

## Corporate/M&A

### World's First Shariah Compliant Voluntary Carbon Exchange Starts Trading; Bursa Carbon Exchange Will Next Offer Renewable Energy Certificates

Bursa Malaysia Berhad (“Bursa Malaysia” or the “Exchange”) announced on 25 September 2023 that its subsidiary, Bursa Carbon Exchange (“BCX”), had commenced trading and facilitation of off-market transactions of carbon credits.

For the commencement of trading, two standardised contracts were offered — the Global Technology-Based Carbon Contract (“GTC”), focusing on global technology-based greenhouse gas (“GHG”) reduction projects, and the Global Nature-Based Plus Carbon Contract (“GNC+”), which features global nature-based GHG reduction projects with co-benefits in the Agriculture, Forestry and Other Land Use (“AFOLU”) sector. The Exchange has also announced its future environmental product expansion to include facilitating the trading of Renewable Energy Certificates on BCX by the third quarter of 2024.

The BCX is one of the many initiatives by the Exchange to complement proactive efforts by Malaysian companies to reduce their impact to the environment. BCX is currently waiving its onboarding fee and offering a discount on its trading fee until the end of 2023. Companies who have yet to onboard or trade are encouraged to take advantage of the offer before the year ends. The BCX trading platform was co-designed and developed with Deon Digital AG, which is headquartered in Switzerland.

The media release by Bursa can be accessed [here](#).

# Legal Updates

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## Malaysia Launches New Funds to Drive Automation, Digitalisation, and Sustainable ESG Practices

On 9 October 2023, the Malaysian Investment Development Authority (“MIDA”) announced the launch of new funding facilitation initiatives aimed at catalysing Malaysia’s industrial growth and fostering economic development. These initiatives include the Domestic Investment Accelerator Fund (“DIAF”), the MADANI Smart Automation Grant (“SAG MADANI”) and the Foreign Investment Accelerator Fund (“FI AF”), which are set to play a pivotal role in advancing Malaysia’s economic landscape.

DIAF and SAG MADANI have been strategically designed to offer a variety of tailored solutions that assist in the development of high-value economic activities for local manufacturers and service providers. They also encourage local businesses to upgrade their capabilities and expand their scope of operations, aligning with Malaysia’s commitment to fostering innovation, automation, digitalisation, and the adoption of sustainable ESG practices.

MIDA also steadfastly centres its efforts on prioritising targeted and selective investments that yield high quality and high impact from foreign sources. In line with this commitment, FI AF is tailored for multinational companies operating in Malaysia to facilitate the seamless transfer of cutting-edge know-how within the high-technology sector through research and development (initiatives and comprehensive training activities). This strategic approach is poised to nurture a highly skilled and high-income local workforce while preserving Malaysia’s competitiveness in an evolving global industrial landscape.

More information is available [here](#).

## Licensing Agreement for Soybean Oil Futures Settlement Price signed between Bursa Malaysia Derivatives and Dalian Commodity Exchange

Commodity Exchange (“DCE”) have signed an agreement for the licensing of Soybean Oil Futures settlement price on 2 November 2023.

This agreement allows Bursa Malaysia Derivatives to use the settlement price of DCE Soybean Oil Futures as the basis to calculate the cash settlement price of its upcoming new product, that is, the Bursa Malaysia DCE Soybean Oil Futures Contract (“FSOY”), which is set to be launched in the first quarter of 2024, subject to regulatory approval.

DCE's Soybean Oil Futures, launched in 2006, is a key price reference for China's spot soybean oil trades while Bursa Malaysia Derivatives offers the world's most liquid Crude

Palm Oil Futures Contract. The significance of FSOY lies in its potential to offer arbitrage opportunities between soybean oil and palm oil, leveraging the strengths of both exchanges. FSOY will provide international traders with an alternative avenue to access Chinese soybean oil price and facilitate cross-margining and capital efficiencies by trading both commodities on the same exchange, that is, Bursa Malaysia Derivatives.

Further information can be viewed [here](#).

## Extension of MIDA Confirmation Letter ([Surat Pengesahan MIDA (SPM)] for Import Duty/Sales Tax Exemption

Pursuant to Customs Duties (Exemption) Order 2017, Sales Tax (Persons Exempted From Payment Of Tax) Order 2018 and Sales Tax (Persons Exempted From Payment Of Tax) (Amendment) (No .2) Order 2018, the following companies may apply for an exemption on import duty/sales tax with the Royal Malaysian Customs Department (“RMCD”):

- manufacturers in the principal custom area may claim for exemption on import duty and/or sales tax on machinery/equipment/spare parts;
- companies engaged in hotel business may claim for exemption on import duty and/or sales tax on equipment or machinery;
- haulage operators may claim for exemption on sales tax on prime movers and/or container trailers; and
- Aerospace maintenance, repair and overhaul company may claim for exemption on sales tax for (i) machinery, equipment and specialised tools and (ii) spare parts, components, materials and specialized consumables goods to be used for Aerospace MRO activities.

Eligible companies would need to obtain the confirmation letter from MIDA and apply (together with the confirmation letter) to the RMCD for tax exemption prior to the importation or purchase of goods. Details of the eligibility of the companies and the procedures to apply for the MIDA confirmation letter are provided in the following guidelines:

- [Guidelines and procedures for a manufacturer in the Principal Customs Area \(PCA\) to claim exemption;](#)
- [Guidelines and procedures for a company engaged in hotel business to claim exemption;](#)

- [Guidelines and procedures for a haulage operator to claim exemption;](#)
- [Guidelines and procedures for Aerospace Maintenance, Repair and Overhaul \(MRO\) company to claim exemption.](#)

According to this [MIDA announcement](#) on 16 October 2023, the present MIDA confirmation letter will expire on 31 December 2023. Considering this, companies may apply for an extension of the confirmation letter [here](#) starting **1 November 2023**. Companies who wish to obtain further information or clarification about the extension can contact MIDA's tariff division directly at:

Malaysian Investment Development Authority (MIDA)  
Level 16, MIDA Sentral  
No. 5, Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel: 03-2267 3633  
Email: [investmalaysia@mida.gov.my](mailto:investmalaysia@mida.gov.my)

## Invest Malaysia Facilitation Centre

In a recent media statement dated 20 November 2023, the Ministry of Investment, Trade and Industry ("MITI") has announced the establishment of the Invest Malaysia Facilitation Centre ("IMFC"), a one-stop centre for investment-related matters at the MIDA headquarters, to help facilitate the affairs of the business community and investors in the manufacturing sector and selected service sectors.

The IMFC is an improvement to the existing advisory service centre at MIDA and its physical establishment is aimed at speeding up various approval processes including providing consultation and advisory services as well as reducing bureaucracy in the delivery of public services. The negotiation and facilitative services that will be carried out physically and face-to-face will bring about the confidence of investors and other industry players.

The success of the implementation of the IMFC is premised on a "*whole-of-government*" concept and will be directly supported by several interested ministries and agencies, namely:

- the Royal Malaysian Customs Department;

- the Immigration Department of Malaysia;
- the Inland Revenue Board of Malaysia;
- the Malaysian Department of Labour;
- the Malaysian Communications and Multimedia Commission;
- Tenaga Nasional Berhad; and
- other ministries and agencies that may be required at the time.

The introduction of the IMFC is part of the continuous effort by MITI and its agency, MIDA to implement continuous reforms and improvements to provide effective and efficient services to investors and the business community within the manufacturing sector and selected service sectors in Malaysia and to help ease and facilitate investment.

The media release can be accessed at [here](#).

## Launch of the Simplified ESG Disclosure Guide for Malaysian SMEs in Supply Chains

On 18 October 2023, the Capital Markets Malaysia issued the Simplified ESG Disclosure Guide (“SEDG”). The SEDG seeks to enhance the standard way for Malaysian SMEs in supply chains to disclose Environmental, Social and Governance (“ESG”) data to their stakeholders aligned with international standards and to provide guidance in tracking and measuring ESG progress.

The SEDG covers indicators that can be tracked and disclosed to measure SMEs ESG progress in accordance with the Bursa Malaysia’s Listing Requirements and Sustainability Reporting Guide, FTSE4Good, GRI, IFRS S1 and S2, TCFD and CDP. There are 35 disclosures in the SEDG with different levels of importance and priority for the SMEs to determine the materiality and relevance of such disclosures in relation to their company.

There is no mandatory adoption timeline for the disclosures. The SEDG is available [here](#).

## Proposed Amendments to the Stamp Act 1949

The Finance Bill (No. 2) 2023 (“Bill”) was tabled for the first reading in the Dewan Rakyat on 7 November 2023 by Deputy Finance Minister II Steven Sim Chee Keong. The Bill aims to amend various legislations, one of them being the **Stamp Act 1949** (Act 378) (“Stamp Act”). The following are the proposed major amendments to the Stamp Act:

- **Foreign currency loan:** Currently, under item 27(a)(ii) of the First Schedule of the Stamp Act, the maximum stamp duty payable for a foreign currency loan or for financing made according to the syariah in currencies other than the Ringgit is capped at RM2,000. The Bill aims to remove this cap, where the stamp duty payable will be RM5.00 for every RM1,000 or part thereof.
- **Sale of property to foreign company, non-citizens and non-permanent resident:** The Bill introduces a new stamp duty rate for sale of property (except stock, shares, marketable securities and accounts receivables or book debts) to a foreign company or a person who is not a citizen and not a permanent resident, which is RM4.00 for every RM100 or fractional part thereof of the consideration or the market value of the property, whichever is the greater.

The third sitting of the second term of the 15th Parliament will take place from 8 October to 30 November 2023.

The press release by the Ministry of Finance on the Bill can be accessed [here](#). The Bill can be accessed [here](#).

**CONTACT US FOR FURTHER INFORMATION REGARDING CORPORATE/M&A MATTERS.**

## Financial Services

### Launch of Cross-border Real-time Payment Systems Connectivity between Malaysia and Singapore

On 17 November 2023, Bank Negara Malaysia and the Monetary Authority of Singapore have collaboratively launched a real-time payment systems linkage between Malaysia's DuitNow and Singapore's PayNow. The service is expected to go live by end of 2023.

The DuitNow-PayNow linkage allows for instant and cost-effective person-to-person fund transfers and remittances between the two countries. Notably, this linkage is the first to include participation from non-bank financial institutions in both nations, expanding access to a wider user base. Users can now send and receive funds up to RM3,000 or S\$1,000 daily using the recipient's mobile phone number or Virtual Payment Address.

The service will be available for selected financial institutions, namely, Maybank, CIMB and TNG Digital for users in Malaysia, and Liquid Group, Maybank Singapore, OCBC and UOB for users in Singapore. Other financial institutions are expected to be onboarded thereafter.

### SC Unveils Principles-Based Maqasid Al-Shariah Guidance for Islamic Capital Market

On 30 October 2023, the Securities Commission Malaysia ("SC") introduced the principles-based Maqasid Al-Shariah Guidance Islamic Capital Market Malaysia (the "Guidance") which provides universal guiding principles to enhance Islamic capital market's ("ICM") competitive advantage and contribution in the real economy.

This Guidance is in line with the SC's Capital Market Masterplan 3, which seeks to put Malaysia as a global leader in ICM and strengthens Malaysia's position as a regional centre for Shariah-compliant Sustainable and Responsible Investment. The Guidance is designed in accordance with six aspirations. They are:

1. Aspiration 1: Humanity
2. Aspiration 2: Justice and Benevolence
3. Aspiration 3: Clarity and Transparency
4. Aspiration 4: Flexibility and Innovation
5. Aspiration 5: Fiduciary and Accountability

## 6. Aspiration 6: Accessibility and Inclusivity

Further information on the Guidance can be found [here](#).

**CONTACT US FOR FURTHER INFORMATION REGARDING FINANCIAL SERVICES MATTERS**

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