

Financial Services

Securities Commission Malaysia introduces Foreign Exempt Scheme

On 29 August 2023, the Securities Commission Malaysia revised:

- (a) the [Guidelines for the Offering, Marketing and Distribution of Foreign Funds](#) (“FF Guidelines”).

Following the revision:

- a new foreign exempt scheme (“FES”) framework is introduced. To qualify under the FES framework, one of the requirements to be satisfied is that the operator of such foreign fund must be a related corporation to a locally licensed fund management company;
- secondary listing of non-plain vanilla foreign exchange-traded funds (“ETF”) is now permitted under the FF Guidelines.

- (b) the [Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework](#) (“UCMP Guidelines”). The revision enables operator of a foreign fund and fund management companies to make available wholesale funds that invest in alternative investment products, such as digital currency or digital token as defined in the Capital Markets and Services (Prescription of Securities) (Digital Currency and Digital Token) Order 2019.

Exposure draft on Liquidity Risk

Bank Negara Malaysia issued an [exposure draft on liquidity risk](#) on 23 August 2023 which sets out its proposed requirements and guidance on the management of liquidity risk to ensure that “*financial institutions*” adequately assess their exposures to liquidity risk and take appropriate measures to address their liquidity needs.

Legal Updates

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These requirements and guidance are meant to complement the policy documents on Liquidity Coverage Ratio and Net Stable Funding Ratio.

The financial institutions which will be subject to these requirements are:

- banks and investment banks licensed under the **Financial Services Act 2013**;
- Islamic banks and international Islamic banks licensed under the **Islamic Financial Services Act 2013**;
- prescribed institutions as defined in the **Development Financial Institutions Act 2002**; and
- financial holding companies predominantly engaging in banking business.

Written feedback is to be provided to Bank Negara Malaysia by 30 November 2023.

Supplementary Guidelines on Standards of Certification of Labuan Financial Advisors

The Labuan Financial Services Authority issued [Supplementary Guidelines](#) on 29 August 2023 to complement the Guidelines on Insurance Broker.

The Supplementary Guidelines serve as a guidance on the professional certification and development program for appointed representatives of Labuan life insurance broking companies carrying on client advising and/or client-facing activities, each of which are defined in the Supplementary Guidelines.

Labuan Financial Services Authority revises the Guidelines on Captive Insurance

Revisions were made to the [Guidelines on Captive Insurance Business in Labuan International Business and Financial Centre](#) (the “Guidelines”) with effect from 21 August 2023.

The Labuan Financial Services Authority revised the Guidelines:

- (a) To provide clarity on captive structure and operational requirements for rental captives.

A new captive structure, namely, External rent-A-Captive (“X-RAC”) is established.

- (b) To introduce requirements relating to the roles and responsibilities of the board and senior management of Master rent-a-captive (“MRAC”) and Protected Cell Companies (“PCC”) in managing captives under their care.

- (c) to expand the insurable risks of Labuan captives to include indirect insurable interest risks.

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