

Transfers of Business – Frequently Asked Questions

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The business of a licensed person

- 1. The policy refers to “the whole or part of the business of a licensed person”. Does this refer only to the “licensed business” as defined under the FSA and IFSA, or does it also include other business of that licensed person?**

The business of a licensed person includes both its licensed business and other business. For example, the transfer of the whole or part of a licensed person’s merchant acquiring business will fall within the ambit of this policy document, even though a merchant acquiring business is not itself a ‘licensed business’.

Business segment or unit

- 2. What is a business segment or unit?**

The term "business segment" will have the same meaning as applied for the purpose of paragraphs 12.1(iv) and 13.1(iii) in the *Financial Reporting* policy document. In cases where the “business segment” threshold is not passed, but the proposed transfer nonetheless involves a similar scope of assets and liabilities, financial institutions are encouraged to engage the Bank on whether the transfer falls within the ambit of "business unit".

Strategic importance to the nation

- 3. What would constitute projects of strategic importance to the nation?**

This will include projects relating to public infrastructure for the citizens of Malaysia. Financial institutions are encouraged to engage the Bank when in doubt on whether a particular asset falls within this category.

- 4. What does it mean for an asset to be linked to a project “by way of collateralisation”?**

The phrase “including by way of collateralisation” in sub-paragraph 6.1(c) is meant to capture cases where the asset being transferred (e.g. a loan) is itself not of strategic importance to the nation, but is collateralised by another asset that is of such importance (e.g. public transport infrastructures).

Securitisation

- 5. In what cases would securitisation transactions require approval?**

This policy document grants approval for most securitisation transactions. An application for the approval of the Bank will only be necessary where the underlying loans or financing are not serviced by a licensed person¹, or where the transaction includes impaired loans or financing², assets linked to projects of strategic importance³, or the entire portfolio of a business segment or unit⁴.

¹ Paragraph 6.1(e)

² Paragraph 6.1(b)

³ Paragraph 6.1(c)

⁴ Paragraph 6.1(a)