

# FREQUENTLY-ASKED QUESTIONS

## APPLICATION PROCESS

(Issued: 15 November 2022)

### GENERAL

#### **1. Where can I find the application form?**

You may find the application form [here](#).

#### **2. How should I fill in the application form?**

The application form consists of two parts—

- (a) Form 1 (About the Applicant): This is the general information about the Applicant; and
- (b) Form 2 (About the Recognized market): Kindly complete the specific form which is relevant to the recognized market you wish to operate.

Applications are to be filled by typing in the relevant spaces provided.

Handwritten submissions are not encouraged. Any handwritten information in the application form should be kept to a minimum and filled in using non-erasable ink.

Please note that e-signature will not be accepted for any submission of documents in respect of an application for registration.

Applicants are reminded that it is an offence under section 369 of the *Capital Market and Services Act 2007* to furnish false or misleading statements to the SC and is reminded to fill up the application form with true and accurate information.

#### **3. Where should I submit the completed application form?**

The completed application form together with the annexures must be submitted to the SC in both physical and electronic forms. The electronic copy to be submitted to [RMO.Registrations@seccom.com.my](mailto:RMO.Registrations@seccom.com.my). The physical copy to be submitted to the address set out in paragraph 18.01 of the Guidelines on Recognized Markets (RMO Guidelines).

Electronic copies of the form submitted should be machine readable and not a scanned copy.

#### **4. When is the submission deadline?**

Currently, there is no submission deadline for submission of applications.

#### **5. Is there an application fee?**

The application must be accompanied with an application fee of RM5,000 as prescribed under *Capital Markets and Services Regulation 2012* upon submission to the SC. Payment details can be found in the application form.

#### **6. How will I know the status of my application?**

The SC will notify you upon the receipt of a complete submission. Incomplete submissions will be returned. Submission of a complete application does not automatically qualify for registration of a Recognized Market Operator. The SC will communicate subsequent status changes on the application on an ongoing basis where the SC sees fit.

Before submission, please read and understand the relevant SC's Guidelines to ensure that you are eligible to apply as a RMO (including local incorporation and paid-up capital requirements) together with all relevant requirements to operate a RMO.

#### **7. What would constitute a completed application submission?**

The SC will consider the completeness of the information provided in the application form and the provision of relevant supporting documents, including—

- (a) All questions stipulated are to be answered. If a question is not applicable, please mark "N.A" in the space provided; and
- (b) Proof of payment / Enclosed cheque in relation to the application fee.

Please note that the SC may also consider an application to be incomplete in the event an application does not meet specific criteria of the RMO Guidelines.

Application forms that are deemed to be incomplete would be returned by the SC, along with a refund of the application fee. Note that no refund of the application fee would be provided once the SC acknowledges the completeness of the application form submitted.

#### **8. Can I withdraw my application?**

An applicant may inform the SC in writing of the intention to withdraw its application for registration at any time. However, where the application has already been acknowledged by the SC as being a complete application, the application fee will not be returned to the applicant as the SC's assessment process would have commenced at that point.

## **DAX OPERATOR**

### **9. What type of trading models can a DAX operator operate in Malaysia?**

Currently, the SC only facilitates DAX operators that operate an order book model or a Digital Broker (DB) model.

In this regard, a DAX operator can now trade Digital Assets (DA) through—

- (a) an order book;
- (b) Digital Broker (DB) model; or
- (c) both,

subject to the requirements stipulated in the RMO Guidelines.

A DAX operator operates an order book model if the DAX Operator facilitates trading of Digital Asset (DA) by matching the buy/sell orders listed on its exchange through its trading engine.

A DB model refers to where a DAX operator acts as a counterparty to the investor for every buy/sell order on or through its platform. However, the SC does not allow privately negotiate trades (such as OTC desks) under this model.

### **10. What is a Digital Broker (DB) model?**

A DB model refers to where a DAX Operator acts as a counterparty to an investor for every buy or sell order on or through its platform. This model is not intended to be intermediated by the DAX Operator whereby the DB is not permitted to privately negotiate trades or prices for investors (i.e. OTC desks) and all DAs offered must be sourced from entities that are assessed by the DAX Operator to be in compliant with the standards specified by the SC.

### **11. Can I apply to operate both through an order book and a DB model?**

DAX operators are permitted to operate either through an order book, a DB model or both, provided that it complies with their relevant requirements and any other requirements the SC deems necessary.

### **12. Can I operate a DA trading model other than through an order book or DB model under DAX application?**

The SC currently only registers DAX Operators which operates through an order book, or a DB model, or both.

**13. If I am a registered RMO-DAX operator that currently offers trade through an order book, do I need to register/apply as a separate DB?**

Both models are registered as a 'DAX operator' within RMO Guidelines. Therefore, if you are a registered DAX operator, you do not require a separate registration to be a DB.

However, as there are additional requirements and operational processes to operate a DB model that differ from operating through an order book, you are required to obtain prior approval from the SC by demonstrating certain operational capabilities to operate as a DB.

Similarly, if you are registered to operate a DB model and would want to facilitate trade through an order book, you are required to obtain prior approval from the SC by demonstrating certain operational capabilities to operate through an order book.

## **PEER-TO-PEER OPERATOR**

### **14. Does my proposed Peer-to-Peer (P2P) platform need to be applicable to either one of the market segments specified in Section 2B.1 A of the application form?**

Yes, any application for registration as a P2P platform made to the SC should only be applicable to either one of the two specified target market segments identified in Section 2B.1 A of the application form.

As at 31 October 2022, the two specified target market segments refer to—

- (a) Shariah-compliant financing (Proposed platform is required to host Islamic Investment Notes only); and
- (b) Mid-Tier / public-listed companies financing (Proposed platform is required to host Investment Notes/Islamic Investment Notes with minimum fundraising size RM5 million).

For clarity, please refer to the table below regarding the difference between P2P platforms for each of the two market segments:

	Able to host conventional Investment Notes (IN)	Able to host Islamic Investment Notes (IIN)*	Able to host IN/IIN less than RM5 million	Able to host IN/IIN RM5 million and above
<b>MTC / PLC Financing platform</b>	✓	✓	x	✓
<b>Shariah-compliant Financing platform</b>	x	✓	✓	✓

\*Note: Hosting of Islamic Investment Notes must be in compliance with Chapter 12 and Paragraph 14.11 of the RMO Guidelines.

### **15. Can I still apply for registration if my proposed P2P platform does not meet either of the two market segments specified in Section 2B.1 A of the application form?**

Currently, the invitation to apply for registration is intended to facilitate the growth and development of the specified market segments. As such, only applications that meet either one of the two specified market segments would be considered for assessment.

**16. If I am applying to operate a P2P platform for shariah-compliant financing, do I need a Shariah Advisor?**

Yes, where an Islamic capital market product is offered, on or through the recognized market, the RMO must appoint a Shariah adviser, who must be—

- (a) a person or a corporation, registered with the SC;
- (b) a licensed Islamic bank; or
- (c) a licensed bank or licensed investment bank approved to carry on Islamic banking business.

Please refer to Chapter 12 of the RMO Guidelines for more details on the offering of Islamic capital market products.

**17. If I am a registered P2P operator, do I need to reapply for registration in the event that I would like to provide Shariah-compliant financing or mid-tier / public-listed companies financing?**

While existing P2P operators would not be required to submit a new registration application, the obligations of existing P2P operators include the need to notify the SC of any material change to their operations and the need to submit to the SC for its review any proposed rules or proposed amendments to existing rules.

## **EQUITY CROWDFUNDING OPERATOR**

**18. Does my application need to satisfy the value proposition specified by the SC i.e. Shariah-compliant fundraising only?**

Currently, the application made to the SC should only be applicable to the specified value proposition with Shariah-compliant fundraising.

**19. If I am a registered ECF operator, do I need to reapply for registration in the event that I would like to provide Shariah-compliant fundraising?**

While existing ECF operators would not be required to submit a new registration application, the obligations of existing ECF operators include the need to notify the SC of any material change to their operations and the need to submit to the SC for its review any proposed rules or proposed amendments to existing rules.