



GUIDELINES PURSUANT TO SUBSECTION 264(4A) OF THE COMPANIES ACT 2016 FOR A FIRM OF AUDITORS

This guideline is issued pursuant to section 20C of the Companies Commission of Malaysia Act 2001.

OBJECTIVE

1. These guidelines are intended to provide guidance to a firm of auditors under subsection 264(4A) of the Companies Act 2016 (CA 2016).

BACKGROUND

2. Subsection 264(4A) was introduced via the Companies (Amendment) Act 2024 [A1707] and became effective as at 1 April 2024.

3. The subsection is intended to provide clarifications on the exception to subparagraph 264(1)(c)(iii), which prohibits a person who knowingly consented to be appointed to act as an auditor for any company and prepare, for or on behalf, any report required under the CA 2016, if he or his spouse is an officer of the company.

4. Pursuant to subsection 264(4A) of the CA 2016, a partner of a firm of auditors (the firm) shall not be disqualified merely because of his or her spouse is an officer of a company in which the firm of auditors has been appointed as auditors.

5. This exception applies if the involvement of the partner or the partner's spouse does not compromise the independence of both the auditor and the firm.

TERMS AND CONDITIONS UNDER SUBSECTION 264(4A) OF THE COMPANIES ACT 2016

6. In the case where the spouse of the partner of the firm is an officer of the company, or any related corporation by virtue of section 7 of the CA 2016, in which he is appointed as an auditor, the firm must ensure that:

- (a) The partner must consistently adhere to the By-Laws (On Professional Ethics, Conduct, and Practice) issued by the Malaysian Institute of Accountants (MIA);
- (b) The partner whose spouse is an officer or employee of the audited company, or any related corporation, shall not:
 - (i) be part of the audit team auditing the companies; and
 - (ii) be directly or indirectly involved in the planning, execution, or supervision of statutory audit assignments on the financial statement of such company or any related corporation;
- (c) The spouse shall not hold the position of a director or company secretary in the company or any related corporation; and

- (d) The spouse shall not be involved, directly or indirectly, in the preparation or the keeping of the accounting and other records in relation to the preparation of the financial statements of the company.

7. The firm shall prepare and lodge with the Registrar a copy of declaration, as attached in **Appendix 1**, prior to the commencement of audit of each financial year, that the firm will undertake the following measures to safeguard the independence of auditors and to reduce any potential risks that may arise:

- (a) Prohibiting partners with spousal ties to participate in the audit team while auditing the company;
- (b) Ensuring such partners are not directly or indirectly involved in the planning, execution or supervision of statutory audit assignments on the company's financial statements, accounting and other records relating to those financial statements;
- (c) The firm must always adhere to the By-Laws (On Professional Ethics, Conduct, and Practice) issued by the Malaysian Institute of Accountants (MIA);
- (d) The firm must take appropriate steps to ensure compliance with international standards, specifically the "Code of Ethics for Professional Accountants" issued by the International Federation of Accountants ("IFAC");

- (e) The firm must take necessary steps to ensure compliance with international standards, particularly the "International Code of Ethics for Professional Accountants" (including International Independence Standards) ("IESBA Code") regarding family and personal relationships with the audit firm's clients; and
- (f) Compliance with the requirements of the audit policy applicable to that auditor appointed under the CA 2016 issued by the Bank Negara Malaysia ("BNM"), the Securities Commission ("SC") or any regulatory body if the audited company is supervised by the respective regulatory body.

8. The copy of declaration referred to in paragraph 6 and a register of declarations issued by a firm of auditor as attached in **Appendix 2**, must be –

- (a) kept in a manner, electronic or otherwise, that allows the information to be easily accessible and reproduced into written form; and
- (b) kept and made available for inspection by SSM at the principal address of the firm or at the address of branch of the firm (in cases where clients audit files are handled by branches), which was registered with the Registrar pursuant to subsection 265(1) of the CA 2016.

9. For the purposes of paragraph 6, the firm must submit the copy of declarations electronically to the Corporate Intermediary Section, Corporate Compliance Division, Companies Commission of Malaysia via email : **auditor_compliance@ssm.com.my**.

10. The firm should monitor adherence to these guidelines and take corrective actions if any deviations are identified.

EFFECTIVE DATE

11. These guidelines are effective for the preparation of the report pursuant to section 264 of the CA 2016 on or after 1 April 2024.

THE REGISTRAR

Companies Commission of Malaysia

Date: 1 April 2024

Firm No.

**COMPANIES ACT 2016
SECTION 264(4A)
DECLARATION BY FIRM OF AUDITORS**

We (Name and firm number) hereby declare for the purposes of providing the financial statements or any reports required by Companies Act 2016 on behalf of (Company Name and registration number) for the year ended (financial year ended), that we undertake to adhere the following measures:

- (a) Prohibiting partners with spousal ties as listed in Annex A to participate in the audit team while auditing the company;
- (b) Ensuring such partners are not directly or indirectly involved in the planning, execution or supervision of statutory audit assignments on the company's financial statements, accounting and other records relating to those financial statements;
- (c) always adhere to the By-Laws (On Professional Ethics, Conduct, and Practice) issued by the Malaysian Institute of Accountants (MIA);
- (d) taking appropriate steps to ensure compliance with international standards, specifically the "Code of Ethics for Professional Accountants" issued by the International Federation of Accountants ("IFAC"); and
- (e) taking necessary steps to ensure compliance with the "International Code of Ethics for Professional Accountants" (including International Independence Standards) ("IESBA Code") regarding family and personal relationships with the audit firm's clients.

Date thisday of20....

Signed by:

.....
(Name and Firm Number)	(Engagement Partner)
Name of Firm of Auditors :	Name :
Firm Number :	Auditor Approval Number :
Date :	Date :

Firm No.

ANNEX A

PARTICULARS OF PARTNERS AND THE SPOUSE

Name of Company (Client) :

Registration No. :

Particular of Partner

Name of Partner :

Auditor Approval Number :

Particular of Spouse

Name of Spouse :

NRIC / Passport No. :

Type of Involvement :

Direct

(the spouse of the partner in the firm of auditors is an officer of the company)

Position in the company :

Indirect *

(the spouse of the partner in the firm of auditors is an officer of the company's related corporation)

** Please provide the details in the below table*

Details of related corporation :-

No.	Co. Name	Co. Reg. No.	Position in the company	Type of Relation (e.g. subsidiary/ holding/etc.)

Attention:

It is an offence under section 591 of the Companies Act 2016 to make or authorize the making of a statement that a person knows is false or misleading and that person may be liable, upon conviction, to imprisonment for a term not exceeding ten years or to a fine not exceeding RM3million or to both.

