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Malaysia's Competition Law Overhaul: What Investors And Businesses Need To Know

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Malaysia is set to overhaul its competition law regime through two companion pieces of legislation: the Competition (Amendment) Bill 2026 (CA Bill) and the Competition Commission (Amendment) Bill 2026 (collectively, Bills). Together, the Bills aim to widen the reach of Malaysian competition law, strengthen the current Competition Commission (CC) investigative and enforcement powers, and rename it as the Malaysia Competition Commission (MyCC). Both Bills passed all three readings in the Dewan Rakyat on 6 July 2026 and are scheduled to be tabled before the Dewan Negara during its sitting from 20 July to 4 August 2026. If passed, the Bills will proceed to receive the Royal Assent before being gazetted.

This is the first substantive amendment to Malaysia's competition law framework since the Competition Act 2010 (CA 2010) and Competition Commission Act 2010 (CCA 2010) came into force in 2011. Businesses operating in Malaysia, and those transacting with an effect on the Malaysian market from abroad, should treat this as a significant recalibration of compliance risk rather than a routine legislative update.

A Wider Net In Coverage

The CA Bill aims to widen the current range of activities covered under the defined "commercial activities", by expanding the wording to "commercial or economic activity" while retaining its existing reach to conduct outside Malaysia with an effect on the Malaysian market. The definition of "enterprise" is correspondingly redefined from "any entity carrying on commercial activities" to "any person carrying on any commercial or economic activity".

For investors conducting diligence on a Malaysian target, counterparties and joint venture partners previously assumed to sit outside the CA 2010, should now be assessed on the same footing as an ordinary commercial enterprise.

Enterprises transacting with, or bidding into, the public sector should also pay attention as MyCC's information-gathering powers now extend to "Government Entities", a new term covering federal and state government bodies, statutory authorities, ministries, departments and agencies. The list of exempted activities under the CA 2010 is also updated, with the exemption for aviation shifting from the now-dissolved Malaysian Aviation Commission to the Civil Aviation Authority of Malaysia, and the Gas Supply Act 1993 and Postal Services Act 2012 are added as newly exempted legislation.

One Category Of Agreement & A Wider Exposure For Distribution And Supply Arrangements

Businesses that have historically relied on the distinction between "horizontal" and "vertical" agreements should begin reviewing their transaction timelines as the CA Bill will be removing this distinction entirely, replacing both categories with a single, broader concept of "agreement". Moving forward, the prohibition on anti-competitive agreements will apply uniformly regardless of the parties' position in the supply chain.

Under current law, agreements with the object of price-fixing, market or source-sharing, output limitation, or bid-rigging are automatically deemed to have a significantly anti-competitive object, but only where the agreement is horizontal. Since the CA Bill is removing that distinction from the same provision, this automatic deeming would now extend to vertical agreements as well, potentially catching arrangements such as exclusive distribution, resale restrictions, or supply agreements that were previously assessed under a less severe test.

For investors and businesses intending to acquire a Malaysian distribution network, franchise system, or exclusive supply arrangements, a more diligent navigation is now required. Existing agreements should be reviewed for their exposure, and warranty and disclosure schedules in pending transactions should also account for terms that have been included and considered low risk today may be reclassified when the CA Bill takes effect.

Enhanced Investigative And Enforcement Powers For The MyCC

MyCC's investigative toolkit will be significantly expanded. Where it believes an enterprise, or indeed any person, holds information relevant to its work, whether for a formal investigation or simply a market review, it may now compel that information to be produced, and require the person handing it over to certify that it is true, accurate and complete.

For the first time, government entities are drawn into this net and can be directed to produce information for a market review just as a private enterprise can. Refusing to cooperate, or knowingly providing false or incomplete information, is now a criminal offence in its own right.

Accordingly, the powers exercised once an investigation is under way have also been widened to match. MyCC officers may now make copies of, or extract data from, records found on the premises during a search, rather than being confined to seizing the physical or digital originals. In response to the growing use of disappearing messages and deletion tools to erase potentially incriminating evidence, it is also no longer necessary to show that records were actually destroyed. Now, merely attempting to destroy, conceal, mutilate or alter them with intent to defraud MyCC or obstruct an investigation is sufficient to constitute an offence.

The CA Bill also gives MyCC a clearer path for handling matters at an earlier stage. Before deciding whether to open a formal investigation at all, MyCC may carry out preliminary inquiries, and if it decides not to proceed, it may still issue a warning letter to the enterprise concerned where it considers this appropriate. Separately, once MyCC has issued a written notice of a proposed decision, it may issue one or more supplementary notices as its position develops and may recommence an investigation if new facts or evidence come to light, or if there is a material change in the circumstances described in the earlier notice.

For businesses and investors, this means MyCC's search powers now map onto how businesses actually keep records, so antitrust diligence on a Malaysian target should specifically test information governance and document retention practices, not just substantive pricing and agreement compliance.

Introduction Of A Settlement Route And A Revamped Undertaking Regime

Enterprises under investigation for anti-competitive agreements or abuse of a dominant position may now be offered a settlement once MyCC has issued a written notice of its proposed decision. However, the acceptance of the settlement requires the enterprises to admit liability for the infringement. Accordingly, MyCC may also reduce the financial penalty imposed by up to 40%, on top of any reduction the enterprise may separately be entitled to under the existing leniency regime.

While this gives enterprises under investigation a choice, an admission of liability is a matter of public record and may create a foothold for follow-on private actions by counterparties or competitors who suffered loss. Enterprises should weigh that downstream litigation exposure alongside the headline penalty discount, not the discount alone.

Another route to resolving an investigation under the current regime is by acceptance of an undertaking from the enterprise. Once the CC accepts the undertaking, it must close the investigation without making any finding of infringement and without imposing any penalty, though the undertaking remains available for public inspection. However, this route has now been tightened under the CA Bill.

The MyCC will only accept an undertaking before it has issued a written notice of a proposed decision, closing off how late in the process this option remains available compared to the settlement route. In the event the enterprise fails to comply with the undertaking, or if information provided to secure the undertaking turns out to be false or misleading in a material way, MyCC is no longer obliged to treat the case as closed and may proceed to make a decision on the infringement after all.

Expansion Of The Leniency Regime And New Protection For Informers

MyCC has long operated a leniency regime allowing a reduction of up to 100% of any penalty for an enterprise that admits its own involvement in a prohibited agreement and provides cooperation that meaningfully helps the investigation. Under the current regime, the size of that reduction already depends on factors such as whether the enterprise was first to come forward and how early it cooperated.

Under the CA Bill, MyCC will now also consider whether the enterprise coerced another business into joining the agreement. MyCC has not indicated which way this factor will be applied, but it is reasonable to expect that an enterprise found to have coerced others will be treated less favourably than one that participated without pressuring anyone else.

For the first time, the CA Bill also introduces statutory protection for informers, shielding their identity in proceedings before MyCC, the CAT, or the courts, except where the informer is found to have knowingly made a false statement. MyCC may also pay a financial reward where an informer's information leads to an infringement finding or conviction, giving informers a direct incentive to come forward. Protection against reprisals for anyone cooperating with MyCC is broadened too, extending beyond commercial disadvantage to economic disadvantage, and expressly covering conduct such as cancelling orders, withholding payments due, or refusing to renew a contract.

The existing 10% worldwide turnover cap on financial penalties is unchanged. What is new is that enterprises missing MyCC's payment deadline will also face late payment charges, and MyCC can enforce payment through the High Court, which may order the penalty, late charges and judgment-rate interest together.

New Appeal Route And Higher Risk For Deal Timeline

Under current law, a decision of the Competition Appeal Tribunal (CAT) is final and binding, with no right of appeal at all. The CA Bill changes this by introducing, for the first time, a right to appeal a CAT decision to the High Court within 90 days of it being served, limited to questions of law or the amount of the financial penalty imposed. The High Court may then confirm, reverse or vary the CAT's decision.

For businesses and investors, this means a CAT ruling is no longer the finishing line for either side. For an investor pricing a target with an open or recent competition matter, this stretches the period over which that exposure should be treated as unresolved, since even an outcome that looked settled at CAT level may still be reopened for up to 90 days after it is served. Warranty and indemnity periods, escrow release conditions, and any price-adjustment mechanism tied to a regulatory outcome should be drafted on the assumption that a CAT decision is not final until the High Court appeal window has closed, not simply until the CAT rules.

Conclusion

The Bills mark the most significant recalibration of Malaysia's competition law regime since it came into force in 2011. By widening the scope of what counts as "commercial or economic activity," extending the anti-competitive agreement prohibition uniformly across the supply chain, and equipping MyCC with sharper investigative, settlement and appeal powers, the reforms give the regulator a materially broader toolkit than it has operated with to date.

Nevertheless, the Bills should be read as the start of a new enforcement era rather than a settled one. Several of the most consequential changes, how far the amended deeming provision actually reaches into vertical agreements, how settlement discounts and the new coercion factor in leniency applications will be applied in practice, and the practical limits of MyCC's expanded information-gathering powers, will depend on guidance yet to be issued and on how MyCC chooses to exercise its discretion.

For investors and dealmakers, early engagement with this evolving framework matters more than waiting for that certainty to arrive. As MyCC moves toward a more assertive enforcement posture and the finality that once capped competition law exposure in Malaysia falls away, regulatory diligence is likely to become as central to deal pricing and timing as commercial and financing diligence traditionally have been.

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