



**Perbadanan Insurans Deposit Malaysia**  
**Protecting Your Insurance And Deposits In Malaysia**

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**ADDENDUM TO:**

- (A) GUIDELINES ON THE DIFFERENTIAL PREMIUM SYSTEMS FOR DEPOSIT INSURANCE SYSTEM ISSUED ON 30 MARCH 2020**
  - (B) GUIDELINES ON TOTAL INSURED DEPOSITS AND PREMIUMS ISSUED ON 30 JANUARY 2023**
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<b>Ref No</b>	DI/GL1(5)-GL2(7)_ADM/2023	<b>Issued on</b>	8 September 2023
<b>TITLE</b>	Addendum to DPS Guidelines and RTID Guidelines		

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## SECTION 1: INTRODUCTION

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### BACKGROUND

- 1.1 Perbadanan Insurans Deposit Malaysia (“PIDM”) has issued three (3) subsidiary legislation in relation to deposit-taking members (“DTMs”)<sup>1</sup>, amongst others, to give effect to the premium assessment framework for new DTMs and DTMs involved in a business transfer scheme for an amalgamation, arising from sections 12 to 17 of the Malaysia Deposit Insurance Corporation (Amendment) Act 2022.<sup>2</sup> The subsidiary legislation came into operation on 21 July 2023.
- 1.2 This document is an addendum (“Addendum”) to:
- (a) the Guidelines on the Differential Premium Systems for Deposit Insurance System issued on 30 March 2020 (“DPS Guidelines”); and
  - (b) the Guidelines on Total Insured Deposits and Premiums issued on 30 January 2023 (“RTID Guidelines”).
- 1.3 This Addendum clarifies the consequential impact of the subsidiary legislation on the DPS Guidelines and RTID Guidelines. This Addendum shall be read together with the DPS Guidelines and the RTID Guidelines respectively.

### ENQUIRIES

- 1.4 Enquiries relating to this Addendum may be directed to:

General line: 03-2173 7436  
Email: [dps@pidm.gov.my](mailto:dps@pidm.gov.my)

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<sup>1</sup> (a) Malaysia Deposit Insurance Corporation (Differential Premium Systems in respect of Deposit-Taking Members) Regulations 2023 which supersedes the Malaysia Deposit Insurance Corporation (Differential Premium Systems in respect of Deposit-Taking Members) Regulations 2011 with effect from 21 July 2023.  
(b) Malaysia Deposit Insurance Corporation (Rates for First Premium and Annual Premium in respect of Deposit-Taking Members) Order 2023 (“Rates Order”) which supersedes the Malaysia Deposit Insurance Corporation (Annual Premium and First Premium in respect of Deposit-Taking Members) Order 2011 with effect from 21 July 2023.  
(c) Malaysia Deposit Insurance Corporation (Basis for Calculation of First Premium and Annual Premium in respect of Deposit-Taking Members) Order 2023 (“Basis Order”). This is a new Order to provide for the basis of calculation of premium, which basis was previously provided in the PIDM Act.

<sup>2</sup> Sections 12 to 17 of the Malaysia Deposit Insurance Corporation (Amendment) Act 2022 (“PIDM Amendment Act”) are relating to premium provisions that came into operation on 21 July 2023.

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## SECTION 2: PREMIUM ASSESSMENT FRAMEWORK FOR NEW DTMS

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- 2.1 PIDM aims to differentiate the premium assessment between a new DTM with existing deposit-taking business prior to becoming a PIDM member institution (as described in paragraph 2.2(a) below) and a new DTM that does not have such existing deposit-taking business.
- 2.2 For purposes of premium assessment for new DTMs:
- (a) Paragraphs 8.1 to 8.3 of the DPS Guidelines are no longer applicable to a new DTM if –
    - (i) the new DTM has been in operation and carrying on deposit-taking business for a minimum period of two (2) years prior to being licensed under the Financial Services Act 2013 (“FSA”) or Islamic Financial Services Act 2013 (“IFSA”) and becoming a DTM of PIDM;
    - (ii) the new DTM is an Islamic bank that originated from a licensed bank carrying on Islamic banking business approved under subsection 15(1) of the FSA; or
    - (iii) the business of one or more transferring parties is transferred to the new DTM under a business transfer scheme in the assessment year of which it becomes a member institution of PIDM.<sup>3</sup>
  - (b) A new DTM described in paragraph 2.2(a) above would –
    - (i) be required to submit quantitative information to PIDM within such period as notified in writing by PIDM to the new DTM;
    - (ii) be assessed and classified in the relevant differential premium systems (“DPS”) category; and
    - (iii) be required to pay first premium of RM250,000 or an amount calculated based on its DPS category, whichever is higher.
  - (c) For a new DTM that does not fall within the description in paragraph 2.2(a) above, there will be no change in the treatment. Paragraphs 8.1 to 8.3 of the DPS Guidelines continue to be applicable to such new DTM.
  - (d) The details on total insured deposits (“TID”) calculation and premium calculation in the RTID Guidelines remain applicable to all new DTMs as

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<sup>3</sup> Please see Section 3 below for further details on the premium assessment framework for DTMs under a business transfer scheme.

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described in paragraphs 2.2(a) and 2.2(c) above, save that reference to the basis for calculation of the first premium shall be in accordance with the Basis Order.

2.3 A summary of the premium assessment framework for a new DTM is as follows:

Entity	Premium Assessment Framework
New DTM which does not fall within the description in paragraph 2.2(a) of this Addendum	<p><u>First assessment year</u><sup>4</sup>:</p> <p>First premium of RM250,000, or amount based on DPS category 1, whichever is higher.</p>
	<p><u>Second assessment year:</u></p> <p>Annual premium of amount based on DPS category 1.</p>
New DTM (as described in paragraph 2.2(a) of this Addendum)	<p><u>First assessment year:</u></p> <p>First premium of RM250,000, or amount based on the relevant DPS category of the DTM as assessed under the DPS framework, whichever is higher.</p> <p>Where there is insufficient information in respect of its first supervisory rating or first capital buffer indicator for premium assessment after becoming a DTM, the new DTM will be classified in DPS category 3 for the relevant assessment year. This is to reflect the uncertain risk exposure associated with lack of verified information or formal assessment by a competent authority.</p>
	<p><u>Second assessment year:</u></p> <p>Annual premium of amount based on the relevant DPS category of the DTM as assessed under the DPS framework.</p> <p>Where there is insufficient information in respect of its first supervisory rating or first capital buffer indicator for premium assessment after becoming a DTM, the new DTM will be classified in DPS category 3 for the relevant assessment year.</p>

<sup>4</sup> First assessment year refers to the assessment year in which the entity becomes a member institution of PIDM under section 36 of the Malaysia Deposit Insurance Corporation Act 2011 ("PIDM Act").

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### SECTION 3: PREMIUM ASSESSMENT FRAMEWORK FOR DTMS UNDER A BUSINESS TRANSFER SCHEME FOR AMALGAMATION

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- 3.1 For purposes of premium assessment for DTMs under a business transfer scheme for amalgamation, paragraphs 8.6 and 8.7 of the DPS Guidelines are no longer applicable, and the requirements under this Section shall apply instead.
- 3.2 For purposes of this Addendum –
- (a) **“business transfer scheme”** refers to a scheme of transfer for the whole or material part of the deposit-taking business in respect of a merger or acquisition exercise that results in an amalgamation. The amalgamated entity can be an existing DTM that acquires or merges with another person, or can be a newly licensed entity (licensed under the FSA or IFSA);
  - (b) **“transfer date”** means the date on which a business transfer scheme takes effect as follows –
    - (i) on the effective date specified in any court order for the transfer of the whole or material part of the deposit-taking business of the transferring party to the transferee member;
    - (ii) where there is more than one effective date specified in any court order or orders, on the latest of those dates; and
    - (iii) where there is no court order for the transfer, on the date on which the transfer of the whole or material part of the business, including deposit liabilities, of the transferring party are irrevocably transferred in accordance with the terms and conditions of the transfer agreements, to the transferee member;
  - (c) **“transferee member”**<sup>5</sup> refers to the DTM to which the business of one or more transferring parties is transferred under a business transfer scheme; and
  - (d) **“transferring party”**<sup>6</sup> refers to a DTM or a non-DTM which transfers its business under a business transfer scheme to another DTM.

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<sup>5</sup> Formerly referred to as an “amalgamated DTM” under the DPS Guidelines.

<sup>6</sup> Where the transferring party is a DTM, such transferring party was formerly referred to as an “amalgamating DTM” under the DPS Guidelines.

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## PAYMENT OF PREMIUMS BY TRANSFEREE MEMBER

3.3 In general, the transferee member will pay premiums for the assessment year in which the business transfer scheme takes effect, unless premiums have already been paid for in respect of the transferred business for that assessment year. This is elaborated as follows:

(a) Business transfer scheme takes effect before 31 May

The transferee member will pay premium in respect of (i) the transferee member's deposit-taking business, and (ii) the deposit-taking business transferred to the transferee member under the business transfer scheme.

Where the transferring party is a DTM, that transferring party will not need to pay annual premium for that assessment year, considering that it will surrender its licence and no longer be a PIDM member after the business transfer scheme takes effect. Where the transferring party is a DTM approved under subsection 15(1) FSA to carry on Islamic banking business (i.e. DTM with Islamic window) and its Islamic banking business is transferred to the transferee member under the business transfer scheme, that transferring party will not need to pay annual premium in respect of the Islamic banking business transferred.

(b) Business transfer scheme takes effect after 31 May

In a business transfer scheme involving a non-DTM, the transferee member will need to pay additional premium in respect of the deposit-taking business transferred from the non-DTM under the business transfer scheme.

If the business transfer scheme involves DTMs **only**, the transferee member **need not** pay additional premium in respect of the deposit-taking business transferred to it under the business transfer scheme as the transferring part(ies) would have already paid annual premium on the transferred deposits for that assessment year.

3.4 The premiums will be calculated based on the relevant DPS category of the transferee member, subject to the applicable minimum amount.<sup>7</sup>

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<sup>7</sup> If the transferee member is a newly licensed entity, the minimum amount for first premium payable by the new DTM is RM250,000. In relation to a transferee member that is an existing DTM, the minimum amounts for annual premium are those that are currently prescribed for each DPS category in the Rates Order.



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- 3.5 The premiums payable by the transferee member is illustrated<sup>8</sup> in the Chart in the subsequent page. Please refer to the Basis Order for more details.
- 3.6 Save for the amendments highlighted in this Addendum, the details of TID calculation and premium calculation prescribed under Section 3 and Section 4 of the RTID Guidelines remain applicable.

Perbadanan Insurans Deposit Malaysia  
8 September 2023

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<sup>8</sup> The chart is intended for illustration purpose only, and is not exhaustive in nature.



**Chart - Premiums payable by the transferee member**

