



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

**CONCEPT PAPER ON
RECORDKEEPING AND REPORTING REQUIREMENT FOR
OVER-THE-COUNTER DERIVATIVES**

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The Concept Paper on Recordkeeping and Reporting Requirements for Over-the-Counter (OTC) Derivatives is a joint-framework between Bank Negara Malaysia (BNM) and Perbadanan Insurans Deposit Malaysia (PIDM). A copy of the same concept paper is also available in BNM's regulatory handbook system (FI@KijangNet) under the reference number BNM/RH/CP 018-05.

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PART A: OVERVIEW

1. Introduction

1.1 The global financial crisis of late 2008 highlighted the structural deficiencies in the over-the-counter derivatives (“OTC derivatives”) market and the risk it poses for the wider economy. It also highlighted the potential destabilising effect of OTC derivatives on the financial system caused by the simultaneous closing out of large volumes of OTC derivatives following the initiation of formal resolution procedures by regulators on failing financial institutions

1.2 Following the global financial crisis, a number of countries, led by international bodies such as the Financial Stability Board, Bank for International Settlements (“BIS”), International Organisation of Securities Commissions (“IOSCO”) and the Committee on Payment and Settlement Systems (“CPSS”), have embarked on various initiatives to reform the OTC derivatives market in order to improve transparency and regulatory oversight of OTC derivatives as well as to improve regulators’ effectiveness in resolving distressed financial institutions, especially financial institutions with large exposures to OTC derivatives.

1.3 Over the past decade, exposures to OTC derivatives by Malaysian financial institutions have grown with gross notional amount of outstanding OTC derivatives at over RM1 trillion as at December 2011. Enhanced access to OTC derivatives information by regulators is therefore critical for effective market surveillance, timely policy responses and resolution planning.

1.4 In line with international developments, Malaysia has also taken several measures to, amongst others, enhance legislation to be able to better regulate and deal with OTC derivatives upon the failure of institutions. For instance, the Central Bank of Malaysia Act 2009 provides for broad powers to address systemic risks and the Capital Markets and Services Act 2007 provides the Securities Commission Malaysia (“SCM”) with wider powers to regulate the OTC derivatives industry within Malaysia which include, amongst others, the power to set up a trade repository¹ for OTC derivatives. Perbadanan Insurans Deposit Malaysia (“PIDM”) has also been

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vested with powers to temporarily suspend termination rights of counterparties to qualified financial agreements (“QFAs”) (which include OTC derivatives) of Member Institutions² (“MI”) of PIDM and to transfer the QFAs to a bridge institution or a qualified third party³ (“QTP”) under certain circumstances.

1.5 While the setting up of the trade repository is envisaged to provide comprehensive capture of OTC derivatives information, Bank Negara Malaysia (“BNM”) and PIDM plans to implement the recordkeeping and reporting requirements on its regulated institutions in the interim. BNM and PIDM are also in discussions with the SCM in respect of the recordkeeping and reporting template with a view to minimise costs to the industry in the development of the reporting infrastructure.

2. Legal Provisions

2.1 The recordkeeping and reporting requirement will be issued pursuant to the relevant legislation administered by BNM and PIDM.

3. Objectives

3.1 The objective of this concept paper is to seek the views and comments on the proposal for institutions to maintain and report data relating to OTC derivatives in a standardised form so as to facilitate regulatory and supervisory assessment. In particular, the implementation of the recordkeeping and reporting requirement will assist BNM and PIDM in:

- (a) monitoring exposures of regulated institutions to OTC derivatives; and
- (b) conducting resolution activities, including but not limited to making the determination on the transfer of the OTC derivatives portfolio of a failing MI of PIDM to a bridge institution or a QTP during a resolution.

¹ Due to come into operation at the expiration of two (2) years or a further period not exceeding one (1) year as the Minister may determine, from 3 October 2011.

² A “member institution” means a financial institution or a corporation that is deemed to be or prescribed as a member institution under the Malaysia Deposit Insurance Corporation Act 2011 (“PIDM Act”) and the membership of which has not been cancelled or terminated.

³ Subsection 115(3) of the PIDM Act allows PIDM to temporarily suspend the right of the counterparty to a QFA from terminating the agreement upon the assumption of control of a failing MI by PIDM or its appointed person or upon the appointment of a receiver over a failing MI. The temporary suspension period is currently proposed to be ten (10) days. During the temporary suspension period, PIDM may transfer or declare in writing that it will transfer QFAs to a bridge institution or a QTP. The effect of the transfer is that the QFAs may only be terminated against the bridge institution or the QTP in accordance with its terms, as if the agreement had always been with the bridge institution or QTP, and not the failing MI.

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3.2 Effective implementation of the recordkeeping and reporting requirement will also allow PIDM to consider the possibility of reducing the temporary suspension period, as it could facilitate PIDM to make the determination on the transfer within a shorter time period.

3.3 For the purpose of this requirement, OTC derivatives refer to financial agreements that are traded outside of an organised exchange and whose obligations are derived from, referenced to, or based on one or more underlying reference items that are interest rates, currencies, commodities, securities or other ownership interests, credit or guarantee obligations, debt securities, indices related to those items, or such other reference items or indices as may be prescribed by BNM or PIDM from time to time.

4. Applicability

4.1 The recordkeeping and reporting requirements are applicable to the following reporting institutions:

- (a) BNM regulatees:
 - (i) all banks⁴ licensed under the Banking and Financial Institutions Act 1989 and the Islamic Banking Act 1983; and
 - (ii) all insurance companies⁵ licensed under the Insurance Act 1996 and all takaful operators registered under the Takaful Act 1984.
- (b) PIDM regulatees:
 - (i) all MIs of PIDM.

MIs of PIDM consist of all commercial banks, Islamic banks and International Islamic banks licensed under the Banking and Financial Institutions Act 1989 and the Islamic Banking Act 1983, and all insurance companies and Takaful operators licensed under the Insurance Act 1996 and Takaful Act 1984.

⁴ Includes commercial banks, Islamic banks, investment banks and international Islamic banks.

⁵ Includes insurance companies, takaful operators, reinsurance companies and retakaful operators.

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PART B: RECORDKEEPING AND REPORTING REQUIREMENTS

5. Recordkeeping and Reporting Template

5.1 The recordkeeping and reporting template is designed to collect data on all outstanding OTC derivative trades of an institution as at a particular reporting date where the contracts have yet to mature or where settlement has yet to be made. The template has considered the potential data fields to be captured under a trade repository as advocated by the BIS and IOSCO⁶.

5.2 The template is broadly organised into four (4) main sections:

- (a) Section 1 of the template focuses on aggregate level data which aims to provide an overall view of the institution's exposure to both OTC derivatives and exchange-traded derivatives. This section is further broken down into two subsections which aim to provide an overall view of the institution's derivatives exposures by purpose – hedging and non-hedging.
- (b) Section 2 focuses on participant level data, which aims to provide an overall view of the institution's OTC derivatives exposure, along with collateral information, categorised by counterparty.
- (c) Section 3 focuses on transaction level data, which aims to provide detailed information on individual OTC derivatives transactions or trades, along with collateral information, categorised by counterparty.
- (d) Section 4 focuses on qualitative information on the OTC derivatives that institutions will be required to maintain in either written or electronic format.

Please refer to the **Appendix** for the recordkeeping and reporting template.

⁶ CPSS and Technical Committee of the IOSCO's Final Report titled "Report on OTC Derivatives Data Reporting and Aggregation Requirements" issued in January 2012.

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5.3 Details in Sections 1 to 4 should be maintained in a spreadsheet format as provided by BNM and PIDM. Data collected via the template is strictly accessible by BNM and PIDM only.

5.4 In respect of Section 1 of the template, we propose to categorise a trade as a hedging transaction if it meets the hedge accounting standards of the Malaysian Financial Reporting Standards (MFRS) 139: Financial Instruments: Recognition and Measurement.

5.5 In order to facilitate accurate assessment of concentration and counterparty risks, BNM and PIDM are considering the usage of a standardised counterparty identifier in the recordkeeping and reporting template. The potential standardised counterparty identifiers that are being considered are as follows:

| Type of Entity | | Standardised Counterparty Identifier |
|--------------------------|---|---|
| Locally incorporated | <ul style="list-style-type: none"> Banks and insurance companies | <ul style="list-style-type: none"> BNM's Financial Institutions Statistical System (FISS) and Insurance Companies Statistical System (ICSS) code |
| | <ul style="list-style-type: none"> Corporations or companies | <ul style="list-style-type: none"> Company registration number |
| Non-locally incorporated | <ul style="list-style-type: none"> Banks | <ul style="list-style-type: none"> Society for Worldwide Interbank Financial Telecommunication (SWIFT) code |
| | <ul style="list-style-type: none"> Non-banks | <ul style="list-style-type: none"> Company registration number |

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6. Reporting Requirements

6.1 Reporting institutions are required to report their OTC derivative trades as follows:

- (a) aggregate level and participant level data (as set out in Sections 1 and 2 of the recordkeeping and reporting template in the **Appendix**) **on a quarterly basis to BNM**. The data should be reported to BNM five (5) business days after the closing date of each quarter;
- (b) transaction level data and qualitative information (as set out in Sections 3 and 4 of the recordkeeping and reporting template in the **Appendix**) **as and when requested by either BNM or PIDM** (as applicable).

6.2 Upon request by either BNM or PIDM, institutions shall furnish Sections 1 to 4 of the recordkeeping and reporting template **within 24 hours** of the institution's closing of processing, with reconciled⁷ information on all outstanding OTC derivatives positions as at the close of processing on that business day. For example, if a request is made to Institution X at 3:00 p.m. on Day #1 and the closing of processing of Institution X is at 10:00 p.m. of Day #1, Institution X is required to submit the reconciled information on all outstanding OTC derivatives as at 10:00 p.m. on Day #1 to BNM or PIDM or both by 10:00 p.m. on Day #2.

6.3 All the reports for Section 1 to 4 must be certified as correct and signed off by the Chief Financial Officer or someone with similar or higher responsibilities prior to submission to either BNM or PIDM.

6.4 BNM and PIDM may examine the capabilities of the institutions through trial runs or any other means, to ensure that reporting institutions are able to accurately generate both aggregate and detailed transaction level data within the specified timeframe.

⁷ Reconciled with counterparties' records in respect of portfolio and valuation.

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PART C: FEEDBACK AND CONSULTATION

7. Feedback Required

7.1 BNM and PIDM seek feedback on all aspects of the recordkeeping and reporting requirements. In addition to general comments to the proposal, feedbacks are sought on the following specific issues:

- (a) Do you envisage any problem or concern to report data fields in the format as prescribed in the template? If yes, please highlight how these concerns may be addressed.
- (b) Are there any specific types of OTC derivatives (e.g. Islamic derivatives) trades that the template may not be suitable for?
- (c) Based on the objective of the recordkeeping exercise, what is your view about the proposed definition for hedging, i.e. a trade that meets the hedge accounting standards of the Malaysian Financial Reporting Standards (MFRS) 139: Financial Instruments: Recognition and Measurement? Please suggest any other hedge definitions that would be suitable and what the challenges could be in applying these definitions.
- (d) Do you have any comment or suggestion on the proposed standardised counterparty identifiers?
- (e) Does your institution have a collateral management system that captures all the collateral information required in the template and is your collateral management system integrated with other back-office or relevant systems?
- (f) In relation to collaterals, please provide the following information:
 - i. As at 30 March 2012, how many percent of your institution's outstanding OTC derivatives trades (by number of trades and mark-to-market value of trades) is subject to collateral agreement? What are the types of OTC derivatives trades that are not commonly subjected to collateral arrangement?

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- ii. What type of collateral agreement does your institution use? If there is more than one type of collateral agreement, what is the percentage of usage (by number of agreements) for each type?
 - iii. What are the common types of collateral posted or received by your institution in relation to OTC derivatives?
- (g) What is your institution's practice in respect of reconciliation of outstanding OTC derivatives trades with respective counterparties? Specifically, as at 30 March 2012, how many percent of your outstanding OTC derivatives trades (by number of trades and mark-to-market value of trades) are reconciled at daily, weekly, monthly, quarterly and annual intervals or not reconciled regularly?
- (h) How long would it take for mark-to-market valuation to be procured and reflected in your systems?
- (i) Are there constraints in furnishing the recordkeeping and reporting template to BNM and PIDM within 24 hours? If yes, please highlight and provide the following information:
- i. What enhancements would be required?
 - ii. What is the estimated timeframe to implement the enhancements?
 - iii. What are the estimated costs for such enhancements?
- (j) What would be the most efficient alternative arrangements for collecting OTC derivatives information going forward? What is your view on the use or enhancements to existing financial market infrastructure to capture OTC derivatives information?

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8. Consultation Process

8.1 BNM and PIDM hereby invite written comments from interested parties on the proposals and issues raised in this concept paper.

8.2 Written comments should be submitted to the following centralised e-mail address **no later than 30 April 2012**:

Email: otcrecordkeeping@pidm.gov.my

8.3 A briefing will be held on **10 April 2012 (10 am – 12 noon)** at **Conference Hall 1, Sasana Kijang, Bank Negara Malaysia**. All interested parties, in particular parties wishing to seek further clarifications on the recordkeeping and reporting requirement, are invited to attend the briefing. To register for the briefing, please provide the following details to the email address stated above by **3 April 2012**:

- (a) your organisation;
- (b) number of persons attending (limited to 2 persons per organisation); and
- (c) names, identification card numbers and contact details of persons attending.

8.4 For enquiries and clarification, please contact any of the following:

| <u>BNM (for all institutions)</u> | <u>PIDM (for MIs only)</u> |
|---|---|
| Mr. Chan Kah Som (03-2698 8044 ext 8634) | Mr. Shrithar Nagalingam (03-2173 7483) |
| Ms. Tan May Lin (03-2698 8044 ext 8651) | Ms. Peggie Tang (03-2173 7410) |

APPENDIX: RECORDKEEPING AND REPORTING TEMPLATE

Section 1: Aggregate Level Data – Summary by Position (All)

SECTION 1: AGGREGATE LEVEL DATA
Summary by Position (ALL)

Name of Member Institution:
Reporting Date:

| | | TOTAL | | | |
|-----|---|-----------------|-----------------------------|-----------------------------|--------------------|
| | | Notional Amount | Gross Positive Market Value | Gross Negative Market Value | Gross Market Value |
| A1 | ISDA/Tahawwut OTC Derivative Contracts | | | | |
| A2 | Forward | | | | |
| A3 | Swaps | | | | |
| A4 | Options | | | | |
| A5 | Others | | | | |
| A6 | SUB-TOTAL (A2 to A5) | | | | |
| A7 | Non-ISDA/Tahawwut OTC Derivative Contracts | | | | |
| A8 | Forward | | | | |
| A9 | Swaps | | | | |
| A10 | Options | | | | |
| A11 | Others | | | | |
| A12 | SUB-TOTAL (A8 to A11) - Non-ISDA OTC | | | | |
| A13 | Exchange-traded Derivative Contracts | | | | |
| A14 | Futures | | | | |
| A15 | Forward | | | | |
| A16 | Swaps | | | | |
| A17 | Options | | | | |
| A18 | Others | | | | |
| A19 | SUB-TOTAL (A14 to A18) - Exchange-traded | | | | |
| A20 | GRAND-TOTAL (A6 + A12 + A19) | | | | |
| A21 | Remaining Term to Maturity | | | | |
| A22 | ≤ 1 month | | | | |
| A23 | 1 month < Term ≤ 3 months | | | | |
| A24 | 3 months < Term ≤ 6 months | | | | |
| A25 | 6 months < Term ≤ 12 months | | | | |
| A26 | 1 year < Term ≤ 3 years | | | | |
| A27 | 3 years < Term ≤ 5 years | | | | |
| A28 | 5 years < Term ≤ 10 years | | | | |
| A29 | > 10 years | | | | |
| A30 | GRAND-TOTAL (A22 to A29) | | | | |

'Notional Amount' represents the amount of principal underlying the derivative contract, to which rates are applied to calculate periodic payment obligations.

'Gross Positive Market Value' represents the sum of the replacement values of all outstanding derivative contracts that are in a current gain position to the institution at current market prices (i.e. positive mark-to-market value). If these derivative positions were settled immediately, they would represent claims on counterparties.

'Gross Negative Market Value' represents the sum of the replacement values of all outstanding derivative contracts that are in a current loss position to the institution at current market prices (i.e. negative mark-to-market value). If these derivative positions were settled immediately, they would represent payables to the counterparties.

'Gross Market Value' represents the summation of the "Gross Positive Market Values" and the "Gross Negative Market Value" of all outstanding contracts as at the reporting date by types of derivatives (futures, forward, swaps, options and others) and without netting the contracts with the same counterparty.

Section 1(a): Aggregate Level Data – Summary by Position (For Hedging Purpose)

SECTION 1(a): AGGREGATE LEVEL DATA
Summary by Position (For Hedging Purpose)

Name of Member Institution:
Reporting Date:

| | | Purpose: Hedging | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----|--|------------------|-----------------------------|-----------------------------|--------------------|------------------------------|-----------------------------|-----------------------------|--------------------|------------------------------------|-----------------------------|-----------------------------|--------------------|-------------------|-----------------------------|-----------------------------|--------------------|------------------------------|-----------------------------|-----------------------------|--------------------|-----------------|-----------------------------|-----------------------------|--------------------|-----------------|-----------------------------|-----------------------------|--------------------|
| | | Equity Related | | | | Interest/Profit Rate Related | | | | Foreign Exchange Related Contracts | | | | Commodity Related | | | | Credit Derivatives Contracts | | | | Others | | | | TOTAL | | | |
| | | Notional Amount | Gross Positive Market Value | Gross Negative Market Value | Gross Market Value | Notional Amount | Gross Positive Market Value | Gross Negative Market Value | Gross Market Value | Notional Amount | Gross Positive Market Value | Gross Negative Market Value | Gross Market Value | Notional Amount | Gross Positive Market Value | Gross Negative Market Value | Gross Market Value | Notional Amount | Gross Positive Market Value | Gross Negative Market Value | Gross Market Value | Notional Amount | Gross Positive Market Value | Gross Negative Market Value | Gross Market Value | Notional Amount | Gross Positive Market Value | Gross Negative Market Value | Gross Market Value |
| A1 | ISDA/Tahawwut OTC Derivative Contracts | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A2 | Forward | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A3 | Swaps | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A4 | Options | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A5 | Others | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A6 | SUB-TOTAL (A2 to A5) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A7 | Non-ISDA/Tahawwut OTC Derivative Contracts | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A8 | Forward | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A9 | Swaps | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A10 | Options | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A11 | Others | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A12 | SUB-TOTAL (A8 to A11) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A13 | Exchange-traded Derivative Contracts | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A14 | Futures | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A15 | Forward | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A16 | Swaps | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A17 | Options | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A18 | Others | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A19 | SUB-TOTAL (A14 to A18) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A20 | GRAND-TOTAL (A6 + A12 + A19) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A21 | Remaining Term to Maturity | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A22 | ≤ 1 month | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A23 | 1 month < Term ≤ 3 months | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A24 | 3 months < Term ≤ 6 months | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A25 | 6 months < Term ≤ 12 months | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A26 | 1 year < Term ≤ 3 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A27 | 3 years < Term ≤ 5 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A28 | 5 years < Term ≤ 10 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A29 | > 10 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A30 | GRAND-TOTAL (A22 to A29) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

"Notional Amount" represents the amount of principal underlying the derivative contract, to which rates are applied to calculate periodic payment obligations.
 "Gross Positive Market Value" represents the sum of the replacement values of all outstanding derivative contracts that are in a current gain position to the institution at current market prices (i.e. positive mark-to-market value). If these derivative positions were settled immediately, they would represent claims on counterparties.
 "Gross Negative Market Value" represents the sum of the replacement values of all outstanding derivative contracts that are in a current loss position to the institution at current market prices (i.e. negative mark-to-market value). If these derivative positions were settled immediately, they would represent payables to the counterparties.
 "Gross Market Value" represents the summation of the "Gross Positive Market Values" and the "Gross Negative Market Value" of all outstanding contracts as at the reporting date by types of derivatives (futures, forward, swaps, options and others) and without netting the contracts with the same counterparty.

Section 1(b): Aggregate Level Data – Summary by Position (For Non-Hedging Purpose)

SECTION 1(b): AGGREGATE LEVEL DATA
Summary by Position (For Non-Hedging Purpose)

Name of Member Institution:
Reporting Date:

| | | Purpose: Non-Hedging | | | | | | | | | | | | | | | | | | | | | | | | TOTAL | | | | |
|-----|--|----------------------|-----------------------------|-----------------------------|--------------------|------------------------------|-----------------------------|-----------------------------|--------------------|------------------------------------|-----------------------------|-----------------------------|--------------------|-------------------|-----------------------------|-----------------------------|--------------------|------------------------------|-----------------------------|-----------------------------|--------------------|-----------------|-----------------------------|-----------------------------|--------------------|-----------------|-----------------------------|-----------------------------|--------------------|--|
| | | Equity Related | | | | Interest/Profit Rate Related | | | | Foreign Exchange Related Contracts | | | | Commodity Related | | | | Credit Derivatives Contracts | | | | Others | | | | TOTAL | | | | |
| | | Notional Amount | Gross Positive Market Value | Gross Negative Market Value | Gross Market Value | Notional Amount | Gross Positive Market Value | Gross Negative Market Value | Gross Market Value | Notional Amount | Gross Positive Market Value | Gross Negative Market Value | Gross Market Value | Notional Amount | Gross Positive Market Value | Gross Negative Market Value | Gross Market Value | Notional Amount | Gross Positive Market Value | Gross Negative Market Value | Gross Market Value | Notional Amount | Gross Positive Market Value | Gross Negative Market Value | Gross Market Value | Notional Amount | Gross Positive Market Value | Gross Negative Market Value | Gross Market Value | |
| A1 | ISDA/Tahawwut OTC Derivative Contracts | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A2 | Forward | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A3 | Swaps | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A4 | Options | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A5 | Others | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A6 | SUB-TOTAL (A2 to A5) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A7 | Non-ISDA/Tahawwut OTC Derivative Contracts | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A8 | Forward | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A9 | Swaps | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A10 | Options | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A11 | Others | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A12 | SUB-TOTAL (A8 to A11) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A13 | Exchange-traded Derivative Contracts | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A14 | Futures | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A15 | Forward | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A16 | Swaps | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A17 | Options | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A18 | Others | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A19 | SUB-TOTAL (A14 to A18) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A20 | GRAND-TOTAL (A6 + A12 + A19) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A21 | Remaining Term to Maturity | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A22 | ≤ 1 month | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A23 | 1 month < Term ≤ 3 months | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A24 | 3 months < Term ≤ 6 months | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A25 | 6 months < Term ≤ 12 months | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A26 | 1 year < Term ≤ 3 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A27 | 3 years < Term ≤ 5 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A28 | 5 years < Term ≤ 10 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A29 | > 10 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A30 | GRAND-TOTAL (A22 to A29) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

"Notional Amount" represents the amount of principal underlying the derivative contract, to which rates are applied to calculate periodic payment obligations.
 "Gross Positive Market Value" represents the sum of the replacement values of all outstanding derivative contracts that are in a current gain position to the institution at current market prices (i.e. positive mark-to-market value). If these derivative positions were settled immediately, they would represent claims on counterparties.
 "Gross Negative Market Value" represents the sum of the replacement values of all outstanding derivative contracts that are in a current loss position to the institution at current market prices (i.e. negative mark-to-market value). If these derivative positions were settled immediately, they would represent payables to the counterparties.
 "Gross Market Value" represents the summation of the "Gross Positive Market Values" and the "Gross Negative Market Value" of all outstanding contracts as at the reporting date by types of derivatives (futures, forward, swaps, options and others) and without netting the contracts with the same counterparty.

Section 2: Participant Level Data – Summary by Counterparty

SECTION 2: PARTICIPANT LEVEL DATA
Summary by Counterparty

Name of Member Institution:
Reporting Date:

| | Purpose: Hedging | | | | | | | | | | | | | | Purpose: Non-Hedging | | | | | | | | | | | | | | All Purposes | | | | | |
|-----|--|--------------------|------------------------------|--------------------|------------------------------------|--------------------|-------------------|--------------------|------------------------------|--------------------|-----------------|--------------------|-----------------|--------------------|----------------------|--------------------|------------------------------|--------------------|------------------------------------|--------------------|-------------------|--------------------|------------------------------|--------------------|-----------------|--------------------|-----------------|--------------------|-------------------|------------------|-----------------------------------|-------------------------------------|---|--|
| | Equity Related | | Interest/Profit Rate Related | | Foreign Exchange Related Contracts | | Commodity Related | | Credit Derivatives Contracts | | Others | | TOTAL (A) | | Equity Related | | Interest/Profit Rate Related | | Foreign Exchange Related Contracts | | Commodity Related | | Credit Derivatives Contracts | | Others | | TOTAL (B) | | GRAND TOTAL (A+B) | | COLLATERAL INFORMATION | | | |
| | Notional Amount | Gross Market Value | Notional Amount | Gross Market Value | Notional Amount | Gross Market Value | Notional Amount | Gross Market Value | Notional Amount | Gross Market Value | Notional Amount | Gross Market Value | Notional Amount | Gross Market Value | Notional Amount | Gross Market Value | Notional Amount | Gross Market Value | Notional Amount | Gross Market Value | Notional Amount | Gross Market Value | Notional Amount | Gross Market Value | Notional Amount | Gross Market Value | Notional Amount | Gross Market Value | Notional Amount | Net Market Value | Market Value of Collateral Posted | Market Value of Collateral Received | Institution's Collateral Excess or (Deficiency) | Counterparty's Collateral Excess or (Deficiency) |
| A1 | Banking Institutions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A2 | Bank 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A3 | - Master Agreement 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A4 | - Master Agreement 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A5 | Bank 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A6 | - Master Agreement 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A7 | - Master Agreement 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A8 | Sub-total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A9 | Insurance Companies/Takaful Operators | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A10 | Insurance Company 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A11 | - Master Agreement 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A12 | - Master Agreement 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A13 | Insurance Company 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A14 | - Master Agreement 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A15 | - Master Agreement 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A16 | Sub-total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A17 | Corporates/Companies | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A18 | Company 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A19 | - Master Agreement 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A20 | - Master Agreement 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A21 | Company 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A22 | - Master Agreement 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A23 | - Master Agreement 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A24 | Sub-total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A25 | GRAND TOTAL (A9 + A16 + A24) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

"Notional Amount" represents the amount of principal underlying the derivative contract, to which rates are applied to calculate periodic payment obligations.

"Gross Market Value" represents the summation of the "Gross Positive Market Values" and the "Gross Negative Market Value" of all outstanding contracts as at the reporting date by types of derivatives (futures, forward, swaps, options and others) and without netting the contracts with the same counterparty.

"Net Market Value" represents the summation of the positive and negative market values of all outstanding contracts as at the reporting date and netted by counterparty, to the extent permitted under all applicable agreements. If one or more positions cannot be netted against others, they should be maintained as separate entries. Such netting shall exclude netting for collaterals.

"Market Value of Collateral Posted" represents the current market value of the collateral posted by the institution against all positions with each counterparty.

"Market Value of Collateral Received" represents the current market value of the collateral received by the institution against all positions with each counterparty.

"Institution's Collateral Excess or (Deficiency)" represents the difference between an institution's aggregate net market value of all positions (after netting to the extent permitted under each applicable agreement) AND the aggregate market value of all collateral posted by the institution, in whole or in part.

"Counterparty's Collateral Excess or (Deficiency)" represents the difference between an institution's aggregate net market value of all positions (after netting to the extent permitted under each applicable agreement) AND the aggregate market value of all collateral received by the institution, either in whole or in part.

Section 3(b): Collateral Information – By Counterparty

SECTION 3(B): COLLATERAL INFORMATION
BY COUNTERPARTY

Name of Member Institution:

Reporting Date: DD/MM/YYYY

| COLLATERAL INFORMATION | | | | | | | | | | | | | |
|------------------------|-------------------|--|------------------------|------------------|---------------------------|--|-----------------------------|--|---|--|------|--|--|
| No | Counterparty Name | Master Agreement / Tahawwut Master Agreement Reference | Total Net Market Value | Threshold Amount | Type of Collateral Posted | Market Value of Collateral Posted as at Reporting Date | Type of Collateral Received | Market Value of Collateral Received as at Reporting Date | Institution's Collateral Excess or (Deficiency) | Counterparty's Collateral Excess or (Deficiency) | | | |
| | | | (RM) | (RM) | | (RM) | | (RM) | (RM) | (RM) | | | |
| Eg | Counterparty A | Master Agreement No 1 | XXXXX | XXXX | Cash | RMxxx | | | XXXXX | | | | |
| | | | | | Government Securities | RMxxx | | | | | | | |
| | | | | | Private Debt Securities | RMxxx | | | | | | | |
| | | | | | NIDs | RMxxx | | | | | | | |
| | | | | | Equities | RMxxx | | | | | | | |
| | | | | | Guarantees | RMxxx | | | | | | | |
| | | | | | Performance Bonds | RMxxx | | | | | | | |
| | | | | | Others | RMxxx | | | | | | | |
| | | Tahawwut Master Agreement No 2 | | XXXXX | | | | Cash | RMxxx | - | XXXX | | |
| | | | | | | | | | Government Securities | RMxxx | | | |
| | | | | | | | | | Private Debt Securities | RMxxx | | | |
| | | | | | | | | | NIDs | RMxxx | | | |
| | | | | | | | | | Equities | RMxxx | | | |
| | | | | | | | | | Guarantees | RMxxx | | | |
| | | | | | | Performance Bonds | RMxxx | | | | | | |
| | | | | | | Others | RMxxx | | | | | | |
| Eg | Counterparty B | Master Agreement No 1 | XXXXX | | Cash | RMxxx | | | XXXX | - | | | |
| | | | | | Government Securities | RMxxx | | | | | | | |
| | | | | | Private Debt Securities | RMxxx | | | | | | | |
| | | | | | NIDs | RMxxx | | | | | | | |
| | | | | | Equities | RMxxx | | | | | | | |
| | | | | | Guarantees | RMxxx | | | | | | | |
| | | | | | Performance Bonds | RMxxx | | | | | | | |
| | | | | | Others | RMxxx | | | | | | | |
| | | Master Agreement No 2 | | XXXXX | | | | Cash | RMxxx | XXXX | - | | |
| | | | | | | | | | Government Securities | RMxxx | | | |
| | | | | | | | | | Private Debt Securities | RMxxx | | | |
| | | | | | | | | | NIDs | RMxxx | | | |
| | | | | | | | | | Equities | RMxxx | | | |
| | | | | | | | | | Guarantees | RMxxx | | | |
| | | | | | | Performance Bonds | RMxxx | | | | | | |
| | | | | | | Others | RMxxx | | | | | | |

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Section 4: Other Information to be Maintained on OTC Derivatives

A) Each institution must maintain a list of the following information, either in a written or electronic format. Such information is to be produced immediately upon request by either BNM or PIDM:

- 1) A list of the counterparties' names and their unique identifiers together with the associated counterparties, along with their contact information.
- 2) A list of the affiliates of the counterparties that are also counterparties to the OTC derivative transactions with the institution or its affiliates, and the specific master netting agreements, if any, under which they are counterparties.
- 3) A list of the affiliates of the institution that are counterparties to OTC derivative transactions that are governed under a master agreement entered into by the institution. Such list should specify:
 - (i) which affiliates are direct and indirect subsidiaries of the institution; and
 - (ii) the specific master agreements under which those affiliates are counterparties to the OTC derivative transactions.

B) For each OTC derivative transaction, the institution must maintain copies of the following agreements:

- 1) Agreements (including master agreements and annexes, supplements or other modifications with respect to the agreements) between the institution and its counterparties that govern the OTC derivative transactions.
- 2) Documents related to and affirming the position.
- 3) Credit support documents.
- 4) Assignment documents, if applicable, including documents that confirm that all required consents, approvals or other conditions precedent for such assignments have been obtained or satisfied.

C) The institution must also maintain:

- 1) A legal entity corporate structure, showing the institution, its corporate parent, subsidiaries and all other affiliates, if any.
- 2) An organisational chart, including names and position titles, of all personnel significantly involved in OTC derivatives related activities at the institution, its parent and affiliates.
- 3) A list of vendors supporting OTC derivatives related activities and their contact information.
- 4) Contact information of the primary contact person for purposes of compliance with reporting requirement.

Explanatory Notes on Section 3(a)

| Terms | Description | Applicability | | |
|--------------------------------------|---|---------------|------|--------|
| | | Forward | Swap | Option |
| Call/Put | Information to indicate if the option is a call or put option. | | | √ |
| Contracted Price/Rate | The price/rate agreed under the contract. | √ | | |
| Counterparty Name | Name of the counterparty. | √ | √ | √ |
| Currency Pair | The currency pair being used in a foreign exchange related contract. | √ | √ | √ |
| Delivery Date | The date for which the reference asset would be delivered. | √ | √ | √ |
| Effective or Start Date | The date from which the contract takes effect. | √ | √ | √ |
| Governing Law | The governing law agreed upon by the parties in respect of each contract. | √ | √ | √ |
| Long/ Short | Information to indicate if the institution is the buyer or seller of the option contract. | | | √ |
| Master Agreement Date | Date on which the master agreement was entered into. | √ | √ | √ |
| Master Agreement Reference | Unique position identifier for the master agreement under which the contract is part of. | √ | √ | √ |
| Master Agreement Type | Type of master agreement for e.g. ISDA, non-ISDA or Tahawwut. | √ | √ | √ |
| Maturity, Termination or End Date | The date of which the contract expires and is to be settled. | √ | √ | √ |
| MTM Amount as at Reporting Date (RM) | Marked-to-market value of the position as at the Reporting Date. | √ | √ | √ |
| Next Call, Put or Cancellation Date | The next date for which the option could be exercised or cancelled. | √ | | √ |
| Next Payment Date | The date for the next immediate payment by the institution to the counterparty or vice versa. | | √ | |
| Notional Amount | Principal amount of the position. | √ | √ | √ |
| Notional Currency | The currency in which the notional amount is denominated | √ | √ | √ |

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| Terms | Description | Applicability | | |
|--------------------------|---|---------------|------|--------|
| | | Forward | Swap | Option |
| Pay | Payment obligations (e.g. amount, rate, currency) of the institution under the contract | | √ | |
| Purpose | Purpose for which the position is entered into. For e.g., the purpose could be for trading, hedging other exposures such as mortgage loan servicing or for meeting customers' requests. | √ | √ | √ |
| Receive | The receivables (e.g. amount, rate, currency) of the institution under the contract | | √ | |
| Reference Asset | The underlying asset of the contract for e.g. interest/profit rate, equity, credit, foreign exchange, commodity or others. | √ | √ | √ |
| Remarks | Any other information that is relevant and important to note. | √ | √ | √ |
| Settlement Currency | The currency in which settlement is to be made. | √ | √ | √ |
| Settlement Mode | The mode under which the position is to be settled upon maturity for e.g. physical or cash settlement. | √ | √ | √ |
| Strike Price/Rate | The specified price or rate under the option contract at which the contract may be exercised. | | | √ |
| Total Net Market Value | Represents the summation of the positive and negative market values of all outstanding contracts as at the reporting date and netted by counterparty , to the extent permitted under all applicable agreements. If one or more positions cannot be netted against others, they should be maintained as separate entries. Such netting shall exclude netting for collaterals . | √ | √ | √ |
| Transaction Reference No | Unique internal identifier of the institution for the specific trade/transaction. | √ | √ | √ |
| Type of Derivatives | E.g. forward, swap, option or others. | √ | √ | √ |

Explanatory Notes on Section 3(b)

| Terms | Description |
|--|--|
| Counterparty's Collateral Excess of (Deficiency) | Represents the difference between an institution's aggregate net market value of all positions (after netting to the extent permitted under each applicable agreement) AND the aggregate market value of all collateral received by the institution, either in whole or in part. |
| Institution's Collateral Excess of (Deficiency) | Represents the difference between an institution's aggregate net market value of all positions (after netting to the extent permitted under each applicable agreement) AND the aggregate market value of all collateral posted by the institution, either in whole or in part. |
| Market Value of Collateral Posted | Represents the current market value of the collateral posted by the institution against all positions with each counterparty. |
| Market Value of Collateral Received | Represents the current market value of the collateral received by the institution against all positions with each counterparty. |
| Threshold Amount | Represents the amount of unsecured credit risk that two counterparties are willing to accept before a collateral demand will be made. |
| Total Net Market Value | Represents the summation of the positive and negative market values of all outstanding contracts as at the reporting date and netted by counterparty , to the extent permitted under all applicable agreements. If one or more positions cannot be netted against others, they should be maintained as separate entries. Such netting shall exclude netting for collateral . |
| Type of Collateral Posted | Represents the type of collateral posted by the institution for e.g. cash, government securities, private debt securities, NIDs, equity, guarantees, performance bonds, and etc. |
| Type of Collateral Received | Represents the type of collateral received by the institution for e.g. cash, MGS and etc. |