

Now & Next

Franchise Alert

March 26, 2025

Malaysia's Franchise Act: Key rules and deadlines for 2025

By Kendal H. Tyre

Registered franchisors in Malaysia must re-register by August 2025 to avoid penalties and business disruptions.



What's the impact?

- Previously registered franchises are now required to re-register under the MyFEX 2.0 system; failure to do so can result in severe penalties.
- Before proceeding with re-registration, both foreign and local franchisors must submit their franchise business annual reports to the Registrar for approval.
- In anticipation of enhanced enforcement measures, franchisors and franchisees are urged to carefully review their compliance obligations.

Malaysia's legal framework for franchise operators has changed significantly over the last few years, and several significant deadlines and compliance requirements loom on the horizon.

Understanding the Franchise (Amendment) Act 2020

On April 28, 2022, the [Franchise \(Amendment\) Act 2020](#) (the Amendment) took effect in Malaysia, amending the Franchise Act 1998. Later that year, on July 28, the Registrar of Franchise issued a circular informing stakeholders that all existing franchise registrations in Malaysia were set to expire. As we look forward in the coming months of 2025, several significant changes and deadlines will emerge of which franchise operators should be aware.

Mandatory re-registration under MyFEX 2.0 by August 2025

All franchisors that previously registered their franchises in Malaysia are now required to re-register under the Registrar's new MyFEX 2.0 system, which was launched on July 28, 2022. A grace period of three years, beginning on August 1, 2022, was provided for this re-registration; at this point, franchisors must complete their registration by August 2025. If a franchisor fails to re-register within this period, the Registrar may issue a notice of suspension, termination, or cancellation of the franchise registration, potentially resulting in severe penalties including fines or even imprisonment of up to three years. Compliance with the MyFEX 2.0 system is critical, as it ensures that registrations remain valid and helps operators avoid these harsh consequences. For foreign franchisors, adherence to the system offers an additional benefit by streamlining the registration process and providing greater transparency, which in turn facilitates smoother market entry and builds trust with local franchisees and regulatory authorities.

How to register franchises in Malaysia

Before proceeding with re-registration, both foreign and local franchisors must submit their franchise business annual reports to the Registrar for approval. These Annual Reports are typically due within six months of the end of the franchisor's fiscal year and must include the Registrar's Annual Report form (Form 6), a copy of the most recent audited financial statements, and an updated disclosure document. Once a foreign franchisor receives approval for its Annual Report, it may then register its franchise with the Registrar prior to initiating any franchise sales. Franchisees, master franchisees, and sub-franchisees are also required to submit their respective Annual Reports to both the franchisor and the Registrar.

The Amendment further mandates that franchisees of both foreign and local franchisors register through the MyFEX 2.0 system. Should a franchisee fail to comply, they will face penalties similar to those imposed on the franchisor. After a franchisor successfully re-registers their franchise under the new system, they must also ensure that each franchisee—previously registered under the old system—is re-registered. For those registered as master franchisees, a separate re-registration is required under the MyFEX 2.0 system, along with the subsequent re-registration of all sub-franchisees.

APPLICATION AND RENEWAL FEES IN MYFEX 2.0

The new regulations prescribe fees for all new applications for registration by franchisors, franchisees, master franchisees, and sub-franchisees under the MyFEX 2.0 system. Importantly, these fees are waived for any re-registrations completed within the designated three-year grace period for parties that were previously registered. Once registered, the franchise remains effective for five years, after which it may be renewed by applying within thirty days of expiration and paying the renewal fee—a process that applies uniformly to franchisors and their franchisees.

FRANCHISE REGISTRATION DISPLAY

Additionally, all franchisors and franchisees must display their franchise registration in a conspicuous location at their place of business. Failure to display the registration constitutes an offense under the Act.

Ensure compliance with MyFEX 2.0 system

The Amendment introduces more rigorous requirements and stricter penalties for non-compliance in the franchising sector in Malaysia. In anticipation of enhanced enforcement measures, franchisors and franchisees are urged to carefully review their obligations under the Amendment and the circular. Embracing the MyFEX 2.0 system not only ensures continued compliance and avoids the risk of suspension or cancellation but also benefits foreign franchisors by providing a streamlined, transparent, and efficient registration process essential for thriving in Malaysia's dynamic franchise landscape.

For more information on the content of this alert, please contact your Nixon Peabody attorney or:

[Kendal H. Tyre](#)

202.585.8368

ktyre@nixonpeabody.com