

Malaysia: Implementation of segregated account structure for RENTAS debt securities

1. Obtention of a Legal Entity Identifier

All investor types in Table A (excluding individual investors) are required to obtain a Legal Entity Identifier (LEI) for the segregated securities account opening and reporting purposes.

Customers are requested to obtain and provide Clearstream Banking with the LEI of all UBOs no later than **20 April 2018**. The LEI details are to be included in the MT599, described in point 3 on [page 2](#).

2. Account opening requirements

Customers of Clearstream Banking who wish to hold or continue to hold RENTAS debt securities must open the following accounts, in addition to their main Clearstream Banking account:

- a. An additional Clearstream Banking account per UBO, to distinguish segregated third party assets on the Malaysian RENTAS link.

Please refer to the Customer Handbook (section "Opening additional CBL accounts") for further details on how to open the additional accounts.

Customers should instruct Clearstream Banking to open the additional accounts no later than **6 April 2018**.

- b. A segregated securities account per UBO within the books of Clearstream Banking's depository, HSBC Bank Malaysia Berhad.
- c. A segregated securities account per UBO within the books of RENTAS.

The segregated securities account instructions should be sent to Clearstream Banking no later than **20 April 2018**, to ensure that all accounts are opened in Malaysia before 21 May 2018. Please refer to point 3 on [page 2](#) for further details about how to open the segregated securities accounts.

Note: Account opening requests for UBOs that are individuals or Malaysian residents will not be accepted.

There will be no requirement to open segregated cash accounts per UBO. Customers may continue to use Clearstream Banking's existing omnibus cash account in Malaysia.

3. Account opening instruction requirements

Customers are requested to send Clearstream Banking their instructions via SWIFT MT599 free-format message in order for their segregated securities accounts to be opened at Clearstream Banking's depository and RENTAS.

Instructions should be issued **from the new additional Clearstream Banking account** (see 2a. on [page 1](#)), and should ensure the following details are mentioned:

QUOTE

Attn: Settlement Singapore

Please take this MT599 as our request to open a new segregated securities account at HSBC Bank Malaysia Berhad and RENTAS.

CBL Account Number: <insert the number of the Clearstream Banking account opened per UBO>

Account name: Clearstream Banking S.A. - <insert name of UBO as per registered LEI>

**If account opening is at fund level, you can format the account name as either:
Clearstream Banking S.A. - <insert name of fund as per registered LEI of the fund>, or
Clearstream Banking S.A. - <insert name of fund as per registered LEI of the fund>
(name of fund manager)*

Registered address: <insert address as per registered LEI or if account opening is at fund level then insert address as per registered LEI of the fund>

Country of incorporation: <insert country as per registered LEI or if account opening is at fund level then insert country as per registered LEI of the fund>

Business registration number: <insert business registration number obtained from regulatory body/authority (such as the trade and companies register) in country of incorporation or if account opening is at fund level, where there is no such number, then insert "NA">

Date of incorporation: <insert date as per incorporation with regulatory body/authority (such as the trade and companies register) in country of incorporation or if account opening is at fund level then insert date fund is established>

Institutional sector: <insert the relevant investor type code from the investor types in table A below>

Legal Entity Identifier: <insert LEI or if account opening is at fund level then insert LEI of the fund>

Please link the securities account to our existing MYR cash account for all settlement and corporate action transactions and set up the required SWIFT reporting advice as per existing arrangements.

UNQUOTE

Note: When acting as an intermediary (refer to footnote d in Table A for definition) to hold individuals collectively, the "Institutional sector" should be indicated as 'IN'. When acting as an intermediary to hold corporate entities collectively (refer to footnote c on [page 6](#) on criteria to hold such entities collectively), the "Institutional sector" should be indicated as "NF".

An intermediary holding individuals and corporate entities collectively cannot have both individuals and corporate entities co-mingle in the same account. The intermediary will have to hold the collective of individuals in one securities account and the collective of corporate entities in another securities account.

Account name at RENTAS will be formatted as "<name of UBO as per registered LEI> (Clearstream Banking S.A.)"

4. Migration of positions from customer's existing omnibus account to the new Clearstream Banking account opened per UBO

Customers must send Clearstream Banking a SWIFT MT542 Deliver Free instruction to migrate their UBO's RENTAS debt securities from their existing omnibus account to the new Clearstream Banking account opened per UBO specifying Settlement Date that is no later than 16 May 2018.

(Please refer to Clearstream Banking Customer Handbook for further details)

5. Migration of positions from Clearstream Banking's omnibus account to the segregated securities accounts in Clearstream Banking's depository and RENTAS

No instruction is required from customers to support the transfer of RENTAS debt securities from Clearstream Banking's omnibus to the segregated RENTAS securities accounts during the migration weekend of 19 May 2018.

All new domestic instructions for RENTAS debt securities with settlement date on or after 21 May 2018 will have to comply with the new settlement instructions format, as per point 6 below.

6. Clearstream Banking customer settlement instructions:

- a. Due to BNM's segregated securities account requirement, Clearstream Banking regrets that internal settlement and triparty collateral services will be discontinued for RENTAS debt securities, effective 17 May 2018.
- b. Effective Settlement Date 21 May 2018 onwards, the segregated securities account number opened at the depository (see point 2b. on [page 1](#)) must always be mentioned in the customer settlement instructions so that it can be transmitted to Clearstream Banking's depository.

The segregated securities account number at Clearstream Banking depository of the ordering party (on deliveries) or the beneficiary (on receipts) must be indicated in the narrative of settlement instructions (Settlement Processing Narrative in CreationOnline; :70E::SPRO///SAFE/ in Xact via SWIFT and Xact File Transfer; Settlement instruction processing additional details in Xact Web Portal) as follows:

"318-NNNNNN-085" (where NNNNNN is 6 digits).

Additionally, **the buying/selling counterparty's RENTAS segregated securities account number** (see point 2c. on [page 1](#)) must also always be mentioned in the customer settlement instructions.

Note: Failure to adhere with the above requirements will lead to a failed trade or delay in settlement.

- c. Customers must communicate their RENTAS segregated securities account details to their counterparties.

Effective 21 May 2018, the RENTAS segregated securities account will become a matching criterion in the Malaysian market.

As such, customers receiving/delivering securities from/to the Malaysian market must request their domestic counterparty to deliver/receive the securities to/from their RENTAS segregated securities account (0222N318xxxxx085) as follows:

Delivering/Receiving Agent: HSBC NOMINEES (ASING) SDN BHD (BIC HBMBMYKL)

to / in favour of: Clearstream Banking SA for <ordering party/beneficiary account name>
account number 0222N318xxxxx085.

Seller/Buyer: Ordering party's/beneficiary's account number in CBL.

Note: The Creation Link Guide for Malaysia will be updated with further details on settlement instruction formats in due course.

Customers are liable for the usage of any safekeeping accounts obtained through Clearstream Banking and HSBC Bank Malaysia Berhad. Clearstream Banking shall bear no responsibility for any illegitimate or erroneous use - for any trading or other purpose - of such safekeeping accounts. Clearstream Banking does not validate whether the safekeeping accounts that customers use in their settlement instructions sent represent the legitimate investor who ordered the underlying transaction. Clearstream Banking shall therefore not be responsible if the customer uses a safekeeping account belonging to an investor other than the investor on whose behalf the relating transaction has been or was deemed to be executed or settled.

7. Changes to disclosure reporting requirements

Effective 21 May 2018, the current disclosure reporting requirements for RENTAS debt securities will change. Further details for each investor type, can be found in Table A below.

Table A: Resident and non-resident investor types and changes to disclosure reporting requirements

No	Type	Code	Investor description	RENTAS segregated account opening requirement - Additional remarks	Disclosure reporting requirements effective 21 May 2018
1	Asset management	AM	Includes unit trust funds, mutual funds, bond funds, income funds, investment/asset/fund management companies, bank-backed/non-bank backed asset management, wealth management funds, private trust.	<p>Fund manager or bond fund level for example Fund Manager XYZ or ABC EM Bond Fund</p> <hr/> <p>Trustee level or trustee level for specific fund/corporation/individual for example XYZ Trustee Limited as Trustee for ABC Fund or Fund Level.</p>	<p>The existing monthly reporting of underlying clients is required for fund manager's separately managed accounts^a.</p> <p>Reporting not required for mutual funds^b.</p> <hr/> <p>The existing monthly reporting of underlying beneficial ownership is only required if segregated at trustee level.</p> <p>Not required if segregated and registered under trustee level for specific fund/ corporation / individual.</p>
2	Central bank	CB	Includes central bank, reserve bank or monetary authority.	Entity level, for example Central Bank of Malaysia.	<p>Monthly reporting will no longer be required on underlying funds, contributors, shareholders, individuals, clients or specific banking desk/section, as the segregated securities accounts allows this visibility to BNM.</p> <p>If required, this information will only be requested on an ad-hoc basis.</p>
3	Government	GV	Includes sovereign fund, federal fund, state fund, municipal fund, government organisation/council.		
4	Pension funds	PF	Includes retirement funds, employee provident funds, social security funds, pension scheme, government pension funds, national pension services, pension fund associations, superannuation funds.	Fund level, for example ABC Pension Fund.	
5	Insurance companies	IC	Includes life/general insurance companies, insurance funds, social insurance organisations.	Insurance company level.	
6	Non-financial corporations	NF	Includes associations, non-banking private sectors, foundations, endowment funds.	Corporate entity level ^c .	

No	Type	Code	Investor description	RENTAS segregated account opening requirement - Additional remarks	Disclosure reporting requirements effective 21 May 2018
7	Banking institutions/financial intermediaries	BI	Banks own position only. Banks include commercial banks, investment banks, development banks, multilateral development banks, private banks, broker-dealers. Other financial intermediaries include credit union, financial cooperatives, credit corporations, property financier, mortgage corporations, leasing and factoring companies.	Entity level, for example XY Investment Bank.	
8	Individual	IN	A person.	Collectively placed under the securities account of the intermediary ^d or local ADI under category for "Non-resident/resident" and "Individual".	

- a. Separately managed accounts refer to a portfolio of securities managed on behalf of an investor by asset manager/fund manager.
- b. Mutual funds refer to an investment vehicle made up of a pool of funds collected from many investors for investing in bonds.
- c. For corporate entity with holdings below MYR 1 million, the securities could be collectively placed under the securities account of the intermediary or local ADI under category "Non-resident/resident" and "Corporate Entity".
- d. Intermediary includes private bank, management company, trust company, legal firm, custodian, stockbroking corporation or any similar entity which undertakes investment or manages funds on behalf of clients.

Note: An intermediary holding individuals and corporate entities collectively cannot have both individuals and corporate entities co-mingle in the same account. The intermediary will have to hold the collective of individuals in one securities account and the collective of corporate entities in another securities account.