

Plenary Session 4: SSM Talks

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BACKGROUND OF MOVABLE PROPERTY SECURITY INTEREST BILL (MPSI BILL)



GAPS – DB REPORT

1. Absence of a unified and integrated legal framework for secured transactions
2. Lack of a collateral registry



PEMUDAH

19 January
2016 - SSM is
to undertake
the registry
function under
the proposed
framework



PRESENT LAW

Charges
provision and
registration
under
Companies Act
2016 – not
applicable for
unincorporated
entities

PROPOSED PROVISION FOR THE BILL

Available to any person, whether legal or natural persons, **incorporated and unincorporated**

APPLICABILITY

REGISTRATION

Voluntary. However, registration (or possession) has to be perfected in order to obtain priority in the event of default

The proposed framework will apply to **all movable property except for ships and aircrafts**

EXCEPTION

REGISTRATION SYSTEM

Fully electronic and notice based

UNIQUE FEATURES OF THE BILL

Shariah

The proposed framework will be applicable to security interest created from shariah transaction

Consumer goods

Excludes the application of consumer goods



Period of registration

Period of registration will be dependent on the period of the agreement that the parties have entered.

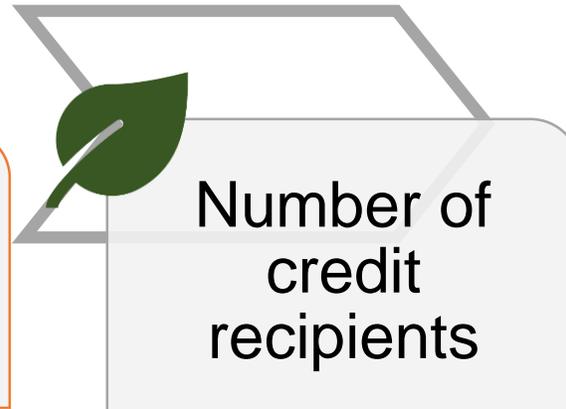
Intermediated securities

Intermediated securities deposited with the central depository will be excluded.

ECONOMIC BENEFIT AND SOCIETAL DEVELOPMENT



To private sector as a percentage of GDP averages at 60% compared to 30-32% for countries with inefficient framework



Increases number of firms with access to credit by 8%

Source: World Bank



Collateral registry reforms result in 3% reduction in interest rates and a six months extension in loan maturities



Secured transaction reforms facilitate the channeling of credit that relies less on immovable property

CURRENT STATUS OF THE BILL

- 1. All consultations on the policy statements was concluded in 2018-2019 and Cabinet's approval on policy statements was obtained on 17 February 2021**
- 2. Discussion on consequential amendments (either amendment or repeal of various legislations) – with several relevant agencies**
 - Companies Act 2016 [Act 777] – amendments regarding charges on movable properties
 - Sale of Goods Act 1957 [Act 382] – amendments regarding the notion of title
 - Bills of Sale Act 1950 [Act 268] – provisions regarding the registration of bills of sale for West Malaysia & Bills of Sale Ordinance for Sabah & Sarawak
- 3. Finalising draft Bill with Bahagian Undang-undang, KPDNHEP**

THANK YOU