

Financial Services

The Third Capital Market Masterplan

The Securities Commission Malaysia (“SC”) on 21 September 2021 launched the third Capital Market Masterplan (“CMP3”) which will serve as a strategic framework for the growth of the capital market in Malaysia over the next five years and aims at ensuring that the following desired outcomes are achieved by the capital market:

- Grows in **relevance** with the upgrade of the economy and its stakeholders;
- **Efficient** in capital mobilisation, accompanied by evolved regulatory approach; and
- **Diversified**, competitive and differentiated to create value for diverse participants.

Pursuant to the CMP3, to achieve the desired outcomes, the strategic initiatives over the next five years will be guided by six key development and regulatory thrusts/priorities.

The three key development thrusts aim to facilitate a capital market that:

- **Catalyses competitive growth** with greater fundraising efficiency for companies across their business lifecycle, enabled by competitive markets and intermediation;
- **Empowers investors for a better future** with accessible and quality investment advice and greater diversity for emerging needs through a digitally inclusive ecosystem; and
- **Shapes a stakeholder economy** with sustainable and responsible investment and Islamic capital market with effective capital mobilisation through Sustainable and Responsible Investments and Islamic Capital Market solutions to sustainable, responsible and stakeholder-oriented businesses.

In conjunction, the SC has also set out three key regulatory thrusts to enable a regulatory approach that:

Legal Updates

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- **Embeds shared accountability in the capital market** to promote responsible businesses, industry self-regulation and investor advocacy, underpinned by principles-based regulations;
- **Prioritises efficiency and outcomes** in protecting investor vulnerabilities, with a fit-for-purpose regulatory architecture as well as effective supervisory and enforcement approach; and
- **Embraces the digital age** with the industry, as they navigate through forward-looking regulatory technology and emerging technology risks, while enhancing the SC's digital capabilities.

Read more about the CMP3, please refer to <https://www.sc.com.my/cmp3>.

CONTACT US FOR FURTHER INFORMATION ON FINANCIAL SERVICES MATTERS.

Tax & Revenue

Income tax

The following Regulations and Rules have recently been gazetted:

- (i) **Income Tax (Special Treatment for Bank or Development Financial Institution which Adopt Malaysian Financial Reporting Standard 9: Financial Instruments) Regulations 2021** — gazetted on 14 October 2021 and deemed to have effect from (a) year of assessment 2018 for banks/development financial institutions with accounting period ending 31 December; and (b) year of assessment 2019 for banks/development financial institutions with accounting period ending on a day other than 31 December; and
- (ii) **Income Tax (Deduction for Expenses in relation to the Cost of Detection Test of Coronavirus Disease 2019 (COVID-19) for Employees) Rules 2021** — gazetted on 20 October 2021 and have effect from year of assessment 2021.

The revised versions of the following general and industry guides have recently been published on the Royal Malaysian Customs Department's MySST website:

- (i) [General Guide on Service Tax](#) (as at 11 October 2021);
- (ii) [Industry Guide on Consultancy, Training Or Coaching Services](#) (as at 11 October 2021); and
- (iii) [Industry Guide on Transmission and Distribution of Electricity Services](#) (as at 13 October 2021).

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