Global Financial Services Regulatory Guide - Malaysia

3. What types of activities require a license in your jurisdiction?

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# What types of activities require a license in your jurisdiction?

Under the FSA and the IFSA, activities that require either a license or approval from the CBM, or a registration with the CBM (collectively, “FSA/IFSA Activities”), are as follows:

Banking and investment banking activities, which include accepting deposits, dealing with checks, providing financial services (i.e., consumer and retail lending, leasing, factoring, purchase of instruments such as promissory notes, and providing guarantees) or carrying out regulated activities under the CMSA

Insurance business and reinsurance business by way of effecting and carrying out contracts of insurance and reinsurance, both life and general

Operation of a payment system or issuance of a designated payment instrument, which covers a broad range of activities, such as the remittance of funds or securities and issuance of electronic money (including the provision of merchant- acquiring services)

Insurance broking business, which entails facilitating transactions for the entry into, or renewal of, contracts of insurance and reinsurance on behalf of clients

Money broking business, which entails facilitating transactions in the money market or foreign exchange market (but does not include transactions for the sale and purchase of currencies)

Financial advisory activities by way of arranging for contracts of insurance based on the individual needs of clients

Adjusting activities in respect of investigations of losses under insurance claims

Under the CMSA, entities carrying out the following regulated activities (collectively, “CMSA Activities”) require a capital markets services license (CMSL), and individuals employed to undertake the regulated activities require a capital markets services representative’s license (CMSRL) from the SC:

Dealing in securities and derivatives by inducing or potentially inducing clients to enter into transactions involving securities or derivatives

Fund management of a portfolio of securities, derivatives or assets

Advising on corporate finance, which covers advising on takeovers and mergers, issuance of securities, raising of funds and providing advice to listed companies

Providing investment advice on securities or derivatives

Financial planning for clients by analyzing their financial circumstances and introducing investment plans

Dealing in private retirement schemes by inducing or potentially inducing clients to acquire or dispose of interests in, or contribute to, a private retirement scheme

Clearing for securities or derivatives by assuming obligations for the delivery and payment of a person's transaction relating to listed securities or derivatives

Trustees of unit trust schemes and debenture holders must also be registered and approved by the SC.

Cryptocurrencies and cryptoassets (i.e., digital currency and digital tokens) are not recognized as legal tender in Malaysia. That said, cryptocurrencies and crypto-assets that satisfy certain prescribed requirements are regulated as securities under the CMSA.

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