

## Financial Services

### Permitted disclosure of customers' information to Inland Revenue Board

A financial institution or any of its directors or officers is permitted to disclose any document or information relating to the affairs or account of its customer required by the Inland Revenue Board of Malaysia ("IRB") under section 81 of the **Income Tax Act 1967** ("ITA") for the purpose of facilitating exchange of information pursuant to tax arrangements or agreements under section 132, 132A or 132B of the ITA to any officer of the IRB, following amendments to:

- Schedule 11 to the **Financial Services Act 2013** and the **Islamic Financial Services Act 2013**, respectively; and
- Fourth Schedule to the **Development Financial Institutions Act 2002**.

The scope of the permitted disclosure will be in respect of the following:

- for the purposes of filing an application in any court to obtain a garnishee order in accordance with section 106A of the ITA, which empowers the Director General of the IRB to require a financial institution to furnish the Director General with the bank account information of any person against whom a judgment has been obtained in civil proceedings, for the purpose of making an application to court for a garnishee order; and
- to any persons authorised by the IRB to receive the documents or information on its behalf.

# Legal Updates

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## Exposure Draft Policy Document on Islamic Collateralised Funding

Bank Negara Malaysia (“BNM”) has issued an [exposure draft on Islamic Collateralised Funding](#) for feedback to be provided by 31 October 2023.

Pursuant to the exposure draft:

- it sets out BNM’s requirements relating to sell and buy back (“SBBA”) transactions as well as collateralised commodity murabahah (“CCM”) transactions which are used to source and provide funding for liquidity management in the Islamic Interbank Money Market (“IIMM”).
- it will apply to banks and investments bank licensed under the **Financial Services Act 2013**, Islamic and international Islamic bank licensed under the **Islamic Financial Services Act 2013** as well as prescribed institution under the **Development Financial Institutions Act 2002** (collectively, “banking institutions”).
- it is intended to take effect on 1 January 2024.
- the Guidance Note on on Sell and Buy Back Agreement issued on 28 June 2013 will be superseded.
- it will apply to banking institutions that participate in the IIMM where that banking institution enters either:
  - an SBBA transaction or a reverse SBBA transaction involving SBBA securities denominated in ringgit or foreign currency, including any outright sale or purchase of SBBA securities with an intention to repurchase or resell the SBBA securities at a future date and agreed price; or
  - a CCM transaction or a reverse CCM transaction, including any pledge of CCM securities with an intention to repledge the CCM securities at a future date and agreed price.

## Update to Exposure Draft on Licensing and Regulatory Framework for Digital Insurers and Takaful Operators

On 5 October 2023, BNM has provided an [update](#) on the outcome of the consultation paper on the Exposure Draft on Licensing and Regulatory Framework for Digital Insurers and Takaful Operators (“DITO Framework”).

According to BNM, following the feedback received, it is currently refining several aspects of the DITO Framework and it plans to finalise the DITO Framework by the first half of 2024.

**CONTACT US FOR FURTHER INFORMATION REGARDING FINANCIAL SERVICES MATTERS.**

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