



RHB SECURITIES SINGAPORE PTE. LTD.

**FREQUENTLY ASKED QUESTION ON  
BURSA MALAYSIA NEW SETTLEMENT  
CYCLE T+2  
FOR CLIENTS**

*(Version 1/2019)*



RHB SECURITIES SINGAPORE PTE. LTD.

# WHAT IS BURSA MALAYSIA NEW SETTLEMENT CYCLE AND HOW WOULD IT AFFECT YOU

[FREQUENTLY ASKED QUESTIONS (FAQs) FOR CLIENTS]

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## GENERAL QUESTIONS

### 1. What is settlement cycle?

Settlement cycle refers to number of business days a trade transaction would be due for settlement in a stock market in which the securities is traded ('Settlement Date"). The settlement date is which the exchange of cash (buyer) and securities (seller) takes place. It starts with a Trade date ("T-Day") in which the buy trade or sell trade transaction occurs. The settlement date will depends on the settlement cycle adopted by the market.

For example, if you buy or sell a security with a T+2 settlement date on Monday (assuming there is no public holiday in between), the settlement date will be Wednesday.

## IMPLEMENTATION OF BURSA MALAYSIA NEW SETTLEMENT CYCLE T+2

### 1. Implementation dates of BURSA Malaysia new settlement cycle.

The new settlement cycle of T+2 will be effective 29 April 2019.

### 2. During the transition, would there be overlapping of settlement due date?

Yes. 02 May 2019 would be the settlement date for trades initiated on both 26 Apr 2019 (Fri) [T+3 settlement cycle) and 29 Apr 2019 (Monday).

Hence, Clients are to ensure sufficient funds are available to make payment for trades initiated on both 26 Apr 2019 and 29 Apr 2019.

## BURSA MALAYSIA NEW SETTLEMENT FRAMEWORK

### 1. What is the current settlement cycle for BURSA Malaysia?

Current settlement cycle for BURSA Malaysia is T+3, which was implemented in Dec 2000.

### 2. What is the new settlement cycle?

The new settlement cycle will be T+2 for trades executed from 29 Apr 2019.

3. Why is the change in settlement date important?

This is the date when your trades executed on BURSA Malaysia settles. If you sell, you will need to have the shares on settlement date. As for your buy trade, depending on your arrangement with your broker, this will affect the date when cash is to be paid and shares to be received for the trade.

4. What are the benefits of T+2 settlement cycle?

(a) Improved operational efficiency

A shorter settlement period will avail securities and funds earlier for investors.

(b) Reduced counterparty risk

A shorter settlement cycle will mitigate settlement risks market-wide as the exposure for unsettled trades is shortened from 3 business days to 2 business days.

(c) Strengthened market's competitiveness

The move towards a T+2 settlement cycle harmonizes BURSA Malaysia's post trade infrastructure with that of major global exchanges in the US, Europe and Asia-Pacific which already operates a T+2 settlement cycle. This will strengthen the attractiveness and competitiveness of the Malaysian market as a listing and investment destination in the region.

5. How does the new framework affect me when I buy shares?

A shorter settlement cycle means a quicker delivery of shares to you by one day earlier. You will typically receive your shares 2 business days after your buy trade transaction date.

6. How does the new framework affect me when I sell shares?

A shorter settlement cycle means a quicker access to your money by one day earlier.

You will need to ensure that shares are available for settlement on T+2 instead of T+3. If shares are not available for settlement, a buying-in will be conducted between 2:00pm and 5:00pm and charges and penalties shall be borne by the seller. Charges remain the same.

7. What happens if the buying-in is unsuccessful?

The outstanding (Board lot) contract will be cash settled on T+3. For odd-lot failed contract, cash settlement shall be on T+2.



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## ENQUIRY

Should you have any enquiry with regards to the new settlement cycle of BURSA Malaysia, kindly contact your respective Trading Representative.

## Glossary

No.	Abbreviation	Description
1	<b>EPS</b>	Electronic Payment for Shares
2	<b>FOREX or FX</b>	Foreign Exchange
3	<b>GIRO</b>	General Interbank Recurring Order
4	<b>RHBSEC</b>	RHB Securities Singapore Pte. Ltd.
5	<b>SGD</b>	Singapore Dollars
6	<b>T</b>	Trade Date