

Bank Negara: We can take action under Financial Services Act
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Bank Negara Malaysia can take enforcement actions, also known as administrative actions, on parties that are found to have transgressed or have not complied with rules and regulations issued under the Financial Services Act.

"These actions may be taken concurrently with, and are separate and distinct from, criminal proceedings that are under the sole purview of the attorney-general."

The central bank said this in a statement to provide clarity regarding its powers to enforce in compliance with the regulatory laws that are administered by the bank.

Hence, separate from any decision on criminal proceedings, the central bank is authorised under the Financial Services Act 2013 and Islamic Financial Services Act 2013 to pursue administrative actions.

"This would include the imposition of monetary penalties, issuance of an order to comply, making restitution to any person aggrieved by a breach, public and private reprimands and an order to take steps to mitigate or remedy a breach."

"This is to ensure the integrity of, and confidence, in the financial system," said the central bank.

To recap, on Oct 9, BNM announced that it has revoked three permissions granted to 1Malaysia Development Bhd under the Exchange Control Act 1953 (ECA) for its US\$1.83 billion investments abroad.

Inaccurate information

In a statement, Bank Negara said it had also issued a directive under the Financial Services Act to repatriate the amount back to Malaysia and submit a plan to the central bank for this purpose.

The bank concluded after investigations that 1MDB had obtained permission for its investments with inaccurate information or incomplete disclosure of material information.

The central bank's statement referred to the decision of the Attorney-General's Chambers which found that 1MDB officials investigated under the ECA did not make any false statement and cleared it of any wrongdoing.

It said the decision "relates to the bank's recommendation to initiate criminal prosecution against 1MDB for breaches under the ECA."

- Bernama

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