

January 2011

The CPA e-Newsline is a monthly electronic newsletter designed to provide members, and the public with quick updates on recent developments at the Institute and in the business environment.

Announcements

Greetings



The President, Council, Management and Staff of the MICPA would like to wish all our Members, Students, Friends and Suppliers

***A Happy and Prosperous Chinese New Year
Gong Xi Fa Cai***

MICPA Office Closed

The Institute will be closed for the Chinese New Year Festivities from Tuesday, February 1, 2011 and will resume operations on Monday, February 7, 2011.

Appointments

At the recent Council Meeting held on January 15, 2011, the Council has approved the appointment of Encik Mohamad Raslan Abdul Rahman, Managing Partner of KPMG as a Member to the Executive Committee (Ex-Co) of the Institute.

We also wish to announce that Mr Seow Yoo Lin has resigned as a Member of the Executive Committee (Ex-Co) of the Institute.

Appointment of Mr Ng Kim Tuck to Council of MIA

We are pleased to inform that Mr Ng Kim Tuck, Council Member of the MICPA has been appointed to the Council of MIA with effect from December 1, 2010 for a period of 2 years.

National Annual Corporate Report Awards (NACRA) 2010

The NACRA 2010 Awards Presentation Ceremony was successfully held on January 27, 2011 at the Sime Darby Convention Centre. The ceremony was officiated by YBhg Dato' Daud bin Tahir in his capacity as the Deputy Secretary General (Domestic Trade), Ministry of Domestic Trade, Co-operatives and Consumerism.

Featuring the theme *Towards Accountability and Excellence*, the objective of NACRA is to promote greater corporate accountability and more effective communication by organisations to their stakeholders through the publication of timely, informative, factual and reader-friendly annual reports.

NACRA is an annual event jointly organised by Bursa Malaysia Berhad, Malaysian Institute of Accountants and The Malaysian Institute of Certified Public Accountants.

To view the Winners of NACRA 2010, please click [here](#).

Students' Networking Dinner

The Students' Networking Dinner with the theme "Professionals Rendezvous" was successfully held on Tuesday, January 11, 2011 and attended by close to 120 students. The event was organised by the Cyberjaya Accounting Club (CAC) of Multimedia University and was sponsored by the MICPA.

The objective of the student networking dinner is to provide the students an opportunity to network/ meet with professionals working in the accountancy fields of their interest. In this way they will be able to discuss their career prospects, what they may face in the employment world once they graduate and the opportunity to present themselves as prospective employees.

MICPA Education & Training

Membership to ICAA

As you are aware, The Institute of Chartered Accountants in Australia (ICAA) and The Malaysian Institute of Certified Public Accountants (MICPA) signed a Memorandum of Understanding (MoU) in February 2009.

The MoU includes the mutual recognition of accounting qualifications. In this regard, we are pleased to announce and inform that members of MICPA are now eligible to apply for membership of The Institute of Chartered Accountants in Australia (ICAA). The membership arrangements will further increase the mobility and open the door to numerous professional opportunities.

To apply for membership to ICAA, MICPA members are required to:

- be a MICPA member in good standing;
- have successfully completed the MICPA's professional programme introduced prior to the Revised MICPA Programme; and
- pass an Online Ethics Module within 3 months of application.

For further information on the reciprocal membership, kindly click on the links provided below:

- [Frequently Asked Questions](#)
- [MICPA to ICAA Flowchart](#)
- [Application Form](#)

Pathways Route to ICAEW Membership

The MICPA qualification was recognised by The Institute of Chartered Accountants of England and Wales (ICAEW) in 2004. ICAEW undertook further assessment of the MICPA qualification in comparison with the ACA qualification introduced in 2007 and granted further exemptions to MICPA members in January 2009.

We are pleased to inform members that the Council of ICAEW has agreed to extend the ***Pathways to Membership Scheme to MICPA members with effect from January 1, 2010.***

The Pathways to ICAEW membership further endorses the close co-operation between the two Institutes in the education and training of professional accountants. **For further information on the Pathways route and the 2011 submission dates and fees**, please click [here](#).

Revised MICPA Programme - Tuition Provider: Sunway-TES

We are pleased to inform that the Institute has appointed Sunway-TES as the sole tuition provider to provide tuition for the Revised MICPA Programme. For further information, please contact Sunway-TES on Tel: 03-7491 8622 / 7491 8623.

Activities of the Institute

MICPA Participates in Professional Career Talks

The Institute continues to embark on an aggressive marketing strategy to position the Revised MICPA Programme and the CPA (M) and CA (Austr) designation respectively. In this regard, the Institute participates actively in career fairs and exhibitions across the country to promote accountancy as a career, and in particular to create greater awareness.

In this regard, the following presentations were made in January 2011:

KPMG

- On January 4, 2011, the Institute made an on-boarding presentation to 20 new recruits;

PWC Interns Reception

- On January 27, 2011, the Institute participated in PWC's Interns Reception;

Streams of Training

The MICPA provides for two streams of training. The MICPA students may undertake their training in accounting firms or in Approved Training Organisations (ATOs) in commerce, industry or the public sector.

To date, over 480 members' firms and 77 ATOs are registered with the Institute where students can undertake their training. For further information, please visit the MICPA website www.micpa.com.my and go to List of CPA Firms in the Homepage.

Job Opportunities on MICPA Website

As part of the Institute's service to members, Members' Firms and Approved Training Organisations of the Institute who wish to advertise any job opportunities in their respective firms are welcome to send in the job vacancy to the Institute.

The opening will be posted on the MICPA website for one (1) month from the date of posting. For further information, please contact the Public Affairs & Communications Manager on Tel: 03-2698 9622 or email: vic.pr@micpa.com.my.

MICPA Technical Updates

INLAND REVENUE BOARD OF MALAYSIA (IRB)

Extension of Time for Submission of Form CP204

Further to Circular No.TEC/002/01/2011/W dated January 4, 2011, members are informed that the IRB had agreed to extend the deadline for manual submission of Form CP204 for companies with financial year ended January 31, 2012 to January 5, 2011.

Utilisation of Income Tax Credit as a Set-Off

Further to Circular No.TEC/008/01/2011/W dated January 26, 2011, members are informed that the Inland Revenue Board (IRB) has issued an operational guideline with regard to the Utilisation of Income Tax Credit as Set-off on December 30, 2010.

This Guideline explains the source of tax credit, the order of priority that the tax credit should be utilised and the procedures to utilise the tax credit to set-off tax within the same group of companies.

Please be informed that the above Guideline can be downloaded from the IRB's website at: http://www.hasil.gov.my/pdf/pdfam/GPHDN2_2010ENG.pdf.

SECURITIES COMMISSION OF MALAYSIA (SC)

Malaysian Code on Take-Overs and Mergers 2010

Further to Circular No.TEC/003/01/2011/W dated January 12, 2011, members are informed that the Malaysian Code on Take-Overs and Mergers 2010 ("2010 Code"), the Practice Notes on the 2010 Code ("2010 PNs") and Guidelines and Contents of Applications relating to Take-Overs and Mergers ("Guidelines on Take-over Applications") came into operation on December 15, 2010.

The 2010 Code, 2010 PNs and the Guidelines on Take-Over Applications supersede the Malaysian Code on Take-Covers and Mergers 1998 ("1998 Code"), the practice notes that interpreted the 1998 Code, and the Guidelines on Offer Documentation and Format and Contents of Applications respectively.

The amendments emphasise continuous effort by the Securities Commission Malaysia (SC) to strengthen investor protection and establish higher standards of governance in take-over and merger activities. The changes provide protection to a wider group of investors, enhance transparency and improve efficiency in line with capital market developments, locally and abroad.

The amendments are applicable to the different types of take-over proposals as follows:

- (i) Take-over offers where:
 - (a) take-over notices are issued on or after December 15, 2010; or
 - (b) offer documents are submitted to the SC for clearance on or after December 15, 2010;
- (ii) Selective capital repayment or scheme of arrangement, where circulars are dispatched on or after December 15, 2010;

- (iii) Application for exemptions under PN 16 and PN 24 (previously known as PN 2.9.1 and PN 2.9.10) in relation to the issuance of new securities and an offeree purchasing its own voting shares or voting rights respectively, where independent advice circulars are issued on or after December 15, 2010; and
- (iv) Application for other exemptions or rulings made to the SC on or after December 15, 2010.

Copies of the 2010 Code, 2010 PNs and Guidelines on Take-over Applications can be downloaded from the SC website at <http://www.sc.com.my>.

For further information, please refer to the Circular which can be downloaded from the MICPA's website at www.micpa.com.my in the Members' Area.

MALAYSIAN ACCOUNTING STANDARDS BOARD (MASB)

Exposure Draft 74, Amendments to Financial Reporting Standards Arising From Reduced Disclosure Requirements

Further to Circular No.TEC/004/01/2011/W dated January 13, 2011, members are informed that the Malaysian Accounting Standards Board (MASB) has recently issued an Exposure Draft 74, *Amendments to Financial Reporting Standards arising from Reduced Disclosure Requirements* (MASB ED 74).

In August 2008, MASB had announced its plan to converge with the International Financial Reporting Standards (IFRS) by 2012. In addition to facilitating comparability and increasing the transparency of businesses, compliance with IFRS would also assist to give Malaysian companies and our capital market the recognition they deserve as they operate in an increasingly global environment.

Constituents acknowledge that this move is necessary for certain entities other than private entities ("non-private entities") e.g. public listed companies, banks, credit unions, and insurance. However, these constituents are also of the view that non-private entities without public accountability should not be subjected to the same reporting requirements. It is further noted that application of the IFRS in the future would be more challenging, given the increasing demand for transparency by users of financial statements in the global capital market. This may result in an increase in the cost of financial reporting in Malaysia. Hence, MASB proposed to introduce an alternative framework for non-private entities that do not have public accountability.

MASB ED 74 proposes to introduce a framework known as *Financial Reporting Standards – Reduced Disclosure Requirements* ("FRS-RDR") which would allow entities that meet specified criteria to provide lesser disclosures than those required under the existing FRS framework.

MASB ED 74 is proposed to be applicable to:

- (a) subsidiary, associate or jointly-controlled entity, whose parent, investor or venturer respectively is not a private entity, but by itself is a private company and does not:
 - submit financial statements to either the Securities Commission (SC) or the Bank Negara Malaysia (BNM).
 - have public accountability.
- (b) private entity that has no public accountability which uses FRS.

Disclosures under the FRS-RDR are the minimum disclosures required to be included in the financial statements of entities that meet the specified criteria. If these entities, in their judgement, determine that disclosures in addition to the FRS-RDR are required to meet the objective of financial reporting, these entities should include additional disclosures using requirements in full FRSs as a guide.

Recognition and measurement requirements under the FRS-RDR framework remain identical to the FRS framework. As FRS 127, *Consolidated and Separate Financial Statements*, requires consolidated financial statements to be prepared using uniform accounting policies, MASB does not believe that the cost of financial reporting would be reduced by prescribing a different recognition and measurement basis for non-publicly accountable subsidiaries, associates and joint ventures of non-private entities.

In conjunction with the issuance of MASB ED 74, a survey is being carried out to gather views from constituents on whether this group of entities should be given an option to adopt the FRS-RDR as an alternative to the existing FRS framework.

Members are encouraged to study the Exposure Draft and provide feedback to MASB. The Exposure Draft is available on MASB website www.masb.org.my. Members who wish to provide their comments electronically may do so through ED online on MASB website. The deadline for the submission of comments to MASB is **January 31, 2011**.

The Exposure Draft is also available for free at: Malaysian Accounting Standards Board Wisma UOA Pantai, Suite 5.02, Level 5, No.11, Jalan Pantai Jaya, 59200 Kuala Lumpur
E-mail: masb@masb.org.my

For further information, please refer to the Circular which can be downloaded from the MICPA's website at www.micpa.com.my in the Members' Area.

COMPANIES COMMISSION OF MALAYSIA (SSM)

Survey on Effectiveness of Promotional Products and Advertisements of SSM 2010-2011

Further to Circular No.TEC/005/01/2011/W dated January 17, 2011, members are informed that in an effort to assess and strengthen the effectiveness of service delivery to stakeholders and customers, the Companies Commission of Malaysia (SSM) is conducting a survey on the effectiveness of SSM's promotional products and advertisements throughout the year 2010 until January 2011.

In this regard, members are encouraged to complete the SSM's survey form and return it to SSM by fax at 03-2299 5527 on or before January 21, 2011 for their compilation. Members are also encouraged to provide recommendations for improvement to enhance the service quality of SSM.

Should you have any enquiries on the above matter, please contact SSM at 03-2299 5500.

For further information, please refer to the Circular which can be downloaded from the MICPA's website at www.micpa.com.my in the Members' Area. A copy of the above SSM's survey form can also be downloaded at the MICPA website for members' feedback.

Submission Deadline for Lodgement of Annual Returns and Financial Statements for Companies with Annual General Meeting Convened on December 31, 2010

Further to Circular No.TEC/006/01/2011/W dated January 24, 2011, members are informed that the Companies Commission of Malaysia (SSM) has issued a notice that the submission deadline for lodgement of annual returns and financial statements without being imposed of a late lodgement fee for companies which convened their annual general meeting on December 31, 2010 is on February 7, 2011.

Members are encouraged to lodge online via e-Lodgement service at the following link: www.ssm.com.my/perkhidmatan_eLodgement.php.

For lodgement over the counter, members are requested to lodge annual returns and financial statements of the companies earlier to avoid congestion at the counters as there are three public holidays during the period i.e. February 1, 2011 and February 3-4, 2011.

For further enquiries on the above matter, please contact SSM at 03-2299 5500 or visit SSM's website at www.ssm.com.my.

For further information, please refer to the Circular which can be downloaded from the MICPA's website at www.micpa.com.my in the Members' Area. A copy of the above SSM's notice and its checklist can also be downloaded at the MICPA website for members' feedback.

MINISTRY OF FINANCE (MOF)

Proposals for Year 2012 National Budget

Further to Circular No.TEC/007/01/2011/W dated January 26, 2011, members are informed that the Institute submits proposals for the national budget each year to the Ministry of Finance.

In this regard, members are invited to contribute proposals for inclusion in the Institute's memorandum for the Year 2012 Budget, in particular relating to the following matters:

- Practical issues arising from recent amendments to the tax legislation, particularly the Income Tax Act relating to self assessment system;
- Incentives for promoting investment;
- Specific industry issues which have implications on income tax, real property gains tax or indirect taxes;
- Tax matters relating to e-business.

All proposals should be submitted in writing so as to be received by the Secretary of the Institute by **February 25, 2011**. The Institute looks forward to receiving your comments and proposals.

For further information, please refer to the Circular which can be downloaded from the MICPA's website at www.micpa.com.my in the Members' Area.

Stamp Duty on Instrument of Service Agreement

Further to Circular No.TEC/009/01/2011/W dated January 26, 2011, members are informed that in exercise of the powers conferred by Section 80(2) of the Stamp Act 1949, the Minister of Finance had determined the policy for stamp duty on instrument of service agreement as follows:

- i. instrument of service agreement executed on or after January 1, 2011 is subject to stamp duty at ad valorem rate of 0.1% on the value of service contract;
- ii. if a service involves multi-tier, the instrument of service agreement is subject to stamp duty at ad valorem rate of 0.1% at one level only. The ad valorem stamp duty rate of 0.1% will be imposed on either:
 - a. the first stage for a service agreement executed between a private entity and a service provider; or
 - b. the second stage for a service agreement executed between an entity exempted from payment of stamp duty (for example, the Government of Malaysia) with a service provider.

The instrument of service agreement executed in other levels is subject to stamp duty at a fixed rate of RM50 only and the remaining duties will be remitted.

Please be informed that the above policy can be downloaded from the website of the Ministry of Finance at <http://www.treasury.gov.my/pdf/percukaaian/dutisetem2011.pdf>.

For further information, please refer to the Circular which can be downloaded from the MICPA's website at www.micpa.com.my in the Members' Area.

Members Updates

Membership Data Update

Members are duly reminded that they should inform the Institute of any change in their correspondence and e-mail addresses. This is to ensure that you receive all circulars, publications, correspondences and e-mail broadcasts promptly.

Please click [here](#) to download the form and fax the completed form to the MICPA Secretariat at Fax no: +603-2698 9403. You may also send an e-mail to membership@micpa.com.my for the change of correspondence and e-mail address.

MICPA Practising Certificate

The Membership Affairs Committee of the Institute in considering applications for practising certificate has frequently come across cases where a member has commenced public practice before he is issued with a practising certificate by the Institute.

The Committee would like to remind members that in accordance with **bye-law 56 of the Institute's bye-laws**, a member shall be entitled to engage in public practice in Malaysia only if he holds a practising certificate issued by the Institute. If members need clarification on the above requirement, you may forward your inquiry to membership@micpa.com.my or call +603-2698 9622.

CPD On-Line Record

Effective January 1, 2007, it is mandatory for all members to complete at least 120 hours of relevant Continuing Professional Development (CPD) activity in each rolling three-year period, of which 60 hours should be verifiable. Members are required to submit an annual declaration as to compliance with the CPD requirements prescribed in the CPD Statement.

An on-line CPD Record functionality has been added to the MICPA website, which facilitates members to update their CPD records on-line in the format provided. Please visit the MICPA website at www.micpa.com.my, login as a Member, click on Members Update on the Left-hand Menu and go to Section F to update your CPD records.

Young CPA Group

As members are aware, the *Young CPA Group* was established in 2004 with the aim of encouraging our younger members to take part in the Institute's work and activities. Young members can play an important role in identifying the professional needs of its members and provide valuable feedback, suggestions and recommendations to the Institute. If you are a CPA below the age of 40, please register yourself online at www.micpa.com.my.

Continuing Professional Development (CPD) Programmes

It is an integral part of the Institute to conduct CPD Programmes to enhance the skills and knowledge of members. Our training covers a wide range of areas, including auditing, financial reporting, tax and more. The following CPD programmes have been planned:

Deferred Taxation: Computation to Disclosure (FRS 112)

The MICPA is organising a one-day Workshop on *Deferred Taxation: Computation to Disclosure (FRS 112)* on January 27, 2011 at Concorde Hotel Kuala Lumpur.

The workshop introduced the fundamental accounting principles for future tax consequences in accordance with FRS 112 and provided a step-by-step guidance chart to illustrate the rules in constructing a balance sheet liability computational schedule. Participants gained a good understanding of the basic principles as well as working knowledge in the recognition, measurement, presentation and disclosure of deferred taxation.

The workshop was led by Mr Danny Tan Boon Wooi.

Financial Instruments: Recognition, Measurement, Presentation & Disclosures (FRS 139, FRS 132, FRS 7, Amendments & IFRS 9)

The MICPA is organising a two-day Workshop on *Financial Instruments: Recognition, Measurement, Presentation & Disclosures (FRS 139, FRS 132, FRS 7, Amendments & IFRS 9)* on March 9 - 10, 2011 at Seri Pacific Hotel Kuala Lumpur.

Participants will learn the application of the recognition and measurement requirements for the various measurement models prescribed in the standards, the hedge accounting requirements of the standards, and the presentation and disclosure requirements of the standards.

Each participant will receive a complimentary copy of the book, Financial Instruments: Recognition, Measurement, Presentation & Disclosures, 1st Edition 2010 worth RM100.00.

Mr Tan Liong Tong, Technical Consultant to Mazars Malaysia and Mr Woon Chin Chan, Consultant cum Trainer will lead discussions at the workshop. For further information, please click [here](#).

News from Regulatory Bodies

BANK NEGARA MALAYSIA (BNM)

Bank Negara Malaysia Appoints Three New Assistant Governors

In a press release dated January 27, 2011, BNM announced the appointment of three new Assistant Governors, Mr Donald Joshua Jaganathan, Encik Abu Hassan Alshari bin Yahaya, and Encik Marzunisham bin Omar, with effect from February 1, 2011.

Assistant Governor Encik Donald Joshua Jaganathan will be responsible for the Financial Conglomerates Supervision, Insurance and Takaful Supervision and Banking Supervision Departments.

Assistant Governor Encik Abu Hassan Alshari bin Yahaya will act as the Secretary to the Board of Bank Negara Malaysia. He will also oversee several departments that include Finance, Strategic Communications, Corporate Services, Property Management Services, Bank Negara Malaysia's Integrated Contact Centre (LINK, TELELINK and Complaints Management and Advisory Unit) and its regional offices, the Security Department, as well as the Museum and Art Gallery.

Assistant Governor Encik Marzunisham bin Omar will be responsible for the Bank's Strategic Human Capital, Strategic Management, Human Capital Development Centre and IT Services departments as well as the HR Services Unit.

Newly Updated: Guidelines & Circulars Listing on BNM's Website

The following Guidelines listed below have been updated:

1. Risk Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation);
2. Risk-Weighted Capital Adequacy Framework and Capital Adequacy framework for Islamic Banks (General Requirements and Capital Components); and
3. Guideline on Capital Adequacy Framework for Islamic Banks.

Implementation of the New PIDM Bill 2010

The new Perbadanan Insurans Deposit Malaysia (PIDM) Bill 2010 was passed by the Parliament and came into operation on December 31, 2010. The new bill provides for enhanced deposit insurance coverage for the protection of financial consumers, with an increased deposit insurance limit of RM250,000 per depositor per member bank. This will protect 99% of retail depositors in full. In addition, foreign currency deposits will now also be covered under the deposit insurance system.

The enhanced deposit insurance coverage takes immediate effect on the expiry of the interim full deposit guarantee that was announced by the Malaysian government as a pre-emptive measure during the period of global financial turbulence in 2009.

The Malaysian financial system has remained resilient throughout this period and the full deposit guarantee which has expired on 31 December 2010 was never called upon.

The new bill also provides for the administration of the Takaful and Insurance Benefits Protection System (TIPS) by PIDM. TIPS is an explicit, limited Government protection system which covers takaful and insurance benefits under a framework that is broadly consistent with the deposit insurance system.

Notification: Company No Longer Permitted to Conduct Remittance Business

Bank Negara Malaysia would like to inform members of the public that Redtone Telecommunications Sdn Bhd is no longer permitted to conduct remittance business:

Members of the public are reminded not to remit funds through these companies as there is the risk of the funds not being received by the beneficiaries. Any person who engages in money laundering commits an offence under the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 (AMLATFA), including engaging in a transaction that involves proceeds of an unlawful activity, such as the operation of remittance services without permission.

Members of the public who deal with persons not permitted to operate remittance services may be affected if the funds involved are frozen pursuant to an investigation under the AMLATFA.

BNM Graduates Programme

- Enhancing Graduate Employability: Application is now Open

BNM Graduates Programme (the Programme) is a fully sponsored project by Bank Negara Malaysia (the Bank) which forms part of its corporate social responsibility (CSR) endeavour. The Programme was first launched in 2009 in support of the Government's economic stimulus to enhance the employability of graduates particularly those from less privileged families. The Programme provides selected graduates with the opportunity to develop their competencies based on workforce requirements, as well as on-the-job learning through attachment with various reputable companies for a total duration of one year or less. The graduates were provided a monthly sustenance allowance of RM1,500.00 by the Bank throughout the programme.

For further information on the above news from BNM, please visit www.bnm.gov.my.

SECURITIES COMMISSION MALAYSIA (SC)

SIDREC on Track to Start Operation by Early 2011

The Securities Industry Dispute Resolution Centre (SIDREC) is on track to start operations in early 2011 following the gazette of the Capital Markets and Services (Dispute Resolution) Regulations 2010 which come into effect on December 30, 2010. The new body, which has been approved by the Securities Commission Malaysia (SC), is the **first dispute resolution body catered exclusively to address small claims in the Malaysian capital market.**

SIDREC is a body corporate established to act as a dispute resolution body in relation to any claims made by eligible claimants against any person licensed to

carry out the activities of dealing in securities, trading in futures contracts and fund management under the Capital Markets and Services Act 2007. In essence, SIDREC will provide dispute resolutions in any dealing or transaction involving capital market products or services between clients and their securities brokers, futures brokers, fund managers and unit trust management companies.

An investor who brings a claim to SIDREC will be attended to by a mediator, who will look into his/her claim and conduct enquiries with both the claimant and the party complained against. The mediator will bring the two parties together with the aim of resolving the claim amicably. If this mediation process fails, the matter will proceed to adjudication within SIDREC. The decision and award granted by SIDREC is binding on the capital market licence holder. However, the claimant is free to pursue his claim in court if he is dissatisfied with the mediator's decision.

SC Appoints Executive Director for Islamic Capital Market

In a press release dated January 12, 2011, the SC announced the appointment of Encik Zainal Izlan Zainal Abidin as Executive Director with effect from January 12, 2011. Encik Zainal Izlan will lead and drive the Commission's agenda for the Islamic Capital Market and will be responsible for the SC's operational, strategic and developmental initiatives aimed at strengthening and sustaining Malaysia's leadership in this area.

Encik Zainal brings with him over 20 years of industry experience and international exposure. Prior to joining the SC, Encik Zainal was the Chief Executive Officer of i-VCap Management Sdn Bhd.

He has held a number of senior positions in professional bodies and associations such as Vice-Chairman of the Malaysian Association of Asset Managers (MAAM), Chairman, Islamic Fund Management Sub-Committee of MAAM and Chairman/President, CFA Malaysia (local chapter of the CFA Institute, USA).

SC Scorecard: Strong Performance Sees More Listings on Main Market

The Malaysian capital market concluded the year on a strong note with 29 new listings on Bursa Malaysia compared with 14 in 2009. The 29 new listings included two Real Estate Investment Trusts. For the year 2010, the Securities Commission Malaysia (SC) approved a total of 26 companies for listing on the Main Market compared with 12 in the previous year. Of those 26 companies, 14 have been listed on Bursa Malaysia.

Capital market statistics released by the SC cover information on processing, approvals and rejections of submissions, including timing and reasons. In addition to these scorecard indicators, the quarterly statistics of submissions approved by the SC for the fourth quarter of 2010 were also reported.

New Measures to Enhance Investor Protection

On March 19, 2010, the Securities Commission Malaysia (SC) and Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a Joint Consultation Paper on Proposed Amendments to Bursa Malaysia's Listing Requirements on Privatisation of Listed Companies via Disposal of Assets. The SC also released Consultation Papers on Proposed Updates to Guidelines on Offer Documentation of the Malaysian Code on Take-Overs and Mergers 1998 (Guidelines) and a Review of Sophisticated Investors and Sales Practices for Unlisted Capital Market Products.

Following feedback received on these three Consultation Papers, a number of initiatives to enhance investor protection and achieve regulatory parity, provide shareholders with appropriate information for well-informed investment decision-making, and enhance sales practices for unlisted products are to be implemented.

1. The SC and Bursa Malaysia jointly announce that **the threshold for shareholder approval relating to a listed company disposing all, or substantially all, of its assets resulting in it being no longer suitable for continued listing on Bursa Malaysia (Asset Disposal) is raised to 75%. This will apply to all new Asset Disposals announced on or after 28 January 2011.**

This will ensure that shareholders of listed companies will receive the same degree of protection regardless of the route that is chosen to privatise the company. In addition, companies undertaking an Asset Disposal are now required to provide their shareholders with independent advice and detailed disclosure on the utilisation of proceeds from the Asset Disposal. This will increase transparency and ensure shareholders are equipped with adequate information for decision making.

2. The SC will provide guidance on the interpretation of the standard of 'fair' and 'reasonable' that is applied by independent advisers in assessing take-over offers. The SC will also be providing guidance on matters that need to be analysed and synthesised, as a minimum, by independent advisers in making a recommendation in relation to a take-over offer. In line with this, the SC will issue a revision to Chapter 12 of the Guidelines in due course. These enhancements will provide investors with clearer and more comprehensive advice to help them make a decision.
3. set of integrated measures to streamline the categories of investors and enhance the sales practices regime, which balances investors' needs for appropriate levels of protection, market growth and product innovation, will be introduced. These will include:
 - Measures that **expand the sophisticated investors categories of High Net Worth Individuals / High Net Worth Entities / Accredited Investors and measures removing the ticket size of RM250,000** to ensure that complex and high risk products are offered or marketed only to investors who are truly sophisticated.
 - A review of the sales practices regime to clarify the **suitability assessment requirements** under Section 92 of the CMSA; enhance disclosures by requiring the issuance of a separate **disclosure document (Product Highlight Sheet)** when offering unlisted capital market products; and to realign business processes and incentive structures by issuance of a **guidance on Treating Investors Fairly**

For further information on the above news from the SC, please visit www.sc.com.my.

BURSA MALAYSIA BHD

Bursa Proposes Revamp of Business Rules to Strengthen Standards of Business Conduct and Efficiency for Brokers

On January 3, 2011, Bursa Malaysia issued a public consultation paper seeking feedback on the proposed amendments to the Rules of Bursa Malaysia Securities Berhad (Rules) which are aimed at facilitating greater effectiveness for market regulation and greater efficiency in the business conduct of securities brokers, also known as Participating Organisations (Pos).

Selvarany Rasiah, Chief Regulatory Officer of Bursa Malaysia said, "The intent of this review is to ensure that the Exchange's Rule framework remains effective and balanced in safeguarding the interest of investors, preventing systemic risk and ensuring an orderly and fair market whilst being facilitative of business and market development. Against a fast changing trading and investment landscape, the proposed amendments are important to ensure that market quality and integrity remain intact. The revamp aims to achieve this by enhancing the standards of governance and business conduct by the market intermediaries and strengthening the framework for management of risks and conflicts."

The significant changes in the proposal are as follows:-

- strengthening of the POs' governance framework,
- enhancing framework for self-regulation by the POs and key personnel of POs registered with the Exchange (registered persons);
- clarifying the powers of the Exchange to regulate the market, the POs and registered persons;
- enhancing investor protection framework through enhancements in the framework for risk management, conflicts management and the standard of conduct of POs and dealers' representatives;
- promoting innovation by providing POs with greater flexibility to manage and operate their business based on their business model, activities and risk profile whilst not compromising on regulatory objectives;
- simplifying, streamlining and enhancing efficiency in processes, application and reporting requirements; and
- streamlining clearing and settlement rules and clarifying rules on novation of on-market transactions.

Consequential and other amendments to clarify the Rules of Bursa Malaysia Securities Clearing Sdn. Bhd. are also being proposed and feedback is sought on these amendments as well.

The consultation paper can be downloaded from the Exchange's website at www.bursamalaysia.com. Market participants are encouraged to respond to the consultation paper by completing and submitting the Table of Comments attached with the consultation paper.

The deadline for feedback and replies to the consultation paper is **February 18, 2011**.

Bursa Retains Position as Top Sukuk Listing Destination

The recovery in the global economy has encouraged a rebound in the sukuk market. 2010 has been a good year with total global issuance reaching USD30bn representing an increase of approximately 20% from the previous year and a two-fold increase from the lows of USD15bn in 2008. Of that amount, some USD8.6bn sukuk programme was listed on Bursa Malaysia, accounting for almost one-third of total global issue.

Amongst the notable listings include Sime Darby Berhad's RM4.5bn Musyarakah sukuk, the Government of Malaysia's USD1.25bn Global Sukuk Al-Ijarah and the Islamic Development Bank's USD3.5bn sukuk. The total value of sukuk programme listed on Bursa Malaysia as at 31 December 2010 stands at approximately USD27.7bn, thus retaining the exchange's position as the leading sukuk listing destination.

Raja Teh Maimunah, Global Head of Islamic markets at Bursa Malaysia says that "general consensus amongst industry players is that global sukuk issuances for 2011 will surpass the record high of USD34.2bn in 2007. As Malaysia has a well established legal and regulatory framework to support sukuk issues, we are hopeful that 2011 holds greater promise in this space for us".

Raja Teh also adds "We are seeing issuers more willing to list their issues and be subjected to reporting and disclosure requirements in order to attract investors as the credit crisis have caused investors to be more aware of the importance of transparency and are thus demanding greater governance. We see this as a positive development as the industry steps to the next level in embracing higher governance standards."

For further information on the above news from Bursa Malaysia, please visit www.bursamalaysia.com.

News from IFAC and IASB

INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC)

IAASB Invites Comment on its Future Strategy and Work Program; Makes Progress on Current Initiatives.

On January 3, 2011, the International Auditing and Assurance Standards Board (IAASB) released for comment its *Proposed Strategy and Work Program for 2012–2014*. The Consultation Paper was developed with input from the IAASB's April 2010 strategy survey and other consultation and outreach activities. It highlights issues facing the accounting profession and suggests priority activities for the IAASB during 2012–2014.

The IAASB is proposing to remain focused on three strategic areas:

- Developing and revising standards and pronouncements;
- Monitoring and facilitating adoption of those standards; and
- Responding to implementation concerns and improving the consistency of the standards' practical application.

A number of issues identified in the initial strategy consultation are already being addressed in the IAASB's current work program. As outputs of its December meeting, the IAASB will be releasing a number of publications over the next several

weeks, including: exposure drafts of proposed International Standard on Assurance Engagements 3410, *Assurance on Greenhouse Gas Statements* and revised International Standard on Review Engagements 2400, *Engagements to Review Historical Financial Statements*; a Discussion Paper entitled *The Evolving Nature of Financial Reporting: Disclosure and Its Audit Implications*; and a publication entitled *Audit Quality: An IAASB Perspective* to stimulate further thought and discussion on the topic amongst stakeholders.

How to Comment

The IAASB invites all stakeholders to comment on its proposed strategy and possible actions to implement the proposed strategy. To access the Consultation Paper or submit a comment, visit the IAASB's website at www.iaasb.org/ExposureDrafts.php. Comments on the Consultation Paper are requested by **April 4, 2011**.

IAASB Proposes Assurance Standard to Strengthen Reporting on Greenhouse Gases

In a press release dated January 11, 2011, the International Auditing and Assurance Standards Board (IAASB) released for comment proposed new International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*.

Proposed ISAE 3410 has been developed through a robust program of consultation, including a series of global roundtables and feedback received on an earlier Consultation Paper. The proposed standard addresses the practitioner's responsibilities in identifying, assessing, and responding to risks of material misstatement, and contains illustrative assurance reports on greenhouse gas statements. The proposed requirements and guidance also recognize that most engagements will be undertaken by a multidisciplinary team, so they address the need for the assurance practitioner to integrate experts—in engineering or environmental science, for example—into various stages of the engagement.

How to Comment

The IAASB invites all stakeholders to comment on its proposals. To access the exposure draft or submit a comment, visit the IAASB's website at www.iaasb.org/ExposureDrafts.php. Comments on the exposure draft are requested by **June 10, 2011**.

IAASB Addresses Assurance (Other than Audit) on Financial Statements; Exposes Enhanced Review Engagement Standard

In a press release dated January 13, 2011, the International Auditing and Assurance Standards Board (IAASB) released for public exposure proposed International Standard on Review Engagements (ISRE) 2400, *Engagements to Review Historical Financial Statements*. This revised standard is the second IAASB proposal in recent months that addresses the growing international need for robust standards for services that can be used by entities that are either not required or do not elect to be audited.

A review of financial statements in accordance with the proposed ISRE consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. The practitioner reports on whether anything has come to the practitioner's attention that causes him/her to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

The procedures performed in a review are substantially less than those performed in an audit, and the practitioner does not express an audit opinion.

The proposed ISRE will help practitioners around the world who perform review engagements converge towards use of a globally accepted benchmark, and facilitate development of practice in jurisdictions that currently do not have national standards in this area.

How to Comment

The IAASB invites all stakeholders to comment on its proposals. To access the exposure draft or submit a comment, visit the IAASB's website at www.iaasb.org/ExposureDrafts.php. Comments on the exposure draft are requested by **May 20, 2011**.

IPSASB Publishes Revised Guidance to Assist Public Sector Entities With Transition From Cash Basis to Accrual Basis of Accounting

On January 19, 2011, the International Public Sector Accounting Standards Board (IPSASB) released an updated and improved version of Study 14, *Transition to the Accrual Basis of Accounting: Guidance for Governments and Government Entities*. The third edition of Study 14, which features links to many useful resources, provides guidance on how to migrate to the accrual basis of accounting in accordance with International Public Sector Accounting Standards (IPSASs), and is relevant to governments and other public sector entities, including international governmental organizations.

The latest edition of Study 14 covers all 31 IPSASs, including first-time coverage of the five IPSASs issued in late 2009 and early 2010: IPSAS 27, *Agriculture*; IPSAS 28, *Financial Instruments: Presentation*; IPSAS 29, *Financial Instruments: Recognition and Measurement*; IPSAS 30, *Financial Instruments: Disclosures*; and IPSAS 31, *Intangible Assets*. In light of the much increased global knowledge and experience in adopting IPSASs, the non-technical sections of Study 14 were also substantially improved. They now reflect the current state-of-the-art in adoption and implementation.

How to Order

The full text of Study 14 can be downloaded free of charge from the [IPSASB section](http://www.ipsasb.org) of IFAC's Publications & Resources site: web.ifac.org/publications. It is available in electronic form only.

IAASB Explores Financial Statement Disclosures and Audit Quality; Releases Discussion Paper and Thought Piece

The International Auditing and Assurance Standards Board (IAASB) have released for public comment a discussion paper exploring key issues relating to disclosures in financial statements.

Titled *The Evolving Nature of Financial Reporting: Disclosure and Its Audit Implications*, the paper highlights recent trends in the range, volume, and complexity of financial statement disclosures, and explores issues and practical challenges in preparing, auditing, and using them. In addition, in order to stimulate further debate on audit quality, and in its continuing efforts to facilitate robust audits in the public interest, the IAASB also released a publication titled *Audit Quality: An IAASB Perspective*.

How to Comment

The IAASB invites all stakeholders to comment on its proposals. To access the discussion paper on financial statement disclosures or submit a comment, visit the IAASB's website at www.iaasb.org/ExposureDrafts.php. Comments on the discussion paper on financial statement disclosures are requested by **June 1, 2011**.

Perspectives on audit quality and views on key audit quality issues are welcomed by the IAASB at any time. They may be submitted in writing to one or more of the key IAASB contacts listed in the audit quality publication.

For further information on the above IFAC news, please visit www.ifac.org.

INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

IASB and US FASB to Publish Joint Proposed Approach to Accounting for Credit Losses

The International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) intend to publish a proposed joint approach on credit impairment of loans and other financial assets managed in an open portfolio.

Accounting for credit losses is one of the most important aspects of accounting for financial instruments. Their accounting treatment determines how non-performing loans that are measured under amortised cost should be impaired. Both International Financial Reporting Standards and US Generally Accepted Accounting Principles (GAAP) currently apply an 'incurred loss' approach to loan loss provisions, whereby specific evidence of a loss is required before a loan can be impaired. This approach was criticised during the recent financial crisis for preventing entities from accounting for expected losses early enough.

The IASB and the FASB originally published separate proposals on credit impairment of financial assets. Although both boards proposed moving to a more forward-looking approach to accounting for impairment they proposed different models. Following intensive joint discussion of the responses each board received on its original proposals the boards will shortly seek views on a common approach that incorporates elements of each of their original models. The Boards will also conduct extensive outreach with constituents about the operability of the proposal and usefulness of the resulting information.

The boards will propose an impairment model based on accounting for expected losses. This approach provides a more forward looking approach to accounting for credit losses. It builds on the work of the Expert Advisory Panel, an external group comprising risk management experts that was set up to consider how to address the operational difficulties of applying an expected loss model.

The proposals respond to requests by the Group of 20 (G20) Leaders, the Financial Stability Board, the Basel Committee on Banking Supervision and others for the IASB and the FASB to reach a common solution for impairment accounting.

IFRS Foundation Publishes Proposed IFRS Taxonomy 2011

The IFRS Foundation has published for public comment an exposure draft of the IFRS Taxonomy 2011. The proposed taxonomy is consistent with IFRSs (International Financial Reporting Standards), including IASs (International Accounting Standards) and the IFRS for SMEs (Small and Medium-sized Entities).

The IFRS Taxonomy 2011 is a translation of IFRSs as issued at January 1, 2011 into XBRL (eXtensible Business Reporting Language). XBRL is rapidly becoming the format of choice for the electronic filing of financial information—particularly within jurisdictions reporting under IFRSs—because it facilitates simpler and faster filing and comparison of IFRS financial data by companies, regulators, investors, analysts and other users of financial information.

From an architectural framework perspective, the 2011 taxonomy is consistent with the architecture established for the 2010 taxonomy as part of the Interoperable Taxonomy Architecture project, which will support existing users of the taxonomy and also software developers. In terms of financial reporting content, the scope of the 2011 taxonomy has been expanded to include IFRS application and implementation guidance and IFRS illustrative examples that are commonly used by entities. This is intended to reflect IFRSs more comprehensively, thereby supporting preparers of IFRS financial statements in XBRL format.

The 2011 taxonomy also consolidates all IFRS Taxonomy interim releases that were published in 2010 for the use of early adopters wishing to report new IFRSs and improvements to IFRSs issued by the IASB (after the release of the 2010 taxonomy on April 30, 2010) in XBRL format.

IASB and US FASB Propose to Align Balance Sheet Netting Requirements

The International Accounting Standards Board (IASB) and the US-based Financial Accounting Standards Board (FASB) have published a proposal to establish a common approach to offsetting financial assets and financial liabilities on the statement of financial position (balance sheet).

Offsetting, otherwise known as netting, takes place when entities present their rights and obligations to each other as a net amount in their statement of financial position. At present, the circumstances when financial assets and financial liabilities may be presented in an entity's statement of financial position as a single net amount, or as two gross amounts, differs depending on whether the entity reports using International Financial Reporting Standards (IFRSs) or US generally accepted accounting principles (GAAP).

The accounting differences result in the single largest quantitative difference in reported numbers in statements of financial position prepared in accordance with IFRSs or US GAAP. This reduces the comparability of financial statements, and is especially prominent in the presentation of derivative assets and derivative liabilities by financial institutions. As a result, users and preparers of financial statements have asked the boards to find a common solution for offsetting those items. Proposing a common solution is also consistent with requests from the G20 and the Financial Stability Board (FSB).

The boards are proposing that offsetting should apply only when the right of set-off is enforceable at all times, including in default and bankruptcy, and the ability to exercise this right is unconditional, that is, it does not depend on a future event. The entities involved must intend to settle the amounts due with a single payment or simultaneously. Provided all of these requirements are met, offsetting would be required. The proposals would amend IFRSs and US GAAP and eliminate several industry-specific netting practices.

The exposure draft *Offsetting Financial Assets and Financial Liabilities [FASB: Balance Sheet (Topic 210): Offsetting]* is open for public comment until **April 28**,

2011 and can be accessed via the IASB and FASB websites. During the consultation period, the IASB and the FASB will undertake further outreach to seek views on the proposals.

For further information on the above IASB news, please visit www.iasb.org.

News from Professional Bodies

THE MALAYSIAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS (MAICSA)

Leadership in Governance Award (LIGA) 2010

The inaugural Leadership in Governance Award (LIGA) is an initiative of MAICSA in partnership with the AmBank Group, to award individuals who have demonstrated exceptional effort and/ or achievement in the field of corporate governance.

The objectives of the Award are:

- To identify and recognise individuals who drive their companies' corporate governance agenda by promoting and actively developing good corporate governance practices; and
- To reward these individuals who lead and contribute to their respective companies in terms of strong business ethics, sound policies and procedures and effective and efficient monitoring systems.

For further information on LiGA objectives, award categories, participation/ selection criteria, please visit www.maicsa.org.my/liga. Nominations close on January 31, 2011.

MAICSA Annual Conference 2011

The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) will be holding the *MAICSA Annual Conference 2011* with the theme *Governing Responsibility: Inevitable Changes* on July 11 & 12, 2011 in Kuala Lumpur.

The MICPA is a supporting body of the conference and MICPA members will be able to enjoy a preferential rate of registration fee. For further information, please contact Cik Izana on Tel: 03-2282 9276 x 608, email: izana@maicsa.org.my.

CPA e-Newsline is prepared by MICPA's Public Affairs & Communications Department. Please contact Ms Vicky Rajaretnam at Tel: 03-2698 9622 or e-mail vic.pr@micpa.com.my for further information.

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