



LAWS OF MALAYSIA

Act A1427

FINANCIAL REPORTING (AMENDMENT) ACT 2012

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LAWS OF MALAYSIA

Act A1427

FINANCIAL REPORTING (AMENDMENT) ACT 2012

An Act to amend the Financial Reporting Act 1997.

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ENACTED by the Parliament of Malaysia as follows:

Short title and commencement

1. (1) This Act may be cited as the Financial Reporting (Amendment) Act 2012.

(2) This Act is deemed to have come into operation on 1 January 2012.

Amendment of section 2

2. The Financial Reporting Act 1997 [*Act 558*], which is referred to as the “principal Act” in this Act, is amended in section 2—

(a) in the definition of “approved accounting standards”—

- (i) in paragraph (a), by substituting for the words “paragraph 7(1)(a)” the words “paragraph 7(1A)(a)”; and

- (ii) in paragraph (b), by substituting for the words “paragraph 7(1)(b)” the words “paragraph 7(1A)(b)”;
- (b) by inserting after the definition of “approved accounting standards” the following definition—
 - “Audit Oversight Board” means the Audit Oversight Board established under section 31c of the Securities Commission Act 1993 [Act 498];’; and
- (c) in the definition of “issues bulletin”, by substituting for the words “subsection 7(1)” the words “subsection 7(1A)”.

Substitution of section 4

3. The principal Act is amended by substituting for section 4 the following section:

“Functions of the Foundation

4. (1) The functions of the Foundation are—
- (a) to oversee the carrying out of the functions of the Board under section 7; and
 - (b) to perform any other function as the Minister may prescribe by order published in the *Gazette*.
- (2) Without limiting the generality of functions of the Foundation in subsection (1), the Foundation shall be responsible—
- (a) to provide its views to the Board on any matter which the Board seeks to undertake or implement in relation to the Board’s functions under section 7;
 - (b) to review the performance of the Board; and
 - (c) for all financing arrangements for the operations of the Board, including approving the budget of the Board.

(3) The Foundation shall not, by virtue of or in connection with any of its power under subsections (1) and (2), direct the Board to undertake or omit to undertake any particular project or activity or otherwise affect the exercise of the Board's power or the performance of the Board's functions under this Act.”.

Amendment of section 5

4. Section 5 of the principal Act is amended—

(a) by inserting after paragraph (1)(c) the following paragraph:

“(ca) the Chairman of the Audit Oversight Board or his representative;”;

(b) in paragraph (1)(e), by substituting for the words “the Executive Chairman of the Kuala Lumpur Stock Exchange” the words “the Chief Executive Officer of Bursa Malaysia Berhad”; and

(c) by substituting for paragraph (1)(h) the following paragraph:

“(h) four other members who possess knowledge and experience in matters of financial accounting and in one or more of the following fields:

- (i) accountancy;
- (ii) law;
- (iii) business; or
- (iv) finance.”.

Amendment of section 6

5. Subsection 6(1) of the principal Act is amended by substituting for the word “Nine” the word “Six”.

Amendment of section 7**6.** Section 7 of the principal Act is amended—

(a) by substituting for subsection (1) the following subsection:

“(1) There is established a body by the name of the “Malaysian Accounting Standards Board” as the standard-setting body of the Foundation whose functions shall be the determination and issuance of accounting standards for the preparation of financial statements, which are required to be prepared or lodged under any law administered by the Securities Commission, the Central Bank or the Registrar of Companies.”;

(b) by inserting after subsection (1) the following subsection:

“(1A) Without limiting the generality of functions of the Board in subsection (1), the Board shall be responsible—

- (a) to issue new accounting standards as approved accounting standards;
- (b) to review, revise or adopt as approved accounting standards, existing accounting standards;
- (c) to amend, substitute, suspend, defer, withdraw or revoke any approved accounting standards in whole or in part;
- (d) to issue, approve, review, revise, amend, substitute, suspend, defer, withdraw or revoke any issues bulletin in whole or in part;
- (e) to issue, approve, review, revise, amend, substitute, suspend, defer, withdraw or revoke any statement of principles, any technical and other releases and any other document relating to financial reporting by whatever name called in whole or in part;
- (f) to sponsor or undertake development of possible accounting standards;

- (g) to collaborate with other national and international accounting standard-setters and monitor the development of other national and international accounting standards;
 - (h) to participate in and contribute to the development of a single set of accounting standards for international use;
 - (i) to conduct such public consultation as may be necessary in order to determine the contents of accounting concepts, principles and standards;
 - (j) to develop a conceptual framework for the purpose of evaluating proposed accounting standards;
 - (k) to make such changes to the form and content of proposed accounting standards as it considers necessary;
 - (l) to monitor the operation of approved accounting standards to assess their continued relevance and their effectiveness; and
 - (m) to perform any other function conferred or imposed upon it by this Act or such other function as the Minister may prescribe by order published in the *Gazette*.”;
- (c) by substituting for subsection (2) the following subsection:
- “(2) The Board shall, in relation to its functions under paragraph (1A)(a), (b), (c), (d), (e), (j) or (k), seek the views of the Foundation.”; and
- (d) in subsection (3), by substituting for the words “subsection (1)” the words “subsection (1A)”.

Substitution of section 26D

7. The principal Act is amended by substituting for section 26D the following section:

“Compliance with approved accounting standards

26D. (1) Where financial statements are required to be prepared or lodged under any law administered by the Securities Commission, the Central Bank or the Registrar of Companies, such financial statements shall be deemed not to have complied with the requirements of such law unless they have been prepared and kept in accordance with the approved accounting standards subject to any specification, guidelines or regulations as may be issued by the Securities Commission or the Central Bank in respect of such financial statements pursuant to any laws administered by the Securities Commission or the Central Bank.

(2) Subsection (1) shall be applied by the following authorities:

- (a) the Securities Commission in respect of a corporation listed on the stock exchange or any entity supervised by the Securities Commission under the securities laws;
- (b) the Central Bank in respect of any entity supervised by the Central Bank; or
- (c) the Registrar of Companies in respect of all other entities which do not come under paragraph (a) or (b).”.

New section 30

8. The principal Act is amended by inserting after section 29 the following section:

“Protection against suits and legal proceedings

30. (1) No action, suit, prosecution or other proceedings shall lie or be brought, instituted or maintained in any court or before any other authority against—

- (a) any member of the Foundation or the Board;

- (b) any officer or employee of the Foundation; and
- (c) any person appointed pursuant to this Act,

for or on account of, or in respect of, any act done or statement made or omitted to be done or made, or purporting to be done or made, in pursuance or in execution of, or intended pursuance or execution of, this Act, any approved accounting standard, issues bulletin, interpretation, guidance or other release or thing issued under this Act if such act or statement was done or made, or was omitted to be done or made, in good faith.

(2) In this section, the expression “officer” includes any chief executive officer or other officer appointed by the Foundation under this Act.”.

Savings

9. The Securities Commission’s power to issue any guidelines or regulations, in subsection 26D(1), shall only be exercisable in respect of an entity that has not been required to comply with specific approved accounting standards, as contained in the approved accounting standards prior to the coming into force of this Act and limited to such specific approved accounting standards which the entity has not been required to comply.

