CONSULTATION PAPER NO. 1/2026

PROPOSED AMENDMENTS TO THE MAIN MARKET LISTING REQUIREMENTS AND THE DIRECTIVES OF BURSA MALAYSIA SECURITIES BERHAD TO FACILITATE THE LISTING AND TRADING OF DIGITAL CURRENCY EXCHANGE-TRADED FUNDS

Date of Issue: 13 March 2026

Bursa Malaysia Berhad ("Bursa Malaysia" or "The Exchange") invites your written comments on the issues set out in this Consultation Paper by 10 April 2026 via:

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Respondents to this Consultation Paper are requested to use the reply format as stipulated in the ***Attachment***.

If you have any queries in relation to this Consultation Paper, kindly contact us at the e-mail address above.

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Please see our Personal Data Notice as set out in the Appendix to this Consultation Paper.

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A. INTRODUCTION

1. This Consultation Paper seeks to consult the public on the proposed amendments to the following rules to facilitate the listing and trading of digital currency Exchange-Traded Funds ("**ETF**"):

   (a) the proposed amendments to Bursa Malaysia Securities Berhad MAIN Market Listing Requirements ("**MAIN LR**") ("**Proposed MAIN LR Amendments**"); and

   (b) the proposed amendments to the Directives of Bursa Malaysia Securities Berhad ("**BMS Directives**") ("**Proposed Amendments to BMS Directives**").

   The Proposed MAIN LR Amendments and the Proposed Amendments to BMS Directive are collectively referred to as "**Proposed Amendments**".

B. BACKGROUND

2. On 15 January 2019, the Securities Commission Malaysia ("**SC**") issued the Capital Markets and Services (Prescription of Securities) (Digital Currency and Digital Token) Order 2019 which set out, among others, the prescription of digital currency[1] as securities for the purposes of securities laws.

3. Since then, there have been various key developments to the Malaysian digital assets space including the expansion of recognised markets to include digital assets exchanges on 31 January 2019 and the issuance of the Guidelines on Digital Assets on 28 October 2020. These measures have provided a strong regulatory foundation to support the development of digital asset activities in Malaysia.

4. Building on this, the SC further enhanced its Guidelines on Exchange-traded Funds ("**ETF Guidelines**") on 2 March 2026 to allow the offering of digital currency ETF in Malaysia. The revised ETF Guidelines sets out, among others, the permissible structures of the ETF and specific requirements for the digital currency aimed at ensuring only credible, transparent and liquid digital currencies sourced from Digital Asset Exchanges or well-regulated trading platforms are eligible as the underlying assets of the ETF.

[1] "Digital currency" was defined under this Order as "a digital representation of value which is recorded on a distributed digital ledger whether cryptographically-secured or otherwise, that functions as a medium of exchange and is interchangeable with any money, including through the crediting or debiting of an account.

5. The Exchange has also observed mounting enthusiasm among retail investors, to gain exposure to digital currencies [2]. Trading activity on Malaysia's digital asset exchanges has more than doubled in 2024 compared to the previous year, reaching a total trading value of RM13.9 billion[3]. Globally, it is also noted that more traditional investors are using ETF as their primary access point to digital assets[4].

6. Against this backdrop of rising demand and clear regulatory framework, the Exchange would like to facilitate the listing and trading of digital currency ETF on the MAIN Market, as part of our efforts in expanding and diversifying ETF offerings in our market. A digital currency ETF would provide Malaysian investors with a regulated and transparent exposure to digital currency through a more widely accepted and established capital market product.

C. KEY PROPOSED AMENDMENTS

7. Accordingly, we propose to review the MAIN LR and BMS Directives, with a primary focus on enhancing disclosures in the following areas:

   (a) disclosures of specific material information relating to a digital currency ETF in immediate announcement and annual report under the MAIN LR, to enhance transparency; and

   (b) disclosure of key risks associated with a digital currency ETF in a risk disclosure statement to be signed by an investor before investing in a digital currency ETF under the BMS Directives, to promote investor education and risk awareness.

8. The Proposed Amendments are formulated with the aim to meet the following key objectives:

   (a) increasing the depth and breadth of our capital market by expanding and diversifying the ETF offerings on the Exchange with novel underlying assets i.e. digital currency;

   (b) providing greater options to investors on their choice of investments on the Exchange; and

   (c) advocating a digital currency ETF rule framework that promotes transparency and upholds investor protection.

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[2] Based data cited in the Capital Market Masterplan 2026-2030, around 35% of millennials and Gen Z hold crypto: https://www.sc.com.my/capital-market-masterplan

[3] https://www.sc.com.my/resources/media/media-release/sc-seeks-public-feedback-on-proposed-enhancements-to-the-framework-for-digital-asset-exchange

[4] As of 11 August 2025, digital currency ETF attracted USD 29.4 billion in inflows: https://www.nasdaq.com/articles/market-beating-crypto-etfs-watch-2025-ends

9. The Proposed Amendments are discussed in greater detail in Part D of this Consultation Paper.

10. The full text of the Proposed MAIN LR Amendments and Proposed Amendments to BMS Directives are provided in **Annexures A and B respectively,** and the amendments are reflected in the following manner:

    (a) portions underlined are text newly inserted/added/replaced onto the existing rules; and

    (b) portions struck through are text to be deleted.

11. Bursa Malaysia invites comments on the Proposed Amendments as discussed below. Comments can be given by filling up the template as attached in the **Attachment**.

Note:

*As the Proposed Amendments are open to comments and feedback from the public, the final amendments may be different from those stated in this Consultation Paper. Further, the Proposed Amendments HAVE NOT been approved by the Securities Commission Malaysia ("**SC**") and as such are not the final amendments. Bursa Malaysia will submit the Proposed Amendments to the SC for approval after receipt of comments pursuant to this Consultation Paper and making the relevant changes, where appropriate, to the Proposed Amendments.*

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D. DETAILS OF THE PROPOSED AMENDMENTS

I. PROPOSED MAIN LR AMENDMENTS

Proposed disclosures relating to custodian and rate of fee

Immediate announcement

12. Currently, the management company of an ETF is required to make an immediate announcement of any change or proposed change in the trustee or management company (including the name). The management company is also required to make an immediate announcement of any change or proposed change in the rate of management fee or trustee fee and its effective date.

13. In addition to the above, the Exchange proposes to require immediate announcement of the following matters in respect of a physical based digital currency ETF:

    (a) change or proposed change of the custodian or its name[5]; and

    (b) change or proposed change in the rate of custodian fee together with its effective date[6].

14. While ETF with other assets may also have custodians, the custodian for a physical based digital currency ETF is particularly important as it is the primary party responsible for the safekeeping of the digital currencies.

15. Digital currencies differ from other asset classes in that they exist digitally on distributed ledgers and are not physically located and secured. Their safekeeping depends on the secure storage of the keys to the digital currency wallets. As such, it is important that the custodian has the relevant capabilities and infrastructure to custodise the digital currencies securely and effectively. Given its critical role, any change to the custodian constitutes material information and must be disclosed to the market.

16. For this reason, we further propose that disclosure of the changes to the rate of the custodian fee (together with its effective date) will be required. The disclosure will ensure that investors are aware of the associated custodial services costs paid out of the digital currency ETF.

[5] Proposed paragraph 9.47(1)(o)(i) of the MAIN LR.

[6] Proposed paragraph 9.47(1)(o)(ii) of the MAIN LR.

Annual report

17. In addition to the proposed announcement requirement in paragraph 13(a) above, we propose to enhance the contents of the annual report to include details of the custodian such as the name, address, telephone number, email address and where available, facsimile number of the registered office[7]. This proposed disclosure ensures continuity of information across both the immediate and annual disclosures, as well as enhances transparency of key parties involved in the digital currency ETF.

Proposed immediate announcement of material events or developments

18. As highlighted in paragraph 15 above, digital currencies exist entirely within the digital space on distributed ledgers, are traded on digital asset exchanges or trading platforms, and require secure custody arrangements. Globally, the regulation of digital currencies together with their related products and services continues to develop rapidly, giving rise to uncertainty and unpredictability.

19. Accordingly, investments in digital currencies and digital currency ETF carry risks not typically present in traditional asset classes. These include, among others -

    (a) regulatory uncertainty in light of evolving regulations which may restrict the use of digital currencies or impact their demand;

    (b) digital currency and trading platform vulnerabilities such as systems or operational failures, security breaches, fraud, theft and manipulation; and

    (c) technological issues arising from software modifications that result in network forks.

    These risks can materially affect the price, accessibility and availability of the digital currencies and in turn, disrupt the ETF unit creation and redemption processes and impact the ETF's NAV and overall performance.

20. As such, to strengthen transparency and support informed investment decision-making, we propose requiring an immediate announcement[8] of the following:

    (a) any event or development affecting or involving the digital currency that may have a material impact on the digital currency ETF or its investment in digital currency, including but not limited to the following:

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[7] Proposed paragraph (6A), Part F of Appendix 9C read together with paragraph 9.49 of the MAIN LR.

[8] Proposed paragraph 9.47(1)(o)(iii) of the MAIN LR.

(i) new regulatory requirements or a change in regulation affecting the viability of the digital currency, the digital asset exchange or the trading platform;

(ii) security breach in the custody or safekeeping of the digital currency; and

(iii) circumstance or incident resulting in irreversible loss, damage or inaccessibility of the digital currency; and

(b) the operational and financial impact of such event or development on the digital currency ETF, and the steps taken or proposed to be taken (if any) arising from such event or development.

21. The proposed disclosures above will ensure that unitholders and investors are promptly informed of significant events affecting the underlying assets of the digital currency ETF, their impact on the ETF and the management company's response or actions, if any. This will enable the unitholders and investors to better assess the implications for their investments.

Other Miscellaneous Amendments

22. Apart from the above, we propose to update the MAIN LR definition of "**management expense ratio or MER**"[9] for real estate investment trusts and incorporate the term "**total expense ratio or TER**"[10] for both ETF and closed-end funds. These changes are proposed to align with the terminologies used in the SC's Guidelines on Listed Real Estate Investment Trusts and ETF Guidelines respectively.

Issues for consultation

I. Proposed MAIN LR Amendments

Proposed disclosures relating to custodian and rate of fee

1. Do you agree with the proposal in paragraph 13 of the Consultation Paper that a digital currency ETF must immediately announce to the Exchange any of the following events:

(a) change or proposed change of the custodian or its name; and

(b) change or proposed change in the rate of custodian fee together with its effective date?

Please state the reasons for your views.

[9] Paragraph 9.01(A)(1)(b) of the MAIN LR.

[10] Proposed paragraph 9.01(A)(1)(d) of the MAIN LR.

2. Do you agree with the proposal in paragraph 17 of the Consultation Paper that a digital currency ETF must also disclose the following details of its custodian in its annual report:

   (a) name;

   (b) address;

   (c) telephone number;

   (d) email address; and

   (e) where available, facsimile number of the registered office?

   Please state the reasons for your views.

Proposed immediate announcement of material events or developments

3. Do you agree with the proposal in paragraph 20 of the Consultation Paper that a digital currency ETF is required to make an immediate announcement of the following:

   (a) any event or development affecting or involving the digital currency that may have a material impact on the digital currency ETF or its investment in digital currency, including but not limited to the following:

      (i) new regulatory requirements or a change in regulation affecting the viability of the digital currency, the digital asset exchange or the trading platform;

      (ii) security breach in the custody or safekeeping of the digital currency; and

      (iii) circumstance or incident resulting in irreversible loss, damage or inaccessibility of the digital currency; and

   (b) the operational and financial impact of such event or development on the digital currency ETF and the steps taken or proposed to be taken (if any) arising from such event or development.

   Please state the reasons for your views.

4.	Apart from the proposals in the Consultation Paper above, is there any other information which should be immediately announced or disclosed in the annual report, by a digital currency ETF? Please state your suggestions and reasons for the suggestions.

[End of Proposal I]

II. PROPOSED AMENDMENTS TO BMS DIRECTIVES

Prescribed Risk Disclosure Statement

23. Trading in digital currency ETF involve unique risks that may not be fully appreciated or understood by the general investing public. In particular, the value of the underlying digital currency is primarily driven by supply and demand, which can change rapidly and is difficult to predict.

24. As such, the Exchange proposes to require a Participating Organisation to procure a duly signed risk disclosure statement in a prescribed format ("**Prescribed Risk Disclosure Statement**") from an investor, before allowing the investor to trade in digital currency ETF.

25. The Prescribed Risk Disclosure Statement will set out, the following key risks associated with digital currency ETF:

25.1 **Price volatility risk**: investment in digital currency ETF may be subject to significant price volatility arising from the speculative nature of digital currencies, which may result in sudden and substantial losses, including the risk of a total loss of the entire investment;

25.2 **Regulatory risk**: as the regulatory framework governing digital currencies continues to evolve globally, any regulatory developments, restrictions or prohibitions relating to digital currencies may affect the value of digital currencies and ultimately the performance of the digital currency ETF;

25.3 **Trading platform risk**: the acquisition and disposal of digital currencies in relation to a digital currency ETF may be conducted through digital asset exchanges or trading platforms that are new and still developing. Hence, any failure of such digital asset exchange or trading platform may adversely affect the value of the digital currency ETF;

25.4 **Risk of loss, theft, destruction or inaccessibility of digital currencies**: as the digital currencies are held through custodial arrangements involving private keys, the risk of loss, theft or compromise of the private keys, whether due to cybersecurity breaches or destruction of storage hardware, could adversely affect the value of the digital currency ETF; and

25.5 **Cybersecurity risk**: blockchain networks, custodians, digital asset exchanges or trading platforms may be exposed to cybersecurity risk such as hacking or malicious software coding for purposes of misappropriating information and assets or causing operational disruption which may adversely affect the value of the digital currency ETF.

26. The risks set out in the Prescribed Risk Disclosure Statement are not intended to be exhaustive. Investors are also reminded to read the prospectus of a digital currency ETF and when in doubt, to seek appropriate professional advice before deciding to purchase any digital currency ETF.

27. The proposed Prescribed Risk Disclosure Statement is intended to enhance investor awareness of the risks involved in trading digital currency ETF and to promote informed decision-making by investors, consistent with the Exchange's approach for other exchange-traded products that carry additional risks, such as structured warrants and Leveraged and Inverse ETF.

Issues for consultation

II. Proposed Amendments to BMS Directives

Prescribed Risk Disclosure Statement

5. Do you agree that the Prescribed Risk Disclosure Statement adequately highlights the key risks associated with trading in digital currency ETF? If not, please specify any additional risks that should be included.

6. Apart from the Prescribed Risk Disclosure Statement, are there any other safeguards or measures that you believe the Exchange should consider implementing for investor protection, in relation to trading in digital currency ETF?

   Please state your suggestions and reasons for the suggestion.

[End of Proposal II]

ANNEXURE A PROPOSED MAIN LR AMENDMENTS

*[Please see **Annexure A** enclosed with the Consultation Paper]*

ANNEXURE B PROPOSED AMENDMENTS TO BMS DIRECTIVES

*[Please see **Annexure B** enclosed with the Consultation Paper]*

ATTACHMENT TABLE OF COMMENTS

*[Please see the **Attachment** setting out the Table of Comments enclosed with the Consultation Paper]*

APPENDIX BURSA MALAYSIA'S PERSONAL DATA NOTICE

In relation to the Personal Data Protection Act 2010 and in connection with your personal data provided to us in the course of this consultation, please be informed that Bursa Malaysia's personal data notice ("**Notice**") is available at www.bursamalaysia.com. Kindly ensure that you read and are aware of the Notice.

If you are submitting personal data of an individual other than yourself ("**data subject**"), please ensure that prior to such submission, you have provided the data subject with written notice of the Notice unless section 41 of the Personal Data Protection Act 2010 ("**PDPA**") applies or Bursa Malaysia otherwise specifies in connection with the PDPA.

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Berhubung Akta Perlindungan Data Peribadi 2010 dan berkenaan semua data peribadi anda yang diberikan di dalam proses konsultasi ini, sila ambil maklum bahawa notis Bursa Malaysia mengenai data peribadi ("**Notis tersebut**") boleh didapati di www.bursamalaysia.com. Sila pastikan yang anda membaca dan memahami Notis tersebut.

Jika anda mengemukakan data peribadi individu pihak ketiga ("**Subjek Data**"), anda mesti memastikan bahawa Subjek Data telah diberi notis bertulis mengenai Notis tersebut terlebih dahulu kecuali seksyen 41 Akta Perlindungan Data Peribadi 2010 ("**APDP**") terpakai atau Bursa Malaysia sebaliknya menyatakan berkenaan dengan APDP.

[End of the Appendix]
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