

## Facilitating Diversity in Intermediary Models

The stockbroking segment is currently served by 31 stockbroking companies that undertake trading and clearing functions on Bursa Malaysia. In tandem with changing investor demands and technological innovation, the current market structure will need to evolve and provide opportunities beyond core intermediation areas.

Consequently, the SC is revising the stockbroking framework to allow for more flexible business models through the separation of trading and clearing memberships on the exchange. The new framework will not only provide opportunities for a more efficient capital structure but also for intermediaries to venture into specialised intermediation models and leverage their strengths in managing operational costs. It will also facilitate new entrants with differentiated value propositions such as digital-only brokers, execution-only brokers, multi-asset brokers and clearing-only brokers.

## Enhancing Regulatory Requirements on the Issuance of Corporate Bonds and Sukuk

The SC had undertaken a review of the *Guidelines on Trust Deeds*, in line with recent market developments. As part of the review, various focus group sessions were conducted with key stakeholders such as investors, trustees, principal advisers and lawyers to gather detailed feedback on the proposed changes and enhancements.

As a result, the revised *Guidelines on Trust Deeds* were released on 23 July 2020. There were several enhancements aimed to facilitate operational efficiency and improve time-to-market for the industry, strengthen investor protection and increase trustees' ability to carry out their duties efficiently and effectively.

# REVISED GUIDELINES ON TRUST DEEDS

### Objectives



Facilitate operational efficiency and improve time-to-market for industry



Enhance investor protection



Improve trustees' ability to carry out their duties more efficiently and effectively

### Key updates

- To provide an exemption to perpetual corporate bonds or sukuk for certain events that constitute an event of default.
- To extend exemptions for events of default and covenants to licensed insurers, licensed takaful operators, holding companies of licensed banking institutions and any other institutions for issuances of corporate bonds or sukuk to meet BNM requirements for regulatory capital.
- To require issuers to seek the consent of bondholders or sukuk holders for any additions, variations, extensions or modifications to conditions subsequent.
- To increase the amount to be deposited in the Trustees' Reimbursement Account (TRA) and to vary the source of funds for the TRA.