

COMPLIANCE TODAY

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Local & Global News

- MALAYSIA: Bursa Malaysia Deepens Investors' Connection to Dealer's Representatives
- MALAYSIA: Bursa Malaysia Introduces Additional Measures to Encourage Informed Investing
- MALAYSIA: Invest Malaysia 2024 - China: Regaining Malaysia's Lead in Asia
- MALAYSIA: SC Malaysia Fast Tracks Market Entry Process for Capital Market Players
- MALAYSIA: SC Raises the Standard of Conduct for Capital Market Intermediaries
- MALAYSIA: SC's Fikra Excel Attracts Global Talent for Fintech Industry
- MALAYSIA: MYCIF Unveils Incentives for MSMEs in Upstream Agriculture and Bio-Economy Businesses
- WORLD: Macquarie Bank to Pay \$10 million for Failure to Properly Monitor System for Third-Party Fee Withdrawals from Customer Accounts

Anti-Money Laundering News

- MALAYSIA: Malaysia Taking Steps to Strengthen Anti-Money Laundering, Counter-Terror Laws
- WORLD: SEC Charges Former Arista Networks Chairman Andy Bechtolsheim with Insider Trading
- WORLD: SEC Charges 17 Individuals in \$300 Million Crypto Asset Ponzi Scheme Targeting the Latino Community
- WORLD: Trader Charged by CFTC for Spoofing in Gold and Silver Markets

Islamic Finance News

- MALAYSIA: SC Partners ISDB to Advance Islamic Capital Market, Social Finance
- MALAYSIA: Bank Negara Malaysia Imposes Administrative Monetary Penalty on 14 Financial Institutions for Non-Compliances with the Financial Services Act 2013 and Islamic Financial Services Act 2013

Ethics & Governance News

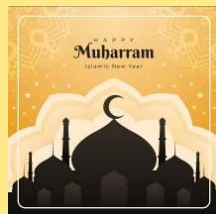
- MALAYSIA: Man who Evaded the Law for 15 Years Charged with Abetment in Securities Fraud
- WORLD: Top Assets Linked to Vietnam Property Firm Accused of Multibillion-Dollar Fraud
- WORLD: Vietnam Continues Support for Bank Engulfed in Massive Fraud
- WORLD: Fraud Concerns Raise Red Flags for India's Booming Tiny IPOs

Knowledge Corner

- Climate Risk: Threading the Needle
- BNM Enforcement Approach [1st Edition: 2024]

Regulatory Alerts

- Circulars / Guidelines: Bank Negara, Securities Commission & Bursa Malaysia



8 July 2024



31 August 2024



16 September 2024



16 September 2024

Images: freepik.com

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Local & Global News



Malaysia

MALAYSIA: Bursa Malaysia Deepens Investors' Connection to Dealer's Representatives

Bursa Malaysia Berhad (Bursa Malaysia) unveiled the BURSA Remisier Acquisition Hub (BURSA REACH), Malaysia's first profiling platform dedicated to featuring and facilitating better connections between dealer's representatives (DRs) and investors, beyond traditional channels. The platform is one of Bursa Malaysia's new offerings, designed to provide investors greater access to investment opportunities in the marketplace.

Through this platform, nominated remisiers and DRs can showcase their investment expertise in a compelling way. The platform allows them to build detailed profiles that highlight their experience, qualifications and investment strategies. This transparency helps build trust, attract the interest of a wider range of prospective investors, and allows potential investors to find a good fit based on their investing requirements.

For investors, BURSA REACH enables them to stay informed about their DRs' latest investment activities. Investors can connect with DRs and explore their portfolios, screen for investment ideas, and make informed investment decisions based on their investment style and risk appetite.

BURSA REACH complements Bursa Malaysia's existing educational programmes. It gives investors direct access to licensed DRs and real-time insights into equity portfolio management, thereby enriching their trading experience and empowering them to participate confidently in the equities market. In addition, the BURSA REACH platform supports the growing trend of mirror trading, a social trading style that is gaining popularity in today's investment landscape where it allows investors to replicate trades made by successful DRs.

The BURSA REACH platform is free and open to all Participating Organisations (POs) as well as the investing public. Currently, 31 DRs from four (4) POs — namely AmInvestment Bank Berhad, BIMB Securities Sdn Bhd, Malacca Securities Sdn Bhd, and Phillip Capital Sdn Bhd, are onboarded on the platform. The BURSA REACH platform welcomes more POs to nominate and profile their DRs, to broaden participation and increase market activity for greater capital market vibrancy.

Source: <https://www.bursamalaysia.com>



Malaysia

MALAYSIA: Bursa Malaysia Introduces Additional Measures to Encourage Informed Investing

Bursa Malaysia Securities Berhad (Bursa Malaysia) is bolstering its investor safeguards with the introduction of Trading Reminders with immediate effect, a new tool highlighting listed companies that exhibit unusual trading activity. The Trading Reminders issued by Bursa Malaysia, will be in addition to the Unusual Market Activity (UMA) queries by the Exchange that prompt public disclosure from public listed companies (PLCs) experiencing significant, unexplained price or volume movements.

Bursa Malaysia has observed instances where share prices and volumes remain volatile despite PLCs responding that there were no new developments in their UMA response. Hence, the Trading Reminder flag aims to alert investors to exercise caution when encountering a stock displaying persistent unusual price and/or volume movements after the listed company's UMA response.

Source: <https://www.bursamalaysia.com>

Local & Global News



Malaysia

MALAYSIA: Invest Malaysia 2024 - China: Regaining Malaysia's Lead in Asia

Bursa Malaysia Berhad (Bursa Malaysia) in collaboration with China International Capital Corporation Limited (CICC) and Malayan Banking Berhad (Maybank), concluded the Invest Malaysia 2024 - China. Themed "Regaining Malaysia's Lead in Asia," the virtual event was premised on enhancing investment and trade flows between Malaysia and China, by promoting Malaysia as a compelling economic and investment destination to China-based institutional investors and fund managers. The conference was in commemoration of the 50 years anniversary of diplomatic relations between the two nations.

The conference featured a special address by Prof. Dr. Ong Kian Ming, current Board Member of the Malaysian Investment Development Authority (MIDA) and former Deputy Minister of Malaysia International Trade and Industry (MITI). Prof. Dr. Ong delved into Malaysia's strategic economic blueprints, in particular the New Industrial Master Plan 2030 (NIMP2030), which targets to restructure Malaysia as a high-growth, high-value investment destination within Southeast Asia. His presentation highlighted Malaysia's diverse economy, growth-driven policies, and the unique challenges and opportunities that lie ahead.

Invest Malaysia 2024 - China was attended by 300 delegates, including foreign fixed income, equity and private equity investors, with a combined Asset Under Management (AUM) of over RM22.93 trillion (approximately US\$4.8 trillion).

Other sessions included highlighting Malaysia's capital market by Stephanie Tan, Head of Investor Development, Bursa Malaysia; and an indepth outlook of Malaysia's economy and equity market by Maybank's Chief Economist, Suhaimi Illias and Head of Malaysia Equity Research, Wong Chew Hann. Delegates were provided a view into business trends and collaboration opportunities between China and Malaysia, by CICC's Head of Malaysia's Preparatory Team, Kai Yuan Tan. A sectoral case study on Malaysia's semiconductor industry was presented by the President of the Malaysian Semiconductor Page 3 of 3 Industry Association, Dato' Seri Wong Siew Hai. A trademark feature of IMKL, delegates had the opportunity to meet key Malaysian corporates through the corporate sessions.

Source: <https://www.bursamalaysia.com>



Malaysia

MALAYSIA: SC Malaysia Fast Tracks Market Entry Process for Capital Market Players

The Securities Commission Malaysia (SC) has stepped up to expedite the market entry process for Capital Market Intermediaries (CMIs) and Recognized Market Operators (RMOs). The Focused Scope Assessment (FSA), effective immediately, promises to reduce the time required for CMIs and RMOs to enter the market to just three months, a major improvement from the previous timeframe of over six months.

This move is part of the SC's broader strategy to adapt to the capital market's increasing maturity and the evolving landscape of regulatory standards. By implementing the FSA through amendments to the Guidelines on Recognized Markets, the SC is introducing a more targeted and efficient evaluation of applicants' operational and regulatory readiness.

A key aspect of the FSA is the requirement for applicants to engage an independent party to validate their business policies and procedures. This step is designed to ensure applicants maintain high levels of efficiency and readiness to meet regulatory requirements for conducting regulated activities.

Despite these streamlined processes, the SC emphasizes its continued commitment to thorough assessments in critical areas such as fit and properness, governance, and risk management. Amendments to the Guidelines on Recognized Markets have also been made to ensure a level playing field for all RMOs, including new equity crowd funding operators, which now face a capital requirement of RM5 million.

The revisions further enhance measures against financial crimes, including money laundering and terrorist financing, underscoring the SC's dedication to maintaining the integrity of Malaysia's financial markets.

Source: <https://fintechnews.my>

Local & Global News



Malaysia

MALAYSIA: SC Raises the Standard of Conduct for Capital Market Intermediaries

The Securities Commission Malaysia (SC) issued the revised Guidelines on Conduct for Capital Market Intermediaries (Guidelines), aimed at elevating standards of professionalism and integrity of capital market intermediaries (CMIs) in the industry.

The revised Guidelines, among others, reinforce the role of a CMI's board and senior management in inculcating a corporate culture where clients' interests are prioritised. The Guidelines clarify the SC's expectations on CMIs' duty to act honestly, fairly as well as avoid misleading and deceiving its clients under any circumstances. New chapters are introduced to address crucial areas such as treatment of vulnerable clients, as well as provision of personal advice and capital market related services including through online platforms.

The SC Chairman Dato' Seri Dr. Awang Adek Hussin said that the revised Guidelines signify the SC's efforts towards fostering trust, integrity and client-centricity in the capital market industry by, amongst others, minimise the risk of mis-selling, avoid reputational damage, reduce complaints and improve client retention.

In revising the Guidelines, the SC has taken into account feedback from engagements with, among others, Bank Negara Malaysia, Federation of Investment Managers Malaysia and relevant capital market intermediaries.

The revised Guidelines will come into effect on 1 October 2024 to allow sufficient time for capital market intermediaries to familiarise and make preparations to meet the new requirements of the revised Guidelines.

Source: <https://www.sc.com.my>



Malaysia

MALAYSIA: SC's Fikra Excel Attracts Global Talent for Fintech Industry

The Securities Commission Malaysia (SC), in collaboration with the Computer Science Society of Universiti Sains Malaysia (USM), held the highly anticipated Varsity Hackathon (VHACK 2024) on 20 April 2024. VHACK is the inaugural event of the FIKRA ACE - Excel, a key component of the SC's FIKRA ACE1. The FIKRA ACE - Excel is a capacity building initiative for the SC to support the development of Islamic fintech by building skillsets and talent for the industry through collaborations with higher learning institutions.

Focusing on solving curated Sustainable Development Goals (SDG) related real-life issues, the programme received an overwhelming response of over 900 applications from 90 higher learning institutions around the world. In the final pitching day that was held at USM in Penang, 10 teams from multiple public and private universities were crowned winners, bringing home a total of RM37,500 in cash prizes.

The winners and participants showcased the ability to assimilate technical knowledge into real-life applications empowered by technology, with proposed solutions ranging from interactive educational platform, investment and debt management apps to improve financial literacy to tech-powered crops management solutions.

Besides FIKRA ACE, the SC also continues to spearhead fintech initiatives through its SCxSC initiative to support the growth of the capital market and ensure Malaysia remains competitive.

As a follow up to the recent SCxSC "Views from the Top: Digital Leaders' Dialogue on Emerging Techs", the SC will engage with key industry stakeholders on 3 May to deliberate policy implications of asset tokenization, and the institutional integration of digital assets, within the capital market.

Source: <https://www.sc.com.my>

Local & Global News



Malaysia

MALAYSIA: MYCIF Unveils Incentives for MSMEs in Upstream Agriculture and Bio-Economy Businesses

The Malaysia Co-Investment Fund (MyCIF) announced two new incentives for micro, small and medium enterprises (MSMEs) in the upstream agriculture and bio-economy businesses to help boost national food security.

The new incentives are:

- Investments at 0% financing rate in eligible peer-to-peer financing (P2P) campaigns; and
- Foregoing dividend income from investments in eligible equity crowdfunding (ECF) campaigns.

The incentives, announced at the MyCIF Open Day, will apply to agriculture and bio-economy businesses that fall within the upstream segment of the value chain. MyCIF, set up as part of Budget 2019 and administered by the Securities Commission Malaysia (SC), co-invests in MSMEs and social enterprises. The success of its co-investment model lies in its crowding-in effect achieved through the 1:4 co-investment ratio under the general scheme.

To encourage growth in strategic sectors of the economy, MyCIF implemented a special 1:2 co-investment ratio for agriculture and ESG businesses, as well as extending a special 1:1 co-investment ratio for social enterprises.

Some key highlights of MyCIF are:

- As of December 2023, MyCIF has co-invested RM930 million in ECF and P2P campaigns, benefiting 6,328 MSMEs.
- MyCIF has invested 3.7 times the total grant amount of RM250 million by reinvesting returns from repayments and dividends into additional ECF and P2P campaigns by MSMEs.
- The crowding-in effect of MyCIF led to a 3.5-fold increase in private investment from 2020 to 2023.
- MyCIF has fuelled the growth of 274 start-ups, accelerating their journey towards expansion, including securing follow-on funding from venture capitalists and expanding regionally.

Looking ahead, MyCIF remains committed to broadening its strategic allocations to support the national agenda by investing for impact in focused sectors such as environment, community, food security, education and healthcare.

Additionally, MyCIF will collaborate with various State Islamic Religious Councils (SIRCs) to help fund Waqf asset development in focused sectors.

Source: <https://www.sc.com.my>

Local & Global News



World

WORLD: Macquarie Bank to Pay \$10 million for Failure to Properly Monitor System for Third-Party Fee Withdrawals from Customer Accounts

The Federal Court has ordered Macquarie Bank Ltd (Macquarie) to pay a penalty of A\$10 million for failing to have effective controls to prevent and detect unauthorised fee transactions conducted by third parties, such as financial advisers, on customer cash management accounts (CMA) using Macquarie's bulk transacting facility.

The CMA provides the customer with function that enable its third parties (eg: financial advisers, stockbrokers and accountants) to have different levels of authority to transact on their accounts, including a limited authority to withdraw the third party's fees. Additionally, Macquarie also made available to third parties a bulk transacting tool to make multiple withdrawals across multiple customer accounts simultaneously.

According to the Australian Securities and Investments Commission (ASIC), Macquarie did not implement effective controls to prevent or detect whether third party bulk transactions under the fee authority were actually for fees made through the Macquarie's bulk transacting tool.

While Macquarie initially defended the proceeding, it later admitted the shortcomings and agreed to pay for the penalty.

Source: <https://www.reuters.com>

Anti-Money Laundering News



Malaysia

MALAYSIA: Malaysia Taking Steps to Strengthen Anti-Money Laundering, Counter-Terror Laws

Malaysia is taking steps to strengthen its regime on anti-money laundering, and the countering of financing terrorism and the proliferation of weapons of mass destruction (AML/CFT/CPF), the central bank said.

A new National Coordination Committee to Counter Money Laundering Roadmap is currently being developed, which will outline key initiatives in the areas of investigation, enforcement, coordination and capacity building, said Bank Negara Malaysia (BNM) deputy governor Marzunisham Omar.

The Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, the primary legislation also known as AMLA, is also being reviewed to address “gaps and implementation issues, particularly in matters relating to regulation, supervision and enforcement,” he said.

Marzunisham's opening remarks at the Malaysia Assessed Country Training came ahead of the next round of review by the multilateral Financial Action Task Force (FATF). Malaysia is among the first set of countries that will go through the mutual evaluation process that will begin with the submission of the technical compliance on select recommendations in June 2024.

Source: <https://theedgemaalaysia.com>



World

WORLD: SEC Charges Former Arista Networks Chairman Andy Bechtolsheim with Insider Trading

The Securities and Exchange Commission (SEC) had announced insider trading charges against Andreas “Andy” Bechtolsheim, the founder and Chief Architect of Silicon Valley-based technology company Arista Networks, Inc.

According to the SEC's complaint, Bechtolsheim misappropriated material non-public information regarding the impending acquisition of Acacia Communications, Inc., a manufacturer of high speed optical interconnect products. Bechtolsheim, who was Arista Networks's chair at the time, learned of Acacia's impending acquisition through his and Arista Networks's long standing relationship with another multinational technology company that was also considering acquiring Acacia and consulted with Bechtolsheim concerning the potential acquisition. Immediately after learning this information, Bechtolsheim allegedly traded Acacia options in the accounts of a close relative and an associate. His trading generated combined illegal profits of \$415,726.

Without admitting or denying the allegations in the SEC's complaint, Bechtolsheim settled the SEC's charges by agreeing to be barred from serving as an officer or director of a public company for five years and to pay a civil monetary penalty of \$923,740. The settlement is subject to court approval.

Source: <https://www.sec.gov>

Anti-Money Laundering News



World

WORLD: SEC Charges 17 Individuals in \$300 Million Crypto Asset Ponzi Scheme Targeting the Latino Community

The Securities and Exchange Commission (SEC) charged 17 individuals for their alleged roles in a US\$300 million Ponzi scheme that targeted more than 40,000 predominantly Latino investors, according to a complaint filed in federal court in Houston, Texas.

The complaint follows the SEC's emergency action in September 2022 that halted the company accused of carrying out the scheme, CryptoFX, and charged the two alleged main actors involved, Mauricio Chavez and Giorgio Benvenuto. The 17 individuals acted as leaders and raised US\$300 million from predominantly Latino investors by pledging returns of 15 to 100 percent on their investments. However, the funds were not utilised for trading purposes instead the funds were used to pay off supposed returns to other investors, to pay themselves commissions and bonuses and to fund their own lifestyles.

They were charged with violating the anti-fraud, securities-registration and broker-registration provisions of the federal securities laws.

Source: <https://www.sec.gov>



World

WORLD: Trader Charged by CFTC for Spoofing in Gold and Silver Markets

The United States (US) District Court for the District of Nevada has sanctioned Daniel Shak (Shak) for engaging in spoofing and in a manipulative and deceptive scheme in the gold and silver futures markets in violation of the Commodity Exchange Act (CEA) and Commodity Futures Trading Commission (CFTC) regulations.

The order finds that from February 2015 through March 2018, Shak had repeatedly engaged in manipulative or deceptive acts and practices by spoofing while placing orders for and trading gold and silver futures contracts on the Commodity Exchange, Inc. On hundreds of occasions, Shak entered large orders for gold or silver futures he intended to cancel before execution, while placing orders on the opposite side of the gold or silver futures market. By placing the spoof orders, Shak intentionally or recklessly sent false signals of increased supply or demand that were designed to trick market participants into executing against orders on the opposite side of the market, which he actually wanted filled. Shak's spoof orders allowed him to fill orders on the opposite side of the market sooner, at a better price, and/or in larger quantities than he otherwise would.

The order imposes a \$750,000 civil monetary penalty, permanently prohibits Shak from trading in commodity interests and registering with the CFTC in any capacity, and a permanent injunction prohibiting Shak from further violations of the CEA's prohibitions on spoofing and manipulative and deceptive schemes to defraud.

Source: <https://www.cftc.gov>

Islamic Finance News



Malaysia

MALAYSIA: SC Partners ISDB to Advance Islamic Capital Market, Social Finance

The Securities Commission Malaysia (SC) has signed a Memorandum of Understanding (MOU) with the Islamic Development Bank (IsDB) Group, paving the way for greater cooperation in Islamic capital market (ICM) and broadening the reach of Islamic fintech and social finance, particularly Waqf.

Under the MOU signed, both the SC and IsDB will collaborate in several key areas. These include facilitating innovation in Islamic fintech, promoting development of Islamic social finance, and encouraging inflow of investments, among others. It also aims to increase capacity building, knowledge sharing and joint technical projects in key interest areas related to ICM, which can also be capitalised by both institutions for the benefit of other IsDB member countries.

The SC together with its affiliate, Capital Markets Malaysia recently engaged with various stakeholders in Abu Dhabi, Dubai and Riyadh. This includes lending Malaysia's voice to reinforcing ICM's impact and enhancing Malaysia's global thought leadership. In several panel sessions in the region, the SC's Executive Director of Islamic Capital Market, Sharifatul Hanizah Said Ali spoke about how ICM can be harnessed to structure innovative financing instruments to further advance social impact investing, sukuk issuances and Islamic asset management.

In 2023, the Malaysian ICM grew 4.5% to RM2.4 trillion while sukuk outstanding rose by 7.4% and Shariah-compliant equities by 1.5%. Malaysia remains the global leader in ICM, particularly in sukuk outstanding as well as Islamic fund management, securing top rankings in global indices including Islamic Fintech Index, the Global Islamic Economy Indicator and the global Islamic Finance Development Indicator for the 10th consecutive year.

Source: <https://www.sc.com.my>



Malaysia

MALAYSIA: Bank Negara Malaysia Imposes Administrative Monetary Penalty on 14 Financial Institutions for Non-Compliances with the Financial Services Act 2013 and Islamic Financial Services Act 2013

Bank Negara Malaysia (BNM) had on 30 January 2024, imposed Administrative Monetary Penalty (AMP) on 14 financial institutions (Table 1) for non-compliances with sections 143(3)(b) and 143(4) of the Financial Services Act 2013 (FSA) and sections 155(3)(b) and 155(4) of the Islamic Financial Services Act 2013 (IFSA) regarding the submission of information to BNM, read together with the requirements under other policy documents.

Under these requirements, the financial institutions are required to submit timely, accurate and complete data, as specified in the respective policy documents. The financial institutions had committed various non-compliances associated with late, incomplete and/or inaccurate submissions of critical data related to financial performance and payments, external asset and liabilities, cash balance of payments and borrower's credit information, that may impact analysis, decision-making and publications by BNM.

Common root causes of the non-compliances include unresolved technical issues affecting financial institutions' internal systems, incorrect applications of statistical requirements and inadequate operating procedures. The financial institutions have taken remedial steps to address these issues, including system enhancements, strengthened processes for validating submissions as well as additional training for staff. Erroneous submissions have been fully rectified and did not affect releases of aggregate data by BNM for the relevant reporting periods.

The respective AMP amount was determined by considering relevant aggravating and mitigating factors which include the financial institutions':

- Past compliance records; and
- Post misconduct behaviour such as timely rectification of the non-compliances and remedial measures taken by the financial institutions.

Source: <https://www.bnm.gov.my>

Ethics & Governance News



Malaysia

MALAYSIA: Man who Evaded the Law for 15 Years Charged with Abetment in Securities Fraud

The Securities Commission Malaysia (SC) charged Wong Jit Kiang (Daniel Wong) in the Kuala Lumpur Sessions Court with abetting the late Toh Chun Toh Gordon (Toh) in defrauding Multi-Code Electronics Industries (M) Berhad (Multi-Code) amounting to RM17.6 million in 2007.

Daniel Wong had been at-large for 15 years despite numerous efforts made to locate him and two separate warrants of arrest issued against him in 2009 and 2019.

He was arrested at the Kuala Lumpur International Airport Terminal 2 (KLIA2) on his return from Singapore yesterday with the assistance of the International Criminal Police Organisation (Interpol), Singapore Police Force's Commercial Affairs Department (CAD Singapore) and Malaysia Airports Aviation Security (AVSEC).

Daniel Wong was preferred with one charge under section 122C(c) read together with section 87A(b) of the Securities Industries Act 1983 (SIA) for abetting Toh in using RM17.5 million from Multi-Code's funds between 26 and 28 March 2007 to finance the purchase of over 11 million Multi-Code shares by Ace Prelude Sdn Bhd.

If convicted, Daniel Wong may be liable to a fine of not less than RM1 million and a jail term of not exceeding 10 years.

Source: <https://www.sc.com.my>



World

WORLD: Top Assets Linked to Vietnam Property Firm Accused of Multibillion-Dollar Fraud

The mastermind of Vietnam's largest-ever financial fraud, Van Thinh Phat Holdings Group Chairwoman Truong My Lan, was sentenced to death on Thursday after a month-long trial.

Lan and dozens of other defendants were found guilty of involvement in a real estate scam that siphoned off more than \$12 billion from large private lender Saigon Joint Stock Commercial Bank (SCB) through loans to shell companies.

The total value of the assets linked to real estate group Van Thinh Phat (VTP) and its affiliates is estimated at between \$12 billion and \$48 billion, according to investigators and an estimate from market appraisal firm Hoang Quan.

VTP did not respond to Reuters requests for comment. A representative for Lan's family said the value of the assets was about \$30 billion.

The range is wide because most assets are unfinished and their ownership is often unclear as they may have been used as collateral for loans and bonds.

Source: <https://www.reuters.com>

Ethics & Governance News



World

WORLD: Vietnam Continues Support for Bank Engulfed in Massive Fraud

Vietnam's central bank said it had continued providing support to Saigon Joint Stock Commercial Bank (SCB), which it put under special supervision in October 2022 after a run on its deposits.

Reuters reported on Wednesday the central bank had pumped nearly \$24 billion in SCB to prevent its collapse, and that special loans to the bank had continued at least until early April.

The central bank placed SCB under its supervision to stem a run on the bank sparked by the October 2022 arrest of real estate tycoon Truong My Lan, who was last week sentenced to death over her role in a \$12.5 billion financial fraud case, Vietnam's biggest of its kind.

"SCB has caused difficulties or may be in crisis. Like other central banks, we have to intervene. It's in accordance with our regulations," State Bank of Vietnam (SBV) deputy governor Dao Minh Tu told a press conference, acknowledging the SBV's lending to SCB.

"We continue to have a roadmap to restructure it step-by-step and study possible mechanisms, solutions to help the bank recover," Tu said, adding the bank was stable.

Source: <https://www.reuters.com>



World

WORLD: Fraud Concerns Raise Red Flags for India's Booming Tiny IPOs

A string of accounting frauds unearthed by India's securities regulator this month poses another risk to the blistering rally in shares of tiny businesses.

Varanium Cloud and Add-Shop E-Retail – both listed on the small and medium enterprises platform – were found to have manipulated their financial statements to fuel gains in their shares, according to initial orders issued by the Securities and Exchange Board of India (Sebi). The authorities have banned both companies and their founders from dealing in the country's capital market.

The crackdown comes after the regulator issued warnings earlier this year of price manipulation in tiny initial public offerings (IPOs). Analysts say the development presages greater regulatory action, which may temper further gains in the S&P BSE SME IPO Index of micro listings that has soared more than 5,000 per cent since the start of 2021.

Source: <https://www.businesstimes.com.sg>



Climate risk: Threading the needle

The value of focusing on preemptive strategies.

Whether you are watching the evening news, experiencing unusual weather in your community, or witnessing debates in the political arena, it's impossible to avoid the discussion on climate change. The noise can be deafening, complemented by a lack of consensus on potential impact, likelihood, and the appropriate level of government intervention. Many have strong personal views on this topic, which land on a broad spectrum. Therefore, it's highly unlikely that the views across all employees within a financial institution are universally aligned.

For risk management leaders, the confluence of these internal and external factors creates a complicated landscape to navigate. That said, this moment also provides an excellent opportunity for us to ground our organizations on climate change within a traditional risk management construct that resonates with all stakeholders. Removing ourselves from the noise and the emotion, climate risk may pose a material emerging risk for any financial institution. A blend of traditional risk management practices and new approaches will significantly aid in determining that risk and the extent to which climate risk should be integrated into our existing risk management practices.

Climate risk defined

Climate risk is defined as the risk to assets, investments and strategic goals resulting from the impact of a changing climate on our customers, communities, and operations. These risks are organized within two key sub-categories:

Physical risks: Physical risks are defined as the harm to people and property arising from acute, climate-related events, such as hurricanes, wildfires, floods, heatwaves, and chronic shifts in climate, including higher average temperatures, changes in precipitation patterns, sea level rise, and ocean acidification. We've witnessed a growing number of extreme events that may impact our operations, customers, and communities.

Examples include a one in a thousand-year rainfall event in the Los Angeles area during February, significant wildfires in Eastern Canada and, rare flooding in Vermont last summer. There are longer term consequences to such events, as weather-related events have served as a contributing factor to a trend by insurance carriers not to renew policies in certain regions. Regions less likely to experience wildfire or flooding are not immune from concern, as they may be exposed to other risks, such as extreme temperatures and wind-related hazards.

For some initial perspective, the Federal Emergency Management Agency maintains a National Risk Index, which provides a helpful interactive map across numerous hazard categories. While not specific enough in many cases to appropriately assess the risks associated with a specific property, the data within can be helpful in identifying and prioritizing physical risks within the region where collateral and operations are located.

Transition risk: Transition risk represents the stresses to institutions or sectors arising from the shifts in policy, consumer, and business sentiment, or technologies associated with the changes as part of a transition to a lower carbon economy. These activities are intended to result in a decrease in emissions, thereby improving the likelihood that the rising global temperatures will be less severe, resulting in a more stable planet and fewer physical risk impacts.

Many companies have made net-zero commitments and shaped a long-term strategy around efforts to slow rising temperatures. It remains unclear whether these companies and the economy at large will be able to meet such commitments as there are significant headwinds. Regardless of whether net-zero goals are met, there are numerous potential transition risks to your institution that need to be considered. There are already sectors within industries that are at risk of becoming obsolete or are likely to experience financial strain as capital expenditures increase as part of a transition. Further, embedded within the category of policy and regulation is the reality that some states are taking more aggressive legislative actions to encourage a transition to a lower carbon economy. In some instances, these laws may negatively impact the financial viability of our customer's business models.



The evolving regulatory landscape

Over the last 24 months, the regulatory landscape has continued to evolve at both the federal and state level. During the fourth quarter of 2023, multiple new regulatory expectations were finalized. There is a growing trend that regulatory agencies will expect FIs to integrate climate risk management practices into existing risk infrastructure sufficiently to ensure safety and soundness of both the FI and more broadly the financial system. Further, there could be a trend where multiple states require companies to disclose climate risk-related practices publicly.

Of note, all banks regulated by the New York State Department of Financial Services will need to address adherence to its recent guidance. California's disclosure laws may apply to our institutions, customers, and our third-party relationships, particularly given the broad definition for conducting business in California.

Further, publicly traded companies must closely assess the impact of the Securities and Exchange Commission Final Rule regarding the Enhancement and Standardization of Climate-Related Disclosures for Investors by understanding the requirements and the associated phased timing. Regardless of the specific applicability, FIs must now consider how best to perform a sufficient level of identification, assessment, and measurement, in a properly controlled framework/process, to meet accuracy control standards for such disclosures.

Lastly, developments at the state level need to be closely monitored due to the number of laws enacted (or in discussion), the scope of these laws and the reality that not all of these are intended to achieve the same outcome. For example, the Texas Legislature in 2021 enacted Senate Bill 13, which requires state entities to divest from companies (including banks) that have boycotted fossil fuel companies. While state-level laws in states such as California and Texas are not in immediate and direct conflict, this situation results in a dynamic where risk management leaders need to understand the potential impacts of regulations and consider how your FI intends on responding to these developments in a manner that aligns with its long-term strategy.

Finding similarities in existing risk management practices

The risk management playbook of identify, assess, measure, monitor, mitigate, and report should be applied to any risk management discipline. The application of these varies. These six critical risk management elements are like guitar strings. They all need proper tuning, and you need to know when and how to press the right strings to ensure the desired results are achieved. Climate risk will simply require learning some new chords.

Start by analyzing climate risk across these key elements with an initial focus on identifying and assessing potential climate risks. As the concept of climate risk gained traction in the US, there were early discussions of creating a separate climate risk pillar. A more conventional approach would be to view climate risk as an emerging risk and consider how it may impact existing risk pillars. There will likely be risks and considerations in all institutions with respect to credit, operational, strategic, and reputational risks. Additionally, many may also identify liquidity, market and legal risks.

Challenges to managing climate risk

While applying traditional risk management methodology is critical to dissecting and organizing climate risk management activities, such risks present the following challenges and need to be acknowledged.

Geopolitical and economic volatility. A volatile and uncertain economic and geopolitical landscape decreases the ability to predict outcomes. In addition to identifying shorter term risks, regulatory expectations and industry methodology are simultaneously encouraging the exploration of risk over time horizons that far exceed normal risk planning (e.g., 5, 10, 15, 20 years). Over the course of these time horizons, it is highly likely that macroeconomic issues (e.g., inflation) will distort focus on a transition to a lower carbon economy, which will impact the pace and cohesiveness of transition efforts. Geopolitical issues, such as more recent energy issues in Europe resulting from Russia's invasion of Ukraine, will further blur the picture of the timing and extent of transition. In many cases, depending upon the size of the institution,



analysis of multiple scenarios will be an important consideration to consider multiple potential outcomes.

Transition risk assessment complexity. Assessing the likelihood of transition risk is complex and the specifics are critical and elusive. Additional information is required to understand transition risk at the customer level, such as financial performance and specifics about the business model. Similarly, specific location (i.e., latitude/longitude) is critical to being able to measure important physical risks.

Internal and external data challenges. Undoubtedly, this is a common theme for us all. External data is needed to perform this analysis. While some vendors offer very beneficial data and insight, they are in limited supply. In merging external and internal data, you may learn that internal data is an equal challenge. Some internal data challenges are new. For example, from a BSA/AML customer identification program standpoint, there must be a valid address on file for customer but, if that address is not representative of the location of collateral, it may be of far less value from a climate risk standpoint.

Unclear regulatory expectations. Often with principle-based guidance, the interpretation of the language within has significant bearing on how guidance and rules are implemented. Regulators are actively working to determine how best to implement finalized guidance and in doing so recognize the challenges. While the timeline is uncertain, the inevitability that examiners will expect banks to be able to speak to climate risk as a potential material emerging risk seems in little doubt.

Analysis completed in consideration of these realities is not in vain. Every risk issue has its level of ambiguity and appropriately understanding potential outcomes will result in an FI more prepared to manage through the unpredictable ebb and flow.

Considering proportionality

As with any matter, the size and the complexity of an institution needs to be considered when contemplating the integration and management of climate risks. It's not uncommon for larger banks to share the initial brunt of regulatory scrutiny. In addition to regulatory scrutiny that is likely to expand over time, consider concentration risk for a moment before concluding that this is a "big bank issue."

Concentration is a reoccurring theme. In many cases, it serves as a key consideration when assessing the potential impact of these risks. The extent of your geographic concentration may have a significant correlation to the extent the community and the customers your bank serves are impacted by a physical risk event. This correlation was articulated in March of 2022, *Climate-Related Financial Risk and Bank Size: When Bigger is Smaller*. The analysis concluded that despite some limitations to the data, in comparing county level FEMA data to OCC data on the number and amount of small business loans, that the largest banks exhibited the least significant exposure to climate related financial risks. For example, the analysis noted that the bank with the highest exposure to physical risk in the nation had a total asset size of \$9.3 billion. Simply put, larger banks can more easily diversify certain climate risks than regional or community banks.

A favorite cartoon for many growing up was G.I. Joe. It famously concluded each episode with the adage, "knowing is half the battle," and truer words were never spoken when considering climate risk. Start by focusing on the identification and assessment of potential climate risks to your institution.

The appropriate breadth and depth of additional risk management efforts will be much easier to determine after the initial analysis is completed. Important initial steps include, understanding the physical risk exposures within the geographies of your operations and collateral, the regulatory requirements that apply to the institution, and trends in its footprint, along with analysis of industries that are inherently more sensitive to a transition to a lower carbon economy



Final thoughts

As efforts to manage climate risks begin, consider the following:

Find common ground with all key stakeholders in your organization by rooting discussions on climate risk in developing the capabilities and tools to properly identify and assess the risk. Let the outcomes of this work speak for itself and dictate next steps. Ask the stakeholders to leave their politics and emotions at the door.

Develop an initial understanding and continually monitor the impact of regulations at the federal, state, and municipal level.

Given that the topic of climate change is impossible to avoid, and that is also true for board members, be mindful and prepared to respond to questions from the board regarding the level of exposure the FI has to climate risk.

To the extent your FI is publicly traded, and the SEC rule is finalized, and/or California SB 261 is already applicable, you will need to strongly consider developing the internal capabilities and controls necessary to disclose climate risks and related practices with an adequate level of confidence.

In assessing transition risk, recognize there is likely additional work to be completed to measure customer specific level residual risk more accurately. While industry classification codes are a very good measure of industries that are inherently more sensitive to transition, the risk associated with specific customers within a sector may vary significantly. This could be the result of numerous factors, including a niche role that the customer plays within a sector that makes them less sensitive to transition risk, or the customer already being well prepared for transition.

Ownership is critical to making progress. In many cases after doing a sufficient level of identification and assessment, your institution may determine that climate risk does not need to be an employee's full-time responsibility in the near term. While that may be completely reasonable, institutions may want to consider, at a minimum, adding climate risk to a risk management leader's responsibilities or performance objectives.

Eric Wischman is an EVP at M&T Bank, serving as its climate risk officer and conduct risk director. The information in this article does not reflect the views or the opinions of M&T Bank.

Source: <https://bankingjournal.aba.com>



BNM Enforcement Approach [1st Edition: 2024]

Background

On 6 May 2024, BNM issued the first edition document of its Enforcement Approach. The document provides an overview of BNM's approach and process on enforcement against entities and other parties under BNM's supervisory purview, for breaches of laws and regulations administered by BNM.

Enforcement Objectives

In deciding on enforcement actions, BNM is guided by its enforcement objectives, as follows:

1. to encourage a strong culture of compliance and responsible conduct;
2. to protect the legitimate interests of stakeholders; and
3. to strengthen market discipline through the disclosure of enforcement actions.

Enforcement Committee

The enforcement powers vested in BNM are delegated to the Enforcement Committee (EC). Members of the EC comprise of the Deputy Governors and Assistant Governors with responsibilities in regulation, supervision and enforcement matters.

Enforcement and Penalty Framework

As guided by the Enforcement and Penalty Framework, the EC may decide whether to take enforcement actions pursuant to the laws administered by BNM, or approve recommendations to be made to the Attorney General's Chamber in relation to an investigation conducted under BNM's purview.

There are 6 types of enforcement actions that may be taken by the BNM as follows:

- 1) Instruction to remedy breach; 2) Reprimand; 3) Administrative monetary penalty (AMP); 4) Compound; 5) Civil action; and 6) Criminal prosecution.

A key consideration in determining the appropriate enforcement action to be taken is the seriousness of the breach, e.g., the breach relates to a systemic breakdown, significant financial losses to the country or stakeholders, causes harm to the public or country involving illegal activities etc.

Enforcement Process

The enforcement process covers 6 main stages as follows:-

1. Detection of breach, e.g., via surveillance and supervisory activities etc;
2. Assessment of breach by BNM including recommendations to the EC;
3. Deliberation and decision-making by the EC on action to be taken, amount of monetary penalty, if any etc;
4. Communication of BNM's decision in writing;
5. Appeal may be filed within 21 days after the BNM's decision communicated, involving imposition of AMP or pecuniary remedy. The Monetary Penalty Review Committee will inform the aggrieved party on the outcome of the appeal; and
6. BNM publishes the enforcement action taken.



Conclusion

Overall, the BNM's Enforcement Approach document sheds light on BNM's overall enforcement approach and process against financial institutions and other parties that contravene the laws and regulations administered by BNM.


BNM's document can be accessed [HERE](#).

Source: <https://bnm.gov.my>



REGULATORY ALERTS

Circulars/Guidelines																				
	20.02.24	<p>Exemption of Sales and Services Tax (SST) on Brokerage Fees</p>	<p>The Sales and Services Tax (SST) exemption on brokerage fees for trading of shares listed on Bursa Malaysia Berhad remains in place, as per the Minister of Finance Budget Speech 2024 on 13 October 2023.</p> <p>However, the following list of fees charged by Bursa Malaysia Berhad and its subsidiaries will be subject to 8% service tax effective from 1 March 2024.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #D3D3D3;"> <th style="text-align: center;">Entity</th> <th style="text-align: center;">Type of fees</th> </tr> </thead> <tbody> <tr> <td>Bursa Malaysia Berhad</td> <td> <ul style="list-style-type: none"> Network equipment rental charged to the Information Vendors Workshop fee </td> </tr> <tr> <td>Bursa Malaysia Securities Berhad</td> <td> <ul style="list-style-type: none"> Bursa access fee Bursa Link access fee Securities trading fees </td> </tr> <tr> <td>Bursa Malaysia Derivatives Berhad</td> <td> <ul style="list-style-type: none"> All fees relating to information services & market data Conference and workshop fee Derivatives trading fees </td> </tr> <tr> <td>Bursa Malaysia Depository Sdn Bhd</td> <td> <ul style="list-style-type: none"> CDS access fees CDS-STP processing fees E-RAPID processing fees CDS custody fees </td> </tr> <tr> <td>Bursa Malaysia Information Sdn Bhd</td> <td> <ul style="list-style-type: none"> All fees relating to information services & market data ESG advisory fees </td> </tr> <tr> <td>Bursa Malaysia Securities Clearing Sdn Bhd</td> <td> <ul style="list-style-type: none"> Institutional Settlement Service ("ISS") fees Central Matching Facility ("CMF") fees </td> </tr> <tr> <td>Bursa Malaysia Islamic Services Sdn Bhd</td> <td> <ul style="list-style-type: none"> Trading fees on Bursa Suq Al-Sila' ("BSAS") </td> </tr> </tbody> </table>	Entity	Type of fees	Bursa Malaysia Berhad	<ul style="list-style-type: none"> Network equipment rental charged to the Information Vendors Workshop fee 	Bursa Malaysia Securities Berhad	<ul style="list-style-type: none"> Bursa access fee Bursa Link access fee Securities trading fees 	Bursa Malaysia Derivatives Berhad	<ul style="list-style-type: none"> All fees relating to information services & market data Conference and workshop fee Derivatives trading fees 	Bursa Malaysia Depository Sdn Bhd	<ul style="list-style-type: none"> CDS access fees CDS-STP processing fees E-RAPID processing fees CDS custody fees 	Bursa Malaysia Information Sdn Bhd	<ul style="list-style-type: none"> All fees relating to information services & market data ESG advisory fees 	Bursa Malaysia Securities Clearing Sdn Bhd	<ul style="list-style-type: none"> Institutional Settlement Service ("ISS") fees Central Matching Facility ("CMF") fees 	Bursa Malaysia Islamic Services Sdn Bhd	<ul style="list-style-type: none"> Trading fees on Bursa Suq Al-Sila' ("BSAS") 	Effective: 01.03.24
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	23.02.24	<p>Amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to Periodic Reporting Framework for Listed Real Estate Investment Trusts</p>	<p>Bursa Malaysia Securities Berhad (the Exchange) has made amendments to the periodic reporting framework for listed Real Estate Investment Trusts (REITS) under the Bursa Malaysia Securities Berhad Main Market Listing Requirements (Main LR), following the Capital Markets and Services (Prescription for Non application) (Real Estate Investment Trusts) Order 2024 (CMSA Order 2024).</p> <p>The CMSA Order 2024 disapplied sub-sections 298(1)(a) and 3(a) of the Capital Markets and Services Act 2007 for REITS, allowing a longer timeframe of four months after the end of the listed REIT's financial year for the management company to lodge the annual report with the Securities Commission Malaysia and issue it to unitholders. The Exchange has amended the Main LR to reflect these consequential changes in relation to the issuance of periodic reports by a listed REIT.</p> <p>(a) The timeframe for issuing the annual report (AR) for listed Real Estate Investment Trusts (REITs) will be streamlined according to the CMSA Order 2024, extending it from two months to four months after the financial year ends (Paragraph 9.45(1) of the Main LR). This will ensure consistency and alignment in policy and approach, and give REITs more time to prepare their ARs including disclosures on corporate governance and sustainability.</p>	Effective: 26.02.24																


REGULATORY ALERTS

Circulars/Guidelines				
			<p>(b) Additionally, listed REITs will now be required to announce their interim financial report (QR) for the fourth quarter, in addition to the existing three quarters, within two months after the financial quarter ends (Paragraph 9.44(1) of the Main LR). This ensures investors receive regular and timely disclosure of financial information during the time gap between the third quarter QR and the AR.</p> <p>The Capital Markets and Services (Prescription for Non-application) (Real Estate Investment Trusts) Order 2024 (CMSA Order 2024), which will come into effect on 26 February 2024, will apply to listed REITs with financial year ending (FYE) on or after 31 December 2023. If a listed REIT (with FYE on 31 December 2023) plans to issue its AR by 29 February 2024, it may continue to do so without announcing the QR for the fourth quarter ending 31 December 2023.</p>	
	26.02.24	Guidelines on Listed Real Estate Investment Trusts	<p>The revised Guidelines on Listed Real Estate Investment Trusts were issued on 26 February 2024. Key amendments in the guidelines include an extension of time for management companies to lodge annual reports with the Securities Commission Malaysia and issue them to unit holders [according to the Capital Markets and Services (Prescription for Non-application) (Real Estate Investment Trusts) Order 2024]. Additionally, housekeeping amendments were made to ensure clarity and consistency in the guidelines, including stylistic or formatting and editorial changes.</p> <p>Amendment Highlights:- Amendments made on 26 February 2024 include the deletion of the definition of "unit trust fund" in paragraph 2.01, and the addition of new guidance in paragraph 7.04 regarding the name of a Listed REIT fund.</p> <p>Subparagraph 13.18(a) has been amended to reflect a new timeframe for the management company to conduct the annual general meeting for unit holders of the Listed REIT. This change is due to the Capital Markets and Services (Prescription for Non-application) (Real Estate Investment Trusts) Order 2024.</p> <p>Paragraph 19.01 has been amended to state that the submission requirement to the SC for approval and lodgement should be specified in the Forms available on the SC's website. Two new paragraphs, 19.03B and 19.03C have been inserted to replace paragraphs 1 and 2 from Appendix IV of Schedule D, which will be deleted.</p> <p>Paragraph 19.06 has been amended to require the</p>	Effective: 26.02.24



REGULATORY ALERTS

Circulars/Guidelines				
			<p>submission of a valuation report in accordance with the Asset Valuation Guidelines. Similarly, paragraph 19.06A now specifies that the lodgement of an annual report should be done through the Listed REIT Application Form on the SC's website. Paragraph 19.10 and paragraph 21.01 have also been amended to require submission of relevant documents through the Listed REIT Application Form. As a result of the changes, paragraph 21.02 has been deleted as it is now covered under paragraph 19.01.</p> <p>Paragraph 21.03 now states that the requirement for submission to the SC as stated in the Guidelines will be specified in the Listed REIT Application Form on the SC's website. Schedule D which pertains to the submission of applications has been deleted as the submission requirements will now be specified in the Listed REIT Application Form.</p>	
	26.02.24	<p>Guidelines on Real Estate Investment Trusts</p>	<p>The revised Guidelines on Real Estate Investment Trusts issued on 26 February 2024 include key amendments. These amendments reflect the extension of time for management companies to lodge the annual report with the Securities Commission Malaysia (SC) and issue it to unit holders, pursuant to the Capital Markets and Services (Prescription for Non-application) (Real Estate Investment Trusts) Order 2024.</p> <p>Additionally, housekeeping amendments have been made to improve clarity and consistency, including stylistic or formatting and editorial changes.</p> <p>Amendment Highlights:-</p> <p>Amendments to paragraph 2.01 made on 26 February 2024 align the definitions of SC and SCA with the Securities Commission Malaysia Act 1993.</p> <p>In paragraph 7.04, new guidance was added to clarify the name of a REIT fund. Paragraph 16.07 was amended to set a new timeframe for the management company to lodge the annual report with the SC and issue it to unit holders, pursuant to the Capital Markets and Services (Prescription for Non-application) (Real Estate Investment Trusts) Order 2024.</p>	<p>Effective: 26.02.24</p>
	29.02.24	<p>Financial Technology Regulatory Sandbox Framework</p>	<p>Bank Negara Malaysia (BNM) has released a revised Financial Technology Regulatory Sandbox Framework policy document. The document includes enhancements to the previous version issued on 18 October 2016 [BNM/RH/PD 030-1] with a focus on</p>	<p>Effective: 29.02.24</p>



REGULATORY ALERTS

Circulars/Guidelines				
			<p>improving regulatory facilitation and operational efficiency. The updates involve simplifying the eligibility assessment process for the sandbox's Stage 1 and introducing a Green Lane, which offers a risk-proportionate and faster route for innovative solutions by financial institutions with strong risk management capabilities.</p> <p>An FAQ document is also available to provide further clarification on the enhanced Framework.</p>	
 <small>BANK NEGARA MALAYSIA CENTRAL BANK OF MALAYSIA</small>	29.02.24	Climate Risk Stress Testing Methodology Paper	<p>This Methodology Paper sets out the Bank Negara Malaysia (BNM)'s expectations for financial institutions carrying out the industry wide 2024 Climate Risk Stress Test (CRST) exercise.</p> <p>The Climate Risk Stress Test (CRST) is an industry-wide exercise aimed at facilitating financial institutions' learning and capacity building in addressing climate change risks. The exercise provides hands-on experience, allowing financial institutions to refine their risk management strategies and explore new stress testing approaches.</p> <p>The Climate Risk Stress Test (CRST) aims to:-</p> <ul style="list-style-type: none"> ○ improve understanding and appreciation among board, senior management and staff about the impact of climate-related risks on their business and operations; ○ explore novel approaches for better identification and measurement of exposure to climate change risks; and ○ identify current gaps in data, measurement, methodology, technology, capabilities and potential solutions to these challenges. <p>Financial institutions are encouraged to collaborate to share experiences, build capacity and address challenges, such as sharing climate-related data that may not be widely available. They can leverage on existing industry platform such as the Joint Committee on Climate Change (JC3) for this purpose.</p> <p>Highlights:-</p> <p>This Methodology Paper will be further supplemented by:</p> <ul style="list-style-type: none"> (a) Gross value added (GVA) data by selected sectors, which is to be issued in mid-March 2024; and (b) Reporting Template to communicate, among others, quantitative results, qualitative 	Effective: 29.02.24

REGULATORY ALERTS

Circulars/Guidelines				
			<p>considerations, assessment methodologies and additional parameters and assumptions, which is to be issued in mid-April 2024.</p> <p>These will be circulated in due time.</p>	
	01.03.24	<p>Amendments to the Rules and Directive of Bursa Malaysia Derivatives Berhad (BMD Rules and Directive) in Relation to the Introduction of Bursa Malaysia Dalian Commodity Exchange (DCE) Soybean Oil Futures Contract (FSOY)</p>	<p>Bursa Malaysia Derivatives Berhad (BMD or the Exchange) is launching Soybean Oil Futures Contract (FSOY), its first soybean oil contract in response to the global demand for soybean oil, the world's second most consumed vegetable oil. The product aims to provide an alternative trading avenue for soybean oil futures settled on the Bursa Malaysia Dalian Commodity Exchange (DCE) Soybean Oil Futures Contract's price, increasing the Exchange's global presence. It also diversifies BMD's commodity derivatives product offering and allows market participants to arbitrage between soybean oil and palm oil contracts. The Securities Commission Malaysia has approved amendments to the Rules and Directive of Bursa Malaysia Derivatives Berhad and the Trading Participants' Trading Manual.</p> <p><u>Amendments to the Rules of Bursa Malaysia Derivatives Berhad</u> The Rules of Bursa Malaysia Derivatives Berhad have been amended to specify the contract specifications of Soybean Oil Futures Contract (FSOY), including a contract unit of 25 metric tons, a minimum price fluctuation of US\$ 0.25 per metric ton, cash settlement based on the final settlement value and a final settlement value derived from the delivery settlement price of the Bursa Malaysia Dalian Commodity Exchange (DCE) Soybean Oil Futures Contract.</p> <p><u>Amendments to the Directive of Bursa Malaysia Derivatives Berhad</u> The Directive of Bursa Malaysia Derivatives Berhad has been amended to include position limits for Soybean Oil Futures Contract (FSOY) including 800 contracts for a spot month, 8,000 contracts for any contract month except for spot month and 8,000 contracts for all contract months combined.</p> <p><u>Amendments to the Trading Participants' Trading Manual (Trading Manual)</u> The Trading Manual has been amended to reflect Soybean Oil Futures Contract (FSOY) contract specifications and related fees.</p>	Effective: 18.03.24
	01.03.24	<p>Amendments to the Directive of Bursa Malaysia Derivatives Clearing Berhad</p>	<p>Bursa Malaysia Derivatives Berhad (Exchange) is launching Soybean Oil Futures Contract (FSOY), its first soybean oil contract in response to international demand for soybean oil, the world's second most consumed vegetable oil.</p>	Effective: 18.03.24


REGULATORY ALERTS

Circulars/Guidelines				
		<p>(BMDC Directive) in Relation to the Introduction of Bursa Malaysia Dalian Commodity Exchange (DCE) Soybean Oil Futures Contract (FSOY)</p>	<p>FSOY will provide an alternative avenue to trade soybean oil futures based on the Bursa Malaysia Dalian Commodity Exchange (DCE) Soybean Oil Futures Contract's price, increasing the Exchange's global presence. It will diversify the Exchange's product offering for commodity derivatives and increase the opportunity for market participants to arbitrage between soybean oil and palm oil contracts.</p> <p><u>Amendments to the Directive of Bursa Malaysia Derivatives Clearing Berhad</u> The amendments to the Directive of Bursa Malaysia Derivatives Clearing Berhad No. 6-001, which governs open positions mirror the introduction of position limits for the FSOY Contract by the Exchange. These limits include 800 contracts for spot months, 8,000 contracts for any contract month except for spot month and 8,000 open contracts for all contract months combined.</p> <p><u>Amendments to the Clearing Participants' Manual</u> The Clearing Participants' Manual has been revised to include new section 9.1.1(ii) for FSOY daily settlement price computation, updated section 1 5.2 to include rebates for FSOY and a new chapter 28 for the FSOY contract, as per the introduction of the FSOY Contract.</p>	
	01.03.24	<p>Amendments to the Rules and Directives of Bursa Malaysia Securities Berhad and Participating Organisations' Trading Manual in Relation to Enhancements to the Pilot Market Making Programme for Eligible Stocks (PMMP) and Other Amendments</p>	<p>Following the enhancements to the stock market making framework to allow for all transactions by a stock market maker to be carried out in a single account, amendments have been made to delete the requirement for a stock market maker to rectify any outstanding purchase contract in its account for market making and PSS under paragraph 5(3) of POs' Directive on PMMP for Eligible Stocks (Directive No. 4-002), as the requirement is no longer relevant.</p> <p>Apart from the above, Bursa Malaysia Securities has amended Rule 4.17 to clarify the requirements applicable prior to the execution of a PSS order.</p> <p><u>Amendments to the Trading Manual</u> Amendments have been made to update the Trading Manual including amendments to paragraph 2.10 to remove the reference to contract rectification for PMMP.</p>	Effective: 04.03.24
	01.03.24	<p>Amendment to CDS Procedures Manual for Authorised Depository Agents in Relation</p>	<p>Bursa Malaysia Depository Sdn Bhd has updated Appendix 16 of the CDS Procedures Manual for Authorised Depository Agents (ADA) to include enhancements to the Pilot Market Making Programme for Eligible Stocks.</p>	Effective: 04.03.24

REGULATORY ALERTS

Circulars/Guidelines				
		to Appendix 16 on Guidelines on Account Qualifier	The updated version will take effect from 4 March 2024. The existing Appendix 16 should be replaced with the updated version.	
	05.03.24	Amendments to Bursa Malaysia Securities Berhad LEAP Market Listing Requirements in Relation to the Definition of Sophisticated Investor	<p>Bursa Malaysia Securities Berhad has made amendments to the definition of "sophisticated investor" under the Leap Market Listing Requirements (LEAP LR), following the issuance of the Guidelines on Categories of Sophisticated Investors by the Securities Commission Malaysia and the Capital Markets and Services (Amendment of Schedules 5, 6 And 7) Order 2024 (PU. (A) 41).</p> <p>With the implementation of the Capital Markets and Services (Amendment of Schedules 5, 6 And 7) Order 2024 (PU. (A) 41) and the issuance of the Guidelines on Categories of Sophisticated Investors on 5 February 2024, the list of entities and individuals classified as "sophisticated investors" will no longer be included in Part I of Schedule 6 and Schedule 7 of the CMSA. Instead, the categories of sophisticated investors for securities law purposes are now specified in the Guidelines on Categories of Sophisticated Investors.</p> <p>The Guidelines on Categories of Sophisticated Investors now include a new category that considers the knowledge and experience of individuals who do not meet financial thresholds but can demonstrate sophisticated financial knowledge to participate in relevant market offerings. There have also been enhancements to the current categories, allowing more flexibility in the calculation of financial thresholds for high-net-worth individuals.</p> <p>To reflect these changes, the definition of "sophisticated investor" in the LEAP LR now references the Guidelines on Categories of Sophisticated Investors instead of Part I of Schedule 6 and Schedule 7 of the CMSA.</p> <p>In addition, minor housekeeping amendments have been made to the Questions and Answers in relation to the LEAP LR, reflecting the renumbering of the requirements in Schedule 6 and Schedule 7 of the CMSA.</p>	Effective: 05.03.24
	05.03.24	Consequential Amendments to the Rules of Bursa Malaysia Securities Berhad in Relation to the Definition of	On 5 February 2024, the Capital Markets and Services (Amendment of Schedules 5, 6, and 7) Order 2024 (PU. (A) 41) came into effect. This Order removed and replaced the classification of "sophisticated investor" referred to in Part I of Schedule 6 and Part I of Schedule 7 of the Capital Markets and Services Act 2007. The Securities Commission Malaysia (SC) now determines such	Effective: 05.03.24




REGULATORY ALERTS

Circulars/Guidelines				
		Sophisticated Investor	<p>persons as specified in guidelines issued under section 377 of the CMSA.</p> <p>Soon after, on 5 February 2024, the Securities Commission Malaysia (SC) issued the Guidelines on Categories of Sophisticated Investors (SI Guidelines) to define the categories of sophisticated investors under securities law. The definition of "Sophisticated Investor" in the Bursa Malaysia Securities Rules was amended to reference the Guidelines on Categories of Sophisticated Investors (SI Guidelines).</p> <p>The FAQs for the Bursa Malaysia Securities Rules, specifically Appendix A relating to the introduction of the LEAP Market, have also been amended to refer to the Guidelines on Categories of Sophisticated Investors (SI Guidelines).</p>	
 <small>BANK NEGARA MALAYSIA CENTRAL BANK OF MALAYSIA</small>	06.03.24	<p>Notice pursuant to Section 83 of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA) on the Statements Issued by the Financial Action Task Force (FATF)</p>	<p>This notice is to inform the Reporting Institutions (RIs) of the recent statements issued by the FATF in February 2024, regarding the High-Risk Jurisdictions subject to a Call for Action and Jurisdictions under Increased Monitoring:-</p> <ol style="list-style-type: none"> 1. The statement on the Democratic People's Republic of Korea continues to call upon FATF members and other jurisdictions to apply effective countermeasures and targeted financial sanctions, in accordance with applicable United Nations Security Council Resolutions. 2. The FATF's Call for Action on Iran for the application of enhanced due diligence and effective countermeasures remains in effect. 3. The FATF's Call for Action on Myanmar remains in effect for the application of enhanced due diligence measures, proportionate to the risks arising from the jurisdiction. When applying enhanced due diligence measures, countries are required to ensure that flows of funds for humanitarian assistance, legitimate non-profit organisation activity and remittances are not disrupted. 4. The FATF has included Kenya and Namibia into the Increased Monitoring process due to strategic deficiencies in their regime to counter money laundering, terrorist financing, and proliferation financing and has removed Gibraltar, Uganda, United Arab Emirates and Barbados from the Increased Monitoring process. RIs are also required to consider other 	Effective: 06.03.24

REGULATORY ALERTS

Circulars/Guidelines				
			jurisdictions under the Increased Monitoring for risk assessment purposes.	
	13.03.24	CIMB Securities Sdn. Bhd. Change of Name	The name of KAF Equities Sdn. Bhd. has been changed to CIMB Securities Sdn. Bhd.	Effective: 11.03.24
	29.03.24	Revised Guidelines on Conduct for Capital Market Intermediaries	The Guidelines have been revised to ensure that capital market intermediaries (CMI) and their representatives maintain a corporate culture and business conduct that focuses on delivering client outcomes. Key amendments include clarifying the role of the board and senior management in ensuring compliance with the Guidelines, enhancing conduct requirements, setting out the Securities Commission Malaysia (SC)'s expectations on handling client complaints, requiring CMI and their representatives to explain the implications of standard form contracts, addressing the treatment of vulnerable clients, providing personal advice to clients, ensuring the quality of data submitted to the SC, and setting out principles and requirements for CMI providing capital market-related services on or through an online platform.	Effective: 01.10.24
	01.04.24	NewParadigm Securities Sdn. Bhd. Change of Name	The name of PM Securities Sdn. Bhd. has been changed to NewParadigm Securities Sdn. Bhd.	Effective: 29.03.24
	05.04.24	STATsmart Reporting - Financial, Compliance and Industry Specific Data	<p>The STATsmart Reporting - Financial, Compliance and Industry Specific Data (STATsmart PD) sets out the reporting requirements for financial, compliance and industry-specific data imposed by the Bank Negara Malaysia (BNM) on Reporting Entities (REs).</p> <p>The revised STATsmart PD includes several updates and changes. The STATsmart Reporting - Financial, Compliance and Industry Specific Data (STATsmart PD) is applicable to Financial Services Act 2013 (FSA) Licensees, Islamic Financial Services Act 2013 (IFSA) Licensees and Development Financial Institutions Act 2002 (DFIA) Licensees. It supersedes the previous STATsmart Reporting Financial, Compliance and Industry Specific Data policy document issued on 1 June 2022.</p>	Effective: 01.06.24
	15.04.24	Electronic Know-Your-Customer (e-KYC)	The policy document sets out BNM's revised requirements and guidance in implementing electronic Know-Your-Customer (e-KYC) solutions for the onboarding of individuals and legal persons to the financial sector.	Effective: 15.04.24

REGULATORY ALERTS

Circulars/Guidelines				
			<p>The revised requirements and guidance in the policy document seek to accommodate advancements in technology to facilitate the secure and safe adoption of e-KYC solutions for both individuals and legal persons while preserving the integrity of the financial system.</p> <p>Supplementing this, BNM has also revised the Frequently Asked Questions document to provide clarification on common queries in relation to the revised policy requirements.</p>	
	15.04.24	Webull Securities (Malaysia) Sdn Bhd Registration as a Trading Participant of Bursa Derivatives	Webull Securities (Malaysia) Sdn Bhd will commence its operations as a Trading Participant of Bursa Derivatives.	Effective: 22.04.24
	19.04.24	Bursa Malaysia Rules - Key Enforcement Cases in 2023	<p>The following are the key enforcement cases for breaches of Bursa Malaysia Rules in 2023:-</p> <p>Bursa Malaysia Securities has imposed a public reprimand, fine of RM27,600 and striking off on a Dealer's Representative. The misconducts included executing personal and unauthorised trades in two clients' accounts, misapplied/misused the clients' monies / sales proceeds / gains from selling their shares, and accepting cash payments/fund transfers from one client into the Dealer's Representative's own account instead of ensuring that the client made payment directly to the Participating Organisation.</p> <p>A Commissioned Dealer's Representative was imposed with a private reprimand, fine of RM6,700 and Mandatory Training for breaching Rule 1302(1)(1)(g) of the Pre- Revamped Rules of Bursa Malaysia Securities and Rules 15.09(g) and 5.16(1)(a) of the Revamped Rules of Bursa Malaysia Securities. The Commissioned Dealer's Representative failed to act with due skill, care and diligence in relation to the account of a deceased client who had been acting on the instructions of a beneficiary for 12 years without any verifications or enquiries including procuring the client's prior written authorisation.</p>	Effective: N/A
	30.04.24	Moomoo Securities Malaysia Sdn. Bhd. Change of Name	The name of Futu Malaysia Sdn. Bhd. has been changed to Moomoo Securities Malaysia Sdn. Bhd.	Effective: 25.04.24