

## Malaysia GST Case Study



Presented by Paul Marchant

Thursday, 8<sup>th</sup> October 2015



# Disclaimer of Warranties and Limitation of Liability

- The Case Study and any material (collectively "Material") provided to you by us shall be on "as is" basis. Neither DTCC nor its affiliates make any warranty, express or implied, as to the accuracy, timeliness or completeness of the Material or as to the results to be attained by you or others from the use of the Material. You hereby acknowledge that there are no express or implied warranties of title, merchantability or fitness for a particular purpose or use, and that you have not relied upon any warranty, guaranty or representation made by DTCC or its affiliates.
- Neither DTCC nor its affiliates shall in any way be liable to you or any client of yours for any inaccuracies, errors or omissions, regardless of cause, in the Material provided hereunder or for any damages (whether direct or indirect, incidental, special or consequential, including loss of profits, regardless of whether such damages could have been foreseen or prevented) resulting therefrom. Without limiting the foregoing, we shall have no liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgments, or any other conclusions, or any course of action determined, by you or any client of you, whether or not based on the Material.

# Malaysia GST - Agenda



- Background
  - Big Picture
- Timelines
  - Sequence of Events
- CTM Workflow
  - The big-picture and the detail
- Conclusion

# DTCC-Omgeo



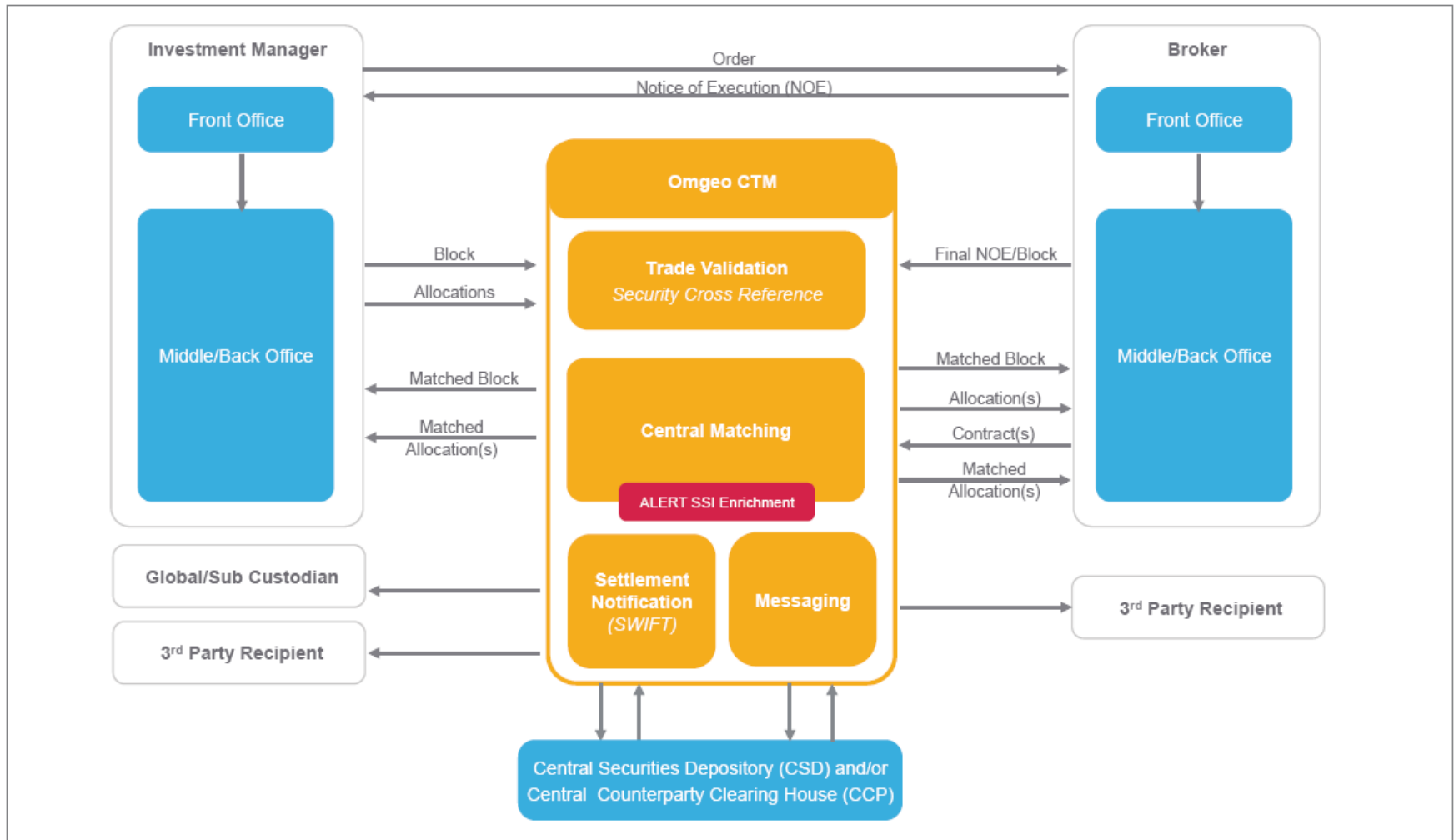
- **What We're About:**

Omgeo is an operations expert automating trade lifecycle events, including allocation, confirmation / affirmation, settlement notification, enrichment, operational analytics and counterparty risk management between trade counterparties.

Our offerings address the challenges with manual, error-prone processes that you may encounter throughout the trade lifecycle. Our core expertise lies in automating the communication between parties to a trade or a contract. Providing services that electronically link counterparties around the world has allowed us to create a global, efficient community of clients.

This is what sets us apart.

# Full Omgeo-CTM Workflow



# Malaysia GST

- Malaysia GST Announce in the budget in April 2014
- Live Date 1<sup>st</sup> April 2015
- 6% GST on Clearing Fee & Commission
- July/August 2014 – initial discussions with RMPG
  - **Focused around alternatives including TRAX and WITH**
- NMPG Malaysia
  - **No decision early Sept 2014**

# Malaysia GST

- SMPG meeting  
Boston late Sept 2014
- Recommendation: LADT
- October/November market  
validation / intel gathering
- December / January:  
Industry: GST is coming...  
Omgeo: Draft Code of Practice...
- March... final reminder sent...
- **Not everyone trades Malaysian Securities**

## Updates on Global SMPG

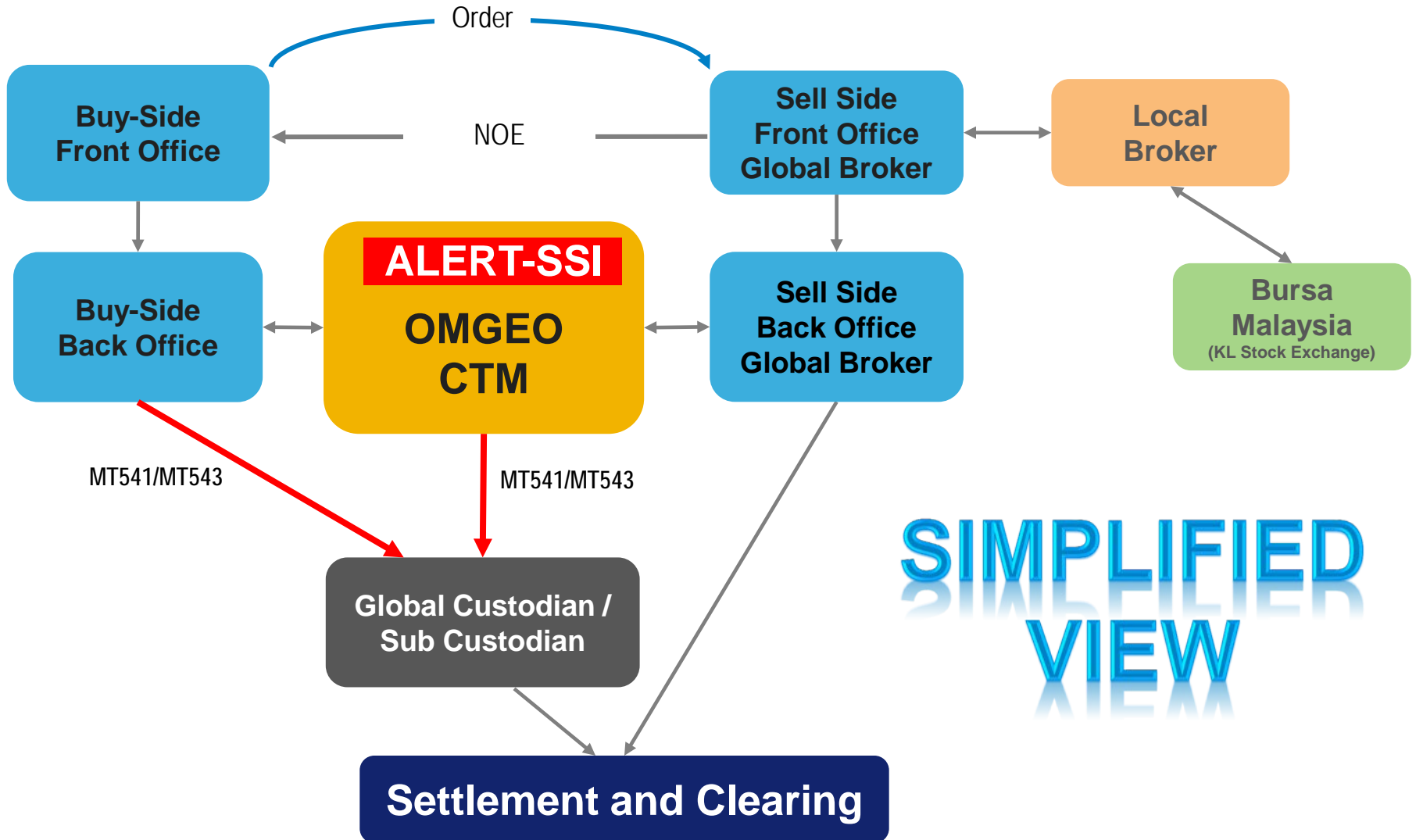


- SMPG Boston Meeting Highlights (24 – 26 September 2014)

- Minutes and presentation materials on [www.smpg.info](http://www.smpg.info)
- S & R
  - Review of Global IPO MP document
  - High level review of SR 2015 (7 accepted CRs for both S&R and Common CRs)
  - Question from Omgeo: what qualifier should be used for GST in Malaysia? SMPG's recommendation ==>LADT
  - T2S related discussions
- CA
  - Overview SR 2015 (12 accepted CRs for CA)
  - Updates on Narratives qualifiers (scope/usage)
  - Discussion on creating a Contingent Convertible Bonds MP
  - Discussions on other CA MPs
  - T2S related discussions



# Workflow Impact in Omgeo Central Trade Manager (Omgeo CTM)





# Omgeo Partner Directory



- Omgeo partners with a broad range of service providers worldwide to enable clients to link their front-office systems with Omgeo's post-trade solutions. Omgeo Partner Program participants include the world's leading:
  - Order management systems, portfolio management systems, and sell-side trading systems
  - Back-office systems providers, reconciliation providers, and service bureaus
  - Middleware providers and network providers

# Global Alliances / Certified Partners

## GLOBAL ALLIANCES

Advent

BlackRock Solutions

Bloomberg L.P.

Charles River Development

Eze Castle Software

Fidessa Group

Fiserv

Investment Technology Group, Inc

Linedata Services

Optitrade

SimCorp

SS&C

SunGard Asset Arena

SunGard Front Arena

SunGard Phase3

SunGard Stream

Tradar Ltd.

## Certified Partners

Advisor Technology Services

Athena Systems

Avaloq Evolution AG

Broadridge Financial Solutions, Inc.

Comprehensive Software Systems

COR-FS

Dion Global Solutions

DST International

Electra

Enfusion LLC

Financial Information Network

GBST

Hundsun Technologies Inc.

iGATE

Imagine Software

iMeta

INDATA

Integrated Business Systems

K WAY Information Corp.

KG Financial Software Private Limited (KGFSL)

Matrix Applications

MIXIT, Inc.

Neoxam

OGIS-RI Co., Ltd.

Open Finance

Paladyne Systems, Inc

Princeton Financial

QED Information Systems

SEI

Serisys Solutions Ltd.

SGGG Portfolio Systems

Shadow Financial Systems, Inc.

SmartStream Technologies Ltd.

Software Financiero de Bolsa SA

Sophis

Tata Consultancy Services

Thomson Reuters BETA Systems

Trace Financial

TradingScreen

Transaction Network Services

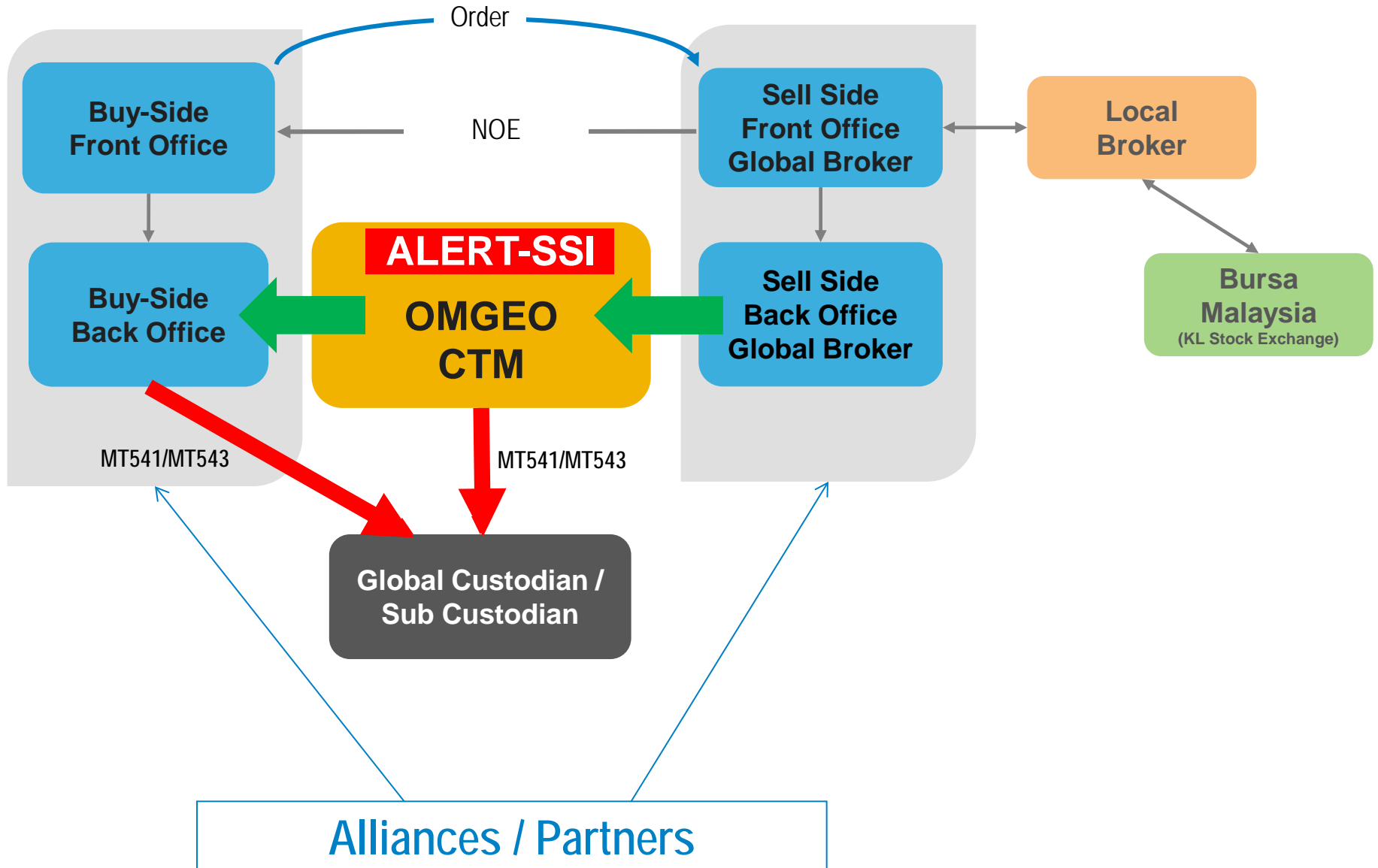
ULLINK SAS

Vestmark

# Global Alliances / Partners



# Global Alliances / Partners



# Code of Practice

## Omgeo Central Trade Manager<sup>SM</sup>

### Fees and Taxes: Best Practices

May 20, 2015

Table 1 Marketplace fee and tax fields (continued)

Marketplace	Omgeo CTM Code	Description of Charge
India	Charges/Fees (CHAR)	Follow the SMPG guidelines for this market.
	Local Tax (LOCL)	Follow the SMPG guidelines for this market.
	Transaction Tax (TRAX)	Sales Tax, Service Tax, and Securities Transaction Tax.
Indonesia	Charges/Fees (CHAR)	Transfer Fee.
	Local Tax (LOCL)	Levy or Exchange Fee.
	Transaction Tax (TRAX)	Value Added Tax (VAT), Stamp Duty, Sales Tax.
Italy	Transaction Tax (TRAX)	Italian Financial Transaction Tax. SMPG guidelines advise TRAX as the recommended identifier for the financial transaction tax (JLB, where a country has a different recommendation the local NMPG advise).

Malaysia	Charges/Fees (CHAR)	Follow the SMPG guidelines for this market.
	Local Tax (LOCL)	Clearing Fee.
	Transaction Tax (TRAX)	Contract Stamp.
	Local Tax (LADT)	Goods and Services Tax (GST) on clearing and commission.



A DTCC Company



Pakistan	Local Tax (LADT)	Goods and Services Tax (GST) on clearing and commission.
	Charges/Fees (CHAR)	Bank Charge, Central Depository Company of Pakistan (CDC) Fee.
	Local Tax (LOCL)	Clearing Fee/Transfer Fee.
	Transaction Tax (TRAX)	Levy.
Philippines	Charges/Fees (CHAR)	Other Charges.
	Local Tax (LOCL)	Philippine Central Depository, Inc. (PCD Fee), Securities Clearing Corporation of the Philippines (SCCP) Fee.
	Transaction Tax (TRAX)	Sales Tax, Value Added Tax (VAT), Documentary Stamp.
Shanghai	Charges/Fees (CHAR)	Other Charges (Administration fee, broker remittance fee).
	Local Tax (LOCL)	Transaction Levy, Clearing Fee.
	Transaction Tax (TRAX)	Stamp Duty.
Shenzhen	Charges/Fees (CHAR)	Other Charges.
	Local Tax (LOCL)	Transaction Levy, Transfer Fee, and Clearing Fee.
	Transaction Tax (TRAX)	Stamp Duty.
Singapore	Charges/Fees (CHAR)	Other Charges.
	Local Tax (LOCL)	Clearing Fee, Singapore Exchange (SGX) Trading Access Fee.
	Transaction Tax (TRAX)	Contract Stamp, Goods and Services Tax (GST).
South Africa	Charges/Fees (CHAR)	Insider Trading Levy.
	Local Tax (LOCL)	State Settlement Charge (SSC).
	Transaction Tax (TRAX)	Marketable Securities Tax (MST).

# Managing Market Change

## How we Manage Market Change...

### Monitor the Market

- Members of 75 industry associations globally
- Regular dialogues with regulators and infrastructure providers
- 65 advisory councils and working groups globally

### Assess Impact

- Product and workflow impact
- Internal **and/or** client changes
- If necessary, prioritize any enhancements
- Document *Code of Practice*

### Educate the Marketplace

- One-to-one client consultations
- Webinars
- Consultations with key industry bodies

We all play a part in ensuring industry readiness, institutions must assess the impact on their own systems, vendors and processes

## Conclusions and Questions?

---

**Q&A**



Securing Today. Shaping Tomorrow.®

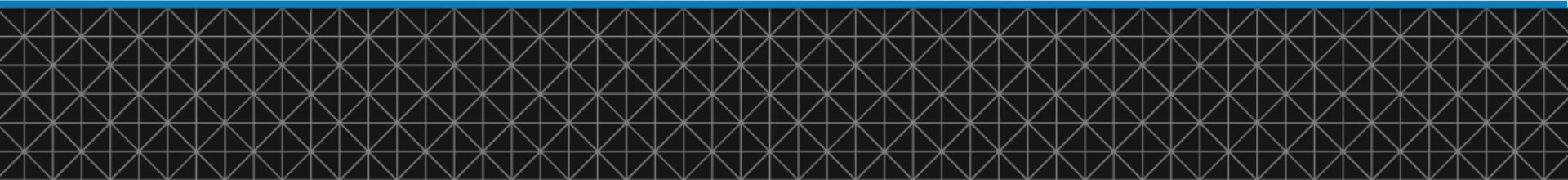
# Malaysia GST

## Case Study

Presented by Paul Marchant

Thursday, 8<sup>th</sup> October 2015

[pmarchant@dtcc.com](mailto:pmarchant@dtcc.com)





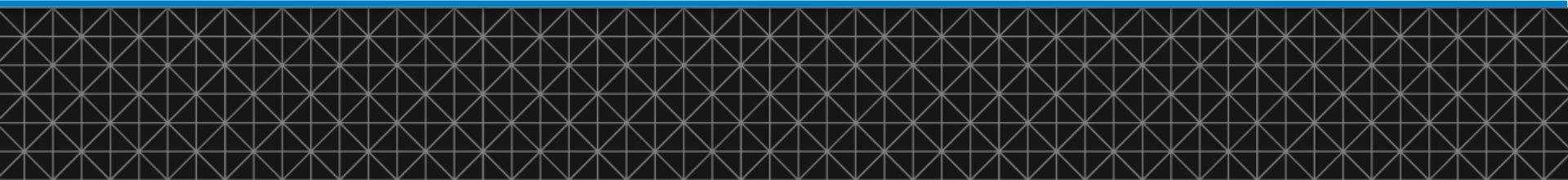


Securing Today. Shaping Tomorrow.®

# What You Should Know about SGX's and MKK's Upcoming Changes

Presented by Paul Marchant – Regional Product Manager, Asia

Thursday, 8<sup>th</sup> October 2015



# Webinar: SGX On/Off Exchange Agenda



- What are the changes
- Why this could be a challenge
- Who could potentially be impacted
- The timeline
- Review in detail of the impact
- DTCC enhancements
- Next steps
- Q&A

# Disclaimer of Warranties and Limitation of Liability

- The presentation and any material (collectively "Material") provided to you by us shall be on "as is" basis. Neither DTCC nor its affiliates make any warranty, express or implied, as to the accuracy, timeliness or completeness of the Material or as to the results to be attained by you or others from the use of the Material. You hereby acknowledge that there are no express or implied warranties of title, merchantability or fitness for a particular purpose or use, and that you have not relied upon any warranty, guaranty or representation made by DTCC or its affiliates.
- Neither DTCC nor its affiliates shall in any way be liable to you or any client of yours for any inaccuracies, errors or omissions, regardless of cause, in the Material provided hereunder or for any damages (whether direct or indirect, incidental, special or consequential, including loss of profits, regardless of whether such damages could have been foreseen or prevented) resulting therefrom. Without limiting the foregoing, we shall have no liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgments, or any other conclusions, or any course of action determined, by you or any client of you, whether or not based on the Material.

# Timeline



MKK: 30<sup>th</sup> November 2015

New fee schedule affecting equity transactions that are “off-exchange”

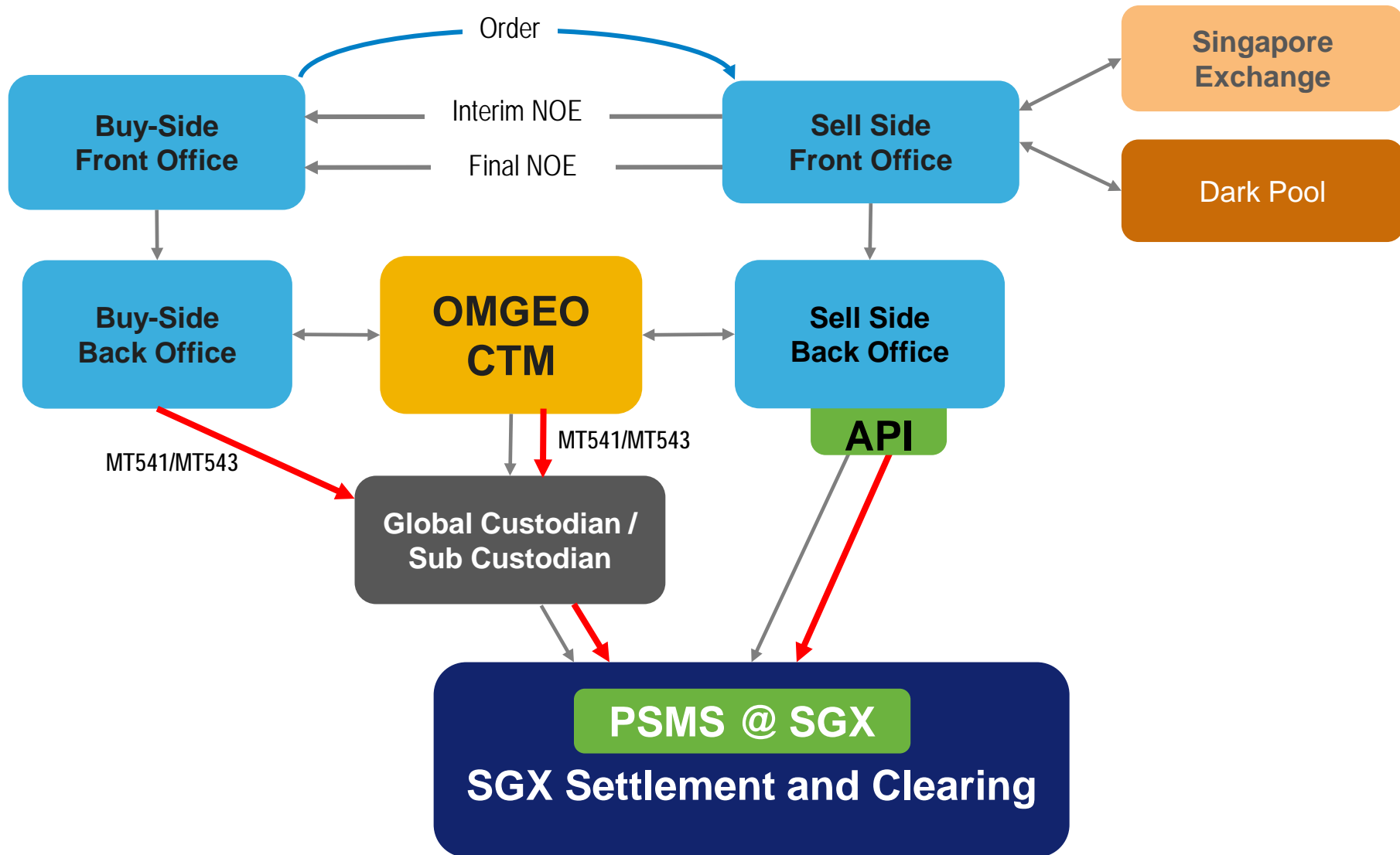
No change to settlement matching

SGX: Phase 1 – 1<sup>st</sup> July 2016

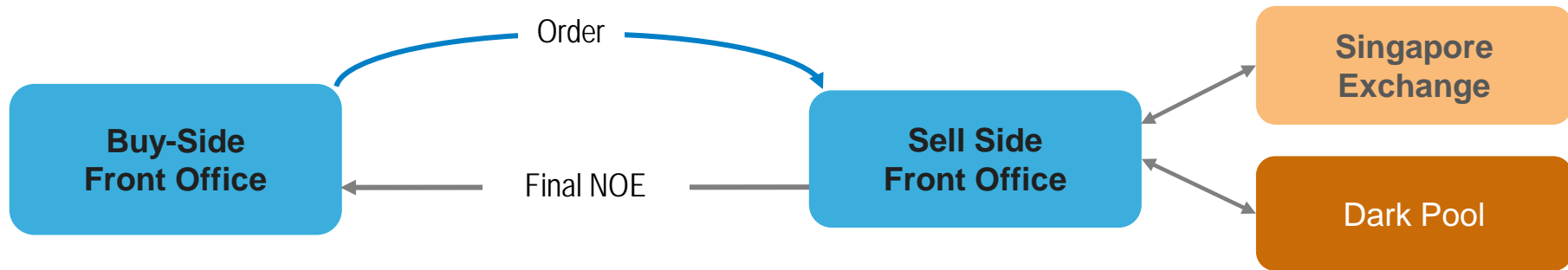
Phase 2 - SGX will make an assessment on market adoption and suitability after approximately 6 months and provide feedback to the community throughout.

Other integrated trading + clearing exchange operators may follow

# Workflow Impact in Omgeo Central Trade Manager (Omgeo CTM)



# Workflow Impact



Investment Manager Places Block Order:  
SELL 1,000 Shares – Best Price

Broker executes order to Sell 1,000 shares at best price  
900 Shares On Exchange  
100 Shares Off-Exchange

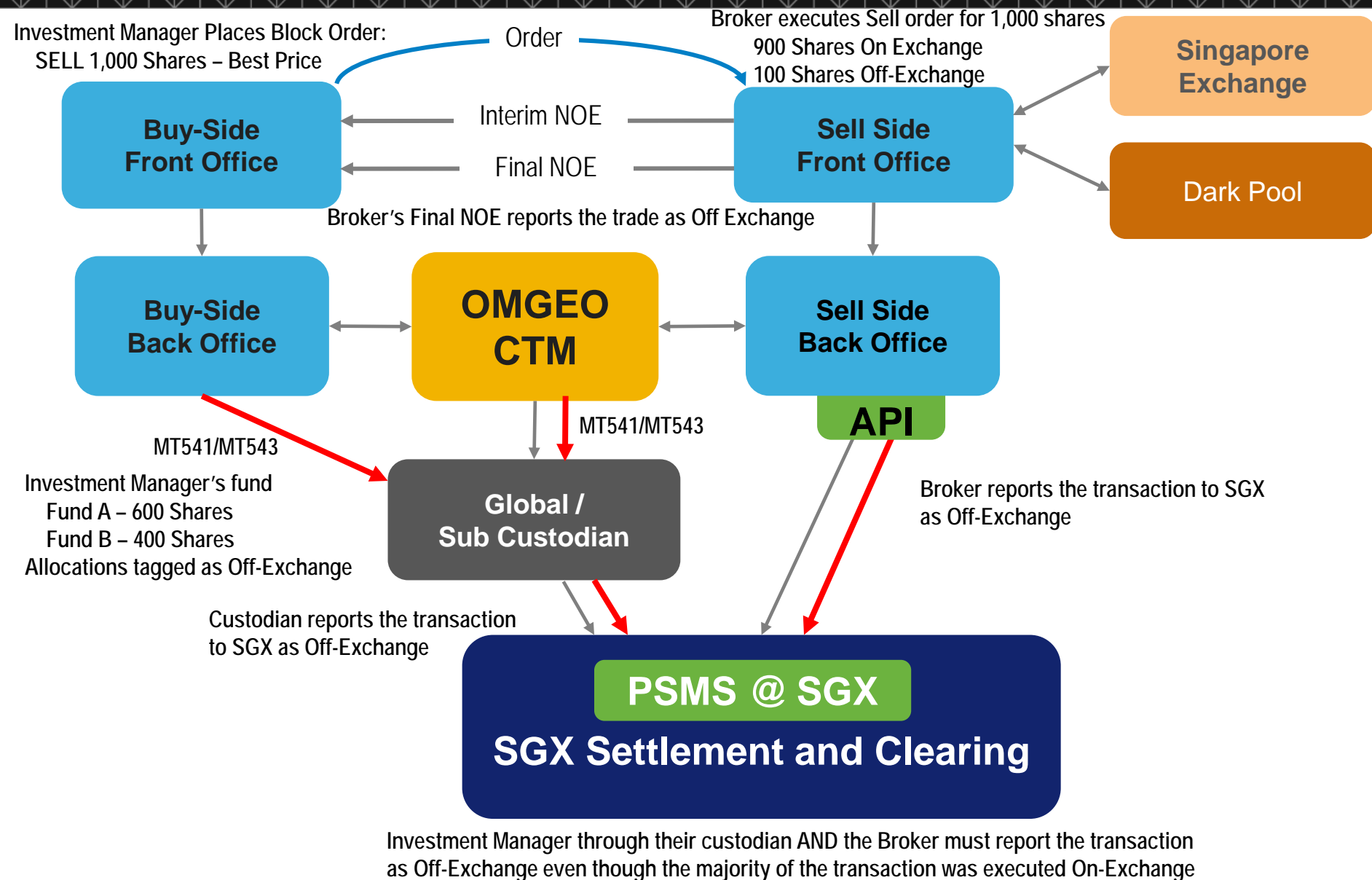
Investment Manager's fund broken down into  
Fund A – 600 Shares  
Fund B – 400 Shares  
Both allocations tagged as Off-Exchange

Broker's Final NOE reports the trade as Off Exchange

Investment Manager through their custodian AND the Broker must report the transaction as Off-Exchange even though the majority of the transaction was executed On-Exchange

An exception to this rule is for large orders – Min 50,000 Shares or S\$150,000 where the whole transaction can be marked as on-exchange even if part of the order is off-exchange which falls under the SGX rules for Direct Reporting

# Workflow Impact in Omgeo CTM



# Impact to Settlement Messaging

For SGX, this impacts

- All SWIFT MT540 to MT547 message types that cover
  - Standard securities trades
  - Securities Borrowing and Lending
  - Collateral movements (in and out)
  - ADR Transfer
  - Placement
  - Issuance

For MKK, this impacts

- New market fees on equity transactions
- i.e. SWIFT MT541 and MT543 message types for standard securities trades

Omgeo supports SWIFT MT541 and MT543 settlement instructions only



# Client Impact



From a DTCC Omgeo CTM Perspective trading securities that settle at SGX or MKK:

- Investment Managers
- Brokers
- Partners / Vendors
  - e.g. Charles River, Bloomberg, Eze, Fidessa, ITG, Linedata, Simcorp, Sungard
- Omgeo CTM Settlement Notification Users

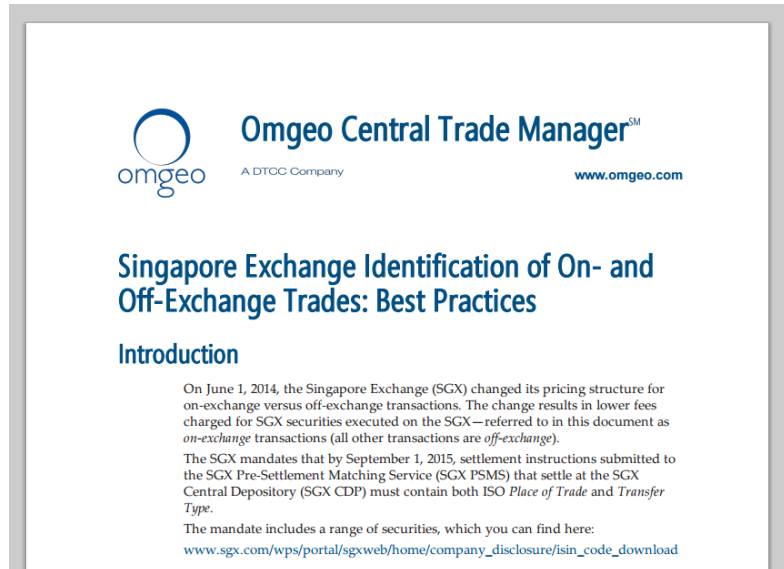
Also impacts all local custodians that interface into the depository

# How are users impacted?

- Investment Managers who use Omgeo CTM may need to populate Place of Trade
  - This information populates SWIFT Tag 94B with Place of Trade sent to custodians
  - Custodians will include this information when sending settlement instructions to the Central Depository Pre-Settlement Matching System
- Alternatively Investment Managers may use Broker's Place of Trade through subscription when launched in R4 2015
  - Broker's Place of Trade will be populated in SWIFT Tag 94B and will be available to clients that have their own SWIFT Gateway

# What documentation is available from Omgeo CTM ?

- Best Practice Document



- Navigate to [www.omgeo.com/documentation](http://www.omgeo.com/documentation)
  - > Omgeo CTM > Best Practices Market Specific
- Or follow the link
- <http://www.omgeo.com/documentation/DV432904ZC4>

# Next steps

- **Review the requirements and the roll-out timelines**
- **Speak to your counterparties to understand how this might impact your firm**
  - Trading counterparties – how they execute your orders, and how they communicate execution data
  - Settlement counterparties – how they process your instructions
- **Check whether you can leverage relief provisions**
- **Understand whether it will have an impact on your systems, and the interaction with other systems**

Questions?

---

**Q&A**

## What You Should Know about SGX's and MKK's Upcoming Changes

Presented by Paul Marchant – Regional Product Manager, Asia

[pmarchant@dtcc.com](mailto:pmarchant@dtcc.com)

Thursday, 8<sup>th</sup> October 2015

