



**Suruhanjaya Sekuriti**  
Securities Commission

**GUIDELINES ON THE ESTABLISHMENT OF  
ELECTRONIC ACCESS FACILITIES BY UNIVERSAL  
BROKERS AND ELIGIBLE NON-UNIVERSAL BROKERS**

(Amended as at 5 November 2004)

**GUIDELINES ON THE ESTABLISHMENT OF  
ELECTRONIC ACCESS FACILITIES BY UNIVERSAL BROKERS  
AND ELIGIBLE NON-UNIVERSAL BROKERS**

**1. PURPOSE**

- 1.1 These Guidelines seek to provide guidance to Universal Brokers and Eligible Non-Universal Brokers (collectively referred to as “eligible stockbroking companies”) wishing to establish electronic access facilities, commonly referred to as Internet kiosks, investment centres, booths or terminals, for use by their clients.
- 1.2 Eligible Non-Universal Brokers are permitted to establish four (4) additional branches (pursuant to the Guidelines on the Establishment and Location of a Branch Office by a Universal Broker and a Non-Universal Broker), or electronic access facilities, or electronic access facilities with permitted activities, or a combination thereof, which shall not exceed four (4) in total.
- 1.3 For the avoidance of doubt, only Universal Brokers shall continue to have the benefit to establish unlimited number of branches, EAFs and EAF-PAs.

**2. SCOPE**

- 2.1 Any eligible stockbroking company that seeks to establish an electronic access facility outside its principal office or any of its branch office(s) must obtain the prior approval of the Securities Commission (SC) and comply with these Guidelines.
- 2.2 Where such approval is given under paragraph 2.1, the electronic access facility shall not be considered a branch office of the said eligible stockbroking company.
- 2.3 These Guidelines shall not apply to a stockbroking company that seeks to establish an electronic access facility which is situated:-
  - (i) at the premises or residence of an investing client and that facility is used solely by the individual client and/or its employees; or
  - (ii) within its principal office or any of its branch office(s).

**3. DEFINITIONS**

- 3.1 In these Guidelines: -
  - (a) “**branch office**” has the same meaning as is assigned to that expression in the SC Guidelines for a Universal Broker;
  - (b) “**electronic access facilities**” or “**facility**” means any physical site, location or premise containing physical hardware or equipment that:-

- (i) houses electronic systems, devices or platforms; and
  - (ii) provides broker-client linkages or electronic client ordering systems;
- and which enables clients to initiate orders or obtain market or investment advisory information, including but not limited to, Internet kiosks, investment centres, booths or terminals.
- (c) **"eligible Non-Universal Brokers"** means Non-Universal Brokers that have complied with the SC's Policy of the Consolidation of the Stockbroking Industry"
  - (d) **"eligible stockbroking companies"** means Universal Brokers and those stockbroking companies that have merged with at least one (1) other stockbroking company pursuant to SC's Policy of the Consolidation of the Stockbroking Industry"
  - (e) **"non-Universal Broker"** has the same meaning as is assigned to that expression in the SC Guidelines on the Establishment and Location of a Branch Office by a Universal Broker and a non-Universal Broker;
  - (f) **"principal office"** has the same meaning as is assigned to that expression in the SC Guidelines for a Universal Broker;
  - (g) **"relevant exchange"** means the exchange, approved pursuant to section 8 of the Securities Industry Act, 1983, to which that Universal Broker has been admitted as a member;
  - (h) **"stockbroking company"** means a holder of a dealer's licence under the Securities Industry Act, 1983; and
  - (i) **"Universal Broker"** has the same meaning as is assigned to that expression in the SC Guidelines for a Universal Broker.

#### 4. SECURITY AND SYSTEMS REQUIREMENTS

- 4.1 Eligible stockbroking companies that establishes an electronic access facility outside its principal office or branch office(s), shall ensure that the facility adheres to the following security measures:
  - (a) The facility is reasonably secure from unauthorised tampering and intrusion, both in terms of hardware and software; and
  - (b) The facility's electronic applications must conform with:
    - (i) all relevant standards, guidelines or codes with respect to the use of information technology issued by the SC or the relevant exchange(s), including but not limited to the Code on Electronic Client Ordering System for the Stock Exchange Participating Organisations, issued by the Stock Exchange; and

- (ii) all relevant rules with respect to trading issued by the SC or the relevant exchange(s).

## **5. ACTIVITIES CARRIED OUT AT AN ELECTRONIC ACCESS FACILITY LOCATED OUTSIDE A PRINCIPAL OFFICE OR BRANCH OFFICE(S) OF ELIGIBLE STOCKBROKING COMPANIES**

- 5.1 Eligible stockbroking companies are prohibited from stationing any licensed dealer's representatives at such electronic access facility where the facility is located outside the principal office or branch office(s) of the Universal Broker. Eligible stockbroking companies can only station employees at its facility solely for the purposes of technical assistance, maintenance and securing the facility.

## **6. PROCEDURES FOR APPLICATION**

- 6.1 Eligible stockbroking companies shall submit their application for approval under these Guidelines to the SC and the relevant exchange(s), which should include the following information:
  - (a) description of the type of electronic access facility;
  - (b) location(s) of the electronic access facility;
  - (c) number of devices commissioned at each location;
  - (d) service(s) offered via the electronic access facility;
  - (e) name, designation and qualifications of the employee(s) of the eligible stockbroking company responsible for the management of the electronic access facility;
  - (f) written confirmation by the eligible stockbroking company's Executive Director – Compliance, in accordance with Appendix 1, that the electronic access facility complies with these Guidelines and any other additional requirements that may be imposed by the SC or the relevant exchange(s); and
  - (g) such other information as may be required by the SC or the relevant exchange(s).
- 6.2 The proposed electronic access facility would be subject to a readiness audit by the relevant exchange(s) based on the complete submission of the information, documentation and written confirmation required in paragraph 6.1 above. Based on its review, the relevant exchange(s) shall forward its report and recommendation to the SC within fourteen (14) working days from the date of receipt of the complete information, documentation and written confirmation required under these Guidelines.
- 6.3 The SC shall make its decision within seven (7) working days from the date of receipt of the report and recommendation of the relevant exchange(s) under these Guidelines.
- 6.4 The approval of the SC may be granted on the basis of such terms and conditions as it deems fit.

## **7. CONTINUING OBLIGATIONS**

- 7.1 Eligible stockbroking companies are required to obtain the prior approval of the SC and the relevant exchange(s) of any material change to the electronic access facility in relation, but not limited, to the matters stated in paragraph 6.1 above.

## **8 OTHER MATTERS**

- 8.1 All submissions to the SC in respect of these Guidelines should be addressed to:

General Manager  
Institutions & Intermediaries Supervision Department  
Market Supervision Division  
Securities Commission  
3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur

## **APPENDIX 1**

### **Declaration on Compliance with the Guidelines on the Establishment of Electronic Access Facilities by Universal Brokers and Eligible Non-Universal Brokers**

Date: (Date of Application)

The Director  
Market Supervision Division  
Securities Commission  
No 3, Persiaran Bukit Kiara,  
Bukit Kiara,  
50490 Kuala Lumpur

Dear Sir,

**ELIGIBLE STOCKBROKING COMPANY (Name of Universal Broker / Eligible Non-Universal Broker)**

#### **Proposed Establishment of Electronic Access Facilities**

We, ...(Name of Eligible Stockbroking Company)... , propose to establish electronic access facilities in the form of (to specify), the details of which, as required under the Guidelines on the Establishment of Electronic Access Facilities by a Universal Broker (Guidelines), are attached.

We declare that we have exercised all due diligence in relation to the proposed establishment of electronic access facilities. We confirm that after having made all reasonable enquiries, and to the best of our knowledge and belief, there is no false or misleading statement or material omission that would render the information provided to the Securities Commission to be false or misleading.

We are satisfied that the proposed establishment of electronic access facilities is in full compliance with the requirements as stated in the Guidelines as well as any other requirements as may from time to time be specified by the Securities Commission or the relevant exchange(s).

We declare that we will ensure continuous compliance with the stated requirements and conditions imposed by the Securities Commission under the Guidelines as well as any other requirements as may from time to time be specified by the Securities Commission or the relevant exchange(s), throughout the operation of the proposed electronic access facilities.

We also undertake to provide the Securities Commission all such information as the Securities Commission may from time to time require in relation to the proposed electronic access facilities.

The above Declaration has been signed by me as ...(Executive Director - Compliance)... of ...(Name of the Eligible Stockbroking Company).

Date :

Signature :

Name :

Eligible Stockbroking Company:

Address of Eligible Stockbroking Company: