

---

Technology, Media and Telecommunications

# Regulation of Digital Currencies and Digital Tokens in Malaysia: Capital Markets and Services (Prescription of Securities) (Digital Currency and Digital Token) Order 2019

## Introduction

In this Technology, Media and Telecommunications Update, we wish to bring to your attention the Capital Markets and Services (Prescription of Securities) (Digital Currency and Digital Token) Order 2019 (the “**Order**”), which was announced by the Minister of Finance on 14 January 2019 and came into legal effect on 15 January 2019.

Pursuant to the Order, the Securities Commission Malaysia (“**SC**”) is now authorised to regulate digital assets (including cryptocurrencies, digital currencies, and digital tokens), as prescribed securities.

For ease of reference, we set out below a summary of the Order:

### Definition of “Digital Currency” and “Digital Token”

The Order has now defined the scope of “digital currency” and “digital token”:

- (i) “*digital currency*” is defined as a digital representation of value, which is recorded on a distributed digital ledger whether cryptographically or otherwise; that functions as a medium of exchange; and is interchangeable with any money, including through the crediting or debiting of an account; and
- (ii) “*digital token*” is defined as a digital representation of value, which is recorded on a distributed digital ledger whether cryptographically or otherwise.

### Compliance with Existing Securities Laws

Digital currencies and digital tokens, which are prescribed as securities under the Order, will need to comply with the relevant securities laws and regulations in Malaysia.

---

## Technology, Media and Telecommunications

In connection with the above, the Minister of Finance has issued a statement that any person initiating an initial coin offering (ICO) or operating a digital asset exchange without the SC's approval may be held liable, upon conviction, to a fine not exceeding RM10 million or to an imprisonment term not exceeding 10 years or to both.

### **Regulatory Framework and Guidelines on Digital Currencies and Digital Tokens**

Following the announcement by the Minister of Finance, the SC has also issued a statement stating that it will be working together with the Central Bank of Malaysia (Bank Negara Malaysia or “**BNM**”) to develop and put in place regulatory framework and guidelines to regulate the offering and trading of digital assets, which are expected to be introduced by the end of the first-quarter of 2019.

The regulatory framework and guidelines will establish the criteria for determining fit and properness of issuers and exchange operators, disclosure standards and best practices in price discovery, trading rules and client asset protection.

The SC continuously reminds all members of the public who are dealing in digital assets to take anti-money laundering and counter-terrorism financing precautions, as well as cyber security and business continuity measures.

We trust that the above provides you with a quick update in relation to the above.

If you would like to discuss any of the above or if you have any questions regarding technology, media and telecommunications or personal data protection, please get in touch with any of the individuals listed below.

## Contacts



**Deepak Pillai**  
Head  
Technology, Media &  
Telecommunications; Data  
Protection

D +60 3 2275 2675  
F +60 3 2273 8310  
[deepak.pillai@christopherleeong.com](mailto:deepak.pillai@christopherleeong.com)



**Intan Haryati Binti Mohd Zulkifli**  
Partner  
Technology, Media &  
Telecommunications; Data  
Protection

D +60 3 2675 2674  
F +60 3 2273 8310  
[intan.haryati@christopherleeong.com](mailto:intan.haryati@christopherleeong.com)



**Yon See Ting**  
Partner  
Corporate  
Capital Markets

D +60 3 2267 2647  
F +60 3 2273 8310  
[see.ting.yon@christopherleeong.com](mailto:see.ting.yon@christopherleeong.com)



**Yong Shih Han**  
Senior Associate  
Technology, Media &  
Telecommunications; Data  
Protection

D +60 3 2273 1919  
F +60 3 2273 8310  
[shih.han.yong@christopherleeong.com](mailto:shih.han.yong@christopherleeong.com)



**Looi Zhi Min**  
Senior Associate  
Corporate  
Capital Markets

D +60 3 2273 1919  
F +60 3 2273 8310  
[zhi.min.looi@christopherleeong.com](mailto:zhi.min.looi@christopherleeong.com)



**Michelle Wu**  
Associate  
Technology, Media &  
Telecommunications; Data  
Protection

D +60 3 2273 1919  
F +60 3 2273 8310  
[michelle.wu@christopherleeong.com](mailto:michelle.wu@christopherleeong.com)

## Our Regional Contacts

RAJAH & TANN | *Singapore*

**Rajah & Tann Singapore LLP**

T +65 6535 3600  
F +65 6225 9630  
sg.rajahtannasia.com

CHRISTOPHER & LEE ONG | *Malaysia*

**Christopher & Lee Ong**

T +60 3 2273 1919  
F +60 3 2273 8310  
www.christopherleeong.com

R&T SOK & HENG | *Cambodia*

**R&T Sok & Heng Law Office**

T +855 23 963 112 / 113  
F +855 23 963 116  
kh.rajahtannasia.com

RAJAH & TANN NK LEGAL | *Myanmar*

**Rajah & Tann NK Legal Myanmar Company Limited**

T +95 9 7304 0763 / +95 1 9345 343 / +95 1 9345 346  
F +95 1 9345 348  
mm.rajahtannasia.com

RAJAH & TANN 立杰上海  
SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP  
Shanghai Representative Office**

T +86 21 6120 8818  
F +86 21 6120 8820  
cn.rajahtannasia.com

GATMAYTAN YAP PATACSIL  
GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

**Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)**

T +632 894 0377 to 79 / +632 894 4931 to 32 / +632 552 1977  
F +632 552 1978  
www.cagatlaw.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*

**Assegaf Hamzah & Partners**

**Jakarta Office**

T +62 21 2555 7800  
F +62 21 2555 7899

**Surabaya Office**

T +62 31 5116 4550  
F +62 31 5116 4560  
www.ahp.co.id

RAJAH & TANN | *Thailand*

**R&T Asia (Thailand) Limited**

T +66 2 656 1991  
F +66 2 656 0833  
th.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*

**Rajah & Tann LCT Lawyers**

**Ho Chi Minh City Office**

T +84 28 3821 2382 / +84 28 3821 2673  
F +84 28 3520 8206

RAJAH & TANN | *Lao PDR*

**Rajah & Tann (Laos) Sole Co., Ltd.**

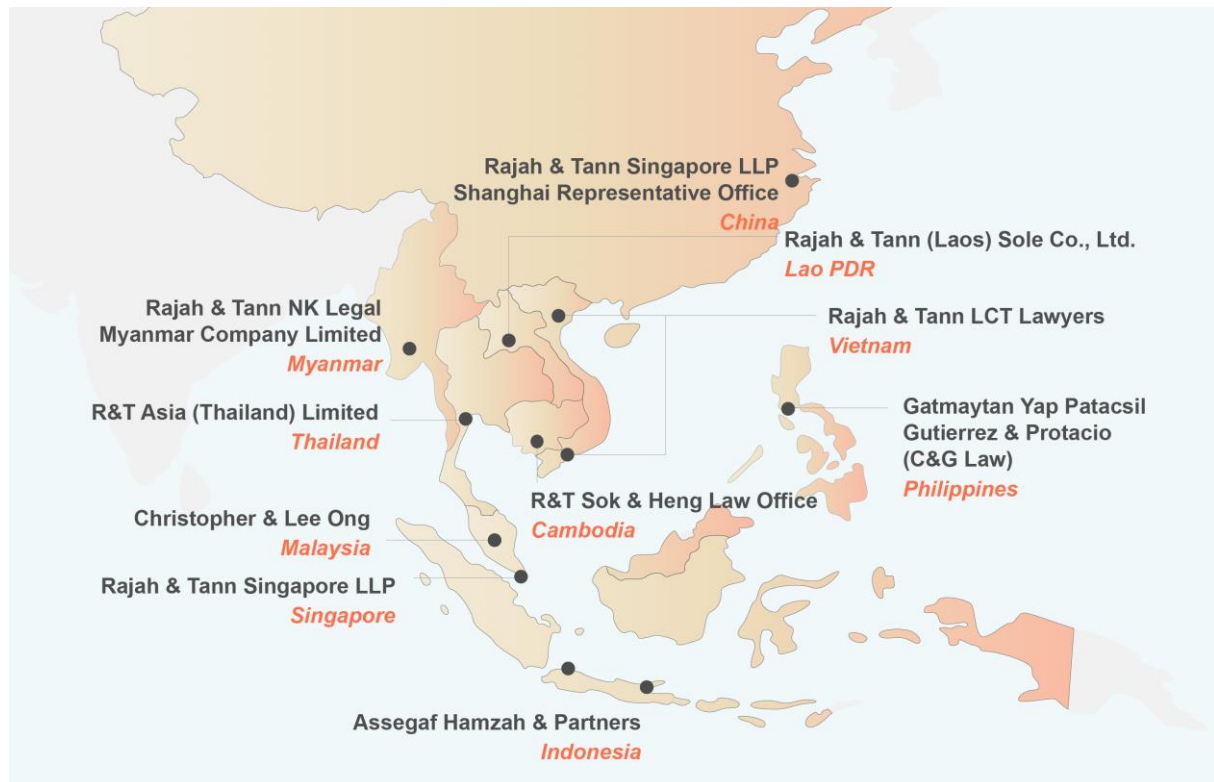
T +856 21 454 239  
F +856 21 285 261  
la.rajahtannasia.com

**Hanoi Office**

T +84 24 3267 6127  
F +84 24 3267 6128  
www.rajahtannlct.com

Member firms are constituted and regulated in accordance with local legal requirements and where regulations require, are independently owned and managed. Services are provided independently by each Member firm pursuant to the applicable terms of engagement between the Member firm and the client.

## Our Regional Presence



Christopher & Lee Ong is a full-service Malaysian law firm with offices in Kuala Lumpur. It is strategically positioned to service clients in a range of contentious and non-contentious practice areas. The partners of Christopher & Lee Ong, who are Malaysian-qualified, have accumulated considerable experience over the years in the Malaysian market. They have a profound understanding of the local business culture and the legal system and are able to provide clients with an insightful and dynamic brand of legal advice.

Christopher & Lee Ong is part of Rajah & Tann Asia, a network of local law firms in Singapore, Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Thailand and Vietnam. Our Asian network also includes regional desks focused on Japan and South Asia.

The contents of this Update are owned by Christopher & Lee Ong and subject to copyright protection under the laws of Malaysia and, through international treaties, other countries. No part of this Update may be reproduced, licensed, sold, published, transmitted, modified, adapted, publicly displayed, broadcast (including storage in any medium by electronic means whether or not transiently for any purpose save as permitted herein) without the prior written permission of Christopher & Lee Ong.

Please note also that whilst the information in this Update is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as such information may not suit your specific business or operational requirements. It is to your advantage to seek legal advice for your specific situation. In this regard, you may call the lawyer you normally deal with in Christopher & Lee Ong.