



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

**Application to be Approved as
Financial Holding Company Pursuant to
Sections 280(2) and 280(3) of the Financial
Services Act 2013 and Section 290(1) of the
Islamic Financial Services Act 2013**

BNM/RH/CIR 018-1	Prudential Financial Policy Department Islamic Banking and Takaful Department	Application to be Approved as FHC Pursuant to Sections 280(2) and 280(3) of FSA and Section 290(1) of IFSA
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PART A OVERVIEW

1. Introduction

- 1.1 The Financial Services Act 2013 (FSA) and Islamic Financial Services Act 2013 (IFSA) empower Bank Negara Malaysia (the Bank) to exercise oversight over financial groups for the purpose of promoting safety and soundness of a licensed person.
- 1.2 The following companies (hereinafter referred to as 'affected companies') are required to submit an application to be approved as a financial holding company (hereinafter referred to as 'FHC'):
- (i) under section 280(2) of FSA, a company which holds more than 50% interest in shares in a licensed bank or licensed investment bank, and the Bank has not designated a FHC for such licensed bank or licensed investment bank;
 - (ii) under section 280(3) of the FSA, a company which has been approved under the repealed Insurance Act 1996 to hold more than 50% interest in shares in a licensed insurer; and
 - (iii) under section 290(1) of the IFSA, a company which has lawfully held more than 50% interest in shares in a licensed Islamic bank under the repealed Islamic Banking Act 1983, or a registered takaful operator under the repealed Takaful Act 1984.

2. Applicability

- 2.1 This document is applicable to all affected companies referred to in paragraph 1.2 above.

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- 2.2 Where there are more than one affected company within a corporate group, pursuant to section 110(2) of the FSA and section 122 of the IFSA, the affected companies may elect to propose one of the affected companies or another company to be approved as a FHC. In this instance, the application shall be made by the proposed company.

3. Legal Provision

- 3.1 Pursuant to section 112 of the FSA and section 124 of the IFSA, read together with sections 280(2) and (3) of the FSA, and section 290(1) of the IFSA, this document is a specification on information and documents that must be submitted by the affected company or the proposed company referred to in paragraph 2.2, as the case may be, together with its application.

4. Submission Requirements

- 4.1 An application to be approved as a FHC shall be accompanied with information and documents as listed in Part B of this document and to be submitted to Jabatan Penyeliaan Konglomerat Kewangan, Jabatan Penyeliaan Perbankan or Jabatan Penyeliaan Insurans dan Takaful (as applicable) by 30 June 2014 or such longer period as may be specified by the Bank.

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PART B INFORMATION AND DOCUMENTS TO BE SUBMITTED

1. The applicant's corporate group structure (with percentage of shareholding) which depicts its:
 - (i) subsidiaries, associate companies and jointly controlled entities; and
 - (ii) shareholders. Shareholders having an effective interest in shares in the applicant exceeding 50% must be individually identified in the structure.

2. Description of the principal activities and place of establishment of each of the entities in paragraph 1(i).

3. Description of any operational or financial arrangements between the licensed person with any entities, including the FHC, within the affected companies' corporate group, which may include, but is not limited to:
 - (i) centralised function or shared services (to provide list of entities and type of activities to or from whom the licensed person provides or obtains services or support);
 - (ii) distribution arrangements (e.g. sharing of agency force, bancassurance or other arrangements for the cross selling of products); and
 - (iii) financial support provided by the licensed person (to provide details on the nature of the support and the entity to whom the support is provided).

4. Description of any arrangement or agreement which provides management control of the licensed person or other entities within the financial group to any other person than the proposed FHC.

5. Proposed restructuring, expansion plans or any other planned initiatives within the applicant's group that involves or affects the FHC, financial group or licensed person, where relevant.

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6. Description of the group wide risk management and governance practices, if available, to monitor and control risk in relation to the operations of the FHC and the financial group.

7. Information on the FHC's board of directors and key senior management including:
 - (i) name and date of appointment of each director, indicating whether he/she is an independent or executive director;

 - (ii) name, designation and date of appointment of key senior management; and

 - (iii) confirmation that all directors and chief executive officer are not disqualified pursuant to section 59 of FSA or section 68 of IFSA.