

# COMPLIANCE TODAY

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## Local & Global News



Malaysia

### **MALAYSIA: SC Statement on the Launch of Madani Economy: Empowering the People**

The Securities Commission Malaysia (SC) commends the initiatives announced by Prime Minister and Minister of Finance, Dato' Seri Anwar bin Ibrahim, at the launch of "MADANI Economy: Empowering the People" at the SC.

The capital market can play a greater role in supporting the aspirations of the nation to become a leading economy in ASEAN whilst improving the financial sustainability for all Malaysians. Through industry engagements and consultations, there is a pipeline of capital market initiatives, which amongst others, aim to make investments more affordable for all Malaysians and to provide greater funding access for MSMEs through the capital market.

The SC will soon announce more details, with regards, to the three specific measures announced, which aim to improve stock market vibrancy and reduce market friction.

The three specific measures are:

1. Making investments affordable by -
  - a. reducing the current board lot size for trading on Bursa Malaysia;
  - b. enabling fractional share trading by investors through stock brokers; and
2. Enabling automatic transfer for companies listed on the ACE Market to the Main Market of Bursa Malaysia, subject to meeting certain criteria.

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



Malaysia

### **MALAYSIA: SC Issues Guidelines to Strengthen Technology Risk Management of Capital Market Entities**

The Securities Commission Malaysia (SC) today issued the Guidelines on Technology Risk Management, which aims to promote robust and sound technology risk management practices among capital market entities.

The Guidelines also sets out the SC's expectations on capital market entities when they manage their technology risk. In formulating the Guidelines, the SC has taken into account feedback received from the Public Consultation Paper on The Proposed Regulatory Framework on Technology Risk Management, which was published last year.

Among the requirements set out in the Guidelines include the establishment and implementation of an effective technology risk framework, technology project management, technology service provider management and cyber security management by capital market entities. The Guidelines will be applicable to all capital market entities licensed, registered, approved, recognised or authorised by the SC. To allow sufficient time for capital market entities to familiarise and meet with the requirements of the Guidelines, the Guidelines is expected to come into effect in Q3 2024.

The SC will be engaging with related capital market entities to provide guidance, where required, on the requirements of the Guidelines. Any queries on the new Guidelines may be submitted to [gtrm@seccom.com.my](mailto:gtrm@seccom.com.my).

The Guidelines are now available on the SC website at <https://www.sc.com.my/regulation/guidelines/cyber-risk-and-technology-risk>.

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

## Local & Global News



Malaysia

### **MALAYSIA: Corruption Among Top High-Risk Crimes Posing Money Laundering and Terrorism Financing Threats**

Corruption is one of the top five high-risk crimes that pose significant money laundering and terrorism financing (ML/TF) threats in Malaysia, according to Bank Negara Malaysia (BNM) deputy governor Datuk Marzunisham Omar.

Besides corruption, the National Risk Assessment 2020 (NRA 2020) has found based on data analysis between 2017 to 2019 that fraud, smuggling, illicit drug trafficking and organised crimes are also among the top high-risk crimes.

“The NRA 2020 found that corruption in the country has become systemic. Critically, corruption is interconnected with other crimes, whereby it facilitates the other high-risk crimes. It also enables other equally damaging crimes such as human trafficking, forgery, and environmental crimes,” Marzunisham highlighted in his speech at the 2023 Suruhanjaya Syarikat Malaysia (SSM) National Conference.

Source: <https://theedgemalaysia.com>



Malaysia

### **MALAYSIA: Women Hold Over 30% Board Seats in Top 100 PLCs in Malaysia**

Women are holding 30.6% of board seats in the top 100 public listed companies (PLCs) in Malaysia, and close to 25% of seats of all PLCs on the local bourse, the 30% Club Malaysia said.

The 30% Club Malaysia is part of a global campaign led by chairs and chief executive officers taking action to increase diversity, equity and inclusion at the board and senior management levels.

It said that the achievement, is based on data provided by the Securities Commission Malaysia, was achieved on June 1, 2023, six months ahead of 30% Club Malaysia’s target date of Dec 31, 2023.

The 30% Club Malaysia founding chair and Maybank Group adviser Datuk Ami Moris said the 30% representation is a tipping point in providing women leaders with an influential voice, and for boards to move closer to gender parity.

Source: <https://theedgemalaysia.com>

## Local & Global News



Malaysia

### **MALAYSIA: Reduction in Stamp Duty to Ignite Market Activity**

The reduction in stamp duty will stimulate market activity and liquidity, attracting greater investor interest and bolstering trading volumes, according to the Association of Stockbroking Companies Malaysia (ASCM). "By encouraging retail investors to actively participate in the capital market, these measures align with the pillar of creating market vibrancy, as outlined in the government's strategic agenda. This reduction demonstrates the government's dedication to fostering an inclusive and dynamic financial landscape that benefits all stakeholders," ASCM said in a statement.

Earlier, Prime Minister Datuk Seri Anwar Ibrahim announced that the stamp duty rate for shares traded on Bursa Malaysia will be reduced from the current 0.15% to 0.1% of the contract value from July 2023 onwards, subject to a maximum cap of RM1,000 per contract.

"We commend this decision, as it will directly lower the cost of transactions, particularly benefiting retail investors who are particularly sensitive to costs. Moreover, maintaining the stamp duty cap at RM1,000 per contract further ensures that the reduction extends to a broad spectrum of market participants.

The association said the government's commitment to exploring ways to reduce market friction and expediting the time-to-market for initial public offerings demonstrated a clear commitment to enhancing efficiency and effectiveness within the industry.

"By identifying and addressing obstacles that impede market participants, the capital market regulators actively contribute to creating a seamless and conducive environment for investment and growth. Furthermore, by streamlining processes and reducing barriers, these initiatives have far-reaching benefits that extend to all stakeholders involved in the capital market ecosystem. This, in turn, encourages more businesses to go public, stimulates capital formation, and provides greater opportunities for investors to diversify their portfolios," ASCM said.

"Moreover, maintaining the stamp duty cap at RM1,000 per contract further ensures that the reduction extends to a broad spectrum of market participants," it added.

"We firmly believe that these measures will not only benefit investors but also contribute to the overall growth and vibrancy of Malaysia's capital market."

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

## Local & Global News



Malaysia

### **MALAYSIA: Accelerating and Digitalising ESG with Bursa Malaysia's Centralised Sustainability Intelligence Platform**

Globally, the emphasis on and recognition of ESG (environmental, social and governance) factors have grown significantly in recent years, leading to increased demand for transparency on ESG by companies.

In response to the growing demand by investors and buyers, enhanced sustainability reporting requirements for Main Market-listed companies will be implemented in phases, starting with the disclosure of common sustainability matters for financial year ending on or after Dec 31, 2023.

There is also a need to facilitate comprehensive ESG disclosures by companies including their supply chains, to boost their overall competitiveness and investability.

Recognising this need, Bursa Malaysia, in collaboration with the London Stock Exchange Group, has developed the Centralised Sustainability Intelligence (CSI) Platform a centralised repository for ESG disclosures.

The CSI Platform enables public-listed companies (PLCs) to consolidate and disclose ESG data in a standardised manner, streamlining reporting and enhancing data credibility.

Source: <https://theedgemaalaysia.com>



Asia

### **ASIA: Monetary Authority of Singapore Will Not Tolerate the Abuse of Our Financial System for Illicit Activities**

The Monetary Authority of Singapore (MAS) said today that it had worked closely with the Commercial Affairs Department (CAD) to facilitate the development of the case that led to the Police's arrest, of 10 individuals for suspected involvement in offences including forgery and/or money laundering and resistance to lawful apprehension. MAS has also been collaborating closely with CAD to identify potentially tainted funds and assets in our financial system and prevent their dissipation.

Intelligence and information from suspicious transaction reports (STRs) filed by financial institutions (FIs) in Singapore had earlier alerted CAD to suspicious activities which have been attempted through the financial system. Red flag indicators picked up by FIs that prompted them to file STRs include suspicious fund flows, dubious documentation of source of wealth or funds, and inconsistencies or evasiveness in information provided to the FIs.

MAS takes this case seriously and has been in touch with the FIs where the potentially tainted funds have been identified. Supervisory engagements with these FIs are ongoing. MAS will take firm action against FIs which are found to have breached MAS' stringent requirements on anti-money laundering/countering the financing of terrorism, or to have inadequate controls against money laundering/terrorism financing (ML/TF) risks.

Source: <https://mondovisione.com>

## Local & Global News



World

### **WORLD: Artificial Intelligence and Market Manipulation: The Dark Side of GPT**

Artificial intelligence (AI) and GPT (generative pre-trained transformer) technology have become a driving force in today's stock market performance. Companies with advanced capabilities in AI/GPT, such as Microsoft, NVIDIA, Google, and Apple, are profiting from the potential of this new technology. However, the impact of GPT technology also has a dark side that is rapidly emerging.

Malign actors can exploit the speed and comprehensiveness of GPT to create fake images and content, which they can then spread through social media and mainstream channels to manipulate market rallies and crashes. This kind of AI-induced panic can have a significant impact on markets.

Recently, an AI-generated fake image appeared, showing a large building on fire near the Pentagon, suggesting a possible terrorist attack. The stock market immediately reacted, selling off as investors were alarmed. However, it was quickly discovered that the entire story was fake, and the image was generated by AI.

Most stock trading is now conducted by computers that use AI/GPT as advanced weaponry. These computer systems rely on algorithms to make portfolio allocation and buy/sell decisions, with minimal human involvement. Over 80% of stock trading is automated in the form of index funds or quantitative models. Active investing, where investors make the allocation and timing decisions themselves, now represents less than 20% of the market.

Source: <https://artificial intelligence>



World

### **WORLD: Banks Tread Tricky Tightrope with Politically Exposed Clients**

The war of words between NatWest and erstwhile customer Nigel Farage has underscored the challenges global banks face in handling clients who could be defined as a politically exposed person, or PEP.

Banks are obliged to deny services to individuals subject to international sanctions or who are suspected of money-laundering or financing terrorists.

Lenders are obliged to apply extra scrutiny to customers identified as PEPs under international standards, but they are prohibited from ceasing business with customers who clash with their self-proclaimed institutional values.

Top UK regulators and government ministers have spoken out in defence of freedom of expression, and have said banks should not bar non-sanctioned customers on political grounds.

Can my bank close my account if management object to my politics?

Banks are prevented by law from discriminating against customers on the basis of their political views. The UK government is seeking to tighten supervision of banks suspected of making politically motivated decisions to deny services to customers who hold lawful opinions.

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

## Anti-Money Laundering News



Malaysia

### **MALAYSIA: Former Youth and Sports Ministry Senior Officer Jailed 15 Years, Fined RM284.2 Million for Corruption, Money Laundering**

Former secretary of the Finance Division of the Ministry of Youth and Sports (KBS), Otman Arshad was found guilty by the Sessions Court here today on 32 charges of corruption and 64 charges of money laundering and sentenced to 15 years in jail and fined RM284.2 Million. Judge Kamarudin Kamsun handed down the sentence on Otman, 64, after finding that the prosecution had succeeded in proving the case beyond a reasonable doubt at the end of the defence case. "After hearing the sworn statements from all the witnesses and examining all the exhibits and arguments presented, the court decided that the defence failed to raise reasonable doubts against the prosecution's case. "Therefore, the accused is found guilty and convicted of all the charges brought against him," said Kamarudin.

On the 32 charges of corruption, 17 counts were for submitting false claims, for which Otman was sentenced to a total of 243 years in jail and a fine totalling RM190 Million, in default 119 months in jail, while for the 15 charges, which were for misusing his position, he was sentenced to 85 years imprisonment and fined RM10.8 Million, in default 125 months in jail. Meanwhile, for the 64 money laundering charges involving receiving proceeds from unlawful activities, the court ordered Otman to be jailed for between three months and 11 years on each count and fined a total of RM83.4 Million, in default 934 months. However, Kamarudin ordered all the prison sentences to be served concurrently starting today, meaning he will only be in jail for 15 years.

The judge also allowed an application by lawyer Muhammad Rafique Rashid Ali, representing Otman, for a stay of the execution of the fine and prison sentence with the bail increased by RM300,000 in one surety, with RM100,000 to be paid today and the balance before or on 10 July 2023. Kamarudin also allowed an application by the prosecution to forfeit all 119 assets, including bracelets, rings, watches and cash to the Malaysian government in accordance with Section 40(1) of the Malaysian Anti-Corruption Commission (MACC) Act 2009.

The judge also allowed a gazette to be issued to allow third parties with interests to claim the assets, such as Hermes Birkin and Prada luxury handbags, luxury vehicles and cash and set September 26 as the mention date. Earlier, during mitigation, Muhammad Rafique asked the court to take into account his client's situation, saying that Othman was now jobless and relied on this family since he was accused in 2016. Deputy public prosecutor Farah Yasmin Salleh requested the court to impose a deterrent sentence as a lesson to society, especially civil servants. "Not even once did the accused mention in his mitigation that he is remorseful for what he did...the fund that was misused should have been for the development of the country's sports and athletes," she said, adding that the hearing of the case took almost eight years. Otman, who wore a white striped shirt, appeared calm throughout the proceeding today.

On March 31, 2016, Otman was charged with 32 counts of abuse of power and with submitting false claims involving RM38.4 Million at National Sports Council Office (MSN), Bukit Jalil National Sports Complex here between February 28, 2012, and November 18, 2015. Seventeen of the charges involved submitting false claims which were framed under Section 18 (a) of the Malaysian Anti-Corruption Commission (MACC) Act 2009, while the other 15 charges were for misusing his position and framed under Section 23(1) of the same law.

On April 2016, Otman was charged with 64 counts of receiving RM16,623,000 in proceeds from unlawful activities through cheques that were deposited into his Maybank, RHB and CIMB Berhad accounts between March 7, 2012, and December 11, 2015. He was alleged to have committed the offences at different locations, including the RHB Bank branch in Precinct 8, Putrajaya, Menara Maybank, Jalan Tun Perak, and the Maybank branch in Jalan Raja. The charges were framed under Section 4 (1) (b) of the Anti-Money Laundering and Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, which carries a maximum jail term of 15 years, or a fine not less than five times the sum of the proceeds from unlawful activities, if convicted. Also appearing for the prosecution were deputy public prosecutors Norlati Izhani Zainal, Haresh Prakash Somiah and Harris Ong Mohd Jeffery Ong.

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

## Anti-Money Laundering News



### **ASIA: Malaysian Police Seize SGD11 Million Cash, Cars and 200KG of Gold in Multi-Agency Raid**

Malaysia's anti-corruption agency on Monday seized cash and gold worth millions of dollars and several luxury cars following a multi-agency raid.

Asia

A businessman was also detained. The cash amounted to RM38 Million (SGD11 Million), while the gold – which weighed about 200kg in all – was worth RM60 Million. Seventeen luxury cars were confiscated, including a Maserati, a Ferrari and a Mercedes-Benz.

The operation was carried out by the Multi-Agency Task Force (MATF) led by the Malaysian Anti-Corruption Commission (MACC).

The businessman, who is also a concert organiser, was believed to have been arrested over links to questionable funds amounting to RM500 Million. The 42-year-old, along with two other individuals, were detained under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA).

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



### **ASIA: MAS Penalises 3 Banks and an Insurer for Breaches of Anti-Money Laundering Requirements**

The Monetary Authority of Singapore (MAS) has imposed a penalty on Citibank N.A., Singapore Branch (Citibank), DBS Bank Ltd (DBS), OCBC Singapore (OCBC) and Swiss Life (Singapore) Pte. Ltd. (SLSG) amounting SGD400,000, SGD2,600,000, SGD600,000, and SGD200,000 respectively for breaches of MAS' Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) requirements.

Asia

MAS said the breaches were, identified during its examinations in the 3 banks and an insurer following the news of irregularities in the Wirecard's financial statement, a German payment provider. From the examination, MAS noticed the following inadequacies in the AML/CFT controls of the 3 banks and insurer that dealt with persons who were involved in transactions with, or had links to, Wirecard or its related parties:-

- a) Having inadequate understanding in the control structure of the customers;
- b) Failure to identify and maintain relevant/up-to date customers' beneficial owner (BO), despite having information which suggested that the control structure and BOs declared by the customers were incorrect;
- c) Failure to update customers' ML/TF risk ratings, which resulted in the bank's failure to perform timely enhanced CDD measures on the customers;
- d) Having inadequate processes in establishing the source of wealth (SoW) of higher risk customers and their BOs, relying instead on customers' representations of their wealth without adequate corroboration; or
- e) Failure to inquire into unusually large transactions that had significantly exceeded one customer's past transaction amounts and that had no apparent economic purpose.

According to MAS, all 3 FIs and the insurer have accepted the penalties and have taken prompt remedial actions such as enhancing their procedures, processes and providing training for its staff to address the deficiencies identified by MAS.

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



## Islamic Finance News



Malaysia

### **MALAYSIA: Bursa Encourages Banking Sector to Look into Shariah-Compliant Instruments, for Islamic Banking Arm to be Listed**

Bursa Malaysia Bhd encourages listed banking companies to look into shariah-compliant instruments, so that their Islamic banking arms can be listed on the stock exchange. Bursa chairman Tan Sri Abdul Wahid Omar said challenges persist in listing Islamic banks, as shariah-compliant equity instruments in the financial service sector remain limited.

He said banks such as Maybank, CIMB, Public Bank and RHB Bank, which are listed on Bursa Malaysia, remain categorised as conventional despite a portion of their business being shariah-compliant.

"Maybank, for example, has 60% of [its] total financing in Malaysia, [and] is already shariah-compliant," Abdul Wahid told reporters during the Invest Shariah Conference 2023, titled "Navigating the Shariah Horizon: Diversifying Investment Frontiers" in August 2023.

Abdul Wahid also said the challenge with listing banks' Islamic branches is due to their leverage model, which means their Islamic banking business is leveraging their current branch network, including their management.

Source: <https://theedqemalaysia.com>



Malaysia

### **MALAYSIA: Islamic Social Exchange the Way Forward for Islamic Capital Market in Malaysia, Says SC Chairman**

The way forward for the Islamic capital market (ICM) in Malaysia is to consider introducing an Islamic social exchange in the near future to strengthen environmental, social and governance (ESG) programmes, especially to support the poor and the needy, said Securities Commission Malaysia (SC) chairman Datuk Seri Dr Awang Adek Hussin.

He said ICM in Malaysia needs to be more inclusive and better aligned with the ESG requirements. "The Sustainable Responsible Investment (SRI) framework through SRI sukuk and SRI-linked sukuk is very much efforts in that direction.

"SRI-linked sukuk enables financing for companies in transition along their sustainability journey, for example, from brown to green," he said at the 21st Islamic Financial Stability Forum 2023 in August 2023. Awang Adek said while the world is now embarking on the new sustainability journey, Malaysia's ICM initiatives had always been deeply rooted in ethical, socially responsible, and sustainable practices, as required by the shariah principles.

Source: <https://theedqemalaysia.com>

## Islamic Finance News



Malaysia

### **MALAYSIA: Promoting Waqf through Islamic Capital Market to Spur Socio-Economic Development**

The Securities Commission Malaysia (SC) in collaboration with Universiti Sains Malaysia (USM) and DRB-HICOM University and supported by the FGV Holdings Berhad (FGV) concluded the Waqf and Islamic Capital Market Conference today.

The two-day conference attended by over 250 participants was themed 'Unleashing the Potential of Waqf through Islamic Capital Market'. It brought together stakeholders from the waqf ecosystem, including policy makers, government agencies, academia, Shariah advisers, State Islamic Religious Councils (SIRCS) and capital market practitioners.

SC Chairman Dato' Seri Dr. Awang Adek Hussin, in his welcome remarks, said Islamic social finance has long been instrumental in promoting waqf as an instrument in socio-economic development agenda.

"Waqf has immense potential to be used to achieve socio-economic development goals in addressing poverty, unemployment, as well as financing of healthcare, education and infrastructure development," he said.

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



Malaysia

### **MALAYSIA: SC to Launch Maqasid al-Shariah Compliance Guide Before Year-End**

The Securities Commission (SC) is planning to launch guidance on principles-based Maqasid al-Shariah before year-end. Chairman Datuk Seri Dr Awang Adek Hussin said through the guide, investors will be able to invest not only in Shariah-compliant products in Malaysia, but also in those aligned with the principles of Maqasid-al-Shariah (the objective or purpose behind Islamic rulings).

He said Malaysia is a long-established global leader in Islamic finance, with its innovative and pioneering regulatory interventions and frameworks.

"We must leverage our thought leadership, push the boundaries and continue broadening the spectrum of traditional and alternative products.

"This means enabling products and outcomes that are not only Shariah-compliant but aligned to the broader principles of Maqasid al-Shariah, to meet the growing demand for Islamic products of a higher order," he said in his keynote address at the Capital Market Research Malaysia-Securities Industry Development Corporation (ICMR-SIDC) inaugural Capital Markets Industry-University Talent Bridging Conference in July 2023

Source: <https://theedgemalaysia.com>

## Ethics & Governance News



Asia

### **ASIA: Four Individuals Sentenced to Imprisonment for False and Deceit under the Securities and Futures Act**

Four individuals were convicted and sentenced to imprisonment under the Securities and Futures Act for false trading and for deceiving several brokerage firms through the unauthorised use of trading accounts.

Between August 2014 and January 2016, these individuals together with other scheme members, obtained control of 53 trading accounts in the name of 15 individuals to buy and sell Koyo International Limited (Koyo) shares at progressively higher prices. The aim was to attract a buyer to acquire the company via a reverse takeover. Koyo share price rose from SGD0.16 on 12 August 2014 to SGD0.40 on 14 January 2016. It plummeted to SGD0.056 on 18 January 2016 after the Singapore Exchange Securities Trading Limited issued a "Trade with Caution" alert and trading curbs were imposed by several brokerages. Following the crash, account holders suffered losses of approximately SGD3.28 Million, of which SGD1.05 Million were borne by the brokerages and remisiers.

The four individuals are amongst the eight persons convicted for their involvement in the market-rigging scheme. The convicted individuals executed a sophisticated market-rigging scheme that resulted in severe market distortion over a prolonged period and significant losses to market participants in Singapore.

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



World

### **WORLD: SEC Charges Investment Fund Founder William K. Ichioka with USD25 Million Offering Fraud**

The Securities and Exchange Commission (SEC) charged against investment fund founder, William K. Ichioka in connection with "Ichioka Ventures" with misappropriating of over USD25 Million with several investment fraud schemes. From June 2019 to October 2021, Ichioka solicited investments through his unregistered investment fund, claiming that he was an accomplished investor, promising investors oversized returns, and guaranteeing investors' principal. In reality though, Ichioka was unable to pay investors the promised returns and used money from new investors to repay other investors.

Having stated that, Ichioka has raised USD25 Million from individual investors primarily in California and Oregon involving such false claims about his investing success by falsifying a bank statement and other documents and lured investors by promising large anticipated returns.

Ichioka fraudulently solicited and misappropriated investors' funds through his illegal "Ichioka Ventures" vehicle to make purchases of luxury items for personal use. According to a June 2023 press release, the SEC charged Ichioka with violating the antifraud provisions of the federal securities laws.

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

## Ethics & Governance News



### **WORLD: SEC Charges 11 Wall Street Firms with Widespread Recordkeeping Failures**

The Securities and Exchange Commission (SEC) announced charges against 10 firms in their capacity as broker-dealers and one dually registered broker-dealer and investment adviser for widespread and longstanding failures by the firms and their employees to maintain and preserve electronic communications. The firms acknowledged that their conduct violated recordkeeping provisions of the federal securities laws, agreed to pay combined penalties of USD289 Million as outlined below, and have begun implementing improvements to their compliance policies and procedures to address these violations.

- Wells Fargo Securities, LLC together with Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC agreed to pay a USD125 Million penalty;
- BNP Paribas Securities Corp. and SG Americas Securities, LLC have each agreed to pay penalties of USD35 Million;
- BMO Capital Markets Corp. and Mizuho Securities USA LLC have each agreed to pay penalties of USD25 Million;
- Houlihan Lokey Capital, Inc. has agreed to pay a USD15 Million penalty;
- Moelis & Company LLC and Wedbush Securities Inc. have each agreed to pay penalties of USD10 Million; and
- SMBC Nikko Securities America, Inc. has agreed to pay a USD9 Million penalty.

The firms admitted that from at least 2019, their employees often communicated through various messaging platforms on their personal devices, including iMessage, WhatsApp, and Signal, about the business of their employers but did not maintain or preserve the substantial majority of these off-channel communications.

In addition to the penalties, each of the firms was ordered to cease and desist from future violations of the relevant recordkeeping provisions and was censured. The firms also agreed to retain independent compliance consultants to, among other things, conduct comprehensive reviews of their policies and procedures relating to the retention of electronic communications found on personal devices and their respective frameworks for addressing non-compliance by their employees with those policies and procedures.

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



### **Keeping Bankers Smart on Cybersecurity**

Reinforcing employee cyber risk awareness is as critical to the maturity of your program as the products in your cyber tool set.

Artificial intelligence and other advanced technologies have become critical components of modern financial services, enabling banks to competitively deliver more efficient and personalized services. As digital interactions continue to grow, so does the importance of cybersecurity. Any changes implemented in business operations create exposure to new risks and vulnerabilities, so banks are investing heavily in cyber risk management solutions.

But many banks have substantial, often unseen gaps in their cybersecurity defenses: Their employees.

With even the most powerful cybersecurity solutions in place, a simple mistake can suddenly cause considerable monetary loss, reputational damage and disruption of business continuity. Due to unique challenges, strict regulatory requirements and valuable protected assets, banks make a resolute effort in cyber risk management by investing in the best security products and monitoring support. Many banks also eagerly follow the most current and important recommendations to implement a proactive plan to detect, prevent, and mitigate cyberattacks. Banks are ready for the war against cybercrime. And then, one of the C-level executives who has been specifically targeted mistakenly clicks on a phishing. Cue data breach: Assets are at risk. Sensitive client information has been compromised. And this cyberattack was 100 percent preventable.

Security Today reports: "A joint study by Stanford University Professor Jeff Hancock and security firm Tessian has found that a whopping 88 percent of data breach incidents are caused by employee mistakes. Similar research by IBM Security puts the number at 95 percent."

You have secured your house, purchased the strongest locks, installed the latest home security system ... and then you leave a window open. Reinforcing employee cyber risk awareness and education is as critical to the maturity of your program as the products in your cyber tool set. To prevent avoidable and costly mistakes, it is important to understand why they happen in the first place so your employees stay "smart" in the face of cybercrime.

### **Problematic behavior**

Some of the most destructive cyber-attacks have happened due to a simple lack of cyber risk awareness. Are your employees opening emails on their phones and just clicking away without looking for signs of a phishing? Are they leaving their laptops unlocked and unattended to stand and wait for their orders at the local coffee shop? Have they used the same passwords across several accounts? But the most important question is: Do they KNOW that these actions make them vulnerable?

Another challenge associated with cybersecurity awareness is outright distraction. Employees are running busy constantly, opening messages on the go and juggling multiple tasks at once. We know there are risks. BUT are we paying attention?

Consider this incident: You're hurrying to shut down for the day to get to your kid's soccer game on time when an email pops up in your inbox. It's from your CEO with the subject line: "Explain these numbers." Your heart practically stops. What numbers?



The clock is ticking to get to that game, so you immediately open it. You barely read through the email before opening the attachment. You've fallen for it: CEO spoof. If you had taken a minute, you would have realized that the email says your CEO's name, but the address is from an outside entity. If you had read through carefully, you would have seen that the message has slightly broken English, and the closing sounds odd. You've been duped. It happens. But how often?

Have all employees been trained to understand the importance of operating in a constant state of vigilance? Or are they so distracted that they just simply forget? Best practices for cybersecurity awareness include continuous education and training. Try these effective strategies to keep your employees "smart" about cyber risk:

1. Include cybersecurity training during the onboarding of new employees.
2. Provide ongoing training to identify questionable links, emails or other possible threats.
3. Teach proper protocol to create strong passwords, handle sensitive information and use technology responsibly.
4. Train all employees. When we say train all employees, this means ALL. From the interns to the c-level executives.
5. Provide regular simulations for employees to practice and learn how to identify harmful links or suspicious communications. Simulated phishing exercises can help your employees master how to distinguish between a possible threat and genuine communication.
6. Motivate, remind and empower. Implement cyber awareness campaigns with memorable slogans that can be used internally. Use catchy reminders such as: "Think before you click," or "One click is all it takes."

### **Don't forget your cybersecurity personnel**

Even the most technologically savvy employees can make mistakes and create vulnerabilities in your cyber defenses. Burnout, gap in talent, waning skills and complacency among internal cybersecurity teams are the cause of significant vulnerabilities in your cyber defenses, exposing your bank to increased risk. How are your internal cybersecurity personnel managing? Is your executive team actively supporting one of your most essential departments?

Banks report major burnout because the number of cyber events can be overwhelming. The demands to scrutinize the constant flood of cyber events cannot be managed by outdated manual processes and understaffed teams. When employees are overloaded, mistakes happen. Consider these strategies to alleviate burnout:

1. Ensure your internal cybersecurity team receives active support from the executive team.
2. Leverage AI technology for threat detection and prevention.
3. Partner with a cyber risk management provider to co-manage your monitoring.
4. Stop using manual processes and utilize automation to aggregate data and create reports to satisfy regulatory requirements.

Another concern is that internal security operations center tasks become redundant for individuals. Boredom fuels complacency, which in turn, spawns errors and oversights. Solutions to these problems include cycling employees through different roles and providing learning opportunities with new technology for analysts. Equally promising is the suggestion to create partnerships between base analysts and incident responders, ultimately providing advancement of skills. While your security operations center team members are continuously improving and learning, they stay current and prepared.

Keep your team alert and motivated by strengthening skills with maturity mapping to evaluate your internal team's capability and preparedness. Maturity mapping models are defined by The Federal Financial Institutions Examination Council (FFIEC) as "an evaluation across five domains: cyber risk management and oversight, threat intelligence and collaboration, cybersecurity controls, external dependency management and cyber incident management and resilience. Each domain has five levels of maturity: baseline, evolving, intermediate, advanced and innovative."



Running through simulated exercises and evaluations gives insight into your institution's performance and readiness in the face of emerging cyber threats. Understanding your internal team's response, resilience and recovery abilities allows for setting goals, benchmarks and performance expectations.



### **Stay alert and informed**

Staying up-to-date and informed to prepare for emerging threats is an important part of your bank's cyber risk management strategy. Always share and distribute important news and alerts to employees.

With the increasing sophistication of cyber threats, cybersecurity is a top priority for banks, but it is just not sufficient enough to invest in technology and monitoring support alone to maintain an effective level of cyber risk readiness. To keep your bankers smart and savvy about cybersecurity, foster a culture of vigilant cyber risk awareness, nurture your cybersecurity teams and implement comprehensive training programs. Ultimately, empowering and equipping employees with the knowledge and tools to recognize and stop cyber threats is the key to maintaining a strong and resilient cyber risk management solution, so your bank can outsmart threat actors.

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

## REGULATORY ALERTS



Circulars/Guidelines				
	25.05.23	List of Shariah-Compliant Securities by the Shariah Advisory Council of the Securities Commission Malaysia as at 26 May 2023	<p>On 25 May 2023, the Securities Commission Malaysia (SC) released an updated list of Shariah-compliant securities approved by its Shariah Advisory Council (SAC).</p> <p>The updated list, which took effect on 26 May 2023, features a total of 802 Shariah-compliant securities. These securities constitute 82 per cent of the total 980 listed securities on Bursa Malaysia.</p> <p>The list includes 27 newly-classified Shariah-compliant securities and excludes 9 from the previous list issued in November 2022.</p> <p>The full list, updated twice a year based on the companies' latest annual audited financial statements, can be viewed from the SC's website. The next updated list will be made available in November 2023, based on the review of the audited financial statements released between 1 April 2023 and 30 September 2023.</p>	Effective: 26.05.23
	26.05.23	Amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main LR") and ACE Market Listing Requirements ("ACE LR") [collectively referred to as the "LR"] in relation to Conflict of Interest and Other Areas ("COI and Other Amendments")	<p>On 26 May 2023, Bursa Malaysia Securities Berhad ("the Exchange") issued amendments to the Main Market Listing Requirements ("Main LR") and ACE Market Listing Requirements ("ACE LR") [collectively referred to as the "LR"] relating to conflict of interest and other areas ("COI and Other Amendments").</p> <p>The key COI and Other Amendments aim to enhance the disclosures of key persons of listed issuers in announcements to the Exchange, annual reports and statements accompanying notices of annual general meetings. These amendments require disclosure on the nature and extent of any COI or potential COI, including interest in competing businesses that the key person has with the listed issuer or its subsidiaries. Key persons include directors, senior management, legal representatives, management companies, and trustee-managers of real estate investment trusts, exchange-traded funds, closed-end funds, and business trusts.</p> <p>The audit committee's review of COI situations is expanded to include those that arose or persist and the measures taken to resolve, eliminate, or mitigate COI. The audit committee is required to disclose a summary of any COI or potential COI situation within the listed issuer or group that it has reviewed, excluding related party transactions (RPT).</p>	Effective: 26.05.23 for item (a)  01.07.23 for item (b) and (c)  30.06.24 for item (d)




## REGULATORY ALERTS

Circulars/Guidelines				
			<p>Other amendments include exempting insurance coverage and indemnity for directors from RPT requirements, clarifying that a listed issuer must still comply with transaction requirements in exempted RPTs of its subsidiary that triggers a percentage ratio of 25% or more, which does not involve the interest of any related party of the listed issuer or the listed issuer's holding company.</p> <p>Additions require disclosure of registered office email address and facsimile number in annual reports, if available, for securities registers and offices, provide greater clarity and formalising existing practices. Clarifying that an issue of securities by a listed issuer's subsidiary resulting in a reduction of the listed issuer's equity interest in such subsidiary is a disposal of asset, and computing the percentage ratio of any transaction entered into by a subsidiary is the entire amount of consideration paid or received, not the listed issuer's proportionate interest in such consideration.</p> <p>The COI and Other Amendments aim to promote transparency on COI of key persons in listed issuers/listed corporations and strengthen audit committee accountability and transparency in COI situations. They also enhance the LR to address market issues and ensure it remains balanced, clear, relevant and updated.</p> <p>The COI and Other Amendments take effect on the implementation dates as set out below: -</p> <ul style="list-style-type: none"> <li>(a) All amendments to Main Market and ACE Market Listing Requirements, except items (b, c, d), effective immediately.</li> <li>(b) Enhancements to key person COI disclosures in Exchange immediate announcements and annual general meetings statement starting 1 July 2023.</li> <li>(c) Audit committee expanded role to review COI situations and measures taken to resolve, eliminate, or mitigate COI from 1 July 2023.</li> <li>(d) Annual reports should include enhanced COI disclosures for key person COI disclosures and an audit committee report detailing any COI or potential COI situation within the listed issuer/listed corporation or group, excluding RPTs and measures taken to resolve, eliminate, or mitigate conflicts - Annual reports issued for financial years ending on or after 30 June 2024.</li> </ul>	



## REGULATORY ALERTS

Circulars/Guidelines				
 <small>BANK NEGARA MALAYSIA CENTRAL BANK OF MALAYSIA</small>	01.06.23	Risk Management in Technology (RMiT)	<p>The BNM's policy document outlines requirements for financial institutions to manage technology risk effectively. They must implement robust controls to deliver secure financial services and prevent weak links in interconnected networks. Cyber fortification is also essential to maintain public confidence in the financial system.</p> <p>The policy document updated on 1 June 2023 includes guidance on strengthening financial institutions' cloud risk management capabilities, a shift to a risk-based approach in cloud consultation and notification processes, and updated cross references, including multi-factor authentication security control as a standard requirement. The Frequently Asked Questions document has also been revised to facilitate policy implementation.</p> <p>The policy document's effective date is 1 June 2023, except for paragraphs 10.50, 15 and Appendix 10, which comes into effect on 1 June 2024 in respect of the relevant financial institutions set out below: -</p> <ul style="list-style-type: none"> <li>1 June 2024 in respect of financial institutions that have already adopted public cloud for critical systems before the policy document's issuance date. If any terms of the financial institution's contracts with cloud service providers are not in accordance with Appendix 10, they may make necessary amendments or modifications during the renewal of the contracts; and</li> <li>1 June 2024 in respect of financial institutions that have not adopted public cloud for critical systems before the policy document's issuance date.</li> </ul>	Effective: 01.06.23, except for paragraphs 10.50, 15 and Appendix 10, which comes into effect on 01.06.24
 <small>BANK NEGARA MALAYSIA CENTRAL BANK OF MALAYSIA</small>	06.06.23	Revision of Deposit Rate Submission by Financial Institutions (FIs)	<p>BNM notes with concern that deposit rate competition has again intensified since the fourth quarter of 2022, with adverse effects on the stability of financial markets and potentially higher lending cost to borrowers. BNM wishes to reiterate that FIs must refrain from engaging in activities which could contribute to heightened volatility and disruptive conditions in the banking system and the financial markets.</p> <p>a) FIs are required to comply with the revised reporting thresholds for the reporting of Top 10 deposit rates and deposit rate hikes above 20 basis points ("bps") as set out in Appendix I with effect from 1 Sept'23.</p> <p>b) FIs must report all incidences of deposit rates offered above the revised reporting thresholds to the FIs' board of directors (BOD) for deliberation on a quarterly basis. At minimum, the reporting to the BOD shall include the following details:</p>	Effective: 06.06.23


## REGULATORY ALERTS

Circulars/Guidelines				
			<ul style="list-style-type: none"> <li>i. the deposit rate offered to each individual depositor;</li> <li>ii. the deposit rate expressed as the spread over the relevant benchmarks to facilitate comparison over time e.g. KLIBOR2;</li> <li>iii. the number of incidences in the last 12 months when the same depositor was offered deposit rates above the reporting thresholds;</li> <li>iv. a comparison with the average deposit rates typically offered to other depositors for deposits of a similar size and tenure;</li> <li>v. justifications for offering the higher rate; and</li> <li>vi. impact on profitability, liquidity and funding stability of the FI;</li> </ul> <p>With effect from 1 Sept 2023, the reporting to BNM is via the revised Excel template and FIs must email the completed Excel template to BNM at <a href="mailto:srmru@bnm.gov.my">srmru@bnm.gov.my</a></p>	
	06.06.23	<p>Amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main LR") and ACE Market Listing Requirements ("ACE LR") [collectively referred to as the "LR"] in relation to Sustainability Training for Directors</p>	<p>On 6 June 2023, Bursa Malaysia Securities Berhad ("the Exchange") issued amendments to the Main Market Listing Requirements ("Main LR") and ACE Market Listing Requirements ("ACE LR") [collectively referred to as the "LR"] relating to sustainability training for directors.</p> <p>The Mandatory Accreditation Programme (MAP) for directors under the LR had been reviewed and enhanced, with the MAP now divided into two parts: Part I, which covers corporate governance and director roles, duties and liabilities, and Part II, which focuses on sustainability.</p> <p>The amendments include: -</p> <ul style="list-style-type: none"> <li>• expanding the MAP to two parts, MAP Part I and MAP Part II, and</li> <li>• requiring first-time directors of listed issuers and listing applicants / listed corporation and transfer applicant to complete MAP Part II within a prescribed timeframe as follows: - <ul style="list-style-type: none"> <li>○ First time directors must complete MAP Part 1 within 4 months of appointment and MAP Part II within 18 months.</li> <li>○ Directors of applicants/transfer applicants must complete MAP Part 1 before admission/transfer and MAP Part II within 18 months.</li> </ul> </li> <li>• streamlined and updated for clarity, consistency, as well as removing operational provisions.</li> </ul>	Effective: N/A



## REGULATORY ALERTS

Circulars/Guidelines				
			<p>The amendments require: -</p> <ul style="list-style-type: none"> <li>(a) directors appointed on or after 1 August 2023, to complete MAP Part II within 18 months of their appointment.</li> <li>(b) directors of listing applicants admitted to the Main Market/ACE Market on or after 1 August 2023, must also complete MAP Part II within 18 months.</li> <li>(c) existing directors appointed before 1 August 2023, must complete MAP Part II by 1 August 2025.</li> <li>(d) Other directors not specified under paragraphs (a), (b) and (c) above, must complete MAP Part II within 18 months of their appointment.</li> <li>(e) directors of transfer applicants admitted to the ACE Market on or after 1 August 2023, must also complete MAP Part I before admission and MAP Part II within 18 months of admission.</li> </ul>	
	07.06.23	<p>Amendments to the Directives on Regulated Short Selling - Approved Securities ("Directive No. 8.22(5)-001") in relation to Expansion of the Approved Securities Criteria</p>	<p>On 7 June 2023, Bursa Malaysia Securities Berhad ("the Exchange") announced amendments to Directive No. 8.22(5)-001, relating to the criteria for Approved Securities for Regulated Short Selling.</p> <p>The key amendments include revising the daily market capitalisation criterion for Approved Securities from RM 500 Million to RM 200 Million for the preceding three months, and declaring all listed Exchange Traded Funds (ETFs) as Approved Securities, with the exception of Inverse ETFs. These changes aim to improve liquidity and vibrancy in the capital market and facilitate investors in executing trading strategies.</p> <p>The amendments to Directive No. 8.22(5)-001 will be implemented in stages with the Market Capitalisation Criterion effective on 12 June 2023. The Exchange will announce the ETF as Approved Securities, and the updated Approved Securities list will be issued in July 2023.</p>	Effective: N/A
	08.06.23	<p>Proper Handling and Safeguarding Customer Information to Preserve Public Confidence and Trust</p>	<p>The letter is intended to convey BNM observations from our review of incidents of customer information breaches (CIB) reported by financial service providers (FSPs) from 2017 to 2022 as well as the key areas of improvement required from FSPs, and to share the Bank's enhanced supervisory and enforcement approach for handling CIB incidents reported by FSPs from 1 Jan'23 onwards.</p> <p>From 2017 to 2022, the industry reported a total of 2,376 CIB cases to the Bank. About 10% of these CIB cases were deliberate in nature and/or posing some reputational risk or threats to public confidence and trust. From our analysis of the CIB investigation reports submitted by FSPs, the key root causes of these breaches can be grouped into three main areas:</p>	Effective: 08.06.23



## REGULATORY ALERTS

Circulars/Guidelines				
			<p>i. People (e.g., arising from staff/representatives/agents/external vendors' personnel negligence or deliberate actions)</p> <p>ii. Policies &amp; Procedures (e.g., absence of or inadequacies in existing policies), and</p> <p>iii. Systems (e.g., system-related glitches or errors).</p> <p>With this notification, the Bank would like to remind all FSPs that any contravention of the secrecy obligations in the Financial Services Act 2013 (FSA), Islamic Financial Services Act 2013 (IFSA) and Development Financial Institution Act 2002 (DFIA) by any person as well as any non-compliances with MCIPD by FSPs will result in proportionate interventions and actions by the Bank.</p> <p>The Bank also reserves the right to take further actions on the CIB incidents that have been reported to the Bank by FSPs since 2017.</p>	
 <small>BANK NEGARA MALAYSIA CENTRAL BANK OF MALAYSIA</small>	19.06.23	Exposure Draft on Disposal and Purchase of Impaired Loans/Financing	<p>On 19 June 2023, Bank Negara Malaysia (BNM) issued an Exposure Draft of the Policy Document on Disposal and Purchase of Impaired Loans/Financing (Exposure Draft).</p> <p>The exposure draft sets out proposed requirements and guidance with respect to the disposal and purchase of impaired loans/financing by banking and non-banking institutions. The exposure draft aims to lower barriers to entry for buyers into the impaired financing market, strengthen conduct requirements to provide appropriate protection to borrowers whose loans are sold to non-bank buyers and promote greater efficiency in the disposal/purchase of impaired financing.</p> <p>The BNM invites written feedback on the policy proposals in this exposure draft. The feedback can include suggestions on alternative proposals which the BNM should consider and should be supported with clear rationale, evidence or illustrations to facilitate the BNM's assessment.</p> <p>Feedback must be submitted electronically to the BNM by 19 July 2023 to <a href="mailto:conductpolicy@bnm.gov.my">conductpolicy@bnm.gov.my</a>.</p>	Effective: N/A




## REGULATORY ALERTS

Circulars/Guidelines																
	20.06.23	Counter Notification	<p>Bursa Malaysia Securities Berhad has prescribed the securities for the following counters which are proposed to be listed on its Official List ("Prescribed Securities"), to be deposited with Bursa Malaysia Depository Sdn Bhd ('Central Depository').</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 5%;">No</th> <th style="width: 40%;">Counters</th> <th style="width: 15%;">Listing Board</th> <th style="width: 40%;">Prescribed Period</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Skyworld Development Berhad (5315)</td> <td style="text-align: center;">Main Market</td> <td style="text-align: center;">21.06.2023 to 21.07.2023</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Daythree Digital Berhad (0281)</td> <td style="text-align: center;">ACE Market</td> <td style="text-align: center;">22.06.2023 to 24.07.2023</td> </tr> </tbody> </table>	No	Counters	Listing Board	Prescribed Period	1.	Skyworld Development Berhad (5315)	Main Market	21.06.2023 to 21.07.2023	2.	Daythree Digital Berhad (0281)	ACE Market	22.06.2023 to 24.07.2023	Effective: N/A
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1.	Skyworld Development Berhad (5315)	Main Market	21.06.2023 to 21.07.2023													
2.	Daythree Digital Berhad (0281)	ACE Market	22.06.2023 to 24.07.2023													
	23.06.23	Financial Inclusion Framework (2023–2026) Strategy Paper	<p>The implementation of the 1st Financial Inclusion Framework (2011–2020) has led to significant improvements in the accessibility and take-up of basic financial services in Malaysia. Despite the progress made, several barriers and challenges need to be addressed to run the last mile in progressing financial inclusion.</p> <p>In order to meet the goals envisioned in the Financial Sector Blueprint 2022-2026 ("the Blueprint") and to elevate the financial well-being of households and businesses, BNM has developed the 2nd Financial Inclusion Framework 2023–2026 ("the Framework") as a four-year strategic roadmap and principle-based guidance to advance financial inclusion in Malaysia. The Framework sets out the vision, desired outcomes, policy objectives and strategies in advancing financial inclusion holistically. The Framework provides principle based guidance on defining the financially unserved and underserved, with the aim of ensuring greater alignment of industry efforts with inclusive finance goals.</p> <p>It also takes into consideration alignment of strategies towards new emerging growth angles in financial services, and achievement of the United Nation's Sustainable Development Goals ("SDGs") and Environmental, Sustainability and Governance ("ESG") propositions for higher value creation.</p>	Effective: 23.06.23												

## REGULATORY ALERTS



Circulars/Guidelines																
	27.06.23	Counter Notification	<p>Bursa Malaysia Securities Berhad has prescribed the securities for the following counters which are proposed to be listed on its Official List ("Prescribed Securities"), to be deposited with Bursa Malaysia Depository Sdn Bhd ("Central Depository").</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 5%;">No</th> <th style="width: 40%;">Counters</th> <th style="width: 20%;">Listing Board</th> <th style="width: 35%;">Prescribed Period</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>DC Healthcare Holdings Berhad (0283)</td> <td style="text-align: center;">ACE Market</td> <td style="text-align: center;">28.06.2023 to 28.07.2023</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>MST Golf Group Berhad (5316)</td> <td style="text-align: center;">Main Market</td> <td style="text-align: center;">30.06.2023 to 31.07.2023</td> </tr> </tbody> </table>	No	Counters	Listing Board	Prescribed Period	1.	DC Healthcare Holdings Berhad (0283)	ACE Market	28.06.2023 to 28.07.2023	2.	MST Golf Group Berhad (5316)	Main Market	30.06.2023 to 31.07.2023	Effective: N/A
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2.	MST Golf Group Berhad (5316)	Main Market	30.06.2023 to 31.07.2023													
	30.06.23	Discontinuation of STATsmart Reporting for Banking Institutions ("BI") with International Currency Business Unit ("ICBU")	<p>Pursuant to sections 143 and 144 of the Financial Services Act 2013 and sections 155 and 156 of the Islamic Financial Services Act 2013, BNM hereby specifies that the requirement for BIs with ICBU business to submit the following monthly reports, as stated in the STATsmart Policy Document shall be discontinued, effective from 1 Jul'23 and BIs are no longer required to submit the reports for 31 Jul'23 data onwards:</p> <ul style="list-style-type: none"> <li>a) Report on Financial Position Statement;</li> <li>b) Report on Comprehensive Income Statement; and</li> <li>c) Report on Off Balance Sheet.</li> </ul> <p>However, STATsmart Reporting with ICBU for Report on Audited Financial Position Statement and Report on Audited Comprehensive Income Statement should continue to be submitted on an annual basis. Nothing in this letter shall affect BNM's right to take any action for any non-compliances committed before the Effective Date by BIs in respect of the submission of the reports listed in paragraph 2. All other requirements in the STATsmart Policy Document shall remain applicable to BIs. In the event of inconsistency between this letter and the STATsmart Policy Document, this letter shall take precedence to the extent of the inconsistency.</p>	Effective: 01.07.23												

## REGULATORY ALERTS



Circulars/Guidelines																
	03.07.23	Counter Notification	<p>Bursa Malaysia Securities Berhad has prescribed the securities for the following counters which are proposed to be listed on its Official List ("Prescribed Securities"), to be deposited with Bursa Malaysia Depository Sdn Bhd ("Central Depository").</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 5%;">No</th> <th style="width: 35%;">Counters</th> <th style="width: 20%;">Listing Board</th> <th style="width: 40%;">Prescribed Period</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>MYMBN Berhad (0280)</td> <td style="text-align: center;">ACE Market</td> <td style="text-align: center;">03.07.2023 to 03.08.2023</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>KGW Group Berhad (0282)</td> <td style="text-align: center;">ACE Market</td> <td style="text-align: center;">03.07.2023 to 03.08.2023</td> </tr> </tbody> </table>	No	Counters	Listing Board	Prescribed Period	1.	MYMBN Berhad (0280)	ACE Market	03.07.2023 to 03.08.2023	2.	KGW Group Berhad (0282)	ACE Market	03.07.2023 to 03.08.2023	Effective: N/A
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2.	KGW Group Berhad (0282)	ACE Market	03.07.2023 to 03.08.2023													
	06.07.23	Suspension of Trading in the Tin Futures ("FTIN") Contract	<p>Bursa Malaysia Derivatives Berhad will be suspending the trading in the FTIN contract in view of the planned voluntary liquidation of the Kuala Lumpur Tin Market.</p> <p>The trading suspension will take effect on 10 July 2023 and will be in place until further notice</p>	Effective: 10.07.23												
	06.07.23	Amendments to CDS Procedures Manual for Authorised Depository Agents (ADA) and CDS Guide for Depositors in Relation to the Account Management	<p>Bursa Malaysia Depository Sdn Bhd had made amendments to the CDS Procedures Manual for ADA and CDS Guide for Depositors regarding Account Management section for CDS transactions carried out via Bursa Anywhere mobile application and at ADA premises. The amendments introduce an online verification method to verify and validate bank account details provided by the applicant/depositor when performing any of the following: opening a new CDS account, providing bank account details for first-time registration or updating existing bank account details.</p> <p>The applicant/depositor is not required to provide supporting documents for registration or updating of bank account details. However, they are still required to provide supporting documents for registering or updating bank account details performed at ADA premises.</p> <p>Malaysian individual depositors who wish to reactivate an Inactive or Dormant CDS account via Bursa Anywhere must provide bank account details, email address and handphone number if any of these particulars is yet to be registered. This requirement is already implemented for reactivation of CDS account requests performed at ADA premises via WebCDS. Non-Malaysian individual depositors must provide an email address.</p>	Effective: 10.07.23												





## REGULATORY ALERTS

Circulars/Guidelines				
			<p>Depositors may use a single CDS Account Form (FMN070) for opening and updating CDS accounts, only applicable if both activities need to be performed simultaneously. Bursa Depository accepts updating of signature requests from depositors residing outside Malaysia provided they arise from signature evolution.</p> <p>The amendments to the relevant sections in the CDS Procedures Manual for ADA and CDS Guide for Depositors will take effect from 10 July 2023.</p>	
	07.07.23	Fees Holiday for Gold Futures (FGLD) Contract	<p>The FGLD contracts will be given a fee waiver on the Trading fees and Clearing fees from 10 July 2023 until 31 December 2023.</p> <p>All other clearing and settlement related fees will still be payable by the Clearing Participants during this period.</p>	Effective: 10.07.23 to 31.12.23
	10.07.23	Additional Guidance on Technology and Cyber Safeguards to Ensure The Protection of Customer Information	<p>This letter serves to provide additional guidance to the relevant team pertaining to the technology and cyber safeguards to be undertaken by financial service providers (FSPs), to mitigate the risk of customer information breaches (CIB) arising from the use of technology in its business and operations. FSPs are recommended to undertake the following measures to strengthen their technology and cyber safeguards against CIB:</p> <ol style="list-style-type: none"> <li>a) conduct an independent review to ensure that CIB does not occur in the IT environments of the FSP, its intermediaries, or third-party service providers (TPSPs). FSPs should also incorporate scanning or screening of customer information into the scope of periodic security assessments (e.g., penetration testing, red teaming, or other security validation exercises);</li> <li>b) enhance cybersecurity operations to promptly detect and strengthen the safeguards against CIB;</li> <li>c) ensure that the scope of FSPs' internal audit reviews encompasses the management and security controls pertaining to CIB; and</li> <li>d) conduct a thorough investigation to identify the technical root cause(s) of all CIBs with appropriate action and consequence management to mitigate recurrence.</li> </ol>	Effective: 10.07.23



## REGULATORY ALERTS

Circulars/Guidelines				
 <small>BANK NEGARA MALAYSIA CENTRAL BANK OF MALAYSIA</small>	11.07.23	<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 June 2023 regarding the High-Risk Jurisdictions subject to a Call for Action and Jurisdictions under Increased Monitoring: -</p> <ul style="list-style-type: none"> <li>○ 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.</li> <li>○ The FATF's call for action on Iran for the application of enhanced customer due diligence (CDD) and effective countermeasures remains in effect.</li> <li>○ The FATF maintains Myanmar in the call for action for the application of enhanced CDD measures, proportionate to the risks arising from the jurisdiction. When applying enhanced CDD measures, countries should ensure that flows of funds for humanitarian assistance, non-profit organisation (NPO) legitimate activity and remittances are not disrupted.</li> <li>○ RIs should also consider other jurisdictions under the Increased Monitoring process due to strategic AML/CFT deficiencies in their regime for which they have developed an action plan with the FATF, for risk assessment purposes. In this regard, please note the inclusion of Croatia, Cameroon and Vietnam into the FATF's Increased Monitoring process.</li> </ul>	Effective: 11.07.23
 <small>BURSA MALAYSIA</small>	12.07.23	<p>Stamp Duty on Contract Note</p>	<p>The Stamp Duty (Remission) (No.3) Order 2023 [Order] was gazetted on 12 July 2023.</p> <p>According to a copy of the Order attached to the circular by Bursa Malaysia, stamp duty for shares traded on Bursa Malaysia Securities will be lowered back to 0.10% from 0.15% of contract value, with a maximum value of RM1,000 per contract, from 13 July 2023 to 12 July 2028.</p>	Effective: 13.07.23




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 <small>BANK NEGARA MALAYSIA CENTRAL BANK OF MALAYSIA</small>	17.07.23	Guidelines On Business Continuity Management (BCM) For Participants Of PayNet's Services	<p>This is to inform all participants regarding the revised guidelines version 1.8. Revised items are as follows:</p> <ol style="list-style-type: none"> <li>i. Clause 3.0 – Interpretation               <ul style="list-style-type: none"> <li>• Amended definition of RTO to align with BNM's BCM policy document</li> <li>• Added definition of "System Operating Hours"</li> <li>• Included requirements for Disaster Recovery (DR) exercises to meet system operating hours as per respective product operational procedure (OP)</li> </ul> </li> <li>ii. Clause 93 – Table of Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) Exercises               <ul style="list-style-type: none"> <li>• Included requirement for DR exercises to meet system operating hours as per respective product Operational Procedure</li> </ul> </li> <li>iii. Clause 10 – Computation of Maximum Tolerable Downtime (MTD) / Recovery Time Objective (RTO) for the Purpose of BCP/DRP Testing               <ul style="list-style-type: none"> <li>• Clause 10.1.2 – Revision to RTO start time to reflect new definition</li> <li>• Clause 10.1.4 – Removed outdated RTO diagram</li> </ul> </li> <li>iv. Updated Appendix II(a) – Sample BCP/DRP Exercise Report for Traditional DR               <ul style="list-style-type: none"> <li>• To reflect the changes in RTO definition and new MTD/RTO requirements</li> </ul> </li> </ol>	Effective: 28.07.23
 <small>BURSA MALAYSIA</small>	18.07.23	Directive on the List of Approved Securities	<p>The list of 'Approved Securities' issued pursuant to Rule 8.22(5) of the Rules of Bursa Malaysia Securities Berhad vide R/R 3 of 2023 for purposes of Regulated Short Selling and Permitted Short Selling, has been amended with the inclusion of one hundred seventy-seven (177) new approved securities into the above list and the removal of 5 existing approved securities from the same list.</p> <p>The list of 'Approved Securities' for the purpose of Permitted Short Selling will be the same list for the purpose of Regulated Short Selling.</p> <p>For the updated list, please refer to the circular.</p> <p>The updated list of 'Approved Securities' mentioned above will take effect from 31 July 2023.</p>	Effective: 31.07.23

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	18.07.23	<p>Securities Borrowing and Lending (SBL) List of SBL Eligible Securities, SBL Eligible Securities and Outstanding Issuance List (OIL) and SBL Approved Securities for Collateral</p>	<p>Pursuant to the definitions of "Eligible Securities" in the Rules of Bursa Malaysia Securities Clearing Sdn. Bhd. and "Collateral" in the Bursa SBL (Terms and Conditions for Borrower), please be advised that the lists of "SBL Eligible Securities" and "SBL Approved Securities for Collateral" are hereby amended.</p> <p>For complete details, please refer to the circular.</p> <p>The updated lists of "SBL Eligible Securities", "SBL Approved Securities for Collateral" and "SBL eligible Securities and Outstanding Issuance List" shall take effect from 31 July 2023.</p>	Effective: 31.07.23
	21.07.23	<p>Survey on Involvement of Financial Institutions in relation to Digital Assets and Distributed Ledger Technology 2023</p>	<p>Given the potential interlinkages between developments in the digital asset space and traditional finance, Bank Negara Malaysia (BNM) is conducting a survey among financial institutions (FIs) in Malaysia as part of continued efforts to better understand the current and potential future domestic digital asset landscape and assess potential future risk to the financial system.</p> <p>The objectives of the survey are as follows:</p> <ul style="list-style-type: none"> <li>• Assess FIs' current exposure to digital assets and related activities;</li> <li>• Gauge FIs' future interest to engage in digital asset activities and employ its underlying technologies; and</li> <li>• Understand the demographics of digital asset users in Malaysia.</li> </ul> <p>The survey responses will be used to facilitate BNM's on-going surveillance activities and policy discussions. The questions listed in this survey shall not be indicative of BNM's future policy direction.</p> <p>Digital asset activities remain subject to relevant laws, regulations and requirements by the Bank and other authorities.</p> <p>Participating FIs should respond to the survey on a group basis. Kindly return the completed form to the BNM Digital Currency Research Hub at <a href="mailto:dcrh@bnm.gov.my">dcrh@bnm.gov.my</a> by 18 August 2023, please. Should you have any queries, please do not hesitate to contact the Hub via the above email.</p>	Effective: 21.07.23



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	21.07.23	Intermediaries Communication on Best Practices on Order Management System ("ICON PO-OMS") for Participating Organisations	On 21 July 2023, Bursa Malaysia issued an Intermediaries Communication on best practices for its Participating Organisations' Order Management System (ICON-PO OMS). The guideline aims to enable the Board of Participating Organisations determine the appropriate technical and infrastructure setup for their Order Management System (OMS), ensuring reliability and availability. Bursa Malaysia recommends Participating Organisations to assess their systems and adopt recommended best practices to enhance their Order Management System (OMS)' reliability and availability.	Effective: N/A
	27.07.23	Technical Note No. 1/2014 - Clarification or operationalisation of CMSA provisions in relation to approval and prospectus requirements, licensed persons, registered persons and unit trust schemes	<p>On 27 July 2023, the Securities Commission Malaysia (SC) issued the revised Technical Note No. 1/2014 as part of its commitment towards an efficient and effective regulatory environment in facilitating industry on its compliance with securities laws provisions.</p> <p>The revisions made to the Technical Note No.1/2014 are set out below: -</p> <p><u>Paragraph 1.04</u> Is an offer of warrants by a listed corporation within the scope of subsections 212(2) or 212(5) of the CMSA?</p> <p>An offer of warrants by the following listed corporations is not intended to be captured under subsection 212(2) or 212(5) of the CMSA:</p> <p>(a) A corporation whose shares are listed on the main market of a stock exchange; and (b) A corporation whose shares are listed on a securities exchange in Labuan or outside Malaysia.</p> <p>This Technical Note should be read together with the relevant Schedules in the Capital Markets and Services Act 2007 (CMSA) and guidelines issued by the SC.</p>	Effective: N/A
	28.07.23	Counter Notification for Glostrext Berhad (0284)	<p>Bursa Malaysia Securities Berhad has prescribed the securities of Glostrext Berhad (0284) which will be listed on the ACE Market ("Prescribed Securities"), to be deposited with Bursa Malaysia Depository Sdn Bhd ("Central Depository").</p> <p>Prescribed Period shall be from 28.07.2023 to 28.08.2023.</p>	Effective: N/A

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 <small>BANK NEGARA MALAYSIA CENTRAL BANK OF MALAYSIA</small>	31.07.23	Credit Risk	<p>The Policy Document on Credit Risk outlines regulatory requirements for credit risk management for banking institutions, insurers, takaful operators and financial holding companies. The updated policy document clarifies the interaction between rescheduled and restructured loans/financing and assesses significant increase in credit risk under MFRS 9. It also removes the tag for rescheduled and restructured loans/financing for Central Credit Reference Information System (CCRIS) reporting. The updated policy document includes a revised definition of rescheduled and restructured loans/financing, strengthened requirements for managing these loans/financing and clarified classification in CCRIS.</p> <p>The updated policy document also includes clarity on governance expectations, expanded requirements for managing exceptional credits and concentration risk, strengthened requirements for credit risk measurement and new expectations for managing country risk, transfer risk and group-wide credit risk oversight.</p>	Effective: 01.01.24
 <small>Suruhanjaya Sekuriti Securities Commission Malaysia</small>	01.08.23	Guidelines on Technology Risk Management	<p>The Securities Commission Malaysia (SC) issued the Guidelines on Technology Risk Management, set to come into force by the third quarter of 2024. The Guidelines cover governance requirements, technology risks management, technology operations, technology outsourcing, cyber security, data management and principles related to the adoption of artificial intelligence and machine learning. The guidelines apply to all capital market entities licensed, registered, approved, recognised, or authorised by the SC.</p> <p>The SC expects all capital market entities to continue complying with existing guidelines including the Guidelines on Management of Cyber Risk during the familiarisation period of the Guidelines, while working toward putting in place effective controls, policies and procedures to ensure compliance with the Guidelines by the effective date.</p> <p>The new framework requires the board of directors of capital market entities to approve a technology risk management framework (TRM Framework), appoint at least one senior management person to oversee day-to-day management of technology risk and the implementation of a technology and cyber security strategy.</p> <p>The entity must also establish a technology audit plan and update its TRM Framework periodically, at least once every three years. The framework also requires the implementation of suitable cryptographic controls to safeguard the confidentiality and integrity of sensitive data.</p>	Effective: 01.08.23

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	01.08.23	<p>Amendments to the Rules of Bursa Malaysia Securities Berhad ("BMS Rules") in Relation to the Removal of Dealer's Representative ("DR") Full-Time Requirement and Other Amendments</p>	<p>The Securities Commission Malaysia issued amendments to its Licensing Handbook on 14 April 2023, allowing a Dealer's Representative to undertake additional regulated activities such as investment advice, financial planning, restricted dealing in unit trust and dealing in private retirement schemes.</p> <p>Bursa Malaysia Securities Berhad has also amended the Bursa Malaysia Securities Rules to remove the requirement for a Dealer's Representative to be employed or engaged full-time by a Participating Organisation and enhance the requirements for a Dealer's Representative engaging in other business activities or holding interest in any other business.</p> <p>The amendments aim to provide greater flexibility for a Participating Organisation and its Dealer's Representative in making arrangements pertaining to the employment or engagement of the Dealer's Representative and complement the implementation of the Amended Dealer's Representative Licensing Framework. The detailed amendments to the BMS Rules are set out in Annexure 1 in the circular.</p>	Effective: N/A
	23.08.23	<p>Liquidity Risk</p>	<p>This exposure draft sets out 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.</p> <p>These requirements and guidance complement the policy documents on Liquidity Coverage Ratio and Net Stable Funding Ratio which set out minimum regulatory liquidity requirements.</p> <p>The expectations in this exposure draft are drawn from the Principles for Sound Liquidity Risk Management and Supervision by the Basel Committee for Banking Supervision (BCBS) and the Guiding Principles on Liquidity Risk Management for Institutions Offering Islamic Financial Services by the Islamic Financial Services Board (IFSB). In developing these expectations, Bank Negara Malaysia (the Bank) has also taken into account observations of domestic industry practice, while also drawing on lessons learnt from the recent global banking crises.</p> <p>The Bank would like to invite feedback on this exposure draft, including suggestions for specific issues or areas to be clarified and any alternative proposals the Bank should consider. All feedback for the exposure draft is to be submitted electronically and emailed to <a href="mailto:pfpcconsult@bnm.gov.my">pfpcconsult@bnm.gov.my</a> latest by 30 November 2023.</p>	Effective: 23.08.23