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Latest Amendments To The Capital Market Laws By The Securities Commission

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The Securities Commission Malaysia (SC) has announced several amendments made to the Capital Markets and Services Act 2007 (CMSA), which came into force on 1 July 2021. The amendments are summarised as follows:

1. Expanded categories of “sophisticated investors”

The categories of sophisticated investors in Schedules 6 and 7 of the CMSA have been widened to include, among others:

- (a) individuals with total net personal investment portfolio exceeding RM1 million in capital market products, either on their own or jointly with their spouse;
- (b) chief executive officers and directors of licensed or registered persons under the CMSA; and
- (c) corporations that are carrying on the regulated activity of fund management solely for the benefit of its related corporations and has assets under its management exceeding RM10 million.

This broader ambit of “sophisticated investors” will enable more investors to diversify their investment portfolio, whereas listed issuers can now tap into the enlarged pool of prospective sophisticated investors.

The full list of qualifying criteria of sophisticated investors can be accessed [here](#).

2. Bursa Malaysia takes over ACE Market’s prospectus registration function

Pursuant to the amendment to Schedules 6 and 7 of the CMSA, Bursa Malaysia will take over the registration function of ACE Market prospectuses,

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which is currently under the purview of the SC. That being the case, Bursa Malaysia will become the one-stop centre for all approvals in relation to ACE Market listing.

The shift of the registration function to Bursa Malaysia will be effective from 1 January 2022.

3. Additional corporate proposals that do not require SC's approval

Schedule 5 of the CMSA which sets out the type of corporate proposals that do not require the SC's approval, authorisation or recognition, has also been amended to include the following:

- initial exchange offering of digital currency or digital token through a Recognized Market Operator¹; and
- an initial public offering or cross-listing of the shares of a public company or listed corporation on a stock exchange outside Malaysia.

Digital currency and digital token are those which are prescribed as securities under the Capital Markets and Services (Prescription of Securities) (Digital Currency and Digital Token) Order 2019.

Conclusion

Notably, the migration of the entire ACE Market framework to Bursa Malaysia is a substantial reform of the ACE market regulatory framework. It remains to see how Bursa Malaysia would enhance its internal processes and resources for it to undertake this additional function and to ensure a seamless transition. At the time of writing, Bursa Malaysia has yet to make any formal announcement on this transition.

Authored by Diane Ngu Dai En, an Associate with the firm's Capital Markets and M&A practice.

¹ An operator of a digital asset exchange registered under Section 34 of the CMSA.