



## **PRACTICE NOTE 2A ISSUED PURSUANT TO THE GUIDELINES ON THE OFFERING OF ISLAMIC SECURITIES**

Date Issued : 23 March 2006

### **Application of the Guidelines on the Offering of Islamic Securities to Foreign Governments and Agencies or Organisations of Foreign Governments**

---

#### **Introduction**

1. This Note seeks to clarify the application of the Guidelines on the Offering of Islamic Securities ("IS Guidelines") to an issue of, offer for or invitation to subscribe for or purchase, ringgit-denominated Islamic securities in Malaysia by a foreign government and an agency or organisation of a foreign government.

#### **Definition**

2. For the purposes of this Note, an entity is considered an agency or organisation of a foreign government if it either:
  - (a) has an explicit guarantee from its government; or
  - (b) is wholly or majority-owned by its government, and has a local currency rating of no more than one notch below the rating of its government assigned by an international credit rating agency. (In the absence of a local currency rating, a foreign currency rating at least as high as the sovereign rating is acceptable.)

#### **Application of Practice Note 2 to an Issue of, Offer for or Invitation to Subscribe for or Purchase, Ringgit-denominated Islamic Securities Issued by a Foreign Government and an Agency or Organisation of a Foreign Government**

3. The provisions of Practice Note 2 shall apply to an issue of, offer for or invitation to subscribe for or purchase, ringgit-denominated Islamic securities issued by a foreign government and an agency or organisation of a foreign government which is rated AAA.

**Issue of, Offer for or Invitation to Subscribe for or Purchase, Ringgit-denominated Islamic Securities Issued by a Foreign Government and an Agency or Organisation of a Foreign Government rated other than AAA**

4. An issue of, offer for or invitation to subscribe for or purchase, ringgit-denominated Islamic securities issued by a foreign government and an agency or organisation of a foreign government rated other than AAA must comply with the provisions of the IS Guidelines.

5. In the case of an issue of, offer for or invitation to subscribe for or purchase, ringgit-denominated Islamic securities issued by a foreign government and an agency or organisation of a foreign government which is rated AA, international ratings are acceptable.

**Submission Requirements in Relation to an Issue of, Offer for or Invitation to Subscribe for or Purchase, Ringgit-denominated Islamic Securities Issued by a Foreign Government and an Agency or Organisation of a Foreign Government**

6. A submission to the SC in relation to the issue of, offer for or invitation to subscribe for or purchase, ringgit-denominated Islamic securities shall include the following documents:

- (a) When the issuer is a foreign government, a letter from the government to authorise the issue of, offer for or invitation to subscribe for or purchase, ringgit-denominated Islamic securities in Malaysia; and
- (b) When the issuer is an agency or organisation of a foreign government, a letter from its authorised director(s) to declare that it is an agency or organisation of a foreign government as defined in this Note and to authorise the issue of, offer for or invitation to subscribe for or purchase, ringgit-denominated Islamic securities in Malaysia.

A copy of the explicit guarantee letter from its government, or in the event that the foreign agency or organisation is wholly or majority-owned by its government, an evidence of its government's shareholding in it and a copy of its local currency (or foreign currency, if applicable) rating should be attached to the afore-mentioned letter.