

**Application to Carry on Financial and/or Islamic Financial Advisory Business**  
**Frequently Asked Questions (FAQs)**

**Introduction**

The FAQs are intended to provide clarification to applicants on the requirements to carry on financial and/or Islamic financial advisory business under the Financial Services Act 2013 (FSA)/ Islamic Financial Services Act 2013 (IFSA) [collectively known as the Act], including the standards and guidelines applicable for the conduct of such business.

Bank Negara Malaysia (the Bank) has updated the list of FAQs below. For ease of reference, all recently added questions are indicated as '**New**'.

No.	Questions	Answers
1.	How and when can an application be submitted to the Bank to carry on financial and/or Islamic financial advisory business under the Act?	<p><b><u>For new approval</u></b></p> <ul style="list-style-type: none"> <li>i. A new applicant is required to complete and submit the application form available in the Bank's website and submit all supporting documents (listed in the checklist of the application form CMC/NEWFA/2020) either in the months of <b>February</b> or <b>August</b> annually.</li> <li>ii. Any application received in any other month will be processed in the next processing period (for e.g. an application received in the month of March 2022 will be processed in August 2022 while an application received in October 2022 will be processed in February 2023).</li> </ul> <p><b><u>For renewal of approval</u></b></p> <ul style="list-style-type: none"> <li>i. Existing approved financial advisers and/or Islamic financial advisers are required to complete and submit the application form available in the Bank's website and submit all supporting documents (listed in the checklist of application form CMC/RENEWFA/2020), <b>two (2) months</b> prior to expiry of approval period.</li> </ul> <p><i>Note: Applications which are incomplete and without the required documentation/information will NOT be processed and will be returned to the applicant.</i></p>
2.	Are there any fee incurred to apply to carry on approved financial advisory business?	<ul style="list-style-type: none"> <li>i. The Bank does not charge any fees for processing the application.</li> <li>ii. However, an annual fee will be imposed as follows: <ul style="list-style-type: none"> <li>a. RM500 payable by an approved financial adviser;</li> <li>b. RM150 payable by an approved Islamic financial adviser; and</li> <li>c. RM650 payable by an approved financial and Islamic financial adviser.</li> </ul> </li> </ul>
3.	How long will it take for my application to be approved?	<ul style="list-style-type: none"> <li>i. It would usually take 30 working days from the date the Bank receives the application form and complete documentation/information subject to the Q1 above.</li> <li>ii. Applications which are incomplete and without the required documentation/information will NOT be processed and will be returned to the applicant.</li> </ul>
4.	Can the application form and supporting documents be submitted online/via email?	<p>Currently, the Bank only accepts hardcopy submissions addressed to:</p> <p>Director  Consumer and Market Conduct  Department Central Bank of Malaysia  Jalan Dato' Onn  50480 Kuala Lumpur</p>

No.	Questions	Answers
5.	<b>New:</b> Can a third party such as legal advisers and consultants, submit an application or enquire further on the application procedure on behalf of the applicant?	No. As a matter of policy, the Bank prefers to deal directly with the applicant concerned when providing specific guidance or requesting for additional clarifications relevant to the application received. This ensures improved transparency and more robust governance of the assessment process.
6.	How long is the approval period granted to carry on financial advisory business?	<ul style="list-style-type: none"> <li>i. For new and subsequent approvals that meet the approval criteria specified in the response below (Q7), the Bank will usually grant approval for a one-year period.</li> <li>ii. However, the Bank may grant a longer (up to 3 years) or shorter (less than 1 year) approval period based on the following considerations: <ul style="list-style-type: none"> <li>a) company's profitability (3 years average profit before tax);</li> <li>b) business growth (3 years average commissioned earned);</li> <li>c) financial strength (3 years average shareholders fund and shareholder's ability to provide adequate financial support);</li> <li>d) robustness of internal process and procedures;</li> <li>e) compliance with regulatory requirements;</li> <li>f) number of valid complaints that the Bank received against the company; and</li> <li>g) Other relevant considerations.</li> </ul> </li> </ul>
7.	What are the minimum requirements to carry on financial and/or Islamic financial advisory business under the Act?	<p>Applicants must meet the following requirements:</p> <ul style="list-style-type: none"> <li><b>(i) A Body Corporate</b> <ul style="list-style-type: none"> <li>a. Applicant is a company incorporated under the Companies Act 1965 or Companies Act 2016</li> </ul> </li> <li><b>(ii) Minimum Capital Funds</b> <ul style="list-style-type: none"> <li>a. Must have minimum capital funds unimpaired by losses of RM50,000 at all times</li> </ul> </li> <li><b>(iii) Professional Indemnity Insurance (PI)</b> <ul style="list-style-type: none"> <li>a. Must have PI coverage of at least RM200,000 net of deductibles upon approval</li> </ul> </li> <li><b>(iv) Financial Adviser's Representative (FAR)</b> <ul style="list-style-type: none"> <li>a. At least one of its directors shall be an FAR/Islamic FAR</li> <li>b. Applicant who wishes to carry on Islamic financial advisory business must engage at least one Islamic FAR</li> </ul> </li> </ul>
8.	What are the other requirements for a director, chief executive officer (CEO) and FAR?	<ul style="list-style-type: none"> <li><b>(i) For director, CEO and FAR</b> <ul style="list-style-type: none"> <li>a. Must satisfy the 'fit and proper' criteria as specified in the policy document on <i>Fit and Proper Criteria for Approved Persons</i></li> <li>b. Must not be a tied insurance/takaful agent or under the employment of an insurer or a takaful operator</li> </ul> </li> <li><b>(ii) For CEO</b> <ul style="list-style-type: none"> <li>a. CEO should have the related qualification and experience in the financial industry</li> <li>b. CEO must be employed on a full-time basis and reside in Malaysia (<i>a CEO currently employed by another company must provide a 'Letter of Undertaking' that he/she will resign, upon approval of the application</i>).</li> </ul> </li> </ul>

No.	Questions	Answers
8.	What are the other requirements for a director, chief executive officer (CEO) and FAR? (cont'd)	<p><b>(iii) For FAR</b></p> <p>a. The FAR must have completed the mandatory knowledge areas i.e. foundation of financial planning, risk management, insurance planning and investment planning, of the following qualifications:</p> <ol style="list-style-type: none"> <li>1. Registered Financial Planner (RFP) conferred by the Malaysian Financial Planning Council (MFPC); or</li> <li>2. Certified Financial Planner (CFP) conferred by the Financial Planning Association of Malaysia (FPAM).</li> </ol> <p>b. The Islamic FAR must have completed the mandatory knowledge areas i.e. foundation of Islamic financial planning, risk management, takaful planning and Shariah investment planning, of the following qualifications:</p> <ol style="list-style-type: none"> <li>1. Shariah RFP conferred by the MFPC ;or</li> <li>2. Islamic Financial Planner conferred by the FPAM.</li> </ol> <p>The FAR must be engaged on a full-time basis (an FAR currently engaged/employed by another company must provide a 'Letter of Undertaking' that he/she will resign upon approval of the application).</p>
9.	Can a Shariah qualified Islamic FAR also act as a FAR for insurance products?	No, a Shariah qualified Islamic FAR cannot advise on insurance products unless the Islamic FAR obtains the minimum requisite qualification to be an FAR. The same applies to a FAR who wants to advise on takaful products.
10.	What are the other requirements to be fulfilled upon approval of my application?	<p>The approved Financial Adviser (FA), among others should observe the following requirements:</p> <ol style="list-style-type: none"> <li>i. Must offer insurance/takaful products from more than one insurer or takaful operator for each class of insurance or takaful business;</li> <li>ii. Must commence financial advisory business within six (6) months from the date of approval;</li> <li>iii. Must be a member of the Ombudsman for Financial Services;</li> <li>iv. Encouraged to be a member of the Association of Financial Advisers;</li> <li>v. Must have an established place of business/office; and</li> <li>vi. Must submit semi and annual returns, and annual audited financial statements to the Bank.</li> </ol>
11.	<b>New:</b> Can a FAR hold other part - time roles e.g. real-estate agents, travel agents, sales representatives?	<ol style="list-style-type: none"> <li>i. As stipulated under paragraph 7(k) under the Guidelines on Application for Financial Adviser's License, a FAR shall be engaged by a Financial Adviser (FA) on a full-time basis.</li> <li>ii. The requirement is in place to ensure that the appointed FAR is committed and prioritises his/her role as a FAR over other role he/she decided to take on.</li> <li>iii. It is the responsibility of the FA to ensure that their appointed FARs are fully committed to work with them on a full-time basis. The FA should have clear internal policies, including on any exceptions. The FA is also expected to satisfy itself by conducting proper due diligence in assessing whether the current roles held by the FAR would hinder the FAR from being fully committed to their role as FAR.</li> <li>iv. As a guidance, individuals who are dedicated to a management position or a professional in unrelated capacity would not be able to fully commit to its responsibilities as FAR.</li> </ol>

No.	Questions	Answers
12.	<p><b>New:</b> I am a FAR attached with an existing FA company. I would like to transfer to a new FA company. What is the process of transferring? Can I transfer the clients and commissions to the new company?</p>	<ul style="list-style-type: none"> <li>i. We are unable to advise you on resignation procedures of a FA company as it is an operational matter and does not fall under the Banks's purview.</li> <li>i. If you are a FAR attached with an existing FA company, you are advised to consult and seek clarity from the FA company you are engaged with as each FA has their own internal policy and procedure in place. This also will include managing of clients and payments of commissions to the individual FARs.</li> </ul>
13.	<p>If the applicant is currently involved in other types of businesses, is it allowed to use the same company to apply to carry on financial advisory business?</p>	<ul style="list-style-type: none"> <li>ii. For a new application to carry on financial advisory business, the Bank will also consider a company which is already carrying on activities that are related to the provision of financial advisory services.</li> <li>iii. In addition, once approval is granted, an approved financial adviser is required to seek the Bank's prior approval to carry on any other business or activity not connected with its approved business pursuant to section 14 of the FSA and section 15 of the IFSA.</li> </ul>
14.	<p><b>New:</b> Can a FA company appoint an FAR, whose spouse is an insurance agent or an employee of an insurance/takaful operator?</p>	<ul style="list-style-type: none"> <li>ii. A FA must determine on a case-by-case basis if there is a potential conflict of interest arising from the appointment of a FAR whose spouse or immediate family member is an insurance agent or employee of an insurance/takaful operator, which could impair his/her ability to make objective and impartial decisions when serving as a FAR. To avoid biasness or inconsistent practice, the FA must establish internal processes and procedures (which includes situations that could be considered as a conflict of interest), in accordance with the requirements specified in Paragraph 7.2 of the Policy Document on Fit and Proper Criteria for Approved Person<sup>1</sup>. If there are any exceptions, they must be documented properly.</li> <li>iii. If the FA deems a disclosure to be material, the information should be added to the FAR's profile in its notification to the Bank.</li> </ul> <p><sup>1</sup> Paragraph 7.2 of the Policy Document on Fit and Proper Criteria for Approved Person states that the Board of a FA must ensure an effective process is in place to conduct assessment on the fitness and propriety of key responsible persons or FARs and making decisions on their appointments. The process may include the requirement for FAR to disclose all material facts that may lead to possible conflict of interest as specified under paragraph 9.2(g) of the same PD before deciding whether to appoint him as a FAR.</p>

No.	Questions	Answers
15.	<b>New:</b> What is the procedure for a share transfer/ acquisition?	<p>i. For acquisition of shares that will <b>not</b> result in a change of control<sup>2</sup>, the new shareholder shall notify the Bank of the changes in the shareholding structure within 7 days after the transfer has been affected.</p> <p>ii. For acquisition of shares that will result in a change of control, prior written approval from the Bank is required as provided under section 97(2) of FSA or section 109(2) of the IFSA.</p> <p>iii. Please refer to the Policy Document on Shareholder Suitability - Notification and Application Procedures (PD on Shareholder Suitability) for more details on the information and documentation required.</p> <p>iv. If the share acquisition involves a foreigner/non-Malaysian, the information submitted to the Bank must also include a strong proposal on Best Interest of Malaysia (BIOM), as provided under para 7.1(e) of the PD on Shareholder Suitability.</p> <p><i><sup>2</sup>The FA needs to establish whether the changes in shareholding structure will result in a change in 'control'. Please refer to the relevant definition of 'control' in Section 2(3) of the FSA/IFSA for details (e.g. we consider a shareholder is in 'control' if he owns more than 50% of the company's equity interest, has power to elect/vote directors to sit on the Board, has influence in the company's decision making).</i></p>
16.	Who can we contact should we have any further queries regarding our application?	Please email your queries to <a href="mailto:conductpolicy@bnm.gov.my">conductpolicy@bnm.gov.my</a> .