

PRACTICE NOTES

Practice Note 1

ACCEPTABLE GROUP STRUCTURE

Issued Under Chapter 3 (The Management Company) of the Guidelines on Real Estate Investment Trusts

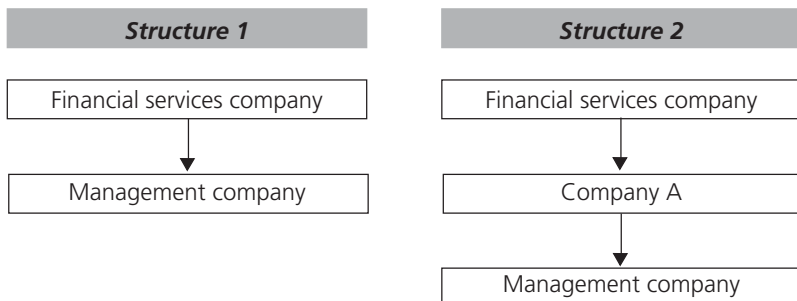
Introduction

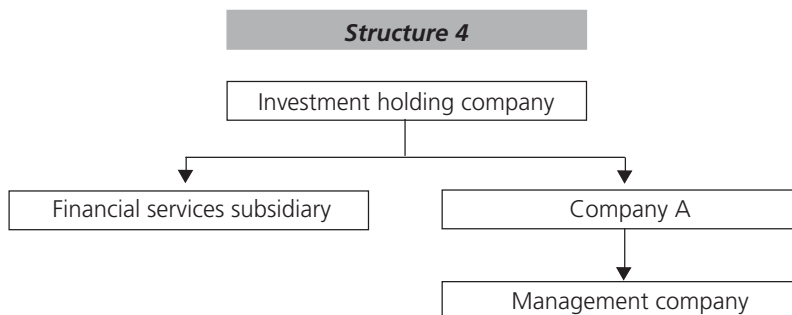
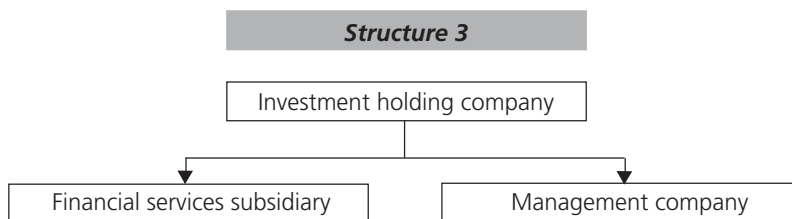
This practice note is issued to clarify the group structure where a subsidiary of a company involved in the financial services industry in Malaysia is eligible to be appointed as a management company under clause 3.04(b)(i) of these guidelines.

Acceptable Group Structure

A management company is a subsidiary of a company involved in the financial services industry under clause 3.04(b)(i) of these guidelines where the—

- (a) direct holding company is involved in the financial services industry (see Structure 1);
- (b) direct holding company (Company A) is the subsidiary of a financial services company (see Structure 2);
- (c) direct holding company is an investment holding company which has other subsidiaries involved in the financial services industry (see Structure 3); or
- (d) direct holding company is the subsidiary of an investment holding company which has other subsidiaries involved in the financial services industry (see “Structure 4”).





The Holding Company

The holding company is deemed to be involved in the financial services industry where the holding company or its subsidiaries are substantially involved in the business/activities, including, but not limited to–

- (a) deposit-taking and provision of loans (including commercial/retail banking and finance company activities);
- (b) fund management;
- (c) investment/merchant banking activities;
- (d) broking and dealing in securities; and
- (e) insurance activities.

Note

For all intents and purposes, the term “subsidiary” has the same meaning as given under section 5 of the *Companies Act 1965*.