

Lee Hishammuddin Allen & Gledhill

Level 6, Menara 1 Dutamas
Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Malaysia

T +603 6208 5888

F +603 6201 0122/0136

E enquiry@lh-ag.com

W www.lh-ag.com

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Intraday Short Selling Now Open to All!

In 1998, in the wake of the Asian financial crisis, Bursa Malaysia imposed a ban on the short selling of shares. The ban was partially lifted in 2006 when licensed proprietary day traders were allowed to short sell.

In February, the Prime Minister announced that all investors would be permitted to carry out intraday short selling, or IDSS, “to enhance vibrancy and stimulate greater trading activity”. Just this past Monday (16 April), Bursa Malaysia announced the implementation of IDSS allowing all investors to sell securities first and buy them back later within the trading day itself in the hope that the price would have declined to make a profit.

Currently, IDSS can be carried out on 280 eligible securities, which are listed [here](#).

Only brokers who are Participating Organisations under the Rules of Exchange are allowed to handle IDSS. Such brokers will require investors to sign the following documents:

1. A securities borrowing and lending agreement, or SBL Agreement, governing the borrowing of the eligible securities and settlement of failed trades; and
2. An IDSS risk disclosure statement.

An SBL Agreement will commonly have provisions dealing with:

1. Purpose of the agreement;
2. Fees payable;
3. Collateral requirement (if applicable);
4. Treatment of corporate action during the period of agreement (if applicable);
5. Return of borrowed shares; and

6. Termination of agreement.

For the media release, please click [here](#).

Christine Chan Ee Yin (cey@lh-ag.com)

If you have any queries or would like to know more about intraday short selling, please contact the author or her team partner, Mr [Ong Eu Jin](#) (oej@lh-ag.com).

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