

**PRODUCT DISCLOSURE SHEET**

(Read this Product Disclosure Sheet before you decide to take the Normal Margin Financing-i: (M3-i). Be sure to also read the terms in the letter of offer. Seek clarification from your institution if you do not understand any part of this document or the general terms.



**Product : Normal Margin Financing - i (M3-i)**

**Date : April 2019**

**1. What is this product about?**

Normal Margin Financing-i is an Islamic margin financing facility ("**Facility**") granted to qualified clients to trade in Shariah compliant securities for a period of three (3) months, with option to rollover.

**2. What is the Shariah concept applicable?**

The product is based on direct buying and selling of Shariah compliant shares listed on Bursa Malaysia. The bank will act as an agent to the client to facilitate the buying and selling transaction with Bursa Malaysia. To facilitate the financing, this product will be structured using the Shariah principles of Murabahah via Tawarruq arrangement.

Mechanism of Commodity Murabahah :

- i. Following the Bank's approval to grant Islamic margin financing to the client, the client will enter into Commodity Murabahah agreement that requires the bank to buy Shariah-compliant commodities from the commodity supplier/vendor at the Bank's Purchase Price.
- ii. The bank then sells the specified commodity to the Customer at Bank's Sale Price to be paid on deferred payment terms as agreed.
- iii. The Customer will appoint the Bank as agent to sell commodity to Commodity Buyer at a price equivalent to Bank's Purchase Price.

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### 3. What do I get from this product?

Margin Facility	Minimum = RM20k. Maximum = based on the merits of the application
Trading Multiple	Cash = 2.25 times Shares = 1.25 times
Rate Feature	Ceiling Profit Rate and Effective Profit Rate
Ceiling Profit Rate	12% p.a.
Effective Profit rate	Shall be calculated based on the actual amount under each utilisation, on the basis of 365 day per year (Presently = 9.50 % p.a.)
Tenure / Availability Period	3 months (with option to rollover)

Note : T = Trading day

: Please refer the details as stated in bank's Letter of Offer

### 4. What are my obligations?

- To maintain the required margin throughout the tenure of the facility in accordance to the percentage determined by the Bank.

Required Maintenance Ratio	180% - No utilisation of the Facility or withdrawal of security shall be permitted where the market value of the security falls below 180% of the outstanding balance.
Required Equity Ratio	150% - Margin Call: Where the market value of the security falls below 150% of the outstanding balance, you shall within three (3) market days to pledge additional cash and/or shares acceptable to the Bank so as to bring the security coverage to not less than 150%.  Failure to bring the security coverage to the Required Equity Ratio shall result in force selling of your securities on the fourth market day after the date of the margin call. You shall be suspended from buying any further securities under the Facility upon a margin call being made until the Required Equity Ratio is regularised to the satisfaction of the Bank.

- To pay at least the accrued profit before the 7<sup>th</sup> day of each calendar month

## 5. What if I fail to fulfill my obligations

The Bank has the right to be compensated by way of the following mechanisms:

Force Sell Ratio	140% - Force selling: In the event that the market value of the security falls below 140% of the outstanding balance, the Bank shall have the absolute discretion to, and without notice to you, liquidate the available shares and/or such other security provided by you, so as to bring and maintain the security coverage at 150% of the outstanding balance and above.
Late Payment Charge ("LPC")	<p>The Bank may charge you the LPC for failure to pay any amount that is overdue and which failure continues beyond the maturity date of the Facility.</p> <p>The LPC charges as prescribed by the Shariah Advisory Council of the Bank Negara Malaysia, shall comprise a combination of ta'widh (compensation) and gharamah (penalty).</p> <p>The LPC will be calculated based on the following mechanisms:</p> <p><b>a. Overdue</b></p> <p>The Bank may charge LPC of one per cent (1%) per annum on the unpaid amount from the date of default up to the date of payment if the default occurs during the availability period. This is considered as ta'widh and the Bank shall be compensated for this amount.</p> <p><b>b. Upon maturity</b></p> <p>The Bank may charge LPC on the unpaid amount based on a rate that will be capped at the average financing rate (AFR) of the Bank if the default is continuous after the expiry of the availability period. The LPC rate under this situation shall comprise of ta'widh and gharamah that shall be computed based on the following:</p> <ul style="list-style-type: none"><li>• The ta'widh portion of the LPC shall be based on the prevailing daily overnight Islamic Interbank Money Market (IIMM) rate on the outstanding balance (outstanding principal and accrued profit) or as may be determined by the Shariah Advisory Council of Bank Negara Malaysia from time to time. The Bank shall be compensated based on this rate for losses incurred as a direct result of the delay in payment or default by you.</li><li>• The gharamah, being the difference between the LPC and ta'widh amount shall be channelled to charitable organisations as approved by the Bank's Shariah Committee.</li></ul> <p>However please note that, the LPC charged to you will not be further compounded to the outstanding financing amount.</p>

Note : Please refer the details as stated in bank's Letter of Offer.

**6. What if I fully settle the financing before its maturity?**

Upon early settlement, the Bank will grant ibra' (rebate) of such amount of the bank's Sale Price upon various circumstances and in accordance with the methods adopted by the Bank. The Bank's calculation of such ibra' shall be treated as final and binding.

**7. What are the fees and charges that I have to pay?**

Type of Fee	Fee and Charges
Brokerage	As per Bursa Malaysia's Rule
Clearing Fee	For on market transaction, 0.03% of transaction value (payable by both buyer and seller) with a maximum of RM 1,000 per contract.
Stamp Duty	RM 1.00 per every RM 1,000 (or fractional part) of the transaction value of securities (payable by both buyer and seller). Stamp duty is capped at RM 200 per contract.
CDS Account Opening	RM 10.00as charged by Bursa Malaysia Depository Sdn. Bhd. For a CDS account opening
CDS Share Transfer Fee	RM 10 per counter
CDS Reactivation Fee	RM 5 per counter
Commodity Trading Fee	RM 15 for every RM 1,000,000 (or part thereof) commodities traded.

**8. Do I need a guarantor or collateral?**

Requirement of guarantor is subject to individual credit assessment. Collateral is required due to the nature of the products.

**9. What do I need to do if there are changes to my contact details?**

- It is important that you inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner.

**10. Where can I get assistance and redress?**

- If you have queries, you may contact us :

(1) Online query :

[Client Support Center, KIBB](#)




Toll free : 1800-88-2274

Overseas:+603 2172 2667

Whatsapp:+6017 243 8740

Skype: Kentrade Support Team  
Email: [KenTrade@kenanga.com.my](mailto:KenTrade@kenanga.com.my)

(2) Retail / Corporate Trading Account Opening Enquiries:

 Tel: +603 2172 2603  
 Fax: +603 2172 2604  
 Email: (mail to: [equitybroking@kenanga.com.my](mailto:equitybroking@kenanga.com.my))

You can contact us on work days :

- (a) Monday to Thursday 8.30 am to 5.30 pm
- (b) Friday 8.30 am to 12.30 pm, 2.30 pm tp 5.30 pm

We are closed on Saturday, Sunday and Bursa Malaysia Public Holiday

- Alternatively, you may seek the services of Agensi Kaunseling dan Pengurusan Kredit (AKPK), an agency established by Bank Negara Malaysia to provide free services on money management, credit counselling, financial education and debt restructuring for individuals. You can contact AKPK at:

Tingkat 8, Maju Junction Mall  
1001, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : 1-800-22-2575  
E-mail : [enquiry@akpk.org.my](mailto:enquiry@akpk.org.my)

#### 11. Where can I get further information?

If you have further query or complaint about the product, please contact us as at:

Kenanga Investment Bank Berhad  
Level 12, Kenanga Tower  
No 237, Jalan Tun Razak  
50400 Kuala Lumpur  
Tel : 03- 2172 2686  
E-mail : [complaints@kenanga.com.my](mailto:complaints@kenanga.com.my)

#### 12. Other product available

- 2-in-1 Stocktrade-i(M2-i)

Disclaimer:

- All information above is for illustration only.
- All rates quoted above are subject to change without prior notice.
- All Terms and Conditions apply.
- All the above products are bound to all applicable regulatory rules and guidelines.

The information provided in this disclosure sheet is valid as at April 2019