

Summary of Amendments made to the Guidelines on Registration and Conduct of Capital Market Services Providers

(Issued: 19 October 2018)

A. General amendments

1. Editorial amendments include streamlining of trustees' requirements in the following guidelines:
 - (a) *Guidelines on Unit Trust Funds;*
 - (b) *Guidelines on Private Retirement Schemes;*
 - (c) *Guidelines on Real Estate Investment Trusts;*
 - (d) *Guidelines on Listed Real Estate Investment Trusts;*
 - (e) *Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors;*
 - (f) PRACTICE NOTE issued pursuant to the *Guidelines on the Offering of Private Debt Securities, and the Guidelines on the Offering of Islamic Securities;*
 - (g) *Guidelines on Allowing a Person to be Appointed or to Act as a Trustee Under Subsection 69(2) Of The Securities Commission Act 1993;* and
 - (h) *Guidelines for the Appointment of a Related-Party Trustee.*
2. Include definitions relevant to a registered person under section 76A of the CMSA.
3. Updating references to other guidelines and streamlining of references.

B. Streamlining requirements		
Areas	Guidelines on Capital Market Services Providers	References
Financial	<p><u>Paragraph 4.06:</u></p> <p>Minimum issued and paid-up capital of not less than RM500,000 and a minimum shareholders' funds of RM1 million.</p>	<ol style="list-style-type: none"> 1. Paragraph 2.1(a) of the Practice Note issued pursuant to the <i>Guidelines on the Offering of Private Debt Securities, and the Guidelines on the Offering of Islamic Securities</i> (Practice Note) 2. Paragraph 4.01(c) of the <i>Guidelines on Listed Real Estate Investment Trusts</i> (Listed REITS Guidelines) and <i>Guidelines on Unit Trust Funds</i> (GUTF) 3. Paragraph 4.02(c) of the <i>Guidelines of Private Retirement Schemes</i> (PRS Guidelines), <i>Guidelines on Real Estate Investment Trusts Guidelines</i> (REITS Guidelines) and <i>Exchange-Traded Funds Guidelines</i> (ETF Guidelines)
Professional indemnity insurance	<p><u>Paragraph 4.09:</u></p> <p>Notwithstanding Paragraph 4.08, a trustee for a private retirement scheme and corporate bond or sukuk must obtain a PII coverage of at least RM10 million.</p>	<ol style="list-style-type: none"> 1. Paragraphs 2.1(b) and (c) of the Practice Note 2. Paragraph 4.02(d) of the PRS Guidelines
Duties of Trustees	<p><u>Paragraph 6.01:</u></p> <p>In carrying out its roles and responsibilities, a trustee must-</p> <p>(a) act honestly and in the best interest of the investor, and if there is a conflict between investors' interests and its own interests, give</p>	<ol style="list-style-type: none"> 1. Paragraph 2.6 of the Practice Note 2. Paragraphs 4.03, 4.04(a) to (e), 4.07, 4.08(a) to (c) and 4.22 of the REITS Guidelines 3. Paragraphs 4.02(a),(b),(e),(n),(o) and 4.03(a) to (c) of the Guidelines on Listed REITS 4. Paragraphs 4.03(a),(g), 4.08 (a) to (c), 4.16A of

	<p>priority to investors' interest;</p> <p>(b) safeguard the rights and interests of investors, exercise due diligence and vigilance in carrying out its functions and duties as trustee and act with care, skill and diligence as can be reasonably expected from a person exercising the position of a trustee;</p> <p>(c) take all reasonable steps to ensure fair treatment of investors;</p> <p>(d) take custody and control of the fund's asset and hold in trust for investors'; and</p> <p>(e) in the case of unit trust scheme and private retirement scheme, a trustee must ensure that a fund's asset is-</p> <p style="padding-left: 40px;">(i) clearly identified as the fund's or REIT's assets;</p> <p style="padding-left: 40px;">(ii) held separately from any other asset or property held by or entrusted to the trustee; and</p> <p style="padding-left: 40px;">(iii) registered-</p> <p style="padding-left: 80px;">A. in the name of trustee; or</p> <p style="padding-left: 80px;">B. where the custodial function is</p>	<p>the PRS Guidelines</p> <p>5. Paragraphs 4.02(a), (b), (h), 4.03(a) to (c) and 4.06 of the GUTF.</p> <p>6. Paragraphs 4.04(a) to (e), 4.08(a) to (c) ETF Guidelines.</p>
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	<p>delegated, in the name of the custodian to the order of the trustee;</p> <p>(f) not gain an advantage for itself or another person;</p> <p>(g) not cause detriment to investors;</p> <p>(h) not hold units or have other interests in the fund, any funds under the Scheme and in the REIT;</p> <p>(i) comply with any other duty that is conferred on the trustee by the deed, provided that such duty is not in contrary with the securities laws and these Guideline; and</p> <p>(j) carry out any other duties or responsibilities as may be specified by the SC.</p>	
Resource	<p><u>Paragraph 4.04 (a) to (c):</u></p> <p>In considering the application to register a trustee, the SC would take into account the following:</p> <p>(a) <u>Structure</u></p> <p>A trustee must ensure that there are adequate governance systems with clear lines of accountability, responsibility, authority, and clear segregation of duties</p>	<ol style="list-style-type: none"> 1. Paragraphs 2.2(a) to (d) of the Practice Note 2. Paragraphs 4.02(g),(h) of the Guidelines on Listed REITS 3. Paragraphs 4.02(d) and (e) of the GUTF 4. Paragraphs 4.05(a), (b) of REITS Guidelines and ETF Guidelines 5. Paragraphs 4.03(c) and (d) of the PRS Guidelines

	<p>to avoid any potential conflicts.</p> <p>(b) <u>Competence</u></p> <p>A trustee must have controls, processes and procedures in place that ensures investors' interest are always protected. A trustee must be able to demonstrate that-</p> <ul style="list-style-type: none"> (i) the organisational structure must support the segregation of duties to manage potential conflicts of interest; (ii) there are adequate internal controls, compliance and risks management systems, framework or functions; (iii) there are adequate IT and administrative systems to support the activities; (iv) there are adequate data management and reporting systems; and (v) they have in place all other administrative support required to ensure that- <ul style="list-style-type: none"> (1) investors' assets are appropriately recorded; and (2) segregated from its own assets and those from other investors. <p>(c) <u>Resource Capabilities</u></p> <p>A trustee must ensure they have adequate human</p>	
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	<p>resources with the necessary qualification, expertise, experience and skills to carry on business as a trustee.</p> <p><u>Paragraph 7.10</u></p> <p>A registered trustee must provide training to its officers to ensure that they continuously improve and upgrade their skills and expertise.</p>	<p>Paragraph 11.17 of PRS Guidelines and 11.64 of the GUTF</p>
Trustee's Oversight Function	<p><u>Paragraph 6.02:</u></p> <p>A trustee must actively monitor the operations and management of the fund by the management company and the PRS Provider, including conducting independent reviews and not only depend on information submitted by the management company and the PRS Provider.</p> <p><u>Paragraph 6.04:</u></p> <p>A trustee must take all steps to effect any instruction properly given by the management company and the PRS Provider, in relation to:</p> <p>(a) acquisitions or disposals of, or the exercise of the rights attached to, a UTS and PRS assets; and</p> <p>(b) creation and cancellation of, dealing in, and where relevant, redemption of, units of the UTS and PRS, in so far where such instruction is not contrary to any requirement of the securities laws, relevant guidelines, trust deed or documents lodged with the SC.</p>	<ol style="list-style-type: none"> 1. Paragraph 4.02(i) and Guidance under the Guidelines on Listed REITS 2. Paragraph 4.02(f) of the GUTF 3. Paragraph 4.09 and Guidance under the REITS Guidelines and ETF Guidelines 4. Paragraph 4.03(e) and Guidance under the PRS Guidelines <ol style="list-style-type: none"> 1. Paragraph 4.16 of the REITS and ETF Guidelines 2. Paragraph 4.03(b) of the PRS Guidelines 3. Paragraph 4.02(c) of the GUTF 4. Paragraph 4.02(d) of the Guidelines on Listed REITS

	specific principles or objectives, a trustee must provide a transaction report of the fund to the Shariah adviser or panel of advisers, where applicable. If the transaction report is prepared by the management company or the PRS Provider, the trustee must approve the transaction report prior to it being submitted to the relevant adviser.	<ol style="list-style-type: none"> Paragraph 4.04 of the GUTF Paragraphs 4.11 & 4.15 of the REITS and the ETF Guidelines
Dealings in Fund's Property	<p><u>Paragraph 6.10:</u></p> <p>In the case of REIT trustee, the trustee must ensure that-</p> <ol style="list-style-type: none"> where a property manager is appointed, the trustee approves such appointment; and where the real estate acquired is occupied partly or wholly by related parties- <ol style="list-style-type: none"> the terms and conditions of the tenancy agreements are reasonable under prevailing market conditions; and the rental rates for related tenants are reasonable and be guided by the recommendation of an independent valuer. 	<ol style="list-style-type: none"> Paragraph 4.17 of the REITS Guidelines Paragraphs 4.02(f) and (l) of the Guidelines on Listed REITS
Maintenance of Records	<p><u>Paragraph 8.16:</u></p> <p>A trustee must maintain and ensure that the</p>	<ol style="list-style-type: none"> Paragraph 4.05 of the GUTF

	<p>management company and the PRS Provider maintains proper accounting records and other records to sufficiently explain the transactions and financial position of the UTS and enable true and fair financial statements to be prepared from time to time.</p> <p><u>Paragraph 8.20:</u></p> <p>A trustee must maintain records as referred to in paragraph 7.19 for a period of at least seven years.</p>	<ol style="list-style-type: none"> 2. Paragraphs 4.14 & 4.15 of the PRS Guidelines 3. Paragraph 4.20 of the ETF Guidelines 4. Paragraph 4.21 of the REITS Guidelines 5. Paragraphs 4.04(a) and (b) of the Guidelines on Listed REITS <p>Paragraph 4.04(a) of the Guidelines on Listed REITS</p>
Provision of Information	<p><u>Paragraph 8.19</u></p> <p>A trustee must submit or make available any statement, document, book, record and other information kept by itself relating to the fund, the Scheme or funds within the Scheme and the business of the trustee which may be required by the SC from time to time.</p>	<ol style="list-style-type: none"> 1. Paragraph 4.2 of the Practice Note 2. Paragraph 4.20 of the REITS Guidelines 3. Paragraph 4.19 of the PRS Guidelines and ETF Guidelines
Fit And Proper	<p><u>Paragraph 4.03</u></p> <p>Trustee and the Responsible Person who are required to be registered under these Guidelines must satisfy the fit and proper requirements set out in the Appendix 1 of these Guidelines.</p>	<p>Paragraphs 2.4 and 2.5 of the Practice Note</p>
Conflicts of Interest	<p><u>Paragraph 8.09</u></p> <p>A trustee must ensure that there is no conflict of</p>	<p>Paragraph 2.3(b) of the Practice Note</p>

	<p>interest between the trustee (which includes any person or legal entity that may be connected to the trustee in any one or more ways including, but not limited to, connections through shareholding, agency, or any other point of commonality that would arouse doubt as to substantive independence and objectivity between the trustee and such person) and the transaction parties in relation to the bond issue.</p>	
<p>Outsourcing and Delegation</p>	<p><u>Chapter 10 of these Guidelines</u></p> <p>CHAPTER 10 – OUTSOURCING AND DELEGATION</p> <p>General</p> <p>10.01 This Chapter sets out the requirements for outsourcing and delegation of processes, services or activities by entity registered under these Guidelines to its service providers. The entity must select an appropriate and efficient service provider as well as to monitor the outsourcing and delegation arrangements on a continuous basis to ensure that it does not lead to business disruption and negative consequences to the investors.</p> <p>10.02 Except for the functions set out under paragraph 10.03, all functions of the entity can be outsourced or delegated subject to the requirements of this Chapter.</p> <p>10.03 A trustee is not allowed to outsource any function that involves-</p>	<ol style="list-style-type: none"> 1. Paragraphs 5.01 to 5.05, 5.11 and 5.12 of the REITS Guidelines (only for trustee) 2. Paragraphs 5.01 to 5.06 (only for trustee), 5.11 and 5.12 of the Guidelines on Listed REITS 3. Paragraphs 5.01 to 5.05 (only for trustee), 5.10A & 5.10B of the PRS Guidelines 4. Paragraphs 5.01 to 5.05 (only for trustee), 5.11 and 5.12 of the ETF Guidelines 5. Paragraphs 5.01(b), 5.02, 5.03(b), 5.04(a), (b), 5.05 and 5.06 (only for trustee), 5.11(a), (b) and 5.12 of the GUTF Guidelines

	<p>(a) the decision making functions of the entity; or</p> <p>(b) any interaction or direct contact with:</p> <p>(i) the entity's client; and</p> <p>(ii) investors</p> <p>10.04 The service provider and delegate must avoid any conflicts of interest. Where a conflict cannot be avoided, appropriate safeguards must be put in place to protect the interests of the investors, clients and ensure that the UTS, PRS, corporate bond and sukuk are not disadvantaged by the transaction concerned.</p> <p>Outsourcing</p> <p>10.05 The outsourcing of the following functions by the entity is considered as material outsourcing arrangement and can only be outsourced to the following service provider–</p> <p>(a) internal audit function to its group or an external auditor, where applicable;</p> <p>(b) compliance function to its group, where applicable; or</p> <p>(c) risk management function to its group or an external service provider in the area of risk management.</p>	
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	<p>10.06 Other than the material functions set out in the paragraph 10.04, other outsourcing arrangements will also be considered as material outsourcing arrangement in the following circumstances:</p> <ul style="list-style-type: none"> (a) there may be a financial, reputational or operational impact on the entity in the event of a default or failure of the service provider or the delegate; (b) the entity's services or support rendered to its investors or clients may be potentially impacted by the outsourcing arrangement; (c) the entity's ability and capacity to comply with regulatory requirements may be impacted by the outsourcing arrangement; and (d) if the appointed service provider may not be able to perform the outsourced function, there is a degree of difficulty and time required for the entity to select an alternative service provider, or to bring the outsourced function in-house. <p>10.07 Where applicable, the internal audit, compliance and risk management functions which have been outsourced cannot be further sub-contracted.</p>	
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	<p>Delegation</p> <p>10.08 In the case of a trustee, the trustee may delegate the custodial function to a custodian as specified under Paragraph 10.10 of these Guidelines.</p> <p>Oversight function outsourced and delegated</p> <p>10.09 An entity must select an appropriate service provider and delegate as well as monitor the outsourcing or delegation arrangements on a continuous basis to ensure that it does not lead to business disruption and negative consequences to the investors; for issuing house, the clients.</p> <p>10.10 The entity must ensure that –</p> <ul style="list-style-type: none"> (a) adequate procedures are in place to monitor the conduct of the service provider or delegates and to ensure that the function outsourced or delegated is performed in a proper and efficient manner; and (b) the delegate or service provider, as the case may be, has controls in place to ensure compliance with the securities laws, these guidelines, other relevant guidelines, trust deed or documents 	
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	<p>lodged with the SC.</p> <p>10.11 In appointing the service provider or delegates, the entity must also ensure that the person appointed is suitable to undertake the particular function, including that it–</p> <ul style="list-style-type: none"> (a) is duly licensed or authorised by the relevant authority; (b) has adequate financial resources; (c) has an adequate track record in the performance of the function; and (d) has adequate and appropriate human resources, systems, procedures and processes to carry out the function, including on compliance with applicable requirements and policies and procedures on internal controls. <p>10.12 The service agreement governing the appointment of the service provider or a trustee's delegate must, among others, contain clear provisions on–</p> <ul style="list-style-type: none"> (a) the services to be provided; (b) the fees, remuneration and other charges; (c) any restriction or prohibition regarding 	
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	<p>the performance of the function to be undertaken; and</p> <p>(d) reporting requirements, including the line of reporting to the entity, and means of evaluating the performance of the delegate.</p> <p>10.13 Outsourcing or delegation to third parties, group or related companies does not relieve the entity from the responsibility for proper conduct of the outsourced and delegated activities. The entity's board of directors remains accountable for all outsourced and delegated functions.</p> <p>10.14 For the function that is outsourced, the entity must ensure that-</p> <p>(a) it retains control of the investors' assets at all times;</p> <p>(b) there are adequate arrangements to prevent the service provider from releasing the custody or control of the investors' assets without the trustee's prior consent;</p> <p>(c) such service will not affect the trustee in carrying its obligations as provided; and</p> <p>(d) the remuneration of the service provider must be paid by the trustee and not be</p>	
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	<p>charged to the UTS. However, remuneration relating to the custodial function for the UTS' assets outside Malaysia may be charged to the UTS.</p>	
	<p>10.15 Where functions are outsourced or delegated, the entity's risk framework must include–</p> <ul style="list-style-type: none"> (a) performing due diligence on the nature, scope and complexity of the outsourcing or delegation to identify key risk areas and risk mitigation strategies; (b) conducting review of its outsourcing or delegation arrangement and identifying new risks which may arise; (c) analysing the impact of the outsourcing or delegation arrangement on the overall risk profile of the entity; and (d) determining whether there are adequate measures and resources in place to mitigate the risks identified. 	
	<p>10.16 Where a service provider is located outside Malaysia, the entity must-</p> <ul style="list-style-type: none"> (a) analyse the economic, legal and political conditions of the country that the service provider are operating from, which may 	

	<p>impact the undertaking of any outsourced or delegated functions;</p> <p>(b) commit to retrieve information readily available from the service provider should the SC request for such information; and</p> <p>(c) inform the SC if any foreign authority were to seek access to its investors' information.</p> <p>10.17 The entity must enter into a service level agreement for any material outsourcing and delegation arrangement and shall notify the SC within 10 business days upon signing of the same.</p> <p>10.18 The entity must perform an assessment on a service provider and delegate, the group or its related companies on a periodic basis, as part of its monitoring mechanism and submit a report of the assessment to its board of directors and senior management.</p> <p>10.19 This assessment must be performed by the entity's internal audit or external auditor and the report must be submitted to the SC as and when requested.</p> <p>10.20 This assessment must take into account any new material risk arising from the outsourcing</p>	
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	<p>or delegation arrangement and strategies for managing such risk.</p> <p>Notification to the SC</p> <p>10.21 The information required in the notification of material outsourcing arrangement is set out under Appendix 3 of these Guidelines and the template can be found on the SC's website.</p> <p>10.22 A letter of undertaking is also required from the service provider or delegate stating that the SC will have access to all information, records and documents relating to the material outsourced or delegation arrangement(s). The letter of undertaking must be submitted together with the notification.</p> <p>10.23 The entity must notify the SC of any variation or termination of the material outsourcing or delegation arrangement or any adverse development arising in such arrangement that could significantly affect the entity, within 10 business days from the occurrence of the event.</p> <p>10.24 The entity must also notify the SC of any adverse development arising in the outsourcing or delegation arrangement of any outsourced function that could significantly affect the entity, within 10 business days from the occurrence of the event.</p>	
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C. New requirements	
Requirements	Guidelines on Capital Market Services Providers
Eligibility - Local and Foreign	<p><u>Paragraph 3.02</u></p> <p>Expansion of eligibility requirements to include the following:</p> <p>A trustee seeking to be registered under these Guidelines must be-</p> <p>(a) incorporated under <i>Labuan Trusts Act 1996</i>; or</p> <p>(b) in the case of a foreign trustee, the trustee must be a corporation that is a public company</p>

C. New requirements	
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	<p>under-</p> <p>(i) the <i>Companies Act 2016</i>; or</p> <p>(ii) the laws of any other country</p>
Financial	<p><u>Paragraph 4.06</u></p> <p>A trustee must have sufficient financial resources to operate efficiently and to be able to meet operational requirements and liabilities.</p>
PII	<p><u>Paragraph 4.08</u></p> <p>A trustee must obtain professional indemnity insurance (PII) that is adequate and commensurate with the nature, activity, complexity and risk of the business undertaken and the PII maybe obtain at a group or its related companies level.</p> <p><u>Paragraph 4.10</u></p> <p>A PII as required under paragraph 4.08 and 4.09 maybe obtain at a group or its related companies level.</p>
Board of Director and Senior Management	<p><u>Paragraph 4.11 to 4.13</u></p> <p><i>Board of Directors and Senior Management</i></p> <p>4.11 Board of directors and senior management must demonstrate an adequate level of</p>

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	<p>competence to carry out their functions as outlined in these Guidelines.</p> <p>4.12 In determining where responsibility lies and the degree of responsibility of a particular person in the board of directors and senior management, the SC shall have regard to the person's authority and position in the organization, the scope of their responsibilities and the level of control or knowledge they may have.</p> <p>4.13 Board of directors and senior management must be fit and proper person as specified under requirements set out in Appendix 1 of these Guidelines.</p> <p><u>Paragraph 4.14 to 4.19</u></p> <p><i>Chief Executive to be a Responsible Person</i></p> <p>4.14 The chief executive is responsible to undertake the following functions-</p> <ul style="list-style-type: none"> (a) ensure continuous compliance of all requirements under these Guidelines, securities laws, relevant guidelines, trust deed or documents lodged with the SC and any other relevant laws; (b) notify the SC of any material change to the information submitted to the SC within 10 business days from the date of such change; and (c) undertake the role of the main contact person for the purpose of liaising with the SC. <p>4.15 A person shall not be appointed as the chief executive without obtaining the prior approval of the SC.</p> <p>4.16 A chief executive must –</p>

C. New requirements	
Requirements	Guidelines on Capital Market Services Providers
	<p>(a) have a minimum of eight years' of relevant experience, at a management level; and</p> <p>(b) have the appropriate level of skills, qualifications and competence.</p> <p>4.17 In determining whether a person is fit and proper to be designated as a chief executive, regard shall be had to his probity, to his competence and soundness of judgement of fulfilling the responsibilities of a chief executive, to the diligence with which he is fulfilling or likely to fulfil those responsibilities, and to whether the interests of investors, if any, are or are likely to be, in any way threatened by his holding of that position.</p> <p>4.18 In approving the chief executive, the SC may impose terms and conditions.</p> <p>4.19 If any key management personnel or chief executive position becomes vacant, the registered trustee is expected to take the necessary steps to recruit a new candidate within three months from the date of the vacancy.</p>
Registration of Foreign Trustee for Corporate Bond/Sukuk product	<p><u>Chapter 5 of these Guidelines</u></p> <p><i>General</i></p> <p>5.01 This Chapter provides the registration requirements applicable to a trustee referred to in paragraph 3.02(c) and (d).</p> <p>5.02 For the purpose of registering a foreign trustee, the SC may recognise an entity which is licenced, authorised or otherwise regulated by a comparable or equivalent regulatory authority listed under <i>Appendix A of IOSCO MMOU</i>.</p> <p>5.03 The foreign trustee must be registered by the SC before accepting any nomination for the appointment as a trustee.</p>

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	<p>5.04 A foreign trustee registered with the SC, must ensure compliance with all relevant requirements under these Guidelines.</p> <p><i>Fit and proper criteria</i></p> <p>5.05 Foreign trustee who applies for registration with the SC must be fit and proper, as set out in Appendix 1 of these Guidelines.</p> <p>5.06 For the purpose of determining paragraph 5.05, the SC will take into account whether the foreign trustee had, among others–</p> <ul style="list-style-type: none"> (a) any enforcement action taken or sanction imposed by any relevant regulatory authority in or outside Malaysia; or (b) any form of disciplinary proceedings or actions taken by any relevant regulatory authority in or outside Malaysia; or (c) any form of compliance with rules and regulation, ethical and other assurance standards applicable in the foreign trustee's jurisdiction <p><i>On-going Obligations</i></p> <p>5.07 The SC may, upon registration, impose such conditions as it deems necessary. From time to time, the SC may also amend any such conditions or impose new or additional conditions on a registered trustee.</p> <p>5.08 The foreign trustee must satisfy the following–</p>

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	<p>(a) Comply with all rules and regulations, relevant guidelines any, other applicable laws, ethical and other assurance standards that may govern the activities carried on by the foreign trustee;</p> <p>(b) Carry out the trustee business honestly, competently and with due care;</p> <p>(c) Provide any information requested by the SC from time to time;</p> <p>(d) Inform the SC within 10 business days when there is any change in the particulars submitted to the SC;</p> <p>(e) Ensure that the firm registered with the SC remain fit and proper at all times.</p>
Reporting	<p><u>Paragraph 7.04</u></p> <p>7.04 A registered trustee is required to submit the following reports as provided on the SC's website –</p> <p>(a) an anniversary report on each anniversary date of its registration with the SC; and</p> <p>(b) an annual data reporting within 14 business days from 31 December.</p>
SC's approval for additional service	<p>7.06 If a registered trustee intends to provide trustee services for additional classes of product, the trustee must seek the SC's approval by way of an application for variation of registration.</p>
Conduct Requirements for Trustees	<p><i>Key responsibilities of board of directors and senior management</i></p> <p>8.01 The board of directors and senior management of a trustee shall be primarily responsible and accountable for–</p>

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	<ul style="list-style-type: none"> (a) defining and overseeing the business plan and strategy of the registered entity that is appropriate to its objective, size, structure and risk profile; and (b) approving and overseeing all key policies including those relating to risk management, internal controls and compliance with the requirements as provided under securities laws, relevant guidelines, trust deed or documents lodged with the SC and any other relevant laws. <p>8.02 The board of directors of a trustee shall ensure that–</p> <ul style="list-style-type: none"> (a) the entity must observe the best of corporate governance standards; (b) a comprehensive operation system that commensurate with its business is in place; (c) the trustee is in compliance with requirements imposed under securities laws, relevant guidelines, trust deed or documents lodged with the SC and any other relevant laws; (d) implementation and maintenance of a comprehensive governance framework, including compliance, risk management and internal audit function that function that commensurate with its business is in place; (e) effective internal controls to safeguard investors' assets from inappropriate use; (f) at least yearly review is being conducted on the effectiveness of its internal control framework; and (g) appropriate mechanisms to facilitate the maintenance of assets that would enable the identification of assets to the respective UTS, PRS, corporate bond or sukuk holder, where applicable.

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	<p>8.03 The internal controls must be adequate and effective to identify, monitor and manage all material risks that may pose a threat to the investors' assets.</p> <p>8.04 The senior management of a trustee must –</p> <ul style="list-style-type: none"> (a) implement and adhere to the policies, practices and standards approved by the board of directors; (b) manage the risks associated with the business of a trustee including performing periodic evaluation of its risk management process; (c) frequently and adequately apprise the board of directors on the operations of the trustee and ensuring that the registered entity complies with securities laws, relevant guidelines, trust deed or documents lodged with the SC and any other relevant laws; (d) ensure records are accurate, properly secured and retained; and (e) comply with all the reporting requirements and submit accurate information that is required by the SC in a timely manner. <p>8.05 In addition, a chief executive, must at all times –</p> <ul style="list-style-type: none"> (a) ensure continuous compliance of all requirements under these Guidelines, securities laws, relevant guidelines, trust deed or documents lodged with the SC and any other relevant laws;

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	<p>(b) notify the SC of any material change to the information submitted to the SC within 10 business days from the date of such change; and</p> <p>(c) undertake the role of the main contact person for the purpose of liaising with the SC.</p>
Conflict of Interest	<p>8.06 A trustee must have processes and procedures to establish, maintain and implement an internal control policy that–</p> <p>(a) identifies, monitors, mitigates and manages situations and potential situations which may give rise to conflicts of interest; and</p> <p>(b) requires disclosure of any conflict or potential conflict of interest situation.</p> <p>8.07 A trustee must avoid any conflicts of interest. Where a conflict cannot be avoided, appropriate safeguards must be put in place to protect the interests of the investors and ensure that the UTS, PRS, corporate bond and sukuk are not disadvantaged by the transaction concerned.</p> <p>8.08 A trustee must maintain a record on disclosure of conflict or potential conflict of interest situation.</p> <p>8.09 A trustee must ensure that there is no conflict of interest between the trustee (which includes any person or legal entity that may be connected to the trustee in any one or more ways including, but not limited to, connections through shareholding, agency, or any other point of commonality that would arouse doubt as to substantive independence and objectivity between the trustee and such person) and the transaction parties in relation to the bond issue.</p>

C. New requirements	
Requirements	Guidelines on Capital Market Services Providers
Control functions	<p><i>Compliance</i></p> <p>8.10 A trustee must have a compliance function to undertake compliance matters in relation to the capital market services carried out.</p> <p>8.11 The compliance framework should among others include the following-</p> <ul style="list-style-type: none"> (a) an outline of the compliance function, system and framework; (b) the purpose, responsibility, authority and reporting lines; (c) role of the board of directors and senior management in inculcating and promoting a compliance culture in the organization, including active participation in compliance reporting; (d) adequate resources and support with necessary qualifications and working experience to administer independently and effectively the trustee's compliance with the internal policies, the reporting of non-compliances, checking of compliance with investment limits as well as processes for reconciliation; and (e) duties and responsibilities of personnel carrying out the compliance function. <p><i>Internal audit</i></p> <p>8.12 A trustee must maintain an internal audit function independent from its operations, to report directly to the board of directors on the adequacy, effectiveness and efficiency of the management, operations, risk management and internal controls.</p> <p>8.13 Notwithstanding that the internal audit function of the trustee may be outsourced, the</p>

C. New requirements	
Requirements	Guidelines on Capital Market Services Providers
	<p>board of directors must ensure that the internal audit framework includes –</p> <ul style="list-style-type: none"> (a) clearly defined terms of the internal audit framework which sets out the scope, objectives, approach and reporting requirements; (b) adequate planning, controlling and recording all audit work performed, and record the findings, conclusions and if any, recommendations made; (c) issuance of an internal audit report at the conclusion of each internal audit performed; and (d) ensuring matters are highlighted in the internal audit report are satisfactorily resolved in a timely manner and does not jeopardize or prejudice the investors' interest. <p>8.14 The internal audit framework must be approved by the trustee's board of directors.</p> <p><i>Risk Management</i></p> <p>8.15 The trustee must establish a risk management framework to identify, assess, monitor, control and report all material risks to which the trustee could be exposed to.</p> <p>8.16 The risk management framework must–</p> <ul style="list-style-type: none"> (a) commensurate with the nature, scale and complexity of the operations of the trustee; (b) be documented and communicated to all staff and relevant parties;

C. New requirements	
Requirements	Guidelines on Capital Market Services Providers
	<p>(c) be periodically reviewed by the board of directors;</p> <p>(d) continuously identify, assess, monitor and manage the trustee's risks; and</p> <p>(e) include mitigation actions to address such risks.</p>
Requirements for Issuing House	Chapter 9 of these Guidelines
Outsourcing or delegation arrangement	Detail requirements on outsourcing or delegation arrangement for the registered entity.
Fit and Proper Criteria – Entity and Individual	Appendix 1
Requirements to appoint Related-Party Trustee	Appendix 2 – Similar requirements with the Guidelines for the Appointment of a Related-Party Trustee. Introduced new requirement, i.e. the trustee is subsidiary of a substantial financial institution or the trustee must be within the financial institution group as defined under sections 131(a) and (b) of the <i>Financial and Services Act 2013</i> .