



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Establishment and Operations of Representative Offices in Malaysia

Applicable to:

1. Foreign institutions as defined in paragraph 5.2, intending to establish a representative office in Malaysia; and
2. Approved representative offices.

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PART A OVERVIEW

1. Introduction

- 1.1. This policy document outlines the requirements for the establishment and operations of representative offices of foreign institutions whose businesses correspond, or are similar, to the following businesses:
- (a) licensed business under the Financial Services Act 2013 (FSA) and the Islamic Financial Services Act 2013 (IFSA);
 - (b) insurance broking business, money-broking business and financial advisory business under FSA; and
 - (c) takaful broking business and Islamic financial advisory business under IFSA.
- 1.2. This policy document sets out the following:
- (a) application procedures and requirements applicable to a foreign institution which intends to –
 - (i) establish a representative office in Malaysia; and
 - (ii) appoint or reappoint a chief representative for its approved representative office;
 - (b) activities that a foreign institution may carry on through its approved representative office; and
 - (c) reporting and operational requirements applicable to an approved representative office.

2. Applicability

- 2.1 This policy document is applicable to –
- (a) a foreign institution as defined in paragraph 5.2, intending to establish a representative office in Malaysia; and
 - (b) an approved representative office.

3. Legal provisions

- 3.1 The requirements in this policy document are specified pursuant to –
- (a) sections 19(2), 19(3), 19(4) and 143 FSA; and
 - (b) sections 17(2), 17(3), 17(4) and 155 IFSA.

4. Effective date

- 4.1 This policy document comes into effect on 5 November 2015.

5. Interpretation

5.1 The terms and expressions used in this policy document shall have the same meanings assigned to them in the FSA and IFSA, unless otherwise defined in this policy document.

5.2 For purposes of this policy document–

“**S**” denotes a standard, an obligation, a requirement, specification, direction, condition and any interpretative, supplemental and transitional provisions that must be complied with. Non-compliance may result in enforcement action.

“**G**” denotes guidance which may consist of statements or information intended to promote common understanding and advice or recommendations that are encouraged to be adopted.

“**applicant**” means a foreign institution applying to establish a representative office in Malaysia under section 19(3) FSA or section 17(3) IFSA;

“**approved business**” means an insurance broking business, money-broking business, financial advisory business, takaful broking business and Islamic financial advisory business;

“**approved representative office**” means a representative office in Malaysia of a foreign institution as defined in this policy document, approved by the Bank under section 19(4) FSA or section 17(4) IFSA;

“**authorised business**” means a licensed business under the FSA or IFSA, and an approved business as defined in this policy document;

“**financial institutions**” means authorised persons under the FSA and the IFSA, and development financial institutions prescribed under the Development Financial Institutions Act 2002 (DFIA); and

“**foreign institution**” means a foreign company, not being an authorised person, which carries on any business outside Malaysia which corresponds, or is similar, to an authorised business, whether or not such person has an approved representative office.

6. Related legal instruments and policy documents

6.1 This policy document must be read together with other relevant legal instruments, policy documents, guidelines or circulars that have been issued by the Bank.

7. Policy documents superseded

- 7.1 This policy document supersedes the Guidelines on Establishment of Representative Offices of Foreign Institutions issued on 3 September 2007.

PART B APPLICATION PROCEDURES

8. Assessment Criteria

- G** 8.1 In assessing the applicant for purposes of section 19(4) FSA or section 17(4) IFSA, the Bank takes into consideration matters that the Bank considers relevant, including –
- (a) the applicant's financial position and reputation;
 - (b) the applicant's potential contribution to Malaysia through the establishment of the representative office, particularly in the following areas:
 - (i) enhancing interlinkages between Malaysia and its home and other international investors by facilitating their understanding of Malaysia;
 - (ii) facilitating and promoting trade and investment between Malaysia and countries where the applicant has presence, including the applicant's home country; and
 - (iii) supporting the Government of Malaysia's efforts on economic cooperation both regionally and globally;
 - (c) the applicant is subject to adequate standards of prudential and market conduct supervision in its home country; and
 - (d) the applicant's home supervisory authority has no objections to the establishment of its representative office in Malaysia.

9. Submission of Documents and Information for the Establishment of a Representative Office

- S** 9.1 An applicant shall complete and submit Form BNM/RO (Appendix I) to the Bank, together with the following documents:
- (a) a certified copy of the applicant's licence, approval, permit, certificate or any other equivalent documents authorising the applicant to carry on its business which corresponds, or is similar to, an authorised business;
 - (b) a certified copy of the applicant's memorandum and articles of association or other constituent documents under which the applicant is established;
 - (c) a copy of the applicant's latest annual report and audited financial statements;
 - (d) a written confirmation from the applicant's home supervisory authority stating that:
 - (i) the applicant is of good standing and meets the prudential and market conduct requirements in its home country;
 - (ii) to the best of the knowledge of the home supervisor, the applicant has not contravened any provisions of the law or regulations, or any requirements or standards of a regulatory body, government or its agencies; and
 - (iii) it does not object to the applicant establishing a representative office in Malaysia; and

- (e) an application in writing to use any of the words referred to in section 139 FSA or section 151 IFSA, or their derivatives thereof, as the case may be, in the name, description, title or document of the applicant's representative office, if applicable.
- S** 9.2 Where the documents specified in paragraphs 9.1(a) – (e) are not in the English language, the applicant shall submit an English translation of such documents which has been certified by a notary public and authenticated at the Malaysian diplomatic mission of the applicant's home country, together with the original documents.
- G** 9.3 The Bank may require the applicant to submit additional documents or information as the Bank considers necessary to facilitate the assessment of the application.
- S** 9.4 A foreign institution which has obtained an approval from the Bank under section 19(4) FSA or section 17(4) IFSA shall –
 - (a) commence operations of its approved representative office within a year from the date of the Bank's approval, failing which the approval shall lapse;
 - (b) submit to the Bank information on the address, telephone number, fax number and commencement date of business for its approved representative office within fourteen (14) days from the commencement date;
 - (c) appoint a chief representative in accordance with paragraph 10;
 - (d) at all times, comply with the requirements in this policy document; and
 - (e) carry on, through its approved representative office, only such activities as specified in paragraph 11.1 or paragraph 11.2, as the case may be.
- G** 9.5 An approved representative office is not required to pay any application or annual fees to the Bank to establish a representative office in Malaysia.

10. Appointment and Reappointment of Chief Representative

- S** 10.1 A chief representative shall manage the approved representative office in a manner that is consistent with sound governance practices.
- S** 10.2 For purposes of the appointment or reappointment of a chief representative, a foreign institution is required to complete and submit Form BNM/CR (Appendix II), together with the following documents:
 - (a) the proposed chief representative's –
 - (i) curriculum vitae; and
 - (ii) a copy of his identity card (for Malaysians) or passport (for foreigners).
- G** 10.3 An application to appoint a chief representative may be submitted –
 - (a) together with the application to establish a representative office; or
 - (b) after obtaining an approval from the Bank under section 19(4) FSA or section 17(4) IFSA to establish a representative office.

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- S** 10.4 The appointment of the chief representative is valid for a term of up to three (3) years or such other term as may be specified by the Bank.
 - S** 10.5 An application to reappoint a chief representative shall be submitted to the Bank no later than two (2) months before the end of his existing appointed tenure.
 - S** 10.6 Where a chief representative resigns or his appointment is terminated, an approved representative office shall notify the Bank within seven (7) days from the date of resignation or termination, as the case may be, together with its intended plans and timeline for the appointment of a new chief representative.
 - G** 10.7 The appointed chief representative may sit on the boards of companies in which the approved representative office's parent institution or its related corporations have interests.

PART C PERMISSIBLE ACTIVITIES

11. Permissible Activities

- S** 11.1 For purposes of section 19(2) FSA and section 17(2) IFSA, read together with paragraph 9.4(e), the Bank specifies the following as the activities that a foreign institution whose business corresponds to a licensed business under the FSA or the IFSA, respectively, may carry on through its approved representative office:
- (a) undertake research, collection and analysis of important market information or feasibility studies on investment and business opportunities in Malaysia;
 - (b) establish and maintain contacts and relationships with clients and potential clients, whether in or outside Malaysia;
 - (c) seek opportunities for the approved representative office's parent institution or related corporations to provide and participate in the management and syndication of foreign currency international loans or financing, or bond or sukuk issuances to or by the Government of Malaysia or statutory authorities;
 - (d) identify international project tenders issued by the Government of Malaysia, statutory authorities or private sector companies for its clients, and provide liaison and assistance to such clients in their bids for such projects;
 - (e) gather and disseminate trade, economic and financial information or advice on Malaysia to its clients and assist its clients who are keen to invest in Malaysia or trade with Malaysian businesses, and vice versa;
 - (f) introduce its clients to Malaysian companies with a view to establishing joint-venture companies in Malaysia;
 - (g) manage and arrange the visits of its personnel or its overseas offices' personnel and its major clients to Malaysia;
 - (h) maintain correspondent relationships with financial institutions, including arranging for such financial institutions to attend training courses, seminars and conferences organised by the foreign institution or its related corporations;
 - (i) introduce financial institutions to its clients;
 - (j) facilitate Malaysian companies which require offshore financing or offshore insurance or takaful in securing such financing or insurance or takaful coverage, respectively, through the provision of liaison and research services, subject to relevant approval from the Bank under section 127 FSA or section 139 IFSA;
 - (k) provide information or advice to Malaysian exporters on the market potential in countries where it has presence and assist in finding new markets through the services of its international offices;
 - (l) liaise in trade mission or expositions between Malaysia and home countries; and
 - (m) serve as a point of contact and liaison for any problems or enquiries that may arise from business dealings between Malaysian companies and its overseas offices.

- G** 11.2 In the case of a foreign institution whose business corresponds to an approved business, the Bank will specify the activities that it may carry on through its approved representative office on a case to case basis, upon granting an approval under section 19(4) FSA or section 17(4) IFSA. Such activities may include activities in addition to those listed under paragraph 11.1 which are relevant to the business corresponding to an approved business.

PART D REPORTING AND OPERATIONAL REQUIREMENTS

12. Reporting Requirements

- S** 12.1 The approved representative office shall submit to the Bank the following documents:
- (a) a yearly report for the period between January to December of each year, within fourteen (14) days from 31 December which shall contain the following:
 - (i) a summary of activities undertaken by the approved representative office, particularly in relation to its contribution to Malaysia, including any of the areas specified in paragraph 8.1(b);
 - (ii) a written confirmation by its chief representative that the approved representative office has complied with all the requirements in this policy document; and
 - (iii) information on the number and designation of staff of the approved representative office; and
 - (b) a copy of its foreign institution's annual audited financial statements, which may include an electronic copy, within thirty (30) calendar days after the laying of such statements at its annual general meeting in the country in which it is incorporated or established.
- S** 12.2 Where the document specified in paragraph 12.1(b) is not in the English language, the approved representative office shall submit an English translation of such document.

13. Operational Requirements

- S** 13.1 The approved representative office shall use the foreign institution's name only in conjunction with the description "representative office" in its documents and correspondences, including office signage, letterheads and business cards.
- S** 13.2 An approved representative office shall notify the Bank in writing if there are changes to the name of the approved representative office within seven (7) days from the date of the change.
- S** 13.3 An approved representative office intending to close or relocate its office shall immediately or in any other case, within seven (7) days notify the Bank in writing.
- S** 13.4 An approved representative office shall immediately or in any other case within seven (7) days notify the Bank in writing if there is any variation to the shareholding structure that changes the control and/or majority ownership in its parent foreign institution.

14. Correspondence

- S** 14.1 All correspondences, document or information required to be submitted under this policy document must be addressed to –
- (a) in the case of a foreign institution whose business corresponds, or is similar, to a licensed business under the FSA –
Director
Financial Sector Development Department
10th Floor, Block A
Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur
MALAYSIA
 - (b) in the case of a foreign institution whose business corresponds, or is similar, to a licensed business under the IFSA –
Director
Islamic Banking and Takaful Department
6th Floor, Block A
Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur
MALAYSIA
 - (c) in the case of a foreign institution whose business corresponds, or is similar, to an approved business –
Director
Consumer and Market Conduct Department
7th Floor, Block A
Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur
MALAYSIA

APPENDICES

15. Appendices

15.1 Appendix 1 – Form BNM/RO

15.2 Appendix 2 – Form BNM/CR