

Corporate/M&A

Practice Directive on Lodgement of Beneficial Ownership Information

On 13 May 2024, the Companies Commission of Malaysia issued a practice directive to outline the procedures for the lodgement of beneficial ownership information. According to the practice directive, companies are given a three-month period starting from 1 April 2024 until 30 June 2024 (or such other period as specified by the Registrar) to update and lodge the beneficial ownership information with the Registrar of Companies through the Electronic Beneficial Ownership System (e-BOS).

The practice directive can be accessed [here](#).

Publication of the Enforcement Approach

In its efforts to ensure stability and safeguard the integrity of Malaysia's financial system, the Bank Negara Malaysia ("BNM") has recently published the enforcement approach document ("Enforcement Approach Document") on 6 May 2024, outlining BNM's comprehensive enforcement regime. The Enforcement Approach Document addresses, among others, the following:

- Overview of BNM's jurisdiction and the scope of its enforcement-related powers;
- Establishment and role of the Enforcement Committee;
- Details of the range of enforcement actions employed/adopted and general principles in determining the computation of monetary penalties; and
- Approach concerning the disclosure of enforcement actions taken.

The Enforcement Approach Document aims to provide an overview of BNM's overall enforcement approach and process against acts committed by authorised or regulated persons in

Legal Updates

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breach of regulatory standards and requirements administered by BNM.

The Enforcement Approach Document can be assessed [here](#).

Publication of Policy Document relating to e-KYC by Bank Negara Malaysia

On 15 April 2024, Bank Negara Malaysia (“BNM”) issued a policy document relating to [Electronic Know-Your-Customer](#) (“e-KYC PD”) Generally, e-KYC is the establishment of business relationships and the conduct of customer due diligence by way of electronic means, including online channel and mobile channels.

The document sets out the minimum requirements and standards that financial institutions (as defined in the policy document (including but not limited to licensed banks under the **Financial Services Act 2013**, licensed money services business under the **Money Services Business Act 2011**, etc.) must observe in implementing e-KYC for the on-boarding of individuals and legal persons.

Among other things, the e-KYC PD prescribes certain steps to be taken by financial institutions in the implementation of e-KYC:

- To obtain board approval on the overall risk appetite and internal framework governing the implementation of e-KYC.
- To ensure that appropriate measures for the identification and verification of a customer’s identity through e-KYC are secure and effective.
- To adopt an appropriate combination of authentication factors when establishing measures to verify the identity of a customer being on-boarded through e-KYC (e.g. through identification documents, personal information, PIN, biometric characteristics, making video calls to the authorized person of the legal person, and verifying location of the legal person by matching this against the business or registered address etc.).
- To ensure that the technology provider appointed to provide the e-KYC solution fulfils certain obligations such as ensuring that the e-KYC solution has been assessed by a credible external independent assessor and the relevant certifications for the various modules under the e-KYC solution is obtained where available.
- To continuously monitor, identify and address potential vulnerabilities in the e-KYC solution.

- To maintain a record of the performance of the e-KYC solution segregated monthly for reporting purposes.

There are also certain approval and notification requirements (as the case may be) that must be fulfilled by the relevant financial institutions towards BNM when implementing an e-KYC solution for the first time or when changing the appointed technology provider for the solution.

Further, the e-KYC PD provides for among other things, examples of verification methods to establish business legitimacy, methods to measure accuracy and effectiveness of e-KYC solutions, and minimum scope and criteria for external independent assessment of the e-KYC solution.

The e-KYC PD supersedes the e-KYC policy document issued on 30 June 2020.

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