

MEMORANDUM
FOR INFORMATION

Ref No : 0031 of 2020/PO

Date : 29 September 2020

To : Executive Director/ Head of Dealing
Executive Director/ Head of Operations

From : The Secretariat, ASCM

By Email

No. of pages : As per attachment

RE : **Extension of Temporary Margin Financing**

Dear Members,

SC and Bursa have jointly issued a media release on 28 September 2020 informing the investing public that they have extended the temporary relief measures relating to margin financing to 31 December 2020. The relief measures, which took effect on 27 March 2020, are due to expire on 30 September 2020.

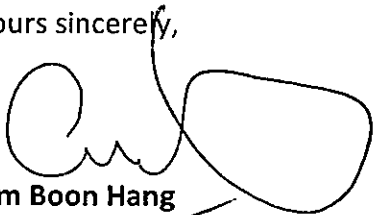
Attached is the said media release for your quick reference.

According to the industry regulators, brokers can continue to exercise discretion whether or not to impose force selling measures on clients, and accept other types of collateral from investors such as bonds, unit trusts, gold and immovable properties for purposes of margin financing. Previously, brokers were required to automatically liquidate their clients' margin accounts if the equity value in those accounts falls below 130% of the outstanding balance.

These temporary measures are subject to brokers meeting their own capital adequacy ratio and shareholder funds as required by Bursa. Brokers are also expected to exercise discretion in accordance with their own credit risk policies.

Thank you

Yours sincerely,



Lim Boon Hang
Executive Director, ASCM Secretariat

SC AND BURSA MALAYSIA EXTEND TEMPORARY MARGIN FINANCING FLEXIBILITIES TO 31 DECEMBER 2020

28 September 2020 | Kuala Lumpur

The Securities Commission Malaysia (SC) and Bursa Malaysia Berhad (Bursa Malaysia) have extended the temporary relief measures relating to margin financing to 31 December 2020. The relief measures, which took effect on 27 March 2020, are due to expire on 30 September 2020.

The flexibilities accorded under the relief measures will enable brokers to better manage their clients' margin financing facilities and maintain stability in the marketplace amid continued market uncertainties arising from the Covid-19 pandemic.

During this interim period, brokers can continue to exercise discretion whether or not to impose force selling measures on clients, and accept other types of collateral from investors such as bonds, unit trusts, gold and immovable properties for purposes of margin financing. Previously, brokers were required to automatically liquidate their clients' margin accounts if the equity value in those accounts falls below 130% of the outstanding balance.

These temporary measures are subject to brokers meeting their own capital adequacy ratio and shareholder funds as required by Bursa Malaysia. They are also expected to exercise discretion in accordance with their own credit risk policies.

Both the SC and Bursa Malaysia will continue to monitor developments in the securities market and evaluate the adequacy of existing measures to support an orderly market and to mitigate potential risks. For a full array of measures to help capital market participants mitigate potential risks arising from Covid-19, please visit www.sc.com.my/covid-19.

**SECURITIES COMMISSION MALAYSIA
BURSA MALAYSIA BERHAD**

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