

Summary of Amendments to the Licensing Handbook (11th Revision)
(Date of Issuance: 21 July 2020)

The following table provides a summary of key amendments to the revised *Licensing Handbook* issued on 21 July 2020:

A. Overview			
<p>1. To operationalise the enhanced initial public offering (IPO) framework, which includes the introduction of a recognised principal adviser and qualified person framework, a new Chapter 7A has been added to the <i>Licensing Handbook</i>. This new Chapter 7A delineates the eligibility criteria of a principal adviser, recognised principal adviser and qualified person for the submission of proposals and specific proposals to the SC. Further details can be found in the Frequently Asked Questions on the Guidelines on Submission of Corporate and Capital Market Product Proposals and Chapter 7A of the Licensing Handbook.</p> <p>2. Housekeeping amendments throughout the <i>Licensing Handbook</i> to provide greater clarity and consistency. Such amendments include stylistic or formatting changes and necessary changes of an editorial nature such as renumbering and rephrasing of certain requirements and contents, standardisation of terminology, updating of information, grammatical corrections, and alphabetical order.</p>			
B. Amendment Highlights			
No.	Prior Version Dated 16 April 2020	Revised Version Dated 21 July 2020	Nature of Amendment
1.	Paragraph 1.06: Acronyms and definitions	Paragraph 1.06: Acronyms and definitions Bursa Securities, Bursa Derivatives, FIMM, Islamic bank, licensed bank, and SCLE	Addition of terminologies to the set of acronyms and definitions.
2.	Paragraph 2.06: Licences for fund management in relation to asset management (3) The requirement to obtain a fund management in relation to asset management licence restricted to real estate investment trusts is only applicable to a principal who deals in REITs, except where the management company is licensed by the SC, and is a subsidiary of the following: (a) a company involved in the financial services industry in Malaysia; (b) a property-development company; (c) a property-investment holding company; or (d) any other person as the SC deems appropriate.	Paragraph 2.06: Licences for fund management in relation to asset management (3) Only the following may apply for a CMSL for fund management in relation to asset management restricted to REITs: (a) an existing holder of a CMSL for fund management in relation to portfolio management that is also a unit trust management company; or (b) a subsidiary of the following: (i) a company involved in the financial services industry in Malaysia; (ii) a property-development company; (iii) a property-investment holding company; or (iv) any other person as the SC deems appropriate.	Editorial amendment to provide clarity on the eligibility criteria of a REIT management company.

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3.	[New subparagraph 4.02(2D)]	Paragraph 4.02: Organisational requirements Capital Market Compensation Fund (2D) Holders of a CMSL for dealing in securities, dealing in derivatives or fund management are required to contribute to the Capital Market Compensation Fund in accordance with the Capital Markets and Services (Capital Market Compensation Fund) (Contribution) Order 2012.	Insertion of a new subparagraph to stipulate CMSL holders' duty to contribute to the Capital Market Compensation Fund.
4.	Paragraph 4.04: Adequacy of financial resources (2) The minimum financial requirements for CMSL holders are set out in Table 1.	Paragraph 4.04: Adequacy of financial resources (2) A CMSL holder, regardless of the type of regulated activity that it carries out, must maintain at all times the applicable minimum financial thresholds set out in Table 1.	Editorial amendment to provide clarity on the minimum financial requirements, which must be maintained at all times.
5.	Paragraph 4.04: Adequacy of financial resources Table 1: Minimum Financial Requirements for a CMSL Investment bank (Column 2) <ul style="list-style-type: none"> • Minimum capital funds unimpaired by losses of RM500 million or minimum capital funds unimpaired by losses of RM2 billion on a banking group basis • Minimum risk-weighted capital ratio of 8%. 	Paragraph 4.04: Adequacy of financial resources Table 1: Minimum Financial Requirements for a CMSL Holder Investment bank (Column 2) <ul style="list-style-type: none"> • Capital funds unimpaired by losses of RM2 billion on a banking group basis, for investment banks that are part of banking groups; or • Capital funds of RM500 million, for investment banks that are not part of banking groups; and • Regulatory capital adequacy ratios and capital requirements as determined by BNM. 	Editorial amendments throughout Table 1 and the subsequent illustration to ensure consistency and clarity.

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6.	<p>Paragraph 4.04: Adequacy of financial resources (Table 1)</p> <p>Dealing in securities – restricted to listed securities or OTC bonds (Column 2)</p> <ul style="list-style-type: none"> Minimum paid-up capital of RM5 million; and shareholders’ funds of RM5 million to be maintained at all times, depending on the scale and complexity of the business 	<p>Paragraph 4.04: Adequacy of financial resources (Table 1)</p> <p>Dealing in securities restricted to listed securities</p> <ul style="list-style-type: none"> Paid-up capital of RM5 million; Shareholders’ funds of RM5 million; and Any capital adequacy or other financial requirements as determined by the SC from time to time, <p>depending on the scale and complexity of the business.</p>	<p>Editorial amendments to provide clarity and insertion of a general provision that applies to those licensed for dealing in securities restricted to listed securities.</p>
7.	<p>Paragraph 4.04: Adequacy of financial resources</p> <p>(4) If your financial condition falls below the required minimum any of the minimum financial requirement, you must not continue to carry on the licensed regulated activity without the written consent of the SC.</p>	<p>Paragraph 4.04: Adequacy of financial resources</p> <p>(4) If your financial position falls below any of the applicable minimum financial requirements, you must not continue to carry on the regulated activity without the written consent of the SC. You must immediately notify the SC in writing of a potential or an actual breach of the minimum financial requirements and the corrective measures intended to be taken.</p>	<p>Editorial amendment to emphasise the compliance obligation of a CMSL holder, including pre-empting the SC of any potential financial breach.</p>
8.	<p>[New subparagraph 6.01(2)]</p>	<p>Paragraph 6.01: General</p> <p>(2) Any person who furnishes to the SC, directly or indirectly, any statement, information or document (collectively referred to as ‘representation’), by whatever means or in any form, must ensure that the representation is not false, misleading or contains any omission resulting in the representation being misleading. Breach of this requirement can result in enforcement action under the securities laws. For the avoidance of doubt, this requirement includes any clarification or additional representation submitted to the SC.</p>	<p>Insertion of a new subparagraph to place greater emphasis on the need for quality of submission to the SC, especially on the need for intermediaries and applicants to ensure the validity, accuracy, completeness and consistency of any statement, information or document furnished to the SC.</p>

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9.	<p>Paragraph 7.02: What are the conditions and restrictions in relation to a CMSL holder?</p> <p>General conditions and restrictions</p> <p>(7A) You have not–</p> <ul style="list-style-type: none"> (a) been charged for any offence; or (b) had any civil action initiated against you, in any court of law. 	<p>Paragraph 7.02: What are the conditions and restrictions in relation to a CMSL holder?</p> <p>General conditions and restrictions</p> <p>(7A) There is no conviction against you or any of your directors, chief executive, managers or controller of an offence–</p> <ul style="list-style-type: none"> (a) involving bribery, fraud, dishonesty, mismanagement of a corporation, violence or the conviction of which involved a finding that you or he acted fraudulently or dishonestly, whether within or outside Malaysia; or (b) under the securities laws, corporation laws or any law outside Malaysia relating to capital markets. 	<p>Editorial amendment to provide clarity on the types of charges and enforcement actions against a CMSL holder or its director, chief executive, manager and controller.</p>
10.	<p>[New subparagraph 7.02(7B)]</p>	<p>Paragraph 7.02: What are the conditions and restrictions in relation to a CMSL holder?</p> <p>General conditions and restrictions</p> <p>(7B) There is no–</p> <ul style="list-style-type: none"> (a) pending investigation or criminal charge against you or your director, chief executive, manager or controller in any court of law, whether within or outside Malaysia, for an offence involving bribery, fraud, dishonesty, mismanagement of a corporation or violence; (b) compound issued or any administrative action taken against you or your director, chief executive, manager or controller, 	<p>Insertion of a new subparagraph to capture pending criminal charges and civil enforcement actions initiated against a CMSL holder or its director, chief executive, manager or controller.</p>

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		<p>whether within or outside Malaysia, by a regulator or law enforcement agency for any offence involving bribery, fraud, dishonesty, mismanagement of a corporation or violence;</p> <p>(c) civil enforcement action initiated against you or your director, chief executive, manager or controller in any court of law by a regulator or law enforcement agency, whether within or outside Malaysia; or</p> <p>(d) disqualification of your director, chief executive, manager or controller from holding the office of a director, whether within or outside Malaysia, under the securities laws or corporation laws.</p>	
11.	<p>Paragraph 7.03: What are the conditions and restrictions in relation to a CMSRL holder?</p> <p>General conditions and restrictions</p> <p>(7A) You have not–</p> <p>(a) been charged for any offence; or</p> <p>(b) had any civil action initiated against you, in any court of law.</p>	<p>Paragraph 7.03: What are the conditions and restrictions in relation to a CMSRL holder?</p> <p>General conditions and restrictions</p> <p>(7A) There is no conviction against you of an offence–</p> <p>(a) involving bribery, fraud, dishonesty, mismanagement of a corporation, violence or the conviction of which involved a finding that you acted fraudulently or dishonestly, whether within or outside Malaysia; or</p> <p>(b) under the securities laws, corporation laws or any law outside Malaysia relating to capital markets.</p>	<p>Editorial amendment to provide clarity on the types of charges and enforcement actions against a CMSRL holder.</p>

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12.	[New subparagraph 7.03(7B)]	<p>Paragraph 7.03: What are the conditions and restrictions in relation to a CMSRL holder?</p> <p>General conditions and restrictions</p> <p>(7B) There is no–</p> <ul style="list-style-type: none"> (a) pending investigation or criminal charge against you in any court of law, whether within or outside Malaysia, for an offence involving bribery, fraud, dishonesty, mismanagement of a corporation or violence; (b) compound issued or any administrative action taken against you, whether within or outside Malaysia, by a regulator or law enforcement agency for any offence involving bribery, fraud, dishonesty, mismanagement of a corporation or violence; (c) civil enforcement action initiated against you in any court of law by a regulator or law enforcement agency, whether within or outside Malaysia; or (d) disqualification from holding the office of a director, whether within or outside Malaysia, under the securities laws or corporation laws. 	<p>Insertion of a new subparagraph to capture pending criminal charges and civil enforcement action initiated against a CMSRL holder.</p>

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13.	<p>Paragraph 7.02: What are the conditions and restrictions in relation to a CMSL holder?</p> <p>General conditions and restrictions</p> <p>Illustration 1 and Illustration 2 under subparagraphs (8) and (9)</p> <div data-bbox="208 480 887 592" style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>Illustration 1</p> <p>Company A has received its new CMSL on 30 November 2014. Company A decides to cease being a CMSL on 30 November 2015. Company A would need to submit the cessation form for CMSL and surrender the physical licence to the SC immediately.</p> </div> <div data-bbox="208 663 887 775" style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>Illustration 2</p> <p>Company B has received its new CMSL on 2 January 2015. Company B decides to cease being a CMSL on 1 September 2017. Company B would need to submit the cessation form for CMSL only.</p> </div>	<p>Paragraph 7.02: What are the conditions and restrictions in relation to a CMSL holder?</p> <p>General conditions and restrictions</p> <p>Illustration 1 and Illustration 2 under subparagraphs (8) and (9) removed</p>	<p>Removal of the illustration boxes as holders of a physical licence would have been familiar with the procedures and their obligation to surrender (return) the physical licence to the SC upon variation, cessation and revocation.</p>
14.	<p>Paragraph 7.03: What are the conditions and restrictions in relation to a CMSRL holder?</p> <p>General conditions and restrictions</p> <p>Illustration 1 and Illustration 2 under subparagraphs (8) and (9)</p> <div data-bbox="208 1102 887 1214" style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>Illustration 1</p> <p>Mr. A has received his new CMSRL on 30 November 2014. Mr. A decides to cease being a CMSRL holder on 30 November 2015. Mr. A would need to submit the cessation form for CMSRL and surrender the physical licence to the SC immediately.</p> </div> <div data-bbox="208 1286 887 1398" style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>Illustration 2</p> <p>Mr. B has received his new CMSRL on 2 January 2015. Mr. B decides to cease being a CMSRL holder on 1 September 2017. Mr. B would need to submit the cessation form for CMSRL only.</p> </div>	<p>Paragraph 7.03: What are the conditions and restrictions in relation to a CMSRL holder?</p> <p>General conditions and restrictions</p> <p>Illustration 1 and Illustration 2 under subparagraphs (7) and (8) removed</p>	

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15.	[New chapter 7A]	Chapter 7A Requirements for submission of proposals and specific proposals	Insertion of a new chapter pursuant to the introduction of the enhanced IPO framework, which will enter into force on 1 January 2021.
16.	Paragraph 8.02: Mode of learning and points allocation Table under subparagraph (4) C. Self-Directed Learning Mode (Column 1) Completion of non-structured online learning such as podcasts, e-books, e-journal, or other similar learning relating to capital markets, soft skills, behavioural, technical and leadership (<i>per online learning session</i>)	Paragraph 8.02: Mode of learning and point allocation Table under subparagraph (4) C. Self-Directed Learning Mode (Column 1) Completion of non-structured online learning such as podcasts, e-books, e-journal, the SIDC's Capital Market Competency Management System (CMS) , or other similar learning relating to capital markets, soft skills, behavioural, technical and leadership (<i>per online learning session</i>)	Editorial amendment and insertion of the SIDC's CMS, an innovative online industry-wide utility platform that centralises the Industry Competency Framework (ICF), assessment and development activities on a common hub, which has been recognised as a new learning mode to collect Continuing Professional Education (CPE) points.
17.	Paragraph 8.06: Procedures for claiming CPE points (2) All learning activities other than attending CPE-approved course, need to be verified and reported by the respective CMSL holders or Registered Persons via the ComRep platform. CMSRL holders and ERPs must submit directly to the respective CMSL holders or Registered Persons with the necessary documents.	Paragraph 8.06: Procedures for claiming CPE points (2) For all learning activities other than attending CPE-approved courses, CMSRL holders or ERPs must submit the supporting evidence to their respective CMSL holders or registered persons for verification prior to reporting via the ComRep platform.	Editorial amendment to provide clarity on the procedures for claiming CPE points.
18.	Paragraph 11.03 (1) The SC may register an individual applicant provided the following requirements are satisfied: (c) the applicant has completed a two-day familiarisation programme (FP1) and passed the required assessment at the end of the familiarisation programme.	Paragraph 11.03 (1) The SC may register an individual applicant provided the following requirements are satisfied: (c) the applicant has completed the Familiarisation Programme For Trading Representative 1 (FPTR 1) and passed the required assessment.	Editorial amendments pursuant to the availability of the online format of the Familiarisation Programme for Trading Representative 1 (FPTR 1).

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19.	<p>Schedule 2: Checklist for application for registration of a trading representative</p> <p>2. Evidence that applicant has attended the familiarisation programme (FP1) and passed the assessment</p>	<p>Schedule 2: Checklist for application for registration of a trading representative</p> <p>2. Evidence that applicant has completed the Familiarisation Programme For Trading Representative 1 (FPTR 1) and passed the required assessment</p>	<p>Editorial amendments pursuant to the availability of the online format of the Familiarisation Programme For Trading Representative 1 (FPTR 1).</p>						
20.	<p>Appendix 1: Policy on Permitted Activities for Stockbroking Companies (Columns 2 and 3)</p> <p>Investment banks, universal brokers, special scheme brokers, and 1+1 brokers</p> <table border="1" data-bbox="203 639 887 695"> <tr> <td data-bbox="203 639 383 695">Advising on corporate finance</td> <td data-bbox="383 639 887 695">For categories of persons permitted to submit applications for corporate proposals to the SC, refer to the relevant SC guidelines.</td> </tr> </table>	Advising on corporate finance	For categories of persons permitted to submit applications for corporate proposals to the SC, refer to the relevant SC guidelines.	<p>Appendix 1: Policy on Permitted Activities for Stockbroking Companies (Columns 2 and 3)</p> <p>Investment banks, universal brokers, special scheme brokers, and 1+1 brokers</p> <table border="1" data-bbox="922 639 1606 807"> <tr> <td data-bbox="922 639 1102 807">Advising on corporate finance</td> <td data-bbox="1102 639 1606 807"> <ul style="list-style-type: none"> • For categories of persons permitted to submit applications for corporate proposals to the SC, refer to the relevant SC guidelines. • For eligibility to submit corporate proposals and the types of proposals that can be submitted to the SC, refer to Chapter 7A of this handbook. </td> </tr> </table>	Advising on corporate finance	<ul style="list-style-type: none"> • For categories of persons permitted to submit applications for corporate proposals to the SC, refer to the relevant SC guidelines. • For eligibility to submit corporate proposals and the types of proposals that can be submitted to the SC, refer to Chapter 7A of this handbook. 	<p>Cross-referencing for those undertaking advising on corporate finance in Appendix 1 to Chapter 7A on the eligibility for submission of corporate proposals and the types of proposals that can be submitted to the SC.</p>		
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21.	<p>Appendix 1: Policy on Permitted Activities for Stockbroking Companies (Columns 2 and 3)</p> <p>Investment banks, universal brokers, special scheme brokers, and 1+1 brokers</p> <table border="1" data-bbox="203 1007 887 1118"> <tr> <td data-bbox="203 1007 383 1118">Structured products and structured warrants</td> <td data-bbox="383 1007 887 1118">Permitted to issue and/or undertake all activities pertaining to structured products and structured warrants, subject to compliance with the <i>Guidelines on the Offering of Structured Products and Guidelines for the Issue of Structured Warrants</i>.</td> </tr> </table>	Structured products and structured warrants	Permitted to issue and/or undertake all activities pertaining to structured products and structured warrants, subject to compliance with the <i>Guidelines on the Offering of Structured Products and Guidelines for the Issue of Structured Warrants</i> .	<p>Appendix 1: Policy on Permitted Activities for Stockbroking Companies (Columns 2 and 3)</p> <p>Investment banks, universal brokers, special scheme brokers, and 1+1 brokers</p> <table border="1" data-bbox="922 1007 1606 1222"> <tr> <td data-bbox="922 1007 1102 1118">Structured products</td> <td data-bbox="1102 1007 1606 1118">Permitted to issue and/or undertake all activities pertaining to structured products subject to compliance with the <i>Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework</i>.</td> </tr> <tr> <td data-bbox="922 1118 1102 1222">Structured warrants</td> <td data-bbox="1102 1118 1606 1222">Permitted to issue and/or undertake all activities pertaining to structured warrants, subject to compliance with the <i>Issuer Eligibility Guidelines – Structured Warrants</i> and the <i>Prospectus Guidelines</i>.</td> </tr> </table>	Structured products	Permitted to issue and/or undertake all activities pertaining to structured products subject to compliance with the <i>Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework</i> .	Structured warrants	Permitted to issue and/or undertake all activities pertaining to structured warrants, subject to compliance with the <i>Issuer Eligibility Guidelines – Structured Warrants</i> and the <i>Prospectus Guidelines</i> .	<p>Update of the reference materials in relation to structured products and structured warrants.</p>
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22.	<p>Appendix 3: Supporting Documents (Forms 1-27)</p>	<p>Appendix 3: Supporting Documents (Forms 1-27)</p>	<p>Content enhancement to the 'Supporting Documents' section of various forms, which are also listed in Appendix 3.</p>						