

## **Restricted Committed Liquidity Facility Terms and Conditions**

### **1. INTRODUCTION**

- 1.1 These terms and conditions govern the Restricted Committed Liquidity Facility (RCLF) between the Bank and a banking institution. The Guidance Note on Restricted Committed Liquidity Facility (Guidance Note) together with its appendices issued by Bank Negara Malaysia (BNM) shall be construed as part of these terms and conditions. The terms defined in the Guidance Note shall have the same meaning when such terms are used herein.
- 1.2 These terms and conditions shall constitute a valid, binding and enforceable agreement between BNM and the Participant.

### **2. ESTABLISHMENT**

- 2.1 The Participant shall complete and submit to BNM an application form in the format set out in the Guidance Note at least three (3) business days prior to the first business day of the next calendar month.
- 2.2 BNM hereby agrees to establish the RCLF with the Participant on the first business day of the next calendar month from the date of application, for the tenure as set out in the application form.
- 2.3 Malaysian Ringgit shall be the base currency for the RCLF.
- 2.4 The RCLF shall have a minimum tenure of one (1) month.
- 2.5 The RCLF shall lapse on the maturity date unless renewed in accordance with clause 5.

### **3. ELIGIBLE SECURITIES**

- 3.1 The Participant shall ensure that the Eligible Securities that are designated to support the total size of the RCLF and utilisation of the RCLF are not encumbered for any other purposes, except for intra-day credit facility with BNM.
- 3.2 During the tenure of the RCLF, the aggregated value of the Eligible Securities, after the application of margin, shall not be less than the total size of the RCLF. In the event there is a shortfall in the aggregated value of Eligible Securities, the Participant shall promptly inform BNM of such shortfall and update the list of Eligible Securities in writing to reflect the additional Eligible Securities which are required to account for the shortfall.
- 3.3 The Participant may substitute the Eligible Securities during the tenure of the RCLF by submitting an updated list of the Eligible Securities to BNM, provided that the market value of the new Eligible Securities shall be at least equivalent to the market value of the substituted Eligible Securities at the time of submission.

### **4. MARGIN REQUIREMENTS**

- 4.1 The Participant shall calculate the aggregated value of the Eligible Securities by applying the margin requirements set out in the Guidance Note.

## **5. RENEWAL**

- 5.1 Subject to BNM's approval, the Participant may renew the RCLF at least three (3) business days prior to the maturity date of the RCLF with or without variation to the size and tenure of the RCLF. In the event of any variation, the Participant shall update the list of Eligible Securities accordingly.
- 5.2 The renewed RCLF shall be subject to the new terms and conditions as may be amended by the Bank.
- 5.3 If the RCLF has lapsed without renewal, the Participant shall submit a new application pursuant to clause 2.1 to establish a new RCLF with BNM.

## **6. FACILITY RATE**

- 6.1 During the tenure of the RCLF, the Participant shall, on the first business day of each month, pay BNM a fixed monthly Facility Rate based on the total size of the RCLF at 75 basis points per annum.
- 6.2 Any failure to pay the Facility Rate when it falls due shall amount to a breach of these terms and conditions and the Bank shall be entitled to terminate the RCLF pursuant to clause 9.2.
- 6.3 BNM shall be entitled to revise the rate for the Facility Rate at any time without the consent of the Participant.

## **7. DRAWDOWN**

- 7.1 The Participant shall submit a Drawdown request at least one (1) business day before the intended Drawdown date.
- 7.2 The Participant shall enter into an overnight repo, CCM or SBBA with BNM in accordance with the Master Agreement to utilise the RCLF and use the Eligible Securities which have been identified in the Drawdown request as collateral.
- 7.3 BNM shall charge the Participant a repo rate or funding rate which is equivalent to OPR + 25 bps.
- 7.4 The Participant shall apply the margin requirements set out in the Guidance Note and settle the overnight repo, CCM or SBBA in accordance with the Master Agreement, subject to the first settlement leg of the overnight repo, CCM or SBBA coinciding with the Drawdown date.

## **8. REPRESENTATIONS AND WARRANTIES OF THE PARTICIPANT**

- 8.1 The Participant represents and warrants to BNM, without prejudice to any other representations and warranties it provides to BNM, that:
  - (a) it was duly authorised to establish the RCLF with BNM and these terms and conditions when duly entered into by the Participant's authorised representatives, constitute a valid, binding and enforceable agreement between the Participant and BNM;

- (b) it was duly authorised to enter into an overnight repo, CCM or SBBA and to perform its obligations in respect of the RCLF, and it has taken all necessary action to authorise such execution, delivery and performance;
- (c) it enters into the RCLF and any overnight repo, CCM or SBBA as principal; and
- (d) no option, lien, charge, security or encumbrance exists or will, due to any act or omission of the Participant, exist over the Eligible Securities.

8.2 The representations and warranties in clause 8.1 are deemed to be made by the Participant on the date that it submits an application or renewal form and shall be deemed to be repeated by the Participant on each date on which it:

- (a) pays the Facility Rate to BNM;
- (b) submits a Drawdown request; or
- (c) utilises the RCLF.

## **9. TERMINATION**

9.1 The Participant may cancel the RCLF in whole (but not in part) by serving a written notice to BNM at least one (1) business day prior to the intended termination date.

9.2 BNM may cancel the RCLF in whole (but not in part) with immediate effect by serving a written notice to the Participant if:

- (a) the Participant fails to pay the Facility Rate when due;
- (b) any representation made or deemed to be made by the Participant under or in connection with the RCLF is or is proven to be inaccurate or misleading in any material aspect when made or deemed to be made; or
- (c) the Participant fails to comply with these terms and conditions.

9.3 The Participant shall not be entitled to recover from BNM the Facility Rate as well as any loss or damage sustained or incurred by the Participant due to the termination of the RCLF.

9.4 Notwithstanding the termination of the RCLF by the Participant pursuant to clause 9.1, the Participant shall continue the payment of the fixed monthly Facility Rate in accordance with the original tenure.

9.5 Any termination of the RCLF shall be without prejudice to the rights and liabilities of BNM and the Participant which have accrued prior to the date of termination.

9.6 The provisions on liability and indemnity shall continue in full force and effect after the termination of the RCLF.

## **10. INDEMNITY**

The Participant shall indemnify BNM against all claims made against, and all liability or loss of, and all costs and expenses reasonably incurred by BNM in any way arising from or in connection with:

- (a) any technological failure of any sort (including the failure of any communications, computer, software or electrical failure) directly related to the RCLF;

- (b) BNM acting upon any communication or instruction received or purported to be received from the Participant; or
- (c) any representation and warranty of the Participant being inaccurate when made or repeated.

**11. ASSIGNMENT**

The Participant shall not assign, charge or otherwise deal with (including any dealing with any interest in or the creation of any interest in) its rights or obligations under the RCLF without the prior written consent of BNM.

**12. VARIATION**

These terms and conditions may at any time and from time to time be varied by BNM without the consent of the Participant.

**13. GOVERNING LAW**

These terms and conditions shall be governed and construed in accordance with the laws of Malaysia.

**14. SETTLEMENT OF DISPUTES**

The parties shall, in good faith, attempt to settle amicably and mutually, any disputes or conflicts arising from this Agreement. All disputes, conflicts or differences which cannot be resolved by the parties shall be finally settled by arbitration in accordance with the Arbitration Act 2005 and the Rules for Arbitration of the Kuala Lumpur Regional Centre for Arbitration.

**Signed by for and on behalf of )  
BANK NEGARA MALAYSIA )**

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(Authorised Signatory)  
Name :  
NRIC No. :  
Designation :  
Date :

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(Witness Signatory)  
Name :  
NRIC No. :  
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