



LAWS OF MALAYSIA

Act A1242

**GOVERNMENT INVESTMENT (AMENDMENT)
ACT 2005**

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LAWS OF MALAYSIA**Act A1242****GOVERNMENT INVESTMENT (AMENDMENT)
ACT 2005**

An Act to amend the Government Investment Act 1983.

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ENACTED by the Parliament of Malaysia as follows:

Short title

1. This Act may be cited as the Government Investment (Amendment) Act 2005.

Amendment of long title

2. The Government Investment Act 1983 [*Act 275*], which is referred to as the “principal Act” in this Act, is amended by substituting for the long title the following long title:

“An Act to provide for the raising of funds by the Government of Malaysia in accordance with the Syariah principles and to provide for matters incidental thereto or connected therewith.”.

Amendment of section 1

3. Section 1 of the principal Act is amended in the short title by substituting for the word “Investment” the word “Funding”.

Amendment of section 2**4.** Subsection 2(1) of the principal Act is amended—

(a) in the definition of “financial institution”, by inserting after paragraph (a) the following paragraph:

“(aa) any institution which is licensed to carry on Islamic banking business under the Islamic Banking Act 1983 [Act 276];”;

(b) by inserting after the definition of “statutory monthly statement” the following definition:

“Syariah Advisory Council” means the Syariah Advisory Council established under subsection 16B(1) of the Central Bank of Malaysia Act 1958.’;

(c) by substituting for the definition of “investment” the following definition:

“investment” means moneys paid by any person under sections 3 and 5;’;

(d) by inserting after the definition of “Minister” the following definition:

“notification” means a notice inviting applications or offers to subscribe for or purchase an instrument;’;

(e) by deleting the definition of “statutory monthly statement”;

(f) by inserting after the definition of “primary investing institution” the following definition:

“return” includes any form of rental, profit, dividend or benefit, including any fee or gift, payable or to be given in relation to the instrument;’;

(g) by deleting the definition of “statutory acknowledgement receipt”; and

(h) by inserting after the definition of “financial institution” the following definition:

“instrument” means any instrument created and issued under this Act in accordance with Syariah principles;’.

New section 2A

5. The principal Act is amended by inserting after section 2 the following section:

“Instrument issued to be in accordance with Syariah principles

2A. Any instrument issued under this Act shall be in accordance with the Syariah principles as approved by the Syariah Advisory Council.”.

Amendment of section 3

6. Section 3 of the principal Act is amended—

(a) in subsection (1)—

- (i) by inserting after the words “to receive” the words “investments and to create and issue instruments evidencing such investments”; and
- (ii) by deleting the words “investments of moneys”; and

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

“(1A) Subject to section 2A, an instrument may be created and issued by such method or by such arrangement or by entering into any transaction with any other person in any manner or form as the Minister deems fit.”.

Amendment of section 5

7. Section 5 of the principal Act is amended by deleting the words “of one or more full years”.

New section 5A

8. The principal Act is amended by inserting after section 5 the following section:

“Terms and conditions for the issue of instrument

5A. (1) Subject to sections 3 and 5, the Bank shall set out the terms and conditions of any instrument to be issued.

(2) The terms and conditions of an instrument shall include the following:

- (a) amount;
- (b) issue date;
- (c) maturity date;
- (d) return;
- (e) repayment of investment; and
- (f) any other terms and conditions as the Bank deems fit.”.

Amendment of section 6

9. Section 6 of the principal Act is amended by inserting after the words “as a receipt of such investment” the words “which shall be in such form or manner as may be determined by the Bank”.

Amendment of section 8

10. The principal Act is amended by substituting for section 8 the following section:

“Return

8. The return payable or to be given on any investment received shall be in accordance with the terms and conditions of the instrument.”.

Amendment of section 9

11. The principal Act is amended by substituting for section 9 the following section:

“Payment

9. On the date of maturity of an investment, or on any date as may otherwise be provided in the terms and conditions of the instrument, such sums as are available for payment on the investment shall be paid in accordance with those terms and conditions.”.

Amendment of section 9A

12. Section 9A of the principal Act is amended by substituting for subsection (5) the following subsection:

“(5) The Bank shall pay to the participating investing institution return on each of its investments standing in its account under subsection (4) on the date the return becomes payable under section 8, and shall pay to such institution each of the investments standing in its account under subsection (4) as provided under section 9.”.

Amendment of section 9B

13. Section 9B of the principal Act is amended—

(a) by substituting for subsection (4) the following subsection:

“(4) The Bank shall pay to a depository institution return on each of the investments standing in the depository institution’s account under subsection (3) on the date the return becomes payable under section 8, and shall pay to such institution the investments standing in its account under subsection (3) on the date of maturity of the respective investments under section 9, by such means and in such manner as may be determined by the Bank.”;

(b) by substituting for subsection (6) the following subsection:

“(6) Where a transfer of an investment is made by any person under subsection (2), the Bank may require any depository institution to issue an acknowledgement receipt in such form and manner as may be determined by the Bank.”; and

(c) in subsection (7), by substituting for the words “A statutory acknowledgement receipt” the words “An acknowledgement receipt issued under subsection (6)”.

Amendment of section 9c

14. Section 9c of the principal Act is amended—

(a) by substituting for subsection (2) the following subsection:

“(2) A depository institution shall issue to each of its investment customers a monthly statement in such form and within such period as may be determined by the Bank.”;

(b) in subsection (3), by deleting the word “statutory”; and

(c) by substituting for subsection (4) the following subsection:

“(4) A depository institution shall pay to the investment customer—

(a) the return on each of the investments which stand in such investment customer’s account, and such payment shall be made as provided under section 8; and

(b) such sums due on each of the investments which stand in such investment customer’s account, and such payment shall be made as provided under section 9.”.

Amendment of section 10

15. Section 10 of the principal Act is amended—

(a) in the shoulder note, by substituting for the word “dividends” the word “returns”; and

(b) by substituting for the word “dividends” the word “returns”.

Amendment of section 16

16. Paragraph 16(2)(a) of the principal Act is amended by substituting for the word “dividend” the word “return”.

Amendment of section 17

17. Subsection 17(1) of the principal Act is amended by substituting for the word “dividends” the word “returns”.

Deletion of section 18

18. The principal Act is amended by deleting section 18.

Deletion of Schedules A and B

19. The principal Act is amended by deleting Schedules A and B.

Change in reference to short title of Act

20. All references to the Government Investment Act 1983 in any written law or document shall, when this Act comes into operation, be construed as references to the Government Funding Act 1983.

