

To All Chief Executive Officers of-
Holders of Capital Markets Service License who carries on the business of Dealing in Securities

Dear Sir/Madam,

Re: Directive to require Holders of Capital Markets Services License for Dealing in Securities (CMSL holders) to cease Trading Blocks on Securities Undergoing Share Consolidation Exercises

1. Brokerage Industry Digitisation Group (BRIDGE) was setup as a working group comprising the Securities Commission Malaysia (SC), Bank Negara Malaysia (BNM), Bursa Malaysia as well as industry participants to accelerate digitisation across the brokerage industry as well as improve retail investors' experience.
2. The BRIDGE working group understands that the following challenges arise in a share consolidation exercise:
 - a. Upon announcement of share consolidation for impacted counter at ex-date, there could be potential movement of share price.
 - b. Share balances in the investor's Central Depository System (CDS) account (for impacted counter) will only be adjusted on effective date, thus resulting in the risk of individual investors potentially overselling shares owned of the impacted counter during the window between ex-date and effective date.
 - c. To manage this risk, CMSL holders impose an online trading block which prevents individual investors from trading shares of the impacted counter online within this window of time.
3. The SC recognises the importance of seamless digital customer trading experience, and notes that the prevention of investors from trading the impacted counter online during the window between ex-date and effective date is an industry-wide issue that requires rectification.
4. As such, the SC on behalf of BRIDGE will require all CMSL holders to cease any online trading blocks on individual investors during the window between the ex-date and effective date for counters undergoing consolidation.
5. The requirement under paragraph 4 shall come into effect on 31 December 2019.
6. Please direct any questions on this matter to bridge@seccom.com.my.