

Corporate/M&A

New Memorandum of Understanding between Central Banks of Indonesia, Malaysia and Thailand on bilateral local currencies transactions

Bank Indonesia, Bank Negara Malaysia and Bank of Thailand have concluded the formal signing of three bilateral Memorandum of Understanding (“MoUs”) on 25 August 2023. The MoUs establish a cooperative framework aimed at promoting bilateral transactions in local currencies between the respective countries.

The MoUs will supersede the MoUs on local currency settlement framework signed by the three central banks on 27 August 2015 and 23 December 2016. This newly expanded framework will now include more eligible cross-border transactions beyond trade and direct investment which would be implemented gradually. The new framework will also align with cross-border payment initiatives, thereby facilitating more accessible and efficient settlements in local currencies.

More information can be viewed [here](#).

New Framework Introduced for Foreign Exempt Schemes and Enhancements to Offering of Wholesale Funds

In efforts to liberalise the fund management industry, the Securities Commission Malaysia (“SC”) has introduced the Foreign Exempt Scheme (“FES”) framework on 29 August 2023 that will provide high net worth entities and institutional investors greater onshore access to foreign investment funds. The revised guidelines relating to these measures are covered under the Guidelines for the Offering, Marketing, and Distribution of Foreign Funds (“OMD Guidelines”).

In addition to this new framework, the SC has also offered flexibility to wholesale fund managers seeking to invest in alternative investment products beyond the current

Legal Updates

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conventional assets such as securities, derivatives, money market instruments and deposits through the amendments to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework ("UCMP Guidelines").

The enhancements to the guidelines will provide clarity on the expectations regarding the responsibilities of submitting parties for foreign funds, ensuring a clear and streamlined process.

The revised OMD Guidelines and UCMP Guidelines can be assessed at these links:

- a) <https://www.sc.com.my/api/documentms/download.ashx?id=3fe23f58-10c2-473e-8f04-bd906e159008>; and
- b) <https://www.sc.com.my/api/documentms/download.ashx?id=49df5207-f32f-4095-a0c6-1aab5f3c2038>.

Revised Guidelines on Market Conduct and Business Practices for Stockbroking Companies and Licensed Representatives ("SBC Guidelines")

On 7 September 2023, the Securities Commission Malaysia issued the revised SBC Guidelines.

The revised SBC Guidelines set out the requirements for stockbroking companies to offer fractional share trading services for shares listed on Bursa Malaysia. A fractional share is a portion of a stock that is less than one standard board lot.

Among the key requirements are the need for stockbroking companies to implement adequate systems, policies and procedures to ensure fair treatment of customers' orders, price transparency, and proper supervision of the fractional share trading service.

Trading of fractional shares was one of the capital market initiatives announced by Prime Minister Datuk Seri Anwar Ibrahim in June 2023 to make share trading on Bursa Malaysia more accessible, affordable and inclusive for retail investors, particularly for young investors.

The updated SBC Guidelines are available [here](#).

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