

## Corporate/M&A

### Amendment to the Main Market Listing Requirements — Conflict of interest and other areas

On 26 May 2023, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) has made amendments to the Main Market Listing Requirements (“Main LR”) in relation to conflict of interest (“COI”) and other areas.

#### (i) COI Amendments

For the purpose of promoting greater transparency on COI of key persons in a listed issuer and to strengthen the accountability and transparency of the audit committee (“AC”) in its oversight over COI situations, Bursa Malaysia has introduced the following amendments:

- (a) **Enhancement on the COI disclosures of a key person** — a listed issuer is required to disclose the nature and extent of any COI or potential COI, including the interest in any competing business that a key person has with the listed issuer or its subsidiaries, in its immediate announcements to Bursa Malaysia, annual reports and statement accompanying notices of annual general meetings;
- (b) **Expansion of the scope of review of AC** — the scope of review of the AC in respect of COI situations is expanded to include those situations that arose, persist or may arise within the listed issuer and the measures taken to resolve, eliminate or mitigate the COI; and
- (c) **Disclosure of COI situation in AC report** — the AC is required to disclose in the AC report a summary of any COI or potential COI situation within the listed issuer or its group that it has reviewed (excluding a related party transaction) and the measures taken to resolve, eliminate or mitigate such conflicts.

# Legal Update

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(ii) **Other Amendments**

Amendments and clarifications were also made to other areas of the Main LR, which include among others, the definition of “*acquisition or disposal of assets*”, disclosure of email address and facsimile number in annual reports, the computation of the percentage ratios and the related party transactions and requirements to address issues or gaps in the market and to ensure that the Main LR remains balanced, clear, relevant and updated.

The full text of the COI and other amendments as discussed above can be assessed [here](#). To facilitate better understanding on this, Bursa Malaysia has also issued:

- (a) Issuers Communication Note No. 1/2023 - Guidance on Conflict of Interest, which can be assessed [here](#); and
- (b) the “*Questions and Answers*” on the amendments to the Main LR in relation to conflict of interest and other areas, which can be assessed [here](#).

The letter dated 26 May 2023 issued by Bursa Malaysia on the amendments to the Main LR in relation to COI and other areas can be assessed [here](#).

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# Financial Services

## Policy Document on Risk Management in Technology ("RMiT")

Bank Negara Malaysia ("BNM") has issued a [policy document on technology risk management](#) on 1 June 2023 which supersedes the circulars, guidelines and policy documents set out in paragraph 7.1 thereunder, including the Policy Document on RMiT issued by BNM on 1 January 2020 (Previous Policy Document on RMiT) except for paragraphs 10.49, 10.50, 10.51 and 10.52 of the Previous Policy Document on RMiT which will remain applicable until 31 May 2024.

The policy document came into effect on 1 June 2023:

- (a) in respect of licensed digital bank or Islamic digital bank.
- (b) in respect of the financial institutions as defined therein (other than those set out in (a) above) save for paragraph 10.50, paragraph 15 and Appendix 10 which comes into effect on the following dates:
  - (i) 1 June 2024, for those which have adopted public cloud for critical systems prior to the issuance date of the RMiT policy document. However, if any of the terms of the existing cloud service contracts are not in accordance with the provisions of Appendix 10, the the necessary amendments or modifications may be made during the next renewal of the relevant contracts, ie, after the effective date of the relevant provisions in the RMiT policy document; and
  - (ii) 1 June 2024, in respect of financial institutions which have not adopted public cloud for critical systems prior to the issuance date of the RMiT policy document.

The policy document sets out BNM's requirements with regard to financial institutions' management of technology risk. Key updates to the policy document include among others:

- additional guidance to strengthen a financial institution's cloud risk management capabilities as set out in paragraph 10.50 and Appendix 10 of the RMiT policy document.
- shift to a risk-based approach in cloud consultation and notification process as set out in paragraph 15, with corresponding updates in the risk assessment and submission requirement.

- revise the multi-factor authentication (“MFA”) security control requirement from guidance to a standard requirement. This would mean that the entities which are subject to the RMIT policy document must now comply with this requirement. A failure to comply with such standard may result in enforcement action by BNM.

## Policy Document on Registration Procedures and Requirements on Professionalism of Adjusters

BNM has issued a [Policy Document on Registration Procedures and Requirements on Professionalism of Adjusters](#) on 1 June 2023 which supersedes the Registration Procedure to Carry on Adjusting Business issued by BNM on 21 December 2018.

The policy document came into effect on 1 June 2023 and is applicable to a person intending to carry on adjusting business, a registered adjuster and shareholders of a registered adjuster. It is to be read together with other relevant legal instruments and policy documents that have been issued by BNM, including any amendments or reissuance thereafter, in particular:

- (a) the Financial Services (Requirements and Submission of Documents or Information) (Registered Business) Order 2013 [P.U. (A) 206/2013];
- (b) the Policy Document on Prohibited Business Conduct issued on 15 July 2016; and
- (c) the Guidelines on Claims Settlement Practices (Consolidated) issued on 1 April 2008.

The policy document sets out among others:

- the registration requirements of a person intending to carry on an adjusting business;
- the requirements that a registered adjuster must comply with, including the fees payable;
- roles and responsibilities of the board and senior management; and
- notification requirements on prescribed matters.

## Securities Commission Malaysia (“SC”) seeks public feedback as it reviews the **Capital Markets and Services Act 2007 (“CMSA”)**

The SC is undertaking a holistic review of the CMSA, a key legislation that regulates the Malaysian capital market, to ensure that the securities laws remain fit-for-purpose. The review is part of the SC’s efforts to modernise the CMSA and promote efficiencies to enable the capital market to remain competitive while maintaining adequate investor protection.

The SC is seeking public’s feedback on parts and areas under the CMSA relating to product governance, disclosure, the approval process for corporate proposals and takeovers. This public feedback is aimed at ensuring the comprehensiveness of its review, complementing ongoing industry engagements and focus group consultations.

Interested parties and members of the public are encouraged to submit their comments, feedback and queries to the SC by 16 June 2023 at [cmsafeedback@seccom.com.my](mailto:cmsafeedback@seccom.com.my).

## SC sets up inter-agency committee to support implementation of the ISSB standards

The SC has, with endorsement from the Ministry of Finance, set up a national-level Advisory Committee on Sustainability Reporting (“ACSR”). The ACSR, chaired by the SC, comprises representatives from BNM, Bursa Malaysia, the Companies Commission of Malaysia, the Audit Oversight Board and the Financial Reporting Foundation. It is established to support the implementation of the International Financial Reporting Standards (“IFRS”) Sustainability Disclosure Standards (“ISSB Standards”) in Malaysia. The International Sustainability Standards Board (“ISSB”) is expected to issue the ISSB Standards at the end of June 2023.

The SC chairman, Datuk Seri Dr Awang Adek Hussin, said the setting up of ACSR is timely as businesses and investors face real sustainability risks, for example, financial losses from disruption to operations and supply chain due to extreme weather conditions, but also opportunities including to decarbonise and transition to clean energy. The ACSR will investigate the enablers that would support the implementation of the ISSB Standards in Malaysia. This includes approach and timeline for implementation, taking into careful consideration market readiness to meet the reporting requirements.

## Money Services Business (Form of Right to Receive Ringgit and Foreign Currency) Regulations 2023

The [Money Services Business \(Form of Right to Receive Ringgit and Foreign Currency\) Regulations 2023](#) [P.U. (A) 172/2023] (172/2023 Regulations) was gazetted on 6 June 2023 and shall be deemed to have come into effect on 1 January 2021.

Pursuant to the 172/2023 Regulations:

- (a) the form of right to receive ringgit shall include:
  - (i) deposits into an account opened with any licensed bank or any person authorized to accept deposits under any written law in Malaysia;
  - (ii) cheques or money orders; or
  - (iii) designated payment instrument as defined in subsection 2(1) of the **Financial Services Act 2013** or designated Islamic payment instrument as defined in subsection 2(1) of the **Islamic Financial Services Act 2013**.
- (b) the form of right to receive foreign currency shall include:
  - (i) digital which is issued by the central bank or monetary authority in any country, territory or place authorised to issue currency by the law of the country, territory or place; or
  - (ii) designated payment instrument as defined in subsection 2(1) of the Financial Services Act 2013 or designated Islamic payment instrument as defined in subsection 2(1) of the **Islamic Financial Services Act 2013**.

## Money Services Business (Duties of Licensees) (Amendment) Regulations 2023

The [Money Services Business \(Duties of Licensees\) \(Amendment\) Regulations 2023](#) [P.U. (A) 173/2023] (173/2023 Regulations) was gazetted on 6 June 2023 and shall be deemed to have come into effect on 1 January 2021.

Pursuant to the 173/2023 Regulations, the Money Services Business (Duties of Licensees) Regulations 2012 (2012 Regulations) is amended by deleting regulation 2 thereunder.

Regulation 2 of the 2012 Regulations sets out the definition of “*foreign currency*” and “*ringgit*” as follows:

- “foreign currency” excludes the currency of Israel;
- “ringgit” in respect of any right to receive ringgit means:
  - ringgit deposits into a bank account;
  - cheques denominated in ringgit; and
  - money orders denominated in ringgit.

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