



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Framework for Electronic Trading Platforms

Policy Document

Applicable to the following market participants in the wholesale financial markets:

1. Approved money brokers operating electronic broking platforms
2. Operators of electronic trading platforms

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PART A OVERVIEW

1 Introduction

- 1.1 In recent years, the use of technology in wholesale financial markets globally has increased in prominence and contributed towards promoting greater efficiency and transparency in the intermediation and price discovery process.
- 1.2 Automated systems are often location neutral, and its facilities allow for cross-border, multilateral transactions. A centralised trading venue has also been observed to increase connectivity with the potential to generate large economies of scale. The design of automated systems often varies and evolves at a rapid pace, allowing for wider outreach among wholesale market participants.
- 1.3 The proliferation of operators of electronic trading platforms offering innovative solutions underscores the need to ensure sound and robust risk management processes. This in turn calls for clear standards of integrity that need to be met by the operators.
- 1.4 Against the backdrop of increased electronification within the wholesale financial markets and in order to maintain orderly conditions in, and the integrity of, the financial markets, operators of electronic trading platforms must have the requisite operational and governance capacity to offer their services to Malaysian onshore market participants. Under the Code of Conduct for Malaysia Wholesale Financial Markets, market participants in the money and foreign exchange markets are allowed to offer such services only upon being duly approved by Bank Negara Malaysia (BNM).
- 1.5 This policy document sets out the approval requirements for platform operators to be eligible to provide their services on electronic trading platforms in the wholesale financial markets in Malaysia and the internal control requirements applicable to approved platform operators amongst others, to safeguard the system integrity and data confidentiality of such platforms. In addition, this policy document imposes requirements for approved platform operators to put in place and maintain appropriate internal governance policies and procedures in providing their services.
- 1.6 For the avoidance of doubt, section 141 of the Financial Services Act 2013 (FSA) and section 153 of the Islamic Financial Services Act 2013 (IFSA) on prohibited conduct in the money and foreign exchange markets are applicable to approved platform operators under this policy document.

2 Applicability

- 2.1 This policy document is applicable to all applicants and approved platform operators as defined in paragraph 5.2.
- 2.2 This policy document shall not apply to –
- (a) an operator of a recognised market registered, or a stock market of an approved stock exchange, under the Capital Markets and Services Act 2007 (CMSA) which offers facilities that enable the trading of financial instruments other than in the money market or foreign exchange market;
 - (b) a stock market operated by an overseas stock exchange which is under the regulatory or supervisory oversight of the relevant authority, or any facility offered by such stock exchange. For the avoidance of doubt, this does not include any stock market or facility operated by an affiliate of such overseas stock exchange (including but not limited to a subsidiary, holding company or sister company);
 - (c) a proprietary single-bank platform offered solely for bilateral transactions undertaken with the bank for financial instruments in the money market or foreign exchange market;
 - (d) a general-purpose communication tool or system; or
 - (e) an electronic trading platform offered by a third-party technology provider under a white-label arrangement, where clients brand and operate the electronic trading platform as their own¹.

3 Legal provisions

- 3.1 The requirements in this policy document are specified pursuant to sections 140 and 143 of the FSA, and sections 152 and 155 of the IFSA.
- 3.2 The guidance in this policy document is issued pursuant to section 266 of the FSA and section 277 of the IFSA.

4 Effective date

- 4.1 This policy document comes into effect on 1 November 2026.

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 the purposes of this policy document –

¹ For the avoidance of doubt, the electronic trading platform branded and operated by the client shall be subject to the requirements of this policy document.

“S” denotes a standard, obligation, 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 market participant who intends to submit or has submitted an application for approval under paragraph 8.1;

“approved platform operator” means a market participant approved by BNM under paragraph 8.4 to operate an electronic trading platform in the wholesale financial markets;

“disruption” means an incident, whether anticipated or unanticipated, that causes degradation to the normal performance of any systems, functionalities or services that would affect the approved platform operator or the electronic trading platform’s ability to continue its operations and services to its users;

“electronic broking platform” means any facility, system, trading venue, marketplace or organisation which, by electronic means, brings together multiple market participants to conclude buying and selling of financial instruments in the money market or foreign exchange market based on established rules, methods or standard market conventions, and brokerage fee is paid as a consideration for the conclusion of trade;

“electronic trading platform” means any facility, system, trading venue, marketplace or organisation which, by electronic means, brings together multiple market participants to negotiate, conclude, or execute buying and selling of financial instruments in the money market or foreign exchange market based on established rules, methods or standard market conventions, and includes an electronic broking platform;

“platform operators” means –

- (a) approved money brokers under section 11 of the FSA, which operate electronic broking platforms; and
- (b) other market participants which operate electronic trading platforms, whether or not any form of remuneration, fee, commission or subscription is chargeable;

“senior management” means the Chief Executive Officer (CEO) and senior officers, who have authority and responsibility for planning, directing or controlling the activities of the applicants and the approved platform operators;

“users” in relation to an electronic trading platform, means market participants utilising the services offered by an approved platform operator.

6 Related policy documents and legal instruments

- 6.1 This policy document must be read together with other relevant policy documents and legal instruments that have been issued by BNM, including any amendments or reissuance thereafter, in particular –
- (a) Policy Document on the Code of Conduct for Malaysia Wholesale Financial Markets issued on 31 December 2021; and
 - (b) Policy Document on Fit and Proper Criteria for Approved Person² issued on 24 December 2018.

7 Policy document superseded

- 7.1 Upon coming into effect, this policy document supersedes the Policy Document on Framework for Electronic Trading Platforms issued on 8 November 2019.

² This is applicable to approved money brokers which operate electronic broking platforms.

PART B POLICY REQUIREMENTS

8 Approval requirements

- S** 8.1 A market participant who intends to operate an electronic trading platform must obtain BNM's prior written approval.
- G** 8.2 Prior to submitting an application for the purpose of paragraph 8.1, an applicant may submit an expression of interest, and any enquiries on the applicable approval process and prudential requirements to *Jabatan Operasi & Pembangunan Pasaran* via e-mail at fmd@bnm.gov.my.
- S** 8.3 An application for approval under paragraph 8.1 must be submitted in writing to BNM together with the following documents or information:
- (a) details of the applicant, the type of the electronic trading platform, including the main characteristics, features, functionalities and capabilities of such electronic trading platform and its *modus operandi*;
 - (b) details of the applicant's Board of Directors (the Board), senior management and business structure;
 - (c) personal particulars of the applicant's chairman, directors and CEO;
 - (d) a statutory declaration by each of the directors including the chairman declaring that they meet the fit and proper criteria;
 - (e) a statutory declaration by the CEO declaring that the CEO meets the fit and proper criteria³;
 - (f) a copy of the applicant's latest audited financial statements;
 - (g) details of the internal verification and due diligence conducted for the purpose of paragraph 8.9(a);
 - (h) an independent external audit report on the electronic trading platform made for the purpose of paragraph 8.9(b);
 - (i) a feasible business plan;
 - (j) if applicable, cloud services to be used by the applicant and details of the cloud services provider's or the applicant's data centre infrastructure, including compliance with any relevant international standards; and
 - (k) any other information as may be required by BNM.

³ For the purposes of paragraphs 8.3(d) and (e), applicants must refer to the Policy Document on Fit and Proper Criteria for Approved Person issued by BNM on 24 December 2018 as amended from time to time, and submit a statutory declaration in accordance with the form required by BNM. Where such statutory declaration is made outside Malaysia, it shall be made before a Malaysian diplomatic or consular office.

Notwithstanding the above, foreign applicants may refer to any equivalent fit and proper criteria applied by the relevant financial regulatory authority in the foreign applicant's domicile, and submit a statutory declaration in accordance with the form required under such applicable foreign law providing for the making of statutory declarations of substantially similar nature and effect.

- G** 8.4 Upon making an assessment of the application submitted under paragraph 8.1-
- (a) BNM may approve such application for a period of five (5) years or such other period as specified by BNM, with or without conditions or reject the application; and
 - (b) BNM will notify the applicant of its decision in writing under paragraph 8.4(a).
- S** 8.5 Where BNM approves an application under paragraph 8.4, the approved platform operator shall commence its operations within a period as may be specified by BNM in the approval letter.

Renewal of approval

- S** 8.6 An application for a renewal of the approval granted under paragraph 8.4 shall be submitted to BNM in writing at least ninety (90) days before the expiry of the approval period.
- G** 8.7 Upon making an assessment of the application for renewal submitted under paragraph 8.6 –
- (a) BNM may approve such application for a period of five (5) years or such other period as specified by BNM, with or without conditions or reject the application; and
 - (b) BNM will notify the applicant of its decision in writing under paragraph 8.7(a).

Notification of changes

- S** 8.8 An approved platform operator shall notify BNM of any proposed changes to the information previously submitted to BNM prior to implementing such changes. This includes but is not limited to any information submitted to BNM under paragraph 8.3(b) and 8.3(i)⁴. Such notification is to be provided to *Jabatan Operasi & Pembangunan Pasaran* via e-mail at fmd@bnm.gov.my.

Independent Audit Review

- S** 8.9 Prior to submitting an application under paragraph 8.1, the applicant is required to ensure that –
- (a) a competent and operationally independent internal audit team has verified the effectiveness of the procedures and controls for the operations of the electronic trading platform; and
 - (b) an independent external auditor has conducted due diligence on the electronic trading platform to ensure that the operational and governance requirements under Part C and D of this policy document have been met.

⁴ Changes to business plans submitted under paragraph 8.3(i) includes any changes to the remuneration structure.

- S** 8.10 An approved platform operator must submit to BNM a report on a post-implementation review, conducted by an independent internal⁵ or external auditor within six (6) months from the date of the effective implementation of the electronic trading platform. The approved platform operator must consult BNM on the scope of the post-implementation review.

9 Scope of activities

- G** 9.1 Subject to paragraph 9.2, an approved platform operator may offer ancillary services or functionalities⁶ in addition to the scope of services or functionalities under the electronic trading platform approved by BNM pursuant to paragraph 8.4.
- S** 9.2 Where an approved platform operator intends to implement any changes to the scope of services and functionalities of its electronic trading platform, it shall notify BNM in writing prior to implementing such changes. Such notification is to be provided to *Jabatan Operasi & Pembangunan Pasaran* via e-mail at fmd@bnm.gov.my.
- G** 9.3 With respect to any services or functionalities directly related to the operational infrastructure of the electronic trading platform which are outsourced, an approved platform operator may refer to the Policy Document on Outsourcing issued by BNM on 23 October 2019 as amended from time to time, and any other applicable regulatory requirements issued by BNM, where applicable.
- S** 9.4 An approved platform operator shall ensure that adequate and effective controls are in place to identify and manage any risks arising from the implementation of any changes under paragraph 9.2 and shall ensure compliance with the requirements set out in this policy document and all other applicable regulatory requirements issued by BNM.
- S** 9.5 An approved platform operator shall identify and manage any actual and potential conflict of interest situation arising from its services. For such purpose, the approved platform operator shall not act in the capacity of a principal⁷ or undertake any transaction with, or on behalf of a user of its platform as an agent.

⁵ This is subject to the approved platform operator obtaining its Board's approval.

⁶ This includes, but is not limited to, any technological enhancements to the electronic trading platform such as changes to system deployments, upgraded infrastructure, integration of Artificial Intelligence (AI), algorithmic trading, and automated trade executions.

⁷ "Principal" refers to a market participant who transacts for its own account and not acting as an agent.

PART C OPERATIONAL REQUIREMENTS

10 Due Diligence

- S** 10.1 An approved platform operator must establish and implement effective policies on due diligence on prospective users prior to their onboarding.
- S** 10.2 An approved platform operator must perform adequate due diligence on each application by a market participant to become a user of the electronic trading platform and ensure that such market participant fulfils all requirements to be eligible to access such platform. An approved platform operator must also perform routine due diligence to ensure the user's continued compliance with such requirements.

11 Onboarding and pre-disclosures requirements

- S** 11.1 Prior to onboarding, an approved platform operator must notify prospective users, particularly those that are non-financial institutions or new to accessing or using electronic trading platforms, the relevant obligations and prevailing rules, including those established under paragraph 11.2, and regulations⁸, trading conventions and relevant requirements within the Malaysian wholesale financial markets.
- S** 11.2 An approved platform operator must establish, maintain and publish proper rules, criteria and procedures for usage of its electronic trading platform.
- S** 11.3 To promote legitimate access and safeguard the integrity of the systems of the electronic trading platform, the set of rules, criteria and procedures referred to in paragraph 11.2 must contribute towards fair, orderly and transparent use of the electronic trading platform and at minimum, must include the following –
 - (a) transparent criteria for determining financial instruments that can be traded on the electronic trading platforms;
 - (b) non-discriminatory rules for determining access to the electronic trading platforms;
 - (c) rules to ensure fair and orderly trading on the electronic trading platforms;
 - (d) rules to facilitate efficient settlement of transactions concluded through the electronic trading platforms;
 - (e) business continuity plan in the event of disruptions and for the handling of trading errors; and
 - (f) mechanisms for resolution of trade disputes.

⁸ This includes requirements of Foreign Exchange Policy (FEP) issued by BNM.

12 IT security and protection

- S** 12.1 An approved platform operator must establish and implement information technology (IT) security and protection policies for the operations of the electronic trading platform.
- S** 12.2 The policies referred to in paragraph 12.1 must form part of the approved platform operator's standard operating procedures, which outline the technical, logical and administrative controls with regard to system protection. These standard operating procedures must be robust, comprehensive and subject to regular review by senior management and the Board of the approved platform operator.
- S** 12.3 An approved platform operator must ensure the confidentiality, integrity, and availability of electronic trading platforms by implementing proportionate technical and operational controls such as access controls, encryption, system hardening, continuous monitoring, and resilience measures to prevent unauthorised access, data compromise, and disruptions.
- S** 12.4 Approved platform operators engaging in other business segments (e.g. news portal) must establish effective controls to prevent unauthorised leakage of information which may lead to abuse of data.
- S** 12.5 Approved platform operators must not use or disclose users' data for purposes other than as agreed with its user (e.g. commoditisation of data) unless prior consent has been obtained from the user.
- G** 12.6 An approved platform operator may refer to the Policy Document on Risk Management in Technology issued by BNM on 25 September 2026 as amended from time to time, where applicable, as guidance on the management of technology risks.

13 Record keeping

- S** 13.1 An approved platform operator must establish and implement policies and procedures for record keeping which at minimum must include the following –
(a) data and transaction details executed on the electronic trading platform; and
(b) details of trade disputes and their resolution.
- S** 13.2 The records must contain reasonable level of granularity and details and must be retained by the approved platform operator for a period of seven (7) years, and shall be made available to BNM for monitoring purposes at all times.

14 Cloud services

- G** 14.1 Cloud storage is a cloud computing model in which data is stored on remote servers accessible from the internet. Cloud storage provides users with virtual storage architecture that is scalable according to their requirements.
- S** 14.2 In the event that an approved platform operator intends to use⁹ cloud services to warehouse its data, it shall conduct a risk assessment prior to using cloud services which must include consideration of how risks associated with cloud usage (e.g. contagion, concentration, business continuity, cyber security, data accessibility risks) can be effectively managed.

15 Business continuity plan

- S** 15.1 Business continuity is an integral pillar of operational resilience as it reflects the ability of an approved platform operator to respond, recover and resume operations of critical business functions, where the failure or discontinuance of such critical business functions is likely to critically impact the approved platform operator financially or non-financially, and disrupt the provision of essential services to the users. An approved platform operator must establish and implement business continuity arrangements including a robust enterprise-wide framework, policies and processes which are integrated with its overall risk appetite and reinforce sound risk management practices.
- S** 15.2 An approved platform operator must ensure the timely resumption of operations of the electronic trading platform and for this purpose, the business continuity arrangements shall cover, at minimum the following –
- (a) governance for the development and deployment of the business continuity arrangements;
 - (b) consideration of an adequate range of possible scenarios related to the operations of the electronic trading platform which require specific business continuity arrangements;
 - (c) the backing up of critical business data (including compliance) that flows through the electronic trading platform;
 - (d) the procedures for migrating to, and operating the electronic trading platform from a recovery site;
 - (e) staff training on the operations of the business continuity arrangements and individuals' roles and responsibilities in such arrangements; and
 - (f) an on-going programme for the testing, evaluation and review of the business continuity arrangements including procedures for undertaking improvements to the arrangements from time to time.

⁹ In the event that an approved platform operator uses cloud services, the approved platform operator must refer to the requirements on cloud services under Appendix 10 on "Key Risks and Control Measures for Cloud Services", in the Policy Document on Risk Management in Technology issued by BNM on 25 September 2026 as amended from time to time.

- G** 15.3 An approved platform operator may refer to the Policy Document on Business Continuity Management issued by BNM on 19 December 2022 as amended from time to time, where applicable, as guidance in managing risks arising from disruptions.

16 System testing

- S** 16.1 An approved platform operator must establish a sound methodology for and complete a rigorous system testing of the electronic trading platform's functionalities and capabilities prior to deployment. This must include clearly delineated development and testing methodologies such as unit testing, integration testing, user acceptance testing, application security testing, stress and load testing, regression testing, exception and negative testing, where applicable.
- S** 16.2 An approved platform operator must conduct periodic capacity testing of critical systems to safeguard and determine the system's ability to process transactions with the ability to handle any spikes in trading volumes in an accurate, robust, and timely manner. Reports on the relevant system testing methodologies, properties and test results must be retained for record and audit purposes.
- S** 16.3 An approved platform operator must ensure that compliance and risk management controls (including controls to generate error reports automatically) are embedded in the systems of the electronic trading platform and that such systems can continue to work effectively under stressed market conditions.
- S** 16.4 In the event of any disruptions, an approved platform operator shall inform BNM of such incident immediately and provide updates following the incident, including the relevant remedial and resolution actions. Such notification and updates are to be provided to *Jabatan Operasi & Pembangunan Pasaran* via e-mail at fmd@bnm.gov.my.

PART D GOVERNANCE

17 Roles and responsibilities of the Board of Directors

- S** 17.1 The Board of an approved platform operator is required to establish and oversee the effective implementation of policies and procedures relating to the operations of an electronic trading platform as part of its business. This shall include policies on the management of conflicts of interest in accordance with paragraph 9.5.
- S** 17.2 In relation to paragraph 17.1, the Board is required –
- (a) to ensure that senior management has systems and processes in place to monitor and enforce compliance with the policies and procedures approved by the Board;
 - (b) to review and update such policies and procedures on a periodic basis;
 - (c) to ensure that the operations of the electronic trading platform are consistent with the strategies, resources and management expertise of the approved platform operator;
 - (d) to ensure that it is adequately informed and updated by senior management on the risk exposures arising from the development and operations of the electronic trading platform;
 - (e) to monitor appropriate risk mitigations to address such risk exposures as updated by senior management under paragraph (d); and
 - (f) to ensure that the approved platform operator complies with, or services which it offers are in accordance with, all relevant rules and regulations¹⁰ at all times in relation to the operations of the electronic trading platform.

18 Roles and responsibilities of the senior management

- S** 18.1 The senior management of an approved platform operator is required to effectively implement the policies and procedures established by the Board by ensuring that –
- (a) adequate operational policies, procedures and effective internal controls are in place for day-to-day operations of the electronic trading platform;
 - (b) adequate resources and competencies are available to carry out the daily operations of the approved platform operator effectively;
 - (c) clear lines of responsibility and accountability for managing the operations of the electronic trading platform are established;
 - (d) comprehensive reporting structure and processes for senior management are in place;
 - (e) rules in relation to the operations of the electronic trading platform are established, in particular rules made pursuant to paragraphs 11.2 and 11.3, and are monitored and implemented on an ongoing basis;
 - (f) the Board is updated on risk exposures arising from the development and operations of the electronic trading platform; and

¹⁰ This includes requirements of Foreign Exchange Policy (FEP) issued by BNM.

- (g) a set of comprehensive business rules to govern the operations of the electronic trading platform is established and implemented.

PART E REPORTING REQUIREMENTS

19 Monitoring and surveillance

- S** 19.1 Approved platform operators must monitor the intraday trading activities on their electronic trading platforms (e.g. capacity utilisation) and inform BNM of any irregularities or suspicions of irregularities in the trading patterns.
- S** 19.2 An approved platform operator is required to submit to BNM the following information -
- (a) a complete list of its onshore users, both banking and non-banking institutions at the end of each calendar quarter which shall include details as specified by BNM from time to time; and
 - (b) any other information, in particular statistical and transactional information concluded on and relating to the electronic trading platform as specified by BNM from time to time.
- S** 19.3 An approved platform operator shall submit the information required under paragraph 19.2 (a) to BNM within ten (10) business days from the date of which the submission is required.
- G** 19.4 Information under paragraphs 19.1 and 19.2 is to be provided to *Jabatan Operasi & Pembangunan Pasaran* via e-mail at fmd@bnm.gov.my.
- G** 19.5 Approved platform operators may facilitate its users' compliance with applicable reporting requirements by relevant authorities by introducing or inserting user features and functionalities (e.g. purpose fields) on the electronic trading platform.