

Financial Services

Exposure draft on licensing framework for digital insurers and takaful operators

On 25 November 2022, Bank Negara Malaysia (“BNM”) issued an exposure draft on the licensing framework for digital insurers and takaful operators (“DITOs”) inviting feedback by 28 April 2023.

The exposure draft sets out, among others:

- the eligibility requirement and application procedures;
- specific requirements on the eligible business models and distribution channels of DITOs.

BNM indicated that it intends to issue up to five licences to qualified applicants that meet all the requirements.

Amendment to the Guidelines on Recognised Markets

The Securities Commission Malaysia (“SC”) revised the Guidelines on Recognised Markets with effect from 15 November 2022.

Amongst the amendments by the SC which are relevant to a:

- a) recognised market operator (“RMO”):
 - new requirement to seek the SC’s prior approval if a proposed change of its shareholding will result in the change of its controller (as defined in the **Capital Markets and Services Act 2007**);
 - a new notification obligation to notify SC at least 14 days before effecting any change in shareholders, directors and responsible person.
- b) peer-to-peer (“P2P”) financing platform
 - public-listed companies and its subsidiaries are now

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permitted issuers to be hosted on a P2P platform.

c) digital asset exchange (“DAX”)

- introduction of a new digital broker model, that is a DAX operator acting as a counterparty to an investor for every buy or sell order on or through its platform. This includes requirements relating to eligibility, financial and the settlement arrangements;
- expansion of the requirements relating to the management of conflict of interests by a DAX operator;
- replacing the approval requirement in respect of digital assets with a concurrence framework;
- existing DAX operators now required to obtain SC’s prior approval to operate any other DAX models.

d) E-services platform

- expansion of the class of investment products allowed to be offered on an e-services platform to include products offered by any other RMOs;
- a new obligation to obtain prior authorisation from a relevant sectorial regulator to offer a non-capital market product.

Guidelines on Islamic Capital Market Products and Services

The SC issued the Guidelines on Islamic Capital Market Products and Services (“Guidelines”) to consolidate all existing *Shariah* requirements in the different guidelines and serve as a single point of reference for those offering or intending to offer Islamic capital market products and services. This is part of the SC’s incentive to further enhance *Shariah* governance framework for the Islamic capital market in Malaysia.

The Guidelines:

- supersede and replace the Guidelines for *Shariah* Advisers and Guidelines on Islamic fund management;
- consist of a solely dedicated *Waqf*-featured framework, which signifies *waqf* as an important enabler in harnessing the value proposition of Islamic social finance for Sustainable and Responsible Investment initiatives.

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