



**Suruhanjaya Sekuriti**  
Securities Commission

# **APPLICATION FOR ESTABLISHMENT OF FOREIGN STOCKBROKING COMPANIES UNDER THE SPECIAL SCHEME**

**Effective Date – 1 November 2004**

## **1.0 INTRODUCTION**

- 1.1 The Securities Commission Act 1993 provides that the Securities Commission is responsible for the development of the capital market including the securities industry.
- 1.2 This document sets out the requirements in relation to applications for the establishment of five (5) foreign stockbroking companies under the special scheme (hereinafter referred to as the "Foreign Stockbroking Companies") in Malaysia pursuant to the announcement in Budget 2005 on strengthening the capital market and further relevant policy announcements.
- 1.3 The "Applicant" herein refers to the parent company (or holding or related company, as may be applicable) of the proposed Foreign Stockbroking Company.

## **2.0 APPLICATION PROCEDURE**

- 2.1 An application for the establishment of a Foreign Stockbroking Company shall be made to the Securities Commission by providing the information as set out in the attached 'Form for Establishment of a Foreign Stockbroking Company under the Special Scheme'.
- 2.2 The Applicant is required to provide information to the Securities Commission in relation to its:
  - (i) financial soundness;
  - (ii) compliance and risk management capabilities;
  - (iii) track record in stockbroking activities;
  - (iv) geographical presence;
  - (v) brand value and expertise in various markets, products and services; and
  - (vi) technological capabilities.

- 2.3 The Applicant is also required to provide information on its proposed business model in Malaysia and its value proposition for the overall development of the capital market.
- 2.4 The Securities Commission may seek further clarification, information or documents from the Applicants.

### **3.0 CONDITIONS FOR ESTABLISHMENT**

- 3.1 A Foreign Stockbroking Company established pursuant to these Guidelines is permitted to have up to 100% foreign equity.
- 3.2 A Foreign Stockbroking Company shall comply with all licensing requirements under the securities laws, prior to commencing dealing in securities activities.
- 3.3 A Foreign Stockbroking Company shall conduct activities of dealing in securities as permitted under the securities laws, guidelines, rules and Securities Commission's policies from time to time, subject to the terms and conditions of its licence.
- 3.4 Within 6 months from the date of approval of establishment, the following shall be satisfied:
- (i) a company shall be incorporated in Malaysia to operate as the Foreign Stockbroking Company;
  - (ii) the Foreign Stockbroking Company shall apply for a new Dealer's licence from the Securities Commission or may merge with or acquire an existing local stockbroking company which has complied with the Consolidation Policy other than Universal Brokers<sup>1</sup>; and
  - (iii) the Foreign Stockbroking Company shall obtain from the Exchange approval for registration as a Participating Organisation.
- 3.5 The new licence granted to the Foreign Stockbroking Company will permit it to operate from only one (1) business office unless the Foreign Stockbroking

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<sup>1</sup> As defined in the Guidelines for Universal Brokers

Company merges or acquires an existing local stockbroking company as stipulated in 3.4(ii) above.

#### **4.0 SUBMISSIONS**

4.1 All submissions relating to this Application should be addressed to:

**The Director  
Market Supervision Division  
Securities Commission  
No. 3, Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur  
Malaysia  
Tel : (603) – 6204 8000  
Fax : (603) – 6201 5208**

**FORM FOR ESTABLISHMENT OF A FOREIGN STOCKBROKING COMPANY  
UNDER THE SPECIAL SCHEME**

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This form is an attachment to the 'Application for Establishment of Foreign Stockbroking Companies under the Special Scheme.'

**Section 1: Particulars of the Applicant**

1. Corporation Name
2. Name of direct and ultimate holding company
3. Date of incorporation
4. Incorporation/Registration number
5. Registered office
6. Principal place of business

Please provide relevant information on the group corporate and equity structure in relation to the application.

Please attach the last three (3) year annual reports and audited accounts.

**Section 2: Contact Information**

1. Names of contact persons and their positions
2. Telephone No.
3. Facsimile No.
4. E-mail address
5. Correspondence address

**Section 3: Licence Record in Other Jurisdictions**

Please state the countries where your group of companies are licensed or registered with regulatory bodies to engage in stockbroking activities.

#### **Section 4: Compliance Information**

1. Please provide a brief outline of the group's compliance and risk management function and system.

2. Has any disciplinary actions or proceedings been taken against the Applicant, or any of its directors by any regulatory authority in relation to stockbroking activities for the last five (5) years?

If yes, please provide details.

3. Has the Applicant or any of its directors been investigated for offences involving fraud or dishonesty or adjudged by a court to be civilly liable for fraud, dishonesty or misfeasance within the last five (5) years?

If yes, please provide details.

4. In relation to stockbroking activities, has the Applicant or any of its directors been a party to a civil litigation in the past five (5) years?

If yes, are there any judgments or court order, which have not been complied with?

5. Has the Applicant been a party to a scheme of arrangement or served a winding up petition or entered into any form of compromise with creditors in the past five (5) years?

If yes, please provide details.

6. Please provide any other material information that you may wish to disclose relating to the Applicant and the group's compliance track record.

## **Section 5: Additional Information**

1. Please provide information in relation to the group's market share, position and asset size based on the following:
  - a. Geographical coverage; and
  - b. Coverage by market segments.
2. Please provide information on the group's brand value and expertise in various markets, products, services and technological capabilities.
3. Please describe your proposed business model in Malaysia and its value proposition for the overall development of the capital market.

I / We declare that all the information provided in this Application (including attachments) is complete, true and correct.

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Signature of Authorised Company Representative

Name

Designation

Date