

# **PRACTICE NOTE ON OFFERING OF BROKING SERVICES FOR DIGITAL ASSETS**

**SC-PN/1-2026**

1<sup>st</sup> Issued: 30 January 2026

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<b>Effective Date upon 1<sup>st</sup> Issuance</b>	30 January 2026
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## **PRACTICE NOTE ON OFFERING OF BROKING SERVICES FOR DIGITAL ASSETS**

### **Background**

1. This Practice Note is issued pursuant to section 377 of the *Capital Markets and Service Act 2007*.
2. This Practice Note is applicable to the Capital Market Services Licence (CMSL) holders as set out below:
  - (a) CMSL holder for dealing in securities; and
  - (b) CMSL holder for dealing in securities restricted to listed securities.
3. Under the Capital Markets and Services (Prescription of Securities) (Digital Currency and Digital Token) Order 2019 (PO Order), digital currency and digital token that meet the prescribed criteria are prescribed as securities (collectively referred to as digital assets).
4. Accordingly, the CMSL holders are permitted to offer broking services for digital assets that meets the criteria as set out under the PO Order subject to complying with the additional requirements as set out under this Practice Note.
5. The Securities Commission Malaysia (SC) may, upon application, grant an exemption from or a variation to the requirements of this Practice Note if the SC is satisfied that—
  - (a) such variation is not contrary to the intended purpose of the relevant provision in this Practice Note; or
  - (b) there are mitigating factors which justify the said exemption or variation.

### **Notification to the SC**

6. A CMSL holder that wishes to offer broking services for digital assets must:
  - (a) notify the SC of its intention prior to offering of the services; and
  - (b) submit a declaration in the specified format and validation by a third-party validator, who must be an auditor registered with the Audit Oversight Board, as to whether the CMSL holder's operational policies and procedures are in compliance with the relevant SC's guidelines.

**Guidance to paragraph 7**

The format for the declaration can be found here:

<https://www.sc.com.my/api/documentms/download.ashx?id=fab7b874-65dc-4b10-b4f8-8ac093263102>

7. The notification and submission of declaration can be made to:

**Intermediary Supervision Department**  
**[supervision@seccom.com.my](mailto:supervision@seccom.com.my)**

**Trading in digital assets**

8. The CMSL holder must only source digital assets from:
- (a) a digital asset exchange (DAX) that is registered with the SC; or
  - (b) a digital asset trading platform or other counterparty outside Malaysia that—
    - (i) is registered with, or is regulated by one or more laws of a foreign country giving effect to the Financial Action Task Force recommendations relating to virtual asset service provider; and
    - (ii) has a risk-based Anti-Money Laundering, Countering the Financing of Terrorism and Countering Proliferation Financing (AMLCTF/PF) systems and controls that are supervised or monitored by a competent authority empowered by law to supervise and enforce AMLCTF/PF measures.

**Guidance to paragraph 9 (b)**

The CMSL holder should carry out the necessary due diligence as to verify and assess whether the foreign digital asset trading platform or counterparty fulfils the requirement of this paragraph. This may include procuring the necessary documentary evidence documents as well as seeking confirmation by checking with the foreign authority directly or the relevant register maintained by the foreign authority as to whether the foreign digital asset trading platform or counterparty is registered or licensed in their jurisdiction.

9. The CMSL holder must only facilitate trading in **digital assets that have obtained concurrence of the SC.**

**Guidance to paragraph 10**

The CMSL holder may refer to the list as provided in the SC's website:

<https://www.sc.com.my/digital-assets>

10. The CMSL holder must ensure that all transactions between the CMSL holder and their client for the purchase of digital assets are conducted on a cash upfront basis.
11. The CMSL holder must not-
- (a) provide margin or lending facilities to clients for the purpose of digital assets trading; or
  - (b) exercise discretionary authority over clients' digital assets trading account.

**Client asset protection**

12. The CMSL holder must ensure that all clients' assets, including both fiat and digital assets, are fully segregated from the CMSL holders' own assets and clearly identified and held separately to prevent commingling and misuse.
13. The CMSL holder must ensure that all clients' digital assets must be held or custodised with a digital asset custodian (DAC) registered with the SC unless written approval is sought from the SC for the appointment of a foreign DAC.
14. Any income, yield, or benefit derived from the clients' digital assets must be accrued to the client, unless the client has provided express written consent stating otherwise. The CMSL holder must maintain records of such consent and the distribution of returns.

**Disclosure**

15. A CMSL holder must make adequate disclosure of relevant material information relating to the digital assets and communicate such information in a clear and easily comprehensible manner to their clients, which, among others, shall include—

- (a) the key administrative controls and business continuity plans, including appropriate treatment of clients' digital assets and their respective rights, for distributed ledger technology related events such as hard forks and airdrops; and
- (b) the custodial arrangement.

### **Risk Management**

16. A CMSL holder must have the necessary manpower and expertise to understand the nature of such a business, especially the risks relating to ownership and technology, and shall manage such risks appropriately.