to provide greater clarity and consistency. These amendments include stylistic or formatting changes and necessary changes of an editorial nature such as renumbering of certain requirements.

B. Amendment Highlights			
No.	Prior to 28 November 2024	Revised Version Dated 28 November 2024	Comments
Effective Date			
1.	-	Footnote 2	Inserted footnote on the effective date for paragraphs 1(b)(ii) and 1(d) of Appendix 2 of the revised CMSP Guidelines.
Chapter 2: Definitions			
2.	Paragraph 2.01	Paragraph 2.01	Inserted the definitions of “corporate bonds”, “issuer”, “registered trustee”, “structured products” and “sukuk” for the purposes of clarity. Moved definition of “independent director” from guidance note in Appendix 2 to the definition section in Chapter 2.
Chapter 4: Requirements for Registration of Trustees and Appointment of Related Party Trustee			
3.	Paragraph 4.20	Paragraph 4.20	Amended for clarity that SC’s approval is required prior to appointment of a related-party trustee (RPT).
4.	-	Paragraph 4.20A	Inserted to replace current paragraph 4.20 on requirements to be approved as a RPT.

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5.	Paragraph 4.21	Paragraph 4.21	Amended to provide clarity that the aim of the internal controls, processes and systems adopted are to ensure proper management of conflict of interest given its position as a RPT.
6.	Paragraph 4.22	Paragraph 4.22	Amended as RPT are no longer required to seek SC's approval for scope of assessment. Paragraph 4.21 provides for the required scope.
7.	Paragraph 4.23	Paragraph 4.23	Amended to provide further clarity on timeline for submission of assessment report.
Chapter 7: Continuous Obligations			
8.	-	Paragraph 7.01A	Inserted to clarify that the requirements in Appendix 2 are on-going and continuous.
9.	Paragraph 7.07(c)	Paragraph 7.07(c)	Amended to clarify that the provision include delegates.
Chapter 8: Conduct Requirements for Registered Trustee			
10.	Paragraph 8.02(d)	Paragraph 8.02(d)	Amended to clarify that the trustee must ensure that the governance framework implemented must be effective.
11.	Paragraph 8.07	Paragraph 8.07	Amended to clarify that trustee needs to use its best endeavors to avoid any conflict.

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12.	Paragraph 8.09	-	Deleted.
13.	Paragraph 8.13	Paragraph 8.13	Amended to clarify that the board is required to ensure there is an internal audit function.
14.	Paragraph 8.14		Deleted.
15.	Paragraph 8.20	Paragraph 8.20	Amended to ensure all products including corporate bonds and sukuk are covered under the requirement to provide information to the SC.
Chapter 9 – Issuing House			
16.	Paragraph 9.02(c)	Paragraph 9.02(c)	Amended to clarify that the applicant is responsible to ensure adequate and competent human resources.
Chapter 10 – Outsourcing and Delegation			
17.	Paragraph 10.01	Paragraph 10.01	Amended to clarify that the requirements are also applicable to delegates.
18.	Paragraph 10.03	Paragraph 10.03	Amended to clarify that the prohibition also applies to delegation.
19.	Paragraph 10.04	Paragraph 10.04	Amended to clarify that service providers and delegates must use their best endeavors to avoid any conflict.

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20.	Paragraph 10.06(a)	Paragraph 10.06(a)	Amended for clarity as the requirement pertains only to outsourcing arrangements.
21.	Paragraphs 10.12, 10.13(d), 10.15(b) and 10.17	Paragraphs 10.12, 10.13(d), 10.15(b) and 10.17	Amended to clarify that the prohibition applies to service providers and delegates.
22.	Paragraphs 10.14 and 10.19	Paragraphs 10.14, 10.19	Amended to remove duplication.
23.	Paragraph 10.20, 10.21	Paragraph 10.20	Amended to clarify that the requirement to conduct an assessment under paragraph 10.19 by the entity's internal audit or external auditor does not apply to internal audit function outsourced.
24.	Paragraphs 10.19 and 10.20	Paragraph 10.21	Consolidated the obligations on report submission previously under paragraphs 10.19 and 10.20.
26.	-	Paragraph 10.21A	Inserted new provision on the responsibility of the board and audit committee in respect of internal audit function outsourced.
27.	Paragraph 10.22	Paragraph 10.22	Amended to clarify that notification covers delegation arrangements and format can be found on SC's website.

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Chapter 11 – Reporting Requirements			
28.	Paragraph 11.04	Paragraph 11.04	Amended to clarify that SC must be immediately informed if there is any material change or development that may impact SC's consideration of the application or subsequent to SC's approval.
29.	-	Paragraphs 11.16, 11.17 and 11.18	Inserted provision on the submission procedures for the declaration approach available to corporate bonds and sukuk RPT.
30.	-	Paragraphs 11.19 and 11.20	Inserted provision on the consultation and submission procedures for the application to be RPT.
31.	-	Paragraph 11.21	Inserted new provision on the submission procedures for the assessment report required under paragraph 4.22.
32.	-	Paragraph 11.22	Inserted a requirement for SC to be notified if there is material change or development to the declaration submitted by the RPT.
Appendix 1 – Fit and Proper Criteria			
33.	Paragraph 2	Paragraph 2	Amended to clarify that the 'Relevant Person' refers to the directors, chief executive and senior management of an applicant or registered person.

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Appendix 2 – Requirements On The Appointment Of Related-Party Trustee			
34.	Paragraph 2(a)	-	Removed the requirement that a trustee must be within the financial group of a financial institution.
35.	Paragraphs 2(b) and 2(c)	Paragraph 1(h)	Amended and replaced with new subparagraph 1(h).
36.	Paragraph 2(d)	Paragraph 1(a)	Amended requirement and guidance note to clarify that a RPT must be financially independent of the management company or issuer.
37.	Paragraph 2(e)	Paragraph 1(b)	Amended to broaden the requirement on non-financial resources of the RPT to be sufficiently independent of its related corporations.
38.	Paragraph 2(f)	Paragraph 1(c)	Removed the requirement for the trustee’s constituting documents to reflect the composition requirement.
39.	-	Paragraph 1(d)	Inserted a new prohibition on independent directors of a related-party trustee from serving as a director of any other corporation within the same group.
40.	Paragraph 3(b)(vi)	Paragraph 1(g)	Amended to clarify that a RPT must have internal controls, procedures and systems in place.

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Appendix 2A – Requirements On The Appointment Of Related-Party Trustee			
41.	Paragraph 3 of Appendix 2	Appendix 2A	Updated the list of documents to be submitted with the application to the SC for the appointment of RPT.
Appendix 3 – Notification of Material Outsourcing Arrangements			
42.	Appendix 3	-	Deleted. The format for notification of material outsourcing and delegation arrangements are made available on SC's website.
Schedule 1 – Declaration to act as a RPT			
43.	-	Schedule 1	Inserted the format for declaration to act as a RPT under subsection 260(2) of the <i>Capital Markets and Services Act 2007</i> .