

FREQUENTLY-ASKED QUESTIONS

DIGITAL ASSET EXCHANGE FRAMEWORK

(Issued: 15 November 2022)

(Revised: 20 May 2026)

GENERAL

1. What are the key changes made to the revised Guidelines on Recognized Markets (“Guidelines”) with respect to Digital Asset Exchange (“DAX”) operators?

Among others, the amendments include the following:

- (a) Raising the minimum paid-up share capital and shareholders’ funds requirements;
- (b) Enhancing the competency requirement by requiring a DAX operator’s key persons to have enhanced competency requirements;
- (c) Enhancing requirements relating to clients’ assets, such as—
 - imposing additional requirements relating to digital asset wallet and custody risk management;
 - imposing enhanced assessment expectations and verification requirements on clients’ assets; and
 - requiring policies and procedures to be in place for managing investor’s asset loss, including upon a DAX operator’s insolvency, with independent governance controls emphasising obligations on senior management residing in Malaysia.
- (d) Liberalising the requirements relating to the listing of digital assets, to develop a more competitive market by—
 - removing the need for a DAX operator to seek the SC’s concurrence for the offering of digital assets on a DAX platform. In turn, a DAX operator is responsible for the assessment of digital assets listed on its exchange;
 - enhancing the requirements relating to the listing and delisting criteria of digital assets as well as mandating that a DAX operator have sufficient controls in place for the listing of digital assets with higher risks;
 - enhancing the disclosures that are to be made to investors; and

- setting out the requirements for a DAX operator to identify the ultimate beneficial owner and other key persons relating to the digital assets, including screening the token issuers and contributors against sanction lists.

Additionally, the SC has also provided additional clarity on the distinction between digital assets (i.e. digital token and digital currency) and tokenised securities.

For full details of the amendments, please refer to the revised Guidelines and the Summary of Amendments [here](#).

ELIGIBILITY AND FINANCIAL REQUIREMENTS

2. Why is a DAX operator now required to maintain a higher minimum paid-up capital and shareholders' funds than before?

Arising from the SC's Consultation Paper on Digital Asset Exchanges (No. 3/2025), a core focus was placed on strengthening the resilience and integrity of a DAX operator. This is to align the requirements with the current status of a maturing market and a growing adoption of digital assets by retail investors and institutions.

Credibility and investor confidence are pillars of a mature market, hence the enhancements to the DAX framework would align with the industry's movement from an entrepreneur-led industry to a more institutional-led industry.

Set against the above, a higher minimum paid-up capital and shareholders' funds is imposed to ensure that a DAX operator has greater financial and operational resilience to withstand risks inherent to this asset class, which serves to shore up investor confidence.

3. How is an existing DAX operator expected to comply with the new financial requirements?

An existing DAX operator (i.e. a DAX operator registered prior to 20 May 2026) is given a period of two years until 20 May 2028 (interim period) to meet the additional financial requirements under the revised Guidelines.

Notwithstanding, the existing DAX operator must ensure that it continues to meet the financial requirements prescribed in the previous Guidelines on Recognized Markets [SC-GL/6-2015(R13-2025)] as set out below:

"15.03 All DAX operators must have a minimum—

(i) paid-up share capital of RM5 million; and

(ii) in the case of a DAX operator operating a Digital Broker model, shareholders' funds of RM5 million to be maintained at all times."

KEY PERSONS

- 4. I am an existing director of a DAX operator. How should I comply with the requirement under paragraph 15.07 of the Guidelines (“the Requirement”) which requires all members of a DAX operator’s board of directors to complete the Capital Market Director Programme (“CMDP”)?**

A current director of a DAX operator who was appointed before 20 May 2026 is given six months from the effective date of the Requirement to complete the CMDP (i.e. on or before 19 November 2026).

TRADING OF DIGITAL ASSETS

- 5. What is a restricted digital asset and how can a DAX operator list it?**

A restricted digital asset is a digital asset with inherent characteristics that may pose a higher risk to investors. Examples of such restricted digital assets include meme tokens and nascent utility tokens. Please refer to paragraph 15.25 of the Guidelines for the full list of restricted digital assets.

If a DAX operator intends to list a restricted digital asset on its exchange, a DAX operator must ensure that they have enhanced policies and procedures that mitigate the risks posed.

DIRECT TRADE MODEL

- 6. What is the *direct trade model*?**

The *digital broker model* has been renamed to *direct trade model* to avoid confusion with broker-dealers i.e. intermediaries who deal in securities. Except the change in terminology the model remains the same.

A DAX operator intending to offer *direct trade model* must also offer the *order book model*. As such, a prospective DAX operator can either apply for both models or the *order book model* only.

For avoidance of doubt, the *order book model* is when a DAX operator facilitates trading of digital assets by matching the buy or sell orders received on its exchange through its trading engine. As for the *direct trade model*, this is when a DAX operator acts as a counterparty to an investor for every buy or sell order on or through its exchange (but exclude private negotiated trades or trades like an over-the-counter desk).

All digital assets offered must be sourced from entities that are assessed by a DAX operator to be in compliance with the standards specified by the SC.

7. What will happen to a DAX operator that has been approved by the SC to operate under the *digital broker model*? And what about a prospective DAX operator seeking to apply for the *direct trade model*?

An existing DAX operator who is already approved by the SC to offer the *digital broker model* is automatically deemed to be operating under the *direct trade model*. As such, the DAX operator is not required to apply for another approval from the SC to retain the *direct trade model* (previously known as the *digital broker model*).

An existing DAX operator who was not approved by the SC to offer the *digital broker model*, and is now intending to offer *direct trade model*, must seek the SC's prior approval under paragraph 15.56 of the Guidelines.

As for a prospective DAX operator seeking to apply for the *direct trade model*, it should be noted that the *direct trade model* is not intended as a standalone registration; it is intended to be offered as an additional service to the *orderbook model* offered by a DAX operator.

Any persons who intend to offer services limited only to the *direct trade model* should seek the appropriate licences from the SC (e.g. Capital Markets Services Licence, Dealing in Securities).