

Financial Services

Bank Negara Malaysia issues Policy Document on Business Continuity Management

Bank Negara Malaysia (“BNM”) has on 19 December 2022 issued a policy document on [Business Continuity Management](#) which aims to:

- facilitate the development and implementation of a robust business continuity management framework, policies and processes by financial institutions which are integrated with their overall risk appetite and reinforce sound risk management practices;
- strengthen the capacity and preparedness of financial institutions to respond and recover from operational disruptions; and
- preserve the continuity of critical business functions and essential services within a specified timeframe in the event of an operational disruption.

The Policy Document is applicable to a licensed person under the **Financial Services Act 2013** (“FSA”) and the **Islamic Financial Services Act 2013** (“IFSA”), a prescribed institution under the **Development Financial Institutions Act 2002** (“DFIA”), an approved issuer of electronic money (“e-money”) which is an eligible issuer of e-money as defined in the policy document on interoperable credit transfer framework, and an operator of a designated payment system. For a financial institution operating as a foreign branch in Malaysia, the requirements in the Policy Document apply to the Malaysian branch with certain modifications.

BNM issues Policy Document on Electronic Money (“E-Money”)

BNM has on 30 December 2022 issued the [Policy Document on Electronic Money \(“E-Money”\)](#) which sets out BNM’s regulatory requirements and guidance for electronic money issuer

Legal Update

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("EMI") approved pursuant to section 11 of the FSA or the IFSA. The Policy Document outlines requirements aimed to:

- ensure the safety and reliability of e-money issued by EMI; and
- preserve customers' and merchants' confidence in using or accepting e-money for the payment of goods and services.

BNM has also issued a [Feedback Statement](#) to address the key feedback and proposals received during the consultation period and [Frequently Asked Questions](#) ("FAQs") to enhance public understanding of the requirements and clarify interpretation issues in implementing the requirements of the E-Money policy document.

Exposure Draft on Medical and Health Insurance/*Takaful* Business

BNM is inviting feedback by 15 March 2023 to its [Exposure Draft of a Policy Document on Medical and Health Insurance/*Takaful* Business](#) which sets out BNM's proposed requirements and guidance in carrying on the medical and health insurance/*takaful* ("MHIT") business. The intended policy document, when come into force:

- will apply to insurers licensed under the **Financial Services Act 2013** and *takaful* operators licensed under the **Islamic Financial Services Act 2013**, each of which underwrites or offers MHIT products.
- is intended to address developments in the MHIT business and promote more innovative, inclusive and sustainable MHIT business models to better respond to the needs of consumers and prevailing operating environment.
- aims to update the requirements of the conduct of MHIT business, in line with the key strategies outlined in BNM's Financial Sector Blueprint 2022-2026.
- sets out the regulatory requirements covering the following areas of the MHIT business and products.
- is intended to come into effect three months after the date of issue of the final policy document.

Exposure Draft on Capital Adequacy Framework (Basel III – Risk-Weighted Assets) – Standardised Approach for Credit Risk

BNM is inviting feedback by 30 June 2023 to its [Exposure Draft on Capital Adequacy Framework \(Basel III – Risk-Weighted Assets\) – Standardised Approach for Credit Risk](#) which sets out BNM's proposed requirements on the calculation of the capital charge for the Standardised Approach for Credit Risk under the Basel III reforms. These

requirements also apply to financial institutions applying the Internal Ratings-Based Approach for Credit Risk in determining the output floor requirement, which will be consulted in the exposure draft on Capital Adequacy Framework (Basel III - Risk-Weighted Assets) - Internal Ratings-Based Approach for Credit Risk.

Revision to Guidelines on Quality of Currency and Handling of Suspected Counterfeit Currency

On 22 December 2022, BNM revised its [Guidelines on Quality of Currency and Handling of Suspected Counterfeit Currency](#). The Guidelines:

- are applicable to the public;
- set out the criteria in determining the quality and integrity of currency in circulation;
- set out the procedure for the public to exchange unfit currency at financial institution; and
- set out the procedure for handling and reporting suspected counterfeit in circulation.

Public is reminded that all counterfeit currencies are not legal tender.

Revised Guidelines on Credit Rating Agencies

The Securities Commission Malaysia revised its [Guidelines on Credit Rating Agencies](#) on 10 January 2023. The revisions, including without limitation:

- seek, among others, to enhance and strengthen the role, independence and objectivity of credit rating agencies in providing credible credit rating opinion.
- relate to, among others, enhancements to governance requirements and improvements to integrity of the rating process.
- seek to enhance clarity of the requirements in the guidelines.
- now require a controller, compliance officer, senior management of a CRA and its rating holding company to be fit and proper. The “*fit and proper*” criteria are set out in Appendix 1 to the guidelines.

Guidance Note on Anti-Money Laundering and Counter Financing of Terrorism for Labuan Specified Entities

The Labuan Financial Services Authority (“LFSA”) has on 16 December 2022 issued a [Guidance Note on Anti-Money Laundering and Counter Financing of Terrorism for Labuan Specified Entities](#) as an addendum to the [Guidelines on Anti-Money Laundering and](#)

[Counter Financing of Terrorism \(AML/CFT\) — Capital Markets and Other Business Sectors](#)

to facilitate compliance of entities other than Key Reporting Institutions (i.e. Labuan licensed entities as defined under the Guidelines on AML/CFT and Targeted Financial Sanctions for Labuan Key Reporting Institutions which includes Labuan Banks, Labuan (Re)Insurers, Labuan Trust Companies and other reporting institutions) with the appropriate AML/CFT requirements to commensurate with their low ML/TF risk.

CONTACT US FOR FURTHER INFORMATION REGARDING FINANCIAL SERVICES MATTERS.

Tax & Revenue

The following framework and technical guideline have recently been published on the Inland Revenue Board's official website:

- [Rangka Kerja Siasatan Cukai](#) (presently available in Malay language only) – issued on 1 January 2023 to replace the earlier framework dated 1 January 2020.
- [Garis Panduan Cukai Keuntungan Harta Tanah](#) (presently available in Malay language only) – issued on 6 January 2023.

CONTACT US FOR FURTHER INFORMATION REGARDING TAX & REVENUE MATTERS.