

Financial Services

Exposure Draft on Financial Technology Regulatory Sandbox Framework

Bank Negara Malaysia (“BNM”) is inviting feedback by 30 May 2023 to its exposure draft which sets out its proposal to issue a new [Financial Technology Regulatory Sandbox Framework \(Framework\) policy document](#), which contains enhancements to the policy document of the same name issued on 18 October 2016 [BNM/RH/PD 030-1]. The enhancements are focused at ensuring proportionate regulatory facilitation and improving operational efficiency of the existing sandbox procedures through:

- i. simplifying the sandbox’s Stage 1 (eligibility) assessment; and
- ii. introducing an Innovation Green Lane, which aims to provide a risk-proportionate and accelerated pathway for innovative solutions by financial institutions with strong risk management capabilities.

The ASEAN Taxonomy Board releases the ASEAN Taxonomy for Sustainable Finance Version 2 (Version 2)

The ASEAN Taxonomy Board has on 27 March 2023 released the [ASEAN Taxonomy for Sustainable Finance \(Version 2\)](#) which consists of the (a) complete Foundation Framework comprising detailed methodologies for assessing economic activities; and (b) Technical Screening Criteria (“TSC”) for the first focus sector i.e. Electricity, Gas, Steam and Air Conditioning Supply sector (Energy sector) under the Plus Standard. Version 2 builds on the conceptual thinking of the multi-tiered framework outlined in Version 1. The multi-tiered framework is intended to facilitate transition of ASEAN Member States (“AMS”) recognising the diversity in economic development, financial sector, and infrastructure maturity.

Legal Update

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Bank Negara Malaysia issues Policy Document on Management of Customer Information and Permitted Disclosures

BNM has on 3 April 2023 issued the [Policy Document on Management of Customer Information and Permitted Disclosures](#) (“PD”) which sets out BNM’s requirements regarding financial service providers’ measures and controls in handling customer information throughout the information lifecycle. The PD also specifies the conditions in relation to the disclosure of customer information in accordance with the permitted disclosures set out in Schedule 11 of the **Financial Services Act 2013** and **Islamic Financial Services Act 2013**, as well as the Fourth Schedule of the **Development Financial Institutions Act 2002**. The PD supersedes the policy document on the Management of Customer Information and Permitted Disclosures issued on 12 October 2021.

BNM updates Operational Procedures For Foreign Currency Settlement In The Real Time Electronic Transfer Of Funds And Securities System (“RENTAS”) and Operational Procedures For Malaysian Ringgit (“MYR”) Settlement In The Real Time Electronic Transfer Of Funds And Securities System (“RENTAS”)

BNM has on 3 April 2023 issued the updated Operational Procedures For Foreign Currency Settlement In The Real Time Electronic Transfer Of Funds And Securities System (“RENTAS”) and the updated Operational Procedures For Malaysian Ringgit (“MYR”) Settlement In The Real Time Electronic Transfer Of Funds And Securities System (“RENTAS”). The changes made to both the operational procedures include, amongst others:

- inclusion of new clauses to clarify the handling of payments settlement in RENTAS in the event of Unexpected Banking Holiday;
- inclusion of new sub-clause to introduce RENTAS iLINK as new module in RENTAS Portal;
- removal of a clause on RENTAS iLINK user manuals;
- inclusion of new clauses to manage additional MX information by RENTAS participants during co-existence of MT-MX; and
- updates to the External User Access Request Form.

Bank Negara Malaysia updates Participation Rules for Payments and Securities Services

BNM has on 3 April 2023 issued the updated Participation Rules for Payments and Securities Services. The changes made to the rules include, amongst others:

- removal of reference to the Guidelines on Cyber Resilience for Participants of RENTAS and FAST from the section on scope and application;
- updates to clause 16.1 and its sub-clauses to include System Recovery as one of Business Continuity Management component; and
- insertion of new clauses (clauses 40 to 42) on Introduction, Objective and Scope of Assessment for Cyber Resilience Maturity Assessment (CRMA).

Public Consultation for the Proposed Consumer Credit Act

The Consumer Credit Oversight Board Task Force has on 5 April 2023 issued its [second public consultation paper](#) (“CP2”) and is inviting feedback by 15 May 2023 on the proposed regulatory framework for credit businesses and credit service businesses. The CP2, building on the first consultation paper issued on 4 August 2022, covers the requirements on authorisation, governance and conduct expected of all non-bank credit providers and credit service providers which are currently unregulated, in particular, businesses carrying on Buy Now Pay Later (“BNPL”) activities, Leasing and Factoring services, Debt Collection Agencies (“DCA”), Impaired Loan Buyers (“ILB”) and Debt Counselling and Management Services (“DMA”).

CONTACT US FOR FURTHER INFORMATION REGARDING FINANCIAL SERVICES MATTERS.

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