

# **GUIDELINES ON REGULATORY SANDBOX**

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## Chapter 1

### INTRODUCTION

- 1.01 The *Guidelines on Regulatory Sandbox* (Guidelines) are issued by the Securities Commission Malaysia (SC) pursuant to section 377 of the *Capital Markets and Services Act 2007* (CMSA).
- 1.02 The SC is cognisant of the rapid evolution and growth of technology and innovation relating to various capital market products and services. However, the regulatory framework for the offering of such innovative capital market products and services may not be available, or where there is an existing regulatory framework, such framework does not enable the offering unless a significant number of exemptions or variations are granted by the SC.
- 1.03 Set against the above, the SC is introducing a Regulatory Sandbox framework to facilitate the offering of eligible innovative capital market products and services.
- 1.04 The Regulatory Sandbox aims to provide a controlled environment for corporations to test their proposals while implementing appropriate safeguards to ensure investors are protected.

## **Chapter 2**

### **APPLICABILITY**

- 2.01 The Guidelines shall apply to corporations intending to participate in the Regulatory Sandbox.
- 2.02 To assist with the interpretation of the requirements under the Guidelines and their application, guidance has been provided, where appropriate. Any departure from the guidance will be taken into consideration in the SC's assessment on whether a breach of the Guidelines had occurred.
- 2.03 The SC may, upon application, grant an exemption from or a variation to the requirements of the Guidelines if the SC is satisfied that–
- (a) such variation is not contrary to the intended purpose of the relevant requirements in the Guidelines; or
  - (b) there are mitigating factors which justify the said exemption or variation.

## Chapter 3

### RELATED PROVISIONS

- 3.01 The Guidelines must be read together with the relevant requirements provided for under securities laws and any other guidelines issued by the SC including the *Guidelines on Conduct for Capital Market Intermediaries* and the *Guidelines on Advertising for Capital Market Products and Related Services*.
- 3.02 The Guidelines are in addition to and not in derogation of any other requirements provided for under securities laws or any other guidelines issued by the SC.
- 3.03 For the avoidance of doubt, compliance with the Guidelines does not relieve any corporation from other obligations which may be imposed on the corporation under any other written law.

## CHAPTER 4

### DEFINITIONS

Unless otherwise defined, all words used in the Guidelines shall have the meaning assigned to them in the CMSA. In the Guidelines, unless the context otherwise requires–

applicant	means a corporation which intends or has applied to the SC to participate in the Regulatory Sandbox;
Board	means the board of directors;
CMSL	means the Capital Markets Services Licence granted by the SC pursuant to section 61 of the CMSA;
controller	in relation to an applicant or Sandbox Participant, as the case may be, means a person who–  (a) is entitled to exercise, or control the exercise of, not less than 15% of the votes attached to the voting shares in the corporation; or  (b) has the power to appoint or cause to be appointed a majority of the directors of the corporation; or  (c) has the power to make or cause to be made, decisions in respect of the business or administration of such corporation, and to give effect to such decisions or cause them to be given effect to;
fit and proper	refers to the criteria as set out in Appendix 1 of the Guidelines;
investor	refers to persons who have purchased or subscribed to the Sandbox Participant’s capital market products or services, as the case may be;
Regulatory Sandbox	refers to a live, contained environment that enables participants to test innovative solutions subject to the requirements as specified under the Guidelines and the terms and conditions imposed;
RMO	means a recognized market operator registered by the SC pursuant to section 34 of the CMSA;
Sandbox Participant or Participant	refers to a corporation that has been registered by the SC to participate in the Regulatory Sandbox;
senior management	means–



- (a) a person, other than a director, by whatever name called, having the authority and responsibility for the planning, directing or controlling the activities of the corporation, including the chief executive, chief financial officer and chief technology officer; and
- (b) any other person performing any function as may be specified by the SC.

## Chapter 5

### ELIGIBILITY TO PARTICIPATE IN THE REGULATORY SANDBOX

- 5.01 The SC may register an applicant as a Sandbox Participant, if the applicant satisfies the SC that–
- (a) the applicant, its directors, controller and senior management are fit and proper;
  - (b) the applicant will be able to carry out its obligations as set out under the Guidelines;
  - (c) the applicant intends to offer an innovative capital market product or service that is not currently available in Malaysia’s capital market;

#### **Guidance to paragraph 5.01(c)**

A capital market product or service that is *‘not currently available in Malaysia’s capital market’* refers to a capital market product or service that has never been offered in Malaysia given the fact that there is no existing regulatory framework for the offering of such capital market product or service. This would also include where the offering requires a significant number of exemptions or variations from the current framework, as may be determined by the SC.

- (d) the applicant is able to demonstrate that the proposed offering of the capital market products or services serves to facilitate innovation or provides a meaningful value proposition to the Malaysian capital market;

#### **Guidance to paragraph 5.01(d)**

The SC may regard a capital market product or service as innovative or provides a meaningful value proposition if the applicant–

- (i) utilises new or emerging technological, legal, or business structures in the offering of an existing capital market product or service; or
- (ii) applies existing technological, legal, or business structures in a different manner that is currently not available in the Malaysian capital market.

- (e) the applicant has clear and well-defined testing plans and parameters with expected testing outcomes including–
  - (i) necessary plans for the scaling up of its business and operations; and

- (ii) having a plan that will provide for the orderly winding down of the business or ceasing the offering of the capital market products or services, as the case may be;
- (f) the applicant has sufficient human, financial and other resources to carry out its operations;
- (g) the applicant has a realistic business plan that outlines the applicant's readiness in terms of strategies to operate a business and for the deployment of the proposed capital market product or service on a commercial scale in Malaysia beyond the testing period in the Regulatory Sandbox;
- (h) the applicant has the necessary infrastructures and governance arrangements in place to enable the applicant to begin testing the intended capital market product or service within the Regulatory Sandbox and upon successful testing, deploy such capital market product or service on a commercial scale;
- (i) the applicant is able to demonstrate readiness to offer the intended capital market product or service, including a simulation of an investor's journey from onboarding to the execution of transactions, such as subscription, redemption or trading, as the case may be;

**Guidance to paragraph 5.01(i)**

The intended capital market product or service may be a fully functional or semi-functional prototype.

The SC may assess the applicant's submission by requiring the applicant to carry out a simulation of its operational processes. This may include the front-end and back-end operational application of the particular capital market product or service.

In this regard, the applicant is expected to demonstrate to the SC the operational process starting from the investor's journey on their onboarding within the platform (how the onboarding is conducted, how investors can make payments or transfer monies to carry out a transaction) to the custodial arrangements, transaction-turnaround times, information recording on a real-time basis, settlement and disclosure requirements.

- (j) the applicant has identified the regulatory requirements or gaps that pose regulatory challenges in relation to the proposed offering of the capital market product or service;

**Guidance to paragraph 5.01(j)**

The applicant should carry out adequate regulatory mapping to identify the existing regulatory requirements or gaps.

- (k) the applicant will be able to take appropriate action in relation to an investor's complaints including taking any necessary remedial measures;
- (l) the applicant will be able to manage risks associated with its business and operations including having adequate controls, policies and procedures, and a plan that will provide for the orderly winding down of the business or ceasing the offering of the capital market product or service in the event the applicant is unable to carry out its business or operations; and
- (m) the applicant undertakes that it will comply with any other requirements as may be specified by the SC.

## Chapter 6

### APPLICATION TO PARTICIPATE IN THE REGULATORY SANDBOX

#### Registration

- 6.01 The SC may register an applicant to participate in the Regulatory Sandbox, subject to the applicant satisfying the criteria as set out in the Guidelines.
- 6.02 In the case where the applicant is not a person licensed or registered by the SC, the applicant shall be registered as a registered person under subsection 76(2) of the CMSA for the purposes of participating in the Regulatory Sandbox.
- 6.03 An applicant who is an existing person licensed or registered with the SC may also be registered to participate in the Regulatory Sandbox subject to such person complying with the relevant requirements under the existing licensing or registration framework before participating in the Regulatory Sandbox.

#### **Guidance to paragraph 6.03**

For example:

In the case where the applicant is an existing CMSL holder, among others, the CMSL holder may be required to comply with the requirements as set out under paragraph 7.02(5) of the *Licensing Handbook*.

In the case where the applicant is an existing RMO, among others, the RMO may be required to comply with the requirements as set out under paragraph 6.05 of the *Guidelines on Recognized Markets*.

#### **Application for registration**

- 6.04 An applicant must consult the SC prior to making an application for registration and provide the SC with sufficient information and documentation to ensure a meaningful discussion.
- 6.05 An applicant must submit to the SC the relevant forms and documents as specified on the SC website and any other information as may be required by the SC.
- 6.06 An applicant must ensure that the application submitted is accompanied with the prescribed fees.

## **Chapter 7**

### **IMPOSITION OF TERMS AND CONDITIONS**

- 7.01 The SC may, in registering the applicant as a Sandbox Participant, impose any term or condition, and at any time vary, add or remove any term or condition.
- 7.02 The terms or conditions imposed under paragraph 7.01 may include—
- (a) the terms and conditions required to be complied with prior to the Sandbox Participant commencing its business or offering its capital market products or services; and
  - (b) on-going terms and conditions that must be complied with by the Sandbox Participant for as long as it is registered, or such other period as may be determined by the SC.
- 7.03 A Sandbox Participant shall only remain registered for a period as may be determined by the SC for the purposes of the Regulatory Sandbox.
- 7.04 In the event that the Sandbox Participant requires an extension of the testing period, the Sandbox Participant must apply to SC at least 30 days before the expiration of the testing period and provide reasons to support the application for extension.

## **CHAPTER 8**

### **OBLIGATIONS**

#### **General**

8.01 A Sandbox Participant must, among others,–

- (a) carry on its activities as approved by the SC with proper safeguards in place to protect clients' assets and information;
- (b) have the necessary arrangements in place to segregate client assets from the Sandbox Participant's own assets;
- (c) ensure that all disclosures made are not false or misleading, or contain any material omission;
- (d) disclose prominently the relevant information that any person may require in making a decision on whether or not to participate in the capital market products or services offered by the Sandbox Participant, including–
  - (i) details of the products or services offered including fees, charges and other expenses imposed as well as all necessary risk warning statements;
  - (ii) information about complaints handling or dispute resolution and its procedures;
  - (iii) information on controls, policies and procedures including a plan that will provide for the orderly winding down of the business or ceasing the offering of the capital market products or services in the event the Sandbox Participant is unable to carry out its business or operations;
  - (iv) information that any loss resulting from the investor's investment through the Sandbox Participant is not covered by the Capital Market Compensation Fund; and
  - (v) any other information as may be specified by the SC;

**Guidance to paragraph 8.01(d)(i)**

A risk warning may, among others, include a statement that investors are dealing with a Sandbox Participant and that the capital market products or services offered, is experimental in nature and thus involves risk.

- (e) obtain and retain self-declared risk acknowledgment forms from investors prior to the investor purchasing the capital market product or subscribing to the capital market service;
- (f) immediately notify the SC–
  - (i) of any irregularity or breach of any provision of the securities laws, the Guidelines, any other relevant guidelines issued by the SC and terms and conditions imposed by the SC including any alleged or suspected violations of any law or guidelines in relation to anti-money laundering, terrorism financing and proliferation financing by its investors;
  - (ii) of any material change in the information submitted to the SC;
  - (iii) when it becomes aware of any matter which adversely affects or is likely to adversely affect its ability to meet any of its obligations under the Guidelines; or
  - (iv) of the occurrence of any event which would trigger the activation or execution of the business continuity plan, in such form and manner as may be specified by the SC;
- (g) ensure that it does not engage in any business practices that is deceitful, oppressive or improper;
- (h) implement and maintain controls, policies and procedures for the orderly winding down of the business or ceasing the offering of the capital market product or service;
- (i) provide the SC with documents and information when requested and within the time period prescribed, or where such time period is not prescribed, within a reasonable time;
- (j) establish, maintain and consistently review the effectiveness and relevancy of the controls, policies and procedures to ensure compliance with the Guidelines; and
- (k) deal with investor’s complaints and disputes in a fair, transparent, timely and efficient manner.



## **Risk management**

- 8.02 The Sandbox Participant must establish a risk management framework to identify, assess, monitor, control and report all material risks to which the Sandbox Participant could be exposed to.
- 8.03 The risk management framework must include—
- (a) strategies developed to identify, assess, monitor and mitigate all material risks;
  - (b) controls, policies and procedures relating to management of all material risks;
  - (c) measures to mitigate risks relating to money laundering, terrorism financing and proliferation financing including adequate investor on-boarding arrangements and controls, policies and procedures addressing such risks; and
  - (d) a reporting system to enable the reporting of all material risks to senior management and Board on a timely basis.
- 8.04 A Sandbox Participant must carry out periodic reviews, audits and testing on controls, policies and procedures relating to risk management and its business continuity plan.

## **Board's obligations**

- 8.05 The Sandbox Participant's Board must, among others,—
- (a) ensure the Sandbox Participant complies with the requirements of securities laws, the Guidelines, any other relevant guidelines issued by the SC and any direction issued or any term or condition imposed by the SC;
  - (b) ensure the responsibilities and duties are carried out by the responsible person(s);
  - (c) review and adopt the appropriate controls, policies and procedures to manage the risks associated to its business and operations;
  - (d) ensure the Sandbox Participant have in place controls, policies and procedures to, among others, —
    - (i) effectively and efficiently manage actual and potential conflicts of interest;
    - (ii) implement anti-corruption and whistleblowing measures that are appropriate to the nature, scale and complexity of its business;
    - (iii) monitor the transactions and activities to detect non-compliance with securities laws, the Guidelines and any other relevant guidelines issued by the SC;

- (iv) deal with complaints relating to the capital market products or services provided by the Sandbox Participant; and
- (v) ensure compliance with all relevant laws, regulations and guidelines including the *Personal Data Protection Act 2010*;
- (e) ensure that the Sandbox Participant has the relevant capabilities and sufficient resources to undertake its business and operations including technological capabilities and infrastructure security;
- (f) approve and oversee all key policies including those relating to risk management, internal controls and compliance with the requirements as provided under securities laws, the Guidelines and any other relevant guidelines issued by the SC or industry best practices; and
- (g) ensure all controls, policies and procedures are continuously reviewed so that they remain relevant and effective, taking into consideration developments in its business and operations.

### **Senior management's obligations**

8.06 The Sandbox Participant's senior management must, among others,–

- (a) implement and monitor the effectiveness of the controls, policies and procedures approved by the Board;
- (b) manage risks associated with the business and operations of the Sandbox Participant including performing periodic evaluation of its risk management process;
- (c) frequently and adequately apprise the Board on the business and operations of the Sandbox Participant; and
- (d) must ensure that records are accurate, properly secured and retained.

## **Key Persons**

### **Board**

8.07 A Sandbox Participant must ensure that members of its Board are fit and proper.

8.08 Where a member of the Board becomes subject to any disqualification or becomes otherwise unfit to hold office, the Sandbox Participant must ensure that such person vacates the position immediately.

8.09 The Sandbox Participant must immediately notify the SC when the director's position is vacated pursuant to paragraph 8.08.

### **Senior Management**

8.10 A Sandbox Participant must ensure that an individual appointed to fulfil any position within its senior management is fit and proper and has the necessary professional skills and qualification, experience, and competence to fulfil the responsibilities and duties of that position.

8.11 Where a senior management becomes subject to any disqualification or becomes otherwise unfit to hold office, the Sandbox Participant must ensure that such person vacates the position immediately.

8.12 The Sandbox Participant must immediately notify the SC when the position of any member of senior management is vacated pursuant to paragraph 8.11.

8.13 A Sandbox Participant must take the necessary steps and ensure any vacancy in relation to the position of senior management shall be filled within three months from the date of vacancy.

### **Responsible Person**

8.14 A Sandbox Participant must have at least one responsible person on a full-time basis.

8.15 The responsible person must be appointed from the Sandbox Participant's senior management.

8.16 A Sandbox Participant must ensure the responsible person is fit and proper.

8.17 At all times, the responsible person or where there is more than one responsible person, the identified responsible person must undertake the role of the main contact person for the purpose of liaising with the SC and perform any duty as may be directed by the SC.

8.18 Any vacancy in relation to the position of a responsible person must be filled immediately.

## **Chapter 9**

### **REPORTING REQUIREMENTS**

- 9.01 The Sandbox Participant must submit to the SC the following:
- (a) A quarterly compliance report to demonstrate the Sandbox Participants' compliance with any term or condition imposed by the SC;
  - (b) A quarterly progress report to demonstrate the progress of the Sandbox Participant's testing activities including testing outcomes in relation to the scaling up of its operations or winding down, where applicable; and
  - (c) Any other information required by the SC.
- 9.02 The reports and information required by the SC must be submitted in accordance with the relevant timeline and in the form and manner as may be specified by the SC.

## **Chapter 10**

### **CHANGES REQUIRING THE SC'S PRIOR APPROVAL**

10.01 A Sandbox Participant must obtain the SC's prior approval—

- (a) for the appointment of any new key persons as set out under Chapter 8 of the Guidelines; and
- (b) for the change to the Sandbox Participant's shareholding which will result in a direct or indirect change in the Sandbox Participant's controller.

10.02 A Sandbox Participant must notify the SC at least 14 days before effecting any of the following:

- (a) Change in shareholders or shareholding.
- (b) Appointment of director, senior management or responsible person, and change in the designation of director.
- (c) Change of entity's particulars such as name, business or registered address.
- (d) Change of corporate shareholders' particulars.
- (e) Cessation of business.
- (f) Cessation of director, senior management or responsible person.
- (g) Any other changes as the SC may determine.

10.03 All approvals sought or notifications given shall be made in the form and manner as may be prescribed by the SC.

## **Chapter 11**

### **CESSATION OF OPERATIONS DURING THE TESTING-PERIOD**

- 11.01 The Sandbox Participant shall not cease its business or the offering of the capital market product or service during the testing-period without prior engagement with the SC.
- 11.02 Unless otherwise permitted by the SC, the cessation shall not take effect until the SC is satisfied that adequate arrangements have been made by the Sandbox Participant to meet all the liabilities and obligations of the Sandbox Participant that are outstanding.
- 11.03 Without prejudice to Chapter 13 of the Guidelines, the SC may issue a direction or impose any term or condition for the purposes of ensuring the orderly cessation of the business or the offering of the capital market product or service of the Sandbox Participant.

## Chapter 12

### WITHDRAWAL OF REGISTRATION

12.01 The SC may withdraw the registration of a Sandbox Participant if—

- (a) the SC finds that, at any time, the Sandbox Participant has submitted to the SC any false or misleading information or there is a material omission of information;
- (b) the Sandbox Participant fails to meet or contravenes any requirements or terms and conditions imposed by the SC as provided in securities laws, the Guidelines, any other relevant guidelines issued by the SC and any direction issued by the SC to the Sandbox Participant;
- (c) the Sandbox Participant fails or ceases to carry on the business or the offering of the capital market product or service for which it was registered under the Guidelines for a consecutive period of three months;
- (d) the SC finds that, at any time, the Sandbox Participant fails to achieve its intended purpose, expected outcomes or testing milestone; or
- (e) the SC is of the opinion that it is in the public interest.

12.02 The Sandbox Participant may, by notice in writing, apply to the SC to withdraw its registration and provide reasons for its withdrawal.

12.03 Unless otherwise permitted by the SC, a withdrawal of registration of the Sandbox Participant shall not take effect until the SC is satisfied that—

- (a) adequate arrangements have been made to meet all the liabilities and obligations of the Sandbox Participant that are outstanding at the time when the notice of withdrawal is submitted; and
- (b) the withdrawal is not used as a means to—
  - (i) avoid or affect any agreement, transaction or arrangement entered into by the Sandbox Participant, whether the agreement, transaction or arrangement was entered into before or after the withdrawal of the registration; or
  - (ii) affect any right, obligation or liability arising under any such agreement, transaction or arrangement.

## Chapter 13

### POWER OF THE SC TO ISSUE DIRECTION

- 13.01 The SC may issue a direction to the Sandbox Participant, the Sandbox Participant's Board, any of the Sandbox Participant's directors, senior management or any other person if the SC is satisfied that it is necessary or expedient for the protection of the investors, or it is in the public interest.
- 13.02 A direction under paragraph 13.01 may include a direction—
- (a) to give effect to any requirement of securities laws, the Guidelines and any other relevant guidelines issued by the SC;
  - (b) to restrict the types or number of investors who may have access to the capital market products or services provided by the Sandbox Participant;
  - (c) to cease or refrain from committing an act or pursuing a course of conduct or activity;
  - (d) to do any act, in relation to its business and operations or affairs as the SC deems necessary;
  - (e) to remove any director from the Board or any senior management of the Sandbox Participant, where—
    - (i) such person is not fit and proper; or
    - (ii) it would be contrary to public interest for such person to continue to hold the office of a director or be a member of the senior management; or
  - (f) any other matter as the SC considers necessary.
- 13.03 The SC may conduct a periodic assessment of the Sandbox Participant's compliance with any of its regulatory obligations and request documents or other assistance as required.
- 13.04 A direction issued under this chapter must be complied with and nothing in the Guidelines shall preclude the SC from exercising its powers under securities laws and any other relevant guidelines issued by the SC.



## Chapter 14

### SUBMISSION PROCEDURES

14.01 All applications and submissions as required in the Guidelines shall be submitted to the SC at the following address:

Chairman  
Securities Commission Malaysia  
3, Persiaran Bukit Kiara,  
50490 Kuala Lumpur  
Tel: (603) 6204 8000  
Fax: (603) 6201 5282  
(Attention: Digital Strategy & Innovation)

14.02 All softcopy documents shall be submitted to the SC via e-mail at [aFINity@seccom.com.my](mailto:aFINity@seccom.com.my).

14.03 Notwithstanding paragraph 14.02, the SC may require the documents to be submitted via online reporting as may be prescribed by the SC.

14.04 All applications and submissions shall be made in accordance with the forms and accompanied by relevant supporting documents as specified on the SC's website.

14.05 A submitting party must ensure that the relevant persons as indicated in the forms have authorised the submission of information and particulars stated in the forms together with the supporting documents.

14.06 Any person who furnishes to the SC, directly or indirectly, any statement, information or document, by whatever means or in any form must ensure that it is not false or misleading and does not contain any material omission. For the avoidance of doubt, this requirement includes any clarification or additional information submitted to the SC.

14.07 The SC must be immediately informed of–

- (a) any material change in circumstances that may impact the SC's consideration of the application subsequent to the submission of the application; or
- (b) any material change or development in circumstances relating to an application or submission occurring subsequent to the SC's approval.

## **APPENDIX 1**

### **FIT AND PROPER CRITERIA**

A person is considered to be fit and proper if—

- (1) the person—
  - (a) has not been convicted, whether within or outside Malaysia, of an offence involving fraud or dishonesty or violence or the conviction of which involved a finding that he acted fraudulently or dishonestly;
  - (b) has not been convicted, whether within or outside Malaysia, of an offence under securities laws or any laws relating to capital market;
  - (c) has not been issued, whether within or outside Malaysia, with any compounds or subject to any administrative action taken by a regulator or law enforcement agency for any offence involving bribery, fraud, dishonesty, mismanagement of a corporation or violence;
  - (d) has no pending investigations or criminal charge against him in any court of law, whether within or outside Malaysia, for an offence involving bribery, fraud, dishonesty, mismanagement of a corporation or violence;
  - (e) has not had any civil enforcement action filed against them in any court of law by any regulator or law enforcement agency, whether within or outside Malaysia;
  - (f) is not an undischarged bankrupt or is in the course of being wound up or otherwise dissolved, as the case may be, whether within or outside Malaysia;
  - (g) has no execution against him in respect of a judgment debt, whether within or outside Malaysia;
  - (h) has not, whether within or outside Malaysia, entered into a compromise or scheme of arrangement with its creditors, being a compromise or scheme of arrangement that is still in operation;
  - (i) is not disqualified to be a director, whether within or outside Malaysia, under the corporation laws or securities laws;
  - (j) has not had any receiver, receiver and manager or an equivalent person appointed, whether within or outside Malaysia, in respect of any of his property; and

- (2) the SC is satisfied that—
- (a) the person is not engaged in any business practices appearing to the SC to be deceitful, oppressive or otherwise improper, whether unlawful or not, or which otherwise reflect discredit on his method of conducting business;
  - (b) the person is not engaged in or has not been associated with any other business practices or has not conducted himself in such a way as to cast doubt on his competence and soundness of judgement;
  - (c) the person is not engaged in or has not been associated with any conduct that cast doubt on his ability to act in the best interest of investors, having regard to his reputation, character, financial integrity and reliability;
  - (d) the person is suitably qualified to assume the position including having the relevant experience and track record in managing the business and affairs of the corporation;
  - (e) there are no other circumstances which are likely to lead to the improper conduct of operations by the person, or reflect discredit on the manner the person would carry out his duties; and
  - (f) it would not be contrary to public interest to approve or register the person.