

15 September 2009

En. Azryain Borhan  
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Corporate Development and Policy Division  
Companies Commission of Malaysia  
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Dear Mr Azryain,

**Positioning Vital Issues In LLP**

Thank you for the fruitful meeting we had recently on the above. It has indeed helped us to better understand the dynamism behind your rationale for LLP ie how it is intended to create another level of resilience into Malaysia's economy.

We hope it has also helped SSM to better understand MAICSA's concerns over the underlying moral principles surrounding LLP or any business vehicle as tabled in our 5 step analysis then.

Appendix A attached, is a 5 step positioning diagram of the points raised at our recent meeting viz.

1. In view of the uncertainties in the global market place, it is pertinent that Malaysia's business legal framework include nurturing a vibrant pool of micro businesses by way of providing a simple vehicle with which an individual can begin business and legal protection for such individuals by way of "limited liability" in the business.
2. LLP be extended to professional practices "without any revenue thresholds" in recognition that they are already subject to stringent self regulatory procedures.
3. For all other businesses, LLP be extended only to entities with annual revenue of RM500,000 or below.

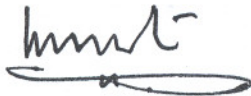
In this respect, the revised 5 step positioning diagram shows equilibrium of vital issues : economic intention behind LLP, the special exemptions to make the vehicle simple, the limited liability to be offered selectively, [ this being to both support a national objective as well as justify the principle against protection for business owners alone ], the use of revenue thresholds and self regulation as criteria for LLP to limit opportunities for abuse of the vehicle by fraudulent operators.

Please do not hesitate to clarify matters arising herefrom.

MAICSA takes this opportunity to record our appreciation for your readiness to give us a hearing. Do let us know if we are able to contribute any further to this or any other discussion.

We look forward to our continuous journey with SSM as a partner in good corporate governance.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Janet Ang', with a decorative flourish underneath.

**Janet Ang, FCIS**  
President

MAICSA's 5 STEP POSITIONING OF VITAL ISSUES IN LLP :  
*The conceptual and legal framework of L L P restated*

Appendix A

**WHY** - the need for a new business vehicle : STEP 1

- to create a nucleus of micro businesses as a basic insulation against anticipated world economic disturbances
- to recognise self regulatory nature of professional firms

**HOW** - provide an effective legal framework under the LLP Act STEP 2  
micro business : annual turnover not exceeding RM500,000

- self regulated professionals : Secretaries, Auditors, Lawyers, Financial Planners ...
  - \* No Auditors
  - \* No Company Secretaries
  - \* Partners take full responsibility

= simple vehicle for micro businesses & self regulated professionals

**WHO** - will use LLP STEP 3

- micro businesses self regulated professionals fraudulent operators

**WHAT** - else to consider STEP 4

- Underlying moral principles
  - eg 1 "limited liability to be given only as a reward for transparency / accountability
  - eg 2 protection must be given to ALL stakeholders : employees, suppliers, lenders, Inland Revenue Board, innocent 3<sup>rd</sup> party etc NOT just business owners.
- LLP protects business owners only

**WHERE** - to go after step 4 STEP 5

4 provisos to be included into draft LLP Act

- [1] qualifying threshold of RM 0 to RM500,000 revenue per annum
- [2] when annual revenue exceeds threshold, microbusinesses to be converted to sendirian within the next 18 months
- [3] penalty for non conversion
- [4] revenue threshold do not apply to self regulated professionals

MAICSA supports LLP in the above definition because it satisfies 5 vital criteria :

1. it supports a national economic objective by creating a nucleus of micro businesses
2. it recognises self regulated professionals like Secretaries, etc
3. it offers a simple legal framework for the said category of businesses
4. it provides limited liability selectively to both support a national objective and justify the principle against protection for business owners alone

No verifiable track record : microbiz unable to secure significant loan for further growth