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Technology, Media and Telecommunications

# Update: Regulation of Digital Currencies and Digital Tokens in Malaysia - Implementation of the Digital Assets Prescription Order 2019

## Introduction

Further to our recent update regarding the coming into force of the Capital Markets and Services (Prescription of Securities) (Digital Currency and Digital Token) Order 2019 (the “**Order**”), we wish to bring to your attention a recent Media Statement made by the Securities Commission Malaysia (“**SC**”) on 17 January 2019.

### Transitional Period until 1 March 2019

The SC has invited and engaged with existing digital asset platform operators regarding the implementation of the Order. Arrangements have been put in place to facilitate the operations of these platforms for a transitional period until 1 March 2019, subject to them fulfilling the conditions specified by the SC.

During this period, digital asset platform operators will not be permitted to accept new investors and will only be allowed to facilitate the withdrawal or transfer of client assets with the written instruction of the investor.

### Potential Breach of the Securities Laws

Existing platform operators who failed to or did not attend the engagement with the SC on 17 January 2019 are advised to contact the SC immediately and not later than **25 January 2019**, failing which they shall be deemed to be operating a market in breach of the securities laws.

Once the relevant guidelines have been issued, existing platform operators will be required to apply to the SC for authorisation if they intend to operate beyond the transitional period. Prospective operators can also apply to the SC for authorisation once the guidelines are issued. The SC will evaluate all applications and will only authorise market operators that fulfil the relevant requirements.

### Operators to Cease Current ICO Activities Pending Authorisation

Regarding initial coin offerings (“**ICOs**”), no person shall conduct an ICO without the prior authorisation of the SC. In this regard, the guidelines for ICOs is expected to be issued by the end of Q1 2019. In the meantime, ongoing ICOs should cease all activities and return all monies or digital assets collected from investors.

For your ease of reference, we provide below the link to the Media Statement by the SC:

<https://www.sc.com.my/news/media-releases-and-announcements/media-statement-on-implementation-of-digital->

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[assets-prescription-order](#)

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.

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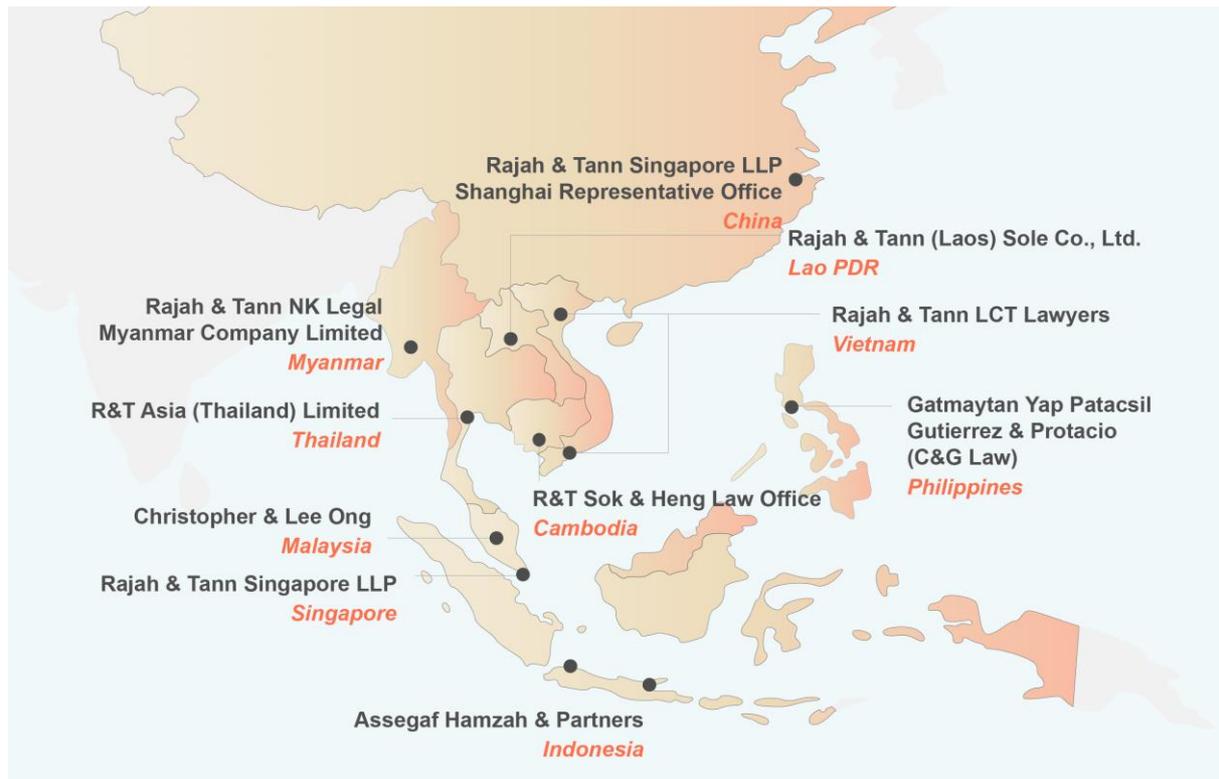
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