

ASIA PACIFIC

SECURITIES LENDING MARKET USER GUIDE

2021



AUSTRALIA

MALAYSIA

CHINA

NEW ZEALAND

CHINA/HK STOCK CONNECT

PHILIPPINES

HONG KONG

SINGAPORE

INDIA

SOUTH KOREA

INDONESIA

TAIWAN

JAPAN

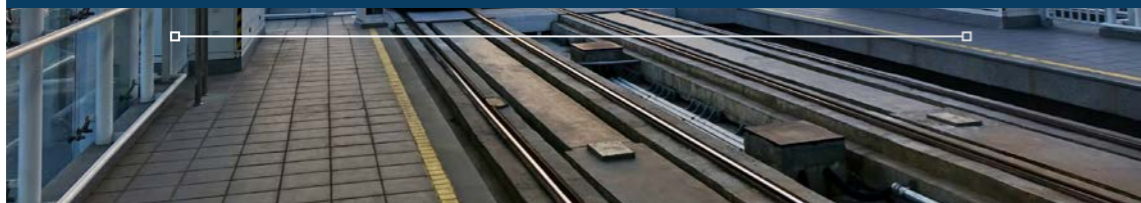
THAILAND





CONTENTS

- 7 AUSTRALIA
- 13 CHINA
- 19 CHINA / HK STOCK CONNECT
- 25 HONG KONG
- 33 INDIA
- 39 INDONESIA
- 45 JAPAN
- 51 MALAYSIA
- 59 NEW ZEALAND
- 65 PHILIPPINES
- 69 SINGAPORE
- 75 SOUTH KOREA
- 85 TAIWAN
- 91 THAILAND



EXECUTIVE SUMMARY

As we near the close of 2021, COVID-19 dominates our attention just as it did a year ago. As some countries with high vaccination rates look to return to normality, others – especially in our region – are still fighting to contain outbreaks while getting jabs into arms. The race between vaccines and variants looks set to define the later stages of the pandemic, which could be long and uneven. But while the post-pandemic world is still a little way off, we should start to see the outlines of a new reality emerging as the year winds down.

PASLA has had to postpone its landmark conferences and adapt, as we all have, to virtual meetings and conferences. Thanks to the hard work of so many individuals, we have been able to offer the market a forum for exchanging ideas and learning about the latest developments, even if we haven't been able to interact in person. We all look forward to the return of in-person events – hopefully in the near future – but we will host these in a thoughtful way to protect attendees. Until then, we will continue to deliver virtual events that offer valuable, thought-provoking content.

In spite of changes enforced by COVID-19, our purpose and priorities remain the same. PASLA is dedicated to promoting open, transparent, and efficient securities lending in Asia Pacific. On behalf of our members, we champion the development of a more open market for securities lending in China, the integration of securities lending with ESG principles and the harmonisation of regional market standards

around international best practice, whilst recognising that different Asian markets are at varying stages of development. I'm also very proud of the work we have been doing to promote a more inclusive industry in Asia through PIN – the PASLA Inclusion Network.

Over the last year, a number of short-selling bans around the region have impacted the growth of the market. These have now been brought to an end – or at least relaxed – and it is encouraging to see that we are moving on from that restrictive environment. However, these disruptions do mean that many of the new developments we looked forward to in the 2020 user guide have understandably taken a back seat, at least for the time being.

I would like to thank everyone involved in updating this user guide. We at PASLA, RMA, and EquiLend know that this would not be possible without all your input. To the casual eye, this may look like a simple set of updates but, in reality, it's more like a complete rewrite every time. The feedback on the value of this has been very positive. We would welcome your comments on this latest iteration – and any additional contributions for the next. Ongoing dialogue with industry professionals, regulators, and exchanges is critical to its value and we look forward to continuing to broaden those relationships.

For any questions, feedback or additional information about this user guide, please contact:

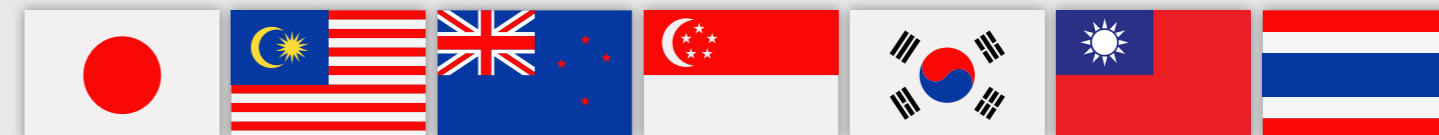
Stuart Jones
Chairman
PASLA
stuart.jones@jefferies.com
+(852) 3743-8143

Fran Garritt
Director, Securities Lending and
Global Markets Risk
RMA
fgarritt@rmahq.org
+1 (215) 446-4122

Christopher Gohlke
Director, Global Head of Marketing
& Communications, EquiLend
christopher.gohlke@equilend.com
+1 (212) 901-2217



	AUSTRALIA	CHINA A	CHINA CONNECT	HONG KONG	INDIA
DATALEND ON-LOAN BALANCE (US\$)	17,130,318,894			39,663,887,577	
DATALEND LENDABLE BALANCE (US\$)	427,735,325,322			721,182,746,178	
REGULATORS	ASIC	CSRC, CSFC	CSRC, SFC	SFC	SEBI
RESTRICTED CURRENCY	No	Yes	N/A	No	Yes
SETTLEMENT CYCLE	T+2	T+0	T+0	T+2	T+2
SBL ACCESS METHODS					
GMSLA PERMITTED	Yes	No	Yes	Yes	No
SPECIFIC GMSLA ADDENDA	No	N/A	Yes	Yes	N/A
SBL ELIGIBLE OR PROHIBITED LIST	No	Yes	No	No	Yes
ONLENDING PERMITTED	Yes	No	No	Yes	No
FAIL COVER BORROWING PERMITTED	Yes	N/A	N/A	Yes	No
MAX SBL RATE	No	N/A	No	No	No
PRE-DELIVERY STOCKS	No	N/A	N/A	No	No
SEGREGATED ACCOUNTS	No	Yes	Yes	No	Yes
RESTRICTED TENOR OF CONTRACT	No	Yes	Yes	No	Yes
SHORT SELLING RULES					
NAKED SHORT SELL PERMITTED	No	No	No	No	No
SHORT SELL ELIGIBLE OR PROHIBITED LIST	No	Yes	Yes	Yes	No
UPTICK RULE	No	Yes	Yes	Yes	No
SHORT POSITION LIMITS	No	No	Yes	No	Yes
SHORT POSITION REPORTING	Yes	Yes	Yes	Yes	Yes
COLLATERAL					
COLLATERAL RESTRICTIONS	No	N/A	No	No	Yes. Onshore only.
COLLATERAL - PLEDGE OR TRANSFER TITLE	Both	N/A	Pledge Only	Both	N/A
NETTING AGREEMENT	Yes	N/A	Yes	Yes	No
OTHER SETTLEMENT ASPECTS					
FOL	Yes	Yes	Yes	Very Limited	Yes
CCP MARKET	No	Yes	No	No	Yes
NO FAIL MARKET	T+4 to T+8	Non fail market	T+4 to T+8	T+2 but can apply for waiver Financial	T+2
PENALTY FOR BUY IN	Financial	Potential suspension of QFI	Financial	Financial	Financial
MARKET NUANCE	CGT impact if loan tenor exceeds 1 year		*GMSLA only available for specific qualified circumstances		



	JAPAN	MALAYSIA	NEW ZEALAND	SINGAPORE	SOUTH KOREA	TAIWAN	THAILAND
	92,616,729,873	890,902,488	724,790,655	1,761,445,002	9,113,350,794	16,919,223,707	2,315,450,903
	1,329,745,519,689	12,798,145,781	12,141,318,553	54,276,642,655	202,208,980,043	123,755,531,249	29,345,616,361
	JFSA	SC	FMA	SIC, MAS	FSS, FSC	FSC	SEC
	No	Yes	No	No	Yes	Yes	Yes
	T+2	T+2	T+2	T+2	T+2	T+2	T+2
	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	No	Yes	No	No	Yes	Yes	No
	No	Yes	No	No	No	Yes	No
	Yes	Yes	Yes	Yes	Yes	No	Yes
	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	No	No	No	No	No	Yes	No
	No	Yes	No	No	No	Yes	No
	No	Yes	No	No	Yes	Yes	No
	No	No	No	No	Yes	Yes	No
	No	No	No	Yes	No	No	No
	No	Yes	No	No	Yes	Yes	Yes
	Only if stock fall by 10% from previous days close.	Yes	No	No	Yes	Sometimes	Tick rule only
	No	Yes	No	No	No	Yes	No
	Yes	No	No	Yes	Yes	No	No
	No	No	No	No	No	Prescribed list	No
	Both	Transfer Title	Both	Both	Transfer Title-CCP, Korean law pledge	Transfer Title (CCP)	Both
	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Yes	No	Yes	Very Limited	Yes	Yes	Yes
	No	No	No	No	Both	No	No
	Can be requested on T+3	T+2	T+6	T+3 at midday	T+4	Trades pre-match	T+4
	Financial	Possible Suspension if Fail	Financial	Financial	Financial and Criminal	Possible suspension if fail	Financial
					Over heated shorts	Short sell quota, Daily Maximums, Total Outstanding Limited	

AUSTRALIA



Principal Exchange: ASX
Main Index: S&P ASX 200
Settlement Cycle: T+2

Trading Hours
Open: Monday to Friday
 10:00 - 16:00 - (16:10 closing auction)
Time Zone: GMT + 10
Currency: AUD

CONTENTS

- [AUSTRALIA](#)
- [CHINA](#)
- [CHINA / HK STOCK CONNECT](#)
- [HONG KONG](#)
- [INDIA](#)
- [INDONESIA](#)
- [JAPAN](#)
- [MALAYSIA](#)
- [NEW ZEALAND](#)
- [PHILIPPINES](#)
- [SINGAPORE](#)
- [SOUTH KOREA](#)
- [TAIWAN](#)
- [THAILAND](#)

General Market Overview

The Australian Securities Exchange is a top 10 global securities exchange by value and is owned by the Australian Securities Exchange Ltd, or ASX Limited, an Australian public company. Prior to December 2006, it was known as the Australian Stock Exchange, which was formed on April 1, 1987, as an amalgamation of the six state securities exchanges. It merged with the Sydney Futures Exchange in 2006.

Exchange Highlights

Indices	S&P ASX 200
Listed Companies	2,052 as of June 2021
Total Market Cap	AUD\$2.4 trillion (US\$1.8 trillion) as of May 2021

Fixed Income

A domestic fixed income central securities depository (CSD) is offered through Austraclear. The repurchase (repo) market utilizes the global master repurchase agreement (GMRA), which allows for cash collateral versus the repo of fixed income securities. Repos or reverse repos are conducted as delivery versus payment (DVP) to eliminate intraday exposure risk, and bonds can be delivered bilaterally.

Fixed income repo or loans are conducted on a T+1 basis and can be



open or termed (where the repo or loan is executed between set dates) with tri-party repo becoming increasingly popular. Historically, beneficial ownership of Australian government securities has been majority held offshore, although, the proportion has declined recently from nearly 70% to around 50%. Beneficial owners can utilize the repo market to provide leverage via repo or securities lending. If securities are not recycled back to the market and become scarce, the Australian Office of Financial Management (AOFM) can lend specific Australian Government Securities (AGS) to those who are short to cover ongoing obligations. Liquidity in the repo market or the availability of cash to domestic deposit takers is monitored by the Reserve Bank of Australia (RBA), which conducts daily market operations to lend cash via repo on pre-specified terms at 9:20 a.m. daily, with a further operation at 5:10 p.m. if needed. The RBA will also conduct operations in the foreign exchange (FX) forward market to satisfy the demand for Australian dollars for institutions that do not have repo capabilities. Collateral for repos with the RBA include Australian government and semi-government (state-issued) bonds, foreign AAA-rated government bonds, and bank paper issued by deposit-taking institutions down to BBB- or A1 and higher-rated Australian ABS. Both AGS and semi-government bonds count as high-quality liquid assets (HQLA) domestically, with semis generally trading with a slight discount to Australian government bonds.

Key Regulators

Australian Securities & Investment Commission (ASIC): <https://asic.gov.au/>

Securities Borrowing and Lending (SBL)

Access Methods

The Australian market historically used a legal agreement known as the Australian Master Securities Lending Agreement (AMSLA). The AMSLA was based on the Overseas Stock Lending Agreement (OSLA). However, the Global Master Securities Lending Agreement (GMSLA) is used more broadly today. Both allow for the collateralization of loans by cash or alternative collateral of equity or fixed income securities which are delivered prior to the loan of Australian securities (prepay).

The AMSLA can be used for both agency and principal transactions. An agent lends securities on behalf of the beneficial owner and does not take on any risk for the transaction. Subsequently, the counterparty risk lies with the beneficial owner and the borrower. Loans and the collateral are transferred on a title transfer basis.

DATALEND MARKET DATA - EQUITIES (AVERAGES FROM JAN. 1 - SEPT. 15, 2021)

On Loan (USD)	Lendable (USD)	Utilization (%)	VWAF (bps)
17,130,318,894	427,735,325,322	4.01	52.36

Short Selling Rules

Is short selling permitted?
Short selling is permissible under the Corporations Act 2001.

Definition of short sale

Generally, where a person executes a short sale and relies on an existing securities lending arrangement to have a “presently exercisable and unconditional right to vest” the products in the buyer at the time of sale, the sale of the products is a covered short sale. (RG 196.2 Corporations Act 2001)

Pricing requirement for short sale

None

Short Position Reporting

Disclosure of short position

Public disclosure is required under certain conditions.

The threshold for reporting is when a firm’s short position is more than AU\$100,000 or 0.01% of the total quantity of securities or products in the relevant class of securities or products.

When does a report need to be made?

A person must report their short positions as at 7 p.m. on each reporting day. Short position reports must be received by ASIC before 9 a.m. three reporting days after the date of the short position. (RG 196.133 Corporations Act 2001)

Buy-Ins

Settlement participants, i.e., selling brokers, are required to close out settlement short-falls that remain after batch settlement on T+4 by purchasing or borrowing the shares required to complete the settlement. An outstanding settlement position that has not been resolved by T+8 will be referred to ASX Markets Supervision for investigation and possibly to the Disciplinary Tribunal.

The price bid for the buy-in is based on the last recorded sale price adjusted by either a higher bid price or a lower offer price, as at 12:00 noon on settlement day (SD) plus a margin above the market price of the securities. This margin rises each day that the trade remains outstanding.

Collateral Requirements

Borrowing in Australia across both domestic and international lenders requires collateral to be lodged before the physical shares can move. Collateral can be USD, GBP, AUD or JPY cash, or forms of equities and government debt depending on the underlying clients’ preferences and internal compliance approval. Normal collateral headroom is 105% of the stock’s market value.

Foreign Investor Limits

Individual foreign ownership is capped at 15%; anything more than 15% requires approval from the Foreign Investment Review Board. The aggregate limit is 40%. Certain industries such as ASX, telecommunications, gaming, etc., have further restrictions.

Operational and Post Trade

Scheduled Settlement (101) – 11:30 a.m. – a full DVP system allowing simultaneous turn-around and simultaneous exchange of securities and cash in CHES (the Australian settlement system).

Demand Settlement (005) – For off-market trades or to process a same-day turnaround trade that is not matched in time for the scheduled settlement process. Payments (if any) are made by 4:30 p.m. via the Austraclear system, while the securities transfers are processed through CHES. Subject to the agreement of both settlement parties, securities can settle until 7 p.m.

Failed Trade Fees – Equities – 0.1% of the value of the shortfall, subject to a daily minimum fee of AU\$100 and a maximum fee of AU\$5,000. The value of the shortfall is calculated based on the failed trade quantity multiplied by the valuation price of the security.

On some state holidays, the ASX remains open for trading and settlement. Such days are considered as trading, but not business days.

Special Auction Rules

Pre-open: 7:00 - 10:00

Opening auction: 10:00 - 10:09:15 (staggered for different groups of equities)

Opening takes place at 10:00 a.m. Sydney time and lasts for about 10 minutes. ASX Trade calculates opening prices during this phase. Securities open in five groups, according to the starting letter of their ASX code:

- Group 1: 10:00:00 +/- 15 secs 0-9 and A-B, e.g., ANZ, BHP
- Group 2: 10:02:15 +/- 15 secs C-F, e.g., CPU, FXJ
- Group 3: 10:04:30 +/- 15 secs G-M, e.g., GPT
- Group 4: 10:06:45 +/- 15 secs N-R, e.g., QAN
- Group 5: 10:09:00 +/- 15 secs S-Z, e.g., TLS

The time is randomly generated by ASX Trade and occurs up to 15 seconds on either side of the times given above—e.g., Group 1 may open at any time between 9:59:45 and 10:00:15.

Pre-close: 16:00 - 16:10

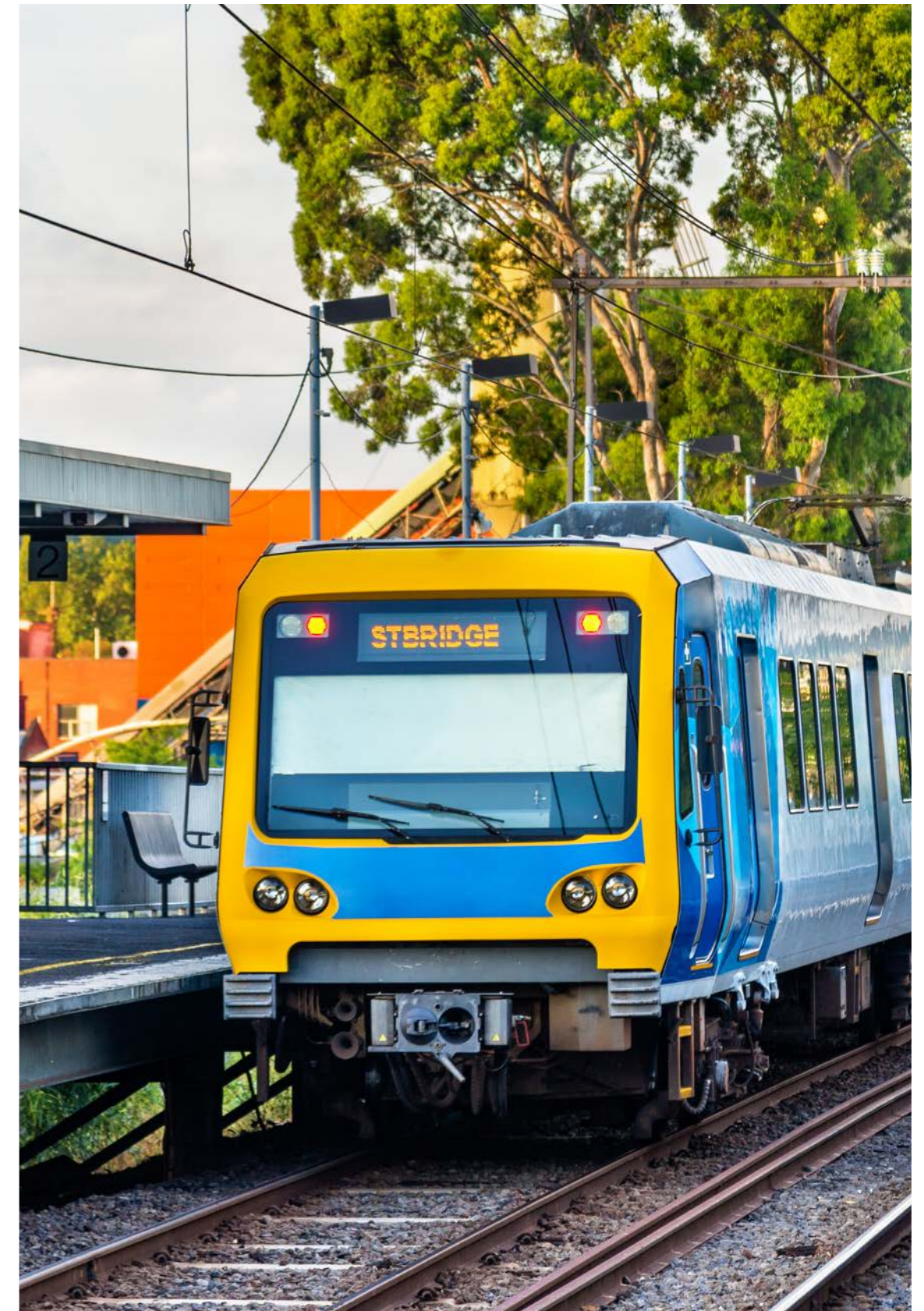
Closing auction: 16:10 - 16:12

Talking Points & Future Developments Facing the SBL Model

ASLA (Australian Stock Lending Association): Working group to add an Australian addendum to the GMSLA.

DOI/ASIC relief application: Following Consultation Paper 319 Securities lending by agents and substantial holding disclosure (CP 319), ASIC has released ASIC Corporations (Securities Lending and Substantial Holding Information) Instrument 2021/821 (the ASIC Instrument): <https://www.legislation.gov.au/Details/F2021L01333>. The main substantive change under the ASIC Instrument is the insertion of notional subsections 609(10C) and 609(10D) into the Corporations Act 2001 (Cth) (Corporations Act). The effect of these changes is that an agent lender will generally not acquire a “relevant interest” in securities made available for loan by the underlying lender via the agent lender at the time of entry

into an agent lending agreement (referred to in the ASIC Instrument as the authorisation agreement), but rather at the time at which the agent lender actually exercises its lending authority in respect of the securities and lends them (on the underlying lender’s behalf) to a borrower.



CHINA



Main Stock Exchanges:

Shanghai Stock Exchange (SSE)
Shenzhen Stock Exchange (SZSE)

Main Indices: SSE Composite, SZSE Composite

Settlement Cycle: T+0 (A-shares)

TRADING HOURS:

Morning Session: 9:30 a.m. – 11:30 a.m.

PM session: 1 p.m. – 3 p.m. (Shanghai)

PM session: 1 p.m. - 2:57 p.m. (Shenzhen)

TIME ZONE: GMT+8

CURRENCY: RMB

CONTENTS

- AUSTRALIA
- CHINA**
- CHINA / HK STOCK CONNECT
- HONG KONG
- INDIA
- INDONESIA
- JAPAN
- MALAYSIA
- NEW ZEALAND
- PHILIPPINES
- SINGAPORE
- SOUTH KOREA
- TAIWAN
- THAILAND

General Market Updates

China as a trading venue and market has seen sweeping changes over the last year and a half. Some major developments include:

June 2020 – Removal of QFII/RQFII Quotas

Nov 2020 – New QFII rules effective (first published in Sept 2020)

Dec 2020 - Short Sell / Margin Financing trades conducted by QFIIs

The CSRC's new rules merging the Qualified Foreign Institutional Investor (QFII) / RMB Qualified Foreign Institutional Investor (RQFII) programs into a single, unified access channel became effective on the 1st of November 2020. The QFII application review process has been simplified and shortened from 20 working days to 10 working days. Eligible applicants' scope has been expanded and the language giving preference to long-term asset managers removed, paving the way for hedge fund managers to apply for their own QFII license.

The investment universe has been expanded with the following now eligible: investment in PFM including WFOE PFM, securities borrowing and lending (SBL), margin financing, bond repos, products and derivatives on bonds, interest rates, and foreign exchange traded on CIBM and approved financial and commodities futures.

Repatriation of monies has been made simpler.

Exchange Highlights

The Shanghai Stock Exchange (SSE) and the Shenzhen Stock Exchange



(SZSE) are the main exchanges in China. Both exchanges were opened in 1990, with Shanghai listing most of China's large-cap companies, state-owned enterprises, banks, and energy firms. Shenzhen has been viewed as listing more "growth" stocks, such as small- to mid-cap private sector companies. While domestic residents and funds are free to trade the market on a relatively unrestricted basis, offshore access is through the QFII and RQFII regimes.

QFII is a program introduced in 2002 that allows international investors to participate directly in the mainland stock exchanges. China's markets were previously closed to foreign investors. Quotas are granted by the State Administration of Foreign Exchange (SAFE), and to obtain a license, an investor must meet certain prerequisites.

RQFII was launched in 2011 and allows the use of RMB funds raised in Hong Kong to invest in China's domestic securities markets. RQFII is only available for qualified financial institutions in designated offshore RMB markets.

Hong Kong/China Connect

Covered in more detail separately, the Hong Kong/China Stock Connect mechanism was set up in November 2014 with the aim of providing "mutual market access" between Hong Kong and China.

China A-Shares Versus B-Shares

China A-shares differ from B-shares. A-shares are only quoted in RMB, while B-shares are quoted in foreign currencies, such as USD. Some companies have historically listed their stock on both the A-share and B-share markets, to allow foreign and mainland investors to invest. Trading in B-shares is on the rise, especially after the advent of the HK/China Connect.

CHINA MARKET CAPITALIZATION US\$ 11.1 TRILLION

Index name	Index	Listed Companies
Sanghai Stock Exchange Composite Index	SHCOMP	1,562
Shenzen Stock Exchange Composite Index	SZCOMP	2,451
ChiNext Index	CNT	100
Star Board		236

March 2021

Fixed Income

Besides the exchange markets, more than 90% of fixed income products are traded on the China Interbank Bond Market (CIBM), which is an OTC market. In addition, around 2% of government bonds are available to local retail investors over the bank counter. Methods to access the Chinese bond market include using the HKEX Bond connect mechanism, "CIBM Direct" Scheme, as well as synthetically through offshore QFII Brokers.

Key Regulators

- China Securities Regulatory Commission (CSRC) – National regulatory body for the securities and futures exchanges in China.
- China Securities Finance Corporation (CSF) – Provides margin financing loan services to the market, including margin financing and securities lending activity.
- China Securities Depository and Clearing (CSDC) – Undertakes all securities registration, clearing, and settlement activity for the market.
- State Administration of Foreign Exchange (SAFE) – China's foreign exchange regulatory agency.

Useful Links:

- SSE website: <http://english.sse.com.cn/>
- SZSE website: <http://www.szse.cn/English/index.html>
- CSF Website: <http://www.csf.com.cn/publish/english/index.html>
- CSRC website: http://www.csrc.gov.cn/pub/csrc_en/

Securities Borrowing and Lending (SBL)

Access Methods

One of the major developments with the new QFII Rules announced in November 2020 was the expansion of the investment scope of QFIIs to include SBL/margin financing. QFIIs are now allowed to participate in short selling activities, as well as to lend their assets through an approved onshore broker.

These brokers can act as lenders as well as borrowers where SBL transactions are cleared through the CSDC at an agreed rate and term.

CSF maintains a list of securities eligible for margin financing.

Useful Links:

Securities eligible for margin lending and relevant rates:

- <http://www.csf.com.cn/publish/english/1072/1080/index.html>
- <http://www.csf.com.cn/publish/english/1072/1079/index.html>

Source of Onshore Inventory

- Broker Internal firm inventory
- Mutual Funds
- Pension Funds
- Corporate Shareholders
- Hedge Funds
- QFII/RQFII

Fixed SBL Terms & Rates for Main Board

Term	3-Day	7-Day	14-Day	28-Day	182-Day
Lending Rate	1.2%	1.6%	1.7%	1.8%	2%
Broker's Borrowing Rate	4%	3.9%	3.84%	3.74%	3.5%

Flexible SBL Terms & Rate for STAR Market and GEM	
Term	1-182 Day

Lending rate	Negotiated between lenders and brokers
Broker's Borrowing Rate	Lending Rate + 60bps (CSF fee)

Short-Selling Rules

Short selling is conducted through the CSF, which acts as principal to all transactions.

SBL borrowing must be pre-arranged through the onshore SBL broker, where short selling can only take place once the borrowing has been agreed and confirmed. On the main boards there is usually a 1-day lag in setting that up but on the STAR board and ChiNext that can be done the same day.

Short-selling orders must be flagged as such and are subject to a tick rule: the input price of a short-selling order must not be lower than the most recent execution price (or the previous closing price if there have been no executed trades on a given day) of the relevant short-selling security.

In the event that shares borrowed for short selling remain outstanding and have not yet been returned to the lender, participants are required to comply with the tick rule requirement as mentioned above in respect of any instructions for the sale of that security, except for those instructions that exceed the number of the outstanding and unreturned shares.

Useful Links:

Margin trading rules:

http://www.sse.com.cn/services/tradingservice/margin/rules/c/c_20190812_4877795.shtml

Is short selling permitted?

Covered short selling is currently permitted onshore for a specific list of securities and is centralized through the CSF. A borrow must be in place prior to selling.

The CSF acts as principal in all transactions and will source inventory through a variety of onshore brokers in order to offer short access. The CSF does not provide collateral when borrowing from lenders but does receive 20-25% collateral from the short selling, thus limiting leverage.

Borrowing is typically done versus a short sell order.

Definition of short sale

Margin trading and securities lending refers to the practice where an investor purchases securities with borrowed money from a member, or sells securities borrowed from a member, by providing collateral to the member. In order to participate in margin trading and securities lending, a member shall apply to the exchange for the trading access to margin trading and securities lending.

Pricing requirement for short sale

The declared price for investors to sell securities must not be lower than the last transaction price; if there have been no transactions recorded on the day of the short sell order, then the price must not be lower than the previous day's closing price, in that security. If the price instruction on the margin selling order is lower than the aforementioned price, the transaction is to be treated as invalid and the order rejected.

Short Position Reporting

When does a report need to be made?

No short reporting is needed as all information is centralized at the CSF.

Buy-Ins / Forced Liquidation

There are no buy-ins due to the T+0 settlement of shares. From an SBL perspective, is not possible to execute an SBL transaction if limits are not generated through an SBL confirmation by the broker. However, forced liquidation of shorts can be instituted by the SBL broker if the borrow contract is overdue.

Collateral Requirements

The CSF does not pass any form of collateral through to the lender of securities but does guarantee the return of those securities back to the lender. The broker borrowing shares

is required to hold and ring-fence in a segregated account 170% initial margin as well as the full 100% of the short sell proceeds on top. There is a margin call to that account if the value falls below 130% and a top-up warning if the level hits 150%, and monies can be withdrawn if the value exceeds 300%, but not to below 270%.

The CSF will constantly monitor the credit situation of all signed participants in the program and will also set leverage restrictions on firms for margin and stock lending.

Collateral Haircuts:

Cash 0%

Equities: ≥ 30%

ETFs, Corp Bonds: ≥ 20%

Money market fund and Treasury Bonds: ≥ 95%

Foreign Investor Limits

A single foreign investor's total shareholding in a company listed in SSE and/or SZSE may not exceed 10% of the company's total shares. When and if aggregated foreign shareholding exceeds 30%, the foreign investors will be requested to sell the shares on a last-in-first-out basis within five trading days.

When the aggregate foreign shareholding of an individual A share reaches 24%, SSE or SZSE, as the case may be, will publish a notice on its website (<http://www.sse.com.cn/disclosure/diclosure/qfii/>) for SSE and (<http://www.szse.cn/disclosure/deal/qfii/index.html>) for SZSE. SSE/SZSE Securities purchased through Shanghai Connect and Shenzhen Connect are considered in totality with those purchased under QFII and RQFII, and subject to the same foreign shareholding restriction. Once SSE/SZSE informs SEHK that the aggregate foreign shareholding of an SSE/SZSE Security reaches 28%, further Northbound buy orders in that SSE/SZSE Security will not be allowed, until the aggregate foreign shareholding of that SSE/SZSE Security is sold down to 26%.

Tax

- 10% under corporate income tax (CIT) and 20% under individual income tax (IIT) for foreign investors
- Dividends subject to 10% withholding tax (WHT), unless a specific tax treaty has been negotiated otherwise
- Stock borrowing exempted from stamp duty

Capital gains taxes and business taxes were temporarily exempted for China A-shares or similar investments for QFIIs and RQFIIs from November 17, 2014, onward. There was no specific expiration date mentioned at the time.

Talking Points & Future Developments Facing the SBL Model

Participation in this product has been slow in coming due to factors such as non-industry standard documentation, adherence to local regulation around trading regulations, and the uniqueness of how QFIIs participate in securities through various counterparties (non-bilateral). Positional reporting of a QFII's position in various investment instruments (stock, futures, etc.) is also a point where industry bodies are working to get further clarification from the onshore regulators.

Growth on the STAR board for the more bilateral hybrid model of SBL has seen that become an important revenue for many local brokerage firms. We continue to hope that, as the success of the hybrid model on the STAR board grows, many of those differences will be adopted across the main boards.

Despite these initial impediments to the onshore model taking off, we do expect that further developments will continue to occur where the market will continue to be focused on as an important and relevant nascent SBL market in the region.

CHINA / HK STOCK CONNECT



Main Index: Main Indices:
SSE Composite, SZSE Composite
Settlement Cycle: T+0

Trading Hours
Morning Session: 9:15 a.m. - 11:30 a.m.
Afternoon Session: 13:00 - 15:00
Time Zone: GMT+8
Currency: RMB

CONTENTS

- AUSTRALIA
- CHINA
- CHINA / HK STOCK CONNECT
- HONG KONG
- INDIA
- INDONESIA
- JAPAN
- MALAYSIA
- NEW ZEALAND
- PHILIPPINES
- SINGAPORE
- SOUTH KOREA
- TAIWAN
- THAILAND

General Market Overview

Shanghai Connect and Shenzhen Connect (known collectively as Stock Connect) are securities trading and clearing link programs developed by the Hong Kong Exchange (HKEx), Shanghai Stock Exchange (SSE), Shenzhen Stock Exchange (SZSE), China Securities Depository (CSD), and Clearing Corporation Limited (ChinaClear) with the aim of providing mutual market access between mainland China and Hong Kong.

The Connect pilot scheme was launched in November 2014, enabling investors across Shanghai's and Hong Kong's exchanges to access certain listed securities on the other market. In December 2016 this was expanded to include certain names on the Shenzhen Exchange.

Stock Connect allows eligible Chinese residents to invest in designated Stock Exchange of Hong Kong Limited (SEHK) listed stocks (Southbound Stock Connect) and international investors to invest in designated SSE and SZSE listed stocks (Northbound Stock Connect) without the need for QFII or RQFII, as outlined in the China market summary section. The scheme now covers more than 2,000 eligible equities in Shanghai, Shenzhen, and Hong Kong. Further general information can be found at https://www.hkex.com.hk/Mutual-Market/Stock-Connect?sc_lang=en.

Fixed Income

HKEx, with the approval of the People's Bank of China (PBOC) and the

Hong Kong Monetary Authority (HKMA), launched Bond Connect in July 2017 with the aim of facilitating Mainland and overseas investors to trade bonds in the respective markets. The Bond Connect Access Rule Book (<https://www.chinabondconnect.com/en/Rules-And-Policy/Overall-Scheme.html>) provides further information on the current regulations. Prior to trading cash bonds in the China Interbank Bond Market (CIBM Bond) through the Northbound trading of Bond Connect, eligible investors must be recognized by the PBOC, admitted by the Bond Connect Company, and open a trading account with China Foreign Exchange Trade System (CFETS).

Bond Connect Volumes

Since January 2021 we have seen 33,765 tickets booked on the Bond Connect at a total value of RMB 3.135 trillion that equates to an average daily turnover of RMB 26.6 billion.

Key Regulators

The Securities and Futures Commission (SFC): <https://www.sfc.hk/en/>

China Securities Regulatory Commission (CSRC): http://www.csrc.gov.cn/pub/csrc_en/

Securities Borrowing and Lending (SBL)

Access Methods

While Stock Connect remains an evolving structure, the current regulations are listed below. The rules, unfortunately, result in a limited amount of participation, but future changes are expected to address this issue.

The following persons may lend Connect Securities:

- A. China Connect Exchange Participants (CCEPs)
- B. Trade-Through Exchange Participants (TTEPs), i.e., Exchange Participants (EPs) registered with the Stock Exchange of Hong Kong (SEHK), a wholly owned subsidiary of HKEx, to conduct trading in Connect Securities through CCEPs for the account of their clients
- C. EPs other than (a) and (b) who own or hold Connect securities for their own account or on a propriety basis (Non-Registered EPs)
- D. Qualified institutions (QIs), which include:
 - » Hong Kong Securities Clearing Company (HKSCC) participants (other than Investor Participants)
 - » Funds, unit trusts or collective investment schemes managed by persons licensed or registered to carry out Type 9 (asset management) regulated activity under the SFO (refer to SFC website for details)
 - » Other persons accepted or specified by SSE or SZSE

Connect securities to be lent by a CCEP or a TTEP must be either securities held or owned as principal, or securities borrowed from other CCEPs, TTEPs, non-registered EPs, or QIs, in each case, who are lending as principal.

Connect securities to be lent by a non-registered EP or QI must only be securities held or owned as principal.

CCEPs and TTEPs must provide SEHK with an undertaking or a confirmation in the prescribed form depending on whether they act as a stock lender or stock borrower. They must also file a monthly report to SEHK providing details of their stock borrowing and lending activities with respect to Connect securities in the prescribed form, which will

include details such as stock name, name of borrower, name of lender, number of shares borrowed/lent, number of shares outstanding, date of borrowing/returning, etc. The form is available on the HKEx website, and CCEPs and TTEPs shall follow the procedures and means of submission specified by SEHK from time to time.

Non-registered EPs and QIs lending stock to CCEPs and TTEPs must provide the borrower with an undertaking in the prescribed form confirming, among others, that they are not restricted from engaging in stock lending activities.

Short-Selling Rules

Short selling is, at this point, restricted to EPs only, which has resulted in minimal usage.

The list of securities eligible for short selling is limited and does not include all stocks in the market.

The eligible stocks for Northbound and Southbound trading can be found at

https://www.hkex.com.hk/eng/csm/securities_eligible_stocks.htm.

Stock lenders are restricted to certain types of persons determined by SSE or SZSE, and SBL activities must be reported to SEHK through short-selling weekly reporting and large open short positions reporting rules.

Additionally, there is a quantity restriction on amounts being short sold: 1% on a daily basis and 5% for a rolling period of 10 trading days, based on the total number of shares held in CCASS by all investors. Any short selling order that, if executed, will cause the 1% limit or the 5% cumulative limit to be exceeded during the course of a CSC trading day will be rejected by the CSC.

Further information is available at:

https://www.hkex.com.hk/-/media/HKEX-Market/Mutual-Market/%20Stock-Connect/Getting-Started/Information-Booklet-and-FAQ/FAQ/%20FAQ_En.pdf

Is short selling permitted?

Naked short selling is prohibited for Northbound trading.

Covered short selling of Connect securities is allowed, subject to the following requirements:

SBL for the purpose of short selling is limited to Connect securities that are eligible for both buy orders and sell orders through Shanghai and Shenzhen Connect, i.e., excluding Connect securities that are only eligible for sell orders.

- SBL for the purpose of meeting the pre-trade checking requirements covers all Connect securities, including Connect securities that are only eligible for sell orders through Shanghai and Shenzhen Connect.
- SBL agreements for the purpose of short selling cannot be longer than one calendar month.
- SBL agreements for meeting pre-trade checking requirement cannot be longer than one day, and roll-over is not allowed.
- Stock lenders are restricted to certain types of persons determined by SSE or SZS.
- SBL activities will need to be reported to SEHK.

For the purpose of covered short selling in accordance with the rules of the exchange:

- a) An investor borrows Connect securities and sells them on the relevant Connect Market through a CCEP via Northbound trading.
- b) A CCEP client must sell Connect securities when it is unable to effect a transfer of the relevant Connect securities to the CCEP's clearing account in time to meet the pre-trade checking requirement set out in the rules of the exchange.

Short Position Reporting

Disclosure of short position

CCEPs shall submit reports to the exchange on the open short positions of any short-selling security and other information required by the exchange at such intervals as the exchange may require.

For the purposes of this rule, "open short position" means the total number of shares of a short-selling security that have been short sold by the China Connect exchange participant (whether as principal or agent) through the China Connect services less the total number of shares borrowed for the purpose of short selling that have already been returned to the relevant stock lender.

In addition to the reports referred to above, a China Connect exchange participant shall submit a report to the exchange if the open short position of any short selling security it has executed for its own account or for the account of any of its clients exceeds the reporting thresholds prescribed by the Exchange.

China Connect exchange participants must comply with such other reporting requirements as the exchange may prescribe.

When does a report need to be made?

CCEPs shall field a monthly report with the exchange providing details on their stock borrowing and lending activities with respect to China Connect securities.

Foreign Investor Limit

Mainland China rules apply to Northbound trades. Only professional foreign investors can access ChiNext under SZSE through Stock Connect. There is no regulatory restriction applicable to ownership of securities traded under Bond Connect.

Special Auction Rules

Opening Call Auction: 9:15 a.m. to 9:25 a.m. [9:20 to 9:25: will not accept order cancellation] Closing Auction details: 2:57 p.m. to 3:00 p.m. [2:57 p.m. to 3:00 p.m.: SZSE will not accept order cancellation] No closing auction in SSE.

Talking Points & Future Developments Facing the SBL Model

Stock Connect continues to evolve, and, as we mentioned last year, we'd be closely watching the STAR board for a measure of success – and by all metrics it has been successful. We continue to see the pace of reforms through the QFI channels accelerate beyond the Connect, which is incredibly positive. Whilst the overall narrative for Connect is unchanged, the direction of travel is certainly towards the QFI channels. Connect will

continue to be an important channel for investors to access China for now, and we will be supportive of ongoing developments there.



HONG KONG



Principal Exchange:

Hong Kong Exchange (HKEx)

Main Index: Hang Seng Index (HSI)

Settlement Cycle: T+2

Trading Hours:

9:30 a.m. - 12:00 & 1:00 p.m. - 4:00 p.m.

Time Zone: GMT +8:00

Currency: HKD

CONTENTS

- AUSTRALIA
- CHINA
- CHINA / HK STOCK CONNECT
- HONG KONG**
- INDIA
- INDONESIA
- JAPAN
- MALAYSIA
- NEW ZEALAND
- PHILIPPINES
- SINGAPORE
- SOUTH KOREA
- TAIWAN
- THAILAND

General Market Overview

Hong Kong is a mature, well-established, and efficient financial market with no barriers of access to overseas investors trading Hong Kong-listed shares via brokers. Additionally, there are no restrictions on capital inflows or outflows other than anti-money laundering regulations, which investors should take into consideration. Hong Kong is the global hub for offshore RMB investment activities. The HKD is freely convertible and officially linked to the U.S. dollar.

Exchange Highlights

The recognized exchange is Hong Kong Exchanges and Clearing Limited (HKEx). HKEx is the third-largest stock exchange in Asia with a total market capitalization of HK\$43.4 trillion (US\$5.6 trillion) as of October 4, 2021. HKEx is the operator of Hong Kong's central securities and derivatives marketplace and the front-line regulator of listed issuers (including listed companies).

Securities lending transactions are undertaken on a bilateral model. There is currently no CCP model used in Hong Kong.

In 2014 and 2016, respectively, HKEx worked in conjunction with Mainland exchanges and regulators to launch Shanghai Connect and Shenzhen Connect (known collectively as Stock Connect) with the aim of providing mutual market access between the Mainland and Hong Kong. Please see the China Connect summary for further information.

Indices	Hang Seng Index (HSI) Hang Seng China Enterprises Index (HSCEI)
Listed Companies	2,558 as of October 2021
Total Market Cap	HK\$43.4 trillion (US\$5.6 trillion) as of October 4, 2021

Fixed Income

Fixed income is traded OTC with Central Clearing and Settlement System (CCASS) and Central Money markets Unit (CMU) being operated by Hong Kong Monetary Authority (HKMA), which provided a review of the Hong Kong debt market in 2018 (<https://www.hkma.gov.hk/media/eng/publication-and-research/quarterly-bulletin/qb201903/fa1.pdf>).

Please see the China and China Connect section for further information on Bond Connect.

Key Regulators

The Securities and Futures Commission (SFC) was set up in 1989 as the independent statutory body to regulate Hong Kong’s securities and futures markets, safeguarding market integrity and enforcing securities and futures market legislation. Parties regulated by the SFC include HKEx and its subsidiaries (including the stock and futures exchanges and associated clearing houses), investors, and financial market intermediaries (namely securities dealers including exchange participants, sponsors, share registrars, fund managers, and investment advisors).

The HKMA is the government authority in Hong Kong responsible for maintaining monetary and banking stability.

Securities Borrowing and Lending (SBL)

Access Methods

Exchange participants (EPs)/registered participants are eligible to participate in the SBL market under the Securities and Futures Ordinance (SFO).

While securities lending (in and of itself) is not one of the 12 “types” of regulated activity under the SFC licensing regime, if the activities of the counterparties in connection with SBL transactions amount to regulated activities such as Type 1 (“dealing in securities”) or Type 9 (“Asset Management”), they will require a license from the SFC for onshore participants.

Participants can access the market using GMSLA or MSLA to document transactions. Most participants also require a Hong Kong-specific addendum to be in place. Under the common-law principle of “freedom of contract,” Hong Kong law allows parties to a contract to be free to choose any law to govern that contract so long as the choice of law is bona fide, legal, and is not against public policy.

DATALEND MARKET DATA - EQUITIES (AVERAGES FROM JAN. 1 - SEPT. 15, 2021)

On Loan (USD)	Lendable (USD)	Utilization (%)	VWAF (bps)
39,663,887,577	721,182,746,178	5.50	98.16

Short Selling Rules

Is short selling permitted?

Covered short sales are allowed for “Designated Securities” as announced on HKEx’s website:

http://www.hkex.com.hk/Services/Trading/Securities/Securities-Lists/Designated-Securities-Eligible-for-Short-Selling?sc_lang=en

Market convention requires short sellers to put a borrow or a hold in place before executing a short sale, with physical or electronic evidence as proof. The SFC has created a guidance note;

<https://www.sfc.hk/-/media/EN/assets/components/codes/files-current/web/guidance-note-on-short-selling-reporting-and-st/guidance-note-on-short-selling-reporting-and-stock-lending-record-keeping-requirements.pdf>

that provides several examples of what is considered sufficient assurance to avoid a transaction being considered naked or uncovered short selling.

Under Section 170 of the SFO, naked or uncovered short selling is prohibited and can be a criminal offense.

Section 170(1) does include some exemptions from covered short selling, which extend to:

- Hong Kong Monetary Authority-appointed market makers, and their agents on their behalf, may sell short exchange fund notes, exchange fund bills and specified instruments.
- Securities market makers conducting jobbing business.
- Futures market makers conducting jobbing business.

Section 170 applies only to short sales conducted at, or through, the Stock Exchange of Hong Kong Limited (SEHK). It does not apply to off-exchange short sales.

Definition of short sale

Defined by HKEx in Schedule 11; https://www.hkex.com.hk/-/media/HKEX-Market/Services/Trading/Securities/Overview/Regulated-Short-Selling/sch-11_eng.pdf?la=en

Pricing requirement for short sale

Short sales must abide by the up-tick rule (i.e., short sale must be placed at or above the current best ask price) except for some exempted securities (mostly ETFs).

The short sale order must be properly indicated as “short sale” when inputted into the AMS/3 system. The number of designated securities for short selling is revised on a regular basis.

Short Position Reporting

Disclosure of short position

Any person who has a reportable short position is required to file submissions to the SFC via its online service portal within two business days from the day on which the reporting obligations arise.

Threshold for reporting is the lower of:

- 0.02% of the closing price multiplied by total number of specified shares issued by the corporation
- a value of HK\$30 million

Definition of short position

Per the Securities and Futures (Short Position Reporting) Rules (<https://www.elegislation.gov.hk/hk/cap571AJ!en@2013-04-25T00:00:00>), a short position is the position in the specified shares that a person has as a result of selling the specified shares at or through the stock exchange or by means of any one or more specified ATS, or any combination of these methods of selling, where:

- at the time of each sale comprised in the position, the person did not have a presently exercisable and unconditional right to vest the specified shares in the purchaser, or
- each sale comprised in the position was the subject of a short selling order

When does a report need to be made?

Within two business days (unless a daily reporting requirement is in force) if the person's net short position value (calculated by the number of specified shares in the position multiplied by the closing price of the specified shares on the reporting day) reaches the reporting threshold at the close of trading each Friday.

Remarks

Specified shares include constituent stocks of HSI and HSCI and others determined by the HKEx and designated as classified by Hang Seng Indexes Company Ltd.

Other reporting required:

Notifiable Interest: Disclosure is required when a shareholding of 5% of issued voting share capital is acquired/ceases to be held. The impact of shares being loaned out or returned needs to be considered when calculating this figure. Exemptions do apply. Lenders can choose to register with the SFC as Approved Lending Agents (ALA), which provides certain exemptions from disclosure of substantial shareholdings within a simplified disclosure regime described in further detail at:

<https://www.sfc.hk/-/media/EN/assets/components/codes/files-current/web/guidelines-for-the-approval-of-corporations-as-approved-lending-agents/guidelines-for-the-approval-of-corporations-as-approved-lending-agents.pdf>

Useful links:

- HKEx's Short Selling Regulations: https://www.hkex.com.hk/Services/Trading/Securities/Overview/Regulated-Short-Selling?sc_lang=en
- SFC's Guidance Note on Short Selling Reporting and Stock Lending Record Keeping Requirements: <https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=00PR101>
- SFC's Short Position Reporting: <https://www.sfc.hk/en/Regulatory-functions/Market/Short-position-reporting>

- Securities and Futures (Short Selling and Securities Borrowing and Lending) Rules: <https://www.elegislation.gov.hk/hk/cap571r>

Buy-Ins

There is a mandatory buy-in on T+3 if a trade is not matched by 15:45 local time on T+2. Compulsory buy-in exemptions are possible for, amongst others, clerical, documentation, and calculation errors, but no more than three times in 10 consecutive days. The penalties on defaulting brokers include the buy-in price, default fees, and suspension of trades for repeated offenders. Further information can be found at:

https://www.hkex.com.hk/Services/Rules-and-Forms-and-Fees/Rules/HKSCC/Operational-Procedures?sc_lang=en

Useful link:

HKEx Chapter 35 – Late Delivery of Securities:

https://www.hkex.com.hk/Services/Rules-and-Forms-and-Fees/Rules/HKSCC/Operational-Procedures?sc_lang=en

Collateral Requirements

It is possible for parties to SBL transactions to take collateral located offshore.

Depending on the type of collateral, the laws of the jurisdiction where the collateral is located may be relevant in determining the relevant legal requirements for taking such collateral.

It should be noted that the Companies Ordinance (Cap. 622) provides that if a Hong Kong-incorporated company or a registered non-Hong Kong company creates a charge over property situated outside Hong Kong, a certified copy of the instrument creating or purporting to create the charge may be delivered to the registrar for registration (if the charge is registrable) even though further proceedings may be necessary to make that charge valid or effectual according to the law of the place in which the property is situated.

Foreign Investor Limits

In general, there are no laws in Hong Kong which limit foreign ownership of companies except in very limited circumstances. TV broadcasting is one of the limited areas in which foreign ownership is restricted (the Broadcasting Ordinance Cap. 562), but there is no restriction on foreign ownership on banks.

Tax

The documentation of an SBL transaction must be registered with the Collector of Stamp Revenue in Hong Kong in order to obtain relief from stamp duty obligations. The onus for agreement registration usually falls on the borrower rather than the lender, an aspect that is commonly covered within a Hong Kong addendum.

Useful link:

Inland Revenue Stamp Office Interpretation and Practice Notes: <https://www.ird.gov.hk/eng/pdf/soipn02.pdf>

Operational and Post Trade

Clearing and settlement of transactions in eligible securities are carried out through the Central Clearing and Settlement System (HKSCC), which is a wholly owned subsidiary of the HKEx.

Auction Rules

Hong Kong Securities Market

Trading is conducted on Monday to Friday (excluding public holidays) at the following times:

		Full Day Trading	Half Day Trading
Auction Session	Pre-opening Session	9:00 a.m.	1:00 p.m.
Continuous Trading Session	Morning Session	9:00 a.m.	1:00 p.m.
	Extended Morning Session	12:00 noon - 1:00 pm	Not applicable
	Afternoon Session	1:00 noon - 4:00 pm	Not applicable
Auction Session	Closing Auction Session	4:00 p.m. to random closing between 4:08 p.m. and 4:10 p.m.	12:00 noon to random closing between 12:08 p.m. and 12:10p.m.

Talking Points & Future Developments Facing the SBL Model

The Hong Kong SBL market is a mature and liquid market, which functions well and efficiently.

PASLA has been working in conjunction with the SFC and HKEx to enhance already well-established practices.

Talking Points

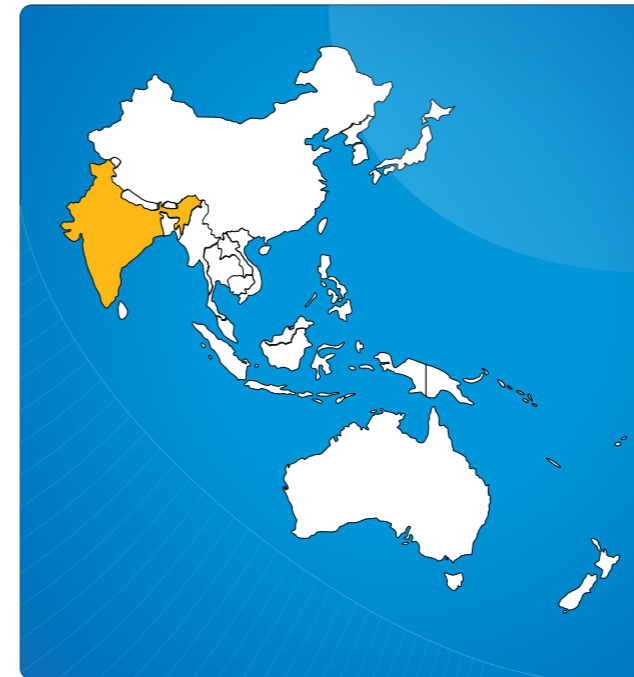
- Suspended securities – Securities can be suspended for up to 18 months for the Main Board and 12 months for the GEM Board. This is significantly longer than comparable markets and means that, if securities are on loan when suspended, it is difficult to unwind the SBL agreement. The Exchange and SFC recognize the need for a short possible period of suspension whilst protecting investors.
- Short selling list – There are a restricted number of shares available for investors to short relative to other regional markets, although this is being reviewed under the current strategic plan.
- Parallel trading – Market splits and reverse splits can result in parallel trading, creating operational challenges. Historically Hong Kong is not a purely scripless market, and although HKEx has previously explored abolishing parallel trading, multiple exchange participants objected. The SFC is looking to enhance current processes following the Uncertificated Securities Market (USM) Consultation, but implementation is unlikely to happen before 2022.

Developments

- HKEx launched a three-year strategic plan (https://www.hkexgroup.com/Group/Static/Strategic_Plan_2019/index.htm) in early 2019, which includes the aim of providing international investors options to access a range of Chinese securities investments.



INDIA



Principal Exchanges: National Stock Exchange of India (NSE) BSE Ltd (formerly Bombay Stock Exchange)

Main Index: NSE Nifty Index

Settlement Cycle: T+2

Trading Hours:

NSE Continuous Trading 9:15 a.m. - 3:30 p.m.

Time Zone: GMT +5:30

Currency: INR

CONTENTS

- AUSTRALIA
- CHINA
- CHINA / HK STOCK CONNECT
- HONG KONG
- INDIA**
- INDONESIA
- JAPAN
- MALAYSIA
- NEW ZEALAND
- PHILIPPINES
- SINGAPORE
- SOUTH KOREA
- TAIWAN
- THAILAND

General Market Overview

The National Stock Exchange (NSE) and the BSE are the main exchanges within India. The BSE was Asia's first stock exchange, established in 1875, while the NSE was recognized as a stock exchange in 1993.

The NSE's benchmark index is the NIFTY, representing a weighted average of the 50 most liquid companies listed on the NSE. The S&P SENSEX is the benchmark index, which comprises the 30 most actively traded companies listed on the BSE.

Exchange Highlights

Indices	S&P BSE Sensex, Nifty 50 Index
Listed Companies	BSE: 5,439 as of May 2021, NSE: 1920 as of March 2021

Key Regulators

Securities and Exchange Board of India (SEBI): <https://www.sebi.gov.in/>

Securities Borrowing and Lending (SBL)

Access Methods

While SEBI has put in place a Securities Lending and Borrowing Scheme (SLBS) in conjunction with the stock exchanges, the securities lending

system is currently limited as to who can use it from an offshore perspective.

Under SLBS, borrowers and lenders are required to access the platform for lending/borrowing set up by Approved Intermediaries (AIs) through the clearing members (CMs), including banks and custodians, who are authorized by the AIs in this regard. The NSE Clearing Ltd. (NCL, formerly known as National Securities Clearing Corporation Limited) is the AI for SBL transactions on the NSE, and Indian Clearing Corporation Ltd. (ICCL) is the AI for SBL transactions on the BSE.

There is no requirement to use GMSLA (Global Master Securities Lending Agreement) as there are prescribed agreements within either the NCL or ICCL. Generally, there is very little room for negotiations to modify the provisions of the standard draft. Tenure of borrowing can be extended to a maximum of 12 months, whereupon the transaction must be "reversed."

The NCL and the ICCL both guarantee settlement in the market, thereby acting as CCPs. Lending and borrowing are via an automated screen-based platform, with participants needing to quote lending fees per share. Order matching through this system is on price-time priority.

Institutional investors can only borrow within SLBS to honor the delivery of short-sale trades.

Securities and asset categories available for SLBS are limited to derivative stocks, non-derivatives, and ETFs.

All clearing members of NCL, including banks and custodians, referred to as "participants," are eligible to participate in SLBS. Participants can do so either on their own account or on behalf of their clients. If on behalf of clients, an agreement with each client must be signed, as per the format specified. From an offshore perspective, a participant must be a registered foreign portfolio investor (FPI) or foreign institutional investor (FII).

There are no reporting obligations on the borrowers or lenders pursuant to SLBS. However, CMs are required to submit a daily transaction report, i.e., a list of all the SBL transactions undertaken by them on each trading date, to SEBI.

The primary lenders are insurance companies, mutual funds and FPIs, followed by high net worth individuals (HNIs), and the retail segment. Insurance companies are only permitted to lend securities up to 10% of their portfolio. Although there is no official data provided by the exchange, the institutional percentage engaged in lending is very low.

Useful Links:

- NSE website: https://www.nseindia.com/index_nse.htm
- BSE: <https://www.bseindia.com>
- SEBI circulars: https://www.sebi.gov.in/legal/circulars/nov-2017/circular-on-re-view-of-securities-lending-and-borrowing-mechanism_36609.html
- RBI: <https://www.rbi.org.in/>

Volumes

1.88 billion shares traded from January to December 2020

Fees

Total market lending revenue for January to December 2020 was approx. USD39 million.

Loan value (value of the lendable stock) was approx. US\$6 billion for the same period.

The average yield across the market was around 8%.

Short-Selling Rules

For foreign investors, the ability to short or to hedge is challenging and ever-evolving. Following a crackdown on foreign investors using the futures market for short exposure, short access and hedging tools are more challenging than ever.

In July 2017, India's regulator instituted a crackdown on foreign access to the country's derivatives market. So-called "participatory notes" were required to be liquidated or matured by the end of 2020. The Securities and Exchange Board of India stated that these p-notes (also known as offshore derivative instruments, or ODIs) were not to be used to take unhedged positions in Indian derivative markets. The move was made while also easing some of the registration requirements for applying to be an FPI in order to encourage more investors to directly register with SEBI.

Is short selling permitted?

Naked short selling is not permitted.

Institutional investors can borrow within SLBS to honor the delivery of short sale trades.

Actual short sale of a security can happen on T+1 and not T0 (for FPIs only) given the time taken to physically settle the borrowed shares.

Definition of short sale

Selling by acquiring a borrow.

Pricing requirement for short sale

Pricing is quoted on exchange.

Short Position Reporting

Disclosure of short position

There are no reporting obligations on the borrowers or lenders pursuant to SLBS. However, CMs are required to submit a daily transaction report, i.e., a list of all the SBL transactions undertaken by them on each trading date, to SEBI.

When does a report need to be made?

Reporting required monthly. For more information, visit <https://rbi.org.in/scripts/NotificationUser.aspx?Id=10094&Mode=0>

Buy-Ins

For all such short deliveries, NCL conducts a buying-in auction on T+2, after completion of the pay-out, through the NSE trading system. If the buy-in auction price is more than the valuation price, the CM is required to make good the difference. All shortages not bought in are deemed closed out.

Close-out will be at the highest price prevailing in the NSE from the day of the trading until the auction day, or 20% above the official closing price on the auction day, whichever is higher. For bonds, the closing-out price will be the highest rate prevailing on the exchange from the first day of the relevant trading period until the day of closing out, or 5% over the official closing price on the auction day, whichever is higher for debentures assigned a credit rating of triple-A and above. For other debentures and bonds without the triple-A credit rating, a close-out mark-up of 20% will be applicable.

In case of non-rectification/replacement of company objection and rectified/ replaced company objections reported as bad delivery, the closing price will be 5% over the official closing price on the auction day.

Collateral Requirements

SLBS does not allow for collateral located offshore. SLBS allows participants to deposit collateral in the form of cash, fixed deposit receipts (FDRs), or a bank guarantee. Both FDRs and bank guarantees must be from certain approved banks. FDRs are not applicable to FPIs.

Foreign Investor Limits

The purchase of equity shares of each company by a single FPI or an investor group shall be below 10% of the total issued capital of the company.

Aggregated Equity Investment Limit – the individual ceiling of below 10% by a single FPI or an investor group is subject to an overall investment ceiling for a total FII investment of 24% of the total paid-up equity capital of a company (20% in the case of public sector banks). The overall ceiling of 24% can be raised up to the sectoral limit if the concerned company passes a resolution by its Board of Directors in the General Body Meeting.

Exceptions to these limits apply to individual companies and sectors.

Tax

There are no market-related taxes applicable on SBL trades, but the lending fees earned by the lender are subject to tax under the income tax guidelines. CGT should be applicable on short-sale transactions.

The standard form agreement between the CM and the AI is required to be stamped with INR 300.

The borrower of securities shall be liable to discharge GST at 18%.

Auction

Pre-open 9:00 a.m. - 9:08 a.m.
After hours 15:40 -16:00

Talking Points & Future Developments Facing the SBL Model

The SBL market in India has typically been a borrower-driven market with the presence of very few lenders. The borrowing side in India is primarily proprietary traders, whereas in other countries the borrowing side is more diversified with prime brokers active on behalf of underlying hedge fund clients. Increasing the participation of FPIs by removing the 10%

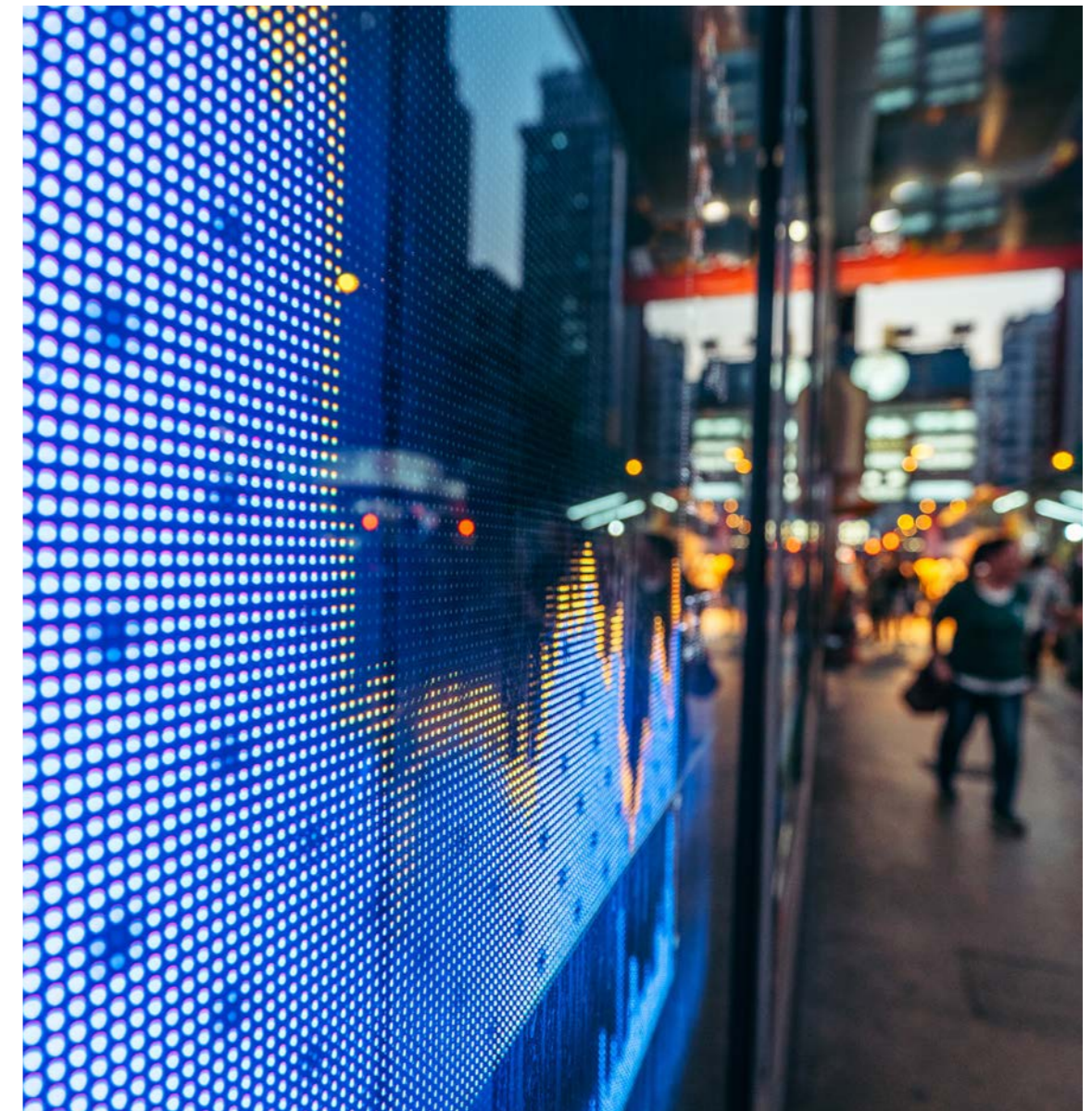
limit on insurance companies and encouraging global pension funds would increase the participation and liquidity.

Expanding the purpose for borrowing securities beyond the current rule, which only permits the borrowing of shares to cover short sales, will help improve liquidity. By extending, for example, the purpose to allow for covering technical/operational fails trades in the market (fails coverage), failed trades will be prevented in the cash segment, and liquidity will be increased in the SBL segment.

One of the deterrents for active participation in the SBL segment is higher margin cost, which needs to be paid in the form of cash by foreign investors and cash/ cash equivalent by domestic investors. By extending acceptable collateral types to include, for example, approved securities, the net transaction costs would be reduced.

Since the securities loan is made on the exchange platform and covered by the clearing house, there is no risk to the lender of not receiving the lending fee. However, the risk of not procuring the security lent, on early recall, persists. An early recall request is fulfilled by the clearing house on a best-effort basis only. A strengthening of the mechanism for the recall and repay of securities would help.

The introduction of an OTC model would provide additional flexibility to market participants and be in line with regional markets.



INDONESIA



Principal Exchanges: IDX

Main Index: JCI

Settlement Cycle: T+2 (Regular Market) T+0 (Cash Market) As per agreement or default to T+2 (Negotiated Market)

Trading Hours Thursday 09:00 - 12:00, 13:30 - 15:50; Friday 09:00 - 11:30, 14:00 - 15:50

Time Zone: GMT+7

Currency: IDR

CONTENTS

- AUSTRALIA
- CHINA
- CHINA / HK STOCK CONNECT
- HONG KONG
- INDIA
- INDONESIA
- JAPAN
- MALAYSIA
- NEW ZEALAND
- PHILIPPINES
- SINGAPORE
- SOUTH KOREA
- TAIWAN
- THAILAND

Exchange Highlights

The Indonesia Stock Exchange (IDX) was created by the merger of the Jakarta Stock Exchange and the Surabaya Stock Exchange in 2007. The Jakarta Stock Exchange Composite Index (JCI) is a modified, capitalization weighted index of all stocks listed on the regular board of the IDX. The Indonesia Sharia Stock Index (ISSI) was launched in 2011 and is a composite index of Islamic stocks listed on the IDX and on the List of Islamic Securities (DES), which is issued by the Financial Services Authority (known locally as the OJK). The Jakarta Islamic Index consists of the 30 most liquid Islamic shares listed on the IDX.

Indices	JCI - Jakarta Composite Index JII - Jakarta Islamic Index
Listed Companies	JCI: 753 as of October 5, 2021
Total Market Cap	US\$518.57 billion as of October 2021



Key Regulators

The OJK regulates financial services activities within Indonesia.

Securities Borrowing and Lending (SBL)**Access Methods**

Since 1995, under the capital market law, SBL has been allowed as a part of exchange transactions. Clearing members must have an SBL agreement with KPEI (Indonesian Clearing and Guarantee Corporation) to be granted a short selling license. There are two types of transactions: regular (fixed fee) and front end (bid-offer fee), and under both types, you can either have a fixed term or an open term. Under the fixed-fee transaction, the set fee to the borrower is high at 15%.

The market remains very illiquid for now with the prohibitively high fixed-rate fee keeping participants away. Additionally, liquidity providers providing inventory to the pool are scarce, so SBL tends only to be used for covering potential market fails.

KPEI has been considering the implementation of a bilateral SBL model in recent years subject to regulatory changes/approval by OJK. Other priorities (including tri-party repo) have delayed the project.

Useful links:

- IDX: <http://www.idx.co.id/en-us/>
- KPEI SBL Overview: <https://www.kpei.co.id/page/securities-borrowing-and-lending-overview>
- KSEI: <http://www.ksei.co.id/>
- OJK: <https://www.ojk.go.id/en/Default.aspx>

Short-Selling Rules**Is short selling permitted?**

In March 2020 the IDX placed a temporary ban on short selling and stated that they will not be publishing a list of stocks eligible for short selling until further notice. The notes below refer to the system prior, and hopefully subsequent to, the ban.

Local brokers are normally allowed to short sell. On the last trading day of each month, IDX publishes the list of securities eligible for short selling and margin trading.

Definition of short sale

Short selling transaction means a sales transaction of securities that at the time of the transaction, has not been owned by the seller.

Pricing requirement for short sale

The selling price inputted in the Stock Exchange trading system must be set at or above the last listed price; and the Securities Company must indicate "short" when inputting the sell order into the Stock Exchange's trading system.

Short Position Reporting**Remarks**

Securities companies must record margin transactions and short selling transactions in accordance to the existing Securities Company accounting standards.

To be eligible for margin financing or short selling transactions, the client must meet certain requirements, including opening a regular securities account and a Securities Financing Account with a Financing Agreement and deposit initial collateral.

It is required to maintain a Securities Transaction Financing Agreement to outline details around margin calls, and the obligation is on both parties to fulfill margin call requests and the rights in the event of failing to comply. In addition, all other financing conditions are outlined, including but not limited to financing period, interest calculations and other financing conditions.

Buy-Ins

KPEI does not initiate "buy-ins" in the market, because when brokers fail to deliver scripless shares to KPEI by noon on T+3, KPEI will convert the obligation-to-deliver-shares to obligation-to-pay-cash to KPEI. This feature is called "Alternative Cash Settlement (ACS)" by KPEI. The shares that failed to be delivered are valued with the highest market price in the market between T+0 to T+3. The market value will be times 125% by KPEI for the conversion to cash obligation, and funds are taken from the guarantee fund. The cash obligation will be transferred to the buying broker's cash account on the same day (T+3) and must also be paid on the same day before 13:00.

Collateral Requirements

KPEI requires clearing members to deposit collateral for a variety of reasons. For securities borrowing and lending, the primary forms of collateral are IDR cash and stocks but only stocks with "a high level of liquidity." IDR Cash has a 0% haircut and stocks have a haircut range of between 5% and 100%, as determined by KPEI on a per stock basis.

Foreign Investor Limits

There are no general restrictions except for banks and broadcasting companies. Banks are allowed to list for foreign ownership of up to 99% of their total capital. Foreign investors are allowed to invest in broadcasting companies only if they are buying newly issued shares, not to be above 20% of total capital.

Operational and Post Trade

Please see below link for the current settlement, post trade and billing process with KPEI, as it stands. <https://www.kpei.co.id/page/securities-borrowing-and-lending-settlement>

Special Auction rules

- Pre-open: 08:45 - 08:55
- Pre-closing: 15:50 - 16:00
- Post-trading session: 16:05 - 16:15

Talking Points & Future Developments Facing the SBL Model

The exchange, regulators, and policymakers are keen to expand the product offering available to investors in Indonesia. This will include ETFs and futures, and amongst those plans, there is a clear understanding of the need for an SBL product to anchor that

product expansion. KPEI has, in association with the onshore and offshore market participants, developed three new models for which it is working on an implementation timeline. Those three new models look to address access routes for all current and future market participants in SBL:

- Arranged SBL
- Customized SBL
- Offshore collateral SBL

The Bank of Indonesia recently issued a blueprint for its future development up to 2025 (<https://www.bi.go.id/en/publikasi/kajian/Pages/Blueprint-Pengembangan-Pasar-Uang-2025.aspx>) including plans to develop securities lending and repo within the domestic fixed income market over the next 4 years.



JAPAN



Principal Exchange: TSE, OSE, JPX-R JSCC
Main Indices: TOPIX, Nikkei 225
Settlement Cycle: T+2

Trading Hours Open: Monday to Friday
 09:00 - 11:30, 12:30 - 15:00
Time Zone: GMT+9
Currency: JPY

CONTENTS

- AUSTRALIA
- CHINA
- CHINA / HK STOCK CONNECT
- HONG KONG
- INDIA
- INDONESIA
- JAPAN**
- MALAYSIA
- NEW ZEALAND
- PHILIPPINES
- SINGAPORE
- SOUTH KOREA
- TAIWAN
- THAILAND

General Market Overview

The Japan stock market is the third-largest in the world in terms of market capitalization (US\$6.8 trillion as of January 2021).

Exchange Highlights

The recognized exchange and clearing house is the Tokyo Stock Exchange Inc. (TSE) under Japan Exchange Group, Inc. (JPX) and Japan Securities Clearing Corporation.

TSE provides daily trading volume data per symbol for short selling/margin trading.

Trading Section	First Section, Second Section, JASDAQ, Mothers TOKYO PRO Market
Indices	Nikkei 225 TOPIX JPX400, JPX-NIKKEI Mid Small, TSE2, TSA Mothers, JASDAQ, TSE REIT + more
Listed Companies	3,745 as of January 2021
Total Market Cap	JPT 711.7 trillion as of January 2021 (US\$6.8 trillion)

Fixed Income / Government Bonds

There are three kinds of Japanese government bonds offered: general bonds, such as construction bonds and debt financing bonds; fiscal investment and loan program (FILP) bonds used to raise funds for the investment of the Fiscal Loan Fund; and subsidy bonds. Japanese government bonds (JGBs) have various maturities ranging from six months to 40 years. The short-term bonds with one year or less maturity dates are issued at a discount to par and are structured as zero-coupon bonds. However, at maturity, the value of the bond can be redeemed at its full-face value. The medium- to long-term bonds have fixed coupon payments, which are determined at the time of issuance and are paid on a semi-annual basis until the security matures.

Data on government bonds and borrowing can be found at:

<https://www.mof.go.jp/english/jgbs/reference/gbb/e202009.html>

Key Regulators

The Japan Financial Services Agency (JFSA) is the government authority in Japan responsible for maintaining monetary and banking stability.

Recent SBL Market Data**DATALEND MARKET DATA - EQUITIES (AVERAGES FROM JAN. 1 - SEPT. 15, 2021)**

Average Lendable Value	Average On Loan Value (\$)	Utilization (%)	VWAF (bps)
1,329,745,519,689	92,616,729,873	6.96	48.26

Stock Loan Rules

Under Japanese law, market participants can use English and/or New York law standard SBL agreements to document securities lending transactions. The documentation of an SBL transaction does not need to be registered with any authority or body in Japan.

Limited securities lending activity has been onshore since the mid-1980s for institutional business but has been generally available for all brokers via the various securities finance companies for many years.

In December 1998, rules specifically designed to develop and grow the business were introduced, which has increased the size and scope of the domestic securities lending market. The market size increased fourfold from December 1998 to September 2002.

Useful links:

JSDA rule: Rules Concerning Handling for Borrowing and Lending Transactions of Share Certificates: <http://www.jsda.or.jp/en/rules-guidelines/E40.pdf>

Guidelines on Borrowing and Lending Transactions of Share Certificates: http://www.jsda.or.jp/shijyo/minasama/content/gl_e.pdf

Short-Selling Rules

Permitted. In the second half of 2008, during the height of global stock market turmoil, regulatory authorities around the world tightened short-selling regulations. The Japanese regulators enacted tighter short-selling regulations on October 27, 2008, with further regulatory amendments in 2013.

Is short selling permitted?

Covered short selling is allowed.

Definition of short sale

Short selling is the sale of financial instruments that are not owned by the seller, or that the seller has borrowed. Sale on margin is a type of short selling, but the concept of short selling is broader, including the sale of borrowed financial instruments other than margin trading.

Marking requirements, price restrictions and short-sale position reporting obligations are imposed to short-selling orders, according to Financial Instruments and Exchange Act and Order for Enforcement of the Financial Instruments and Exchange Act ("FIEA Enforcement Order").

Useful Link:

JPX website: <https://www.jpjx.co.jp/english/equities/trading/regulations/02.html>

Pricing requirement for short sale

There is an uptick rule that becomes active once the trade price drops by 10% relative to the base price of each issue. Once enacted, the rule remains in place until the end of the next trading day and states that the price of a short sale must be at a price above the last traded price of the security if that price was lower than the price in the previous trade or at the last trade price if that price was higher than the price in the previous trade (FIEA Enforcement Order, Article 26-4)

Short Position Reporting**Disclosure of short position**

Investors are required to submit their short sale position to the brokers when their short positions exceed a threshold. The brokers are required to pass the short position reports to the exchange. (FIEA Enforcement Order, Article 26-4) The detail of the rule is prescribed in Cabinet Office Ordinance on Restrictions on Securities Transactions, etc. (hereinafter 'Transaction Restriction Ordinance'). Investors are required to submit their short sale position of each issue when the positions reach 0.2%. TSE aggregates the report and discloses the information such as the short sale position, the names of the investors etc. whose short sale position reaches 0.5%.

Reporting to be sent by 10am (JST) on T+2.

Buy-Ins

The buy-in process for exchange transactions is not initiated on an automated basis by the exchange as it is in countries like Hong Kong and Singapore. Consequently, buy-ins in Japan are relatively rare. Fail-affected participants may request the Japan Securities Clearing Corp (JSCC) to buy and deliver the fail-affected securities (this action is referred to as "buy-in") in the case where a fail persists beyond the securities settlement cut-off time for delivery on the next day after the day when the fail originally occurred (original settlement day). This buy-in request may be submitted from the next business day (between 1:30 p.m. and 2:30 p.m.) after the original settlement day.

Collateral Requirements

It is possible for parties to SBL transactions to take collateral located offshore. There are no restrictions under Japanese law on parties to SBL transactions taking collateral located outside Japan.

Foreign Investor Limits (FOL)

The law requires foreign investors to report to the Japanese government and undergo inspection in case they buy 10% or more of stocks in listed Japanese companies or acquire shares of unlisted firms. If the government finds any shortcomings, it can order foreign investors to change or cancel their investment plans.

In some cases, offshore lenders are providing these names conditional upon an FOL side letter to GMSLA. As holding/reporting conditions are case specific, custodians should be consulted.

Foreign ownership in broadcasting stocks is capped at 20% and airline and telecom industry stocks at 33.3%, with each industry applying unique requirements.

Special Auction rules

Opening auction: 09:00 / Closing auction: 15:00

Trading hours at TSE are split into two sessions: Morning Session 09:00 – 11:30 and Afternoon Session 12:30-15:00. The hours at which orders from securities companies are accepted by TSE are 08:00 ~ 11:30 and 12:05 ~ 15:00.

Visit the JPX website for an overview and more detail:

<https://www.jpx.co.jp/english/equities/trading/domestic/index.html>

Talking Points & Future Developments Facing the SBL Model

The July 2019 change to a T+2 settlement cycle is acting as a catalyst to drive participants' technical and procedural enhancements. Participants are, for example, reducing day lag requirements relating to lending and receiving returns.

Developments

- TSE implemented several changes to the Corporate Governance Code effective June 1, 2018. The revised code can be found at: <https://www.jpx.co.jp/english/news/1020/b5b4pj000000jvxr-att/20180601.pdf>
- TSE launched ETF MM Scheme in July 2018
- Current issues with the ETF application process and OTC settlement make creation/redemption costly and inefficient.
- To facilitate the formation of closing prices, TSE expanded the price range to double at the afternoon closing auction in November 2019. However, the mechanism of the closing auction itself will stay the same.
- ETF Lending Facility implemented by BOJ in June 2020
- Limited actual balances on loan for BOJ's holding size but can see growth since October 2020.



MALAYSIA



Principal Exchanges:

Bursa Malaysia Berhad
Main Index: Kuala Lumpur Composite
Settlement Cycle: T+2

Trading Hours Open: Monday to Friday 9:00 - 12:30 14:30 - 17:00

Time Zone: GMT+8
Currency: MYR

CONTENTS

- AUSTRALIA
- CHINA
- CHINA / HK STOCK CONNECT
- HONG KONG
- INDIA
- INDONESIA
- JAPAN
- MALAYSIA
- NEW ZEALAND
- PHILIPPINES
- SINGAPORE
- SOUTH KOREA
- TAIWAN
- THAILAND

General Market Overview

Malaysia is the 8th largest stock lending market in APAC based on total loan value with over US\$890 million on loan.

Exchange Highlights

Bursa Malaysia, previously called the Kuala Lumpur Stock Exchange, is an exchange holding company established in 1976 and publicly listed in 2005. It has multiple subsidiaries that, together, provide a fully integrated exchange, central depository, and clearing house, incorporating Sharia-compliant products and services.

There are three main markets:

- Main market for established companies
- ACE market for companies with growth potential
- LEAP market for emerging companies.

Indices	Bursa Malaysia KLCI
Listed Companies	Main Market 781, ACE 142, LEAP 45 as of 2021
Total Market Cap	RM1.8 trillion (US\$434 billion) as of March 31, 2021



Key Regulators

The Securities Commission (SC), which is overseen by the Ministry of Finance.

Securities Borrowing and Lending (SBL)

DATALEND MARKET DATA - EQUITIES (AVERAGES FROM JAN. 1 - SEPT. 15, 2021)

On Loan (USD)	Lendable (USD)	Utilization (%)	VWAF (bps)
890,902,488	12,798,145,781	6.93	849.84

Access Methods

There are two SBL frameworks offered in Malaysia:

1. Negotiated Transaction Model (SBLNT), which offers an option to lend and borrow on an over-the-counter (OTC) basis and to report such transactions to Bursa Malaysia via onshore lending representatives or borrowing representatives.
2. Central Lending Agency (CLA) model, where the Bursa acts as the central lending agent between authorized lenders and authorized borrowers that are subject to the Bursa Clearing’s SBL CLA Terms and Conditions.

SBL, under both models, is restricted by:

- The principal parties must apply to Bursa Clearing and be approved.
- All securities must be eligible securities as published by Bursa Securities on its website.
- A borrower under SBL may only use the loaned securities for approved purposes as set out in the Bursa Clearing rules (see Rule 7.6 in Bursa Clearing rules listed below).

CLA Model

In general, foreign investors participate on the SBLNT model but, before focusing on that model, it is worth summarizing the CLA model.

Any person who has the requisite number of shares shown in the SBL CLA Lending Pool can lend stocks to the CLA. Only approved participating organizations—i.e., local brokers—qualify to become borrowers. Collateral taken against loans through the CLA are Malaysian equities. More information on the CLA model can be found here:

https://www.bursamalaysia.com/trade/post_trade/securities_borrowing_lending/central_lending_agency/overview

SBLNT Model Documentation

Standard international SBL agreements (e.g., GMSLA) may be used with appropriate modification to render them compliant with the rules and directives of Bursa Clearing. An industry standard addendum for the Malaysian market is available in the documentation section of the PASLA website.

SBL agreements under SBLNT should contain, amongst other items:

- Representation from each party that it has obtained approval from Bursa Clearing to participate in SBLNT as an approved SBLNT lender and/or an approved SBLNT borrower.
- Representation from the approved SBLNT borrower that its loans will be for the approved purposes set out in the Bursa Clearing rule.

- The name of the local representative for SBLNT.

Reporting

Parties to an SBLNT transaction must notify Bursa Clearing of the prescribed details of the SBLNT through their representatives in the manner prescribed by Bursa Clearing in order to have the loaned securities delivered. Each party to the SBLNT must inform Bursa Clearing of the loan through the SBLNT electronic system.

As listed securities are traded scripless, Bursa Clearing requires that all loaned securities be held in and, where relevant, transferred to the designated securities accounts as prescribed by Bursa Clearing. Hence, although there is no express reporting apart from that stated above, the segregated accounts enable the regulators to monitor a party’s positions in SBL transactions in Malaysia.

The SBL Agreement need not be lodged with Bursa Clearing. The performance of the SBL is processed electronically through the systems of Bursa Clearing. The local regulators do, however, have the power to require the production of the SBL Agreement and any other relevant documentation.

The Bursa Malaysia website has a comprehensive SBL section, which contains a detailed overview of the SBLNT Model and Operational Guidelines that can be found here: (https://www.bursamalaysia.com/trade/post_trade/securities_borrowing_lending/negotiated_transaction/overview).

A list of lending and borrowing representatives is also on the website.

Lending Period

Lending period can be for any predetermined period of time.

Fees

Bursa will charge an intermediary fee for services provided. This fee is computed by the SBLNT system. The fee structure is one of two types:

- a. 0.02% (2 basis points) per annum of the outstanding loan (based on the daily closing price of the securities transacted) with a minimum of RM100 levied on both the borrowing representative and lending representative, or
- b. 0.04% (4 basis points) per annum of the outstanding loan (based on the daily closing price of the securities transacted) with a minimum of RM200 on the borrowing representative only

Other reporting required:

Substantial shareholders (holding 5% or more of the company’s voting shares) are required to report their interest directly to the company and Registrar of Companies Commission of Malaysia (SSM) within three calendar days (five calendar days for unlisted securities) after the investor becomes a substantial shareholder. Any increase or decrease in this position is also required to be reported within three calendar days of the transaction.

Useful Links:

- Bursa Website: <http://www.bursamalaysia.com/>
- Chapter 7 in the Rules of Bursa Malaysia Securities Clearing: <https://www.bursamalaysia.com/sites/5bb54be15f36ca0af339077a/assets/5d5bbea339fba23371abb581/CHAPTER7-15082019.pdf>
- List of eligible securities: https://www.bursamalaysia.com/trade/post_trade/securities_borrowing_lending/sbl_eligible_securities

Short-Selling Rules

Short selling is not permitted in Malaysia except pursuant to specific statutory exceptions,

which are listed below.

Is short selling permitted?

In March 2020 it was announced that IDSS, RSS, and intraday short selling by proprietary day traders (PDT) would be suspended temporarily. The suspension for RSS was lifted on January 1, 2021, but it remains in place for IDSS and intraday short selling by proprietary day traders until December 31, 2021.

The notes below refer to the system prior to, and hopefully subsequent to, the ban.

Regulated Short Selling (RSS) can only be undertaken if it is accompanied by an authorized SBL transaction.

Intraday Short Selling (IDSS) was launched in 2018 and allows eligible investors to engage in short selling of RSS-approved securities, but all short positions must be closed off within the same trading day.

The Bursa releases a list of RSS- and IDSS-approved securities on its website on a regular basis.

Definition of short sale

Per the Capital Markets and Services Act (CMSA) of 2007, short selling is the action of a person selling shares, which he or she does not own at the time of selling.

Essentially, the law provides that a person shall not sell securities to a purchaser unless, at the time when he or she sells them:

1. he or she has (or, when selling as agent, his or her principal has) or
2. he or she believes on reasonable grounds that he or she has (or when selling as agent, his or her principal has)

presently exercisable and unconditional right to vest the securities in the purchaser.

Pricing requirement for short sale

RSS orders can only be keyed-in at a price at or above the best current asking price.

Rule 7.5.2 in the Trading Manual: The daily short-selling trade limit for a particular security is set at 3% based on the total gross short selling (RSS + short selling under PDT + IDSS) volume for the day against the issued number of shares of the said securities.

Rule 7.5.4 in the Trading Manual: The net trade limit for RSS over a period of time is set at 10% based on the net outstanding volume of RSS against the issued number of shares of the said securities. The Bursa sends a weekly report showing the percentage RSS limit at a stock level.

The Bursa Malaysia is currently undertaking a review of their short-selling framework that may have an impact on, among other things, pricing, and trade limits. Details remain to be announced at the time of publication.

Short Position Reporting

Disclosure of short position

High-level statistics are required on a weekly basis, but nothing at the stock position level.

Remarks

All RSS trades must be executed via a designated RSS trading account.

Useful links:

- FAQs on Regulated Short Selling: https://www.bursamalaysia.com/sites/5d809dcf39fba22790cad230/assets/5ff3d0395b711a2ad2a8fbb2/faqs_bm_securities-rss__2May2013_.pdf
- FAQs on IDSS: https://www.bursamalaysia.com/sites/5d809dcf39fba22790cad230/assets/5ff3d0395b711a2ad2a8fbb2/faqs_bm_securities-rss__2May2013_.pdf
- FAQs on Uplifting of Temporary Suspension of RSS and Extension of Suspension on IDSS: https://www.bursamalaysia.com/sites/5d809dcf39fba22790cad230/assets/603df8a35b711a1da3cf5dbb/FAQs_-_Upliftment_of_Temp_Market_Measures_FINAL_updated_02-03-2021.pdf
- Bursa Approved Securities: https://www.bursamalaysia.com/trade/trading_resources/equities/regulated_short_selling
- Capital Markets and Services Act 2007: <https://www.sc.com.my/api/documentms/download.ashx?id=c4365eea-fb8b-4527-b876-4ab6129f0168>
- Futures Industry Act 1993: <https://www.sc.com.my/regulation/acts/futures-industry-act-1993>

Buy-Ins

Bursa Securities has automatic buy-in rules when a seller fails to make the securities available in the relevant securities account by the scheduled delivery time (4:30 p.m. on T+1). When Bursa Clearing informs Bursa Securities of the failed contract, Bursa Securities will effect an automatic buy-in against the defaulting broker without notice, which will occur on T+2.

Withholding From Buying-in Facility

The scheduled delivery time for redelivery of loaned securities is T+2. Under a sale, the securities have to be delivered by 4:30 p.m. on T+1 (where T is the date of contract), so there will be a mismatch where the approved lender sells and recalls the loaned securities on the same day.

A lender may sell and recall a loan on the same day where he or she complies with the Capital Markets and Services (Securities Borrowing and Lending) Regulations 2012 (the 2012 Regulations). The 2012 Regulations introduced a "Withholding from Buying-in Facility" effective for one business day only. This facility is provided to an approved SBLNT lender to facilitate the withholding of their sell trade from buying-in due to a mismatch in settlement time when the loaned securities are sold and recalled on the same day. Bursa Clearing will be able to withhold buying-in under the 2012 Regulations, which would otherwise take place for the recalled securities, provided that certain conditions are met:

- The sale is a bona fide sale transaction.
- At the time of sale, the lender is entitled to recall from the borrower at least the number of loaned securities that are the subject of the sale.
- The lender recalls the loaned securities as soon as practicable within the same market day the loaned securities were sold.
- The sale of the loaned securities is settled on the settlement date as may be

prescribed by the stock exchange or the clearing house.

The final point above shall NOT apply to a lender if the borrower fails to deliver the loaned securities to the lending in circumstances where:

- The securities have been suspended.
- The borrower is only able to make partial delivery of the recalled loaned securities, orzz
- The borrower is unable to make delivery of the recalled loaned securities.

More details are contained in section 5.2 of the SBLNT Operational Guidelines:

(https://www.bursamalaysia.com/trade/post_trade/securities_borrowing_lending/negotiated_transaction/sblnts_operational_guidelines).

Collateral Requirements

Unlike the CLA model, in the SBLNT model there is no collateral held at the Bursa. The collateral approach is entirely between the approved SBLNT lender and the approved SBLNT borrower.

For Malaysian residents, collateral may be located offshore as long as a resident party complies with the applicable foreign exchange administration requirements for providing collateral to, and obtaining collateral from, a non-resident party. Residency for foreign exchange administration purposes is specifically defined in section 213 of the Financial Services Act 2013.

Talking Points & Future Developments Facing the SBL Model

Talking Points

In February 2021 the Bursa Malaysia was considering several changes to their short-selling model but, at the time of publication, there is no final agreement or date for implementation. In the interim, PASLA believes that the following changes would have an immediate impact on the growth and efficiency of the SBL market in Malaysia:

- Expansion of the approved SBL securities list would improve liquidity in the SBL market.
- The T+2 settlement system would be improved by the addition of a third settlement batch.
- An amendment of the uptick rule.
- Holds: There is a lack of clarity concerning whether a hold sufficiently satisfies the requirement that the approved securities to be short sold are available to settle the sale, meaning that pre-borrows are often required.
- The widening of permitted participants in SBLNT via the expansion of the permissible participants list and further clarity on the definition of an “authorized SBL participant” under the SBLNT rules would increase participation.
- The “Withhold from Buy-In” process is onerous, and a buy-in at the end of T+2 or on the morning of T+3 may be a good alternative.

Developments

In the longer term, consideration of the following would help improve market efficiency:

- Tri-party/financing trades: PASLA has been involved in several workshops to help clarify the benefits of tri-party financing and how it would reduce costs and risk from an operational and counterparty perspective.

- Improvement in technology/systems.
- Pledge structure.
- Create end-user demand by permitting local funds to borrow.



NEW ZEALAND



Principal Exchange: New Zealand Exchange (NZX)

Main Index: S&P/NZX All Index

Settlement Cycle: T+2

Trading Hours Pre-Open: 9:00-10:00 Normal

Trading: 10:00-16:45 Closing Auction: 17:00

±30 sec Adjust: 17:00-17:30

Time Zone: GMT+12 (winter), GMT+13 (summer)

Currency: NZD

CONTENTS

- AUSTRALIA
- CHINA
- CHINA / HK STOCK CONNECT
- HONG KONG
- INDIA
- INDONESIA
- JAPAN
- MALAYSIA
- NEW ZEALAND**
- PHILIPPINES
- SINGAPORE
- SOUTH KOREA
- TAIWAN
- THAILAND

General Market Overview

New Zealand is home to a developed market infrastructure and an established equity market. Owing to the relative size of the country, the New Zealand equity market is the smallest among developed countries in the APAC region. The New Zealand Exchange (NZX) was established in its current form in 2002 and is the only registered securities exchange in New Zealand.

Exchange Highlights

The NZX Equity Market (NZSX) is the primary exchange for listed equities in New Zealand, providing access to 186 securities with a market cap in excess of NZ\$182 billion as of May 2021.

Indices	S&P/NZX All Index
Listed Companies	186 as of May 2021
Total Market Cap	NZD 182 billion (US\$132 billion) as of May 2021



Fixed Income

The NZX Debt Market (NZDX) provides a venue for listed debt securities, including both NZ and APAC corporate and government debt instruments.

Fixed Income Data

Number of Listed Instruments: 186
 Total Value Outstanding: US\$29 billion

Key Regulators

The Financial Markets Authority (FMA) is the government agency with responsibility for oversight of financial services and securities markets in New Zealand. The FMA regulates securities exchanges, financial advisers and brokers, auditors, trustees, and issuers. The FMA holds joint oversight of designated settlement systems with New Zealand’s other major financial regulator, the Reserve Bank of New Zealand.

The Reserve Bank of New Zealand regulates banks, insurers, and non-bank deposit takers with the goal of maintaining a sound and efficient financial system.

Securities Borrowing and Lending (SBL)

Access Methods

Securities lending and borrowing is permitted in New Zealand with an OTC non-centralized model, used by offshore participants, in addition to a centralized model launched by NZX Clearing in 2010 for depository participants. Both models permit the use of the GMSLA, and parties are free to choose any law to govern that transaction.

OTC Model

The OTC model allows offshore agent lenders, banks, and brokers to trade actively and freely, with fees and other aspects of the trade being negotiated between lender and borrower as they see fit.

SBL activity remains low relative to market size.

DATALEND MARKET DATA - EQUITIES (AVERAGES FROM JAN. 1 - SEPT. 15, 2021)

On Loan (USD)	Lendable (USD)	Utilization (%)	VWAF (bps)
724,790,655	12,141,318,553	5.98	54.99

CDP Model

NZX Clearing offers a securities lending facility for depository participants. The clearing house acts as the central counterparty for all securities lending transactions initiated through the depository. The securities lending facility provides depository participants with the opportunity to earn additional income on securities held in the depository. Clearing participants, given the provision of adequate collateral, are eligible to borrow securities from the lending pool.

Fee Schedule for NZX Stock Loan Facility:

Borrowing (minimum one day) [CH0432]

OCR plus 52 bps (per annum)

Lending Fee Income [CH0431]

OCR minus 51 bps (per annum)

NZD borrowing and lending fees are invoiced exclusive of GST

Short-Selling Rules

Is short selling permitted?

Yes, short selling is permitted. All short sale orders must be flagged accordingly at time of trade.

Definition of short sale

A sale of any financial product where, at the time of the sale, the seller does not have a presently exercisable and unconditional right to vest the financial product in the buyer except where the seller has an unconditional agreement to acquire that right before the date required to settle the sale or, the financial product being sold has been borrowed, and the seller has a presently exercisable and unconditional right to vest the product in the buyer.

Source: FCMA 2013 Article 266

Pricing requirement for short sale

No uptick rule; short-sale orders can cross the bid-offer spread.

Short Position Reporting

Disclosure of short position

There is no reporting requirement for short positions on NZX.

Other Reporting Required:

Disclosure is required for relevant interest in excess of 5% of quoted voting products in a listed company. Subsequent changes in holdings resulting in a 1% movement in holdings require disclosure.

Useful link:

<https://map.nzx.com/static/forms/docs/20170927-Guidance-on-substantial-product-holder-disclosures.pdf>

Buy-Ins

If the clearinghouse (CHO) elects to buy in a security, the affected clearing participant will be notified by 9:30 a.m. on the relevant trading day, and the buy-in procedure will begin at 10:30 a.m. at a price that is not more than 2% above the last transacted price, or current bid price, whichever is highest.

If sufficient securities are not obtained by CHO within 30 minutes, the price will be reset to a price at an additional 2% above the then-current last transacted price, or the current bid price, whichever is highest.

This process may be repeated every 30 minutes during that day and each successive trading day until the required quantity of securities has been acquired.

Useful link:

<https://www.nzx.com/regulation/nzx-rules-guidance/clearing-depository-rules>

Collateral Requirements

No specific restrictions on eligible collateral for bilateral transactions are enacted under a standard GMSLA. For SBL transactions entered through the New Zealand Depository facility, collateral must be either US\$, AU\$, NZ\$, or designated eligible securities, which currently includes NZX50 or ASX200 constituent securities, or approved products issued by the New Zealand Government.

Foreign Investor Limits

Approval is required for the acquisition of securities by a foreigner or foreigners in concert if the following thresholds are breached:

- Ownership or controlling interest exceeds 25% of outstanding shares
- The value of a security interest exceeds NZ\$100 million

Source: Overseas Investment Act 2005

Tax

SBL activity is not a taxable event in New Zealand.

The statutory dividend tax rate is currently 30%. However, New Zealand has various double-tax treaty agreements, which may result in different levels of liability depending on domicile.

Additionally, New Zealand companies may pay a supplementary dividend accompanying a fully imputed dividend to compensate non-resident shareholders outside of certain jurisdictions.

This commentary only serves as a guideline and should not be construed as tax advice. Please consult a tax professional for further information.

Operational and Post Trade

New Zealand Clearing (NZC) serves as a CCP for all on-market cash and derivatives trades. NZC also serves as a central counterparty for all securities lending transactions initiated through the securities depository.

Auction Rules

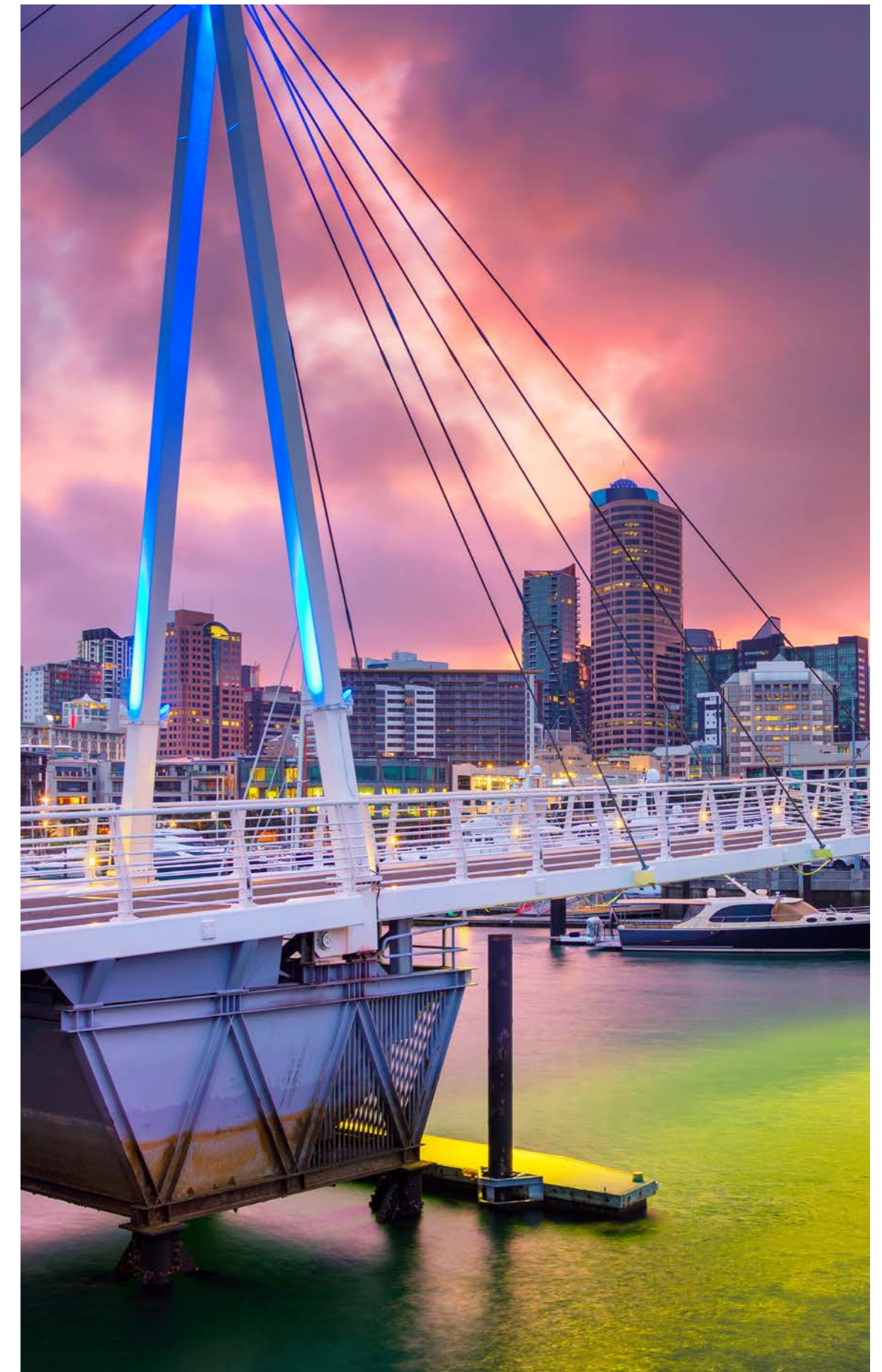
The Opening Auction occurs at a random time 30 seconds on either side of 10:00 a.m., and the closing auction occurs at a random time 30 seconds on either side of 5:00 p.m. In both cases, the auction methodology is the same. The market-clearing price where the greatest number of bids and offers can match is determined, and this level will execute at a single print price.

In the case where there are no trades in the opening auction, the first sale during the regular session will become the official opening price. Conversely, if there are no trades in the closing auction, the last sale of the regular session becomes the official closing price of the day.

Talking Points & Future Developments Facing the SBL Model

The NZX has identified a number of hurdles facing the New Zealand secondary equity market and, in turn, SBL liquidity and demand. Primary inhibitors to the growth of the industry are a dearth of IPO activity and a lack of asset-allocation choices for KiwiSaver, which is projected to reach NZ\$70 billion in AUM by 2020 and could serve as a source

of liquidity for the underinvested portion of New Zealand's equity market. In the case of private market potential, it is estimated that there are more than 1,200 privately held companies in New Zealand with revenue in excess of NZ\$30 million.



PHILIPPINES



Principal Exchange: Philippine Stock Exchange (PSE)

Main Index: PSEi comprises 30 of the largest and most actively traded stocks listed on the exchange

Settlement Cycle: T+3

Trading Hours Open: Monday to Friday 9:30 - 12:00, 13:30 - 15:30

Time Zone: GMT+8

Currency: PHP

CONTENTS

- AUSTRALIA
- CHINA
- CHINA / HK STOCK CONNECT
- HONG KONG
- INDIA
- INDONESIA
- JAPAN
- MALAYSIA
- NEW ZEALAND
- PHILIPPINES
- SINGAPORE
- SOUTH KOREA
- TAIWAN
- THAILAND

Exchange Highlights

The Philippine Stock Exchange (PSE) is the only stock exchange in the Philippines following the unification of the Manila Stock Exchange and the Makati Stock Exchange in 1992. Since 2003 the PSE has been a listed, for-profit entity.

Indices	PSEi
Listed Companies	274 listed companies as of May 2021
Total Market Cap	PHP 15.38 trillion (US\$287 billion) as of May 2021

Key Regulators

Securities and Exchange Commission (SEC)

Securities Borrowing and Lending (SBL)

Access Methods

There is a functioning onshore SBL system, but there remain concerns for offshore participants which effectively render the current system unusable. Concerns include, amongst others, the ability to use offshore collateral and the reliance on Philippine law.

Onshore system

There is no centralized SBL system for borrowers and lenders in the Philippines, but, instead, it is guided by rules issued by multiple sources including the SEC, PSE, Bangko Sentral ng Pilipinas (BSP), PDEx, the Insurance Commission, and the Bureau of Internal Revenue (BIR).

Parties can enter into SBL transactions on an agency basis as well as on a principal-to-principal basis. A lending agent must be registered with the SEC.

Ordinary shares or other securities listed in the PSE can be included in an SBL transaction unless declared by the SEC or the PSE as ineligible for borrowing and lending under the SBL program.

SBL documentation (MSLA) must be approved and registered by the BIR. It is the borrower that applies for prior approval and registration of the documentation, but subsequently, the BIR must be notified by the lender that it has entered into the registered agreement so that the SBL transaction will not be assessed as liable for the corresponding taxes. If acting as a lending agent, a Securities Lending Authorization Agreement (SLAA) must be executed.

In addition, the BSP requires the registration of SBL transactions covering PSE-listed shares borrowed by foreign borrowers from local lenders to enable the former to purchase foreign exchange from local banks for remittance abroad using the peso sales proceeds of the borrowed shares.

The SEC requires lending agents and direct lenders to submit a biannual summary report of their SBL transactions within 30 days after the end of the covered period.

There is a maximum lending period of two years from the date of execution of the SBL Confirmation Notice.

The Philippine Peso (PHP) is not fully convertible. Repatriation of funds needs to be supported by a Bangko Sentral Registration Document (BSRD).

Additional Reporting

Beneficial owners are required to disclose ownership to the SEC when ownership exceeds 5% and 10% of the outstanding shares held by a company listed in the PSE. Any material change would have to be reported within three business days from the trade date. Such disclosure must likewise be made to the PSE and the Issuer.

Useful Link:

<https://www.pse.com.ph/sbl-short-selling/>

Short Selling Rules

The PSE's Revised Short Sell Guidelines have been approved by the SEC, but implementation has yet to follow.

Buy-Ins

No failed settlement is allowed. In the case of a failure, the broker will arrange a stock loan to cover the position. Failure to cover the position results in the broker getting a trader suspension from the exchange plus a penalty. The broker has the right to pass on any related costs to the client.

Collateral Requirements

There is a lack of clarity on whether offshore collateral is permitted. Onshore SBL requires collateral to be at least the value of the borrowed shares and marked to market. The SEC

prescribes eligible collateral as cash, equity, or government securities (Section 12 of the SEC Rules).

Useful Link: SEC Rules on Securities Borrowing and Lending: <https://www.sec.gov.ph/mc-2006/sec-memorandum-circular-no-07-8/>

Foreign Investor Limits

No general restrictions except in areas where foreign investment is not allowed. Such areas include mass media, nuclear weapons, mining, and advertising.

The restrictions are laid out in the Foreign Investment Negative List (List A and List B). List A enumerates the companies reserved only for Philippine nationals as per the Constitution or laws. List B enumerates the companies in which foreign ownership is limited to 40% on economic activities regulated by law.

Tax

Neither SBL transactions nor the delivery of collateral will be subject to stock transaction tax (STT) or capital gains tax (CGT), and documentary stamp tax (DST) provided that:

- A valid MSLA is executed by the parties and registered with and approved by the BIR.
- The SBL program is in accordance with the SEC rules.
- The SBL program is under the administration and supervision of the PSE.
- All other applicable taxes prescribed by the Philippine Tax Code and special laws shall continue to apply.

Talking Points & Future Developments Facing the SBL Model**Talking Points**

Several steps are required to induce international participation in SBL in the Philippines:

1. Allow market participants to use the international GMSLA with an addendum/supplemental agreement. Both documents would need to be governed by U.K. law to avoid contradictions of different legislatures.
2. Offshore collateral: The acceptance of offshore collateral would improve liquidity and demand.
3. Failed sales and failed returns: The Philippines is currently a "no-fail" market, which doesn't allow for operational issues that may cause a delayed return. The resulting risk-mitigation procedures are restrictive and discourage market participation.

The PSE is expecting new rules to be published and address the first two items, but this has faced repeated delays.

Developments

1. Launch of short sale program: The PSE is spending a considerable amount of time reviewing its short-selling proposal to ensure that it will be in line with market requirements.
2. The Philippines will eventually move to a T+2 settlement cycle, but this will only occur once a new clearing and settlement system has been implemented by the SCCP.
3. The introduction of tri-party collateral would support lending arrangements onshore.

SINGAPORE



Main Index: Straits Times Index (STI) tracks the performance of the 30 largest and most actively traded stocks on the Singapore Exchange.

Principal Exchange: SGX

Settlement Cycle: T+2

Trading Hours: Monday to Friday 9:00 to 11:59, 13:00 to 17:00

Time Zone: GMT+8

Currency: SGD

CONTENTS

- AUSTRALIA
- CHINA
- CHINA / HK STOCK CONNECT
- HONG KONG
- INDIA
- INDONESIA
- JAPAN
- MALAYSIA
- NEW ZEALAND
- PHILIPPINES
- SINGAPORE
- SOUTH KOREA
- TAIWAN
- THAILAND

Exchange Highlights

The Singapore Stock Exchange (SGX) operates three major business segments, including equities and fixed income, derivatives and market data, and connectivity. The equities and fixed income segments are further subdivided.

Indices	STI, FTSE ST Catalyst, FTSE ST All-share, FTSE ST Mid Cap, FTSE ST Small Cap, FTSE ST Fledgling
Listed Companies	682 as of October 2021
Total Market Cap	US\$662.12 billion as of October 2021

Fixed Income

Singapore has one of the most developed bond markets in Asia.

The SGD bond market is made up of Singapore Government Securities (SGS), quasi-government bonds, corporate bonds, and structured securities. The SGD bond market is fully accessible to all issuers and investors globally. There are no capital controls, hedging restrictions, or withholding taxes. As a result, the market's profile is international in nature, with foreign entities accounting for more than a quarter of bond

issuance. Regulations were fine-tuned in 2009 to qualify high-grade securities issued by foreign entities as regulatory liquid assets. Since then, there has been an increase in issuances by well-known, AAA-rated foreign issuers such as the African Development Bank, KfW Bankengruppe, International Finance Corp (IFC), and International Bank for Reconstruction & Development (IBRD).

DATALEND MARKET DATA - EQUITIES (AVERAGES FROM JAN. 1 - SEPT. 15, 2021)

On Loan (USD)	Lendable (USD)	Utilization (%)	VWAF (bps)
1,761,445,002	54,276,642,655	3.24	157.10

Key Regulators

The Monetary Authority of Singapore (MAS): Singapore’s central bank and sole bank regulator oversees all financial institutions in Singapore.

The Ministry of Finance (MOF): Assigns regulation and monitoring of financial markets to MAS and SGX.

The Securities Industry Council (SIC): Advisory and consultative body to the MOF.

Securities Borrowing and Lending (SBL)

Access Methods

Securities lending and borrowing is permitted in Singapore, with an OTC non-centralized model used by offshore participants, in addition to a centralized model launched in 2002 by the Central Depository (CDP) and used by the onshore market. Both models permit the use of the GMSLA, and parties are free to choose any law to govern that transaction.

CDP Model

The main objective of SGX’s SBL program is to improve liquidity in the stocks traded on the SGX. The program was launched in January 2002 by the CDP. The account structure of CDP is the foundation of the SBL program. The stocks from a large number of direct securities accounts provide a steady supply to the lending pool.

The CDP acts as the principal to both borrowers and lenders. The borrowers and lenders remain mutually anonymous. The CDP collects collateral from the borrowers but does not pass it onto the lenders. For cash collateral provided by the borrowers, the CDP will pass back the interest to them at a lower rate.

The direct securities account holders are the major lenders. Currently, about 6,000 direct securities account holders have signed up to lend out their stocks. They can specify to lend out (1) all stocks, (2) specific stocks only, or (3) specific stocks with maximum quantities only. The stocks remain in the accounts of the potential lenders. The CDP uses a separate system to keep track of the lending pool. Stock movements are only required for executed SBL loans and recalls.

SGX brokers are the major borrowers. A majority of them have participated in the program. Most of their loans are on second and third liners for retail trades. The loan sizes are usually small with an average of 60,000 to 70,000 shares per transaction. The custodians seldom participate because they have their own lending desks and will focus on larger transactions.

The 200 stocks with the highest transaction volumes are eligible for the program, and the minimum borrowing size is 1,000 units. Fees are fixed: Borrowers pay 6% and lenders get 4%. The CDP has implemented various risk-management measures on the price risks

and concentration risks for the outstanding loans and the collateral. However, it is up to the borrowing brokers to monitor the risks of their clients.

The transaction volume of the CDP SBL program has been low. It is difficult to attract investors to participate. Borrowers see the program as a complement to the OTC market. They will usually obtain large loans for blue chips through the OTC market and small loans or loans for second or third liners from the CDP.

In January 2021, non-SGD denominated securities became eligible for borrowing as part of the CDP SBL program.

OTC Model

The OTC model allows offshore agent lenders, banks, and brokers to trade actively and freely, with fees and other aspects of the trade negotiated between the lender and the borrower on a bilateral basis.

It is difficult for the CDP to compete with the OTC market on the pricing and services. Short-selling activity is not robust in Singapore, which is a further reason for the low demand for SBL loans.

Short-Selling Rules

Is short selling permitted?

Permitted subject to local restrictions. Investors must mark their sell order as a normal sell or short sell order at the point of arrangement to avoid settlement failure.

Pricing requirement for short sale

Uptick rule does not apply.

Short Position Reporting

Disclosure of short position

The MAS has required investors to report short positions and short sale orders in securities listed on the Singapore Exchange since October 1, 2018. A person who has a short position in any specified capital markets products (e.g., shares, business trusts and REITs listed on SGX) that hits the short position threshold will be required to report the short position.

The short position threshold is the lower of:

- (a) 0.2% of total issued shares in the relevant class of shares or units, or
- (b) SG\$2,000,000

Short positions are determined on Position Day, which is the last trading day of each week (typically a Friday).

When does a report need to be made?

Short position holders must submit their short position reports within two business days from Position Day.

Buy-Ins

The SGX enforces a buy-in when the seller fails to deliver the shares for settlement by 1:30 p.m. on T+2. Executions by the exchange are sometimes at punitive prices. The

investor will pay the difference between the selling price and the buy-in price, including brokerage and buy-in fees. CDP charges a processing fee of SG\$75 (SG\$80.25 inclusive of GST) for each failed contract. A brokerage rate of 0.75% will be levied on each buy-in contract.

A penalty of 5% of the value of the failed trade or \$1,000 (whichever is higher) is imposed on all trades that are not delivered. This is waived if the buy-in is successful on T+2. Continued non-delivery by the end of T+7 can lead to the clearing member being referred to the disciplinary committee.

If the buy-in is unsuccessful on T+2 and sufficient shares are available on the morning of T+3, a withdrawal request can be submitted to CDP.

Collateral Requirements

In March 2002, the MAS amended regulations to allow for non-SGD collateral to be received for SBL transactions.

Offshore lenders/borrowers can pledge/hold collateral as agreed bilaterally, with no restrictions being imposed by local authorities, either being held directly or managed via tri-party agents. There are no restrictions on either title transfer or pledge.

Foreign Investor Limits

In general, there are no foreign ownership level restrictions for local shares, unless specifically stated in the company's Memorandum and Articles of Association (M&A). Regulatory approval may be required for share ownership (local or foreign) beyond a certain threshold in banking or media companies, air aviation, and newspapers.

Tax

In November 2001, the IRAS issued a guide on the tax implications of SBL and repo. SGX plans to enhance key Central Depository (Pte) Limited (CDP) Clearing and Settlement processes to further improve operational efficiency and risk management. Key enhancements provide for earmarking of securities for FOP settlement with SGX Trading Member and management of failed deliveries through buy-in on the afternoon of T+2.

Auction Rules

Pre-open: 8:30 to 8:58 / 8:59 (random finish)

Pre-close: 17:00 to 17:04 / 17:05 (random finish)

Non-cancel: 17:04 / 17:05 to 17:06

Close: 17:06

Talking Points & Future Developments Facing the SBL Model

Talking Points

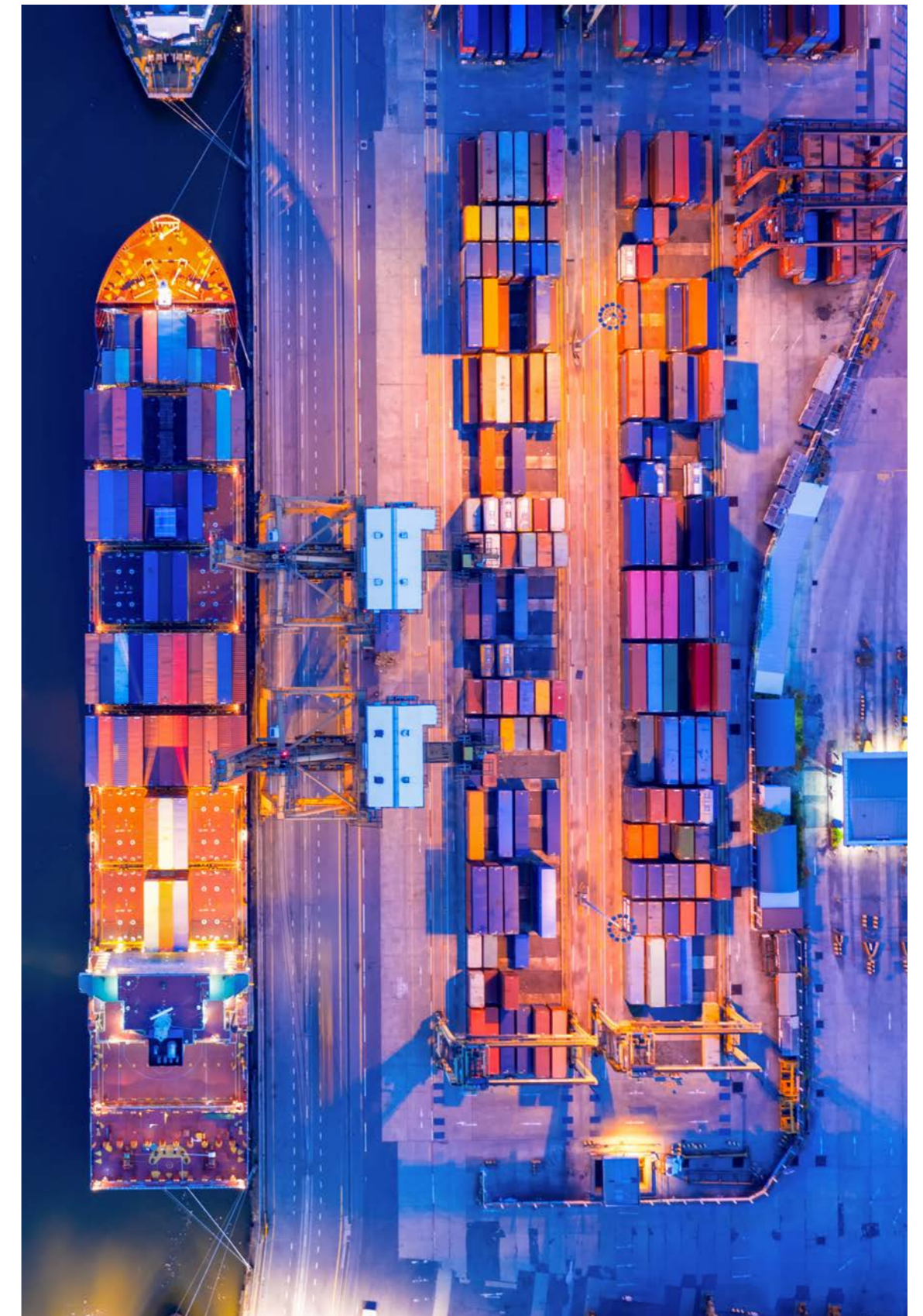
SGX moved to T+2 settlement on December 10, 2018, in line with other global markets. The unintended consequences of this change have left lenders and their counterparties less time to source substitute securities to cover client sales; this could result in higher instances of automatic buy-ins and has resulted in a contraction of liquidity from lending pools.

Additionally, the transfer of suspended securities can be cumbersome. SGX requires a statutory declaration to be completed by both transferor and transferee during a transfer of shares where there is a change in the beneficial owner. However, no declaration is needed where there is no change in beneficial owner. All requests to transfer suspended securities are subject to the review and approval of the central depository. This process is time-consuming and inefficient for market participants.

Developments

Effective January 25, 2021, an additional intraday batch settlement run at 10 a.m. local time was implemented. Any trade not fully settled in the first settlement run will be carried forward to the final settlement run.

PASLA continues to work on a consultative basis with the SGX and other market participants to identify solutions.



SOUTH KOREA



Principal Exchange: Korea Exchange (KRX)
Main Indices: KOSPI, KOSDAQ
Settlement Cycle: T+2

Trading Hours:
Pre-Market Session: 7:30 - 9:00
Normal Trading Hours: 9:00 - 15:20
Close Auction: 15:20 - 15:30
After-Market Session: 15:40 - 18:00
Time Zone: GMT+9
Currency: KRW

CONTENTS

- AUSTRALIA
- CHINA
- CHINA / HK STOCK CONNECT
- HONG KONG
- INDIA
- INDONESIA
- JAPAN
- MALAYSIA
- NEW ZEALAND
- PHILIPPINES
- SINGAPORE
- SOUTH KOREA
- TAIWAN
- THAILAND

General Market Overview

South Korea is the 5th largest financial market in Asia and the 11th largest in the world with a market capitalization of US\$2.2 trillion as of January 2021.

KRW may only be exchanged and cleared onshore as it is a restricted currency. Unlike some currencies, KRW may be freely traded in the local market without necessarily having to link the buys or sells to an underlying transaction. Overseas investors must use licensed foreign exchange banks to trade KRW and reference the IRC number and investor.

Exchange Highlights

The Korea Exchange (KRX) is composed of four sub-markets: KOSPI Market Division, KOSDAQ Market Division, KONEX Market Division, and Derivative Market Division.

Access to the KRX is restricted to members of the KRX only. Non-members may access the market through KRX member firms.

Foreign investors are required to be approved by the Financial Supervisory Service (FSS) in order to trade listed securities of the exchanges in Korea. This process involves applying for an investor identification, the Investment Registration Certificate (IRC), through the FSS. The IRC is obtained at the ultimate beneficial owner level, with each IRC issued being unique to that foreign investor. The IRC is required in order to open accounts and trade securities in Korea. The documentation process is managed by a local custodian bank for the prospective investor.

Indices	KOSPI – The main benchmark stock market in Korea. KOSDAQ – Launched in 1996 to primarily provide funding for start-up companies and companies in the technology space. KONEX – Established in 2013, the Korea New Exchange was established for early-stage companies to access investor funding without needing to draw on bank loans.
Listed Companies	KOSPI: 795 KOSDAQ: 1447 KONEX: 143 As of January 2021
Total Market Cap	KOSPI: US\$1.8 trillion KOSDAQ: US\$353 billion KONEX: US\$5.5 billion As of January 2021

Fixed Income

In Korea’s fixed income market there are two main types of bonds: government and corporate. Government bonds, or KTBs, are the most traded asset class with 3-year, 5-year, 10-year, 20-year, 30-year, and 50-year maturities. The government also issues National Housing Bonds (NHBs) and Foreign Exchange Equalization Bonds.

The rehypothecation and pledging of KTBs is complex and restrictive as a result. Some firms accept KTBs as collateral but, overall, the rehypothecation or collateralization of KTBs is still limited. Under Korean law, a party may lend KTBs to another party as collateral, effectively as a title transfer, which in turn may only be used for a repo transaction or provision of collateral to a third party.

DATALEND MARKET DATA - EQUITIES (AVERAGES FROM JAN. 1 - SEPT. 15, 2021)

On Loan (USD)	Lendable (USD)	Utilization (%)	VWAF (bps)
9,113,350,794	202,208,980,043	4.41	193.59

Key Regulators

FSS is South Korea’s integrated financial regulator, which examines and supervises financial institutions under the broad oversight of the Financial Services Commission (FSC), the government regulatory authority.

FSS Activities Include:

- Supervision of financial institutions: (Preliminary) review of license applications (for bank, non-bank, financial investment company, insurance company, credit card company, financial holding company, or any other kind of financial institution), review of the terms and conditions of financial institutions; supervision of the soundness of business management and business activities.
- Examination of financial institutions: Analysis and evaluation of financial companies’ business activities, financial position, and risk management capacity; verification of companies’ compliance with relevant statutes.
- Supervision of the capital market: Operation of disclosure system to maintain the sound operation of primary and secondary markets for marketable securities; capital market investigation to prevent unfair trade practices.

- Supervision of accounting: Alignment of accounting standards to international accounting standards to achieve enhanced transparency; supervision of accounting to ensure a fair operation of the external audit system.
- Protection of customers of financial services: Consultation and handling of customer complaints regarding financial services; protection of customer rights through dispute mediation; financial education of consumers.

Securities Borrowing and Lending (SBL)

Access Methods

SBL transactions can only be conducted through authorized intermediaries in Korea. Authorized intermediaries include the Korea Securities Depository (KSD), Korea Securities Finance Corporation (KSFC), and local securities firms.

KSD is the central securities depository and is majority-owned by the KRX. The KSFC intermediates, arranges, and acts as an agent in SBL transactions. Both KSD and KSFC guarantee the performance of the borrower in return for receiving the collateral from that borrower under most transactions except customized transactions. The KSFC will only guarantee the performance of the lender under so-called cash-backed transactions.

The main types of SBL are settlement coverage, bid-offer, customized, and arranged. The borrower and the lender choose the type and enter the application details into the intermediary system.

“Customized” transaction: Most offshore activity is under the “customized” model, as that allows the collateral to be held offshore and net off collateral exposures. All loans must be intermediated.

GMSLA may be used where the collateral under an SBL transaction is Korean securities. There is a need for modification because collateral is provided by way of pledge or title transfer through “lending for collateral purposes” in the case of Korean Treasury Bonds (KTBs) and Monetary Stabilization Bonds (MSBs) under Korean law. In addition, Korean securities companies are required to use the standard lending agreement prepared by the Korea Financial Investment Association for SBL transactions.

“Arranged” transaction: If an SBL transaction is to be intermediated by KSD, the parties will need to have an account with KSD. In principle, KSD will open an account only for financial institutions (whether Korean or non-Korean institutions). The main difference from “customized” transactions is that collateral will be posted to KSD, and posted collateral cannot be netted off, which raises the risk of double-posting collateral for each way of transactions (borrow and loan) to the same counterparty.

Short-Selling Rules

Is short selling permitted?
Only covered short selling is allowed in South Korea. When placing a short sale at the executing broker, the investor must specify it is a covered short sale and ensure the borrowing of shares is executed before the covered short sale order is placed.
Naked short sales are not permitted. Sanctions against uncovered short sellers can be onerous.
KRX requires to tag long sell and short sell correctly on all sell orders.
Regulators can ban short selling in exceptional circumstances, such as after the Global Financial Crisis in October 2008 and, more recently, during the SARS-CoV2 outbreak in March 2020. The short sell ban was extended multiple times into 2021 and

was partially lifted in May 2021 for the country's largest stocks on the KOSPI 200 and KOSDAQ 150. Bans on lower cap stocks remain at the time of publication.

Definition of short sale

Short sale is defined as a sale of stocks not in possession on trade date.

SBL transaction Eligible Securities

SBL trades are allowed for KOSPI and KOSDAQ listed securities only and are not allowed for KONEX-listed securities. SBL trades are not allowed on synthetic ETFs even when listed on KOSPI or KOSDAQ, such as KODEX-leveraged and inverse ETFs.

Pricing requirement for short sale

There is an uptick rule when placing short-sale orders, which requires short sales to be placed at the last traded price or higher. However, when the price is on the rise (the most recently matched price is higher than its previous price), it is exceptionally allowed that short selling is quoted at the most recently matched price.

The price limit does not apply to selling for arbitrage trading, LP and market-making selling for hedging and negotiated transactions.

However, the FSC announced that they plan to discontinue the uptick rule exemption for market making selling in 2021.

Short Position Reporting & Disclosure

Definition of net position

The net long position is the net asset (asset minus liability) of the securities, which is equal to the accumulative aggregation of the purchase and sale orders.

If there is no net long position equivalent to the quantity of sale, it qualifies as a short sale.

To summarize,
If net long position > 0, long position. No reporting obligation for short position.

If net long position < 0, short position, where reporting obligation kicks in if it meets the criteria noted below.

Short sell position reporting

A reporting obligation is in place when a person's (an IRC's) net short position reaches or exceeds $\geq 0.01\%$ of the issued share number of a KRX listed company and over KRW 100 million, or ≥ 1 bn KRW, regardless of ownership percentage.

Reporting deadline: By 9 a.m. of T+3 to the FSS

Disclosure of large-scale Holders of outstanding short position

In case the investor's net short-sale position is equal to or over 0.5% of the outstanding listed shares, information on the seller is required to be disclosed publicly.

(<http://global.krx.co.kr/contents/GLB/05/0501/0501120800/GLB0501120800.jsp>)

The disclosure should be made via the Korea Exchange where the relevant stock is listed. The information that is to be disclosed is as follows:

1. Details of the stock
2. Details of the seller – name, address, nationality, date of birth (foreign investors: IRC number) and details of the proxy agent in case the disclosure is done by a proxy agent
3. Date when the short-sale position became applicable for disclosure

KRX Overheated Short Sell

Announcement & Implication

KRX announces Overheated Short Sell stocks around 5:15 p.m. KRT daily. (<http://global.krx.co.kr/contents/GLB/05/0501/0501121000/GLB0501121000.jsp>)

Once a stock is designated as a KRX overheated short-sell stock, short selling is banned for a period of time that is usually one day. However, during times of stress and volatility that period can be adjusted as we saw in March 2020 when the FSC extended the ban to 10 trading days for an initial three month period.

CRITERIA			
	KOSPI		KOSPI (extended)*
Trading Days Requirement	20 / last 40 trading days'	20 / last 40 trading days'	20 / last 40 trading days'
Stock Price Decrease	5 - 10%	>10%	>20%
Short Sale Ratio	>18% of daily turnover	-	
Short Sale Value	Short sell value is 3 times that of the past 40 days' average	Short sell value is 3 times that of the past 40 days' average	Short sell value is 2 times that of the past 40 days' average
Destination Type	1	2	New

	KOSDAQ			KOSDAQ (extended)*
Trading Days Requirement	20 / last 40 trading days	20 / last 40 trading days	20 / last 40 trading days	20 / last 40 trading days
Stock Price Decrease	5 - 10%	>10%	-	>20%
Short Sale Ratio	>12% of daily turnover	-	Average short sell ratio in the past 40 days >5%	
Short Sale Value	Short sell value is 2 times that of the past 40 day's average	Short sell value is 2 times that of the past 40 day's average	Short sell value is 2 times that of the past 40 day's average	Short sell value is 1.5 times that of the past 40 day's average
Destination Type	1	2	3	New

* FIRST BROUGHT IN, MARCH 2020

Other reporting required

Foreign Exchange Reporting Limits

There are certain lending limits under Korean foreign exchange laws that, if exceeded, give rise to reporting obligations with respect to SBL transactions (involving a Korean Intermediary) in which Korean securities are lent to a foreign borrower by a resident lender:

- A report must be filed with the Bank of Korea within three business days from the date when the outstanding loan amount exceeds KRW 30 billion.
- Its details must be reported to the Bank of Korea by the 10th day of the immediately following month. If an SBL transaction does not involve a Korean Intermediary, all SBL transactions must be reported to the Bank of Korea.

5% Rule

Under the Financial Investment Services and Capital Markets Act of Korea (FSCMA), any person whose direct or beneficial ownership of equity securities issued by a company listed on the KRX (such company, a "Listed Company") accounts for 5% or more of the total issued equity securities of such Listed Company, is required to report the details of such holdings to both the FSC and the KRX.

Buy-Ins

Korea is generally considered a no-fail market. However, the KRX imposes a delayed settlement charge of 20 bps on trades not settled by 4 p.m. Korea time. An automatic buy-in will occur if the failure of settlement lasts for two days.

The FSS has the ability to suspend or cancel the registration of foreign investors for a number of reasons, including failing to complete and settle a transaction within five days from the settlement date.

Collateral Requirements

KSD and KSFC may take foreign currency collateral under their regulations, but in practice will generally only take USD cash and U.S. Treasury bonds. That is being further developed. With respect to customized transactions, there is no restriction on the form and type of collateral located offshore.

Foreign Ownership Limits (FOLs)

Foreign ownership restrictions do exist but are largely limited to companies of national

importance, each of which has a ceiling on foreign holders. Those include strategically important stocks in specific industries as well as stocks issued by public companies. Once the limit on foreign ownership has been reached, foreign investors are unable to buy more shares on the exchange.

One nuance of these FOL companies is that they must be physically held in the client's account prior to selling. If those shares are lent out or otherwise onward delivered, a sale will be held up until the securities are returned to the beneficial owners' IRC.

SBL trades on FOL names are prohibited between onshore and offshore entities.

Tax

There is a securities transaction tax on sales of stock, levied on the seller only and only applicable to stock trading. This amounts to 0.23% on KOSDAQ and KOSPI names with KONEX names 0.10%.

The tax rate on dividend and interest income for non-residents is a standard 22% but may vary depending on the tax treaty agreed upon on a country-by-country basis. For specific tax advice, investors should consult a tax professional – the above is to be used as guidance only.

Operational and Post Trade

In principle, Korea is a segregated account structure market. But lately, global investment managers or securities broker-dealers have been permitted to open omnibus accounts for trade settlement as well as execution, effective as of March 6, 2017. In spite of this change, the existing IRC scheme will stay as is. Each beneficial investing entity or vehicle (beneficial investor) should be registered with the FSS as per the existing pre-investment requirement, obtaining its own IRC. Then, the beneficial investors' IRCs will be linked to the agency investors' omnibus IRCs. Omnibus account holders may place orders only for the beneficial investors pre-linked to the omnibus account.

Corporate Actions & SBL Implications

Repurchase Offers (Tender Event)

Article 165-5 of the Financial Investment Services and Capital Markets Act allows shareholders to "dissent" to a resolution of the board of directors and requires the corporation to purchase the stocks they own, assuming that they held the shares prior to public notice of the resolution. Under Article 354 (Closure of Register of Shareholders and Record Date) of the Commercial Act, companies may choose to suspend changes in the register of shareholders for entitlement as of a specified date. This specifically allows for a tender event to be triggered with a retrospective date, and therefore any shares out on loan are not entitled to be tendered as the shares are not under that shareholder's name on the register.

As such, some repurchase offers with dissent options would need to be recalled on T+1 from the announcement date, which in a T+2 market can be challenging. It is important for lenders to be aware of this risk in lending and for brokers to be aware of the potential to receive a tender election that they may need to manufacture back to the short.

Rights Issue

When a company announces a rights issue and an investor has their stock in that company lent out, if the rights will be listed and traded, the lender of those shares will not usually recall the ordinary shares. However, it has become standard market practice to usually recall the resultant rights position once those rights are listed and start trading. If the rights are unlisted and not traded, there is no way to physically return the rights

via the intermediary; therefore, the lenders will usually recall the ordinary shares ahead of the record date. In January 2021, FSC announced an enforcement ordinance for new regulations restricting short sellers' participation during rights offering periods with a few exemption cases. Investors will be restricted from participating in a rights issue event if they have short sold the subject stock during the period starting from the day after the issuing company's public announcement of the event until the last day of the trading period that is set to determine the issuing price.

However, this restriction will not apply in the following cases:

1. When an investor short sells during the restriction period but buys the same quantity or more of the short sold stocks in the market before the restriction period ends, the trade contract date of the buy trade should be within the restriction period.
2. When a firm has its own independent trading units that meet the FSC's standards and participates in a right issue event with the non-short selling trading units.
3. Market makers and liquidity providers.

Stock Split/Reverse Split

Not subject to any recalls unless there are special conditions around corporate actions. Intermediaries will process manufactured positions and will be paid out accordingly.

Stock Dividend

No recall triggered by stock dividend event. Manufactured stock dividend will be paid out on the pay date.

Mandatory Record Keeping of SBL transactions

Any SBL trade confirmations for the purpose of short sell need to be stored for 5 years and must be readily available for immediate submission to FSC and KRX upon request.

Investors that borrow stocks for the purpose of a covered short sale must keep records of the loan agreement for five years in a manner that cannot be manipulated. The details must include a timestamp, stock name, quantity, counterparty, fee rate, loan period, etc. The records must be stored by one of the following methods:

1. The loan agreement is to be made and stored in an "electronic transaction processing platform."
2. The loan agreement is to be made via email or messenger and the screenshot of the chat or email communication must be kept in an electronic facility where it cannot be altered.
3. If the investor has built their own "securities holding management system," they should input the loan agreement details in the system promptly before booking the covered short sell.
4. For individuals that do not have the capacity to build a system, he or she must keep the loan agreement at the intermediary, i.e., Korea Securities Depository, Korea Securities Finance Corp., or local brokerage firms.

Any violation will lead to a penalty up to KRW 60 million (approx. US\$60k) for corporations and up to KRW 30 million (approx. US\$30k) for non-corporations.

Penalties for Short Sell Regulation Violation

Period for pre-delivery by scale of violation

An investor who violates any short-selling rules (i.e., naked short selling, reporting violations, or disclosure obligations) will be required to pre-deliver securities for a certain period of time when placing further orders for covered short selling. That period, which is determined based on the frequency and accumulation of violations, is 40 days, 80 days,

or 120 days.

Short-selling verification

For cases where an investor conducts short-selling through an account that is not committed to submitting covered short-sale orders, executing brokers are required to verify for a certain period whether that investor's orders are indeed for covered short selling, and the settlement obligation can be fulfilled following the trade execution. The verification period has been extended from 90 to 120 days.

The FSC amended the Capital Market Act to introduce criminal sanctions and administrative penalties for violation of short sell regulation. This was effective as of April 6, 2021.

- In case an investor conducts illegal short selling or places an illegal short selling order, administrative penalties up to the amount of short selling order shall be imposed on the investor.

- In case an investor conducts illegal short selling or places an illegal short selling order, a minimum of one-year imprisonment or a penalty fee equivalent to 3 to 5 times the accrued profits earned from the short sell.

The specific amounts of monetary sanctions will be determined by considering the total amount of short orders, profit gained from the illegal short sell activity, and the application of the relevant supervisory regulations.

Short-Sale Ban

If there are concerns about the undermining of market stability and fair price formation due to extreme market changes, the exchange may limit covered short selling of some or all listed securities after getting approval from the FSC. Previously, when drastic market changes took place in the wake of the global financial crisis in 2008 (for eight months) the downgrade of the U.S. federal government credit rating in 2011 (for three months), and the COVID-19 pandemic crisis in 2020 and 2021 (for 13.5 months and short selling partially resumed for KOSPI200 and KOSDAQ150 components only), short selling was banned for all listed securities.

Talking Points & Future Developments Facing the SBL Model

Macro and geopolitical events notwithstanding, borrow liquidity across the KOSPI tends to be deep and robust considering a well-held group of stocks with a variety of liquid hedging tools. However, inventory in KOSDAQ names can fall off dramatically as the hedging tools (futures, ETFs, etc.) are either not there or not liquid enough. In this universe, price volatility can be higher, and so, the demand to short sell and either hedge or normalize these movements is highest.

Developing Regulation

During the short sell ban period in 2020-2021, regulators and politicians worked to tighten short sell regulations in a response to retail investors' ongoing asks. In April 2021, additional regulations were implemented including the restriction of short sellers' event participation during rights offering period, five years of mandatory recordkeeping of SBL trade confirmation and transaction details as well as the increase in severity of penalties for breaches of short sell rules.

Meanwhile, regulators introduced a short sell mechanism for the retail investor base in May 2021 as part of their effort to level the playing field. Historically, retail investors view short sell activities as being largely driven by domestic institutional and foreign investors while their access is limited. As of August 2021, retail investors' short sell participation rate remains at 2 to 3% in terms of short sell volume.

TAIWAN



Principal Exchange: Taiwan Stock Exchange (TWSE), Taipei Exchange (TPEX)

Main Indices: TWSE (TWSE Index), PTE (TWOTC Index), Taiwan 50 Index (0050TT Equity)

Settlement Cycle: T+2 DVP

Trading Hours: 9:00 a.m. - 1:30 p.m.

Time Zone: GMT+8

Currency: TWD

CONTENTS

- AUSTRALIA
- CHINA
- CHINA / HK STOCK CONNECT
- HONG KONG
- INDIA
- INDONESIA
- JAPAN
- MALAYSIA
- NEW ZEALAND
- PHILIPPINES
- SINGAPORE
- SOUTH KOREA
- TAIWAN**
- THAILAND

General Market Overview

Taiwan Stock Exchange Corporation (TWSE) was established in 1961 and began operating as a stock exchange on February 9, 1962.

Taipei Exchange (TPEX), formerly the Gre Tai Securities Market (GTSM), is a foundation organized for serving the over-the-counter (OTC) market and Taiwan's bond trading. It was formally founded on November 1, 1994. In February 2015, the Gre Tai Securities Market changed its name to Taipei Exchange.

Exchange Highlights

Indices	TWSE	TPEX
Listed Companies	952 as of October 2021	789 as of October 2021
Total Market Cap	US\$1.94 trillion as of October 2021	US\$187 billion as of October 2021

Fixed Income

Useful Link: <https://www.tpex.org.tw/web/bond/index.php?l=en-us>



DATALEND MARKET DATA - EQUITIES (AVERAGES FROM JAN. 1 - SEPT. 15, 2021)

On Loan (USD)	Lendable (USD)	Utilization (%)	VWAF (bps)
16,919,223,707	123,755,531,249	13.61	236.98

Key Regulators

Financial Supervisory Commission – Securities and Futures Bureau:
<https://www.sfb.gov.tw/en/index.jsp>

Securities Borrowing and Lending (SBL)**Access Methods**

FINI (ID) market for foreign investors. There are two platforms: TWSE platform and Broker type.

- Fixed-rate: Transactions are executed at a fixed-rate publicly announced by the TWSE. The rate as of December 2019 was 3.5% per annum.
- Competitive bid: The SBL fee rate should be determined by the bids and offers quoted by the borrower and the lender subject to a maximum interest rate of 20% per annum.
- Negotiated transaction: All terms and conditions, including the loaned securities, traded volume, SBL fee rate, collateral ratio, return date, etc., are negotiated and determined by the counterparties. The maximum interest rate was 20% per annum but was reduced to 16% in July 2021.

Broker type is similar to the TWSE negotiated transaction.

The billing mechanism for onshore borrows under the negotiated type is settled on a monthly basis based on open positions. Other types pay the borrowing fee on return.

The list of lendable securities is available at: <https://www.twse.com.tw/en/page/trading/exchange/TWT60U.html>

In order to participate in securities lending in Taiwan, an SBL participant is required to open an equity trading account with a securities company located in Taiwan. The SBL participant (FINI) is required to enter into a "Letter of Entrustment for Securities Borrowing and Lending Transaction" with the securities firm. This enables the FINI's account to be linked with the TWSE SBL system. All loans must be intermediated for reporting purposes by onshore securities companies.

Useful Links:

- SBL Disclosures: https://www.twse.com.tw/en/page/products/sbl/sbl_info.html
- TWSE's Operating Rules for Securities Lending: <https://twse-regulation.twse.com.tw/ENG/EN/law/DAT0203.aspx?FLCODE=FL041484&keyword=securities%20lending&sHid=N>

Short-Selling Rules**Is short selling permitted?**

Naked short selling is banned.

Definition of short sale

Sell transactions settled by the delivery of borrowed securities under an SBL arrangement.

Pricing requirement for short sale

In principle, the short selling of borrowed stocks is subject to the uptick rule, which requires SBL short sales for borrowed shares to be entered at a price equal to or higher than the previous day's closing price.

However, since September 23, 2013, borrowed stocks eligible for margin trading are exempted from the uptick rule.

The waiver does not apply if the borrowed security's closing price of the previous day reaches the limit down price, or if no close price but best offer at limit down price on the previous trading day, then the uptick rule applies for the following trading day.

As of March 2020, however, the FSC announced that investors are not allowed to short sell borrowed securities at a price lower than the last closing price when the closing price of the previous day falls 3.5% or more.

Short Position Reporting**Disclosure of short position**

Not required.

When does a report need to be made?

Not required. TWSE collects short sale and borrow data from brokers at the end of each day.

Three ceilings are adopted to monitor the volume of short selling borrowed shares over the whole market:

- Daily maximum short selling of borrowed stocks cannot normally exceed 30% of their average daily trading volume over the previous 30 trading sessions. Please note that from March 19, 2020, for a period of 3 months, the volume control was reduced to 10% of the average trading volume of the stock during the previous 30 days.
- Total outstanding short positions from borrowed stocks across all market participants cannot exceed 10% of outstanding shares per lending stock.
- The total volume of short sold positions and margin short sales cannot exceed 25% of outstanding shares per stock.

If the short sale and borrow are executed through the same broker, the TWSE permits settlement on T+1, but the borrow needs to be reported and pre-matched on the trade date. If, however, the short sale and borrow are executed via different brokers, the borrow needs to be arranged and settled on the trade date.

Useful links:

- Daily short sell quota: static at <https://www.twse.com.tw/en/page/trading/exchange/TWT93U.html>
- Daily short sell quota: live at <http://mis.twse.com.tw/stock/sblInquiryCap.jsp>
- Securities exempted from SBL short selling price constraints at <https://www.twse.com.tw/en/page/trading/SBL/TWTACU.html>

Buy-Ins

Buy-ins don't occur due to the existence of cash and securities with a custodian and confirmed by a broker before they will trade (fails can carry the threat of suspension of up to three years). Taiwan is a no-fail market as there is no settlement for trades past their value date.

Collateral Requirements

Type: Currency (USD, GBP, AUD, HKD permitted, EUR and JPY suspended due to negative interest rates, TWD only allowed for onshore participants), TWSE & TPEX listed stock (<https://www.twse.com.tw/en/page/trading/exchange/TWT59U.html>), Taiwan Government Bond and bank guarantees (yet to be used).

Margin level (initial/maintain): TWSE competitive/fixed (140%/120%), TWSE negotiate/Broker type (variable).

Foreign Investor Limits

Foreign ownership limits (FOL) apply to some stocks. The TSE website publishes the list of names and respective ownership daily at:

https://www.twse.com.tw/en/page/trading/fund/MI_QFIIS.html

Tax

Manufactured dividends are treated as the lenders' dividend income or capital gains depending on whether borrowers hold borrowed securities as of the record date. If held on the record date, manufactured dividends are treated as the lenders' dividend income and are subject to income tax. If sold, manufactured dividends are deemed to be capital gains, which are currently tax-free in Taiwan. In addition, no business tax is levied on dividend income or capital gains.

With regard to dividend reimbursement for competitive and fixed-rate types, treatment is also dependent on whether borrowers hold the borrowed shares over record date.

Hold over record date

- Cash dividend: borrower needs to reimburse 100% of the dividend amount minus borrower's withholding tax.
- Stock dividend: borrower needs to return gross stock dividends to lenders.

Sold before record date

- Cash dividend: borrower needs to reimburse 100% of the dividend amount minus lender's withholding tax.
- Stock dividend: borrower needs to return gross stock dividends to lenders.

During negotiation, the treatment is agreed by the two parties.

SBL fees are considered Taiwan-sourced income and are subject to income tax as well as business tax. The Tax Authority further clarified that when both parties are FINIs without permanent establishments in Taiwan, the SBL fees are outside of business tax coverage.

Regarding offshore agent fees, when all of the agency services are provided offshore, and all parties including the lender, the borrower, and the offshore agent do not have permanent establishments in Taiwan, the agent fees are not subject to income tax or business tax.

The interest on the onshore cash collateral received by the borrower shall be subject

to income tax. However, if the borrower is a financial institution or trust investment company, business tax shall also be levied. In addition, interest on offshore collateral is not considered Taiwan-sourced income and is therefore not subject to tax in Taiwan.

No securities transaction tax or capital gains tax will be levied on the SBL transactions. If, however, a borrower defaults, and equivalent cash instead of the physical securities is returned to a lender, it shall be deemed that the lender has sold the loaned securities and shall be subject to the securities transaction tax.

Useful link:

<https://www.twse.com.tw/en/page/products/sbl/faq.html>

Special Auction Rules:

- 8:30 a.m. to 9:00 a.m.
- Open price determined at 9:00 a.m.
- Closing price is determined during 13:25 to 13:30 (normal trading hours)
- Odd lots trading period: 1:40 p.m. to 2:30 p.m.
- Block trades session: 8:00 a.m. to 8:30 a.m., 9:00 a.m. to 5:00 p.m.
- Block trade threshold: size > 500,000 shares, or notional > TWD 15,000,000

Talking Points & Future Developments Facing the SBL Model**Talking Points**

The following are areas in which the market could become more efficient:

- Remove the maturity for borrow. The market currently has a six-month maturity and is rollable twice if it remains on the loanable list. It would be a positive step to remove the maturity to be consistent with other mature SBL markets.
- Reduce the mandatory recall causes. Currently, all capital reduction names or merger target companies will get mandatory recalls from the exchange. Flexibility in these events would be an improvement.
- Remove the short-sell quota restraint. Other mature markets do not have a similar short-sell quota system.
- Currently unable to on-lend.
- Expanding the acceptable collateral to foreign government bonds, e.g., JGBs, which is a liquid and efficient instrument and fits well during Asia trading hours.

Developments

Continuous trading was implemented in March 2020.

THAILAND



Principal Exchanges: The Stock Exchange of Thailand (SET) Thailand Futures Exchange (TFEX) – a derivative exchange Market for Alternative Investment (MAI)

Main Indices: SET Index, SET 50 Index

Settlement Cycle: T+2

Trading Hours: Mon- Fri, 10:00 a.m. to 12:30 p.m., 14:00 to 16:30

Currency: Thai Baht (THB)

Time Zone: GMT+7

CONTENTS

- AUSTRALIA
- CHINA
- CHINA / HK STOCK CONNECT
- HONG KONG
- INDIA
- INDONESIA
- JAPAN
- MALAYSIA
- NEW ZEALAND
- PHILIPPINES
- SINGAPORE
- SOUTH KOREA
- TAIWAN
- THAILAND

Exchange Highlights

Indices	SET, SET50, SET100, sSET, SETHD, FTSE SET Large Cap, FTSE SET Mid Cap, FTSE Small Cap, FTSE Mid/Small Cap, FTSE SET All-Share, FTSE SET All-Share Industry, FTSE SET Fledgling, FTSE SET Shariah
Listed Companies	824 companies as of June 2021 https://www.set.or.th/en/company/companylist.html
Total Market Cap	US\$559 billion as of October 2021

Key Regulators

- Securities and Exchange Commission (SEC)
- Central Bank of Thailand (BoT)
- Central Securities Depository (CSD)
- Thailand Securities Depository Company Ltd (TSD)



Securities Borrowing and Lending (SBL)

Access Methods

Securities Borrowing and Lending (SBL) is allowed in Thailand but only in designated securities.

SBL programs were launched by the TSD on April 2, 1999, to minimize settlement failure of securities traded on the Stock Exchange of Thailand. On February 15, 2010, when the Thailand Securities Depository Co Ltd (TSD) migrated its roles as the central counterparty (CCP) to the Thailand Clearing House Co Ltd (TCH), the SBL function was also transferred and is now operated by the TCH.

There are two categories of SBL available in the market:

- Mandatory TSD borrowing to cover settlement failure
- Standard SBL

Mandatory SBL Program

Under this program, securities borrowing is mandatory for all brokers who are short of securities in their clearing account with the TCH. Settlement failures on the broker side can be decreased. If a broker is short of securities on the settlement date, the TCH will process the settlement as normal. The counterparty's account will be credited, and the broker's account will be debited, thus resulting in a negative securities balance. The TCH will then go into the market and try to borrow the necessary securities to cover the accounts shortfall. It will do so as principal for the account and on behalf of the broker.

There are two attempts to borrow: first attempt in the afternoon at 1:30 p.m. on T+2 (SD) and another attempt at the end of that day (EOD).

If the TCH is unable to borrow enough securities by T+2, the defaulted selling broker will have one day (on T+3) to regularize their position independently. If this fails, the TCH will trigger buy-in on behalf of the defaulted selling broker on T+3 by 11:30 a.m.

Unless there is an error on the broker's side, all expenses related to borrowing and/or a buy-in will be for the seller's account, along with penalty fees charged by the TCH for late settlement. However, if the TCH manages to borrow securities on the first attempt (at 1:30 p.m. on T+2 SD), no late settlement penalty will be charged to the broker.

DATALEND MARKET DATA - EQUITIES (AVERAGES FROM JAN. 1 - SEPT. 15, 2021)

On Loan (USD)	Lendable (USD)	Utilization (%)	VWAF (bps)
2,315,450,903	29,345,616,361	7.92	342.11

Standard SBL

The standard SBL model is open to foreign investors and, if both investors are foreign, then they are not subject to local SBL regulations. Transactions are conducted OTC between lenders and borrowers. Overall, the offshore SBL market has more liquidity than onshore. However, it is important to note some restrictions pertaining to foreign investor limits as outlined below.

Foreign Investor Limits

Foreign ownership is capped at 49% of total shares for most companies, and at 25% for banks, finance companies, and telecommunications companies.

Local and foreign shares trade in the stock market under different ISINs. Foreign

investors are eligible to buy local shares; however, foreign investors that hold local shares will not be entitled to corporate action proceeds or voting rights. Apart from local and foreign shares, there is also another type called Non-Voting Depository Receipt (NVDR), which is designed to stimulate trading activity on the Thai stock market and to help eliminate foreign investment barriers, such as foreign investment limits.

The difference between local, foreign, and NVDR shares for foreign investors can be illustrated in the table below.

Share Type	Corporate Action (CA) Entitlement for Foreign Investors
Local	No
Foreign	All
NVDR	All, except voting rights

As a result of different CA entitlements for foreign investors, foreign investors have the option to buy local shares and NVDRs and then convert them to foreign shares if there is enough room in the foreign line (i.e., meaning the foreign shares threshold is still under 49%). Local shares and NVDRs can be converted to foreign shares if there is foreign room available, though there can be a premium charged for converting to the foreign line. Foreign shares can also be converted back to local shares by the custodian. However, for NVDRs, once converted to foreign shares, some custodians will not be able to convert back easily, especially if the NVDR headroom is reached, so the investor would need to contact their own broker in advance to see if it is possible. See the illustrated table below:

Share Type	Share Type	Method	Cost	Responsible Party
Local	Foreign	PTI	Depository fees	Custodian Bank or Local
NVDR	Foreign	PTI	Depository fees	Broker
NVDR	Local	Put Through	Brokerage Fee	Foreign NVDR

In summary, local custodians can generally support the following:

1. Maintain shares as local (no conversion required).
2. Convert local to foreign shares and vice versa. However, there can be a premium to converting from local to foreign shares.
3. Convert NVDR to foreign shares. Conversion from foreign to NVDR can be more complicated.

Investors must maintain a dual cash account structure to separate funds specific to investments. The non-resident Baht account for securities (NRBS) is used for all securities-related transactions, and the non-resident Baht account (NRBA) is used for direct investment. Cash cannot be transferred between the two types of accounts.

The Bank of Thailand (BoT) imposes a maximum aggregate limit of THB 300 million on daily end-of-day balances for non-resident cash accounts (both NRBS and NRBA) at the global custodian level. Investors are encouraged to avoid holding long balances.

Fixed Income

The fixed-income market went from being dominated by corporate bonds and short-term corporate bills of exchange to fully tradable government bonds, with the yield curve extending out to 29 years.

The Bank of Thailand (BoT) supervises the operation of banking and finance businesses, while the Securities and Exchange Commission (SEC) supervises the primary and secondary market for securities businesses. The issuance and offering of securities are governed by the Securities and Exchange Act of 1992 (BE 2535).

In supervising the Thai bond market, the Thai Bond Market Association (Thai BMA) under the Securities and Exchange Commission Act BE 2535 was officially established on September 8, 2005, with the main purpose of being a self-regulatory organization for the fair and efficient operation of the bond market and to be an information center for the bond market. It also plays functional roles in market development, market convention and standards, and as the bond-pricing agency for the industry. In addition, the Thai BMA provides a forum through which industry professionals can respond to current issues and play a role in shaping the future of the Thai bond market.

Fixed Income Data

Government debt securities consist of four major types:

1. T-bills are short-term debt instruments with maturities of less than one year. The bills are sold on a discount basis.
2. Government bonds are medium- to long-term debt instruments issued by the Ministry of Finance (MOF). There are two types of government bonds outstanding: loan bonds (LB) and savings bonds (SB). LBs are issued for financing budget deficit. SBs are issued to provide households with an alternative source of saving.
3. SOE bonds are medium- to long-term debt instruments issued by SOEs. This can be categorized into two types: guaranteed and non-guaranteed by the MOF.
4. State agency bonds, or Bank of Thailand (BOT) bonds, are bonds issued by the BOT with a one- to two-year term. Most are issued at a discount (e.g., CBXXXXXX), while some issues are with a coupon (e.g., BOTXXXX).

Corporate debt securities

The corporate sector began to issue bonds in 1992 after the enactment of the SEC Act, which eased criteria for the issuance of corporate bonds. Among the features of outstanding corporate bonds are straight, floating-rate notes, amortizing, and convertible.

Foreign bonds

Foreign bonds are THB-denominated bonds issued for sale in Thailand by international organizations.

Short-Selling Rules

Is short selling permitted?

Yes, only specific securities. See link under "Short Position Reporting."

Pricing requirement for short sale

There is no uptick rule, but a participant must flag a short sale transaction at the point of execution if it is a short (as opposed to long) sale.

A member may conduct a short sale only at a price that is not lower than the last trading price.

Short Position Reporting

Disclosure of short position

In a short sale, a member shall make an offer by means of recording it into the trading

system for automated order matching (AOM) in accordance with the rules. See link under "Short Selling Regulations."

When does a report need to be made?

A member shall prepare a short sale record in accordance with the form prescribed by the exchange, and the record shall at all times be updated.

A member shall, at the end of each day and in accordance with the form prescribed by the exchange, submit a report on short positions not yet covered, classified according to each individual security. See link under "Short Selling Regulations."

Useful links:

Securities Eligible for Short Selling: <https://www.set.or.th/rulebook/#/regulation/content/7017;keyword=short%20selling>

Short Selling Regulations: <https://www.set.or.th/rulebook/#/regulation/content/10628;keyword=short%20selling>

Buy-Ins

If a custodian bank fails to settle its securities and payment obligations, the TCH will impose a fine of up to 5% of the market value of the transactions and four times the defaulted payment amount, respectively. Such fines are rare as custodian banks are allowed to revoke transactions before the actual transfer of securities and payments takes place at the TCH.

For inter-broker settlement, if a transaction fails to settle on T+2, TCH will invoke the mandatory stock-borrowing program. If the borrowing is successful by 12:30 p.m., no penalty will apply, but the selling broker will have to bear the borrowing cost. If borrowing is successful only at the end of the day, a one-day late settlement penalty and the borrowing cost will be charged to the selling broker.

If the TCH is unable to borrow sufficient securities by T+2, it will allow the default member to regularize its position in the morning of T+3 until 10:30 a.m., i.e. the net clearing cut-off time. Otherwise, the TCH will start to buy-in on the next day following the default date, i.e., T+3 for settlement on the same day. If the buy-in is not successful by T+3, the TCH will continue the buy-in attempt until T+7. After that, the default will be negotiated between the TCH and the default member outside the system as per the current procedure.

Collateral Requirements

In the onshore market, the TCH will act as the guarantor of collateral for the lender. The borrower shall place the collateral with the TCH at a rate of 130% of the value of the borrowing securities. The collateral must be placed on SD by 2 p.m.

Tax

The Revenue Department of Thailand published revenue ruling no. Gor. Kor.0706/10946 in April 2006. The ruling dated December 30, 2005, states that a securities lending transaction is considered to be a service under Section 77/1(1) of the Revenue Code. As such, fees arising from securities lending are classified as income from a tax standpoint and are treated in a similar way to the taxation of interest income.

The ruling outlines that the lending fee would be subject to 7% VAT plus WHT since the

fee is regarded as interest income (for example, if the recipient is an off-shore entity, 10% or 15% WHT would be applied depending on the Double Tax Treaty and whether or not the recipient is a financial institution).

This tax ruling applies to the lending fee arising from transactions in which one or both counterparts are onshore entities.

The tax ruling does not provide any interpretation for offshore transactions between offshore non-Thai entities. In line with general Thai tax law, where both lender and borrower are offshore non-Thai entities, and neither carry on business in Thailand, the lending fee would not be subject to Thai tax.

Operational and Post Trade

Effective from March 2, 2018, trade date (T) with settlement date (SD) on March 6, 2018, the settlement cycle for the equities market was shortened from T+3 to T+2, in line with the standard settlement cycle for fixed-income instruments. Custodians and brokers are members of the TSD’s post-trade integration (PTI) system. TCH implemented the new clearing system named SET Clear for cash clearing products (equities and bonds), effective August 24, 2015. Thus, clearing functions under the PTI system have transferred to the new clearing system. The PTI is now mainly for depository and registration and is operated by TSD.

The TSD enhanced its PTI system to allow depository account segregation in the TSD system and enable automatic pre-matching via SWIFT or file upload between counterparties (i.e., custodians and brokers) through the Pre-Settlement Matching System (PSMS). TSD participants now have an option to maintain their depository account at an omnibus level or segregations at their client-account level.

Effective August 24, 2015, pre-matching between counterparties (brokers/ custodians) is auto-processed via PSMS by SWIFT (for SWIFT users, i.e., custodian banks), Application Programming Interface (API) message or file upload (for brokers that are non-SWIFT users). Pre-matching via telephone would be required in some exceptional cases or in the case of unmatched transactions.

Pre-matching criteria for PSMS:

- Type of trade (RVP, DVP, RFP, DFP)
- Settlement date
- Nominal amount (share quantity)
- Settlement amount – for against payment trade (DVP/RVP)
- ISIN code
- Client’s custodian settlement account at CSD level
- Settlement account of counterparty at CSD level

Auction rules

Pre-open (a.m.): 9:30 to 9:55/10:00 (random open between 9:55 to 10:00 for the morning trading session)

Pre-open (p.m.): 14:00 -to 14:25/14:30 (random open between 14:25 to 14:30 for the afternoon trading session)

Pre-close: 16:30 to 16:35/16:40 (random close between 16:35 to 16:40 for calculating the closing price)

Off-hours trading: 16:35/16:40 to 17:00

Market close: 17:00

Talking Points & Future Developments Facing the SBL Model

The Foreign/Local/NVDR structure is unique to Thailand and can result in operational issues for market participants. A revamp of the existing structure or relaxation of rules related to converting shares between the different lines would be beneficial.

Penalties for failing DVP trades on settlement date can be punitive. This results in a reduction of liquidity as lenders (both principal and agent) hold back significant amounts of lendable supply to counter any risk of failing trades.

DISCLAIMER

Except as otherwise specifically set forth herein, PASLA, RMA and EquiLend warrant that the data in this Asia Pacific Securities Lending Markets User Guide 2021 is provided “as is” without any express or implied warranty of any kind including warranties of merchantability, non-infringement or fitness for any particular purpose. PASLA, RMA and EquiLend warrant that the data has been obtained from or is based upon sources believed by PASLA, RMA and EquiLend to be reliable, but make no other warranty as to its accuracy or completeness, except as otherwise specifically set forth herein. PASLA, RMA and EquiLend warrant that use of the data contained in this Asia Pacific Securities Lending Markets User Guide 2021 does not violate or infringe the copyrights or other intellectual property rights of others. PASLA, RMA and EquiLend supply the information contained in the Asia Pacific Securities Lending Markets User Guide 2021 without any other warranty on the understanding that any person who acts upon it or otherwise changes position in reliance thereon does so entirely at such person’s own risk. This commentary only serves as a guideline and should not be construed as tax or professional advice. Please consult a tax professional or conduct your own market due diligence for further information.

© COPYRIGHT 2021 EQUILEND HOLDINGS LLC, THE RISK MANAGEMENT ASSOCIATION AND THE PAN ASIA SECURITIES LENDING ASSOCIATION. ALL RIGHTS RESERVED.

ASIA PACIFIC SECURITIES LENDING MARKET USER GUIDE 2021

AUSTRALIA

CHINA

CHINA/HK STOCK

CONNECT

HONG KONG

INDIA

INDONESIA

JAPAN

MALAYSIA

NEW ZEALAND

PHILIPPINES

SINGAPORE

SOUTH KOREA

TAIWAN

THAILAND

