



Suruhanjaya Sekuriti
Securities Commission

GUIDELINES ON THE OFFERING OF ISLAMIC SECURITIES

26 July 2004

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1.0 INTRODUCTION

- 1.01 Any person who issues, offers for subscription or purchase, or makes an invitation to subscribe for or purchase ("issue, offer or invitation"), Islamic securities would require the approval of the SC under section 32 of the *Securities Commission Act 1993* (SCA).
- 1.02 For the purposes of these Guidelines, the SC's approval would not be required if the transaction is exempted under Schedule 1 of the SCA.
- 1.03 These Guidelines stipulate the criteria which must be met with regard to any issue, offer or invitation of Islamic securities which comes under the ambit of the SCA.
- 1.04 Any person who seeks the approval of the SC under these Guidelines should also ensure that such person complies with the registration and disclosure requirements in respect of prospectuses and trust deeds as may be applicable under the SCA.
- 1.05 For the purpose of these Guidelines:
- (a) The term "Islamic securities" means any securities issued pursuant to any Syariah principles and concepts approved by the Syariah Advisory Council (SAC) of the SC as set out in Appendix 1.
 - (b) The terms "adviser" and "principal adviser" have the meanings assigned to it under the SC's "*Policies and Guidelines on Issue/Offer of Securities*" ("Issues Guidelines").
 - (c) All issues, offers or invitation of Islamic securities, including those involving the issuance of *sukuk* and those made under principles of *Musyarakah* and *Mudharabah*, must comply with Division 4 Part IV of the SCA.
 - (d) In the event an Islamic securities arrangement falls within the definition of "unit trust scheme" or "prescribed investment scheme" under the SCA, such Islamic securities shall not be subject to Division 5 Part IV of the SCA.
 - (e) For this purpose, the term "debenture" and "borrower" in Division 4 of Part IV of the SCA shall refer to "Islamic securities" and "issuer of Islamic securities" respectively.

- 1.06 Where any Syariah principle or concept applied in the structuring of an issue, offer or invitation is based on a principle or concept other than which is stated in Appendix 1, the approval of the SAC must be obtained prior to any submission of declarations and information to the SC under paragraph 4.01.
- 1.07 A public company should also ensure that the requirements in all other guidelines issued by the SC, where applicable, are complied with in respect of all corporate transactions undertaken by it.
- 1.08 For Islamic securities issued pursuant to an asset-backed securitisation transaction, the Guidelines on the Offering of Asset-Backed Securities will also apply.

2.0 SUBMISSION OF PROPOSALS UNDER THESE GUIDELINES

2.01 Below are categories of persons that may act as principal adviser for the following types of proposals:

(a) **Merchant banks, commercial banks, universal brokers or discount houses**

- (i) All proposals for the issuance of Islamic securities that are not capable of being converted into equity howsoever

(b) **Merchant banks or universal brokers**

- (i) All proposals for the issuance of Islamic securities that are capable of being converted into equity
- (ii) All proposals for the issuance of Islamic securities together with warrants
- (iii) All proposals for the issuance of Islamic securities which are part of a composite scheme

3.0 OFFERINGS OF ISLAMIC SECURITIES UNDER A SHELF REGISTRATION SCHEME

3.01 Notwithstanding paragraph 1.01, any issue, offer or invitation of Islamic securities under a shelf registration scheme can only be made in respect of Islamic securities which falls within the definition of "debenture" under the SCA,

are not capable of being converted into equity howsoever and which have no warrants attached.

- 3.02 A person making an issue, offer or an invitation for Islamic securities under a shelf registration scheme must comply with these Guidelines as well as the *Securities Commission (Shelf Registration Scheme for Debentures) Regulations 2000* and any guidelines in relation thereto.

4.0 DOCUMENTS/INFORMATION REQUIRED

- 4.01 In relation to any issue, offer or invitation made pursuant to these Guidelines, the issuer and principal adviser must submit to the SC such documents and information as set out in Appendix 2 as well as declarations as set out in Appendix 3.
- 4.02 Additionally, where the Issues Guidelines would apply to an issue, offer or invitation of Islamic securities by a public company, the issuer and principal adviser shall submit such additional information and documents as may be required under the Issues Guidelines.
- 4.03 The SC may also require additional information from the issuer and its principal adviser, including due-diligence reports and rating reports if applicable, for post-vetting purposes at any time.

5.0 ELIGIBLE PERSONS

- 5.01 Any person who is a corporation within the meaning of sub-section 2(1) of the SCA is eligible under these Guidelines.
- 5.02 "Corporation" referred to in paragraph 5.01 means any body corporate formed or incorporated or existing within Malaysia or outside Malaysia and includes any foreign company but does not include-
- (a) Any body corporate that is incorporated within Malaysia and is by notice of the Minister published in the Gazette declared to be a public authority or an instrumentality or agency of the public Government of Malaysia or of any State or to be a body corporate which is not incorporated for commercial purposes;
 - (b) Any corporate sole;

- (c) Any society registered under any written law relating to co-operative societies; or
- (d) Any trade union registered under any written law as a trade union.

6.0 APPOINTMENT OF SYARIAH ADVISER

6.01 In relation to Islamic Securities that comes within the ambit of these Guidelines, the issuer must appoint either:

- (a) An independent Syariah adviser who has been approved by the SC and who meets the following criteria:
 - (i) is not an undischarged bankrupt;
 - (ii) has not been convicted for any offence arising out of a criminal proceeding;
 - (iii) is of good repute and character;
 - (iv) possesses the necessary qualifications and expertise particularly in fiqh muamalah and Islamic jurisprudence, and has a minimum of 3 years experience or exposure in Islamic finance; or
- (b) An Islamic bank or a licensed institution approved by Bank Negara Malaysia to carry out Islamic Banking Scheme or Skim Perbankan Islam,

to advise on all aspects of the Islamic securities including documentation, structuring, investment as well as other administrative and operational matters in relation to the Islamic securities, and ensure compliance with applicable Syariah principles and relevant resolutions and rulings made by the SAC from time to time. In the event of doubt, clarification should be sought from the SAC.

6.02 Where the applicant for independent Syariah adviser under paragraph 6.01 above is a corporation, such corporation must engage at least one Syariah expert who meets the criteria stipulated in paragraph 6.01(a). In addition, the Syariah expert and the corporation concerned should not have breached any securities or banking laws since the date of incorporation nor have a winding up order or resolution passed against the corporation.

6.03 Submission to the SC to be approved as an independent Syariah adviser should be addressed to:

Head
Islamic Capital Market Department
Securities Commission
No.3 Persiaran Bukit Kiara
50490 Bukit Kiara, Kuala Lumpur

7.0 OTHER REGULATORY APPROVALS

7.01 All necessary approvals in relation to the issue, offer or invitation from other regulatory bodies, including the Controller of Foreign Exchange, must be obtained prior to the submission of any written declarations and information to the SC under these Guidelines. Any conditions imposed by such regulatory bodies, if applicable, must continue to be complied with throughout the tenor of the Islamic securities approved under these Guidelines.

8.0 RATING REQUIREMENT

8.01 All issues, offers or invitations that come within the scope of these Guidelines must be rated by a rating agency recognised by the SC. An indicative rating must have been obtained by the issuer at the time of submission of the declarations and information to the SC pursuant to paragraph 4.01.

8.02 Notwithstanding paragraph 8.01, a rating is not required for any issue, offer or invitation of Islamic securities:

- (a) which are non-transferable and non-tradable; and
- (b) whose investors do not require a rating.

The principal adviser must confirm in writing to the SC that both criteria highlighted above have been met.

8.03 Where the credit rating of any issue, offer or invitation is below investment grade, the issuer must disclose the extent of credit risk to investors and their advisers in order to evaluate the risks relating to the Islamic securities.

9.0 UNDERWRITING

9.01 The underwriting of any issue, offer or invitation shall be decided by the issuer and its principal adviser.

- 9.02 In the event that the issuer and its principal adviser should decide that no underwriting or only partial underwriting is required, the issuer must state the minimum level of subscription necessary to achieve the funding objectives of the issuer.
- 9.03 Paragraph 9.02 does not apply where:
- (a) the utilisation of proceeds is solely for working capital purposes; and
 - (b) the issuer has in place alternative funding arrangements.
- 9.04 Unless otherwise allowed in writing by the SC, where any issue, offer or invitation is under-subscribed and cannot meet the minimum level of subscription as required under paragraph 9.02, the issue, offer or invitation must be aborted and any consideration received for the purposes of subscription, where applicable, must be immediately returned to all subscribers.

10.0 MODE OF ISSUE

- 10.01 All issues of Islamic securities under these Guidelines must be reported and/or tendered on the Fully Automated System for Issuing/Tendering ("FAST") unless a listing is sought on any Malaysian stock exchange. The issuer and principal adviser must ensure that the issue complies with all rules and requirements of FAST.
- 10.02 Save for paragraph 12.01, all issues of Islamic securities that are subject to these Guidelines must be made under the Real Time Electronic Transfer of Funds and Securities ("RENTAS") system unless a listing is sought on any Malaysian stock exchange. The issuer and principal adviser must ensure that the issue complies with all rules and requirements of the RENTAS system.

11.0 UTILISATION OF PROCEEDS

- 11.01 Any funds raised from any issue, offer or invitation in Malaysia must not be channelled to finance such activities as may be announced by the National Bond Market Committee from time to time.
- 11.02 Funds raised in Malaysia by any person, including funds raised by any non-resident and non-resident controlled company, as defined under ECM Notices 1

and 8 respectively, shall comply with any requirements and regulations as may be issued by the Controller of Foreign Exchange from time to time.

12.0 ADDITIONAL REQUIREMENTS FOR ISLAMIC SECURITIES PROGRAMMES

12.01 Where an Islamic securities programme involves an issuance of commercial papers or a combination of medium term notes and commercial papers:-

- (a) the tenor for such programmes must not exceed 7 years; and
- (b) the issuance of Islamic securities under the programme is not required to be made under the RENTAS system.

12.02 In all other Islamic securities programmes, (for example, stand-alone Islamic MTN programmes) the 7-year tenor restriction will not apply. However, issuers must state upfront the size and tenor of the programme at the point of submission to the SC.

12.03 In all Islamic securities programmes falling within paragraphs 12.01 and 12.02, issuers are also required to disclose to prospective investors the following information prior to each drawdown:

- (a) Size of issue
- (b) Utilisation of proceeds
- (c) Minimum level of subscription (where applicable)
- (d) Tenor
- (e) Revisions of the rating, if any, since the date of the last draw down
- (f) The identified underlying assets and value

13.0 DISCLOSURE REQUIREMENTS TO INVESTORS RELATING TO ISLAMIC SECURITIES ISSUED UNDER PRINCIPLES OF PROFIT SHARING (*MUDHARABAH*)/PROFIT AND LOSS SHARING (*MUSYARAKAH*)

13.1 Where a prospectus is not required, an information memorandum must be made available to investors for any issue, offer or invitation of Islamic securities issued

under principles of profit sharing (*Mudharabah*) or profit and loss sharing (*Musyarakah*).

14.0 TIME FRAME FOR APPROVAL FROM THE SC

14.01 The SC would give its approval within 14 working days from the date of receipt of all declarations, complete information and documentation as required under these Guidelines in the following cases:

- (a) Any issue, offer or invitation in respect of Islamic securities that is not capable of being converted into equity howsoever;
- (b) Any issue, offer or invitation in respect of Islamic securities, together with warrants, that are not capable of being converted into equity howsoever; and
- (c) Any issue, offer or invitation of Islamic securities by a private company.

14.02 In circumstances where the Issues Guidelines would apply to the issue, offer or invitation of Islamic securities, the time frame for approval by the SC set out under those Guidelines would apply.

14.03 Except in the case of a shelf registration scheme or an Islamic securities programme, any approval given by the SC under these Guidelines must be implemented within 6 months from the date of the SC's approval.

14.04 In the case of a shelf registration scheme or an Islamic securities programme, the initial draw-down must be made within 2 years from the date of the SC's approval.

Approved Syariah Concepts and Principles for the Purpose of Structuring, Documenting and Trading of Islamic Securities

The following are acceptable Syariah concepts and principles for Islamic securities -

A. Primary principles

▪ **Deferred-Payment Sale [*Bai' Bithaman Ajil* (BBA)]**

A contract that refers to the sale and purchase transaction for the financing of an asset on a deferred and an instalment basis with a pre-agreed payment period. The sale price will include a profit margin.

▪ **Sale with Immediate Repurchase [*Bai' 'Inah*]**

A contract which involves the sale and buy back transaction of an asset by a seller. A seller will sell the asset to a buyer on a cash basis. The seller will immediately buy back the same asset on a deferred payment basis at a price that is higher than the cash price. It can also be applied when a seller sells the asset to a buyer on a deferred basis. The seller will later buy back the same asset on a cash basis at a price which is lower than the deferred price.

▪ **Supply Sale [*Bai' Istijrar*]**

A contract between a client and a supplier, whereby the supplier agrees to supply a particular product on an ongoing basis, for example monthly, at an agreed price and on the basis of an agreed mode of payment.

▪ **Advance Purchase [*Bai' Salam*]**

A sale and purchase contract whereby the payment is made in cash at the point of contract but the delivery of the asset purchased will be deferred to a pre-determined date.

▪ **Sale and Repurchase [*Bai' Wafa*]**

A contract with the condition that when the seller pays back the price of goods sold, the buyer returns the goods to the seller.

▪ **Leasing [*Ijarah*]**

A *manfaah* (usufruct) type of contract whereby a lessor (owner) leases out an asset or an equipment to its client at an agreed rental fee and pre-determined lease period upon the *'aqad* (contract). The ownership of the leased equipment remains in the hands of the lessor.

- **Lease to Purchase [*Ijarah Thumma Bai*]**
 A contract which begins with an *Ijarah* contract for the purpose of renting out a lessor's asset to a lessee. Consequently, at the end of the lease period, the lessee will purchase the asset at an agreed price from the lessor by executing a purchase (*Bai* ') contract.
- **Purchase Order [*Istisna'*]**
 A purchase contract of an asset whereby a buyer will place an order to purchase the asset which will be delivered in the future. In other words, the buyer will require a seller or a contractor to deliver or construct the asset that will be completed in the future according to the specifications given in the sale and purchase contract. Both parties of the contract will decide on the sale and purchase prices as they wish and the settlement can be delayed or arranged based on the schedule of the work completed.
- **Profit-Sharing [*Mudharabah*]**
 A contract which is made between two parties to finance a business venture. The parties are a *rabb al-mal* or an investor who solely provides the capital and a *mudharib* or an entrepreneur who solely manages the project. If the venture is profitable, the profit will be distributed based on a pre-agreed ratio. In the event of a business loss, the loss shall be borne solely by the provider of the capital.
- **Cost-Plus Sale [*Murabahah*]**
 A contract that refers to the sale and purchase transaction for the financing of an asset whereby the cost and profit margin (mark-up) are made known and agreed by all parties involved. The settlement for the purchase can be either on a deferred lump sum basis or on an instalment basis, which will be specified in the agreement.
- **Profit and Loss-Sharing [*Musyarakah*]**
 A partnership arrangement between two parties or more to finance a business venture whereby all parties contribute capital either in the form of cash or in kind for the purpose of financing the business venture. Any profit derived from the venture will be distributed based on a pre-agreed profit sharing ratio, but a loss will be shared on the basis of equity participation.
- **Benevolent Loan [*Qardh Hasan*]**
 A contract of loan between two parties on the basis of social welfare or to fulfill a short-term financial need of the borrower. The amount of repayment must be equivalent to the amount borrowed. It is however legitimate for a borrower to pay more than the amount borrowed as long as it is not stated or agreed at the point of contract.

B. Supplementary concepts and principles

- **Debt Trading [*Bai' Dayn*]**

A transaction that involves the sale and purchase of securities or debt certificates that conforms with Syariah. Securities or debt certificates will be issued by a debtor to a creditor as an evidence of indebtedness.
- **Open-Bidding Trading [*Bai' Muzayadah*]**

An action by a person to sell his asset in the open market through a bidding process among potential buyers. The asset for sale will be awarded to the person who has offered the highest bid/price. This is also known as the sale and purchase transaction based on tender.
- **Guarantee [*Kafalah*]**

A contract of guarantee whereby a guarantor underwrites any claim and obligation that should be fulfilled by an owner of the asset. This concept is also applicable to a guarantee provided on a debt transaction in the event a debtor fails to fulfill his debt obligation. The same definition can be applied for *Dhaman*.
- **Ownership Right [*Hak Tamalluk*]**

An asset in the form of ownership rights as classified by Syariah which are tradable.
- **Gift [*Hibah*]**

A gift awarded to a person on voluntary basis.
- **Remittance [*Hiwalah*]**

A contract that allows a debtor to transfer his debt obligation to a third party.
- **Rebate [*Ibra'*]**

An act by a person to withdraw his rights to collect payment from a person who has the obligation to repay the amount borrowed from him.
- **Pre-Agreed Contract [*Ittifaq Dhimni*]**

A sale and re-purchase of the underlying asset of which the prices are agreed by the parties prior to the completion of the contract. This is an external agreement which must be reached before the contract can be concluded to allow for the bidding process (*Bai' al-Muzayadah*) to take place.
- **Collateral [*Rahn*]**

An act whereby a valuable asset is made as a collateral for a debt. The collateral will be utilised to settle the debt when a debtor is in default.

- **Securities [*Sukuk*]**
A document or certificate which represents the value of an asset.

- **Fee [*Ujrah*]**
A financial charge for the utilisation of services or *manfaat*. In the context of today's economy, it can be in the form of salary, wage, allowance, commission and alike.

- **Agency [*Wakalah*]**
A contract which gives the power to a person to nominate another person to act on his behalf as long as he is alive based on the agreed terms and conditions.

1.0 Information to be Submitted for the Purpose of Obtaining the Approval of the SC

1.01 Application letter disclosing the following items:

- (a) Background information on the Issuer and/or Originator in the case of an Asset-Backed Securities (ABS) issue;
- (b) Profile of Directors of Issuer;
- (c) A description of the transaction and structure of the issue;
- (d) Details of the utilisation of proceeds. If proceeds are to be utilised for project, details of the project;
- (e) A schedule of utilisation of the issue proceeds;
- (f) Details of expenses for the issue;
- (g) Waiver(s) from complying with the Guidelines on the Offering of Islamic Securities and/or specific approval pursuant to the Securities Commission Act 1993 sought and obtained from the SC for the issue (where applicable);
- (h) Specific approval sought and obtained from the SC in relation to the appointment of an independent Syariah Adviser and/or applicable Syariah principle or concept;
- (i) Conflict of interest situations and appropriate mitigating measures;
- (j) For issuances made for the purpose of refinancing an existing financing facility (which involves the issuance of securities), information on the existing financing facility;
- (k) Any other material information in relation to the issue; and
- (l) Names, telephone numbers and facsimile number of the officers-in-charge of the Principal Adviser for the issue.

1.02 Principal Terms and Conditions of the Proposal

1.03 Principal Terms and Conditions of Warrants, in the case of an Islamic Securities issue with warrants

- 1.04 Issuer's and Principal Adviser's Declaration (Appendix 3)
- 1.05 Principal Adviser's confirmation on compliance with all requirements of the Controller of Foreign Exchange in accordance with the Exchange Control Guidelines
- 1.06 Latest audited accounts of the Issuer
- 1.07 Compliance checklist on the Guidelines on the Offering of Islamic Securities
- 1.08 In the case where the Issuer is a public company and the SC's Issues Guidelines applies to such Issuers – Declarations in accordance with Chapter 4 of the Issues Guidelines
- 1.09 In the case of Islamic securities with warrants issue:
 - (a) Terms and conditions of the warrants;
 - (b) Financial effects of the warrants issue;
 - (c) Rationale for the attachment of warrants; and
 - (d) Compliance checklist on the SC's Issues Guidelines with respect to the warrants issue.

2.0 Information to be Submitted After Obtaining the Approval of the SC

- 2.01 In the case of Islamic securities programmes, Issuer's notification to the SC of the following information following each draw-down:
 - (a) Size of issue;
 - (b) Mode of issue;
 - (c) Utilisation of proceeds;
 - (d) Minimum level of subscription (where applicable);
 - (e) Tenor;
 - (f) Actual yield or price;
 - (g) Revisions of the rating, if any, since the date of the last draw-down; and
 - (h) The identified underlying asset and value.

3.0 Principal Terms and Conditions of the Proposal

3.01 Background Information

- (a) Issuer
 - (i) Name
 - (ii) Address
 - (iii) Business registration no.
 - (iv) Date/place of incorporation
 - (v) Date of listing (in case of a public listed company)
 - (vi) Status : resident/non-resident controlled company
: Bumiputera/non-Bumiputera controlled company*
 - (vii) Principal activities
 - (viii) Board of directors
 - (ix) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders
 - (x) Authorised and paid-up capital.

- (b) Originator (in the case of asset-backed securities)
 - (i) Name
 - (ii) Address
 - (iii) Business registration no.
 - (iv) Date/place of incorporation
 - (v) Date of listing (in case of a public listed company)
 - (vi) Status : resident/non-resident controlled company
: Bumiputera/non-Bumiputera controlled company*
 - (vii) Principal activities
 - (viii) Board of directors
 - (ix) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders
 - (x) Authorised and paid-up capital.

3.02 Principal Terms and Conditions

- (a) Names of parties involved in the proposed transaction (where applicable)
 - (i) Principal adviser(s)/Lead arranger(s)
 - (ii) Arranger(s)
 - (iii) Valuers
 - (iv) Solicitors
 - (v) Financial adviser
 - (vi) Technical adviser
 - (vii) Guarantor
 - (viii) Trustee
 - (ix) Facility Agent
 - (x) Primary Subscriber(s) and amount subscribed (where applicable)
 - (xi) Underwriter(s) and amount underwritten
 - (xii) Syariah adviser
 - (xiii) Central depository
 - (xiv) Paying agent
 - (xv) Reporting accountant
 - (xvi) Others (please specify)

- (b) Islamic principle used

- (c) Facility description

- (d) Issue size (RM)

- (e) Issue price

- (f) Tenor of the facility/issue

- (g) Coupon/profit or equivalent rate (%) (please specify)

- (h) Coupon/profit payment frequency and basis

- (i) Yield to maturity (%)

- (j) Security/collateral (if any)
- (k) Details on utilisation of proceeds
- (l) Sinking fund (if any)
- (m) Rating
 - Credit rating assigned [Please specify if this is an indicative rating]
 - Name of rating agency
- (n) Form and denomination
- (o) Mode of issue
- (p) Selling restriction
- (q) Listing status
- (r) Minimum level of subscription (RM or %)
- (s) Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained [please specify]
- (t) Identified assets
- (u) Purchase and selling price/rental (where applicable)
- (v) Conditions precedent
- (w) Representations and warranties
- (x) Events of default
- (y) Principal terms and conditions for warrants (where applicable)
- (z) Other principal terms and conditions for the issue

Declaration by the Issuer

Date: ...(Date of Application)...

The Chairman
Securities Commission

Dear Sir

ISSUER ...(Name of Issuer)...

Declaration Pursuant to:

- **Paragraph 4.01 of the *Guidelines on the Offering of Islamic Securities*, and**
- **Paragraph 16.02 of the *Policies and Guidelines on Issue/Offer of Securities****

We, ...(Name of Issuer).... are proposing to undertake the following proposals:-

- (a)
- (b)
- (c)

(hereinafter referred to as "the Proposal").

2. We confirm that after having made all reasonable enquiries, and to the best of our knowledge and belief, there is no false or misleading statement contained in, or material omission from, the information that is provided to the adviser(s)/expert(s) or to the SC in relation to the above Proposal.

3. We declare that we are satisfied after having made all reasonable enquiries that the Proposal is in full compliance with the following:-

- (a) The *Policies and Guidelines on Issue/Offer of Securities*¹;
- (b) The *Guidelines on the Offering of Islamic Securities*;
- (c) The *Guidelines on the Offering of Asset-Backed Securities* as may be applicable to the issuer during the tenor of the Proposal*;

- (d) The requirements of the Controller of Foreign Exchange with respect to the Proposal^{*}; and
 - (e) Other requirements under the *Securities Commission Act 1993* as may be applicable.
4. Save as otherwise disclosed in the attachment accompanying this declaration, the Company² has not-
- (a) been convicted or charged with any offence under the securities laws, corporations laws or other laws involving fraud or dishonesty in a court of law, for the last 10 years prior to the submission; and
 - (b) been subject to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past 5 years prior to the submission.
5. We declare the following:
- (a) The Proposal involves/does not involve any acquisition of substantial foreign assets, in accordance with Chapter 11 of the *Policies and Guidelines on Issue/Offer of Securities*³;
 - (b) The Proposal results/does not result in a significant change in the business direction of the listed company, in accordance with Chapter 12 of the *Policies and Guidelines on Issue/Offer of Securities*⁴;
 - (c) The Issuer is/is not a distressed listed company, in accordance with Chapter 13 of the *Policies and Guidelines on Issue/Offer of Securities*⁵;
 - (d) The Proposal is/is not a related-party transaction in accordance with Chapter 10 of the *Policies and Guidelines on Issue/Offer of Securities*⁶;
6. We declare that we will ensure continuous compliance with the requirements and conditions imposed by the SC in relation to the above Proposal.
7. We undertake to provide to the SC all such information as the SC may require in relation to the Proposal.

* To delete if not applicable

The above Declaration has been signed by me as ...(designation of director)... of the Issuer pursuant to authority granted to me by a resolution of the Board of Directors on ...(date of resolution)...

Yours faithfully

.....
Signature
Name:
Name of Issuer:
Date:

Notes

- 1 Applicable only in relation to Proposals falling under the *Policies and Guidelines on Issue/Offer of Securities*. Where an application is being made to the SC for proposals under the assessment approach and exemptions are being sought, to insert the words "except paragraph(s).. (refer to paragraph where exemption is being sought).. where exemption(s) is/are being sought as part of the submission to the SC."
- 2 Applicable only to proposals in relation to public companies.
- 3 Applicable only to the issue, offer or listing of equity or equity-linked securities by public companies.
- 4, 5, 6 Applicable only to proposals in relation to listed companies.

* To delete if not applicable

Declaration by the Principal Adviser

Date: ...(Date of Application)...

The Chairman
Securities Commission

Dear Sir

ISSUER ...(Name of Issuer)...

Declaration Pursuant to:

- **Paragraph 4.01 of the *Guidelines on the Offering of Islamic Securities*, and**
- **Paragraph 16.02 of the *Policies and Guidelines on Issue/Offer of Securities* ***

...(Name of Issuer).... is proposing to undertake the following proposals:

- (a)
- (b)
- (c)

(hereinafter referred to as "the Proposal").

We,..(Name of Principal Adviser)...., are advising ..(Name of Issuer).. on the Proposal.

2. We confirm that after having made all reasonable enquiries, and to the best of our knowledge and belief, there is no false or misleading statement contained in, or material omission from, the information that is provided to the SC in relation to the above Proposal.

3. We declare that we are satisfied after having made all reasonable enquiries that the Proposal is in full compliance with the following:

- (a) The *Policies and Guidelines on Issue/Offer of Securities*¹;
- (b) The *Guidelines on the Offering of Islamic Securities*,

- (c) The *Guidelines on the Offering of Asset-Backed Debt Securities**;
- (d) The requirements of the Controller of Foreign Exchange with respect to the Proposal*; and
- (e) Other requirements under the *Securities Commission Act 1993* as may be applicable.

4. We declare the following:-

- (a) The Proposal involves/does not involve any acquisition of substantial foreign assets, in accordance with Chapter 11 of the *Policies and Guidelines on Issue/Offer of Securities*²;
- (b) The Proposal results/does not result in a significant change in the business direction of the listed company, in accordance with Chapter 12 of the *Policies and Guidelines on Issue/Offer of Securities*³;
- (c) The Issuer is/is not a distressed listed company, in accordance with Chapter 13 of the *Policies and Guidelines on Issue/Offer of Securities*⁴;
- (d) The Proposal is/is not a related-party transaction in accordance with Chapter 10 of the *Policies and Guidelines on Issue/Offer of Securities*⁵;

5. We undertake to immediately inform the SC if it has come to our knowledge that the Issuer has breached or failed to comply with such requirements, after submission of this declaration relating to the Proposal until the implementation of the Proposal.

6. We undertake to provide to the SC all such information as the SC may require in relation to the Proposal.

Yours faithfully

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Signature

Name:

Name of Principal Adviser:

Date:

* To delete if not applicable

Notes

- 1 Applicable only in relation to Proposals falling under the *Policies and Guidelines on Issue/Offer of Securities*. Where an application is being made to the SC for proposals under the assessment approach and exemptions are being sought, to insert the words "except paragraph(s)..(refer to paragraph where exemption is being sought)..where exemption(s) is/are being sought as part of the submission to the SC."
- 2 Applicable only to the issue, offer or listing of equity or equity-linked securities by public companies.
- 3, 4, 5 Applicable only to proposals in relation to listed companies.

* To delete if not applicable