



**RULES ON
FULLY AUTOMATED SYSTEM
FOR ISSUING/TENDERING
(FAST)**

**Jabatan Pengawasan Bank
BANK NEGARA MALAYSIA
KUALA LUMPUR**

July 2005

FOREWORD

Fully Automated System for Issuing/Tendering (FAST) was first launched by Bank Negara Malaysia (BNM) in September 1996 to automate the tendering procedure of Government Securities/Bank Negara Papers, which are issued through the PD network. In July 1997, FAST was further enhanced to include commercial papers and medium term notes which are issued via tender/private placement.

2. In October 1997, BNM introduced Bond Information and Dissemination System (BIDS), a centralised database providing information on the term of issues, prices and details of trades done and relevant news on various debt securities. In October 1999, FAST and BIDS were integrated as an on-line system to provide more efficient management of information and eliminates duplication of input. Therefore, the integration of the two systems enable FAST to be the sole entry for primary market activities and BIDS continue to handle the secondary activities such as providing quotations, reporting of trades and dissemination of news.

3. FAST has undergone several phases of enhancement to accommodate the growing needs and sophistication of the domestic money market and debt market. Among the features that have been incorporated since 1999 are Money Market Tender, re-opening of the existing stocks, creation of secondary notes, interface to RENTAS system with online printing of SSTS forms and execution of Repo transactions between BNM and approved interbank institutions through FAST. With these enhancements, FAST continues to serve as an entry point for primary activities of securities issuance, money market tender and repo tender transactions.

4. In year 2005, with the advent of information and communication technology, FAST was further enhanced to operate on a web-based application. The main objective of using web-based application is to enhance transparency of market information and improve accessibility to the system. The enhanced features also cater for new instruments to be introduced in the market. Among the new features implemented are the online facility submission to BNM for activation of facility codes, removal of related SSTS forms, centralisation of news, facility and stock information, liquidity position, auction calendar, MGS price list and consolidation of Indicative Yield to Maturity at the main page of FAST. The centralised news and information is also accessible to public without the need to become members of FAST. This

enables market participants to streamline and improve processes in handling instruments and issuance processes regardless of its mode of offer and at the same time improve overall transparency of Malaysian financial market.

5. The Rules on FAST is issued pursuant to section 126 of the Banking and Financial Institutions Act 1989 to provide a uniform set of procedures and practices to govern the issuance/tendering of all instruments captured under FAST. The Rules also sets out broadly the contingency measures in the event that a disaster is declared.

For any clarification on the Rules, enquiries can be directed to:-

- a) Pengarah
Jabatan Pengawasan Bank
Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur
(U.P. Seksyen Pasaran Modal)

Tel: 03-26988044 ext: 7855/8634/8291/7291/8293
Fax: 03-26987981

- b) Pengarah
Jabatan Operasi Pelaburan dan Pasaran Kewangan
Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur
(U.P. Seksyen Perlaksanaan Polisi Kewangan)

Tel: 03-26988044 ext: 7555/7556/7557
Fax: 03-26918936

BANK NEGARA MALAYSIA

RULES ON

FULLY AUTOMATED SYSTEM FOR ISSUING/TENDERING (FAST)

ARRANGEMENT OF SECTIONS

PART I	PRELIMINARY	Page
Section	1. Effective Date	1
	2. Purpose	1
	3. Coverage	1
	4. Interpretation	2
PART II	GENERAL RULES	
Section	1. Objective	6
	2. FAST Membership	6
	3. Responsibility of Members	6
	4. Benefits of FAST	7
	5. Security Features of FAST	7
	6. iVEST Smart Cards	7
	7. Confidentiality and Integrity	7
	8. Fees and Charges	8
	9. Penalty Charges	8
	10. Emergencies	8
	11. Business Days	9
	12. Holiday Convention	9
	13. Variation of Rules	10
PART III	TYPES OF INSTRUMENTS AND USERS OF FAST	
Section	1. Overview	11
	2. Brief Description of the Securities	11
	3. Brief Description of Money Market Tender	14
	4. Brief Description of Repo Tender	14
	5. Formula	15
	6. Users of FAST and their role	19
	7. Submission of Indicative Yield-to-Maturity (IYTM)	22
PART IV	ISSUING PROCEDURE FOR SECURITIES	
Section	1. General	23
	2. Issuer Creation and Maintenance	23
	3. Facility Creation and Maintenance	24
	4. New Issuance Creation and Maintenance	24
	5. Reopening of Stocks	25
	6. Mode of Offer	26

7.	Stock Code Maintenance	26
8.	Abort of Stock Code/Tender Code	26
9.	Private Placement Procedure	27
10.	Tender Procedure	
	i) Tender Invitation Using Tender Template	28
	ii) New Tender Invitation	28
	iii) Tender Information	29
	iv) Submission of Bids	29
	v) Bids Monitoring	30
	vi) Tender Processing	31
	vii) Intervention by Issuer/FA/LA	32
	viii) Tender Results	33
11.	Early Full/Partial Redemption	34
12.	Interface to RENTAS	34
13.	Settlement	34
14.	Non-settlement on the Issue Date	34
15.	Administrative/System Cut-off time	35
16.	Amendments and Cancellations	35

PART V ISSUING PROCEDURE FOR MONEY MARKET TENDER

Section	1. General	36
	2. Tender Procedure	
	i) Tender Invitation	36
	ii) Submission of Bids	36
	iii) Tender Processing	37
	iv) Intervention by Issuer/FA/LA	38
	v) Tender Results	38
	3. Settlement	38

PART VI ISSUING PROCEDURE FOR REPO/SBBA TENDER

A. Procedure for BNM Repo Transactions

Section	1. General	39
	2. Collateral Eligibility, Margin System and Collateral Valuation	
	i) Collateral Eligibility	39
	ii) Margin System	39
	iii) Collateral Valuation	40
	3. Repo and Reverse Repo Tender Procedures	
	i) Tender Invitation	41
	ii) Submission of Bids	41
	iii) Tender Processing	43
	iv) Intervention by Issuer/FA/LA	43
	v) Tender Results	44

4. Bilateral Repo and Reverse Repo Procedures	
i) Initiation of Bilateral Repo Transaction	44
ii) Response to Bilateral Repo Transaction	45
5. Settlement	
i) Early Termination and Settlement Failure	45

B. Procedure for BNM SBBA Transactions

Section 1. General	46
2. Assets Eligibility, Margin System and Assets Valuation	
i) Assets Eligibility	46
ii) Margin System	46
iii) Assets Valuation	46
3. SBBA and Reverse SBBA Tender Procedure	
i) Tender Invitation	48
ii) Submission of Bids	48
iii) Tender Processing	49
iv) Intervention by Issuer/FA	50
v) Tender Results	50
4. Bilateral SBBA and Reverse SBBA Procedures	
i) Initiation of Bilateral Repo	51
ii) Response to Bilateral SBBA and Reverse SBBA	51
5. Settlement	52
6. Settlement Failure	52
7. Administrative/System Cut-off Time	54
8. Amendments or Cancellations	54

PART VII MANUAL BACK-UP PROCEDURES

Section 1. General	55
2. Full/Partial Disaster	55
3. Manual Back-up Procedures – FA/LA	55
4. Manual Back-up Procedures – Direct Bidders/Indirect Bidders	56
5. Manual Back-up Procedures for Money Market Tender	56

LIST OF APPENDICES

Appendix I	:	Application To Become FAST Members
Appendix II	:	Procedures to Inform RENTAS on Scripless Securities Generated in FAST
Appendix III	:	Bidding Report
Appendix IV	:	Tender Form

PART I
PRELIMINARY

1. Effective Date

- 1.1 The Rules on Fully Automated System for Issuing/Tendering (FAST) shall be effective 4 July 2005. The Rules on Fully Automated System for Tendering (FAST) issued in October 2001 shall no longer be applicable effective from the same date.

2. Purpose

- 2.1 The purpose of the Rules is to provide a uniform set of procedures to govern the primary issuance procedures of all instruments specified by BNM and captured under the FAST system.
- 2.2 In addition to the Rules, members should also be guided by any other directives issued by BNM from time to time.

3. Coverage

- 3.1 These Rules are applicable to the following:
- (a) Specified RENTAS Securities;
 - (b) Private Debt Securities;
 - (c) Money Market Tender;
 - (d) Repo Tender; and
 - (e) Other instruments that may be specified by BNM from time to time.
- 3.2 Details of the issuance of the above instruments are described under Part IV and Part V respectively.

4. Interpretation

- 4.1 Unless the context otherwise requires, the following expressions shall bear the following meanings hereby respectively assigned to them, namely:

"Asset-Backed Securities (ABS)" refers to securities (that are backed by future flows of income from revenue generating assets) issued through a fund-raising process of securitisation;

"Auction" refer to **"Tender"**;

"BNM" means Bank Negara Malaysia, a body corporate established under the Central Bank of Malaysia Act 1958;

"BIDS" means Bond Information and Dissemination System;

"BIDS Rules" refers to Rules on BIDS 2001;

"Bought Deal" refer to private placement;

"Business day" means any day (other than Saturday or Sunday or public holiday) on which financial institutions licensed under the Banking and Financial Institutions Act 1989 are open for business in Kuala Lumpur. Saturday is not regarded as a business day even though financial institutions are open for business in Kuala Lumpur, except for transactions with BNM;

"Cagamas" means Cagamas Berhad;

"Cagamas Debt Securities" means securities issued by Cagamas;

"Commercial Papers (CP)" refers to either Conventional or Islamic short-term papers issued with original tenor of one year or less;

"Coupon" means the interest rate payable on securities issued, which may be on fixed or floating basis;

"Credit Rating" refers to rating assessment by the approved Rating Agencies;

"Direct Bidders" refers to FAST members that are invited by the Issuer/Facility Agent to submit bids directly to Facility Agent/Lead Arranger. For all securities issued through the Principal Dealer (PD) network, then PD will be the Direct Bidders. For other securities, the Tender Panel Members (TPM) invited (FAST members) will be the Direct Bidders;

"Discount Basis" means a method for quoting the return on non-interest bearing securities, which is issued at a discount. The price of the securities is lower than the nominal or face value;

"DPAA" refers to Depository and Paying Agency Agreement, executed between Issuer, BNM, FA/LA and Trustee. DPAA must be executed before the issue date;

"Exempted from Rating" refers to a provision in guidelines/rules issued by RA where rating is not required for any issue, offer or invitation of:

- (a) irredeemable convertible loan stocks; or
- (b) such private debt securities-
 - (i) which are non-transferable and non-tradable; and
 - (ii) whose investors do not require a rating.

"FAST" means Fully Automated System for Issuing/Tendering;

"FAST Member" refers to an organisation, which has subscribed to FAST system;

"Fixed Rate Interest" refers to interest on a security, which is calculated as a constant specified percentage of the principal amount and paid at the end of the specified interest periods until maturity;

"Facility" means the programme for the issuance of instruments approved by the regulatory authority (RA). In relation to FAST, each facility approved/created will be uniquely identified by a facility code. Refer to Section 3 of Part IV for the procedures to create a facility in FAST;

"Facility Agent (FA)/Lead Arranger (LA)" refers to licensed merchant banks, commercial banks, discount houses and Universal Brokers and such other institutions as may be approved by RA from time to time to co-ordinate the issuance of securities through FAST. There could be multiple co-arrangers under a facility. For consistency, each facility can only be maintained by one FA/LA.

"Front-End User Manual" means the user guide to operate the Front-End System;

"Floating Rate " refers to the rate of interest on a floating basis quoted against any reference rate such as KLIBOR;

"IFTS" in relation to RENTAS means Interbank Funds Transfer System. The IFTS effects and records the transfer of funds between participating RENTAS member;

"Indirect Bidders" refer to FAST members and/or non-members which cannot submit tender directly to FAST and need to submit their bids through the designated Direct Bidders if they intend to participate in any tender conducted through FAST. Indirect Bidders may submit tender direct to the FA/LA by way of facsimile if such procedure is accepted/agreed between the parties involved and this must be documented properly;

"Instruments" in relation to FAST covers the Securities and non-Securities (Ringgit Money Market and Repo Tender) approved and specified by BNM from time to time;

"Issue date" in relation to FAST means the issue date for instruments;

"Issuer" means eligible Issuers approved by the relevant authority to raise funds through the issuance of securities/non-securities;

"Known public holiday" refers to any gazetted holiday, which is known at the time PDS is tendered/issued (for example 1 January, 1 February, 1 May, 31 August and 25 December). If such a day falls on a Sunday, the next business day shall be deemed as "known public holiday";

"KLIBOR" means Kuala Lumpur Interbank Offered Rate, the rate at which major Kuala Lumpur banks offer to lend funds to other banks;

"Licensed Financial Institutions (FI)" means commercial banks, merchant banks, finance companies and discount houses licensed under section 6(4) of the Banking and Financial Institution Act 1989 (BAFIA) and Islamic banking institutions licensed under section 3 of the Islamic Banking Act 1983;

"Medium-Term Notes (MTN)" refers to securities issued by corporations with a tenor exceeding 1 year;

"Nominal Amount" refers to the debt (or loan) amount that appears on the face of the certificate and that the issuer must pay at maturity;

"Non-Member" refers to an organisation, which invests in securities/money market tender but is not a FAST member. To participate in any tender, Non-members can submit their bids through a Direct Bidder or FA/LA or through facsimile, if such procedure is accepted/agreed between the parties involved and this must be documented properly.

"Primary Notes (PN)" refers to the primary stock codes generated from the approved facility limit. Please refer to Part IV Issuing Procedure for Securities. There may be more than one PN issued under a facility, which may represent different tranches of issues, under one facility;

"Principal Dealers (PD)" refers to licensed FI appointed by BNM to carry on the business of dealing in specified instruments as principals and/or agents, and which among others include the obligation to participate in the primary tender of securities/non-securities, either for own account or on behalf of client and other obligations that are specified by BNM from time to time;

"Private Debt Securities (PDS)" refers to securities issued by a corporation, which can be either short-term, medium-term or long term papers in Conventional or Islamic principles. Such PDS can be commercial papers (CPs), medium term notes (MTNs), bonds, ABS, loan stocks, loan notes and other types of PDS approved by BNM and/or relevant authority from time to time;

"Private Placement" means the method pursuant to which the securities are offered to or privately placed with selected subscribers/investors either on direct placement, bought deal or any other issuing method that does not involve any tender procedure;

"Regulatory Authority (RA)" refers to the authorised regulatory body such as Bank Negara Malaysia, Securities Commission, etc.

"RENTAS" means Real Time Electronic Transfer of Funds and Securities System, which is a scripless book-entry securities trading and funds transfer system maintained by BNM and as varied, upgraded or substituted from time to time by BNM;

"RENTAS Rules" refers to Rules on the Scripless Securities under the Real Time Electronic Transfer of Funds and Securities (RENTAS) System 2001;

"Repo Transaction/Tender" includes both repo and reverse repo transaction/tender.

"repo Transaction/Tender" refers to repurchase agreement transaction/tender.

"Reverse Repo Transaction/Tender" refers to reverse repurchase agreement transaction/tender.

"Secondary Notes (SN)" refers to the secondary stock code generated from the approved primary notes (PN). SN represents the interest/dividend payable under the relevant PN. Please refer to Part IV Issuing Procedure for Securities;

"Specified Rentas Securities" refers to Islamic/conventional short term and long term scripless securities issued by the Government, BNM, BNM Sukuk Berhad and any other instruments that may be specified by BNM.

"SSTS" in relation to RENTAS means Scripless Securities Trading System. The SSTS effects and record the transmission of scripless securities between RENTAS members. The SSTS also maintains securities holdings account for the FI;

"Stock Information" means information on a specific issue under a facility. A stock is related to one facility. There may be more than one stock under a facility;

"Tender Closing Date/Time" in relation to FAST means the last date/time for bids to be submitted before the issue date. In relation to closing time, members are required to observe the system time;

"Tender Panel Member (TPM)" refers to eligible investors approved by BNM and/or relevant authority to bid for any issue of PDS;

"Underwriter" means eligible institutions as approved by the RA which agrees to take up under subscribed amounts of an issue or when the underwritten yield/price is lower/higher than the bidding yield/price respectively; and

"Unexpected holiday" means a public holiday, which is not a **"known public holiday"** at the time when PDS are scheduled for tender/issue.

PART II

GENERAL RULES

1. Objective

- 1.1 The Rules for the Fully Automated System for Issuing/Tendering (FAST) July 2005, called the **RULES**, shall govern the members' participation in FAST. In addition to the **RULES**, members should also be guided by:
- a) Rules on Bond Information and Dissemination System (BIDS) 2001;
 - b) Rules on the Scripless Securities under the Real Time Electronic Transfer of Funds and Securities (RENTAS) System 2001; and
 - c) Any other directives issued by BNM from time to time.

2. FAST Membership

- 2.1 Membership is open to all eligible investors as approved by BNM and any other approved authorities.
- 2.2 Organisations intending to become a FAST member must obtain a prior written approval from BNM by submitting a written application to Pengarah, Jabatan Pengawalan Bank, BNM as per Appendix I.
- 2.3 An organisation is deemed to be a FAST member if it has received a written approval from BNM as well as creation of 2 system administrators by the latter. These 2 administrators of the organisation will each be given an ID and password to login into FAST.
- 2.4 The current list of FAST members is available in FAST main page.

3. Responsibility of Members

- 3.1 FAST members shall:
- a) protect their workstations from any unauthorised use through adequate internal controls. All FAST members shall be responsible for the control, maintenance, access and security of its modem, communication lines, software and other application software permissible by BNM;
 - b) ensure that the access and utilisation of its member computer (including its software) are restricted to authorised persons;
 - c) be responsible for any loss caused by such member who gives access to unauthorised usage through the system or its database; and
 - d) be responsible for any loss incurred due to fraudulent or other wrongful insertion or alteration of a bid in the FAST.

4. Benefits of FAST

- 4.1 The benefits of FAST can be summarised as follows:
- a) FAST is a web-based system without any downloading procedure;
 - b) FAST will be one system to capture all issuance of instruments regardless of the mode of issue. This will facilitate the FA/LA in managing the issues throughout the tenor of facility/instrument;
 - c) For tendered instruments, FAST provides a standardisation in tendering procedures in terms of bids submission, tender processing and announcement of results;
 - d) For non-tendered instruments, FAST enables the creation of facility and stock to be uniquely identified by certain codes of reference; and
 - e) FAST also provides certain interface functions to BIDS and RENTAS.

5. Security Features of FAST

- 5.1 The FAST system has comprehensive security features to ensure the integrity and confidentiality of bidding and tender information. The security features of FAST are as follows:
- a) A secure network to safeguard against unauthorised access through the use of appropriate security software and hardware such as iVEST Smart card technology and Firewall;
 - b) Audit trails; and
 - c) Centralised system administration with housekeeping function.

6. iVEST Smart Cards

- 6.1 FAST members are required to use iVEST smart card for the purpose of approving certain critical tasks.
- 6.2 Members should apply for the iVEST smart card directly from MIMOS Berhad. Kindly refer to <http://www.invest.com.my> for locations of MIMOS Berhad branches.
- 6.3 Members should inform MIMOS Berhad immediately should there be any problem with the iVEST smart card such as card being blocked due to exceeding number of key-in of pin number, expired card, etc.
- 6.4 Since FAST Members can participate in bidding and tendering process, therefore all FAST members are required to have iVEST smart card, as those critical tasks require the use of iVEST smart card.

7. Confidentiality and Integrity

- 7.1 Members must be guided by the principle of integrity and the preservation of confidentiality so as to ensure the proper conduct of facility/stock creation of all instruments captured under the FAST.

8. Fees and Charges

8.1	The following charges will be levied on members by BNM:-		
	(a)	Yearly membership fee (payable monthly)	RM 2,400
	(b)	Transactions Charges	
		Per bid submitted	2
		Per Tender Processing	150
		Per Private Placement	50
		Per Tender Invitation	50

Members shall be able to view own charges as stated in 8.1 (b) on a daily basis.

8.2 BNM will debit the total billing charges on a monthly basis i.e. on the second business day of the month. Therefore, members must ensure that they have sufficient funds in their current account maintained at BNM Cawangan Kuala Lumpur.

8.3 For submission of bids on behalf of customers who are non-members, members may charge their customers. Such charges imposed to customers must be made known to customers upfront and agreed upon. Settlement of the charges between members and its customers is not covered under these Rules.

8.4 For members who are also RENTAS members, their current account maintained at BNM Cawangan Kuala Lumpur will be debited for the FAST charges.

8.5 For members who are non-RENTAS members, the monthly billing will be debited via their appointed bankers who have a current account maintained at BNM Cawangan Kuala Lumpur. Therefore, members have to settle the billing with their bankers and such procedure must be agreed upon. Settlement of the billing between members and their bankers are not covered under these Rules.

9. Penalty Charges

9.1 BNM has the right to impose penalty charges or demerit points on members who fail to perform their obligations.

9.2 BNM has the right to determine the quantum of the penalty charges.

10 Emergencies

10.1 In the event that there is any communication problem in using FAST, members are required to inform Seksyen Pasaran Modal, Jabatan Pengawalan Bank, BNM immediately or inform FAST Call Centre at 03-20263088.

10.2 Tender activities shall be handled in a manner as directed by BNM. The manual back-up procedures in a disaster situation are outlined in Part VI.

11 Business Days

- 11.1 Issuer/FA/LA must ensure that the issue date and maturity date of a facility shall fall on a business day. Please refer to Para 3 of Part IV on the procedure for creation of facility.
- 11.2 In relation to the creation of stock codes under FAST, the following dates must fall on Business Days:
- a) Tender Opening Date;
 - b) Tender Closing Date;
 - c) Issue Date; and
 - d) Maturity Date.
- FAST will prompt a message of non-business days if the above-mentioned dates fall on Saturday, Sunday or a known public holiday.
- 11.3 As FAST runs on a web-based application, thus users can access FAST anytime. In this regard, FAST members can perform administrative tasks such as creation and maintenance of organisation information, creation of user roles/profiles, updating of facility/stock information, etc. However, access to FAST for transactional purposes such as participation in the tender, bidding and settlement must be done according to the specified cut-off time on business days, as stipulated in Part IV and Rules on RENTAS.

12 Holiday Convention

- 12.1 FAST Rules on the expected and unexpected holiday convention will govern the key dates involved under the primary issue activities only. The key dates identified are tender closing date and issue date only.
- 12.2 When a public holiday falls on a tender closing date which was originally expected to be a business day or when a public holiday is declared at the eleventh hour, the tender closing date shall fall on the next business day which may also be the same day as the issue date. In such cases where the tender closing date falls on the issue date;
- a) The tender closing time shall be 10.30 am instead of 11.30 am; and
 - b) The tender results shall be announced through FAST at 11.00 am.
- 12.3 If the unexpected holiday falls on the issue date:
- a) The tender closing date shall remain unchanged;
 - b) The associated settlement will be postponed to the next business day without any adjustment of calculation of the proceeds; and
 - c) The allotment for a stock issue shall be the next business day with the issue date and maturity date remains unchanged.
- 12.4 If both tender closing date and issue date are declared as a holiday, the tender closing date and issue date will both fall on the next business day with the appropriate adjustment of the tenor and the calculation of the proceeds. For this scenario, the treatment for tender closing time and tender results should follow 12.2 a) and 12.2 b).

- 12.5 For short-term specified RENTAS securities issued through the PD network, the expected holiday convention should be governed as follows;
- i) If the usual tender closing date falls on an expected public holiday, the tender closing date will fall on the next business day which may also be the same day as the issue date. In such cases where the tender closing date falls on the issue date:
 - i) The tender closing time shall be 10.30 am instead of 11.30 am; and
 - ii) The tender results shall be announced through FAST at 11.00 am.
 - ii) If the usual issue date falls on an expected public holiday, the issue date will fall on the next business day. The tender closing date and time shall remain unchanged; and
 - iii) If both the usual tender closing and issue dates fall on expected public holidays, then the tender closing date and issue date will fall on the next business day whereby:
 - i) The tender closing time shall be 10.30 am instead of 11.30 am; and
 - ii) The tender results shall be announced through FAST at 11.00 am
- 12.6 For securities, which are issued in scripless form through the RENTAS system, please observe the requirement of allotment, interest payment and redemption payment procedure under Rules on RENTAS.
- 12.7 The maturity date of facility/stock issued by way of tender or private placement will be unaffected by an unexpected holiday.
- 12.8 Whenever there is an unexpected holiday, BNM will make the necessary adjustments to the tender and/or issue date of the affected stock.

13 Variation of Rules

- 13.1 The Rules may from time to time be varied, added or revoked in whole or in part at the discretion of BNM.

PART III

TYPES OF INSTRUMENTS AND USERS OF FAST

1. Overview

- 1.1 FAST is designed to facilitate the primary issue of all instruments approved by BNM and/or relevant authority, which are either issued on tender or on private placement. In relation to FAST Rules, an instrument is either classified as securities and non-securities (Money Market Tender/ Repo Tender).
- 1.2 The issuing process flow of securities is covered in PART IV. For money market tender and Repo tender, the issuing process flow will be covered in PART V and PART VII respectively.

2. Brief Description of the Securities

- 2.1 The types of securities approved by BNM and captured under FAST are as follows:
 - a) **Bank Negara Bills (BNB)**

BNB are short-term securities with maturities not exceeding one year issued by BNM for its short-term money market operations. BNB issues are offered to principal dealers through a competitive auction with the highest yield accepted. The yield bid is specified as a rate of discount and expressed in three decimal places. The tenure of BNB is expressed in actual number of days. For trading purposes, BNB are classified into band trading according to number of days remaining to maturity.
 - b) **Bank Negara Negotiable Notes (BNNN)**

BNNN are Islamic short-term securities with maturities not exceeding one year issued by BNM. The issuance of the BNNN will be based on the principle of Bai'Al-Inah. In the primary issue, submission of tenders for BNNN will be through Islamic banks and principal dealers.
 - c) **Malaysian Treasury Bills (MTB)**

MTB are short-term government securities issued by the Government of Malaysia. Similar to BNB, MTB are issued on a discount basis and the holders are paid the nominal amount on the maturity date. In the primary market, MTB are issued through the weekly tenders via the principal dealers. In the secondary market, MTB are also classified under the band trading.
 - d) **Malaysian Islamic Treasury Bills (MiTB)**

MTB are short-term government securities issued by the Government of Malaysia based on Bai al Inah concept with maturity tenures of 3,6 and 12 months.

- e) **Sukuk Bank Negara Malaysia Ijarah (SBNMI)**
Islamic monetary instrument based on the Al-Ijarah or “sale and lease back” issued by BNM Sukuk Berhad.
- f) **Malaysian Government Securities (MGS)**
MGS are coupon-bearing long-term bonds issued by the Government of Malaysia to raise funds from the domestic capital market. MGS can be issued by way of tender through the principal dealers or issued by way of private placement to selected institutions. For new issues through the auction, submission of bids will be on yield basis and the coupon will be market determined based on the weighted average successful yield of the issue, payable semi-annually. For reopening of the existing stocks/issues through the auction, FAST members are required to observe the requirement on tender basis in the issuance/tender details and bidding screen for the latest tender basis criteria. In the secondary market, MGS are traded on price basis.
- g) **Government Investment Issues (GII)**
GII are Government bonds issued under the Government Investment Act, 1983. In the past, GII was issued under the concept of Qardhul Hasan (benevolent loan). Currently, the issues of GII are under the concept of Bai’ Al-Inah. There are two types of GII namely non-interest bearing and profit-based GII that enable the participating institutions to meet their liquidity requirements according to Islamic principles. For new issues through the auction, submission of bids will be on yield basis and the profit will be market determined based on the weighted average successful yield of the issue, payable semi-annually
- h) **Private Debt Securities (PDS)**
There are various types of PDS issued by corporations, which can be issued under Conventional or Islamic principles. The types of PDS captured under the FAST system are as follows:
 - i) **Khazanah Securities**
All securities issued by Khazanah Nasional Berhad.
 - ii) **Cagamas Debt Securities**
There are various types of Cagamas debt securities issued by Cagamas Berhad and captured under the FAST system:

Cagamas Fixed Rate Bonds

These bonds carry a fixed coupon rate, which is determined at the point of issuance. Interest on these bonds is payable semi-annually. The redemption of the bonds is at nominal value together with the interest due on maturity date.

Cagamas Floating Rate Bonds

These bonds have an adjustable interest rate, which is pegged to the 3-month or 6-month KLIBOR. The interest rate on the bonds is reset every 3 or 6 months and is payable at 3 or 6 monthly intervals. The bonds are redeemed at face value together with the interest due upon maturity.

Cagamas Notes

These are short-term instruments with maturities of 12 months or less and issued at a discount from the face value. The other features of these notes are similar to those of the Malaysian Treasury Bills. They are redeemable at their nominal value upon maturity.

Sanadat Mudharabah Cagamas

These are Islamic bonds issued under the Islamic principle of Mudharabah (profit-sharing) to finance the purchase of Islamic house financing debts and Islamic hire purchase debts. Dividends on these bonds which are based on a pre-determined profit sharing ratio are payable semi-annually. The bonds are redeemable at par on maturity date unless there is principal diminution.

Cagamas Bithaman Ajil Islamic Securities (Formally known as Sanadat Cagamas)

These are Islamic bonds issued under the Islamic principle of Bai Bithaman Ajil to finance the purchase of Islamic house financing debts and Islamic hire purchase debts. Dividends on these bonds are payable semi-annually. The bonds are redeemable at par together with the dividend due on maturity date.

iii) Commercial Papers (CP)

Commercial papers (CP) are short-term promissory notes with a tenor not exceeding one year. The facility gives the flexibility to the Issuer to re-issue CP. The mode of issue of CP can either be on private placement and/or by way of tender.

iv) Medium-Term Notes (MTN)

MTN are instruments with tenor of more than one year. This instrument is an alternative to short-term financing in the CP market and long-term borrowing in the corporate bond market. The mode of offer of MTN can either be on private placement and/or by way of tender.

v) Combination CP/MTN Programme

The combination CP/MTN programme allows Issuer to invite tender on both CP and MTN simultaneously without breaching the approved facility limit. Issuer will then have the flexibility to draw down either CP, MTN or combination of both subject to the availability limit. The mode of offer for CP/MTN can be on tender and/or private placement. The tender basis for both ICP/IMTN in a combination issue can be on yield and/or price basis.

vi) Corporate Bonds

Bonds are long-term scripless securities (Conventional or Islamic), which can be interest bearing, profit-based or discounted instruments (e.g. zero coupon) with tenor of more than one year. The interest bearing bond and profit-based bond can have fixed coupon rate or floating coupon rate depending on the structure of the facility approved. For zero-coupon bonds, the securities are issued at a discount without any periodic interest/coupon, and have final redemption equal to par/nominal value. The issuance of bonds can be on private placement to several investors, bought deal to primary subscriber or through tender basis. For tendered bonds, the tender basis can be on yield or price basis depending on the structure of the facilities.

vii) Loan Stocks/Loan Notes

FAST also captures issuance of unlisted loan stocks/notes. These securities can either be redeemable/irredeemable and/or convertible/non-convertible. They can be tradable or non-tradable in the secondary market.

i) Other securities

BNM has the right to determine and include any other securities deemed to be appropriate into FAST system.

3. Brief Description of the Money Market Tender

3.1 Money Market Tender refers to the activities of inter-bank market participants in the short-term borrowing and lending activities in the loans and deposits market. Please refer to Part V for the details on issuance of Money Market Tender.

4. Brief Description of the Repo Tender

4.1 In relation to FAST, Repo tender refers to the conduct of repo and reverse repo transactions by BNM, both in the form of multi-party tenders and bilateral short-term transactions with counter-parties. Please refer to Part VI for the details of the Repo Tender.

5. Formula

5.1 The following formulae are applicable for the calculation of proceeds/purchase price in the primary issues:

a) Formula for discounted short-term papers:

The formula used to calculate the proceeds is illustrated below:-

$$P = FV \times \left(1 - \frac{r \times t}{36500} \right)$$

where,

- P = Proceeds/Purchase Price
- FV = the Face Value/Nominal Value/ Selling prices
- r = the applicable yield/rate of return at which the offer was accepted (expressed to three decimal places)
- t = the number of days in the tenor of the papers (which shall include the Issue Date but shall exclude the Maturity Date)

The above formula is applicable for calculation of proceeds for all short-term papers issued at discount.

b) Formula for Cagamas short-term interest bearing notes

$$\text{Price (P)} = \frac{RV}{\left(1 + \frac{r}{100(n)} \right)^{N-1+T/E}} + \sum_{K=1}^N \frac{C/n}{\left(1 + \frac{r}{100(n)} \right)^{N-1+T/E}}$$

where,

- RV = Ringgit price per RM100 face value
- C = Coupon rate (weighted average)
- r = market yield for a similar maturity period
- N = Number of interest payments between the value date and maturity date
- E = Number of days in coupon period in which settlement takes place (tenor)
- T = Number of days between the value date to the next interest payment date.
- n = Number of interest payment in a year

c) Formula for medium-term/long-term papers

The formulae to calculate proceeds for long-term papers issued with tenor more than one year.

i) Discounted Formula (Zero Coupon)

$$P = \frac{NV}{(1 + r/200)^{N-1+T/E}}$$

where

- P = Price
- NV = the Nominal Value.
- r = the applicable rate at which the offer was accepted (expressed to three decimal places)
- N = number of semi-annual interest payments between the value date and the maturity date
- T = Number of days from the value date to the next semi annual coupon date.
- E = Number of days in the assumed first normal interest period of 6 months.

ii) Fixed Rate Formula (calendar-to-calendar)

$$\text{Price (P)} = \left\{ \begin{array}{l} \text{Discounted Value} \\ \text{of Redemption} \\ \text{Value At Maturity} \end{array} \right\} + \left\{ \begin{array}{l} \text{Discounted Value} \\ \text{of Stream of} \\ \text{Interest Payments} \end{array} \right\}$$

$$= \left\{ \frac{RV}{\left[1 + \frac{r}{200}\right]^{N-1+T/E}} \right\} + \left\{ \sum_{K=1}^N \frac{C/2}{\left[1 + \frac{r}{200}\right]^{K-1+T/E}} \right\}$$

where,

- FV = Face value
- RV = Redemption value (= FV, if redemption is at par)
- C = Coupon rate
- r = market yield for a similar maturity period
- N = Number of semi-annual interest payments between the value date and maturity date
- T = Number of days from the value date to the next interest payment date.
- E = Number of days in the coupon period in which settlement takes place

The above formula on proceeds of tender is currently being used for new issues of MGS / profit-based GII. The coupon / return rate is fixed based upon the weighted average of successful rate of tender.

iii) Fixed Rate Formula (irregular)

$$\begin{aligned}
 \text{Price (P)} &= \left\{ \begin{array}{c} \text{Discounted Value} \\ \text{of Redemption} \\ \text{Value At Maturity} \end{array} \right\} + \left\{ \begin{array}{c} \text{Discounted Value} \\ \text{of Stream of Coupon} \\ \text{Payments, except the} \\ \text{First Payment} \end{array} \right\} \\
 &+ \left\{ \begin{array}{c} \text{Discounted Value} \\ \text{of First} \\ \text{Coupon Payment} \end{array} \right\} \\
 &= \left\{ \frac{\text{RV}}{\left[1 + \frac{r}{200}\right]^{N-1+T/E}} \right\} + \left\{ \sum_{K=2}^N \frac{C/2}{\left[1 + \frac{r}{200}\right]^{K-1+T/E}} \right\} \\
 &+ \left\{ \frac{\text{FV} \left[\frac{C}{200} \times \frac{\text{DIF}}{E} \right]}{\left[1 + \frac{r}{200}\right]^{T/E}} \right\}
 \end{aligned}$$

where,

FV	=	Face Value
RV	=	Redemption value (=FV, if redemption is at par)
C	=	Coupon rate
r	=	market yield for similar maturity period as security
N	=	Number of semi-annual interest payments between the value date and maturity date
E	=	Number of days in the assumed first normal interest period of 6 months
T	=	Number of days from the value date to the next interest payment date.
DIF	=	Number of days from the issue date to the first interest payment date, which can be less than or more than the normal first interest payment period of 6 months.

This formula in tender process is applicable for calculation of proceeds for new issues of Cagamas Fixed Rate Bonds, Corporate bonds and MTN, which are issued not on calendar-to-calendar basis. Similarly, the coupon is fixed based upon the weighted average of successful rate of tender.

iv) Fixed Rate Formula (pre-determined coupon)

For new issues of Fixed Rate MTN/Bonds where the coupon is pre-determined for the entire tenor for fixed rate MTN/Bonds, the tender basis can be on price/100 or yield. FA/LA is required to consult BNM prior to the issuance/tender as to ensure correct configuration be set in FAST.

v) Floating Rate Formula

Bidding for all new issues of Floating Rate MTN/Bonds are on Price/100 basis as the coupon rate for the coupon period is already predetermined during tender invitation. Payment of the coupon can be made annually, semi-annually or quarterly depending on the structure of the facility approved. The proceeds are calculated based on the following formula.

$$\text{Proceeds} = \text{NV} \left[\frac{\text{P}}{100} \right]$$

where,

$$\begin{aligned} \text{NV} &= \text{nominal value} \\ \text{P} &= \text{price per RM100 nominal value (3 decimal places)} \end{aligned}$$

vi) Simple Interest Bearing

Simple Interest Bearing papers are bid on yield. There is no calculation of proceeds as allotment will be at par/nominal value based on ascending order of successful yield. The coupon/interest payable can also be pre-fixed or determined based on the weighted average of successful bids depending on the structure of the facility as agreed by the parties involved. Single interest-bearing paper allows the issuer to raise funds at nominal value on the issue date.

- 4.2 Please refer examples of Bidding Report in Appendix III for the calculation of proceeds/purchase price in the primary tender.
- 4.3 Please refer to the Rules on BIDS and Rules on RENTAS, whichever applicable for calculation of proceeds and interest/dividend payment in the secondary market and its subsequent settlement.

6. Users of FAST and their role

5.1 The users of FAST can be summarised as below:

a) Issuer

The Issuer is the eligible person approved by regulatory authority to raise funds through issuance of instruments. The Issuer will determine the mode of issue (tender or private placement) of the facility. The final decision on the results of the tender will be made in accordance with the facility.

b) Facility Agent (FA)/Lead Arranger (LA)

For Government Papers and Bank Negara Papers, the FA/LA is BNM. For other types of securities issued, namely Cagamas Debt Securities and Khazanah Bonds (Government guaranteed), the FA/LA can be Cagamas Berhad and Khazanah Nasional Berhad respectively. For PDS, only licensed merchant banks, commercial banks, discount houses and Universal Brokers who are FAST members and RENTAS members are allowed to lead manage and facilitate facilities under PDS. The FA/LA shall be responsible for the overall co-ordination of the facility. The FA/LA are required to advise the Issuers on all matters relating to PDS issues.

In general, the roles of FA/LA are as follows:

- (i) For creation of facility approved by BNM, FA/LA must observe the requirement of facility maintenance/stock maintenance as outlined in Part IV;
- (ii) FA/LA must update any changes to the facility and stock created;
- (iii) For tendered instruments, FA/LA must agree with the Issuer on the procedures/arrangements with regard to the confirmation/verification of acceptance/rejection of bids. FAST allow FA/LA to:
 - monitor incoming bids (only the nominal amount and the name of Direct Bidders will be displayed) submitted by Direct Bidders;
 - inform the Issuer of all the bids that have been received before proceeding to confirm the tender process;
 - intervene as requested by Issuer and this intervention depends on the availability of limit and the principle (Islamic/Conventional) of the tender; and
 - FA is not allowed to change the tender results once the tender process has been confirmed.
- (iv) For non-tendered instruments, FA/LA must ensure that stocks must be generated under the private placement screen and all information must be correctly input;
- (v) FA/LA must also inform the successful bidders/subscribers that all payments must be made by a pre-determined time specified by the FA/Issuer.

c) Principal Dealers (PD) – Direct Bidders

PD refers to licensed financial institutions appointed by BNM to carry on the business of dealing in specified securities as principals and/or agents, and have the exclusive right and obligation to among others, participate in the primary tender of securities/non-securities, either on own account or on behalf of clients and any other obligations that are specified by BNM from time to time. In relation to primary issue/tender of instrument through FAST, the role and obligations of PD are as follows:

- (i) PD are required to submit a minimum amount/percentage for each specified securities issue as determined by BNM from time to time;
- (ii) PD are required to segregate the bids submitted into own and customer account. Customer account will be segregated into resident and non-resident;
- (iii) There is no maximum limit on the amount submitted by PD and its customers on any tender as the allotment will be subject to a limit as may be imposed from time to time by the Issuer/BNM. If any of the bids are successful, bidders (either PD or its customer) must honour their bids and it is the responsibility of the PD to ensure such compliance;
- (iv) PD have the discretion to reject any bids by the non-PD (indirect bidders) submitted through its directory on valid grounds including incorrect stock tendered, assessment of counterparty risk, bids submitted by customer are below the minimum denomination prescribed by BNM, non-PD bids are received after the cut-off time and any other reasons that deemed to be valid for rejections;
- (v) PD are allowed to amend customers' original bids subject to the following conditions:
 - The amendment only applicable for selected securities as specified by BNM;
 - PD must have in place the procedure for amending customers' bids since the agreed arrangement between PD and the customers are not covered under this Rules;
 - PD must enter into an agreement with the customers. The agreement must clearly stipulate:
 - a) the right of PD to amend the bids and the rights of customers to be honoured if the original bids submitted by customers were supposed to be successful; and
 - b) the provision for compensation to customers by PD in the event that PD are unable to honour customers' bids if the original bids were supposed to be within the successful range of the tender results.
 - PD are only allowed to change the bidding rate which could be the yield or price but not the customers' bid amount;

- PD must ensure that the bids honoured to the customers are in accordance with the standard formula outlined in the Rules on FAST;
 - The feature of allowing amendment to customers' bids are only applicable to submission of bids by Indirect Bidders who are accessible to the FAST system at their ends.
- (vi) PD must agree with its customer (indirect bidders and non-members) on the procedures/arrangements with regards to the confirmation/verification of submission/rejection of bids. In general, PD must therefore verify and confirm all bids submitted by its customers, inform the customers that their bids will be rejected before the system cut-off, and respond promptly and correctly to all messages generated from the system concerning any bids submitted on behalf of customers;
- (vii) PD will have to agree with non-members on the manner of submission of bids. Those non-members will have the option to send their bids either by facsimile, or hand delivery to the PD. The current arrangements between the PD and their customers can still prevail. Any fees or charges that PD wish to impose on its customers who are non-FAST members is not covered under these Rules;
- (viii) On the issue date, allotment of securities through RENTAS including successful customers will be under the PD's account. PD must also ensure that all successful customers' bids are allocated correctly. Payment from customers to PD is a separate arrangement between the parties involved and is not covered under these Rules.

d) Tender Panel Members (TPM) – Direct Bidders

TPM refers to eligible investors approved by BNM and/or relevant authority to bid for the issue of PDS. TPM must honour their bids if their bids are within the successful range of tender. TPM must agree with FA/LA on the payment arrangement on the settlement date/issue date.

e) Indirect Bidders (FAST members)

In relation to the amendment of customers' bids by PD for selected instruments, Indirect Bidders must be fully aware that their placement of bids with the PD may not be the final bids received by the system as PD have the right to amend the bids as provided for in the agreement between PD and Indirect Bidders.

Indirect Bidders must consult their respective PD on which instruments are qualified for amendment as specified by BNM.

f) Underwriter

For underwritten issues, underwriters' obligation to underwrite will be in the following event:

- In the event that the issues are undersubscribed, i.e. when the total tender amount submitted by bidders is less than the issue amount; and/or;

- When TPMs bid higher/lower than the underwritten yield/price respectively, the underwriters are obligated to take up the unsubscribed amount and/or the amount of the bids by the TPM which rate is higher than the underwritten yield or price, which was lower than the underwritten price.

Under both scenarios, the calculation of underwritten proceeds would depend on the structure of issues, i.e. on single underwritten rate or multiple underwritten rate. Please refer Tender Processing in Part IV.

g) **Rating Agencies**

Rating Agencies refer to authorised bodies, which are responsible to update facility, stock and organisation rating.

7. Submission of Indicative Yield-to-Maturity (IYTM)

- 7.1 All appointed contributors are required to submit quotations for the IYTM for Government Securities (Conventional and Islamic) through FAST on a daily basis.
- 7.2 For the IYTM for PDS (Selected Papers and Rating), the submission of quotations must be on a weekly basis, i.e. on every 7th, 14th, 21st and end-of-the month.
- 7.3 All IYTM submissions for both Government Securities and PDS must be made latest by 4.45 pm. This requirement must be strictly observed to enable BNM to publish the consolidated rate by 5.00 pm.
- 7.4 For PDS submission, if any of the 7th, 14th, 21st or end-of-the-month day falls on a non-working day (Saturday, Sunday and Public Holidays), submission must be made on the **preceding** business day. In the case of unexpected holiday declared at the eleventh hour, submission must be made on the next working day following the unexpected holiday.
- 7.5 For any enquiries regarding the submission, please contact:
- IYTM for Private Debt Securities:
Seksyen Pasaran Modal
Jabatan Pengawasan Bank
(ext: 7855/8634/8291/7291/8293)
 - IYTM for Government Securities (both Conventional & Islamic):
Seksyen Perlaksanaan Polisi Kewangan
Jabatan Operasi Pelaburan dan Pasaran Kewangan
(ext: 7555/7556/7557)

PART IV

ISSUING PROCEDURE FOR SECURITIES

1. General

- 1.1 This part will outline the procedures for the issuing of all securities approved by BNM and/or relevant authority to be captured under FAST.
- 1.2 For securities to be issued scripless through RENTAS, FA/LA needs to observe the following additional requirements:
 - a) All securities issued in scripless form through RENTAS must comply with the terms and conditions set out in Information Memorandum, Depository and Paying Agency Agreement (DPAA), Trust Deed and other relevant legal documents binding the issues;
 - b) DPAA among the Issuer, BNM, LA/FA and Trustee must be executed before the issue date. The agreement must be in accordance with the standard format and any amendments to the DPAA must be with prior approval from BNM. To facilitate the issue, LA/FA may create the Facility once the original copy of the DPAA is submitted physically to Unit RENTAS, Jabatan Sistem Pembayaran, BNM for signing; and
 - c) Each issue will be represented by a Global Certificate, which shall be lodged with BNM as the Central Depository for safe custody. The Central Depository shall keep the Global Certificate until maturity date and shall not make any amendments or cancellations to the Global Certificate. Submission of Global Certificate to the Central Depository by the FA/LA must be at least one business day before the issue date.

2. Issuer Creation and Maintenance

- 2.1 FAST allows creation of issuer profile before creation of any Facility.
- 2.2 To create a new Issuer, FA/LA must ensure that it is created under the organisation list first, before assigning the issuer profile.
- 2.3 FA/LA can change the issuer description, issuer short name and business registration number from organisation maintenance screen. System will automatically update issuer name under facility/stock issuance when issuer name has been changed. Users are then required to manually change the facility/stock description. However, it is not advisable to change issuer name/short name unless there is an official change in the organisation full name.
- 2.4 Rating Agencies are allowed to change the issuer rating if any. FA/LA is allowed to view the effective date and historical ratings of the issuer.

3. Facility Creation and Maintenance

- 3.1 FAST will be the only entry point for the creation of facilities approved by BNM and/or other regulatory authority.
- 3.2 FA/LA is required to create the Facility according to the terms and conditions as approved by the Regulatory Authority (RA). FA/LA is required to provide a softcopy (in PDF format) of terms and conditions of the approved facility as part of the attachment in the facility creation.
- 3.3 FA/LA must create and approve the Facility at least 5 business days before the issue date for activation by BNM.
- 3.4 There could be multiple FAs under a facility, but under FAST, each facility can only be maintained by one LA. For scripless securities, the LA is the party to the DPAA.
- 3.5 FA/LA will be fully responsible for how the facility is configured. The impact of configuring wrong information or details could result in creating a different facility than that was approved by the RA.
- 3.6 FA/LA should key in the initial rating scheme that has been assigned by the Rating Agency to the facility. For combo facility i.e. CP/MTN where each instrument has different rating, FA shall select "Multiple Rating" for the facility. The actual rating of the instrument shall be assigned during creation of stock under new issuance. For any subsequent update/revised rating scheme to the facility, the update will be done by the Rating Agency.
- 3.7 Once a facility is activated by BNM, a facility code will be generated. Facility Code would identify each and individual facility created under the FAST system.
- 3.8 It is the responsibility of the FA/LA to update any additional information under the facility before proceeding to create stock code under the facility. Such information could be the Direct Bidders, Underwriters, Primary Subscribers, Guarantors, selling restrictions, issuer's business registration number, utilisation of proceeds and any other information that allow amendments by the FA/LA.
- 3.9 All the necessary information must be updated before creation of the stock codes.

4. New Issuance

- 4.1 New issuance refers to the registration of new issues of securities/instruments from the approved facility and it is represented by new stock code being generated by FAST.
- 4.2 Before generation of the stock code, FAST will generate stock description based on the relevant issues such as Issuer, the type of instrument, the tenor, coupon, and the maturity date of the issue. It is not advisable for FA/LA to change the stock description format for consistency purposes.

- 4.3 Stock Code will be generated by FAST for every confirmed issue under the facility. It is the responsibility of the FA/LA to ensure all information pertaining to the stocks is correct before proceeding to choose the approved mode of offer.
- 4.4 For combo issues such as CP/MTN, stock code will be generated once the tendering process is confirmed.

5. Reopening of Stock

- 5.1 Reopening of stock refers to registration of additional issue using the same stock code. In addition, reopening of stocks is defined as an increment in the issue size of existing stocks while the other features (i.e. interest payment dates, coupon rate, maturity date) of the stocks remain unchanged.
- 5.2 Reopening is only applicable to the facility with reopening features as approved by the RA.
- 5.3 The purpose of the reopening of an existing issue has the effect of adding to the size of the existing issue and thus adding more liquidity by encouraging secondary trading of stocks.
- 5.4 The stocks can be reopened at any date before the maturity date and it is not restricted to the anniversary interest payment of the stocks. There is no limitation on the number of times that a stock can be reopened.
- 5.5 Allotment proceeds will depend on the date of the re-opening of stocks and it includes the accrued interest for stocks re-opened not on the interest payment dates.
- 5.6 Reopening of existing stocks can be conducted by way of tender or private placement to the Bidders/Subscribers. FA/LA will use the existing stock code to invite for tender or do the placement.
- 5.7 For Fixed Rate stocks, the tender basis for reopening of stocks can be on yield or Price/100 and members must observe the issuance/tender details for the tender basis applicable.
- 5.8 Interest payment date for the stocks reopened shall be the same as the interest payment dates on the original stocks to be reopened. There should not be any amendment to the interest payment dates.
- 5.9 FA/LA is required to consult BNM for the re-opening of the existing stocks and it is subject to the approval of the relevant regulatory authority.

6. Mode of Offer

- 6.1 FAST will capture the issuance of stock issued either by way of tender or private placement. The issuance of stock can be either through new issues or re-opening issues.
- 6.2 FA/LA must obtain prior approval from BNM and/or relevant authority for issuing any instruments other than in the mode of offer as captured under FAST.

7. Stock Code Maintenance

- 7.1 For securities not issued through the PD network, FA/LA need to key in the serial number of the stock for each issue. It is therefore the responsibility of the FA/LA to maintain the stock series, as it is not system generated.
- 7.2 Once the stock code has been generated, FA/LA is not allowed to change or amend the information pertaining to the stock. Certain amendments and updates to the stock can be made subsequently on real time basis under the /Stock maintenance. However, any amendment or update to the coupon payment, redemption, etc. may only be reflective in the next day, therefore, FA/LA is advised to update the information at least one day before effective date of changes of the stock.
- 7.3 For scripless securities, any changes for e.g. coupon payment, interest payment date and early redemption, FA/LA must inform Unit RENTAS and the information on the stock will be updated directly through FAST through the FAST/RENTAS file. FA/LA is not required to update the information in FAST.

8. Abort of Stock Code/Tender Code

- 8.1 FA/LA may abort stocks/tender prior to the issuance of the stock through its front-end system provided that it must be done at least one day before the issue date. To abort stock/tenders, FA/LA must state the reason for abortion.
- 8.2 For stock code to be issued by way of tender, the stock code can only be aborted provided that the tender code is aborted first. FA/LA may re-use the same stock code to generate new tender code. For stock code issued with private placement, the abortion of the stock code will automatically abort the placement code.
- 8.3 For abortion of stocks on or after the issue date, FA/LA is required to get approval from BNM and/or relevant authority before such procedure can be executed.
- 8.4 FA/LA/Issuer and the parties involved must agree on the terms and conditions relating to the stock to be aborted.
- 8.5 For scripless securities, FA/LA is required to inform Unit Rentas, Jabatan Sistem Pembayaran, BNM on any stock code/tender code abortion.

9. Private Placement Procedure

- 9.1 Private Placement will capture all mode of offer other than tender. This could be securities issued under bought deal basis to the primary subscriber or direct placement to several investors or any other method as agreed by the parties involved that does not involve procedure of tender.
- 9.2 Under the Private Placement screen, the FA/LA must identify the stock code created under new issuance/reopening and input the information required. Apart from the general results, FA/LA is also allowed to input the details of the allotment including the information on yield, price/100, subscriber, allotment amount and the actual proceeds/purchase price. The allotment details are transparent to FA/LA only and not accessible to any other users of FAST.
- 9.3 For issuance via private placement, FA/LA may choose either:
- a. Allot the entire securities into its own securities account under private placement module in FAST and then construct a sale/transfer advice to all ADIs of the successful subscribers on the issue date; or
 - b. Allot to respective ADIs own account, only the securities that belong to the ADIs while the remaining securities should be allotted into the FA's/LA's own Securities Account under Private Placement module in FAST. LA/FA would then construct a sale/transfer advice to all the remaining successful subscribers or ADI resident/non resident customer through their respective ADIs on the issue date.
- 9.4 Once the information on allotment is saved and confirmed, the placement code/details generated under the Private Placement screen will not appear on the Tender Information, the General Results or Stock Information, but instead will appear under Own Results. Subsequent updates to the stock by FA/LA will be through the Stock maintenance
- 9.5 Private Placement also caters for the generation of the secondary stock codes, which represent the coupon or dividend payable under the facility. Secondary stock codes are required for the following:
- a) the interest/coupon are detachable from the principal and are tradable separately; or
 - b) the issuance of facility under Islamic principle, which requires the generation of secondary stock codes as evidence of profit/dividend payment regardless whether, the profit/dividend are detachable from the principal.
- 9.6 In the event that the secondary notes are non-detachable from the primary notes, FA/LA is still required to create one stock code for the primary notes under the Private Placement screen.

- 9.7 To facilitate the creation of secondary stock codes, FAST has a feature to enable FA/LA to generate the secondary stock codes at one confirmation provided all mandatory information and the respective primary stocks are entered correctly. For this, FAST will require the information on Secondary Notes Rate (SN Rate), whereby the annual coupon/profit rate, which will be translated into the secondary stock code amount.
- 9.8 For those issues which have a Primary Notes and Secondary Notes structure (PN:SN structure), the stock description under both primary and secondary stock codes will display zero coupon as FAST will not allow any input in the coupon field. As mentioned in 7.7, the SN rate will translate the coupon/profit rate into the secondary stock code amount. This requirement is to facilitate the interface to RENTAS for settlement.
- 9.9 For scripless securities to be issued through RENTAS, FA/LA is required to inform Unit RENTAS, Jabatan Sistem Pembayaran, BNM on the stock details accordingly. Please refer to Appendix II.
- 9.10 For existing facilities approved prior to the implementation of original FAST (in 1996) where the tender of securities is conducted manually outside FAST, such issues need to be updated in the FAST to capture the total issue and the outstanding limit of the facility. Therefore, once the manual tender results is confirmed, FA/LA is required to generate the stock code under the Private Placement screen at least one day before the issue date of the securities.

10. Tender Procedure

The tender procedure under FAST system can be summarised as follows:

I. Tender Invitation Using Tender Template

- 10.1 FA/LA is allowed to configure a tender template by adopting the right characteristics of tender (e.g.: tender basis and proceeds formula) from the existing instrument selected.
- 10.2 FA/LA can save the tender template for future tender of similar instruments. The tender template will minimise data entry and error, thus facilitate efficient tender invitation.

II. New Tender Invitation

- 10.3 FA/LA can also create an entirely new tender without applying any tender template. For multiple tender on one issuance, users are required to input number of tender to create during issuance creation.
- 10.4 For securities that are issued through the PD network and any other scripless securities (e.g. corporate Bonds), the FA/LA will invite for tenders at least 5 business days before the issue date.
- 10.5 For other securities, invitation to tender must be done at least 3 business days before the issue date.

- 10.6 Under the Tender Invitation screen, the FA/LA will input and confirm the information required. A tender description and tender code will be generated by the FAST system. Tender code will serve as a reference number only, as it is a generic running number generated by FAST.
- 10.7 For combination of instruments such as CP/MTN, only the tender code will be generated under the combination issue during invitation. Stock code will only be generated upon confirmation of the tender process.
- 10.8 Tender codes will be generated upon confirmation of the invitation by the FA/LA and therefore no changes to the information are allowed. However, FA/LA can change the tender closing date and/or closing time even after the tender invitation has been confirmed. However, the changes must be done at least one day before the closing date and it is the responsibility of FA/LA to ensure all the involved parties are aware of such amendments.
- 10.9 The tender code and stock code generated during tender invitation will appear on the Forthcoming Tender List and it is accessible to all FAST members.

III. Tender Information

- 10.10 The invitation by FA/LA is the source of tender information. All FAST members can access information on the forthcoming tenders under the Tender List, which includes the type of securities, tender dates, issue dates, maturity dates, issue amount and other details relating to the issues.
- 10.11 For issues with Information Memorandum attached, the Information Memorandum will state the relevant terms and conditions pertaining to a particular issue for tender. Any changes in the Information Memorandum must be updated by FA/LA in the system for dissemination to all FAST members before the tender closing date.

IV. Submission of Bids

- 10.12 All bids submitted by direct bidders and indirect bidders must be in multiples of RM1,000,000. FAST will reject the bid submitted which is not in multiple of RM1,000,000.
- 10.13 For Specified Rentas Securities issued through the PD network, PD must observe the minimum tender amount of 10% of the issue size.
- 10.14 Indirect bidders are required to submit bids through direct bidders. Both direct bidders and indirect bidders will have access to the same tender information and will have similar procedure to create bids.
- 10.15 Bidding disclosure information may be accessible only to selected direct bidders depending on the terms and conditions of the tender.
- 10.16 As long as the bids created have not gone through their final approval process, bidders would still be able to change their bids.

10.17 All bids by Direct Bidders including bids from Indirect Bidders and non-members must be submitted before the stipulated cut-off time. A transmission acknowledgement report will be generated as a proof of submission.

10.18 Tender basis for securities captured under FAST are summarised as follows:

Securities	Tender Basis	Remarks
All short term discounted papers	Yield	Bidders are required to observe the tender basis on the issuance/tender details and as stipulated on the bidding screen.
All long term / medium term papers	Yield Price/100	

Both Direct Bidders and Indirect Bidders must inform their respective FA/LA for any problems encountered during submission of bids. In this regard, FA/LA is also required to verify the validity of the bids submitted in processing the tenders.

10.19 FAST also provides flexibility for FA/LA to key-in bids on behalf of Direct Bidders and their customers in case Direct Bidders encounter communication/connection problems with the system on the tender closing date.

10.20 Submission on behalf of Direct Bidders is permitted at any time even after the cut-off time provided before processing of tender.

10.21 Under 10.18, FA/LA must ensure that the bids are correctly input into FAST and when the bids have been accepted and acknowledged by the system, they are final and irrevocable. Bidders must honour their obligation if their bids submitted in this manner are within the successful range.

V. Bids Monitoring

10.22 FAST facilitates the monitoring of bids submitted by Direct Bidders.

10.23 FA/LA can monitor the total number of bids and the total nominal amount. This feature allows FA/LA to advise Issuer on the amount of bids received (either undersubscribed or oversubscribed).

10.24 Once the tender is processed by the FA/LA, FA/LA and bidders are not allowed to submit additional bids to be part of the processed tender.

VI. Tender Processing

- 10.25 Tender processing is where the sorting of the bids submitted by Direct Bidders and Indirect Bidders is carried out. This sorting is carried out in the order of the yield or price/100, followed by Direct Bidders and the amount of bid.
- 10.26 For the competitive tender process, the bids displayed in the Bidding Report will be sorted in ascending order of yield or in descending order of price/100 until the issue is fully subscribed.
- 10.27 For an underwritten issue, FAST will prompt the underwritten yield/price together with the underwriters' commitment amount that need to be input during tender processing. There are two types of underwritten rates provided by FAST:
- i) Single Underwritten rate
 - Under the single underwritten rate, all underwriters will underwrite the issue using one common rate.
 - All underwriters will be committed to subscribe the amount at the single underwritten yield/price subject to their available commitment.
 - ii) Multiple underwritten rate
 - Under the multiple underwritten rates, all underwriters will underwrite the issues at their own individual underwritten yield/price.
 - Under this multiple underwritten rate issues, the system will require FA/LA to input the cut-off-underwritten rate. This cut-off-underwritten rate will serve as an indicator for underwriters to underwrite.
 - However, the proceeds that the underwriters have to subscribe will be calculated based on their own respective underwritten yield/price subject to their available commitment, not the cut-off-underwritten rate.

It is the responsibility of the FA/LA (on behalf of the Issuer) to ensure that all Bidders/Underwriters fully understand the process structure under these types of underwriting process. Such agreement must be clearly stipulated in the facility/subscription agreements among all the parties involved. Similarly, it is the responsibility of the FA/LA to brief the Issuer on the expected results (i.e. proceeds received) for any of the underwritten types.

- 10.28 The underwritten yield/price of individual underwriter could be pegged to various bases e.g. KLIBOR, cost of funds which could be determined by using the pre-agreed financial institutions rate, weighted average and/or average cost of funds as stipulated under the agreement between the parties involved.
- 10.29 FAST will calculate the allotment by comparing the bidding yield/price with the underwritten yield/price. If the underwritten yield/price is lower/higher than the bid submitted by Direct Bidders, Underwriters will be allotted subject to the availability of commitment amount.

- 10.30 FA/LA may be required to consult the Issuer before confirming the results. Once the result is confirmed, no amendment or changes are allowed and the result is considered final and irrevocable.
- 10.31 For a combined CP/MTN program, FA/LA is allowed to change the issue size for individual issue of CP or MTN, but the total combination of CP/MTN must be equal to the total issue size. Upon confirmation, stock code for the CP or MTN or CP/MTN issue will be generated.
- 10.32 As the allotment of the tender is on a competitive basis, FA/LA and Issuer must agree on the bids under the allotment without giving prejudice to any bids within the successful range. FA/LA may intervene in the tender process subject to certain criteria as outlined in the Intervention by FA/LA in paragraph 8.25.
- 10.33 The allotment at cut-off for securities tendered through PD network will be in RM10,000 and FAST will automatically allocate among the successful bidders.
- 10.34 The allotment for all tendered securities (other than 10.33) to the successful Bidders and underwriters through FAST will be in multiple of RM1,000,000.
- 10.35 For issuance via tender and based on the confirmed results, FAST shall allot the securities to:
- a) the direct bidder's Securities Account for their own and their successful customers if the direct bidders are RENTAS members; or
 - b) LA's/FA's own Securities Account for direct bidder which are not RENTAS members. LA/FA would then construct a sale/transfer advice to the successful subscribers/direct bidders through their respective ADIs on the issue date.
- 10.36 A sample of the bidding report for securities is illustrated in Appendix III.

VII. Intervention by Issuer/FA/LA

- 10.37 Under the FAST system, the FA/LA upon consultation with Issuer is allowed to intervene during the tender processing as follows:
- a) Downsizing and upsizing of the total issue size issued individually or in combination. Upsizing of the issue size is subject to the facility limit and the availability of bids by the Bidders. For a combination of CP/MTN under Islamic or Conventional principle, FA/LA is allowed to change the issue size of individual CP or MTN, provided that the total of the CP and MTN must be equal to the total issue size;
 - b) For Islamic PDS issued through tender, FA/LA can only intervene by decreasing the issue size. Upsizing of the issue amount is not allowed. It is the responsibility of the FA/LA to ensure that all Bidders are fully aware of the method of processing of tenders for Islamic issues;

- c) For non-underwritten tenders, if the bids received are less than the issue amount, the FA/LA will need to reduce the issue size in order to confirm the tender;
- d) In the event that no bids are received after the cut-off time, the FA/LA will need to abort the tender; and
- e) For securities not tendered through PD, the allotment at cut-off rate is RM1,000,000. In this connection, there is a possibility that the balance of RM1,000,000 need to be allocated to several successful Bidders sharing the same rate. FAST will prompt for intervention and FA/LA will need to change the allotment amount of the selected successful Bidder. Similar procedure can be applied for allotment of the balance of RM1,000,000 to the Underwriters of the same underwritten rate when FAST prompts for intervention. Under both scenarios, FA/LA may consult the Issuer on allotment of the balance of RM1,000,000 to the Bidder/Underwriter. Once the tender processing is confirmed, such decision is final and Bidders/Underwriters must honour their obligation to subscribe.

10.38 Any other type of intervention by the FA/LA on behalf of the Issuer's request will require BNM's approval.

10.39 The Issuer reserves the right to accept/reject the bids submitted by the Bidders subject to the intervention permitted. The decision of the Issuer is final and it is not obliged to provide any reasons whatsoever for the decision made.

VIII. Tender Results

10.40 Once the tender processing is confirmed, FAST will generate the General Results and Own Results. The on-line tender results are accessible without any downloading procedure. The tender results are also broadcast through BNM's website.

10.41 General Results are available under FAST main page. For Own Results, only the Direct Bidders and Indirect Bidders can retrieve their own results. Similarly, the Underwriter will be able to retrieve its Own Result if the securities are allotted to the Underwriter based on the underwritten rate.

10.42 Tender results will not broadcast the stock codes generated under private placement. FA/LA are able to access only the stock codes (under FAST- Stock list maintenance) generated under its own management.

11. Early Full/Partial Redemption

- 11.1 In relation to FAST, the early full/partial redemption will cover both the redemption of script issues, CP and MTN. The FA/LA needs to update the information under the maintenance of stock list at least one day before the effective redemption date. Any request for amendment on/after the effective redemption date requires an official letter including the reasons from the FA/LA.
- 11.2 For early full/partial redemption of scripless securities, the FA/LA needs to observe the requirements under the RENTAS Rule. As provided under the FAST/RENTAS interface file, settlement of early/partial redemption in RENTAS will be updated directly to FAST. In this regard, the FA/LA is not required to update the stocks in FAST as the information will be directly updated in FAST through the FAST/RENTAS interface.

12. Interface to RENTAS

- 12.1 FAST is interfaced to RENTAS in relation to all securities issued in scripless form. For script securities, LA/FA is not required to observe the RENTAS Rule.
- 12.2 Interface to RENTAS for securities allotment and settlement on the issue date (new/re-opening issues) is only applicable for scripless securities issued through the RENTAS system.

13. Settlement

- 13.1 In relation to FAST, settlement refers to the settlement of securities on the issue date. Settlement of secondary trading is not covered in FAST Rules.
- 13.2 For securities tendered through the PD network, the results of the tender will be interfaced with RENTAS for allotment of securities and funds transfer. PD's own account will be credited/debited with securities/cash respectively on the issue date.
- 13.3 For other securities issued in scripless form through RENTAS, the FA/LA must observe the requirement under the RENTAS Rules.
- 13.4 For securities not interface to RENTAS such as CP and MTN, settlements between the FA/LA and the successful Bidders can be made either by cheque clearing or IFTS or any other mode of payment as agreed between the parties involved. Such settlement procedure must be agreed between all the parties and is not covered under these Rules.

14. Non-Settlement on Issue Date

- 14.1 Any default in settlement on the issue date, members are required to observe the RENTAS Rule on the part of Unsettled Allotted Securities on the following categories of securities:
 - a) For all securities issued through the PD network; and
 - b) Any other scripless securities not issued through the PD network.

- 14.2 For other securities not issued in scripless form through RENTAS, in the event that a successful bidder defaults or fails to pay on the issue date, then the FA/LA is required to reduce the total issue size by the unsettled allotted nominal amount of the securities.
- 14.3 Such adjustment under 14.2 can only be done on the issue date and the unpaid nominal amount will be added back to the available limit of the facility.

15. Administrative/System Cut-off Time

- 15.1 As FAST runs on a web-based application, hence access to FAST is on a 24-hour basis. Therefore, there is no system cut-off time for the administrative tasks such as updating user profile, preference, etc.
- 15.2 On the tender closing date, the administrative/system cut-off time imposed for submission of bids through FAST shall be as follows:

Types of Users Cut-off Time	Administrative	System Cut-off Time
Non FAST members	10.00 a.m.	
Indirect Bidders	10.00 a.m.	
Direct Bidders who are also FA/LA	11.00 a.m.	
Underwriters for PDS	11.00 a.m.	
Direct Bidders		11.30 a.m.*

* Bidders must observe the cut-off time as announced in the forthcoming tender as it may differ from the standardised cut-off time.

- 15.3 Non-members must submit their bids either by mail, facsimile or hand delivery to the Direct Bidders, who in turn will submit the bids to the system. The submission of bids by non-members to the Direct Bidders is not covered under these Rules.
- 15.4 BNM may from time to time vary any of the above administrative/system cut-off times. Any such variation will be notified to members in advance.

16. Amendments or Cancellations

- 16.1 When a particular bid by a non-member has been rejected by Direct Bidders for whatever reasons (error, omission or disagreement), both parties must immediately resolve the matter before the administrative cut-off time.
- 16.2 Upon resolving the matter, Direct Bidders shall issue an amended copy of the bids tendered by the non-members and resubmit the bids before the cut-off time.
- 16.3 All bids submitted by the Direct Bidders (own bids, customers' bids or Indirect Bidders' bids) that have been accepted and acknowledged by the system cannot be amended or cancelled.

PART V

ISSUING PROCEDURE FOR MONEY MARKET TENDER

1. General

- 1.1 This part will outline the procedures for the conduct and participation of FAST Members in BNM's Money Market Tender via FAST.

2. Tender Procedure

The tender procedures for BNM Money Market Tender under FAST system are as follows:

I. Tender Invitation

- 2.1 BNM will conduct Money Market Tenders at any point of time within the trading day. BNM will invite for tenders either on the same day as the tender is conducted or up to 7 days in advance. In the case where the tender is invited on the same day, BNM will allow what is deemed as sufficient time between invitation and deadline for submission of bids.
- 2.2 Participation in the Money Market Tenders is only open to all approved interbank institutions, whether they are FAST Members or Non-FAST Members.

II. Submission of Tender

- 2.3 Until further notice, for Money Market Tender only, all FAST Members that are approved interbank institutions are deemed to be Direct Bidders.
- 2.4 Non-FAST Members who are approved interbank institutions may submit their bids manually as a customer bid via a Direct Bidder who is a PD. PD can key-in bids by Non-FAST Members into FAST as customer bids, identifying the name of the individual customers.
- 2.5 Direct Bidders who are not PD are only allowed to submit their own bids. They are not allowed to submit bids on behalf of Non-FAST Members.
- 2.6 All bids submitted by Direct Bidders and their customers must be a minimum of RM5,000,000 and in multiples of RM1,000,000. FAST will reject bids submitted which do not comply with such requirement.
- 2.7 Until further notice, Direct Bidders are to submit bids containing interest rates and profit-sharing ratios in 2 decimal places only.
- 2.8 Direct Bidders must submit their bids before the manual cut-off time as specified by BNM.

2.9 Tender basis for Money Market Tenders under FAST are summarised as follows:

Tender	Mode of Tender	Mode of Offer	Tender Basis
Conventional Borrowing	Competitive	Tender only	Interest Rate
Conventional Borrowing	Non-Competitive (Fixed Rate)	Tender only	Amount
Conventional Lending	Competitive	Tender only	Interest Rate
Conventional Lending	Non-Competitive (Fixed Rate)	Tender only	Amount
Islamic Acceptance	Competitive	Tender only	Profit-sharing ratio
Islamic Acceptance	Non-Competitive (Fixed Rate)	Tender only	Amount
Islamic Investment	Competitive	Tender only	Profit-sharing ratio
Islamic Investment	Non-Competitive (Fixed Rate)	Tender only	Amount

2.10 The interest rate and profit-sharing ratio will be displayed in 3 decimal places.

2.11 Bids submitted and accepted by the CHC is final and irrevocable. Bidders must honour their obligation if their bids are within the successful range.

III. Tender Processing

2.12 Tender processing is where the sorting of the bids submitted by Direct Bidders and Indirect Bidders is carried out. This sorting is carried out in the order of the interest rate in the case of Conventional Money Market Tender or Profit-Sharing Ratio in the case of Mudharabah Money Market Tender, followed by the names of Direct Bidders and the amount bid.

2.13 For the competitive tender process, the bids displayed in the Bidding Report will be sorted either in ascending order of interest/profit-sharing ratio for borrowing and acceptance tenders or in descending order of interest rate/profit-sharing ratio for lending and investment tenders until the amount on tender is fully taken up.

2.14 Allotment for money market tender to the successful Bidders tendered through FAST will be in multiples of RM1,000,000. The allotment at cut-off for securities tendered through PD network will be in RM100,000 and FAST will automatically allocate among the successful bidders.

IV Intervention by Issuer/FA/LA

- 2.15 Under the FAST system, BNM as the FA/LA is allowed to intervene during the tender processing as follows:
- a) Downsizing and upsizing of the total issue size issued individually or in combination. Upsizing of the issue size is subject to the availability of bids by the Bidders;
 - b) Changing the Maximum Allotment Limit to each bidder. The Maximum Allotment Limit is the maximum successful amount allotted to a single Bidder within tender; and
 - c) Manually setting the Allotment amount to individual Bidders.
- 2.16 BNM has the right to implement other types of intervention and such intervention may not be stated in these Rules.
- 2.17 BNM also has the right to abort the Money Market Tender.

V. Tender Results

- 2.18 Once tender processing is confirmed, FAST will generate the General Results and Individual Results. The on-line tender results are accessible without any downloading procedure.
- 2.19 The tender results are broadcast through the information providers such as Reuters, Bloomberg and Bridge.
- 2.20 General Results are accessible to all FAST members and BIDS members in FAST main page. For Individual Results, only the Direct Bidders can retrieve their own results. Non-FAST Members are to confirm their Individual Results manually with the Direct Bidder(s) that they have submitted their bids through.

3. Settlement

- 3.1 For all successful allotted amounts by both FAST and Non-FAST Members, settlement is direct between BNM and the individual Bidders through Rentas.

PART VI
ISSUING PROCEDURE FOR REPO/SBBA TENDER

A. PROCEDURES FOR BNM REPO TRANSACTIONS

1. General

- 1.1 This part will outline the procedures for the conduct and participation of FAST Members in BNM's Repo Transactions via FAST. Repo Transactions may be implemented via either of these two modes of offer :-
- i) via tender; or
 - ii) via bilateral transactions with individual counter-parties

2. Collateral Eligibility, Valuation and Margin System

Collateral Eligibility

- 2.1 The FAST system will automatically determine collateral securities eligible for repo and reverse repo transactions using the following information :-
- i) Collateral eligibility rules as entered by BNM;
 - ii) Collateral negative list as entered by BNM;
 - iii) Global Settings and Ratings Mapping as entered by BNM; and
 - iv) Any other additional settings and information added by BNM into the system from time to time.

Margin System

- 2.2 A list of margin values will be maintained by BNM in FAST. These margin values will be used in determining the net price at which collateral securities will be valued. Different margin values are set according to :-
- the chosen margin method
 - the collateral security's instrument type
 - its tenure to maturity
 - its coupon rate
 - its assigned credit rating (for corporate bonds only)
- 2.3 BNM may, at its discretion, apply a lower margin, expressed as a percentage of the default margin setting, for collateral securities pledged to Repo Transactions below a specified tenure. Such settings are set in the Margin Exception feature of FAST Global Settings.

Collateral Valuation

- 2.4 The FAST system will automatically value any eligible collateral pledged for repo or reverse repo transactions within the system using the following information :-
- i) The latest BIDS Indicative YTM for Government Securities and Private Debt Securities;
 - ii) Previous day historical prices of individual securities in BIDS;
 - iii) Margin settings entered by BNM;
 - iv) Yield curve and securities price updates entered by BNM;
 - v) Global Setting and Ratings Mapping entered by BNM; and
 - vi) Any other additional settings and information added by BNM into the system from time to time.
- 2.5 Any pledged collateral is initially valued using its remaining tenure to maturity against the appropriate reference yield curve from BIDS. The process of linear interpolation or any other method as specified by BNM from time to time, is used to calculate a market price for the security.
- 2.6 A Ratings Mapping setting is also entered by BNM in order to determine : -
- i) Collateral eligibility;
 - ii) The appropriate reference yield curve used to value private debt securities; and
 - iii) The appropriate margin value applicable to private debt securities.
- 2.7 For securities traded in BIDS, the market value shall be updated with either the previous day's closing price, highest price or lowest price traded, depending on BNM's current settings.
- 2.8 A margin shall be applied on the calculated market price to arrive at a net price that shall then be used to value the collateral within the system.
- 2.9 If, for any reason, FAST members have disagreement on the valuation of any collateral securities, any proposed changes, if necessary may however be communicated to the Monetary Policy Section of BNM's Investment Operations and Financial Market Department for consideration. If these are agreed upon by BNM, such changes may be manually updated into the system to take effect for all subsequent Repo Transactions thereafter.
- 2.10 FAST members are allowed to view the current list of calculated market prices in the system, the table of margin values, the yield curves used in collateral pricing and the Global Setting of the system.
- 2.11 The abovementioned collateral pricing and eligibility rules shall apply equally to all repo and reverse repo transactions within FAST, whether via tender or bilateral transactions.

3. Repo and Reverse Repo Tender Procedures

The tender procedure for BNM repo and reverse repo tenders under FAST system are as follows:

Tender Invitation

- 3.1 BNM will conduct Repo Tenders at any point of time within the trading day. BNM will invite for tenders either on the same day as the tender is conducted or up to 7 days in advance. In the case where the tender is invited on the same day, BNM will allow what is deemed as sufficient time between invitation and closing time for submission of bids.
- 3.2 Value date for settlement of Repo Tenders can be for :-
 - Same-day value
 - Standard value (value spot)
 - Forward value
- 3.3 Participation in the Repo Tenders are only open to all invited approved interbank institutions that are FAST members and have executed the Global Master Repo Agreement with BNM.

Submission of Bids

- 3.4 All FAST Members that are invited approved interbank institutions are allowed to participate as Direct Bidders in FAST.
- 3.5 FAST Members who are not PD and are invited approved interbank institutions may choose to submit bids via other Direct Bidders who are PD. PD are to key-in these bids on behalf of other invited FAST Members and FAST will automatically recognise them as customer bids from Indirect Bidders.
- 3.6 Direct Bidders who are not PD are only allowed to submit their own bids. They are not allowed to submit bids on behalf of other invited FAST Members.
- 3.7 For reverse repo tenders, the exact bid amount shall be the calculated sum of first-leg proceeds of the pledged collateral(s), which in turn depend on the calculated value of the collateral(s) pledged in addition to its accrued interest, if any.
- 3.8 All bids submitted by Direct Bidders and their customers for Repo Transactions must be a minimum of RM1,000,000 of cash amount terms of first-leg proceeds and in multiples of RM100,000 in terms of nominal amount of collateral securities.
 - i) For repo transactions, bidders must bid a minimum of RM1,000,000 and in multiples of RM1,000,000 of cash amount in terms of first-leg proceeds.
 - ii) For reverse repo transactions, bidders may pledge either single or multiple collateral to each individual bid. The minimum bid amount for each individual bid is RM1,000,000 of cash amount in terms of first-leg proceeds.

- iii) Each reverse repo bid may consist of up to ten pledged collateral and each collateral must be a minimum of RM100,000 and in multiples of RM100,000 in terms of nominal amount.
- iv) Multiple pledged securities within each bid must be at the same bid repo rate.

3.9 BNM may reject submitted bids, which do not comply with the abovementioned requirements.

3.10 Direct Bidders are to submit bids containing repo rates up to 2 decimal places only.

3.11 All bids either from Direct Bidders or Indirect Bidders must be submitted to BNM via FAST before the manual cut-off time as specified by BNM.

3.12 The possible combinations of repo type, mode of offer and tender basis for Repo Tenders under FAST are summarised as follows:

Repo Type by BNM	Mode of Tender	Mode of Offer	Tender Basis by Bidders
Reverse Repo	Competitive	Tender	Repo Rate
Reverse Repo	Non-Competitive (Fixed Rate)	Tender	Bid Amount
Repo	Competitive	Tender	Repo Rate
Repo	Non-Competitive (Fixed Rate)	Tender	Bid Amount

3.13 Repo rates within the system will be displayed in 2 decimal places.

3.14 Bids submitted and accepted by the CHC are final and irrevocable. Bidders must honour their obligation if their bids are within the successful range and accepted for successful allotment.

3.15 Should bidders encounter system difficulties during submission of bids, bidders should immediately check with BNM, Monetary Policy Implementation Section of Investment Operations and Financial Market department the status of submission before re-sending bids to avoid duplication of submission.

Tender Processing

- 3.16 Tender processing is where the sorting of the received bids submitted by Direct Bidders and Indirect Bidders is carried out for acceptance. This sorting is carried out by the order of the repo rate, followed by its applied margin (which proxies the riskiness of the pledged collateral) then by the bid amount.
- 3.17 For the competitive repo tender process, the bids displayed in the Bidding Report will be sorted in ascending order of repo rate for repurchase (repo) or in descending order of repo rate for reverse repurchase (reverse repo) until the amount on tender is fully taken up.
- 3.18 Allotment for both repo and reverse repo tender to the successful bidders tendered through FAST will be in nominal amount multiples of RM100,000 . The allotment at cut-off will be in nominal amount multiples of RM100,000 .
- 3.19 The total proceeds at allotment will be determined by the price of pledged collateral in the successful bids and its accrued interest. FAST will automatically allocate among the successful bidders to arrive at the targeted amount set at tender invitation and any intervention as set by BNM as the LA.

Intervention by Issuer/FA

- 3.20 Under the FAST system, BNM as the FA/LA is allowed to intervene during the tender processing as follows:
- i) Downsizing and upsizing of the total issue size issued individually or in combination. For reverse repo tender, upsizing of the issue size is subject to the availability of bids by the bidders. For repo tenders, upsizing of the issue size is also subject to the availability of additional pledged collateral by BNM;
 - ii) Changing the Maximum Allotment Limit to each bidder. The Maximum Allotment Limit is the maximum successful amount allotted to a single Bidder within tender;
 - iii) Targeting the range of successful repo rates by changing the issue size, changing the Maximum Allotment Limit or a combination of both method; and
 - iv) Manually setting the Allotment amount to individual Bidders.
- 3.21 BNM has the right to implement other types of intervention and such intervention may not be stated presently in these Rules.
- 3.22 BNM also has the right to abort the Repo Tender(s) if deemed necessary.

Tender Results

- 3.23 Once tender processing is confirmed, FAST will generate the General Results and Individual Results. The on-line tender results are accessible without any downloading procedure.
- 3.24 The tender results are broadcasted through BIDS News module and information providers such as Reuters, Bloomberg and Moneyline Telerate.
- 3.25 General Results are accessible to all FAST members and BIDS members. For Individual Results, Direct Bidders can retrieve their own results and results for indirect bidders who submitted bids through them. These indirect bidders being invited bidders of the Repo Tender will also be able to view their Individual Results from FAST.

4. Bilateral Repo and Reverse Repo Procedures

- 4.1 Bilateral repo and reverse repo transactions are Repo Transactions done directly between BNM and a FAST member or a select group of FAST members at any point in time within the trading day (including conditions set out under BNM's Guidelines on Standing Facility)

The procedures for bilateral repo and reverse repo transactions under FAST are as follows:-

Initiation of Bilateral Repo Transaction

- 4.2 Bilateral Repo Transactions in FAST are initiated by BNM either directly or through ISCAP (Institutional Securities Custodian Program). BNM will specify the respective counterparty in FAST upon initiation of the bilateral Repo Transactions.
- 4.3 The terms of any bilateral repo or reverse repo transactions with BNM are agreed upon in advance via telephone, ISCAP or other forms of communication/system.
- 4.4 Repo Rates within the system will be displayed in two decimal places.
- 4.5 The possible combinations of repo type, mode of offer and tender basis for bilateral Repo Transactions under FAST are summarised as follows:

Repo Type	Mode of Tender	Mode of Offer	Action
Reverse Repo	Non-Competitive (Fixed Rate)	Bilateral	Pledge collateral
Repo	Non-Competitive (Fixed Rate)	Bilateral	Confirmation only

Response to Bilateral Repo Transaction

- 4.6 BNM shall allow reasonable time for its bilateral repo counterparties to confirm the transaction initiated by BNM in FAST. Bilateral reverse repo counterparties are required to pledge collateral in FAST as agreed in advance with BNM upon initiation of the transaction in FAST.
- 4.7 The minimum transaction amounts and multiple amounts for bilateral Repo Transactions are subject to clause 3.8 under Submission of Tender.
- 4.8 Bilateral reverse repo transactions may also be initiated in the provision of liquidity to counterparties in accordance with BNM's Guidelines on Standing Facility. In such instances, notwithstanding clause 4.7 above, the following shall apply:-
- i) minimum bilateral reverse repo amount of RM100,000 of cash amount in terms of first-leg proceeds; and
 - ii) counterparty may pledge either single or multiple (up to ten) collateral to each individual bilateral transaction. Each collateral pledged to the individual bilateral transaction must be a minimum of RM10,000 and in multiples of RM10,000.

5. Settlement

- 5.1 The settlement of all successfully allotted amount by FAST Members must be done directly between BNM and individual bidders through RENTAS SSTS Sell-Buyback Repo functionality.
- 5.2 Each successfully allotted security shall be settled individually, using separate repo transactions in RENTAS. For example, a successful bid consisting of multiple repo collateral would necessitate multiple individual repo transactions in RENTAS. In addition, if a security is allotted at multiple repo rates (i.e. they are pledged as collateral in multiple successful bids), their settlement would also involve separate repo transactions in RENTAS.

Early Termination and Settlement Failure

- 5.3 The process of early termination and settlement failures are addressed in greater detail in the Master Repo Agreement between BNM and its repo counterparties.

B. PROCEDURES FOR BNM SBBA TRANSACTIONS

1. General

- 1.1 This part outlines the procedures for the conduct and participation of FAST Members in BNM's SBBA Transactions via FAST. SBBA transactions may be implemented via either of these two modes of offer: -
- i) via tender; or
 - ii) via bilateral transactions with individual counter-parties.

2. Assets Eligibility, Margin System and Valuation

Assets Eligibility

- 2.1 The FAST system will automatically determine assets eligible for SBBA and reverse SBBA transactions using the following information: -
- i) Assets eligibility rules as entered by BNM;
 - ii) Assets negative list as entered by BNM;
 - iii) Global Settings and Ratings Mapping as entered by BNM; and
 - iv) Any other additional settings and information added by BNM into the system from time to time.

Margin System

- 2.2 A list of margin values will be maintained by BNM in FAST. These margin values will be used as an indicative value of the net price of the assets. Different margin values are set according to: -
- the chosen margin method
 - the assets backed to the securities issuance
 - its tenure to maturity
 - its profit rate
 - its assigned credit rating (for corporate bonds only)
- 2.3 BNM may, at its discretion, apply a lower margin, expressed as a percentage of the default margin setting, for securities to SBBA transactions below a specified tenure. Such settings are set in the Margin Exception feature of FAST Global Settings.

Assets Valuation

- 2.4 The FAST system will automatically value any eligible pledged assets for SBBA or reverse SBBA transactions within the system using the following information: -
- i) The latest BIDS Indicative IYTM for BNM and Government Securities;
 - ii) Previous day historical prices of individual securities in BIDS;
 - iii) Margin settings entered by BNM;
 - iv) Yield curves and assets prices updates entered by BNM;
 - v) Global Setting and Ratings Mapping entered by BNM; and
 - vi) Any other additional settings and information added by BNM into the system from time to time.

- 2.5 Any assets pledged are initially valued using its remaining tenure to maturity against the appropriate reference yield curve from BIDS or any possible valuation methods. The process of linear interpolation or any other methods as specified by BNM from time to time, is used to calculate a market price for the assets.
- 2.6 A Ratings Mapping setting is also entered by BNM in order to determine: -
- Assets pledged eligibility
 - The appropriate reference yield curve used to value private debt securities
 - The appropriate margin value applicable to private debt securities
- 2.7 For securities traded in BIDS, the market value shall be updated with either the previous day's closing price, highest price or lowest price traded, depending on BNM's current settings.
- 2.8 A margin shall be applied as an indicative value of the net price of the assets.
- 2.9 If, for any reason, FAST members have disagreement on the valuation of any eligible assets, any proposed changes, if necessary may however be communicated to the Monetary Policy Section of BNM's Investment Operations and Financial Market Department for consideration. If these are agreed upon by BNM, such changes may be manually updated into the system to take effect for all subsequent SBBA transactions thereafter.
- 2.10 FAST members are allowed to view the current list of calculated market prices in the system, the table of margin values, the yield curves used in assets pricing and the Global Setting of the system.
- 2.11 The abovementioned assets pricing and eligibility rules shall apply equally to all SBBA and reverse SBBA transactions within FAST, whether via tender or bilateral transactions.

3. SBBA and Reverse SBBA Tender Procedures

The tender procedures for BNM SBBA and Reverse SBBA Tender under FAST system are as follows: -

Tender Invitation

- 3.1 BNM may conduct SBBA Tenders at any point of time within the trading day. BNM may invite for tenders either on the same day as the tender is conducted or up to 7 days in advance. In the case where the tender is invited on the same day, BNM will allow what is deemed as sufficient time between invitation and deadline for submission of bids.
- 3.2 Value date for settlement of SBBA tenders can be for:-
 - Same-day value
 - Standard value (value spot)
 - Forward value
- 3.3 Participation in the SBBA Tenders is only open to all approved Islamic interbank institutions, whether they are FAST Members or Non-FAST Members.

Submission of Bids

- 3.4 All FAST Members that are approved Islamic interbank institutions are allowed to participate as Direct Bidders in FAST.
- 3.5 Non-FAST Members who are approved Islamic interbank institutions are allowed to participate as Indirect Bidders through FAST Members in FAST. They will key-in the bids for SBBA tenders by Non-FAST Members into FAST as customer bids, identifying the organisation names of the individual customers.
- 3.6 For reverse SBBA tenders, the exact bid amount shall be the calculated sum of first-leg proceeds of the pledged assets, which in turn depend on the calculated value of the assets transacted in addition to its accrued profit, if any.
- 3.7 All bids submitted by Direct Bidders and their customers for SBBA transactions must be minimum of RM 1,000,000,000 of cash amount terms of first-leg proceeds and in multiples of RM100, 000 in terms of nominal amount of pledge assets, if any.
 - i) For SBBA transactions, bidders must bid a minimum of RM1, 000,000 and in multiples of RM1, 000,000 of cash amount in terms of first-leg proceeds;
 - ii) For reverse SBBA transactions, bidders may transact either single or multiple pledged assets to individual bids. The minimum bid amount for SBBA tender is RM1, 000,000 in terms of first-leg proceeds;
 - iii) Each reverse SBBA bid may consist of up to 10 pledged assets and each asset must be a minimum of RM100, 000 and in multiples of RM100, 000 in terms of nominal amount; and

- iv) Multiple pledged assets within each bid must be at the same bid SBBA rate.
- 3.8 BNM may reject submitted bids, which do not comply with the abovementioned requirements.
- 3.9 Direct Bidders are to submit bids containing SBBA rates up to 2 decimal places only.
- 3.10 All bids either from Direct Bidders or Indirect Bidders must be submitted to BNM via FAST before the manual cut-off time as specified by BNM
- 3.11 The possible combinations of SBBA type, mode of offer and tender basis for SBBA Tenders under FAST are summarised as follows:

SBBA Type	Mode of Tender	Mode of Offer	Tender Basis
SBBA	Competitive	Tender	SBBA Rate
SBBA	Non-Competitive	Tender	Amount
Reverse SBBA	Competitive	Tender	SBBA Rate
Reverse SBBA	Non-Competitive	Tender	Amount

- 3.12 SBBA rates within the system will be displayed in 2 decimal places.
- 3.13 Bids submitted and accepted by the CHC is final and irrevocable. Bidders must honour their obligation if their bids are within the successful range and accepted for successful allotment.
- 3.14 Should bidders encounter system difficulties during submission of bids, bidders should immediately check with BNM, Monetary Policy Implementation Operations and Financial Market Department the status of submission before re-sending bids to avoid duplication of submission.

Tender Processing

- 3.15 Tender processing is where the sorting of the received bids submitted by Direct Bidders and Indirect Bidders is carried out for acceptance. This sorting is carried out by the order of the SBBA rate, followed by its applied valuation (which proxies the riskiness of the transacted securities) then by the bid amount.
- 3.16 For the competitive SBBA tender process, the bids displayed in the Bidding Report will be sorted in ascending order of SBBA rate for SBBA or in descending order of SBBA rate for Reverse SBBA until the amount on tender is fully taken up.
- 3.17 Allotment for both SBBA and reverse SBBA tender to the successful Bidders tendered through FAST will be in nominal amount multiples of RM100, 000. The allotment at cut-off will be in nominal amount multiples of RM100, 000.

- 3.18 The total proceeds at allotment will be determined by the price of transacted pledged assets in the successful bids and its accrued profit. FAST will automatically allocate among the successful bidders to arrive at the targeted amount set at tender invitation and any intervention as set by BNM as the LA.

Intervention by Issuer/FA

- 3.19 Under the FAST system, BNM as the FA/LA is allowed to intervene during the tender processing as follows:
- a) Downsizing and upsizing of the total issue size issued individually or in combination. For reverse SBBA tender, upsizing of the issue size is subject to the availability of bids by the Bidders; For SBBA tenders, upsizing of the issue size is also subject to the availability of additional transacted assets by BNM.
 - b) Changing the Maximum Allotment Limit to each bidder. The Maximum Allotment Limit is the maximum successful amount allotted to a single Bidder within tender; and
 - c) Targeting the range of successful SBBA rates by changing the issue size, changing the Maximum Allotment Limit or a combination of both methods.
 - d) Manually setting the Allotment amount to individual Bidders.
 - e) To abort any bid if deemed necessary.
- 3.20 BNM has the right to implement other types of intervention and such intervention may not be stated presently in these Rules.
- 3.21 BNM also has the right to abort the SBBA Tender(s) if deemed necessary.

Tender Results

- 3.22 Once tender processing is confirmed, FAST will generate the General Results and Individual Results. The on-line tender results are accessible without any downloading procedure.
- 3.23 The tender results are broadcasted through BIDS News module and other information providers such as Reuters, Bloomberg, Moneyline Telerate and Islamic Interbank Money Market Website.
- 3.24 General Results are accessible to all FAST members and BIDS members. For Individual Results, the Direct Bidders can retrieve their own results and results for Indirect Bidders who submitted bids through them. These Indirect Bidders being invited bidders of the SBBA tender will also be able to view their individual results from FAST.
- 3.25 The Direct Bidders will have to print out the S & P Agreement for their own and for their customers' successful bids from FAST.

4. Bilateral SBBA and Reverse SBBA Procedures

- 4.1 Bilateral SBBA and reverse SBBA transactions are SBBA transactions done directly between BNM and FAST member or a selected group of FAST members.

The procedures for bilateral SBBA and reverse SBBA transactions under FAST are as follows: -

Initiation of Bilateral SBBA

- 4.2 Bilateral SBBA transactions in FAST are initiated by BNM either directly or through ISCAP (Institutional Securities Custodian Program). BNM will specify the respective counterparty in FAST upon initiation of the bilateral SBBA transactions.
- 4.3 The terms of any bilateral SBBA and reverse SBBA transactions with BNM are agreed upon in advance via telephone, ISCAP or other forms of communication/system.
- 4.4 SBBA rates within the system will be displayed in two decimal places.
- 4.5 The possible combinations of SBBA type, mode of offer and tender basis for Bilateral SBBA transactions under FAST are summarised as follows:

SBBA Type	Mode of Tender	Mode of Offer	Action
SBBA	Non-Competitive (Fixed Rate)	Bilateral	Confirmation only
Reverse SBBA	Non-Competitive (Fixed Rate)	Bilateral	Assets pledged, if any

Response to Bilateral SBBA and Reverse SBBA

- 4.6 BNM shall allow reasonable time for its bilateral SBBA counterparties to respond to any bilateral SBBA or reverse SBBA transactions. Bilateral reverse SBBA counterparties are required to pledge assets in FAST as agreed in advance with BNM upon initiation of the transaction in FAST.
- 4.7 The minimum transaction amounts and multiple amounts for Bilateral SBBA transactions are subject to clause 3.7 under Submission of Bids.

5. Settlement

- 5.1 The settlement of all successfully allotted amount by both FAST and Non-FAST Members must be done directly between BNM and individual Bidders through RENTAS SSTS Sell-Buyback SBBA functionality.
- 5.2 Each successfully allotted pledged asset shall be settled individually, using separate SBBA transactions in RENTAS. For example, a successful bid consisting of multiple SBBA pledged asset would necessitate multiple individual SBBA transactions in RENTAS. In addition, if an asset is allotted at multiple SBBA rates (i.e. they are transacted as pledged assets in multiple successful bids), their settlement would also involve separate SBBA transactions in RENTAS.

6. Settlement Failure

The process of settlement failures is addressed in detail as follows: -

6.1 First Leg Settlement Failure

This refers to the non-settlement of the SBBA 1st leg transaction due to either

- i) Lack of asset by SBBA seller; or
- ii) Lack of funds by SBBA buyer.

If the settlement failure is due to lack of funds by the SBBA buyer, the seller has the right to claim from the SBBA buyer. The compensation charges will be calculated based on the successful profit rate, being the opportunity loss incurred by the SBBA seller had he invested the funds in the market, which would generate the same return as the profit rate. The amount shall be computed as follows: -

$$\text{Compensation for } 1^{\text{st}} \text{ Leg Settlement Failure} = \frac{\text{Profit Rate}}{100} \times \frac{K}{365} \times 1^{\text{st}} \text{ Leg Proceeds}$$

Where K = no of days between date of non-settlement and the payment date of compensation amount (equal to 1 day if the amount is paid on the same date as the non-settlement date)

If the non-settlement of the SBBA 1st leg transaction occurs due to the lack of asset by SBBA seller, the SBBA buyer shall have the right to claim based on 'replacement cost' which may be expressed as a lump-sum compensation amount.

6.2 Effect of the non-settlement of the 1st leg transaction

- i) System will automatically calculate the compensation amount;
- ii) A non-settled transaction will be deemed to have been cancelled, as there is no delayed settlement;
- iii) The outstanding position of any failed SBBA transaction will be removed from the system; and
- iv) The settlement of compensation amount is done outside the system

6.3 Second Leg Settlement Failure

In the SBBA, on maturity date of the 2nd leg transaction the SBBA buyer has the right whether or not to sell back the asset to the SBBA seller. If he decides not to sell back the asset on the maturity date, there may not be settlement by both parties and therefore the 1st leg transaction will constitute an outright sale. System should remove the failed transaction (2nd leg) from the system. However, the SBBA seller will have the right to claim compensation from the SBBA buyer based on 'replacement' cost.

If the SBBA buyer decides to sell back the asset on maturity date, but the settlement failed due to lack of funds by the SBBA seller, the SBBA buyer will have the right to claim for compensation from the SBBA seller. The compensation amount will be calculated based on the successful profit rate the SBBA buyer will get from the trading as follows;

Compensation for 2nd Leg Settlement Failure	=	$\frac{\text{Profit Rate}}{100}$	x	$\frac{K}{365}$	x	2nd Leg Proceeds
Where K = no of days between date of non-settlement and the payment date of compensation amount (equal to 1 day if the amount is paid on the same date as the non-settlement date)						

6.4 Effects of the non-settlement of the 2nd leg transaction

- a) By the SBBA buyer if he decides not to sell back the asset:
 - i) the 2nd leg transaction is cancelled;
 - ii) the 1st leg transaction is therefore treated as an outright sale; and
 - iii) the SBBA seller has the right to claim compensation from the SBBA buyer, if he incurred losses (replacement cost).
- b) By the SBBA seller if the SBBA buyer decides to sell back the asset
 - i) the SBBA buyer can claim compensation based on the opportunity loss of income if he were to invest the amount (2nd leg amount) and earn at the successful profit rate;

- ii) A non-settled transaction will be deemed to be a delayed settlement;
- iii) The outstanding position of any failed 2nd leg transaction will be removed from the system; and
- iv) The settlement of the delayed 2nd leg transaction and any compensation amount is done outside the system.

Users may view their own list of non-settled transactions within the system by choosing the 'Settlement Failure Menu Option'.

7. Administrative/System Cut-off Time

7.1 Access to FAST for the following functions:

- i) creating stock codes through tender or private placement;
- ii) updating the facility/stock information; and/or
- iii) participating in the tender on any business days must be done before 5.30 pm.

7.2 On the tender closing date, the administrative/system cut-off time imposed for submission of bids through FAST shall be as follows:

Types of Users	Administrative Cut-off Time	System Cut-off Time
Non-FAST members	10.00 a.m.	
Indirect Bidders	10.00 a.m.	
Direct Bidders who are also FA	11.00 a.m.	
Underwriters for PDS	11.00 a.m.	
Direct Bidders		11.30 a.m.

7.3 Non-members must submit their bids either by mail, facsimile or hand delivery to the Direct Bidders, who in turn will submit the bids to the CHC. The submission of bids by non-members to the Direct Bidders is not covered under these Rules.

7.4 BNM may from time to time vary any of the above administrative/system cut-off times. Any such variation will be notified to members in advance.

8. Amendments or Cancellations

8.1 When a particular bid by a non-member has been rejected by Direct Bidders for whatever reasons (error, omission or disagreement), both parties must immediately resolve the matter before the administrative cut-off time.

8.2 Upon resolving the matter, Direct Bidders shall issue an amended copy of the bids tendered by the non-members and resubmit the bids before the cut-off time.

8.3 All bids submitted by the Direct Bidders (own bids, customers' bids or Indirect Bidders' bids) that have been accepted and acknowledged by the CHC cannot be amended or cancelled.

PART VII

MANUAL BACK-UP PROCEDURES

1. General

- 1.1 A Manual back-up system is required in the event of system/power/ communication lines failure, which will affect the ability of members to connect to the FAST system.
- 1.2 Manual back-up would only be initiated in situations of a full disaster/partial disaster. However, BNM reserves the right not to provide manual back-up services to any member if in the opinion of BNM such member fails to comply with the requirements spelt out in this section.

2. Full Disaster/Partial Disaster

- 2.1 BNM will declare a full disaster in the following situations:
 - a) When there is a failure or breakdown at the FAST system; or
 - b) Where in the opinion of FA/LA with consultation of BNM, the circumstances warrant the need for manual back-up.
- 2.2 Under these circumstances, Jabatan Pengawalan Bank, BNM will inform members of the situation and further actions to be taken.
- 2.3 A partial disaster situation could happen under 3 scenarios:
 - a) When manual back-up is required by FA/LA in the event that FAST is down at FA/LA premises;
 - b) When manual back-up is required by Indirect Bidders in the event that FAST is down at Indirect Bidders' premises; or
 - c) When manual back-up is required by Direct Bidders in the event that FAST is down at Direct Bidders' premise.
- 2.4 Under 2.3(a) FA/LA must inform BNM and under 2.3(b) and 2.3(c), Direct Bidders/Indirect Bidders must inform their respective FA/LA accordingly.

3. Manual Backup Procedures – FA/LA

- 3.1 A Manual back-up system is required in the event of system/power/ communication lines failure, which will affect the ability of FA/LA to connect to the FAST system. The process affected could be monitoring, retrieving bids and processing the tender.
- 3.2 Under these circumstances, FA/LA will inform Direct Bidders of the situation and on further actions to be taken.
- 3.3 All FA/LA are advised to use its own back-up system to process the tender. The procedure on back-up manual tender by FA/LA is not covered under these Rules as it is the responsibility of FA/LA to provide such procedure as agreed by the parties involved.

4. Manual Backup Procedures – Direct Bidders/Indirect Bidders

- 4.1 Manual back-up is required by Direct Bidders in the event that FAST is down at Direct Bidder's premises. Under such circumstances, the Direct Bidders can either submit bids by facsimile and hand delivered to FA/LA for submission on their behalf.
- 4.2 In the event that FAST is down at Indirect Bidders' premises, Indirect Bidders must inform their respective Direct Bidders accordingly. The Indirect Bidders can either submit bids by facsimile or hand delivered to Direct Bidders for submission on their behalf.
- 4.3 Under 4.1 and 4.2, Bidders may use the manual tender form as per Appendix IV to submit their bids.
- 4.4 In case where problems are encountered by Direct Bidders at the eleventh hour during the submission process on the tender closing date, Direct Bidders are allowed to send their bids by facsimile to FA/LA using the printout copy of bids creation and/or bids approval list authenticated by authorised signatories. In this connection, the bids are regarded as valid bids and must be received latest by 12.00 noon on the tender closing date. Direct Bidders are required to inform FA/LA on the problems encountered before the cut-off time of 11.30 am.
- 4.5 For securities tendered through the PD network, the authorised signatories must be the authorised approver of FAST transactions i.e. holder of iVEST smart card.
- 4.6 The facsimile copy must be subsequently followed by hardcopy of the submitted list or the manual tender form in sealed envelopes duly authenticated by the authorised signatories of Direct Bidders to FA/LA latest by 5.00 p.m. on tender closing date.

5. Manual Backup Procedures for Money Market, Repo and SBBA Tenders

- 5.1 FAST Members will resort to the following manual back-up procedures in the event that BNM declares that FAST is unavailable for Money Market Tender :-

I. For Conventional Money Market Tender and Repo Tender

- a) BNM will inform tender participants that Money Market Tenders will be conducted via telephone through the information providers;
- b) Non-Principal Dealers are to submit their bids manually to PD;
- c) PD are to consolidate these bids with their own bids and submit manually via telephone to BNM;
- d) BNM will process the tenders manually and transmit the general results on the information providers such as Reuters, Bloomberg and Bridge;
- e) PD are to confirm the individual tender results via telephone with BNM; and
- f) Non-PD are to confirm their individual tender result manually with their PD;

II. For Islamic Money Market Tender and SBBA Tender

- a) BNM will inform tender participants that Islamic Money Market Tenders will be conducted via telephone through the information providers;
- b) Both PD and Non-PD are to submit their bids manually via telephone to BNM;
- c) BNM will process the tenders manually and transmit the general results on the information providers such as Reuters, Bloomberg and Bridge;
- d) Both PD and Non-PD are to confirm the individual tender results via telephone with BNM;

5.2 In the case where the system/power/ communication lines failure is localised to only individual FAST members or to a small group of FAST members, these affected members are to follow the following manual back-up procedures :-

I. For Conventional Money Market Tender and Repo Tender

- a) Affected FAST Members who are Non-PD are to submit manually to a Principal Dealer;
- b) Affected FAST Members who are PD are to submit manually to BNM their own bids only;

II. For Islamic Money Market Tender and SBBA Tender

Affected FAST Members, whether they are PD or not, are to submit manually to other PD with SPI services.

(Please use the institution's letter head)

Date :

Pengarah
Jabatan Pengawalan Bank
Tingkat 10, Blok A
Bank Negara Malaysia
Jalan Dato Onn
50480 Kuala Lumpur

Tuan,

Application to Become FAST Member

With reference to the above, we would like to apply to become a member of FAST effective _____ .

- 2. Our appointed banker for the purpose of fee charges as stipulated in clause 8 of Part II is _____ . (Applicable for institutions who are non Rentas members and/or Rentas members with SSTS account only).
- 3. As a FAST member, we shall agree to abide by all the requirements as stipulated in the Rules on FAST 2005 and any other directives as imposed by BNM from time to time.

Thank you.

.....
(Name)

.....
(Name)

(Two Authorised Signatories)

Procedures to Inform RENTAS on Scripless Securities Generated in FAST

1. This section is only applicable for securities to be issued scripless through the RENTAS system. It covers both new issuance and re-opening of stock code either through tender or non-tender mode. The FA/LA is required to observe additional requirements for issuance of scripless facilities as outlined in Part IV of the Rules.
2. There is no longer a requirement to submit hardcopy of SSTS1, SSTS2 and SSTS3 to Unit Rentas, Jabatan Sistem Pembayaran, BNM (Unit Rentas) as there will be an online interface of the information from FAST to Rentas. However, FA/LA is required to officially inform Unit Rentas and provide the summary details of the following information when completing the 'new issuance' or 're-opening' procedures, as follows:
 - a) Facility Code
 - b) Stock Code(s), and to indicate whether it is PN:SN structure
 - c) Issue Date
 - d) Maturity Date
 - e) Nominal Amount
 - f) Transferability Status (Transferable/Non-transferable*/Restricted Transferability*)

* to indicate list of holders and its authorised depository institution.

Note: The summary details must reach Unit Rentas at least 3 business days before the issue date. Should there be any changes to the issue size after allotment, FA/LA is required to notify Unit Rentas at least 1 day before the issue date.

3. With regards to para 2, FA/LA may contact Unit Rentas at the following address:

Pengarah,
Jabatan Sistem Pembayaran
Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur
(U.P. Unit Rentas)

Tel No : 03-26988044 ext 7231/7762/7761
Fax No : 03-26920625
E-mail address : rentas@bnm.gov.my

Example of Bidding Report

a) Allotment for Short-term Discounted Paper (eg: Conventional CP)

BIDDING REPORT

Opening of Bids	
Date	Time

Issuer :
 Facility :
 Stock Description :
 Stock Code :
 Issue Date : 18/12/2005
 Cut-off Underwritten Rate :

Issue Size : 100,000,000
 Maturity Date

Arrays of Tenders				Analysis of Tender		
Yield %	Price (RM)	Bidder	Amount Bid (RM)	Amount Rejected (RM)	For Acceptance	
					Amount (RM)	Purchase Price/ Proceeds (RM)
7.235	0.000000	TPM A	25,000,000	0	25,000,000	24,554,006.85
7.259	0.000000	TPM B	6,000,000	0	6,000,000	5,892,606.58
7.268	0.000000	TPM C	5,000,000	0	5,000,000	4,910,394.52
7.298	0.000000	TPM D	10,000,000	0	10,000,000	9,820,049.32
7.325	0.000000	TPM E	20,000,000	0	20,000,000	19,638,767.12
7.326	0.000000	TPM A	10,000,000	0	10,000,000	9,819,358.90
7.369	0.000000	TPM B	15,000,000	0	15,000,000	14,727,447.95
7.398	0.000000	TPM C	12,000,000	3,000,000	9,000,000	8,835,825.21
Sub-Total			103,000,000	3,000,000	100,000,000	98,198,456.45
Total			103,000,000	3,000,000	100,000,000	98,198,456.45

Range of Successful Bids		
Level	Yield (% p.a)	Price (RM)
Highest	7.398	0.000000
Lowest	7.235	0.000000
Average	7.306	0.000000

Notes:

1. *Tender basis for Conventional CP is on yield.*
2. *Bids will be sorted by yield in ascending order to 3 decimal places.*

b) Allotment for Single Underwritten Rate (eg. Islamic CP)

BIDDING REPORT

Opening of Bids	
Date	Time

Issuer :
 Facility :
 Stock Description :
 Stock Code :
 Issue Date : 28/06/2005
 Cut-off Underwritten Rate : 99.252525
 Issue Size : 100,000,000
 Maturity Date: 29/09/2005

Arrays of Tenders				Analysis of Tender		
Yield %	Price/100 (RM)	Bidder	Amount Bid (RM)	Amount Rejected (RM)	For Acceptance	
					Amount (RM)	Purchase Price/ Proceeds (RM)
2.500	99.36	BIDDER A	10,000,000	0	10,000,000	9,936,301.37
2.600	99.34	BIDDER B	30,000,000	0	30,000,000	29,801,260.27
2.700	99.31	BIDDER A	25,000,000	0	25,000,000	24,828,013.70
2.800	99.29	BIDDER B	10,000,000	0	10,000,000	9,928,657.53
2.900	99.26	BIDDER C	10,000,000	0	10,000,000	9,926,109.59
3.000	99.24	BIDDER B	35,000,000	35,000,000	0.00	0.00
Sub-Total			120,000,000	35,000,000	85,000,000	84,420,342.46
Total			120,000,000	35,000,000	85,000,000	84,420,342.46

Range of Successful Bids			
Level	Yield (% p.a)	Effective Yield (%)	Price (RM)
Average	2.676	2.695	99.32
Lowest	2.5	2.516	99.26
Highest	2.9	2.922	99.36

Notes:

The shortfall is RM15 million and will be subscribed by the Underwriters at a single underwritten rate of 2.900%.

CONT'D.....

BIDDING REPORT

Opening of Bids	
Date	Time

Issuer :
 Facility :
 Stock Description :
 Stock Code :
 Issue Date : 28/06/2005
 Issue Size : 100,000,000
 Maturity Date: 29/09/2005

Arrays of Underwriters				Analysis of Tender		
Yield %	Price (RM)	Bidder	Present Available Commitment (RM)	Previous Available Commitment (RM)	For Acceptance	
					Amount (RM)	Purchase Price/ Proceeds(RM)
2.900	99.26	U/W A	207,000,000	250,000,000	8,000,000	7,940,887.67
2.900	99.26	U/W B	203,000,000	250,000,000	7,000,000	6,948,276.71
Total			410,000,000	500,000,000	15,000,000	14,889,164.38

U/W = Underwriter

Notes :

- In the above scenario, Underwriter A & B are also the Bidder for the issue and their commitment as underwriters will be deducted from their allotment as successful Bidder if they submitted the bids under their own account. Bids submitted under customer account will not be computed in the calculation of available commitment for underwriters.*
- The shortfall of RM15 million will be apportioned as follows:*

Under-writers	Available Commitment('000,000)		Allotment (RM'000,000)	Rounded Allotment (RM million)	Purchase Price (RM)
	Original	Remaining			
U/W A	250	250 - 35 = 215	$215/425 \times 15 = 7.6$	8	7,940,887.67
U/W B	250	250 - 40 = 210	$210/425 \times 15 = 7.4$	7	6,948,276.71
Total	500	425	15	15	14,889,164.38

- All Underwriters will subscribe at a common underwritten rate of 2.900%.*

c) **Allotment for Multiple Underwritten Rate (eg: Conventional CP)**

BIDDING REPORT

Opening of Bids	
Date	Time

Issuer :
 Facility :
 Stock Description :
 Stock Code :
 Issue Date : 05/03/2005
 Cut-off Underwritten Rate : 8.050

Issue Size : 25,000,000
 Maturity Date

Arrays of Tenders				Analysis of Tender		
Yield %	Price (RM)	Bidder	Amount Bid (RM)	Amount Rejected (RM)	For Acceptance	
					Amount (RM)	Purchase Price/ Proceeds (RM)
7.495	0.000000	TPM A	5,000,000	0	5,000,000	4,966,118.49
7.650	0.000000	TPM B	5,000,000	0	5,000,000	4,965,417.81
7.880	0.000000	TPM C	2,000,000	0	2,000,000	1,985,751.23
7.960	0.000000	TPM A	2,000,000	0	2,000,000	1,985,606.58
8.100	0.000000	TPM B	2,000,000	2,000,000	0	0.00
8.105	0.000000	TPM B	4,000,000	4,000,000	0	0.00
8.115	0.000000	TPM A	4,000,000	4,000,000	0	0.00
Sub-Total			24,000,000	10,000,000	14,000,000	13,902,894.11
Total			24,000,000	10,000,000	14,000,000	13,902,894.11

Range of Successful Bids		
Level	Yield (% p.a)	Price (RM)
Highest	7.960	0.000000
Lowest	7.495	0.000000
Average	7.672	0.000000

Notes:

- The shortfall is RM11 million and will be subscribed by the Underwriters at their own individual underwritten rate. The cut-off-underwritten rate of 8.050% will only serve as an indicator for underwriters to underwrite.

CONT'D.....

BIDDING REPORT

Opening of Bids	
Date 27/03/199 7	Time 11:30:00

Issuer :
 Facility :
 Stock Description :
 Stock Code :
 Issue Date :
 Issue Size : 20,000,000
 Maturity Date :

Array of Underwriters				Analysis of Tender		
Yield %	Price (RM)	Bidder	Present Available Commitment (RM)	Previous Available Commitment (RM)	For Acceptance	
					Amount (RM)	Purchase Price/ Proceeds (RM)
8.005	0.000000	U/W A	93,000,000	100,000,000	6,000,000	5,956,575.62
8.100	0.000000	U/W B	45,000,000	50,000,000	2,000,000	1,985,353.42
8.110	0.000000	U/W C	48,000,000	50,000,000	3,000,000	2,978,003.01
Total			186,000,000	200,000,000	11,000,000	10,919,933.05

U/W = Underwriter

Notes:

- In the above scenario, Underwriter A & B are also the Bidder for the issue. Their commitment as underwriters will be deducted from their allotment as successful Bidder provided that they submitted bids under their own accounts. Successful bids submitted under customer account will not be computed in the calculation of available commitment for underwriters.*
- The shortfall of RM1 million will be apportioned as follows:*

Under-writers	Available Commitment ('000,000)		Allotment (RM'000,000)	Rounded Allotment (RM million)	Purchase Price/ Proceeds
	Original	Remaining			
U/W A	100	100 - 7 = 93	$93/186 \times 1 = 5.5$	6	5,956,575.62
U/W B	50	50 - 5 = 45	$45/186 \times 1 = 2.3$	2	1,985,353.42
U/W C	50	50 - 2 = 48	$48/186 \times 1 = 2.8$	3	2,978,003.01
Total	500	186	11	11	10,919,933.05

- The proceeds calculated for underwriters will be based on their own underwritten rates.*

d) **i). Allotment of Long term Fixed Rate papers (calendar to calendar)**
(coupon is based on the weighted average successful bids)

BIDDING REPORT

Opening of Bids		Issuer	:	
Date	Time	Facility	:	
		Stock Description	:	
		Stock Code	:	
		Issue Date	:	12/05/2005
				Issue Size : 300,000,000
				Maturity Date

Arrays of Tenders				Analysis of Tender		
Yield %	Price (RM)	Bidder	Amount Bid (RM)	Amount Rejected (RM)	For Acceptance	
					Amount (RM)	Purchase Price/ Proceeds (RM)
8.356	100.003000	TPM A	50,000,000	0	50,000,000	50,001,500.00
8.356	100.003000	TPM B	50,000,000	0	50,000,000	50,001,500.00
8.357	100.001000	TPM C	36,000,000	0	36,000,000	36,000,360.00
8.358	100.000000	TPM D	56,000,000	0	56,000,000	56,000,000.00
8.359	99.999000	TPM A	55,000,000	0	55,000,000	54,999,450.00
8.360	99.997000	TPM B	63,000,000	36,000,000	27,000,000	26,999,190.00
8.360	99.997000	TPM A	63,000,000	37,000,000	26,000,000	25,999,220.00
8.370	99.983000	TPM B	25,000,000	25,000,000	0	0.00
Sub-Total			398,000,000	98,000,000	300,000,000	300,001,220.00
Total			398,000,000	98,000,000	300,000,000	300,001,220.00

Range of Successful Bids		
Level	Yield (% p.a)	Price (RM)
Highest	8.360	99.997000
Lowest	8.356	100.003000
Average	8.358	100.000000

e) **Allotment of Simple Interest-Bearing papers**

BIDDING REPORT

Opening of Bids	
Date	Time

Issuer :
 Facility :
 Stock Description :
 Stock Code :
 Issue Date : 28/03/2005
 Cut-off Underwritten Rate :

Issue Size : 100,000,000
 Maturity Date

Arrays of Tenders				Analysis of Tender		
Yield %	Price (RM)	Bidder	Amount Bid (RM)	Amount Rejected (RM)	For Acceptance	
					Amount (RM)	Purchase Price/ Proceeds (RM)
9.256	0.000000	TPM A	12,000,000	0	12,000,000	12,000,000.00
9.365	0.000000	TPM B	23,000,000	0	23,000,000	23,000,000.00
9.654	0.000000	TPM C	14,000,000	0	14,000,000	14,000,000.00
9.654	0.000000	TPM D	20,000,000	0	20,000,000	20,000,000.00
9.658	0.000000	TPM E	23,000,000	0	23,000,000	23,000,000.00
9.687	0.000000	TPM A	19,000,000	11,000,000	8,000,000	8,000,000.00
9.756	0.000000	TPM B	25,000,000	25,000,000	0	0.00
9.756	0.000000	TPM C	20,000,000	20,000,000	0	0.00
Sub-Total			156,000,000	56,000,000	100,000,000	100,000,000.00
Total			156,000,000	56,000,000	100,000,000	100,000,000.00

Range of Successful Bids		
Level	Yield (% p.a)	Price (RM)
Highest	9.687	0.000000
Lowest	9.256	0.000000
Average	9.543	0.000000

