

# THE SC's GUIDELINES FOR A UNIVERSAL BROKER

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Securities Commission

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# Purpose

- To provide guidance on the minimum qualifying criteria that an SBC that intends to become a UB must satisfy
- To outline the application procedures in attaining a UB status



# Minimum Qualifying Criteria

- To merge with/acquire 3 other SBCs
- The merged SBC must have:
  - a minimum paid-up capital of RM250 million
  - a minimum core capital of RM250 million
  - a Capital Adequacy Ratio of at least 1.50 times
  - satisfy other quantitative and qualitative criteria as detailed in the Member Readiness Checklist for a UB
- The merged SBC, its board of directors, chief executive, managers, dealer's representatives and its shareholding structure must satisfy the necessary fit and proper criteria as set out in the Schedule to the Securities Industry Act, 1983

# Minimum Qualifying Criteria (con't)

- The merged SBC must develop a comprehensive code of conduct for its employees in accordance with the minimum requirements to be prescribed by KLSE
- The proposed principal office and branch offices will be subject to readiness audits, including an assessment of the policies and procedures for supervising and monitoring the operations of branch offices.



# Sound Business Plan

- An SBC is encouraged to develop a business plan which includes
  - viable diversified revenue
  - sustainable revenue stream
  - appropriate business strategies
- An SBC is also encouraged to form strategic alliances with its counterparts to enable investors to trade in capital markets

# Range of Capital Market Services

- Corporate finance activities and trading in derivatives

UBs will be allowed to:

- Carry out corporate finance activities including submissions to the SC; and
- Carry out futures broking business and futures fund management business



# Range of Capital Market Services (con't)

- Debt securities and other capital market products

UBs will be allowed to:

- trade in debt securities once the requisite framework currently being developed by the SC is in place
- Other capital market products if introduced and allowed in the future



# Application Procedures for a UB

- An SBC is encouraged to first approach the SC with its merger proposal
- The SBC must then submit a comprehensive merger proposal to the SC and KLSE
- The SBC must complete the Member Readiness Checklist to be submitted together with its comprehensive merger proposal to the SC and KLSE
- KLSE will then conduct a Member Readiness Audit to verify the submission by the SBC
- The SC will review the comprehensive merger proposal and the recommendations of KLSE





# Application Procedures for a UB (con't)

- Upon approval by the SC, an SBC will be licensed as a UB and can commence operations
- The UB will be subject to a follow up audit to assess its compliance with conditions, if any, prescribed in the SC's approval letter

# Review of these Guidelines

- These Guidelines will be subject to review and amendment by the SC from time to time



# Submissions

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

Head/Senior Manager

Intermediary Supervision Department

Market Supervision Division

Securities Commission

3 Persiaran Bukit Kiara

Bukit Kiara

50490 Kuala Lumpur

