

Financial Services

Expansion of SRI Sukuk and Bond Grant Scheme

The Securities Commission Malaysia (“SC”) announced the expansion of the Sustainable and Responsible Investment (“SRI”) Sukuk and Bond Grant Scheme (“Grant”) to facilitate sustainable finance.

The Grant, which was originally made applicable to sukuk issued under the SC’s SRI Sukuk Framework and bonds issued under the ASEAN Green, Social and Sustainability Bond Standards, have been expanded to include companies issuing sukuk under the SC’s Sustainable and Responsible Investment linked (“SRI-linked”) Sukuk Framework.

Eligible issuers under the SRI-linked Sukuk Framework will be eligible to apply to offset up to 90% of the external review costs incurred, subject to a maximum of RM300,000 per issuance.

Updates by the Joint Committee on Climate Change (“JC3”)

Following the 8th meeting of JC3 on 29 August 2022, Bank Negara Malaysia (“BNM”) and the SC issued a joint statement indicating that JC3 will continue to focus on the following priorities:

- financial institutions have submitted the first report on the application of the Climate Change and Principle-based Taxonomy (“CCPT”) to BNM. JC3, through the CCPT Implementation Group (“CCPT IG”), is working with the industry and partners to further improve the consistency and quality of classifications under the CCPT for existing outstanding financing and investments.

CCPT IG will publish and maintain a set of CCPT FAQs on application issues to promote more consistent practices across financial institutions and has developed a due-diligence questionnaire together with World Wide Fund (“WWF”) Malaysia on selected CCPT guiding principles.

Legal Updates

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- JC3 is now supporting Capital Markets Malaysia (“CMM”), an affiliate of the SC, to develop an ESG Disclosure Guide (“Guide”) tailored to Malaysian Small and Medium Enterprises (“SMEs”).
- JC3 welcomed the issuance of the [Sustainable and Responsible Investment-linked \(SRI-linked\) Sukuk Framework](#) by the SC on 30 June 2022 to facilitate companies to issue SRI-linked Sukuk to support their transition towards low-carbon activities. JC3 is also actively exploring suitable pilot programmes to test new green solutions and instruments such as blended finance to support the development of climate-friendly projects.
- a Data Catalogue will be accompanied by a brief report on the data availability, gaps and specific recommendations to bridge data gaps, developed by JC3 remains on track for publication by end-2022.

New Policy Document on Payment Cards Framework

On 29 August 2022, BNM issued a new policy document on Payment Cards Framework (“PCF PD”).

Pursuant to the PCF PD:

- it applies to (i) issuers of credit cards, debit cards and international brand prepaid cards; (ii) merchant acquirers of credit card, debit card and international brand prepaid card transactions which are registered under sections 17(1) and 18 of the **Financial Services Act 2013**; (iii) operators of payment systems, including operators of a payment card network, approved under section 11 of the **Financial Services Act 2013** or the **Islamic Financial Services Act 2013**.
- enhances measures implemented by BNM under the Payment Card Reform Framework which was issued in 2014, in line with the changing payment card landscape.

- the provisions of the PCF PD came into effect on 19 August 2022 save for the following paragraphs which will only come into effect on 1 January 2023:
 - paragraphs 8.1 to 8.6 on interchange fee ceilings;
 - paragraphs 10.9 and 10.10 on acceptance of payment cards by merchants; and
 - paragraphs 11.1 to 11.8 on addressing surcharging and minimum transaction amount practices.

Revision to Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework

The SC has on 1 September 2022 made certain housekeeping amendments throughout the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued on 9 March 2015 to provide greater clarity and consistency. These amendments include stylistic or formatting changes and necessary changes of an editorial nature and substitution of terms.

Revision to Guidelines on Private Retirement Schemes

The SC has on 1 September 2022 made certain housekeeping amendments throughout the Guidelines on Private Retirement Schemes issued on 5 April 2012 to provide greater clarity and consistency. These amendments include stylistic or formatting changes and necessary changes of an editorial nature, substitution of terms and insertion of a new section. A new section containing a set of Guidance to the guidelines has also been inserted.

In connection therewith, the SC has also revised its FAQs on the Guidelines on Private Retirement Schemes on 1 September 2022 to address questions relating to, *inter alia*, removal of the requirement for investment committee, application, registration, lodgement and notification and transitional arrangement.

SC Issues FAQs on Guidelines on Corporate Governance for Capital Market Intermediaries

On 22 August 2022, the SC has issued an FAQs on the Guidelines on Corporate Governance for Capital Market Intermediaries to address questions relating to, *inter alia*, governance-related requirements, board composition, active politicians, internal audit and outsourcing.

CONTACT US FOR FURTHER INFORMATION REGARDING FINANCIAL SERVICES MATTERS.

Tax & Revenue

Income tax

The following Order and Rules have recently been gazetted:

- [Income Tax \(Agreement between the Government of Malaysia and the Government of the United States of America to Improve International Tax Compliance and to Implement the Foreign Account Tax Compliance Act\) Order 2022](#) — gazetted on 1 September 2022; and
- [Income Tax \(Automatic Exchange of Financial Account Information between the Government of Malaysia and the Government of the United States of America to Improve International Tax Compliance and to Implement the Foreign Account Tax Compliance Act\) Rules 2022](#) — gazetted on 1 September 2022.

The [Guidelines on Tax Treatment of Digital Currency Transactions](#) that were issued on 26 August 2022 have recently been published on the Inland Revenue Board's official website.

Labuan tax

The [Labuan Business Activity Tax \(Automatic Exchange of Financial Account Information between the Government of Malaysia and the Government of the United States of America to Improve International Tax Compliance and to Implement the Foreign Account Tax Compliance Act\) Regulations 2022](#) have been gazetted on 1 September 2022.

Sales tax

The following policy has recently been published on the Royal Malaysian Customs Department's MySST website:

- [Dasar Cukai Jualan Bil. 2/2022 — Fasilitasi Aktiviti Dropshipment di bawah Perundangan Cukai Jualan](#) (available in Malay language only) – issued on 24 August 2022.

Service tax

The following policy has recently been published on the Royal Malaysian Customs Department's MySST website:

- [Dasar Cukai Perkhidmatan Bil. 2/2022 — Pengecualian Penuh dan Kemudahan Bayaran Balik Cukai Perkhidmatan kepada Syarikat Operator Joint Development Area \(JDA\)](#) (available in Malay language only) — issued on 8 September 2022.

Excise duties

The [Excise Duties \(Premix Preparation\) \(Payment\) Order 2022](#) has been gazetted on 9 September 2022 and will come into operation on 1 November 2022.

CONTACT US FOR FURTHER INFORMATION REGARDING TAX & REVENUE MATTERS.