



Suruhanjaya Sekuriti
Securities Commission
Malaysia



CAPITAL MARKET MASTERPLAN

2026-2030

CAPITAL MARKET MASTERPLAN 2026-2030

RESHAPE AND RECALIBRATE

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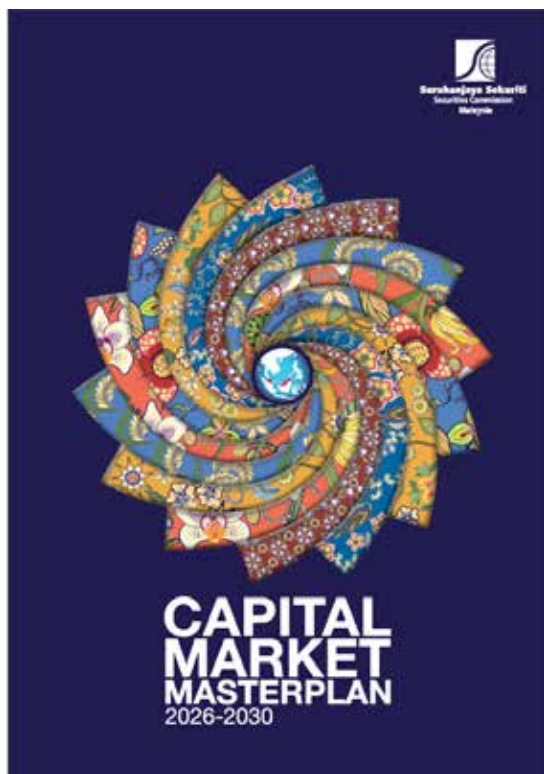
CAPITAL MARKET MASTERPLAN 2026-2030

RESHAPE AND RECALIBRATE

2045 VISION STATEMENT

In 20 years, the Malaysian capital market will be a key force in achieving national aspirations and driving economic prosperity. We envision a market that is a catalyst for economic transformation, accelerating growth in new sectors while transitioning towards a more advanced, inclusive, sustainable and regionally integrated economy, differentiated by Islamic Capital Market leadership. Amid an ever-changing capital market landscape, we will continue to evolve.

20-year Vision,
5-year Implementation Plan



A Capital Market In Motion

The image captures a capital market in purposeful transition, reshaping itself to remain vibrant, inclusive and interconnected. At the center, a globe anchors the composition. Radiating from this focal point is a dynamic swirl of petals, each inspired by Puspa Malaya, an artistic anthology specially commissioned by the SC, featuring six floral batik compositions (see below). Each artwork features the official floras of Malaysia's 13 states and three federal territories to portray diversity in the blooms, textures and living heritage that shape the Malaysian spirit. This visual articulation represents a recalibration of a capital market aligned with international standards while firmly rooted in national priorities bound by strong governance to ensure it remains relevant, competitive and equitable to all.



Ladang Langit



Empat Nafas



*Hutan Purba
Beraroma Pedas*



Sutera Manis



*Selat Rasa dan
Kota Lama*



*Tanah Merah,
Gunung dan
Sungai*

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“Through the CMP, we seek to position Malaysia as a regional leader in responsible investment, where ESG principles, Shariah-compliant instruments and socially responsible investing are not peripheral considerations but bona fide investment propositions.”

YAB DATO' SERI ANWAR BIN IBRAHIM
Prime Minister and Minister of Finance, Malaysia

FOREWORD

Malaysia has emerged from recent trials with renewed vigour.

Our economy continues to grow, the Ringgit strengthens in step with improved fundamentals, and confidence returns through reforms anchored in transparency and responsibility. Yet we must not mistake momentum for permanence. The global landscape shifts beneath our feet, as supply chains fracture and reform, climate imperatives grow ever more urgent and the very architecture of international commerce is being redrawn.

History teaches us that when the centre cannot hold, all else unravels. We have seen this truth in our own region, where weakened institutions invite crisis, where opacity has triggered capital flight and where the erosion of trust has cost nations dearly.

This is why the *Capital Market Masterplan 2026-2030* (CMP) places governance at its core. A market built on integrity can withstand uncertainty, mobilise capital for purpose as well as profit and ensure that prosperity serves the many, not merely the few.

Through the CMP, we seek to position Malaysia as a regional leader in responsible investment, where ESG principles, Shariah-compliant instruments and socially responsible investing are not peripheral considerations but bona fide investment propositions.

This Masterplan will enable our entrepreneurs to access capital, our investors to scale solutions and our *rakyat* to participate meaningfully in wealth creation. It will ensure that Malaysia's capital market remains vibrant, resilient and capable of supporting national priorities even as global conditions evolve.

The Securities Commission Malaysia now carries the responsibility of bringing the CMP to life. This is not merely a technical document, but a shared commitment that demands discipline and resolve. Its measure will be in execution, in whether we build institutions that inspire trust, markets that advance the common good and foundations strong enough to secure a fairer future for all.

Let us move forward with conviction and humility, knowing that what we build today will shape opportunities for generations to come.

Insha Allah, may our efforts bear fruit for the benefit of all Malaysians.

YAB DATO' SERI ANWAR BIN IBRAHIM

Prime Minister and Minister of Finance, Malaysia

March 2026



“ Together, let us reshape and recalibrate and embark on the next chapter of the Malaysian capital market’s growth story to support the nation's transition to a resilient high-income economy.”

DATO' MOHAMMAD FAIZ AZMI
Chairman, Securities Commission Malaysia

PREFACE

Since the millennium, the Malaysian capital market has demonstrated its resilience – maintaining a steady growth trajectory and withstanding global uncertainties, from financial crises to the pandemic. Yet, the megatrends ahead – technological disruption, sustainability, demographic transitions, rising geopolitical tensions and intensifying competition – present challenges that will have far-reaching implications for capital markets.

The Malaysian capital market must be fully equipped to face an increasingly uncertain future. It is incumbent upon stakeholders to undertake a careful assessment of the threats and risks posed by heightened global uncertainties, while also recognising that change brings about new opportunities. Market participants must therefore aim to reposition themselves, strengthen their resilience and take advantage of emerging opportunities.

The *Capital Market Masterplan 2026-2030* (CMP) charts the most likely policy path over the next two decades, providing guidance and reassurance to stakeholders. It outlines the capital market we aspire for, the transformation required and the outcomes we hope to achieve.

Clearly, we can no longer take the status quo for granted. The desire to continuously innovate and progress must be embedded in the market's DNA and in efforts to raise governance standards, conduct and capabilities. In this regard, the CMP reflects the lessons we have learnt and the bold, decisive actions we must take.

As a regulator, the SC is committed to a Malaysian capital market that is competitive, able to scale rapidly and upholds the highest standards of professionalism. We will also ensure our capital market is aligned with national aspirations for a vibrant, innovative, sustainable and inclusive society built on a strong foundation of ethics. This calls for market participants that are trustworthy, efficient and committed to deliver real value – especially to the people.

Meeting these expectations require a longer time horizon of 20 years, which is impractical for operationalisation. Therefore, we have supplemented this vision with our near-term priorities, detailed within a five-year implementation plan in this report. With explicit targets, this outcome-driven approach will be embedded in our business planning process.

Ultimately, the success of the CMP depends on the collective involvement of all stakeholders. This includes mobilising the support and collaboration of policymakers, government agencies, fellow regulators, as well as domestic and international participants. Together, let us reshape and recalibrate and embark on the next chapter of the Malaysian capital market's growth story to support the nation's transition to a resilient high-income economy.

DATO' MOHAMMAD FAIZ AZMI

Chairman, Securities Commission Malaysia
March 2026

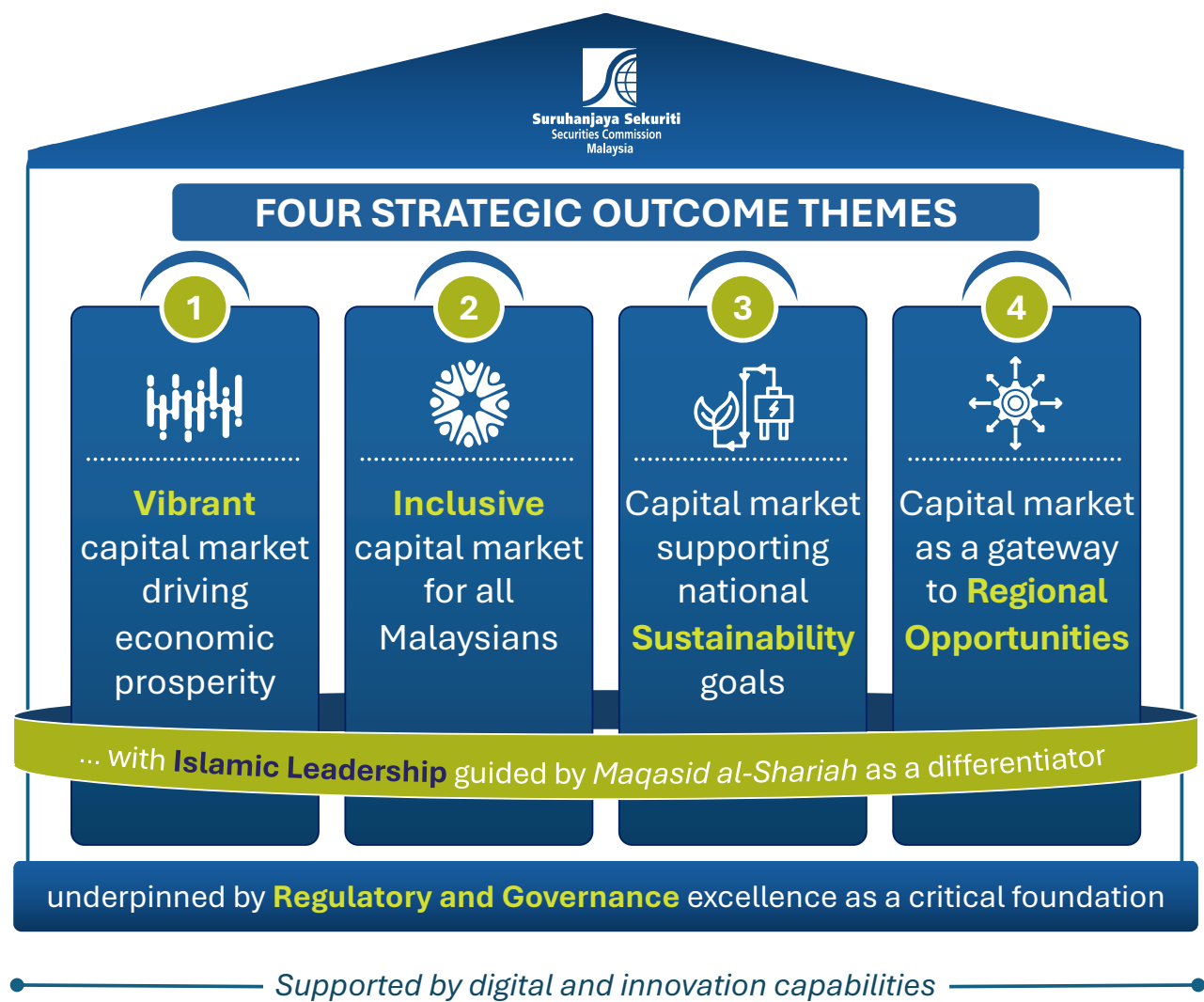


Selat Rasa dan Kota Lama layers botanical motifs, aromatic seeds and nostalgic blooms into a tapestry that reflects long-standing cultural exchanges that shaped the straits cities. Its composition evokes the bustle of old ports and the sophistication of royal courts, merging maritime vitality with inland heritage. This piece, which takes inspiration from Melaka's *Bunga Kesidang* and Johor's *lada hitam*, functions as both map and memory, charting how flavour, fragrance and artistry move across time.

EXECUTIVE SUMMARY



CAPITAL MARKET MASTERPLAN 2026-2030



EXECUTIVE SUMMARY

RESHAPE AND RECALIBRATE

The *Capital Market Masterplan 2026-2030* (CMP) sets out a bold, forward-looking blueprint to align Malaysia's capital market evolution with the nation's long-term economic aspirations.

Built on a 20-year horizon, the CMP outlines a clear roadmap guided by four interconnected themes of Vibrancy, Inclusivity, Sustainability and Regional Opportunities, with the first five-year plan translating ambition into measurable action.

These ambitions will be reinforced by Malaysia's global leadership in Islamic finance utilising the principles of *Maqasid al-Shariah* (objectives of Shariah) as well as regulatory and governance excellence.

Towards achieving the intended strategic outcomes, the CMP seeks to reshape the market on a strong foundation of ethics and recalibrate its direction to be more dynamic and forward-looking, for the benefit of all Malaysians.

The capital market is expected to grow to RM5.8 trillion by 2030, driven by organic growth and the implementation of CMP initiatives. With continued alignment across Malaysia's broader economic and policy frameworks, including structural reforms, targeted tax and investment incentives as well as continued liberalisation of the capital account, the SC projects further upside with market size reaching RM6.3 trillion by 2030.



Vibrancy

Scaling total market size to RM5.8 trillion-RM6.3 trillion by optimising the value of equities, bonds and sukuk while unlocking growth through emerging asset classes to support economic transformation.



Inclusivity

Broadening participation of Malaysians and enterprises through equitable access, stronger financial literacy and greater trust, supporting wealth creation and retirement security.



Sustainability

Mobilising RM90 billion-RM100 billion towards financing a just transition, climate mitigation, adaptation, resilience and social progress to advance Malaysia's national sustainability goals.



Regional Opportunities

Leveraging Malaysia's position as a trusted gateway to attract cross-border capital, issuers and intermediaries, with a goal of realising RM100 billion-RM110 billion of assets with foreign underlying¹.

¹ Foreign underlying is defined as listed companies with foreign parents, and products with foreign assets, issuer or currency.

Capital Market Masterplan 2026-2030 (CMP)

Reshape and Recalibrate

2030 Vision



Grow to **RM5.8 trillion-
RM6.3 trillion**
market size



Improve capital
market **literacy and
accessibility**



Channel **RM90
billion-RM100
billion** cumulatively
towards environmental
and social needs



Anchor **RM100
billion-RM110
billion** of assets with
foreign underlying



Position as a global
hub for **innovative,
ethics-driven
Islamic finance**



**Build a globally
trusted regulatory
regime** aligned to
international standards

Four Strategic Outcome Themes

1



Vibrant Capital Market Driving Economic Prosperity

- Optimising equity market valuation and value proposition of bonds and sukuk
- Accelerating growth of venture capital and private equity
- Facilitating development of private credit ecosystem
- Regulatory frameworks for alternative assets

2



Inclusive Capital Market for all Malaysians

- Financial literacy and access to data
- Access to innovative products and services
- Building financial security for retirement
- Strengthening fundraising for MSME and MTC

3



Capital Market Supporting National Sustainability Goals

- Mobilising capital for sustainability-related projects
- Building a robust sustainable finance ecosystem

4



Capital Market as Gateway to Regional Opportunities

- Funding expansion of homegrown regional champions
- Positioning Malaysia as the regional fundraising and investment destination
- Establishing a niche in innovative and high-impact products



Islamic Capital Market Leadership Guided by *Maqasid al-Shariah* as a differentiator



Islamic Capital
Market Thought
Leadership



Competitiveness
of Islamic
Assets



Islamic
Social
Finance



Anchoring
Governance on
Maqasid al-Shariah
Principles

Regulatory and Governance Excellence as a Critical Foundation



Facilitating
Regulatory
Frameworks and
Governance



Strengthening Capital
Market Ecosystem
Development to Enhance
Future Readiness



Data-driven
Supervision

Supported by Digital and Innovation Capabilities



Empat Nafas brings together four iconic blossoms, Terengganu's *Bunga Kenanga*, Sarawak's *Bunga Orkid Normah*, Perak's *Bunga Kelumpang* and Perlis' *Bunga Harum Manis*. Each drawn from different cultural landscapes yet seamlessly balanced within a single composition. The meeting of rainforest intensity and coastal gentleness is a dialogue of duality: strength and tenderness, wildness and refinement. Bright petals and soft gradients merge into a unified motif that echoes Malaysia's interconnected, culturally-rich identity.

01

OVERVIEW AND CONTEXT



CAPITAL MARKET MASTERPLAN 2021-2025

STRATEGIC HIGHLIGHTS

MASTERPLANS IN REVIEW

Over the past two decades, Malaysia's capital market masterplans have guided the transformation of the nation's financial architecture, evolving in step with the changing global dynamics and national priorities. Each phase is built upon the achievements of the preceding phase. This has steadily expanded the market's depth, integrity and inclusivity, and led to Malaysia emerging as one of the region's most resilient and well-governed markets.



Capital Market Masterplan 2001-2010 (CMP1) laid the foundation for a modern capital market in the aftermath of the Asian financial crisis. Over its 10-year span, CMP1 laid the institutional and regulatory foundations to strengthen Malaysia's capital market for long-term growth. Prior to liberalising market access and participation, priority was placed on building domestic resilience in ensuring local intermediaries could compete effectively and withstand external shocks.



Capital Market Masterplan 2011-2020 (CMP2) built on these foundations by reinforcing governance standards and regulatory oversight to restore market confidence post global financial crisis. CMP2 recognised that sustainable, long-term growth could only be achieved through strong governance. For this reason, CMP2 was released in parallel with the *Corporate Governance Blueprint 2011*, presenting dual initiatives designed to improve Malaysia's corporate governance standards and the overall market ecosystem.



Capital Market Masterplan 2021-2025 (CMP3) emerged in the wake of the COVID-19 pandemic, at a time when global markets faced unprecedented disruption. It provided clarity and confidence to support market stability and business continuity, while positioning the capital market for post-crisis recovery. Accordingly, CMP3 strategies focused on navigating short-term disruption while advancing the overarching vision of a relevant, efficient and diversified capital market.

OVERVIEW OF MALAYSIA'S CAPITAL MARKET

Malaysia's capital market has demonstrated sustained resilience to global headwinds and expanded to RM4.3 trillion in 2025 from RM2.8 trillion in 2015. This expansion was underpinned by strong growth in the equity and bond segments, advances in Islamic and sustainable finance, and greater use of technology across the value chain.

The Malaysian capital market today is broader, more sophisticated and has evolved in depth, maturity and purpose with strong investor protection and regulatory oversight. These developments highlight a capital market that has recovered from the Asian financial crisis and withstood the shocks from the global financial crisis and COVID-19 pandemic.

I. DEVELOPMENTAL PROGRESS

Between 2021 and 2025, despite a challenging global environment, the Malaysian capital market grew in lockstep to support the nation's economic growth. This was enabled by the SC's various developmental initiatives which included facilitating diversity and competition across the intermediation landscape, widening investment options across investor segments, enhancing the market and digital infrastructure as well as increasing the efficiency of mobilising capital to sustainable and responsible businesses.

The total capital market size has surpassed the RM4 trillion benchmark, rising to RM4.3 trillion in 2025 (Chart 1). As a result, the Malaysian capital market has grown to a scale that is structurally significant relative to the economy, with its size reaching 2.1 times the nominal gross domestic product (GDP) of RM2.02 trillion in 2025.

The corporate bond and sukuk market continued to be a key driver of fundraising, representing at least 85% of total funds raised in the past five years (Chart 2).

Since 2020, the size of the capital market has continued to maintain its lead over banking sector assets. The total capital market size stood at RM4.3 trillion in 2025, as compared with RM3.8 trillion in banking assets as of 2025¹. This reflects a deepening of the Malaysian capital market and its systemic role in mobilising private capital, underscoring its increasingly pivotal role in financing the economy (Chart 3).

Malaysia's capital market resilient to global headwinds

Corporate bond and sukuk market accounted for at least 85% of total funds raised over past five years

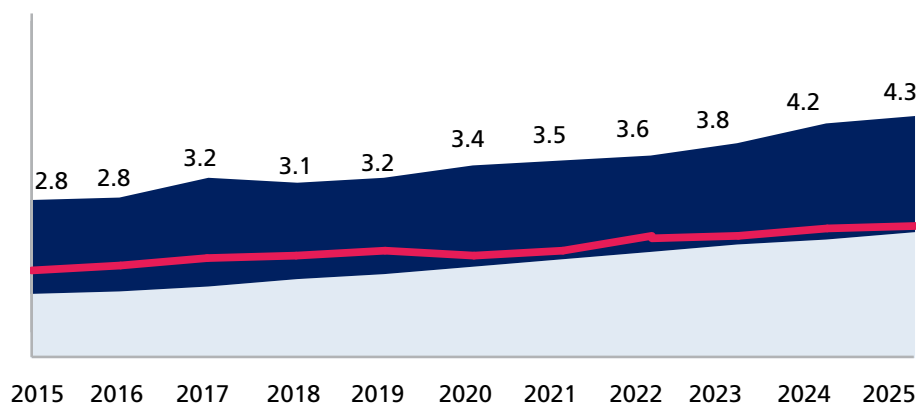
Capital market size surpassed banking sector assets in 2025

¹ Bank Negara Malaysia (December 2025), *Monthly Highlights and Statistics*.

CHART 1

Total capital market size in comparison to GDP, 2015-2025

RM trillion



Total capital market size

RM4.3 trillion 2025



RM2.8 trillion 2015

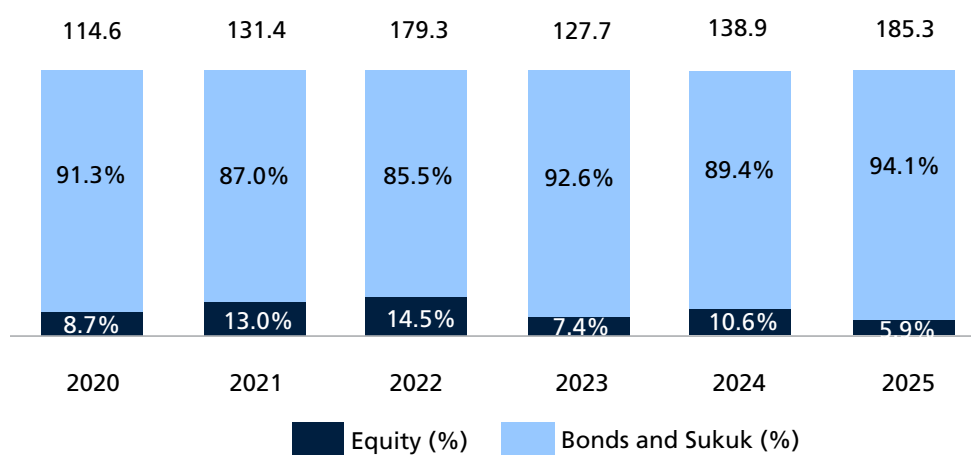
	2025 RM trillion	CAGR (2016-2025)	CAGR (2021-2025)
Total capital market size	4.3	4.8%	5.1%
Equity market capitalisation	2.1	2.4%	3.6%
Bonds and sukuk outstanding	2.2	7.5%	6.6%
GDP	2.0	5.5%	6.9%

Source: SC, DOSM.

CHART 2

Total fundraising in equity and bond markets, 2020-2025

RM billion

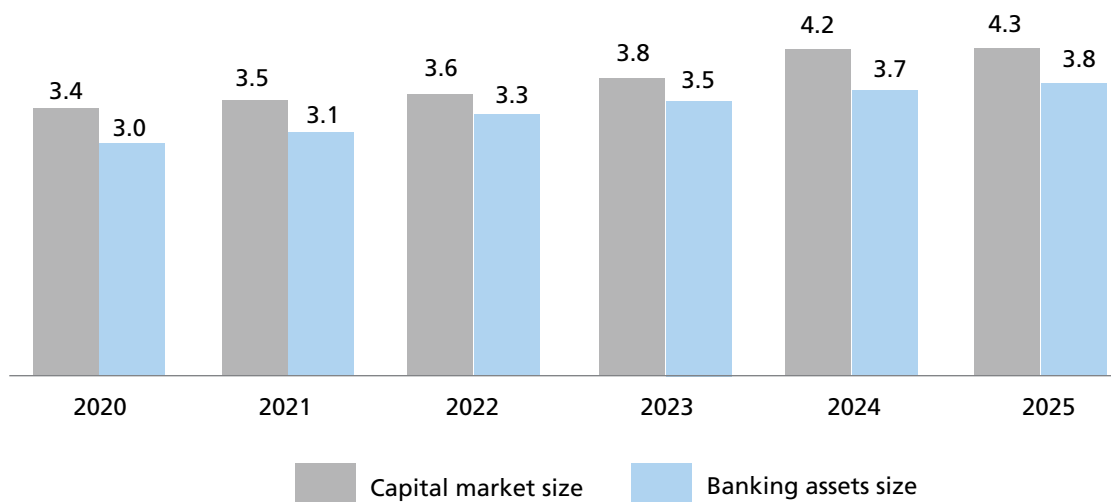


Source: SC.

CHART 3

Comparison of capital market size to banking assets size,
2020-2025

RM trillion



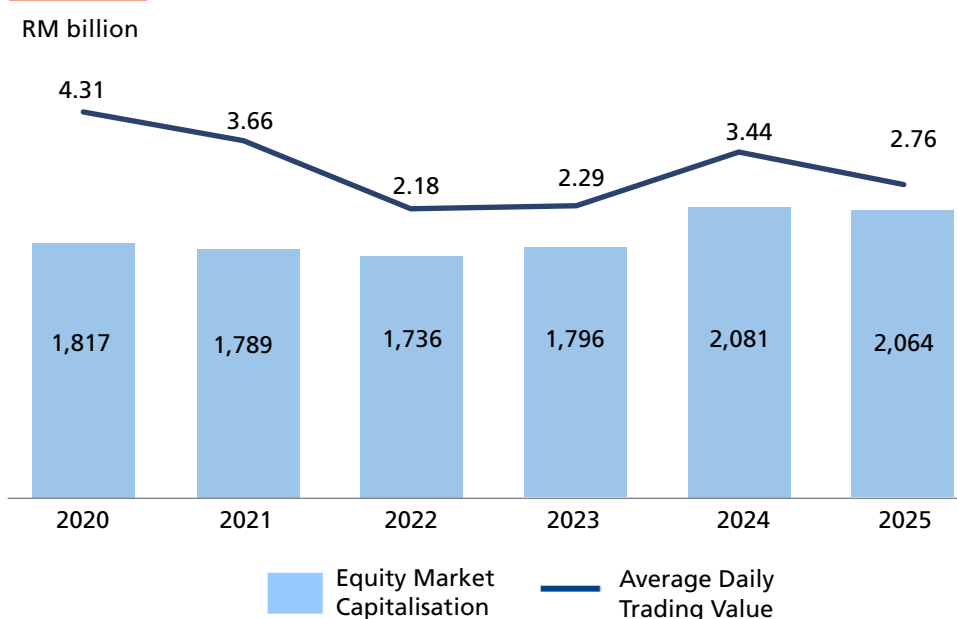
Source: Bank Negara, SC.

EQUITY MARKET PERFORMANCE

Malaysia's equity market regained its growth momentum in recent years with equity market capitalisation rising from RM1.8 trillion in 2020 to RM2.1 trillion in 2025 (Chart 4). Nonetheless, trading activity as measured by average daily trading value moderated from the high of RM4.3 billion in 2020 to RM2.8 billion in 2025. Meanwhile, Malaysia's benchmark index FBM KLCI recorded a growth of +3.3% during the same period (2020-2025), trailing behind the MSCI World (+64.7%), MSCI Emerging Markets (+8.8%) and MSCI ASEAN (+5.3%) indices.

CHART 4

Equity market capitalisation and annual average daily trading value, 2020-2025



Source: SC.

Strengthening the Equity Fundraising Landscape

Building on the market's recovery, equity fundraising activity has gathered strong momentum in recent years, reflecting renewed investor appetite and the growing depth of Malaysia's capital market.

The number of initial public offerings (IPO) increased from 19 in 2020 to 60 in 2025 (Chart 5), comprising five listings on the LEAP Market, 44 on the ACE Market and 11 on the MAIN Market. This milestone brought the total number of public-listed companies (PLCs) on Bursa Malaysia to 1,102, surpassing regional peers such as Singapore (606), Indonesia (958) and Thailand (868) in 2025.²

² Data sourced from websites of Bursa Malaysia, SGX, SET and IDX market statistics.

Equity market capitalisation
RM2.1 trillion
2025



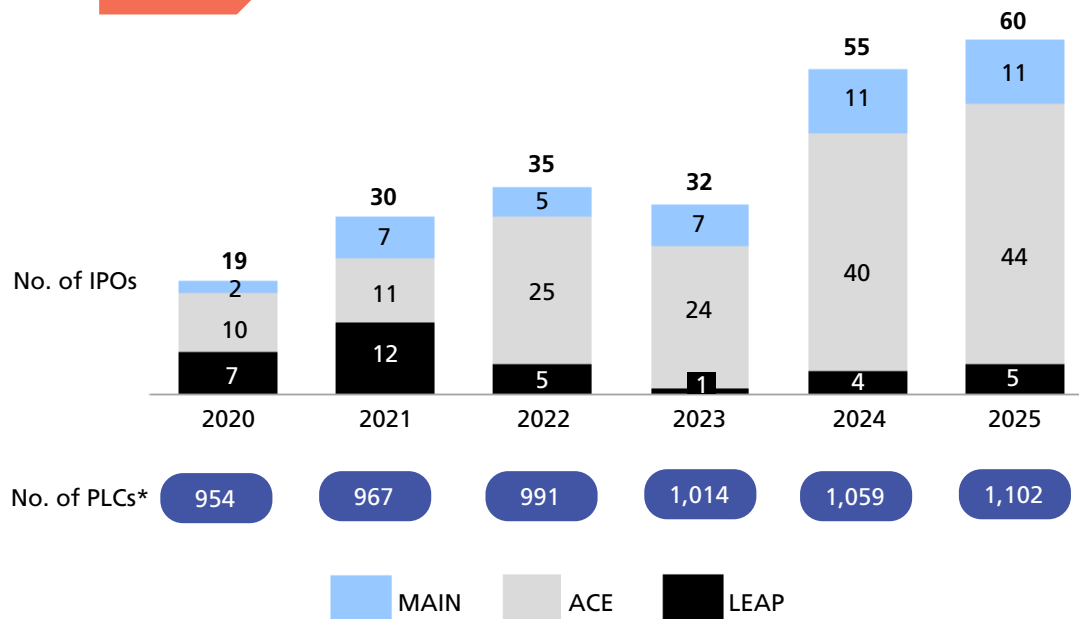
RM1.8 trillion
2020

Number of IPOs

60
2025



19
2020

CHART 5 Number of IPOs and PLCs, 2020-2025

Note:

* No. of PLCs include REITs and Business Trusts.

Source: Bursa Malaysia.

During this period, the SC further streamlined the listing ecosystem to facilitate a clearer pathway for companies. The 2023 LEAP-to-ACE transfer framework and the 2024 accelerated ACE-to-MAIN Market framework enabled high performing PLCs to transition more efficiently as their business operations grew. For new entrants, the fast-track IPO approval process introduced by the SC in 2024, together with Bursa Malaysia's corresponding process improvements for the ACE Market has expedited market entry for eligible applicants while maintaining rigorous assessment standards. These enhancements have improved market access, shortened time-to-market and reinforced Malaysia's position as a competitive and facilitative listing destination in the region.

To complement these facilitative measures and to ensure balanced market oversight, the SC issued the *Guidelines on the Offer of Shares by Unlisted Public Companies* in March 2025. The new framework addresses regulatory gaps in fundraising activities by unlisted public companies while strengthening investor safeguards against potential regulatory arbitrage.

Corporate quality and governance were also strengthened through revisions to the *Malaysian Code on Corporate Governance* (MCCG) in 2021 and Bursa Malaysia's *Public Listed Companies Transformation* (PLCT) programme. Introduced in March 2022, PLCT offered structured guidance to enhance PLCs' financial strength, board composition, governance and sustainability practices.

Fast-track IPO approval process introduced in 2024

***Guidelines on the Offer of Shares by Unlisted Public Companies* introduced in March 2025**

By the end of 2024, the 326 PLCs that had participated in the PLCT programme recorded an average price-to-earnings (P/E) ratio of 24 times, as compared with the 17 times average among non-participants.³ This demonstrates how stronger governance and transparency can translate into better valuations and market performance.

Supporting these efforts, Bursa Malaysia launched its *Bursa Research Incentive Scheme Plus* (Bursa RISE+) in April 2025. Supported by the Capital Market Development Fund (CMDf), this initiative builds on the earlier Bursa RISE programme (March 2022–December 2024). Collectively, an average trading velocity uplift of 9.2% was recorded, relative to the broader market in 2024.⁴

Bursa RISE+ expands this research coverage beyond listed companies to include private firms with growth potential and pre-IPO companies preparing for listing on Bursa Malaysia. While market conditions such as improved sentiment and foreign investor interest supported trading activity, such market-driven initiatives continue to play an important role in narrowing the information gap and improving price discovery for smaller and emerging issuers.

BOND AND SUKUK MARKET PERFORMANCE

Malaysia's bond and sukuk market continued to expand steadily, with total outstanding rising from RM1.6 trillion in 2020 to RM2.2 trillion in 2025. This was underpinned by government and corporate issuances (Chart 6). Corporate bonds and sukuk accounted for 42% of total bonds outstanding. Sukuk continued to dominate with a 64% share of total bonds outstanding (Chart 7) and 85% of corporate bonds in 2025 (Chart 8).

Government bonds and sukuk grew at a compound annual growth rate (CAGR) of 7.6% between 2021 and 2025. This pace of expansion outperformed the nominal GDP growth rate of approximately 6.9% over the same period (Chart 1). Consequently, the government debt-to-GDP ratio increased from around 62% in 2020 to 64% in 2025.

**Bond and sukuk
market size**

**RM2.2
trillion
2025**



**RM1.6
trillion
2020**

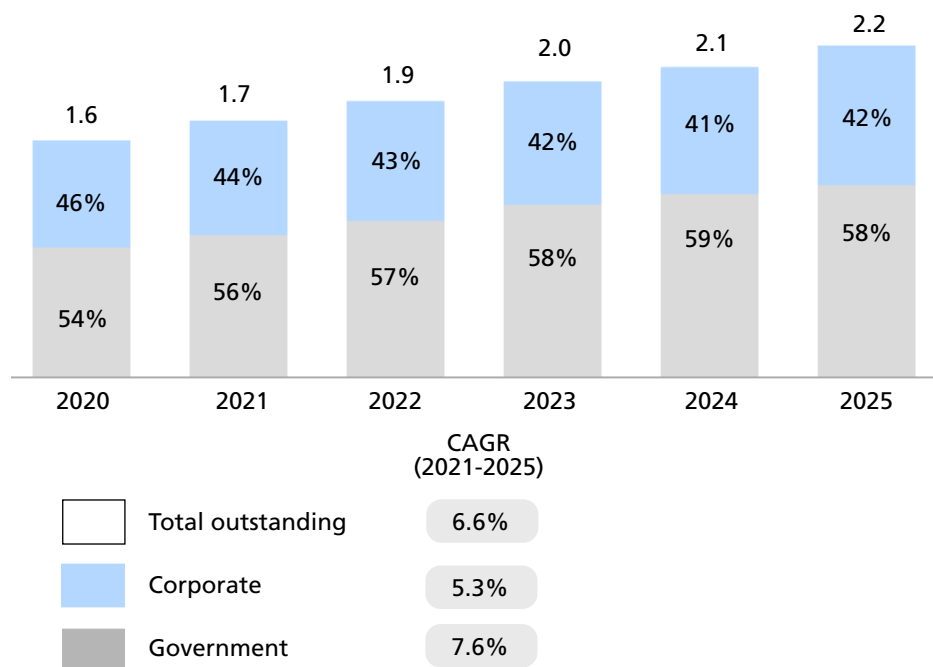
**Government
bonds and sukuk
grew at
CAGR of
7.6%
between 2021
and 2025**

³ Asian Corporate Governance Association (ACGA) Special Report (May 2025), *Value Up, Asia – Aligning governance with shareholder value*.

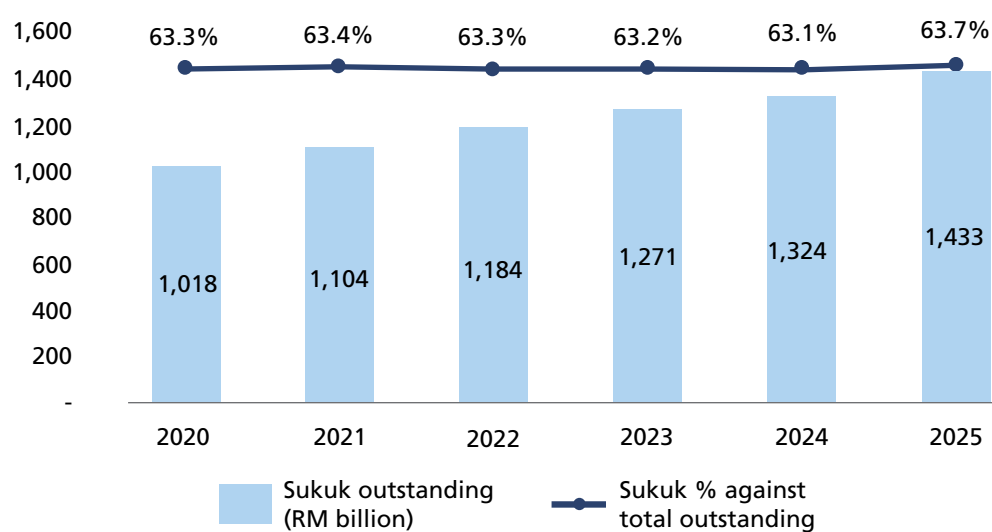
⁴ Bursa Malaysia (30 April 2025), *Bursa Malaysia launches Bursa Research Incentive Scheme Plus (Bursa RISE+): Enhancing the profile and visibility of Malaysian companies*.

CHART 6 Bonds and sukuk outstanding, 2020-2025

RM trillion



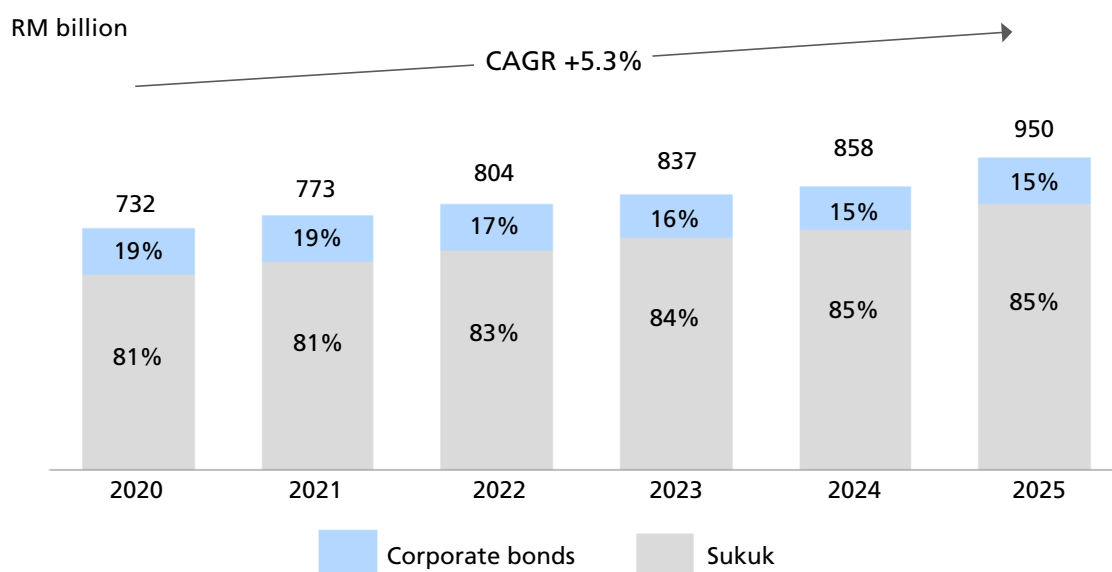
Source: SC.

CHART 7 Sukuk outstanding, 2020-2025

Source: SC.

CHART 8

Total corporate bonds and sukuk outstanding, 2020-2025



Source: SC.

With the *Public Finance and Fiscal Responsibility Act 2023* setting a statutory limit of approximately 60% for the Federal Government's debt-to-GDP ratio and the 13th Malaysia Plan (RMK13) targeting a reduction in the ratio to around 60% by 2030, the growth momentum in government bonds is expected to moderate in the coming years as fiscal discipline measures take effect.

Notwithstanding this, the SC will continue to enhance the depth, transparency and inclusivity of the bond and sukuk market by promoting broader retail participation, advancing sustainable finance and leveraging digital innovation. To ensure that regulatory frameworks remain current, robust and responsive, the SC has refined and introduced several key guidelines and frameworks, including *Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors* (2024), *Credit Rating Agency (CRA) Guidelines* (2023), as well as the *SRI-Linked Sukuk Framework* (2022).

In parallel, the SC continues to strengthen market transparency through the Bond + Sukuk Information Exchange (BIX), the centralised information platform that provides comprehensive access to bond and sukuk prices, issuance data, documentation and analytical tools. This platform has become an important enabler for bond and sukuk market development.

DERIVATIVES MARKET PERFORMANCE

Malaysia's derivatives market also registered notable progress in recent years, with the Bursa Malaysia Derivatives (BMD) products' average daily traded volume rising from 73,523 contracts per day in 2020 to 95,472 contracts per day in 2025 (Chart 9). Open interest in the Crude Palm Oil Futures reached a record high on 14 March 2024 with 299,190 contracts, surpassing the previous peak set in 2014 (287,859 contracts on 10 September 2014), signifying deepening market liquidity.

Renewal of the strategic agreement with the Chicago Mercantile Exchange in October 2023, effective until 2028, further strengthened international connectivity. Initiatives such as the *Futures Trading Apprenticeship Programme* were introduced to train a new generation of professional traders. At the same time, product offerings continued to expand, with the introduction of Mini USD/CNH currency futures, soybean oil futures and used cooking oil futures in support of evolving market needs.

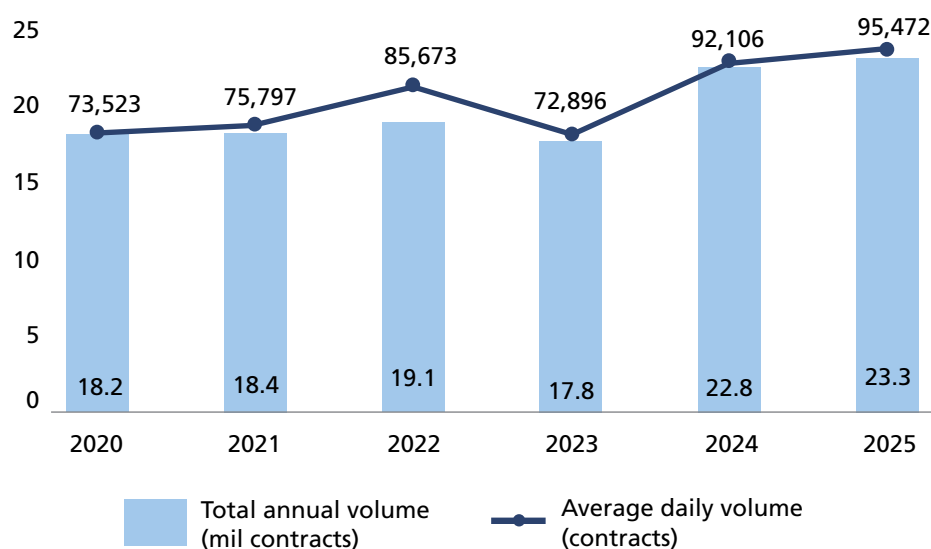
The SC will continue its commitment in developing Malaysia's derivatives market as part of its ongoing overall capital market development.

95,472
average
derivatives
contracts traded
per day in 2025

**Renewal
of Chicago
Mercantile
Exchange
partnership until
2028 strengthened
international
connectivity**

CHART 9 Trading in Bursa Malaysia Derivatives products, 2020-2025

Total annual volume



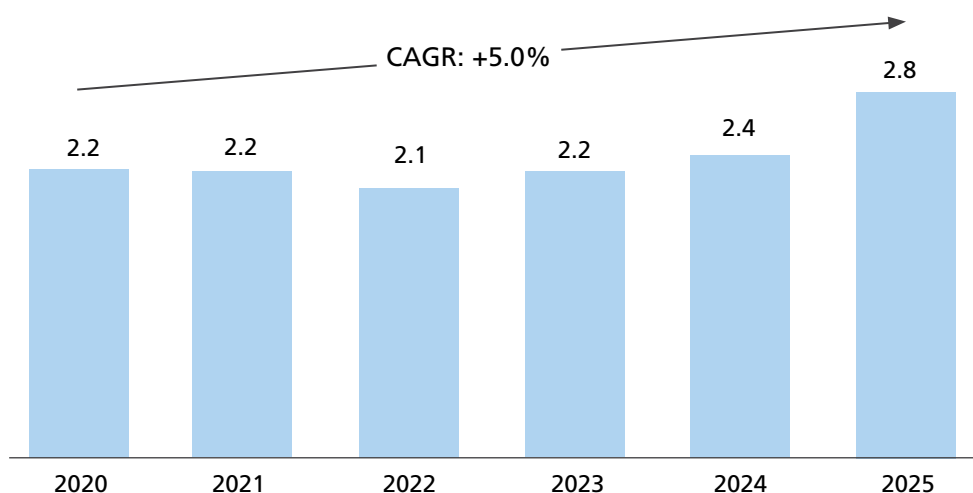
Source: Bursa Malaysia.

EXCHANGE-TRADED FUNDS PERFORMANCE

CHART 10

Market capitalisation of ETFs traded on Bursa Malaysia, 2020-2025

RM billion



Source: Bursa Malaysia.

Specialised ETFs catering to sustainability, Shariah-compliance and leveraged exposure showed shift towards product innovation

The Malaysian exchange-traded fund (ETF) industry has grown to reach a market capitalisation of RM2.8 billion in 2025 (Chart 10). Industry developments show a shift towards product innovation, highlighted by the launch of specialised ETFs catering to sustainability, Shariah-compliance and leveraged exposure. These include leveraged and inverse (L&I) ETFs and a *Waqf*-based ETF. More recently, the FTSE4Good Bursa Malaysia ETF allowed investors to invest in companies that meets Malaysia's Sustainable and Responsible Investment (SRI) standards. Regulatory efforts and active collaboration with industry stakeholders continues, which underscore Malaysia's commitment to fostering a competitive marketplace that supports investor needs.

ALTERNATIVE MARKET PERFORMANCE

Beyond traditional equities and bonds, alternative financing channels continued to gain traction, expanding funding options for micro, small and medium-sized enterprises⁵ (MSMEs) and mid-tier companies⁶ (MTCs). Malaysia's alternative market now encompasses a broad range of platforms and instruments, including venture capital (VC), private equity (PE), peer-to-peer financing (P2P), equity crowdfunding (ECF) and initial exchange offerings (IEO).

Alternative markets operate through a broad range of platforms offering diverse instruments

⁵ Registered enterprises with annual sales turnover of less than RM50 million or less than 200 employees for manufacturing sector; Annual sales turnover less than RM20 million or less than 75 employees for services and other sectors.

⁶ Registered enterprises with annual sales turnover of RM50 million-RM500 million for manufacturing sector; Annual sales turnover of RM20 million-RM500 million for services and other sectors.

While the volume of these transactions remains modest, these alternative channels provide complementary and flexible financing solutions that fill critical funding gaps, especially for growth-stage enterprises. The overall expansion reflects a genuine broadening and diversification of the Malaysian capital market.

Building on this momentum, the SC launched the *Catalysing MSME and MTC Access to the Capital Market: 5-Year Roadmap 2024-2028* (MSME and MTC Roadmap), which aims to mobilise RM40 billion by 2028 in market-based financing for MSMEs and MTCs, up from RM6.3 billion in 2023. While MSME and MTC primarily rely on traditional financing avenues such as banks, up to 20% of financing can be sourced from the capital market, to address the MSME financing gap of RM290 billion⁷. This roadmap reaffirms the SC's commitment to enhance financing access for smaller businesses through scalable and market-driven solutions.

RM40 billion by 2028
in market-based financing for MSMEs and MTCs

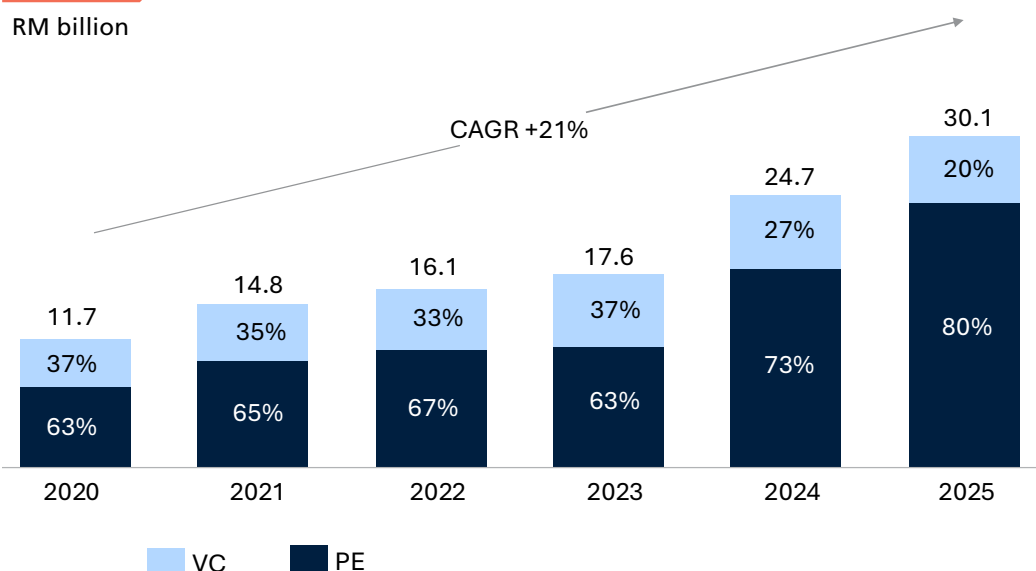
Venture Capital and Private Equity

Despite global fundraising headwinds, Malaysia's VC and PE segments grew at a rapid pace, with total cumulative VC/PE committed funds under management recording a 21% CAGR between 2020 and 2025. This rapid growth was supported by regulatory clarity, sovereign fund of funds initiatives and rising investor interest in high-growth sectors like technology, semiconductor and fintech. Total committed funds reached RM30.1 billion in 2025, with RM2.8 billion deployed across 117 deals during the year (Chart 11).

VC/PE committed funds under management grew at CAGR of 21% between 2020 and 2025

CHART 11

Total cumulative VC/PE committed funds under management, 2020-2025



Source: SC.

⁷ For the purpose of the MSME and MTC Roadmap, an updated financing gap estimate was calculated by PwC, adopting methodology by the International Finance Corporation (IFC) and supplemented with inputs gathered from benchmarking, estimation of financing gap and market engagements, including one-on-one interviews, a series of workshops and deployment of questionnaires. Data was also sourced from the International Monetary Fund's (IMF) Financial Access Survey (FAS) and the Organisation for Economic Cooperation and Development's (OECD) SME Scorecard.

Equity Crowdfunding, Peer-to-Peer Financing and Initial Exchange Offerings

Malaysia's financing ecosystem was further strengthened with the entry of new P2P operators approved in 2023, focusing on servicing MTCs seeking to raise funds through the Recognized Market Operator (RMO) platforms. This development provides a viable path for businesses to raise capital from the public.

Over the period from 2020 to 2025, ECF and P2P platforms collectively channelled more than RM11.5 billion in financing to over 20,000 businesses across various stages of growth. P2P financing expanded steadily over the period, reaching a cumulative total of RM10.7 billion. Of this amount, RM2.83 billion was raised in 2025 alone, representing a five-fold increase compared with 2020 (Chart 12).

Five-fold increase in funds raised via P2P in 2025 compared to 2020

CHART 12 Funds raised on P2P platforms, 2020-2025

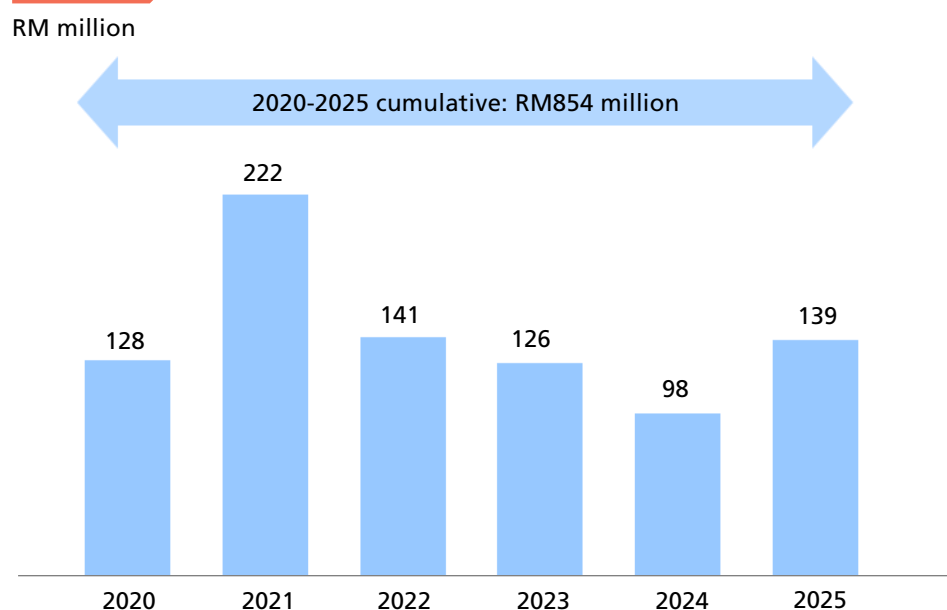
RM billion



Source: SC.

While ECF activity moderated in the preceding years, the market recorded an uptick in 2025, with funds raised amounting to RM139 million. This growth was supported by broader issuer participation, including from key productive sectors such as agriculture and manufacturing, reflecting the continued role of ECF in facilitating access to market-based financing. Cumulative funds raised from 2020 to 2025 through ECF reached RM854 million. (Chart 13).

CHART 13 Total funds raised via ECF, 2020-2025



Source: SC.

The Malaysia Co-Investment Fund (MyCIF), set up under Belanjawan 2019 by the MOF and SC to co-invest in MSMEs and social enterprises via ECF and P2P platforms, continued to play a catalytic role by co-investing alongside private investors. As of end 2025, MyCIF had mobilised RM1.5 billion, attracting RM4.13 of private capital for every ringgit invested. This demonstrates how public-private collaboration can expand access to market-based financing.⁸

To further diversify digital fundraising channels, the SC introduced Initial Exchange Offerings (IEO) in 2023. Two IEO platforms⁹ were registered, providing a regulated avenue for eligible companies to raise capital by issuing digital tokens on distributed-ledger technology (DLT). This initiative marks an important step towards the digitalisation of capital formation, combining the accessibility of crowdfunding with the transparency and traceability of DLT-based transactions. Over time, IEOs are expected to complement ECF and P2P platforms by expanding fundraising options and engaging a new generation of digital investors.

IEOs to complement ECF and P2P platforms over time by expanding fundraising options and engaging a new generation of digital investors

⁸ SC analysis.

⁹ Kapital DX Sdn Bhd and Pitch Platforms Sdn Bhd.

The expansion of alternative fundraising channels has been accompanied by a parallel transformation in Malaysia's investment landscape, where technology and innovation are reshaping how investors access, manage and grow their capital.

INVESTMENT INTERMEDIATION AND ASSET MANAGEMENT INDUSTRY

Between 2021 and 2025, Malaysia's investment landscape evolved to become more inclusive, technology-enabled and innovation-driven, underpinned by improvements in infrastructure, market access and supported by regulatory facilitation. At the same time, Malaysia's leadership in Islamic finance was sustained through greater integration of Shariah-compliant and sustainable investment solutions. Key highlights of this transition include:



Expansion of Digital Infrastructure

The digital infrastructure for the capital market saw significant expansion, with six SC-registered e-services platforms (eSP)¹⁰ facilitating over RM53 million in subscriptions for capital market products by 2024.



Increased Market Accessibility

The introduction of fractional shares trading in 2023, enabled investors to participate in both local and cross-border equities with investments from as low as RM1.



Enhanced Position in Islamic and Sustainable Finance

Malaysia further strengthened its global standing in Islamic and sustainable finance with the launch of the world's first *waqf* ETF in December 2024 alongside ongoing efforts to expand Islamic Capital Market (ICM) products with elements of *waqf*.



Increasing Digital Asset Maturity

The digital asset segment continued to mature with the registration of the fifth and sixth digital asset exchange (DAX) operators as well as three digital asset custodians (DAC)¹¹. In 2023, the world's first Shariah-compliant cryptocurrency wholesale fund¹² was launched.

¹⁰ Axiata Digital eCode, Kenanga Digital, ShopeePay Malaysia, TNG Digital, Versa Asia and Wavpay Systems.

¹¹ The two registered DAXs are Hata and Torum, and three registered DACs are CoKeeps, Gambit Custody and Jada Platform.

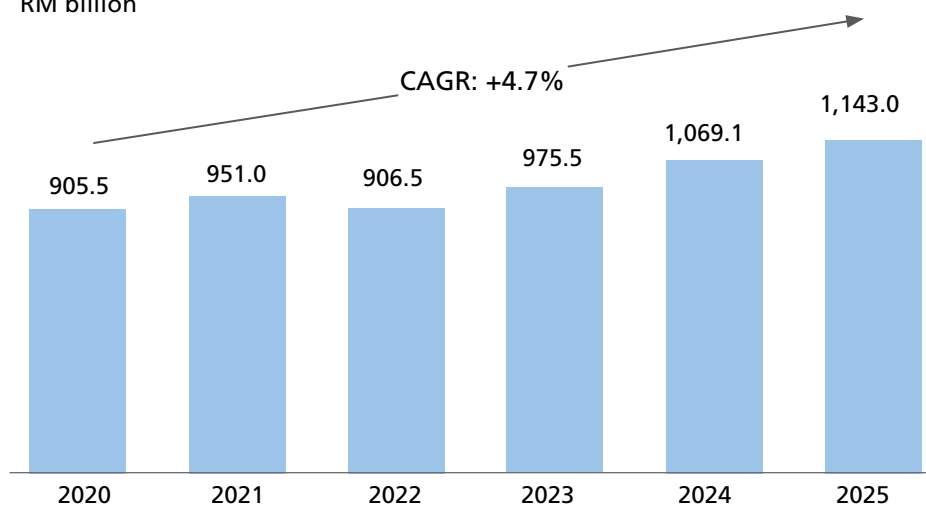
¹² Halogen Shariah Bitcoin Fund.

Malaysia's assets under management (AUM) has surpassed the RM1 trillion milestone since 2024 (Chart 14). In the newer digital investment management segment, AUM grew to RM1.9 billion since its inception in 2018. Wholesale funds reached a net asset value (NAV) of RM82.6 billion in 2024, supported by the 2023 amendments to the *Lodge and Launch Framework* and *Offering, Marketing and Distribution of Foreign Funds Guidelines*, which further broadened the diversity of wholesale fund offerings.

**RM1.14
trillion**
assets under
management
in 2025

CHART 14 Total Assets Under Management, 2020-2025

RM billion



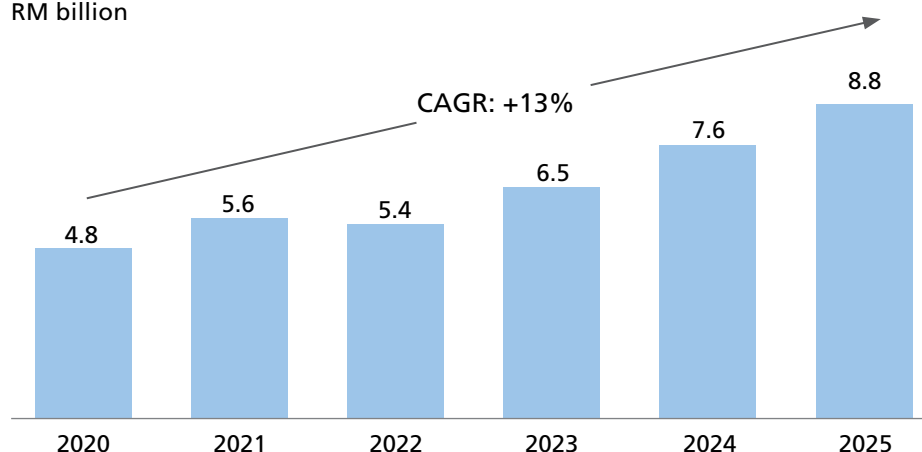
Source: SC.

The NAV of private retirement schemes (PRS) rose to RM8.8 billion in 2025 (Chart 15). CMP3 acknowledged the importance of a holistic evolution of retirement solutions in Malaysia. This includes better accumulation and decumulation through target date funds (TDFs)¹³ coupled with national level policy measures such as tax incentives to shape investor behaviour for retirement savings. While there has been TDFs¹⁴ made available during the period, there is still room to enhance retirement solutions in Malaysia.

**RM8.8
billion
private
retirement
scheme NAV
in 2025**

CHART 15 Private Retirement Scheme NAV, 2020-2025

RM billion



Source: SC.

¹³ TDF is a collective investment scheme that is actively managed towards a target date. The TDF will invest according to an asset allocation strategy designed for investors who have a retirement goal that is close to the year stated in the fund's name. Subsequently, each of the TDF will mature on its target date.

¹⁴ TDFs launched and distributed by Principal Asset Management and Touch n' Go eWallet.

ICM AND SUSTAINABLE FINANCE

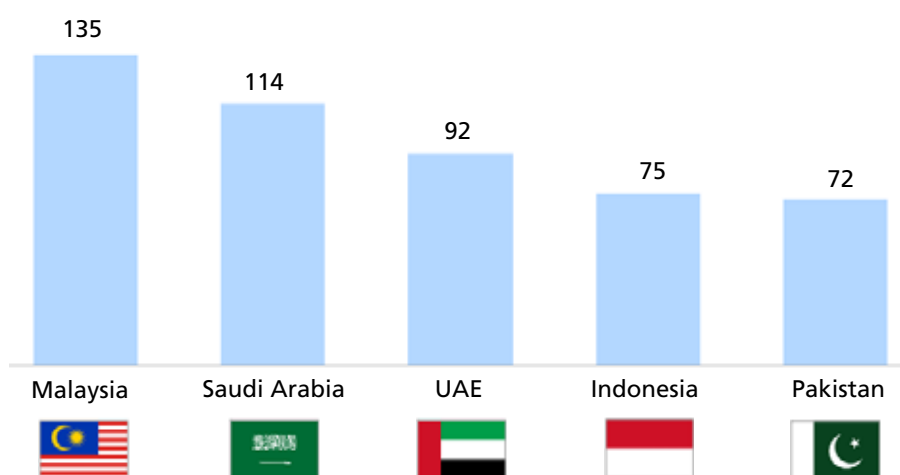
Islamic Capital Market

According to Fitch Ratings, Malaysia remains the global leader in sukuk issuance, accounting for approximately 36% of the global sukuk market size at the end of 2024. In addition, Malaysia topped the Islamic Finance Development Indicator (IFDI) for the 13th consecutive year in 2025, ahead of Saudi Arabia, the United Arab Emirates (UAE) and Indonesia. These achievements underscore Malaysia's central role in global Islamic finance (Chart 16).

CHART 16

Islamic Finance Development Indicator*
– Most Developed Islamic Finance Markets, 2025

IFDI Score, out of 200



Note:

* A composite weighted index that measures the overall development of the Islamic finance industry.

Source: ICD-LSG Islamic Finance Development Report 2025.

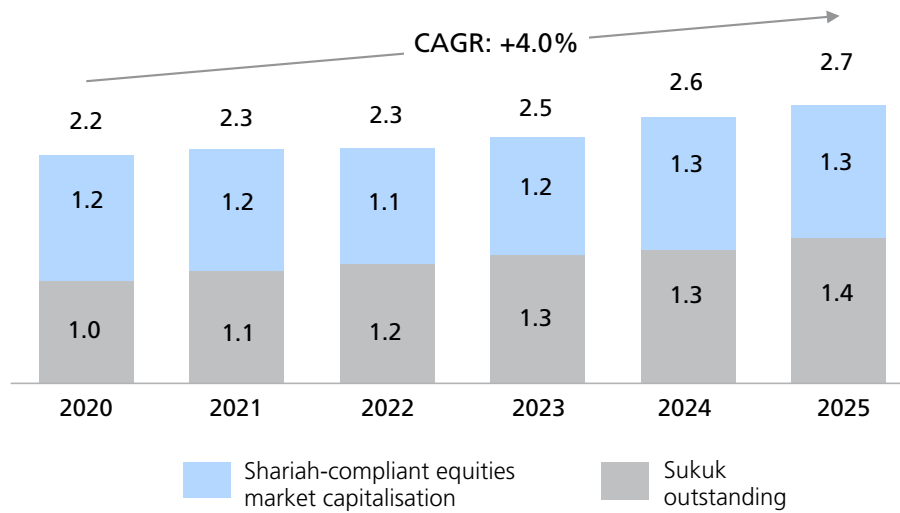
Malaysia's ICM size grew from RM2.2 trillion in 2020 to RM2.7 trillion by the end of 2025 with Shariah-compliant equities and sukuk contributing RM1.3 trillion and RM1.4 trillion, respectively (Chart 17). This accounted for 64% of the total capital market size.

To strengthen the ethical foundations of ICM, the SC launched the *Maqasid al-Shariah Guidance Islamic Capital Market Malaysia (Maqasid al-Shariah Guidance)* in November 2023. This guidance is anchored on core principles that resonate with global investors, namely fairness, transparency, environmental and social impact and accountability. This was supported by the establishment of the *Maqasid al-Shariah* Task Force and the launch of the *40 Hadith* book series on sustainability and ethics in commercial transactions in May 2025 to drive adoption and awareness of the guidance.

Malaysia led Islamic Finance Development Indicator for the 13th consecutive year in 2025

CHART 17 Islamic capital market size, 2020-2025

RM trillion



Source: SC.

Malaysia ICM size
RM2.7 trillion
 2025



RM2.2 trillion
 2020

ICM accounted for **64%** of total capital market size as of end 2025

Box Article 1

SHAPING A PURPOSE-DRIVEN ICM

Malaysia continues to demonstrate its commitment in enhancing the role of ICM in facilitating equitable growth and contributing towards the development of a sustainable and inclusive stakeholder economy as envisioned under CMP3. In today's evolving landscape, it is no longer sufficient for ICM participants to focus solely on Shariah compliance, as there is a growing need to align with the broader principles of *Maqasid al-Shariah* (higher objectives of Shariah) to ensure that financial activities deliver meaningful impact to society.

Recognising the need to realise these aspirations, the SC introduced the principles-based *Maqasid al-Shariah Guidance* in 2023. This pioneering initiative outlines six overarching aspirations, namely *Humanity, Justice and Benevolence, Clarity and Transparency, Flexibility and Innovation, Fiduciary and Accountability, and Accessibility and Inclusivity*. These aspirations are anchored by 15 guiding principles that promote ethical and value-driven conduct across the ICM.

The *Maqasid al-Shariah Guidance* reinforces the essence of sustainable economic development as envisioned in CMP3, where inclusivity, transparency and innovation converge to deliver socially beneficial outcomes. The adoption of the Guidance by Shariah advisers reflects the growing recognition of the need to embed practices aligned with *Maqasid al-Shariah* into product design.

Moving forward, the next phase of implementation seeks to deepen the holistic integration of the *Maqasid al-Shariah Guidance* across the ICM ecosystem in the following areas:



Sustainable Finance

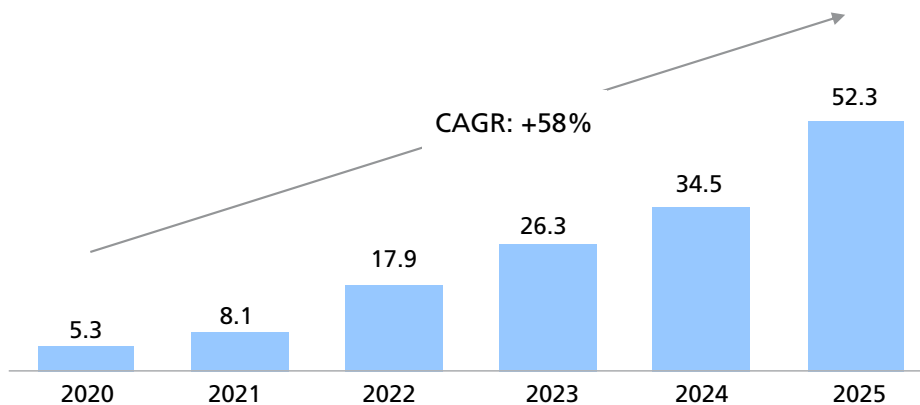
Sustainable finance has gained substantial momentum in recent years. The corporate SRI sukuk market grew at about 58% CAGR; rising from about RM5.3 billion in 2020 to RM52.3 billion outstanding by the end of 2025 (Chart 18).

This strong growth has been driven by increasing issuer and investor preference for compliance with environmental, social and governance (ESG) requirements. This was further supported by tax incentives and grants to lower issuance costs and promote market participation.

**RM52.3
billion**
SRI sukuk
outstanding
in 2025

CHART 18 Corporate SRI sukuk outstanding, 2020-2025

RM billion

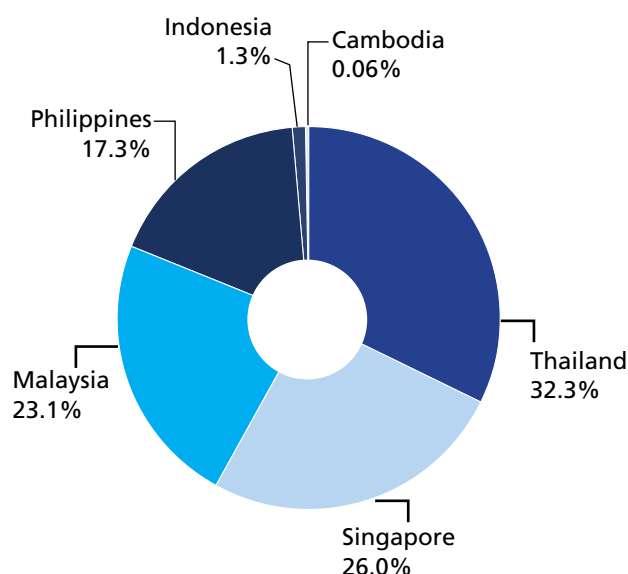


Source: SC.

Within the Association of Southeast Asian Nations (ASEAN), Malaysia ranks among the top three issuers of green, social and sustainability bonds and sukuk, accounting for approximately 23.1% of the region's cumulative US\$87.7 billion issuance (Chart 19).

CHART 19

ASEAN green, social, sustainability and sustainability-linked bonds issuance by country, 2020-2025



Source: ASEAN Capital Markets Forum (theacmf.org).

Malaysia ranks among the top three issuers of green, social and sustainability bonds and sukuk in ASEAN

II. REGULATORY PROGRESS

Between 2021 and 2025, the SC advanced its investor protection and regulatory agenda with a sharpened focus on corporate disclosures, supervision, surveillance and enforcement. Efforts were directed at ensuring faster detection of risks, quicker resolution of cases and improved coordination in regulatory responses.

Proactive scam prevention measures, enforcement actions and regulatory reforms were complemented by the deployment of new technologies and streamlined processes to strengthen efficiency across the regulatory value chain. Collectively, these initiatives were designed to safeguard investors, reinforce accountability and strengthen resilience in the capital market while ensuring that market development progressed in an orderly manner.

Faster detection of risks, quicker case resolutions and improved regulatory coordination

Key Regulatory Highlights of Capital Market Masterplan 2021-2025 (CMP3)

SHARED ACCOUNTABILITY ACROSS BROADER STAKEHOLDERS OF ECONOMY



Enhanced Sustainability Disclosures

The launch of the *National Sustainability Reporting Framework* (NSRF) in 2024 further bolstered market transparency through mandatory disclosures aligned with the International Sustainability Standards Board (ISSB) Standards. Under its phased adoption timeline, all Main Market listed companies on Bursa Malaysia with a market capitalisation of RM2 billion and above will begin reporting for their FY2025, while other Main Market listed companies, ACE Market listed companies and large non-listed companies will follow suit for FY2026 and FY2027 respectively.

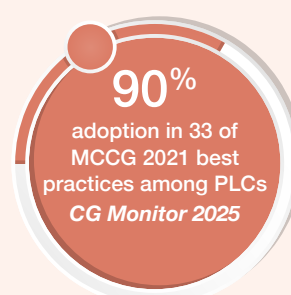


Advancing Corporate Governance Standards

Corporate governance standards in Malaysia continued to advance and this has earned international recognition. The Asian Corporate Governance Association (ACGA) *CG Watch 2023*¹⁵ ranked Malaysia fifth in the Asia-Pacific region and first for the quality of auditors and audit regulators, as well as second for the strength of corporate governance rules and listed companies.

The SC continued to enhance governance practices through the *Malaysian Code on Corporate Governance* (MCCG 2021) and initiatives under the *Corporate Governance Strategic Priorities 2021-2023* to strengthen sustainability oversight, board diversity, independence and audit quality.

In addition, the *Corporate Governance Monitor 2025* (CG Monitor 2025) reports strong overall adoption of the MCCG 2021, with 33 out of 48 best practices achieving adoption levels of 90% and above. Women now hold 29% of board positions (2,112 board seats) across all PLCs, with almost all companies having at least one woman director. Further progress is needed in remuneration transparency, integration of sustainability-linked KPIs in board and management evaluations, and in enhancing the independence of audit and risk committees to advance governance standards across the capital market.



¹⁵ The jurisdictions covered by ACGA in its biennial CG Watch assessment are Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand.



Centralised and Independent Financial Dispute Resolution

In January 2025, the SC and Bank Negara Malaysia (BNM) launched the Financial Markets Ombudsman Service (FMOS), consolidating the functions of the Ombudsman for Financial Services (OFS) and the Securities Industry Dispute Resolution Center (SIDREC). FMOS now serves as the central dispute resolution centre for financial consumers and investors. This provides investors with a more efficient redress mechanism to address grievances against financial service providers and capital market intermediaries with a view to building greater confidence in the financial system.

STRENGTHENING TECHNOLOGY RESILIENCE



CMP3 recognised that the industry's overall cyber security awareness and preparedness have improved significantly. The SC continues to prioritise cyber resilience as the industry deepens adoption of digital technologies. While progress has been made, capital market entities continue to be exposed to emerging technology risks, including threats against critical systems, data confidentiality, technology service dependencies and the rapidly evolving cyber threat landscape.



To strengthen industry capabilities to detect and mitigate these risks, the SC issued the *Guidelines on Technology Risk Management* (GTRM) in 2023, which took effect on 19 August 2024. The GTRM sets clear expectations for capital market entities to maintain a robust and sound technology risk management framework, supported by strong governance and oversight by the board and senior management, effective change management processes, technology audits and enhanced accountability for technology service providers. This includes specific requirements relating to risk management on cloud adoption and the use of Artificial Intelligence and Machine Learning (AI/ML).



The GTRM reinforces the SC's objective of ensuring that capital market entities can anticipate, withstand and quickly recover from technology and cyber disruptions. The SC continues to support the industry through supervisory engagements and thematic assessments focused on strengthening resilience, as well as cyber simulation exercises with industry participants to enhance preparedness and response capabilities. These collective efforts will contribute to a more cyber-resilient capital market ecosystem.

PRIORITISED EFFECTIVENESS OF REGULATORY OUTCOMES



Reinforcing Awareness and Investor Protection

Investor protection was strengthened through prompt intervention measures, improved investor literacy initiatives and enhanced digital monitoring.

Between 2021 and 2025, the SC through InvestSmart® had intensified investor engagements through various on-the-ground and other investor education initiatives. For the underserved and vulnerable Malaysian investors such as non-urban population, gig workers, youths, B40 community, senior citizens and persons with disabilities, the SC conducted targeted programmes such as on-the-ground events, webinars, gamification, Train-the-Trainers, etc. The SC also worked with communities and religious groups to help deliver SC's messages through Friday sermons and dissemination of investor education materials to various religious establishments such as mosques, temples and churches. Complementing these, InvestSmart® also leveraged on digital platforms such as dedicated websites and social media platforms (Facebook, IG, X, TikTok, etc.) to broaden public access.

These programmes aim to enhance financial and investment literacy, promote retirement planning and raise awareness of unlicensed activities and scams. In addition, the SC as a member of the Financial Education Network (FEN) collaborated with fellow members to roll out initiatives in line with the Strategic Priorities and action plans in the National Strategy for Financial Literacy 2019-2023. Examples of such initiatives are MyDuitStory, FEN Proaktif and Train-the-Trainer sessions for school teachers and many more.

Separately, the SC deployed targeted social media strategies like setting up a dedicated unit to detect and remove scams on platforms such as Telegram and Facebook, leveraging AI-powered tools. The SC also established an internal task force in 2020 to investigate fraudulent activities, coordinate anti-scam interventions and to take action on suspicious transactions. These efforts led to enforcement action against 19 mule account holders who had received thousands of ringgit in illegal proceeds through their bank accounts, resulting in total fines of RM3.68 million.



A More Adaptive and Responsive Regulatory Regime for Industry Players

In ensuring a more adaptive and responsive regulatory regime for industry players, the SC had introduced the Focused Scope Assessment in February 2024, giving new eligible Capital Market Intermediaries and RMO more control over their submissions for authorisation. It reduced the time to market for such intermediaries from over six months to three months by using a targeted review and requiring an independent third-party validation of the applicant's business policies and procedures.



Enhancing Enforcement Transparency, Efficiency and Coordination

The SC strengthened its enforcement processes and infrastructure to enhance speed and coordination in regulatory actions. The SC's enforcement priorities, first introduced in 2020, were reviewed annually and, in 2024, transitioned into a three-year enforcement priorities, covering the period 2024–2026. It focuses on disclosure breaches, securities fraud and unlicensed activities, with corporate misconduct introduced as an additional priority in response to the increasing prevalence of such cases. Collectively, these enforcement priorities accounted for approximately two-thirds of the SC's investigation efforts.¹⁶

The SC also enhanced collaboration with industry and other regulators. Partnerships with bodies such as the Federation of Investment Managers Malaysia (FIMM) strengthened enforcement against fraud involving unit trust consultants, while the rollout of the *Coordinated Enforcement Repository System* (CERS) with Bursa Malaysia in 2022 digitised and streamlined regulatory referrals. CERS formalised the referral process and improved the timeliness, consistency and coordination of enforcement actions involving overlapping breaches.

In strengthening its investigative capability, the SC launched its Digital Forensics (DF) Lab in 2024, marking a major step forward in the use of technology and data analytics in enforcement. The DF Lab is designed to equip Investigating Officers with infrastructure and cutting-edge forensic technologies essential for comprehensive evidence extraction, analysis and interpretation. It also supports *e-Discovery* and *Online Intelligence* functions and develops procedures aligned with international standards to ensure reliability of digital evidence. The DF Lab now serves as a cornerstone of the SC's digital investigative strategy, enabling closer collaboration with other law-enforcement agencies and improving the overall effectiveness and agility of enforcement operations.

Additionally, the SC developed an in-house surveillance tool that enables greater automation in the detection of cases. As a result, there has been a 60% increase in the number of cases identified as having potential issues compared to 2023 and this has contributed towards more expeditious review of cases.¹⁷

¹⁶ SC, 2024 Annual Report.

¹⁷ *Ibid.*



Hutan Purba Beraroma Pedas contrasts the imposing presence of a mythical jungle bloom with the subtle heat of traditional spice culture. Oversized petals pulse with organic force while forms inspired by pepper add rhythmic texture. Rooted in Borneo's ancient forests and the culinary heritage of the southwest, this motif inspired by Sabah's Bunga Rafflesia, Negeri Sembilan's Bunga Lado and Pulau Pinang's Bunga Pinang balances rarity and familiarity, honouring Malaysia's rare natural beauty and the fearless personality of its landscape.

02

CAPITAL MARKET
MASTERPLAN
2026-2030
APPROACH
AND VISION



CRAFTING CMP'S STRATEGIC APPROACH

As Malaysia enters a new era of economic transformation, its capital market must evolve to reach new heights to remain competitive and resilient in a fast-changing global landscape.

The *Capital Market Masterplan 2026-2030* (CMP) sets out a 20-year vision to reshape Malaysia's capital market, providing strategic clarity and aligning it with the nation's broader development priorities. This long-term vision is anchored by the first five-year roadmap for 2026-2030, which translates vision into actionable steps, delivering impact, tracking progress and adapting dynamically to change.

Drawing on lessons from earlier masterplans, the CMP is designed to be forward-looking, adaptive and backed up by strong implementation. It seeks to deliver structural breakthroughs that will position the Malaysian capital market as a driver of sustainable growth, inclusivity and resilience.

The CMP distinguishes itself from previous masterplans in three important ways:



Ambitious in Scope

It aims not only to strengthen Malaysia's capital market but also to grow it to new heights to support national growth and prosperity.



Long-term in Horizon

It provides clarity and stability through a 20-year long-term vision, to identify and enable the necessary structural breakthroughs and transformative outcomes required for Malaysia's capital market to reach the next stage of evolution.



Collaborative in Execution

It focuses on targeted, high-impact initiatives implemented in collaboration with various stakeholders and measured by clear outcomes.

Together, this approach makes the CMP ambitious in scope yet grounded in execution to ensure that it delivers meaningful outcomes, while providing room to adapt to the changes in the global and national landscapes.



GUIDING INPUTS

In shaping the CMP, consideration was given to a range of guiding inputs to ensure that the plan is forward-looking and strategically grounded.

Firstly, Malaysia's long-term national direction as outlined in key strategic documents such as the *MADANI Economy Framework*¹, the *RMK13*², the *New Industrial Master Plan 2030* (NIMP)³ and the *National Energy Transition Roadmap* (NETR)⁴, provided the foundation for the CMP. This alignment ensures that the capital market continues to advance the country's broader national objectives for economic transformation, industrial upgrading and shared prosperity.

The CMP recognised megatrends that are reshaping economies worldwide, including the movement of capital flows, evolution of industries, ageing demographics and interaction of markets. These insights help anticipate how broader global dynamics may influence Malaysia's own development trajectory and capital market evolution.

Domestically, the CMP considers how the capital market must evolve, from strengthening investor confidence and governance standards to upgrading digital infrastructure, supporting talent development and enhancing data-sharing frameworks. These aspects were identified as critical to future success.

Beyond that, during the development of the CMP, the SC engaged a broad range of stakeholders, including market participants, industry associations, ministries and government agencies, think-tanks, research institutes and other regulatory bodies. These engagements provided valuable insights into opportunities and challenges within the capital market ecosystem. Their perspectives helped shape a masterplan that is relevant, pragmatic and responsive to market needs.

The SC will continue engaging its stakeholders, seeking support and collaboration with other regulators and agencies post-launch to capture emerging opportunities and collectively advance Malaysia's capital market towards the CMP vision and national aspirations.

These guiding inputs are further explored in this section, starting with Malaysia's aspirations as the cornerstone that shapes and anchors the direction of the CMP.

CMP aligns with national priorities such as *MADANI Economy Framework*, *RMK13*, *NIMP* and *NETR*

Various stakeholders, including market participants, industry associations, government agencies and other regulatory bodies, participated in CMP's formulation

¹ Prime Minister's Office of Malaysia (2023), *Ekonomi MADANI*.

² Ministry of Economy of Malaysia (2025), *13th Malaysia Plan*.

³ Ministry of Investment, Trade and Industry of Malaysia (2023), *New Industrial Master Plan 2030*.

⁴ Ministry of Economy of Malaysia (2023), *National Energy Transition Roadmap*.



MALAYSIA'S ASPIRATIONS

Understanding Malaysia's long-term aspirations provides the foundation for shaping the CMP's direction. These national goals define the broader economic, social and environmental outcomes that the capital market must support. Aligning the CMP vision with Malaysia's aspiration ensures that capital market development contributes meaningfully to national advancement, fostering growth that is high-quality, inclusive, sustainable and globally competitive.



A HIGH-INCOME, DYNAMIC AND DIGITALLY-POWERED ECONOMY

Malaysia is envisioned to emerge as a high-income, innovation-led economy powered by digitalisation, advanced industries and entrepreneurship. Building on its strong manufacturing base, the economy will transition towards higher-value activities driven by technology, research and creativity. These drivers will significantly enhance national productivity, competitiveness and global relevance.

Central to this transformation is a workforce that is agile, adaptable and continuously reskilled to meet evolving market needs. With these enablers in place, Malaysia aspires to rank among the world's top 12 most competitive economies by 2033, with growth driven by high-value services, advanced manufacturing and a vibrant digital sector.⁵ Leadership in strategic sectors such as green technology, the *halal* economy and semiconductor manufacturing will further strengthen its position as a regional hub for innovation and sustainable growth.



A MORE EQUITABLE SOCIETY WITH DEEPENED INCLUSION AND BROADER ACCESS TO OPPORTUNITIES

Economic progress must be accompanied by social progress. Malaysia's vision for 2045 is to build a more equitable society, where prosperity is shared, opportunities are inclusive and essential services are accessible to all. National development will be supported by fair social protection systems, encompassing affordable housing, quality healthcare, secure pensions, age-friendly infrastructure and targeted safety nets to ensure that no Malaysian is left behind.

Education will serve as the foundation of upward mobility, equipping Malaysians with the skills needed to thrive in a rapidly evolving economy. Digital inclusion will bridge the gap between communities, supported by universal access to connectivity, secure digital identity and comprehensive e-government services. By combining education, access and protection, Malaysia seeks to narrow regional disparities, expand opportunities beyond major cities and create a more balanced and equitable economy.

⁵ In 2025, Malaysia ranked 23rd in the World Competitiveness Ranking. The IMD World Competitiveness Ranking, released each June by the International Institute for Management Development, measures economies across four pillars: economic performance, government efficiency, business efficiency and infrastructure, gauging how effectively a country creates and sustains conditions for long-term competitiveness and prosperity. Source: International Institute for Management Development (IMD).





ADVANCING A SUSTAINABLE FUTURE

A sustainable future is central to Malaysia's long-term vision. Malaysia is determined to make measurable progress towards its sustainability commitments in terms of advancing the net-zero transition, strengthening climate resilience and safeguarding the welfare of vulnerable communities.

The transition to a low-carbon economy will be underpinned by large-scale deployment of renewable energy, enhanced energy efficiency and widespread adoption of circular economy practices. Malaysia will position itself among the leaders in emerging sectors such as green hydrogen and clean technology, driving both environmental and economic gains.

Beyond mitigation, Malaysia will also invest in adaptation to protect lives, livelihoods and ecosystems from the growing impacts of climate change. The resilience of the society to climate impacts will be strengthened through the mobilisation of financing to support adaptation initiatives, including climate-resilient infrastructure, nature-based solutions and the preservation of biodiversity and ecosystems. These initiatives are aimed at protecting communities and ensuring that Malaysia's natural assets continue to underpin its sustainable development.



A REGIONAL HUB FOR TRADE AND FINANCE

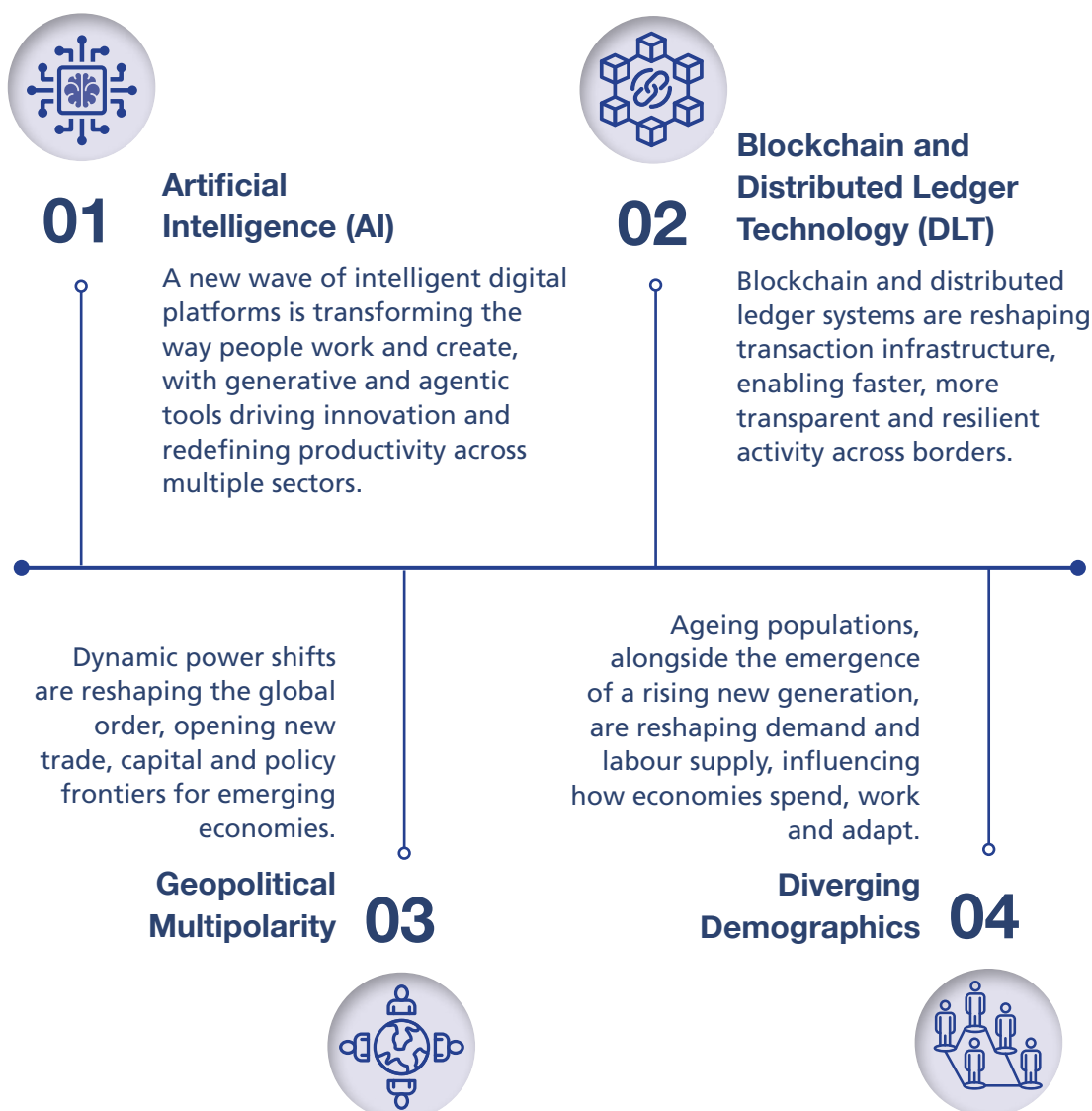
Given the evolving global and regional dynamics, Malaysia's strategic location and institutional strength will enable it to position itself as a regional hub for trade, investment and finance within ASEAN and beyond. Towards this end, Malaysia must seek to enhance cross-border connectivity through seamless logistics, interoperable payment systems and integrated digital infrastructure. This will further empower the nation to capitalise on ASEAN's potential to become the world's fourth-largest economy.⁶

Malaysia aspires to emerge as a regional hub in selected niche sectors, including *halal* products, Islamic Finance, green technology, cross-border infrastructure projects and digital innovation, and to be positioned to export competitive, homegrown technologies and solutions across Asia and the rest of the world. This will deepen Malaysia's economic linkages and reinforce its influence in shaping regional trade, investment and financial ecosystems.

⁶ ASEAN Community Vision 2045: Our Shared Future.

EMERGING GLOBAL MEGATRENDS

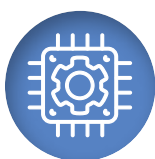
Long-term global forces are reshaping economies, industries and societies, providing essential context for the future and influencing how Malaysia's capital market will operate. Understanding these trends is a central part of designing the CMP to ensure the Malaysian capital market remains relevant, competitive and well prepared for the challenges and opportunities ahead. These insights enable the SC to better anticipate change and identify strategic priorities in greater depth. Key structural forces identified in this assessment include:



I. PERVASIVE INFLUENCE OF AI



AI is progressing at unprecedented speed, advancing from basic automation to intelligent systems capable of learning, adapting and making autonomous decisions.⁷ Generative AI has expanded this potential through its ability to create original content ranging from text and images to software code. The next frontier is agentic AI, which will position AI as an active agent in decision making. AI is already transforming industries, reducing operational costs and enabling disruptive new business models. Leading industry analysis suggests benefits of 5%-10% in revenue uplift and up to 30% in cost reductions by 2027. Governments worldwide are accelerating adoption with national AI strategies and policies to strengthen competitiveness and resilience.



For Malaysia, strategic adoption of AI could markedly enhance productivity and position key sectors at the forefront of regional and global value chains. Achieving long-term leadership will require targeted investments in talent, interoperable data infrastructure and regulatory sandboxes that encourage innovation and facilitate active management of risks. In the capital market, AI will be applied to automate intermediary functions, enable near real-time, data-driven decisions and enhance oversight through advanced surveillance, risk analytics and anomaly detection. These capabilities will be critical to maintaining market integrity and investor confidence in an increasingly complex and high-volume trading environment.

II. GLOBAL ADOPTION OF BLOCKCHAIN



Blockchain is a decentralised system for recording transactions. Effective implementation of blockchain technology removes the need for central intermediaries and enables more transparent, secure and efficient value exchange. The foundational DLT that underpins blockchain is redefining how assets are tracked, transferred and verified across the economy, with the potential to transform financial and non-financial systems. Adoption of DLT is accelerating across many sectors globally, with use cases stretching from faster settlements and tokenised products to enhanced traceability of supply chains.⁸



With digital asset market value reaching the US\$4 trillion mark in 2025,⁹ institutional participation is expanding, driven by innovations such as tokenised bonds and sukuk, tokenised money market funds and tokenised carbon credits. In parallel, regulators such as the Monetary Authority of Singapore, Dubai's Virtual Assets Regulatory Authority and Hong Kong Securities and Futures Commission are advancing supportive frameworks to encourage innovation while safeguarding market integrity and public trust.

⁷ OECD (2025), *How governments are driving AI adoption for economic growth*.

⁸ Boston Consulting Group (2024), *Digital Government in the Age of AI: Championing GCC Next-Gen Citizen Services*.

⁹ Coingecko (2025), *Global Cryptocurrency Market Capitalisation*.



For Malaysia, the combination of forward-looking regulation and a supportive ecosystem presents an opportunity to lead in the application of blockchain across the economy. In the capital market, embracing blockchain could modernise market infrastructure and enhance transparency. Tokenisation would broaden retail access and attract regional blockchain-driven capital. Strategic adoption would position Malaysia as a competitive hub for blockchain-enabled finance and innovation in the region.

III. THE MULTIPOLAR WORLD



Global geopolitical dynamics are undergoing a profound shift that is signalling a transition towards a multipolar world. The United States (US) is focused on reshoring supply chains, while China is diversifying its economic relationships by deepening ties with the Global South. Emerging economies are building new trade corridors and strengthening intra-regional flows. In the shift to multipolarity, ASEAN and Asia are emerging as both engines of growth and innovation.



This realignment is reshaping the flow of capital, trade and investment, elevating the strategic importance of 'connector economies' that bridge regions. In a more fragmented global order, nations offering neutrality, institutional stability and strong cross-border access are positioned to become gateways for regional capital. This presents a unique opportunity for Malaysia to expand trade and investment corridors by deepening bilateral and regional partnerships with key economies such as China, India and the Middle East. Greater cross-border connectivity offers Malaysia's capital market a window to capture investors seeking geopolitical diversification. However, this places demands on Malaysia to ensure that its capital market supports rapid innovation and is able to attract a steady pipeline of high-quality assets.



Strengthening cross-border connectivity, diversifying capital inflows and enhancing economic resilience will be assisted by Malaysia's active participation in multilateral collaborations such as the ASEAN Capital Markets Forum (ACMF), as well as in trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Regional Comprehensive Economic Partnership (RCEP) and Asia-Pacific Economic Cooperation (APEC). Malaysia's success will depend on its ability to upgrade infrastructure, align regulatory frameworks to international standards and assure the availability of high-quality, investable assets.



Box Article 2

REROUTING GLOBAL TRADE

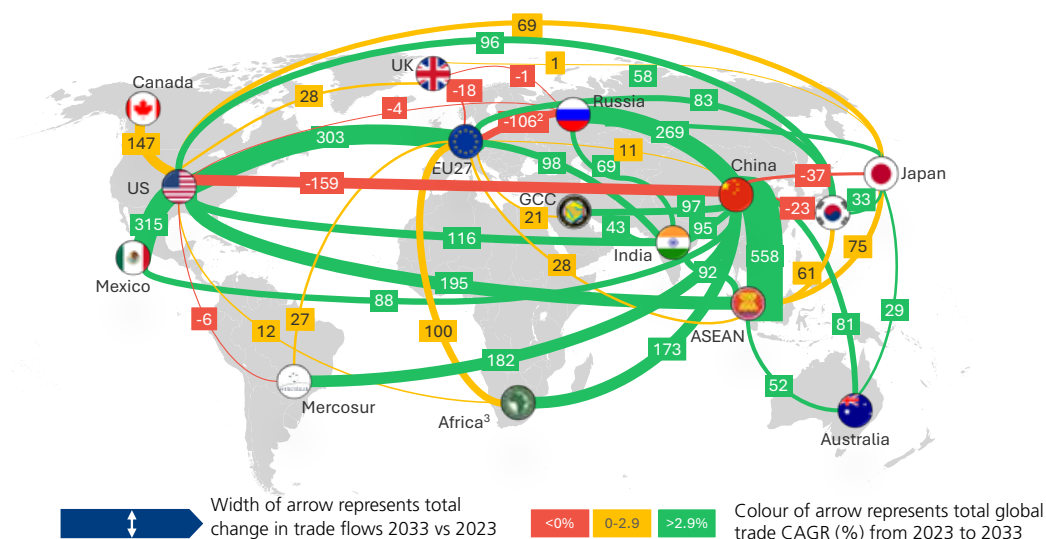
Global trade has undergone a quiet revolution over the past two decades with significant implications for Malaysia's economy and capital markets. Between 2000 and 2024, global exports of goods more than doubled, rising from US\$11.4 trillion to US\$26.9 trillion.¹⁰ It is not just the scale of trade that has changed, it is also the direction.

For much of the 20th century, the centre of gravity in world trade was firmly positioned in the corridor between the US and Europe. Today, that flow has largely plateaued. The world's most dynamic trade routes are increasingly now expected to run through Asia, measured by both trade volume and pace.¹¹ For example, trade between ASEAN-China is projected to grow by US\$558 billion between 2023 and 2033, expanding at a rate of 5.6% — nearly double the pace of total global trade growth over the same period. This growth signals a fundamental shift, with the rise of 'Asia for Asia' and supply chains having significant implications for global trade. Production, consumption and logistics are increasingly concentrated within the region. Companies are reconfiguring their operations to serve Asia's growing demand while reducing vulnerability to global disruptions.

The result is a more multipolar trade landscape (Chart 1). Instead of being shaped by the gravitational pull of superpower economies, today's trade landscape is increasingly multipolar, with regions like ASEAN playing a more central role. As supply chains diversify and resilience becomes a competitive advantage, Asia is no longer just participating in global trade, it is redefining it.

CHART 1

Change in trade of goods, major corridors¹
(2033 vs. 2023, 2010 real US\$ billion)



Notes:

- Corridors in the map above represent ~45% of global trade in 2023.
- Residual EU-Russia trade still remains in 2023 due to staggered sanction schedules.
- Africa countries grouped based on World Bank definition.

Does not include trade of services; FX rates are floating for the entire period.

Source: BCG Global Trade Model 2024, UN Comtrade, Oxford Economics, IHS, WTO, BCG analysis.

¹⁰ World Bank (2025), *Exports of goods and services (constant 2015 US\$)*.

¹¹ Boston Consulting Group (2025), *Great Powers, Geopolitics and the Future of Trade*.

IV. DEMOGRAPHIC DIVIDE RESHAPING ECONOMIES



Many advanced economies are entering a period of rapid population ageing, with shrinking workforces and rising dependency ratios placing increasing strain on pension systems, healthcare provision and public finances. At the same time, younger generations such as Gen Z and Gen Alpha are reshaping labour markets and consumption patterns.



Malaysia is experiencing its own demographic transition. According to the Department of Statistics Malaysia (DOSM), the proportion of citizens aged 65 and above is projected to more than double from 9.3% in 2030 to over 18.3% by 2060.¹² The country remains underprepared for this shift, with a net pension replacement rate of just 43%, well below the Organisation for Economic Co-operation and Development (OECD) average of 60-70%.¹³



This demographic evolution will reshape capital market demand for ageing-related products and services such as retirement income funds, annuity-linked instruments, healthcare real-estate investment trusts (REITs) and silver economy ETFs. The demographic shift will also impact the fundamental dynamics of Malaysia's capital market, with an ageing workforce and broadening investor base.



Addressing this shift will require strengthening the pension and long-term savings ecosystem. It will also necessitate investing in younger generations through financial inclusion, reskilling and future-ready workforce development to sustain long-term economic stability and capital market resilience. Institutional anchors such as the Employees Provident Fund (EPF) and *Kumpulan Wang Persaraan* (KWAP) will play a critical role in mitigating the structural risks of ageing in Malaysia, while private market solutions such as PRS can play an important role in supplementing retirement adequacy.

¹² DOSM (2025), *Population Projection: 2060*.

¹³ OECD (2024), *Pensions at a Glance Asia/Pacific*.



ROLE OF THE CAPITAL MARKET IN MALAYSIA'S FUTURE

Over the next two decades, the nation's economic landscape will be transformed by the interplay of national ambitions and global megatrends inducing structural shifts that will redefine the long-term economic and societal development pathways. As the economy evolves, the capital market must move beyond supporting growth to becoming a cornerstone of real economic growth and long-term wealth creation, and as an efficient mechanism that channels domestic and foreign savings into productive investments that creates high-income jobs and fosters innovation.

Thus, the Malaysian capital market must be repositioned as a fundamental enabler for achieving national aspirations over the next two decades. The CMP is designed to anticipate the structural shifts that will reshape both the flow and function of capital. It envisions Malaysia as a dynamic, competitive and inclusive economy, underpinned by a capital market that serves as a catalyst for economic transformation by identifying, enabling and accelerating rapid growth in new sectors while supporting the transition towards a more advanced, inclusive, sustainable and regionally integrated economy.

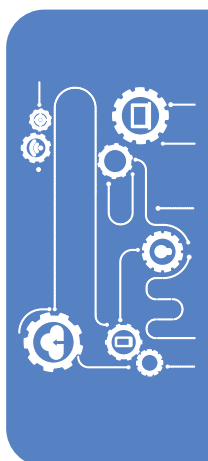


Malaysia's capital market vibrancy must be elevated to generate greater economic prosperity. This is to position the capital market to mobilise capital more effectively to support economic transformation

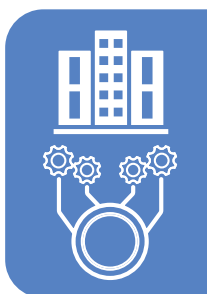
The SC envisions the Malaysian capital market will be actively channelling capital into high-value sectors such as advanced manufacturing, the *halal* economy, green technology, digital economy and other priority sectors. In this context, several structural shifts are expected to redefine the breadth, depth and role of Malaysia's capital market.



First, the market will expand to cover new asset classes and financing models. Digital assets, private credit and alternative investments will be tapped to unlock new pathways for innovation and enterprise growth. In tandem, the role of the exchange and platform operators will evolve to accommodate these emerging asset classes and potentially broaden into ancillary services. A wider mix of issuers, from smaller enterprises to regional champions, will be attracted to tap the market to foster inclusivity and dynamism. This will be supported by measures to simplify access and create seamless pathways through facilitative regulatory reforms.



Second, technology and innovation will reshape investor engagement, lower friction costs, enable product innovation and unlock disruptive models. In relation to this, digital platforms, tokenised instruments and AI-enabled advisory will work towards reducing costs, broadening participation and providing tailored solutions to investors. Competitiveness will increasingly hinge on cost efficiency, pushing market players to streamline operations and innovate across the value chain. Business models and intermediaries will need to evolve as digital platforms, AI and decentralised models reshape traditional roles and shift the industry toward more personalised, service-driven models. The regulator and intermediaries will play their respective roles in fostering innovation and strengthening market infrastructure to drive broader adoption of technology.



Third, the market will become more borderless and integrated. Deeper regional linkages and enhanced cross-border connectivity will pave the way for greater foreign participation, broaden the investor base and improve market access. This will strengthen liquidity and reinforce Malaysia's position as a regional hub for investment flows. As sector boundaries blur, larger institutions will integrate across multiple business lines, while niche players will differentiate with specialisation in different areas such as impact finance and tokenisation.

These shifts will deepen market vibrancy by expanding investable opportunities, improving intermediation efficiency, and enabling the capital market to mobilise capital more effectively in support of enterprise growth and economic transformation.



Capital market inclusivity will be enlarged by broadening investor participation and enhancing their financial security

The SC aims to reshape a capital market that is inclusive and accessible to all Malaysians. This requires expanding their access to financing and investment opportunities, supported by a robust investor protection regime. In tandem with this, inclusivity also requires that Malaysians at all stages of life can participate in wealth accumulation. This points towards addressing the needs of an ageing population by improving retirement preparedness and supporting financial resilience across society.

Given this, several strategies will shape expansion of market access and strengthen investor protection and financial resilience across all levels of society.



First, investor access will be increasingly democratised. Retail investors' access to bonds and sukuk, low-cost ETFs and fractional shares provide a means to enhance their participation and increase opportunities for Malaysians to build wealth. Personalised advisory services will increasingly be delivered through digital platforms and supported by financial literacy initiatives, enabling new generations of investors to participate with greater confidence.



Second, retirement preparedness will be regarded as a core priority. In this regard, the range of long-term savings and investment solutions such as pension-linked instruments and other innovative retirement products will be widened to cater to an ageing population. The expanded product offerings will be accompanied by investor education initiatives to ensure that households can manage longevity risk and rising healthcare needs. This will be supported by improvements in protection frameworks to strengthen financial resilience.



Third, the introduction of new delivery models will be facilitated to broaden access for both investors and enterprises. It is anticipated that intermediaries will evolve towards hybrid models that combine the efficiency of digital platforms with the insight of human expertise to deliver more personalised, value-added solutions. At the same time, the role of market-based financing in closing funding gaps, especially for MSMEs and underserved communities, will be enlarged. Innovative financing models that leverage behavioural and data driven models as alternative forms of credit assessments will become more vital in extending access to financing for those historically excluded. Expanding access for MSMEs and entrepreneurs to finance will spur innovation and job creation.



Together, these strategies will create a more inclusive capital market that safeguards financial security for all Malaysians. In doing so, the capital market will play a positive role in achieving a more equitable society by ensuring that prosperity is both widely shared and sustainable.

III **The SC will position the capital market to achieve national sustainability goals. Towards this end, the capital market will seek to channel higher levels of financing to address long-term sustainability needs**

The SC envisions that the capital market will play a pivotal role in mobilising commercial capital to finance Malaysia's net-zero transition, strengthen climate adaptation and resilience (A&R), and to scale impact-focused investments. In this context, commercial capital will complement concessional funding (including public funding) to de-risk sustainable projects while investor trust will be boosted by credible and transparent practices. Towards this end, several key enablers will influence how the capital market channels funds towards long-term environmental and social priorities.



First, discerning investors will increasingly demand accountability and measurable outcomes. Beyond competitive returns, investors will prefer to allocate capital to opportunities that deliver tangible climate and social impact. This will incentivise businesses to embed sustainability more deeply into their operations, recognising its strategic value for competitiveness, resilience and long-term growth.



Second, as sustainability and ethical investing become mainstream, rigorous ESG transparency, robust impact measurement and well-defined frameworks will guide investment decisions. This will create a conducive financing environment to scale innovative products to support net-zero transition, climate A&R and wider social objectives.



Third, over time the supporting ecosystem will become increasingly mature, and this will be a critical factor in sustaining the growth of sustainable finance. Towards this end, the availability of high-quality data, independent verifiers and specialised sustainability advisory services will be needed to anchor investor confidence. A strong ecosystem is essential to ensure that capital deployment is both credible and aligned with Malaysia's environmental and social priorities.

Strengthening these enablers will allow Malaysia's capital market to mobilise capital at scale for environmental and social projects, while anchoring stewardship as a defining feature of sustainable market development.

IV

The capital market will be a key enabler to strengthen Malaysia's international competitiveness. Towards this end, the capital market must expand its role in financing regional trade and investments and function as a gateway to capture opportunities across the region

The SC will strengthen Malaysia's capital market as a hub for regional fundraising and position Malaysia as a gateway to unlock new regional opportunities for growth and innovation. This requires enabling seamless cross-border capital flows and foreign participation, facilitating the regional expansion of Malaysian enterprises and increasing the offerings of regional investment opportunities.

Thus, supporting Malaysia's role as a regional gateway requires:



First, the expansion of cross-border financing in the Malaysian capital market to support regional projects, corporate formation and transformation. Intermediaries will be encouraged to broaden financing beyond domestic needs to include large-scale region-wide programmes such as the ASEAN Power Grid, as well as to play a more active role in meeting the capital needs of enterprises seeking regional expansion. Malaysia will thus function as a trusted gateway for cross-border investment within the region.



Second, Malaysia's capital market will seek to become a leading originator of regional investment products that are backed by high-quality, high-growth and innovative regional assets. By emerging as a preferred fundraising destination for regional projects and corporate issuers, Malaysia will be positioned to attract a steady pipeline of institutional investors. In tandem with this, the expanded range of product offerings on the Malaysian capital market will attract global and regional investors as it widens their choice to gain access to regional opportunities to diversify their portfolios.



Third, the SC will intensify collaboration with other regional regulators to facilitate seamless interoperability and regulatory alignment with a view to deepening regional financial integration. Mutual recognition of capital market products across ASEAN will simplify transactions, broaden investor participation and improve efficiency. Streamlined frameworks and tailored solutions will support cross-border fundraising and transactions to reinforce Malaysia's competitiveness as a destination for regional investment.

By expanding cross-border financing, deepening regional investment offerings and improving regulatory interoperability, Malaysia's capital market will function more effectively as a gateway linking issuers, projects, investors and capital flows across the region.



V

Malaysia's ICM leadership will be established as a defining differentiator to strengthen the nation's international competitiveness. Towards this end, the capital market must sustain its global leadership by setting new standards guided by *Maqasid al-Shariah*

The SC aims to anchor Islamic leadership as a defining differentiator of Malaysia's capital market. This means elevating Malaysia's ICM from product-based leadership to ethics-driven leadership, anchored in the principles of *Maqasid al-Shariah* demonstrating *Halal-Toyyib*, which embodies the virtues of being good, pure and wholesome. It also means positioning Malaysia as a hub for ethics-driven finance that appeals not only to Muslim investors but also to a growing global audience seeking ethical, sustainable and socially responsible investments. These structural shifts will be critical in advancing Malaysia's role in setting the global benchmarks for fairness, transparency, social justice and shared prosperity.



First, Malaysia's ICM will expand its reach and influence by embedding *Maqasid al-Shariah* principles across its products and services. This will differentiate Malaysia's ICM globally as it moves beyond compliance to reflect the higher objectives of justice, humanity and fiduciary. By offering Shariah-compliant and ethics-driven products that align with global ESG and sustainability priorities, Malaysia will also be able to attract a wider pool of international investors and reinforce its role as a trusted gateway for cross-border ethical-based capital flows.



Second, innovation will transform ICM into purpose-driven solutions. New instruments such as retirement savings products with Islamic social finance features and impact-linked sukuk can address long-term national and global priorities, from retirement security to climate resilience and inclusive development. By aligning innovation with *Maqasid al-Shariah*, Malaysia will redefine ICM to better support societal wellbeing and strengthen the capital market's ability to deliver on Malaysia's vision for inclusive and sustainable growth.

Anchoring *Maqasid al-Shariah* across products and innovation will position Malaysia's ICM as a global reference point for ethical, purpose-driven finance, reinforcing its role in advancing inclusive growth, sustainability and international competitiveness.

VI

The SC will embed regulatory and governance excellence as a critical foundation to ensure the Malaysian capital market is adaptive and resilient

By 2045, the SC envisions a capital market underpinned by responsive and facilitative regulatory and governance excellence. This requires regulatory and governance frameworks that continue to safeguard investor confidence while supporting innovation and competitiveness. Regulation must be adaptive to a rapidly evolving landscape, yet provide clarity and certainty amid increasing complexity. Under the CMP, strengthening governance will encompass the broader capital market ecosystem, including intermediaries, advisors and professionals whose conduct shapes outcomes across equities, bonds, digital assets and sustainability markets.

Given this, several developments are expected to shape the evolution of regulatory and governance frameworks that balances innovation with resilience and supports inclusive long-term growth.



First, investor protection will be strengthened through clearer safeguards and stronger accountability. This is timely in view of the expansion in the range of asset classes. Enhanced disclosures, timely risk alerts and effective enforcement will reduce the incidence of misconduct and scams. The investor protection regime will be complemented by intensified focus on financial literacy and investor education to empower investors to make informed decisions.



Second, governance standards will continue to be strengthened in line with global best practices. Boards will be held to higher standards of value creation, accountability and transparency, and benchmarked against key performance indicators (KPIs) such as return on invested capital and innovation impact. Stronger governance practices across all capital market players will reinforce investor confidence and align corporate behaviour with Malaysia's long-term economic and social priorities.



Third, regulatory approaches will further emphasise conduct-based, risk-proportionate regulation. Regulatory frameworks will integrate stronger market discipline and more effective oversight to address risks arising from increasingly complex, cross-sector and technology-enabled business models.



Fourth, laws and regulatory frameworks will be reviewed to ensure they remain efficient, effective and proportionate. This includes introducing calibrated regulatory guardrails that reflect differences in product characteristics, risk profiles and issuer or intermediary maturity, while preserving market integrity and investor protection.



Fifth, inter-agency and cross-jurisdictional collaboration will be deepened as markets become more connected. Regulators will strengthen co-operation through shared enforcement, supervisory insights and mutual recognition arrangements. This will ensure consistent responses across borders, improve efficiency and accelerate Malaysia's integration with global financial systems.

An adaptive, conduct-based, risk-proportionate regulation, supported by strengthened governance standards and cross-border cooperation, will underpin market integrity and confidence as the capital market evolves.



Realising these aspirations require comprehensive stakeholder engagement and a whole-of-nation approach

While the capital market can play a catalytic role in advancing Malaysia's long-term aspirations, success ultimately depends on coordinated actions across government, industry and society. This includes civil society, academia and community organisations working together to generate collaborative momentum. Delivering these goals thus requires a whole-of-nation approach, anchored in interactive collaboration within the broader ecosystem. In this context, it is critical to maintain stable and predictable policies to strengthen investor confidence, attract long-term capital and reinforce national resilience.

These considerations, which outline how the capital market can advance national objectives, are embedded within the vision for Malaysia's capital market and form the foundation of the CMP's strategic direction. Through sustained coordination, policy alignment and long-term planning, the capital market will remain closely attuned to national priorities and serve as a critical enabler of Malaysia's broader economic transformation.

CMP 2030 AND 2045 VISION

The CMP is designed as an adaptive framework that balances long-term strategic direction with near-term execution. A 20-year vision sets clear structural priorities for the capital market's development, while five-year action cycles translate these priorities into targeted initiatives and measurable outcomes aligned with national development plans. Regular reviews will ensure the CMP remains responsive as market conditions and global trends evolve.

CMP Vision Across Strategic Outcome Themes

Key Outcomes for 2045 and 2030

	1	2	3	4
	Vibrant Capital Market Driving Economic Prosperity	Inclusive Capital Market for all Malaysians	Capital Market Supporting National Sustainability Goals	Capital Market as Gateway to Regional Opportunities
20-year Vision: By 2045	RM13.8 trillion- RM20 trillion Market Size	Broaden Participation and Equitable Access for Malaysians and Enterprises	Cumulatively Channel RM550 billion- RM800 billion	RM200 billion- RM300 billion of Assets with Foreign Underlying
5-year Vision: By 2030	RM5.8 trillion- RM6.3 trillion Market Size	Improve Capital Market Literacy and Accessibility, including Retirement Adequacy	Cumulatively Channel RM90 billion- RM100 billion	RM100 billion- RM110 billion of Assets with Foreign Underlying

By 2030, the CMP vision includes reinforcing Malaysia's leadership in ICM and cementing its position as a trusted jurisdiction with a regulatory framework that upholds international regulatory standards, investor confidence and market integrity.



The attainment of CMP's aspirations will be contingent upon strong collaboration and coordination across key industry stakeholders, supported by fundamental structural reforms and facilitative measures across relevant ministries and agencies.

The SC envisions that the market size could potentially reach up to RM6.3 trillion by 2030, reflecting the positive impact of coordinated efforts, including targeted tax and investment incentives, progressive GLIC transformation, capital account flexibilities and greater policy clarity in areas such as sustainability, digitalisation and artificial intelligence.

Post-2030, the capital market will continue to be recalibrated to chart the most optimal pathway towards achieving the ambitious targets of 2045. This may necessitate further reforms to laws and regulations, infrastructure development and expansion of the ecosystem to include new players, products and services.

Capital market participants, including stockbroking companies, fund management firms, advisory firms, as well as remisiers, financial planners and unit trust consultants, will need to reinvent and reposition their business models. As structural disruptions redefine their *raison d'être*, a shift in mindset is critical to ensure the industry remains resilient and future-ready.





Inspired by *Bunga Alamanda* of the federal territories, Kelantan's *Bunga Getam*, Pahang's *Bunga Kopi* and Selangor's *Bunga Tanjung Kelopak Sembilan*, elegance blooms within the vibrancy of metropolitan life in *Sutera Manis*. Its origami-like blossoms evoke modern aspiration, while fruit-inspired motifs anchor the work in comforting tradition. Through balanced forms and measured colour play, the piece reflects the dual heartbeat of urban life; refined yet tender, contemporary yet rooted in generational continuity.

03

OVERVIEW OF STRATEGIC FRAMEWORK



OVERVIEW OF STRATEGIC FRAMEWORK

At its core, the *Capital Market Masterplan 2026-2030* (CMP) charts a course to reshape the capital market to become more inclusive and forward-looking, one that channels capital effectively to serve the economy and society while advancing Malaysia's aspiration for fairness, innovation and shared prosperity.

Beyond growth, the CMP aims to recalibrate the character and direction of Malaysia's capital market, embedding ethics and purpose at its foundation, enabling innovation through facilitative regulation and ensuring the market remains trusted, competitive and globally connected.

The CMP's strategic framework is anchored on four thematic outcomes:



These outcomes are reinforced by leveraging Malaysia's global leadership in Shariah-compliant and ethical finance, guided by *Maqasid al-Shariah* principles.

They are also underpinned by a commitment to regulatory and governance excellence, ensuring that Malaysia's market operates with proportionate, risk-based regulations that facilitate innovation while safeguarding investor confidence and market integrity.



OVERVIEW OF FRAMEWORK COMPONENTS

OUTCOME THEME 2

Inclusivity

Fostering broader participation by ensuring equitable access for more Malaysians and enterprises to support wealth creation, retirement security and economic growth.

OUTCOME THEME 4

Gateway to Regional Opportunities

Positioning Malaysia as a regional investment gateway by strengthening cross-border connectivity and capitalising on opportunities across the region.

FOUNDATIONAL ENABLER

Regulatory and Governance Excellence

Elevating governance and adaptive regulation to facilitate the pursuit of opportunities and innovation while continuing commitment to investor protection and market integrity and stability.

OUTCOME THEME 1

Vibrancy

Expanding the breadth and depth of the equity, bond and sukuk markets as well as unlocking new asset classes to fuel innovation and economic expansion.

OUTCOME THEME 3

Sustainability

Mobilising capital at scale to finance a just transition, climate mitigation, adaptation and resilience, and inclusive social outcomes in support of Malaysia's sustainability goals.

DIFFERENTIATOR

ICM Leadership

Reinforcing global leadership in ICM, driving product innovation and expanding the breadth and depth of products and markets for Shariah-compliant offerings guided by *Maqasid al-Shariah* principles.

OUTCOME THEME 1: VIBRANT CAPITAL MARKET DRIVING ECONOMIC PROSPERITY



A vibrant capital market is pivotal to catalyse innovation, outward expansion and fund broad economic growth.

Malaysia has set clear ambitions under the *MADANI Economy Framework*¹ and the *RMK13*² to become the world's 30th largest economy and rank among the top 12 nations in the IMD World Competitiveness Ranking within the next decade.

As a matter of comparison, Malaysia's capital market is already well established and possess strong underlying fundamentals underpinned by internationally recognised regulatory and governance frameworks. It is already sizeable – relative to the economy – with a total market size above RM4 trillion. Since the millennium, impressive progress has been recorded across the traditional asset classes, including bonds and sukuk and equities, reflecting that the Malaysian capital market has significantly grown in terms of breadth and depth and has expanded its role in financing public and private sector expansion.

While Malaysia's capital market is established and sizeable, today it faces challenges from technology disruption, regional growth, climate change, growing inequality and the expansion of private markets. Digital innovation is transforming financial services, compelling market participants to adapt and automate to meet evolving investor expectations. At the same time, the emergence of regional financial hubs is intensifying competition for capital, talent and listings. Rising inequality and an ageing population underscores the need for inclusive market participation and equitable access to financial opportunities, while the expansion of private markets poses challenges to traditional public market structures and calls for enhanced governance frameworks. The Malaysian capital market cannot afford to rest on its laurels and must respond vigorously to these challenges.

The CMP vision is to prepare the Malaysian capital market for the next generation of challenges. A transformation is needed if the capital market is to be sufficiently vibrant to support the country in realising its ambitions. The CMP vibrancy target is to achieve a RM5.8 trillion-RM6.3 trillion capital market size by 2030.

The CMP vision focuses on vibrancy as the key element to take the Malaysian capital market to the next stage and to support ambitious national goals. In this context, the drivers of vibrancy should not be narrowly limited to market capitalisation and velocity. Rather, it represents a bigger overarching agenda that translates simply into 'more products, more players and more activities'.

¹ Prime Minister's Office of Malaysia (2023), *Ekonomi MADANI*.

² Ministry of Economy of Malaysia (2025), *13th Malaysia Plan*.



The Malaysian capital market should be a dynamic hub of innovation, scaling ambition into sustainable expansion. It should operate on next-generation technology, sophistication and connectivity. It is not just about the expansion of scale but also the expansion of scope of the Malaysian capital market. Elevating vibrancy in the Malaysian capital market is a collective responsibility of all stakeholders to seize the ample emerging opportunities.

It is inevitable for the Malaysian capital market to venture into new territories such as private credit and alternative assets as this would inject greater vibrancy, which would add momentum to future growth. Given the opportunities and in view of the risks, it is incumbent on the SC to ensure that the various ecosystems are built on solid regulatory footing, thus maintaining a well-regulated market and ensuring that investors are appropriately protected.

The initial phase of development will be gradual as activities largely need to be preceded by the establishment of legal frameworks for these unregulated activities. The focus would be to intensify collaboration with market participants and other regulators. While regulatory frameworks are still being reviewed, the SC would bridge the gap by refining its 'sandbox' to permit pilots and enable experimentation.

IMPLEMENTATION PRIORITIES FOR 2026–2030



IMPLEMENTATION PRIORITY I OPTIMISING EQUITY MARKET VALUATION AND VALUE PROPOSITION OF BONDS AND SUKUK

EQUITY MARKET

Optimising market valuation is a critical aspect of enhancing vibrancy, given its positive spillover effects on fundraising activities and market liquidity. The task of optimising market valuation must begin with existing companies getting their boards and management to take a more pro-active interest in optimising corporate valuation.

In this regard, it is observed that voluntary programmes may not achieve maximum outcomes. For example, the ACGA Value Up, Asia report³ in 2025 highlighted that the FBM KLCI's performance remained muted although companies representing roughly 65% of market capitalisation participated in the voluntary Public Listed Companies Transformation (PLCT) Programme. The implication is that investors are demanding stronger evidence of positive stewardship and measurable outcomes from Malaysian PLCs. Moving forward, the new initiative will adopt a more direct engagement approach, by explicitly recognising the board and management as primary stewards and placing the onus on them to lift the performance of their companies.

In parallel, an upcoming review of the *Malaysian Code on Corporate Governance* (MCCG) will ensure it remains fit-for-purpose in a rapidly evolving market. The review may consider whether selected practices should move beyond 'apply or explain an alternative' and be implemented as mandatory requirements through appropriate regulatory or policy instruments. These measures will be undertaken with a view to instilling better conduct, behavioural shift and strengthening commitment to raise governance standards across PLCs.

The SC also seeks to enhance the role of boards in promoting innovation and improving capital efficiency. On this note, the SC may consider the introduction of tangible performance metrics such as total shareholder returns, return on invested capital and innovation for boards and management to be reported through publishing annual KPI scores and public disclosure.

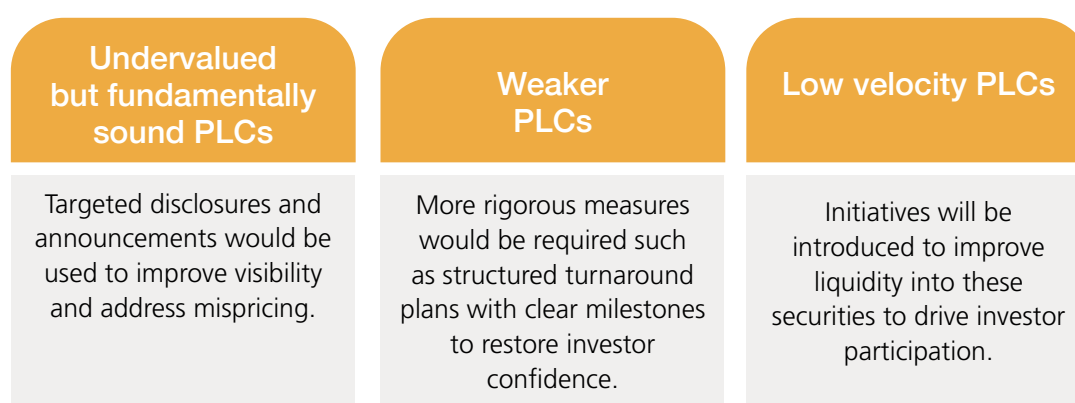
Under the new initiative known as MY Value Up Programme, the SC will adopt a tailored approach emphasising value creation and measurable performance based on the different PLC archetypes with the objective of raising the visibility of quality companies, catalysing re-ratings where warranted and establishing structured recovery pathways for laggards.

**MY Value Up
Programme
to prioritise
value creation
with the
objective of
raising the
visibility of
PLCs**

**Enhance the
role of boards
in promoting
innovation
and improving
capital
efficiency**

³ Asian Corporate Governance Association (ACGA) Special Report (May 2025), *Value Up, Asia – Aligning governance with shareholder value*.





This will be supported by increased transparency and communication on corporate plans and performance with a view to stimulating greater investor interest and market activity. As an incentive, consideration will be given to launching an index (premium index) for top-performing companies, providing subsidised advisory support and listing-fee rebates to reinforce positive outcomes.

Strengthening investor confidence will also require addressing persistently non-compliant or dormant firms that weigh on liquidity and is undermining the market's reputation. To address this, the SC will explore initiatives to review persistently non-compliant PLCs or dormant PLCs with the aim of improving overall market quality.

The SC would consider seeking enhanced statutory powers to direct and oversee exits, with clear safeguards for minority shareholders. Consequently, the current framework will be reviewed with a view towards emphasising early detection of concerns relating to the financial health of listed companies.

In tandem with this, the SC and Bursa Malaysia will review the current framework towards greater emphasis on preventive aspect. Forward-looking indicators, with an even greater emphasis on data-driven analytics, would be used to enable early detection of a company's deteriorating financial health. Companies at greater risk of distress will be subject to rigorous supervision and supplemented with more proactive interventions. Turnaround actions can then be initiated during an 'action-plan' window to provide PLCs more time and support to improve their performance.

It is intended that regular disclosures on value-creation targets and structured transformation plans will become the new norm, and boards will be expected to demonstrate greater accountability for setting and achieving the more ambitious performance targets. Heightened transparency on corporate performance will boost investor confidence and market valuations. It also enables representative bodies such as the Minority Shareholders Watch Group (MSWG) and Institutional Investors Council of Malaysia (IIC) to engage in informed dialogues with boards and management to ensure better alignment with investor expectations. The Institute of Corporate Directors Malaysia (ICDM) can then utilise these insights for further enhancements to board practices and director development.

The success of large PLCs in establishing valuation premiums will have large positive spill-over effects in attracting more domestic and foreign companies to raise funds in the Malaysian capital market. This would, in turn, reinforce Malaysia's position as a regional gateway and as an Islamic hub for ethical and sustainable products.

BOND AND SUKUK MARKET

Malaysia's corporate bond and sukuk market has reached a level of maturity that places greater emphasis on facilitation rather than pure regulation. With the market exceeding RM2.2 trillion in size, including RM950 billion in corporate bonds and sukuk, growth is increasingly driven by market readiness, ecosystem connectivity and execution efficiency. While the market has deepened significantly, not all potential issuers are equally equipped to access bond and sukuk funding.

Therefore, the focus will be on supporting high-potential issuers in navigating the complexities of bond and sukuk issuance. This includes clarifying structural considerations, documentation requirements, execution pathways and engagement with investors and market intermediaries, with the objective of reducing friction and improving transaction preparedness.

A key emphasis is on strengthening connectivity across the ecosystem, including reinforcing the role of trustees as a core pillar of investor protection and governance. As issuance structures and issuer profiles continue to diversify, a strong trustee ecosystem plays an important role in supporting effective monitoring, robust disclosures and ongoing issuer accountability throughout the lifecycle of bond and sukuk instruments. Deeper collaboration among issuers, intermediaries, trustees and investors is expected to enhance market discipline and strengthen confidence.

Collectively, these efforts are intended to broaden participation in the corporate bond and sukuk market beyond traditional large corporates, diversify the credit rating spectrum and reinforce investor trust. Enhanced facilitation and ecosystem alignment will support sustainable market growth, improve execution outcomes and strengthen the role of corporate bonds and sukuk as a core driver of Malaysia's capital market vibrancy.





IMPLEMENTATION PRIORITY II

ACCELERATING GROWTH OF VENTURE CAPITAL AND PRIVATE EQUITY

The national ambition is to advance into the top 20 of the Global Innovation Index by 2030 from the current rank of 34th place.⁴ This ambition is achievable if Malaysia can sharpen its focus on innovation as a driver of long-term competitiveness. Towards this end, there is a need to accelerate the growth of VC and PE to increase the flow of capital to innovative start-ups and SMEs in high value-add sectors such as electrical and electronics, data infrastructure and medical devices as well as to support achieving the priority outcome themes of vibrancy, inclusivity, sustainability and regional expansion.

While the VC industry has a major role in supporting growth of start-ups, it lacks the scale and talent to make a sufficiently large impact on the supply of investable assets. Concerns have also been raised in relation to the poor exit performance and pathways for investors, the unavailability of tax-efficient, flexible locally domiciled fund vehicles for both VC and PE, and on capital controls hindering cross-border deal-making activities.

Within the CMP vision, there are significant opportunities for seeding and structuring deals in relation to sustainability, social, Islamic and regional projects as well as for those in the high value-add sectors. Hence, it is important to strengthen the ecosystem with a deeper community of professionals and investors, as well as variety of offerings under this asset class to better address strategic needs of the economy.

Towards this end, the SC will intensify its efforts to accelerate the development of the VC and PE ecosystem. On the VC and startup front, SC will continue its collaboration with like-minded stakeholders under national projects such as KL20 and MyStartUp platform, as well as ecosystem stakeholders, including the Malaysian Business Angel Network (MBAN), Malaysian Venture Capital and Private Equity Association (MVCA) and emerging corporate venturing programmes. The SC will continue to support initiatives under the respective ministries and agencies⁵ to address the needs of the startup community and will consider institutionalising angel syndicates for better risk pooling and raising the visibility of startups in Malaysia.

The SC will also provide greater regulatory clarity to participants, explore ways of expanding the base of local and global general partners (GPs), revisit the tax, legal structures and capital control efficiency issues to enhance competitiveness and strengthen training programmes to upskill players. The SC recognises the importance of enhancing exit pathways through a cohesive funding escalator and reduction of transaction frictions.

Increase the flow of capital to innovative start-ups in high value-add sectors such as electrical and electronics, data infrastructure and medical devices

⁴ World Intellectual Property Organization, *Global Innovation Index 2025*.

⁵ This includes SME Corp, MOSTI, MDEC and others.

It is also timely to deepen the linkages between the VC and PE industry to ICM through strengthening the Islamic VC/PE framework and upskilling specialist skillsets.

Global trends reflect that PE and private markets, through their ability to provide greater flexibilities and efficient access to capital, will expand their role to match public markets and banks in fundraising. The SC intends to create a conducive environment to attract global VC/PE players with the expertise and network to participate more actively in the Malaysian capital market towards expanding the investor community and diversity. Achieving critical mass in VC and PE will be key to unlocking greater deal flows to fund innovation and growth in strategic sectors and to elevate vibrancy in the Malaysian capital market.



IMPLEMENTATION PRIORITY III FACILITATING DEVELOPMENT OF PRIVATE CREDIT ECOSYSTEM

Private credit is a form of non-bank financing in which investors, through capital market intermediary funds or sponsored vehicles, could provide loans directly to companies. In developed markets, capital market intermediaries have ventured into private credit to diversify and grow their product suite. There is little doubt that a well-organised private credit industry would greatly expand access to credit or capital – in line with the CMP's four outcome themes.

In this context, the SC will introduce a dedicated regulatory framework for private debt instruments and direct lending, which will be accompanied with requirements on licensing, governance, disclosure and risk management and to provide clarity on roles and coordination across relevant regulators. The framework will also extend to cover Shariah-compliant private financing vehicles and sustainability-linked products.

Efforts will also be made to launch crowding in of private capital and provide a facilitative framework for ecosystem players. In the mid to longer term, consideration can be given towards establishing a digital platform to consolidate credit information from various sources, enabling data exchange for capital market products and facilitating data reporting for regulatory supervision and surveillance purposes. This could be supported with credit analytical tools such as AI-driven credit scoring and underwriting models.

With a view to providing clarity to industry stakeholders, the SC will engage with other agencies to review regulations relating to tax, company structures and foreign exchange. To kick-start the private credit industry, consideration may be given to launching pilot programmes to allow selected private credit funds to mobilise long-term, patient capital to finance priority projects.

**Regulatory
framework for
private debt and
direct lending
instruments**



IMPLEMENTATION PRIORITY IV REGULATORY FRAMEWORKS FOR ALTERNATIVE ASSETS

The term ‘alternative assets’ usually refers to assets other than the traditional stocks, bonds and sukuk. Alternative asset classes are, thus, a diverse universe that cover real estate, derivatives, private equity, private credit, hedge funds, crypto assets, infrastructure assets, commodities, minerals, collectibles and others. Most investors use alternative assets due to their low correlations and high alphas to diversify portfolio risks and enhance performance. Global trends indicate rising investor interest in alternative assets and as such, it is important for regulations to continue to be relevant to ensure competitiveness.

There is considerable synergy in facilitating greater intermediation of alternative assets. It is envisaged that alternative assets could help Malaysia achieve its developmental goals, especially in positioning the Malaysian capital market for the next generation investment preferences.

In this context, the SC will develop appropriate regulatory frameworks for alternative assets to provide clarity to market players. The SC’s priority for new alternative asset classes includes digital assets, securitised real-world assets (RWAs), carbon credits and renewable energy certificates (RECs).

Within the digital asset space, the SC will expand its regulatory framework to allow new crypto offerings and to strengthen the resilience of regulated crypto market players. This measure will attract anchor participants to institutionalise the local crypto market ecosystem, while the SC concurrently strengthens surveillance and enforcement efforts against illicit and unlicensed crypto activities.

Separately, focus will be placed on securities tokenisation to harness the efficiency and accessibility benefits of blockchain technology. This necessitates the collaboration with capital market intermediaries, innovation leaders and other agencies, including Bank Negara Malaysia (BNM), to scale up tokenisation pilots, enabling innovative products to be tested in real-world conditions and introducing faster time-to-market. This will complement the SC’s regulatory sandbox to accelerate the pace of innovation in the capital market.

It should be emphasised that alternative assets may expose investors and markets to novel risks (e.g. crypto illicit activities, mule, integrity of tokens post listing). Therefore, any developmental initiatives will be complemented with data-driven supervision and surveillance, for example AI-driven anomaly detection, on-chain transaction forensics for proactive risk detection and market integrity assurance through strategic partnerships with RegTech players.

To further strengthen investor confidence in the new alternative asset classes, the SC will explore enhancements to its investor protection framework, including dedicated dispute resolution forums and insolvency ringfencing safeguards.

Regulatory frameworks for alternative assets, including digital assets, securitised real-world assets (RWAs), carbon credits and renewable energy certificates (RECs)

The SC will continue working with BNM to coordinate policies on anti-money laundering and know-your-customer (KYC) safeguards for digital assets, including cryptocurrencies. In parallel, the SC will work with the Ministry of Digital to align on the nation's digital agenda.

At the same time, capacity building will be coordinated for entities or intermediaries along the value chain. Industry-wide upskilling initiatives, including thought leadership and SCxSC programmes will be launched to grow the local talent pool. Regulatory digital capabilities and talent pipeline will be enhanced through internal capability development and strategic partnerships with RegTech players.



Box Article 3

Explanatory Note on Tokenised Securities

How it Works

A tokenised security is a share, bond, or fund unit recorded on a shared digital ledger. The token encodes ownership, eligibility, and lifecycle rules, and settles against tokenised cash so asset and money can be exchanged in one step. Many functions can be programmed to run automatically from the same record. This means settlement can be executed on the same day or instantaneously when both legs are on the ledger as compared with the T+1/T+2 timelines in today's fragmented settlement systems.

Benefits of Tokenisation

As primary issuance can run end-to-end on-ledger, tokenisation enables smaller denominations of ticket sizes (fractionalisation), which is beneficial for broadening access. Secondary venues can offer instant delivery-versus-payment (DvP) within the venue while retaining end-of-day netting across venues. Funds and structured notes automate valuation, coupons and redemption events, cutting manual operations and processing time.

Tokenisation reduces incidences of post-trade breaks and reconciliations. This lowers 'fails' and operational risks. Costs fall as manual processing and duplicate systems give way to automation. Counterparty exposure narrows because DvP is instant and automatic, and this reduces margin and capital needs. The transparent trail for authorised parties and collateral speeds up secured lending and derivatives trading.

Overall, tokenisation unlocks innovative on-chain use cases, enabling market participants to achieve operational efficiency with broader considerations such as liquidity, funding and risk management.

Risks of Tokenisation

Tokenised securities will introduce new vulnerabilities. It introduces new risks such as (1) technology and cyber risks stemming from blockchain infrastructure and potential flaws in smart contract coding; (2) legal risks concerning enforceability of token-based rights and obligations; and (3) operational risks related to maintaining accurate on-chain records. These challenges require robust controls such as enhanced disclosures and business continuity plans to address blockchain incidents such as cyber security attacks.

Overall, the development of regulatory safeguards needs to be in tandem with the growth of tokenised securities to ensure adequate investor protection and to preserve market integrity and financial soundness.

SUMMARY OF KEY ACTIONS – VIBRANCY

KEY ACTION ITEMS		KEY COLLABORATORS	
Implementation Priority I: Optimising Equity Market Valuation and Value Proposition of Bonds and Sukuk			
1.	Launch tailored programmes to help PLCs strengthen performance, transparency, liquidity and governance.	Bursa Malaysia	
2.	Introduce early-intervention measures for under performing PLCs.		
3.	Strengthen board and senior management accountability through the revision of the MCCG.	Regulatory, professional and investor representative bodies as well as industry players	
4.	Establishment of bonds and sukuk facilitation programme for high-potential issuers.	BNM, industry players	
5.	Enhance investor protection by strengthening the role of trustees.		
Implementation Priority II: Accelerating Growth of Venture Capital and Private Equity (VC/PE)			
6.	Support the growth of VC and PE industry through clearer guidelines, better exit pathways and ecosystem collaboration.	BNM, SSM, MVCA, MBAN, GLICs	
7.	Review of suitable fund vehicles (e.g. legal structure, tax policy, incentives).		
Implementation Priority III: Facilitating Development of Private Credit Ecosystem			
8.	Develop regulations for private credit and direct lending, including Shariah-compliant funds.	BNM, GLICs	
9.	Enable and facilitate the orderly development of the private credit ecosystem.		
10.	Review tax and foreign-exchange policies to enable more flexible and competitive fund structures.	SSM, BNM	



Implementation Priority IV: Regulatory Frameworks for Alternative Assets

9. Expand regulatory framework to include emerging asset classes such as digital assets, carbon credits, real-world assets.	Bursa Malaysia, Industry Players
10. Facilitate on-boarding of new market participants within the alternative asset ecosystem.	
11. Enhance supervision and surveillance for new asset classes through data-driven and technology-enabled monitoring.	Industry Players

OUTCOME THEME 2: INCLUSIVE CAPITAL MARKET FOR ALL MALAYSIANS



A capital market that works for all Malaysians – democratising access for small investors, MSMEs and mid-tier companies.

Guided by *RMK13* and the *MADANI Economy Framework*, Malaysia places emphasis on building an inclusive and resilient economy. This underscores the nation's commitment to 'raising the floor' to uplift living standards, strengthen social protection, ensuring sustainable progress and inclusive development.

To support the national inclusivity imperatives, the CMP's overarching vision is to democratise access to the Malaysian capital market so that it can serve the needs of all Malaysians and small businesses to the fullest extent possible.

Currently, individual participation in the Malaysian capital market is estimated at 25%. This needs to be raised to meet the requirement for an inclusive society. Around 60% of non-investors are below the age of 40, which reflects limited financial awareness and engagement among younger Malaysians.⁶ The lack of trust or confidence could be the obstacle, with more than half (53%) of non-investors citing fear of scams as their main reason for staying out of the market.⁷ These concerns about sophisticated fraudulent schemes highlight the urgent need for holistic and effective financial education. A survey (see Box article 4) also reflects the changing investment preferences of Next-Gen investors in favour of values and the use of non-traditional products and channels. The inclusivity implementation priorities outlined in the CMP seek to realign access in a manner consistent with the changing investment preferences of Next-Gen investors.

⁶ SC (2025), *Capital Market Literacy Study*. Participation includes Malaysians with indirect exposure to capital market products such as unit trusts. This annual survey will be carried out to correspond with market dynamics and evolution.

⁷ SC (2025), *Capital Market Literacy Study*.



Box Article 4

The Rise of Next-Gen Investors

A quiet transformation is changing how investing works, and who it is for. Today's investors are younger, diverse and more digital than ever before. Armed with financial apps, online communities and a strong sense of purpose, this new generation is stepping confidently into the capital markets and reshaping products and processes with a whole new mindset. What they care about, their scope of investment, how they learn and even their goals look different.⁸ Their investment preferences are poised to change the face of investing.



They lead with values

For younger investors, making money is no longer the only goal. Environmental and social considerations are increasingly important motivations for investing. A significant 70% of millennials and 66% of Gen Z believe it is important for their financial institutions to align with their personal values, and more than half say they regularly factor in ESG issues when making investment decisions.



They invest beyond traditional products

This generation is also more willing to look beyond conventional products like stocks and bonds. Many are investing in emerging asset classes such as digital assets, alternatives and derivatives. Around 35% of millennials and Gen Z hold crypto, as compared with only 8% of baby boomers, and they are allocating a growing share of their portfolios to these newer products.



They learn differently

Gen Z and millennials often turn to digital platforms and their peers for knowledge, as evidenced by their higher use of digital services such as AI chatbots (36%), budgeting applications (32%) and robo-advisers (19%), compared with Gen X and baby boomers (Chart 1). This shift makes transparency and digital trust more important than ever, as guidance and information increasingly flow through online channels.

⁸ World Economic Forum (March 2025), *2024 Global Retail Investor Outlook*.

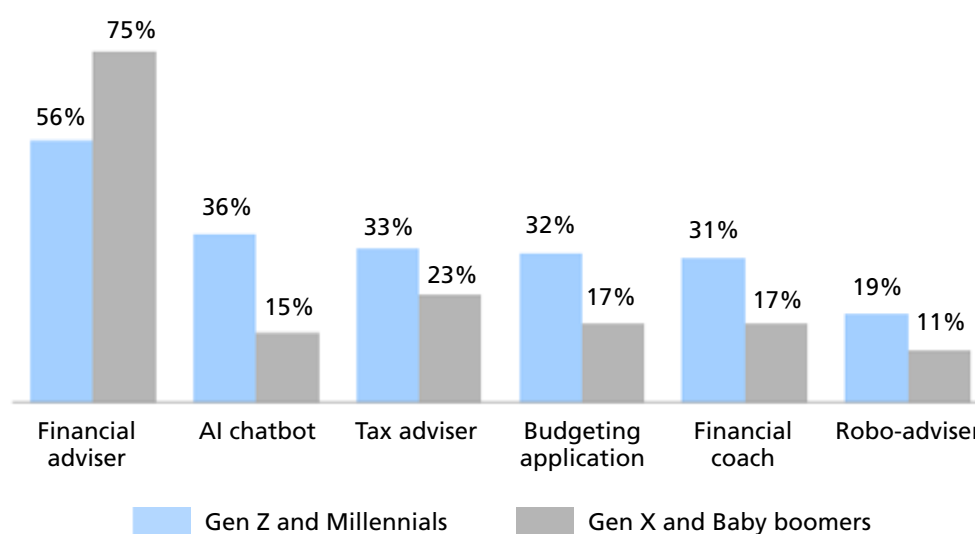
Box Article 4

**Their goals look different**

Younger investors tend to focus less on retirement and more on immediate priorities. For many, building emergency savings (46%) or funding travel (39%) rank higher than making large, long-term investments (15%). This reflects a more lifestyle-driven approach to financial planning, in contrast to older generations who place greater emphasis on retirement and long-term security. These differences highlight the need for wealth solutions that can adapt to varying timelines, motivations and life stages.

This generation is not just participating in the market, they are reshaping it into something more personal, purposeful and human.

CHART 1 Type of services used by different investors



Note: Based on 8,805 respondents' answers.

Source: 2024 Global Retail Investor Outlook.



The inclusivity challenge is not confined to the entry point of participation but also relates to democratisation of access to capital market products and services to manage long-term financial needs. It is well-recognised that while Malaysia's population is ageing rapidly, over 90% of EPF members under 30 are assessed as having insufficient basic retirement savings, following the drawdown of balances during the COVID-19 period.⁹

The shortfalls in retirement savings reflect the need to further expand long-term wealth planning and to improve access to a wider range of investment products that can assist Malaysians, particularly those with lower disposable income, to meet their long-term goals and achieve reasonable levels of financial security. In addition, there is also a need to reduce investment friction costs as this has a significant corrosive effect on the ability of investors to generate positive compounded rate of returns for wealth accumulation.

Similarly, inclusivity means small Malaysian businesses should also benefit from better access to financing. The SC's MSME and MTC Roadmap estimates the MSME funding gap at RM290 billion and has a target to raise RM40 billion in the capital market by 2028. Currently, fewer than 20% of MSMEs have tapped into capital market channels to secure funding. The CMP visualises enhancing the role of the capital market to assist smaller enterprises to secure the financing they need to grow at a faster pace.¹⁰

The CMP's overarching vision is to establish an inclusive capital market that is not only accessible to all Malaysians and small businesses but is able to offer appropriate solutions for their financial needs. Inclusivity also means that most Malaysian adults should have access to investment products and strategies to close the retirement-income gap, and to compound returns to improve long-term wealth accumulation. Similarly, small businesses should find it easier to secure funding from the capital market to power the growth of their enterprises and, in the process, enhance long-term nationwide wealth creation. By 2045, the CMP aspires to substantially raise the participation of adult Malaysians in the capital market¹¹ and to increase the access of MSMEs and MTCs to market-based financing.

**Democratisation
of access for
managing
long-term
financial needs**

**Improved
access to
a wider range
of investment
products**

⁹ Khazanah Research Institute (September 2024). *Households and the Pandemic 2019–2022: The State of Households 2024*. Executive Summary, p. xi.

¹⁰ ICMR (2024), *Market-based Financing for SMEs in Malaysia: Issues, Challenges, and Way Forward*.

¹¹ Ambitions relate to the share of population aged 18 and above holding at least one capital market product: among stocks, unit trusts/mutual funds, PRS, ETFs, bonds, REITs and alternative assets.



IMPLEMENTATION PRIORITY I FINANCIAL LITERACY AND ACCESS TO DATA

The low retail participation rate in the Malaysian capital market suggests that many Malaysians lack confidence to invest and are not financially savvy, resulting in many households holding wealth in low yielding assets.

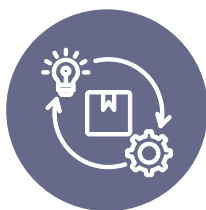
Democratising access to the capital market requires preparing retail investors at every stage of their journey. It begins with raising public awareness on the benefit of using the capital market to build wealth, strengthening financial literacy to assist individuals to understand their financial needs and improving their access to investment tools and support so that they can confidently make well-informed investment decisions.

The CMP outlines plans to reshape how individuals are engaged, incentivised and supported throughout their financial journey. This involves initiating engagement as early as possible in their working lives to drive early participation followed by efforts to improve long-term retention with a view to helping more Malaysians achieve financial resilience and retirement sufficiency. In addition, the SC will continue to leverage on its InvestSmart® brand and collaborate with the Financial Education Network and Bursa Malaysia to heighten digital presence and to explore new ways of engaging Malaysians with targeted digital campaigns based on the latest media consumption habits.

Improved access to financial information, digital tools, financial advisers and planners through self-directed platforms or intermediaries will enhance the retail investor experience. Emerging technologies such as AI-driven tools can be adopted to promote investor education and facilitate investment discovery. Financial planning tools like goal visualisers on digital platforms can be used to make retirement planning more relatable and actionable across the different life stages.

Individuals should also have access to a comprehensive overview of their financial position to enable them to make informed investment decisions. The SC will work with other regulators and industry players to enable the aggregation of disparate financial data such as bank deposits, retirement savings, loans and investments into a consolidated, user-friendly digital view. In tandem with this, the SC will collaborate with financial intermediaries and fintech players to facilitate the piloting of AI solutions that provide visual tools, peer benchmarking or savings alerts and advice that can assist Malaysians to manage their wealth more effectively.

**Improve
access to
financial
information,
digital tools,
financial
advisers and
planners through
self-directed
platforms or
intermediaries**



IMPLEMENTATION PRIORITY II

ACCESS TO INNOVATIVE PRODUCTS AND SERVICES

The democratisation of access implies that all Malaysians, including retail investors, should have access to an expanded range of products such as innovative products and new asset classes, to make their participation in the capital market more meaningful. By enabling access to the same range of products available to high-net-worth and sophisticated clients, retail investors should, in theory, be able to enjoy similar advantages in enhancing returns and hedging risks.

Considering this, it is timely to shift to a new investor protection paradigm by enabling improved access to products in line with demand and supply realities. This is especially so as regulators have gained significant experience in managing the emergent risks of new products by reorganising the points of accountability via strengthening oversight over intermediaries and business conduct in a redesigned investor protection paradigm.

Other initiatives include collaborating with industry players to improve access by enhancing the affordability of investments through reducing the ticket size for bonds (e.g. retail bonds) and enabling easier access to intermediation platforms providing digital solutions and AI tools. Overall, the democratisation of access to the capital market needs to be accompanied by reduction of friction costs for small transactions as this will ensure investors enjoy better compounded returns which will boost their pace of wealth accumulation.

Improve access to products in line with demand and supply realities



IMPLEMENTATION PRIORITY III

BUILDING FINANCIAL SECURITY FOR RETIREMENT

This priority reflects the urgent need to prepare an ageing population to address insufficiency in their retirement savings. Hence, efforts would be made to increase public awareness of the benefits of active retirement planning and starting at a younger age. Hence, the SC will facilitate streamlining enrolment processes to make it easier for individuals to start saving for their retirement. This will be complemented by a range of support measures and 'kick-start' mechanisms to promote early participation.

In addition, there will be initiatives to encourage individuals to 'stay invested' through improving the user experience in actively managing their retirement savings. The Private Pension Administrator Malaysia (PPA) and Federation of Investment Managers Malaysia (FIMM) have important roles to play towards enhancing portability and withdrawal processes and facilitating the introduction of intuitive platforms to improve investor experience. The introduction of behavioural design features such as auto-enrolment, smart defaults and nudges will be explored with employers and private pension providers.

The SC is also reviewing mechanisms and structures to enhance individuals' control of their retirement savings. The SC aims to expand the range of retirement-focused offerings to facilitate more active management of wealth. In relation to this, the SC will explore the PRS account structure to permit direct access to other asset classes to improve investors' choice of products that can help them achieve long-term retirement goals. Legislative amendments may be required to ensure that administrative and operational requirements do not impose excessive costs. Transparency on product fees, performance and other information will help investors track outcomes, assess value and make informed long-term decisions. The aspiration is for investors to benefit from a Malaysian retirement investment account framework for individuals, which allows access to a wide range of securities (domestic and foreign equity, bonds and sukuk, collective investment scheme (CIS), ECF, P2P, VC/PE funds, digital assets). Additionally, the SC would facilitate algo-based portfolio management schemes or ePRS to be offered by digital investment managers. These algo-based schemes operate completely online via mobile apps to facilitate greater customer interaction and they typically do not impose commissions.

These measures will need to be complemented by behavioural nudges which can play a critical role in encouraging consistent retirement savings behaviour. Globally, there is recognition that tax relief is essential to drive participation in retirement products and services with long term lock-in features. Accordingly, voluntary retirement schemes across jurisdictions are supported by some form of tax relief or incentives to encourage sustained savings behaviour.



IMPLEMENTATION PRIORITY IV STRENGTHENING FUNDRAISING FOR MSME AND MTC

Traditional bank lending accounts for more than 90% of MSME financing.¹² However, tighter lending requirements mean many MSMEs may not qualify for bank financing. To address this, the CMP builds on the foundations laid by the MSME and MTC Roadmap to promote market-based solutions that can meet the full spectrum of business financing needs.

The CMP will continue to advance the broader initiatives to increase the share of MSME and MTC financing sourced from the capital market. These include creating a seamless end-to-end fundraising journey that allows businesses continued access to capital as they grow, activating new funding structures that cater to diverse business risk and growth profiles, including those with limited collateral, variable cash flows or unconventional business models, and expanding the pipeline of capital market-ready companies.

Expand retirement-focused offerings to facilitate active management of wealth

Advance initiatives under the MSME and MTC Roadmap to increase share of capital market financing for MSMEs and MTCs

¹² Bank Negara Malaysia (2022), *SME Financing*.



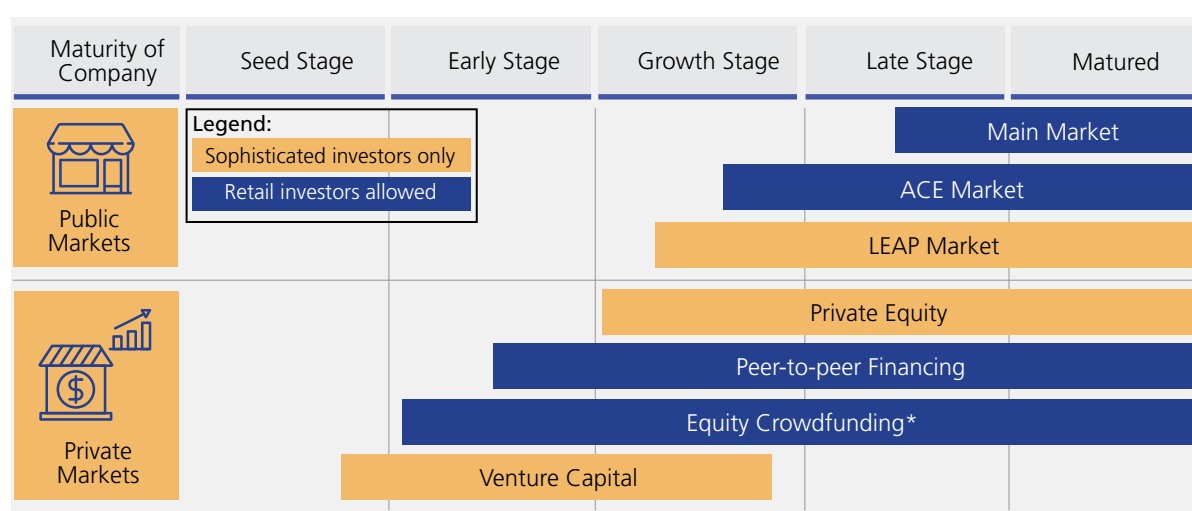
Greater visibility and targeted support are also needed to help MSMEs and MTCs navigate available financing channels. Capital market intermediaries will play a pivotal role in guiding businesses to identify suitable funding solutions, promoting awareness of market-based financing and foster a more inclusive and enabling environment for businesses of all sizes.

To encourage the participation of Bumiputera companies in the capital market, a tailored pre-IPO readiness programme will be implemented to identify and develop a credible and sustainable pipeline of listing-ready Bumiputera companies, with structured support across governance, financial disclosure, business growth and investor engagement.

With respect to investors, the SC will encourage greater participation from institutional investors and high-net-worth individuals as they play an equally important role, given their long-term investment horizons and ability to provide 'patient capital'.

The overall objective is to build a stronger end-to-end fundraising ecosystem that provides continued access to capital as businesses grow and their needs evolve (Chart 2).

CHART 2 Funding Options Available Across the Business Lifecycle



* Note: Equity crowdfunding allows for fundraising by companies, and up to a total fundraise of RM20 million.

Source: SC.

The objective comprises three key components:



Build an efficient MSME and MTC funding escalator to meet businesses' evolving needs

Existing gaps will be addressed to reduce friction between the tiers in the escalator and smoothen progression. While ECF and P2P platforms now support businesses from early stage to growth phase, and the LEAP Market, ACE Market and Main Market offer listing opportunities, the pathways between these tiers are often complex. The aim is to streamline the pathways by addressing friction such as issuance costs and compliance requirements.



Promote innovative product offerings and structures

There remains significant scope for product innovation to serve MSMEs and MTCs more effectively, particularly those with high-potential but are asset-light or unsecured. The SC will facilitate innovative products and structures to enable businesses to access new forms of capital to supplement their financing needs. This includes facilitating the issuance of bonds and sukuk by SMEs and MTCs, and exploring additional public-private partnership (PPP) arrangements or co-investment models in coordination with relevant stakeholders.



Strengthen MSME and MTC data analytics and capacity building

This will be undertaken through the development of a reliable and robust MSME and MTC dataset to identify high-potential, capital market-ready MSMEs and MTCs and support their access to suitable market-based financing solutions. This data foundation will also enable more targeted capacity-building and advisory interventions, helping businesses strengthen governance, financial preparedness and investor readiness to support sustained growth and expansion. In parallel, the SC will also explore measures to strengthen education and outreach for MSMEs to improve their knowledge which would lead to greater access to market-based financing opportunities.



SUMMARY OF KEY ACTIONS – INCLUSIVITY

KEY ACTION ITEMS		KEY COLLABORATORS	
Implementation Priority I: Financial Literacy and Access to Data			
1.	Broaden access to capital market products and services and launch targeted digital literacy and awareness programmes.	BNM, Bursa Malaysia, SIDC, NAIIO, Industry Players	
2.	Facilitate the development of a safe, responsible and AI-enabled digital capital market ecosystem.		
3.	Establish a platform that gives Malaysians a holistic view of their finances with AI-based financial advisory tools.		
Implementation Priority II: Access to Innovative Products and Services			
4.	Encourage innovation in investment products, trading instruments and structures to make retail participation more affordable and accessible.	BNM, Bursa Malaysia, SIDC, NAIIO, Industry Players	
5.	Improve access to fair and efficient dispute resolution channels for investors.	FMOS	
Implementation Priority III: Building Financial Security for Retirement			
6.	Develop an account-like structure for retirement with wider product diversification.	PPA, EPF, FIMM, Industry Players, Bursa Malaysia	
7.	Encourage early participation in retirement savings through simplified enrolment and workplace initiatives.		
8.	Enhance the appeal of retirement savings products through improved investor experience and transparency.		
Implementation Priority IV: Strengthening Fundraising for MSME and MTC			
9.	Build an efficient MSME and MTC funding escalator to meet businesses' evolving needs.	Bursa Malaysia, SSM, RMOs, Industry Players	
10.	Promote innovative product offerings and structures.		
11.	Strengthen MSME and MTC data analytics and capacity building, including Bumiputera MSME and MTC companies.		

OUTCOME THEME 3: CAPITAL MARKET SUPPORTING NATIONAL SUSTAINABILITY GOALS



Financing for climate transition, mitigation, adaptation, resilience and social progress to advance Malaysia's future.

The Southeast Asia region is among the most vulnerable areas in the world, facing escalating impacts from extreme heat, floods and rising sea levels.¹³ Recognising these shared risks, Malaysia has placed climate action and sustainability at the heart of its national development agenda, pursuing ambitious targets to reduce greenhouse gas (GHG) intensity by 45% by 2030 compared to 2005 levels and achieve net-zero emissions by 2050.¹⁴

The NETR sets out a pathway to raise the share of renewable electricity in installed capacity to 70% by 2050.¹⁵ The *Hydrogen Economy and Technology Roadmap* and *Green Technology Master Plan* aim to position Malaysia as a regional leader for the renewable energy industry and green technology hub.¹⁶ Specifically, Sarawak's Hydrogen Economy Roadmap, which targets transforming the state into a developed economy by 2030 through hydrogen-led industrialisation, complements this national vision.

Significant progress has been made, with GHG intensity reduced by around 37%, just short of eight percentage points to meet the 2030 target.¹⁷ Renewables accounted for approximately 26%¹⁸ of installed power capacity as of 2024, which is just 5% below the 2030 NETR target¹⁹. Yet, a significant journey lies ahead. To realise the ambitions of the NETR, Malaysia will need to mobilise between RM1.2 trillion and RM1.3 trillion in capital to fund the energy transition.

At the same time, climate adaptation and building resilience to physical climate risks such as floods, droughts and coastal erosion is equally urgent. It is estimated that climate adaptation measures, to be announced in the impending National Adaptation Plan (MyNAP), will require RM392 billion in investments.²⁰ Malaysia is taking the lead in championing adaptation finance at the regional level, recognising that building resilience is just as critical as reducing emissions.

¹³ Norris, L., Calow, R., Griffith, H., Osborne, R., Borodyna, O., Nijhar, I., et al. (2024), Climate risk report for the Southeast Asia region. Met Office, ODI, FCDO.

¹⁴ UNFCCC (2023), *Malaysia Nationally Determined Contribution Update*.

¹⁵ Ministry of Economy (2023), *National Energy Transition Roadmap*.

¹⁶ Ministry of Energy, Green Technology and Water (2017), *Green Technology Master Plan Malaysia 2017-2030*.

¹⁷ UNFCCC, Malaysia 2024, *Biennial Transparency Report*.

¹⁸ Policy Brief No. 3 (2025), *Malaysia REC Market Assessment and Opportunities for Regional Integration*, ASEAN Centre for Energy.

¹⁹ Ministry of Economy (2023), *National Energy Transition Roadmap*.

²⁰ *The Star Malaysia* (July 2023), *M'sia needs almost RM400bil to adapt to climate change, says Nik Nazmi*.



Overall, the SC believes that Malaysia's national sustainability goals are transformative and critical to shaping the country's economic future and competitiveness. Towards this end, the CMP vision is to embed sustainability as a core feature of the Malaysian capital market so that it can play a key role in mobilising the financing needed to achieve these goals. By 2030, the CMP has set an ambitious target of mobilising RM90 billion to RM100 billion in cumulative financing towards projects that deliver measurable environmental and social impact.

Malaysia is well-positioned to unlock the potential for market-based sustainability finance. Over the next five years, the initial focus will be on facilitating pilot financing for identified projects and using these as learning opportunities to build up the sustainability financing ecosystem. To this end, the SC will tap into the expertise of global institutions, ESG firms and specialists, and non-governmental organisations (NGO) to learn from their experiences, to avoid common pitfalls and implement best practices. The SC will also forge partnerships, particularly with counterparts from ASEAN and the Middle East, where there are shared interests at the intersection of sustainability and Islamic finance.



IMPLEMENTATION PRIORITY I MOBILISING CAPITAL FOR SUSTAINABILITY-RELATED PROJECTS

Under most scenarios, the Intergovernmental Panel on Climate Change (IPCC) projects global warming to exceed two degrees Celsius by 2100.²¹ In this context, the current focus on transition is critical for Malaysia to meet its international obligations. This will require mobilising capital for a broad range of sustainability-related projects and sectors, including infrastructure and renewable energy, as well as wider transition and resilience needs across the economy, while ensuring projects are delivered cost-effectively to minimise impact on consumers. Encouragingly, the climate transition is gaining momentum, with renewable energy increasingly reaching, and in some cases surpassing, cost parity with fossil fuels.

The challenge for the Malaysian capital market is to mobilise substantial private capital in tandem with government funding to finance the nation's goal in meeting its transition, mitigation, adaptation, resilience and social commitments.

To mobilise large-scale adaptation and mitigation finance, one approach is to develop effective de-risking mechanisms to make climate and social projects attractive to private funds and investors. In this context, innovative blended finance structures will play a catalytic role in improving the commercial viability of high-impact projects.

The SC will facilitate sustainable financing including via the application of blended finance instruments (e.g., guarantees, first-loss tranches, sustainability-linked sukuk, impact bonds, catastrophe bonds etc.) as a means of systematically de-risking investments and enhancing return profiles for projects with low commercial viability (e.g., coastal resilience, MSME decarbonisation, coal plant retirement, just transition etc.). In this regard, blending commercial capital from banks and institutional investors with concessional capital from government and philanthropic sources will help better match risk-return preferences across a broader investor base. In parallel, the SC will explore expanding the issuer base by facilitating state and municipal entities to raise capital for sustainability-related projects, while providing support for federal government initiatives.

²¹ Intergovernmental Panel on Climate Change (2023). Summary for Policymakers. In: Climate Change 2023: Synthesis Report.



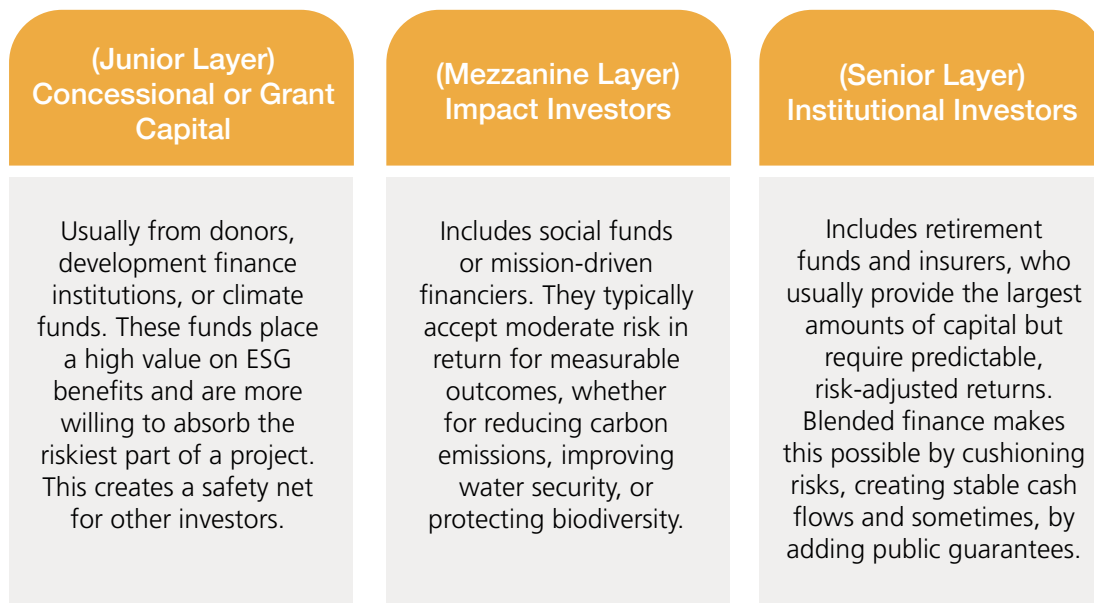
Box Article 5

How Blended Finance works

Protecting communities from floods, shifting to cleaner energy, or restoring forests often require billions in investment. Yet many projects struggle to get off the ground because they are seen as 'too risky' or deliver uncertain early returns.

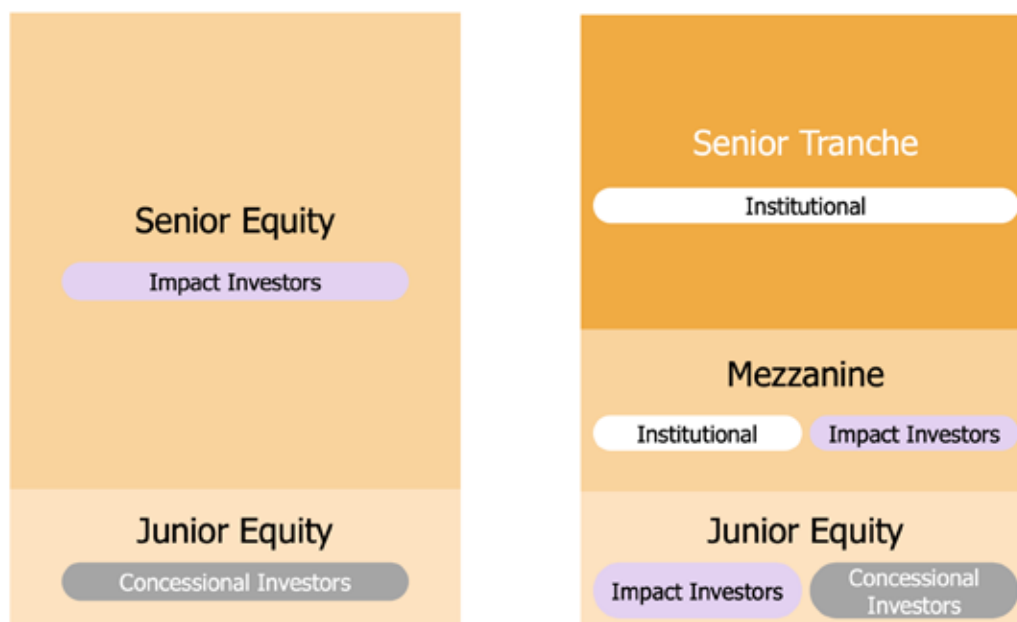
Blended finance helps bridge this gap. It mixes different types of funding such as public, private and philanthropic, so that each plays a distinct role in making projects viable. The aim is to build a 'capital stack' where each layer of financing is structured to take on a different level of risk and return.

At the base, the junior (first loss) layer absorbs the earliest losses, creating a safety net for others. Above that, the mezzanine layer takes on moderate risk in exchange for mid-level returns. At the top, the senior layer is paid first and carries the lowest risk. Public or philanthropic funds often cover the riskier layers, while private investors are drawn in at the more secure levels. Different types of capital finances different layers (Chart 3):



Box Article 5

CHART 3 Example of Blended Finance Capital Stack



Source: *Scaling Blended Finance: Practical Tools for Blended Finance Fund Design* by BII & BCG.

Chart 3 exemplifies typical blended finance structures. On the left, junior equity (often concessional) is positioned to absorb early failures in frontier markets so senior equity (impact) can participate. The goal is to prioritise proof over scale. On the right, junior equity plus mezzanine layer seek to de-risk a diversified portfolio so senior institutional capital can invest at near-market terms. This structure is meant to facilitate scaling.

When combined with clear impact reporting and long-term policy support, blended finance can become a powerful tool to direct capital to financing a sustainable future.

Recognising that many sustainability projects remain marginally bankable or wholly unbankable, greater efforts will be made to unlock new pools of concessional and commercial capital, including through Islamic social finance. The SC will be seeking guidance from the State Islamic Religious Councils (SIRCs) to integrate *waqf* and *zakat* into blended finance models via regulatory and operational frameworks. Greater efforts will also be made to identify and meet the participation criteria for international funds.

To broaden access and market participation, the SC will facilitate the establishment of regulated fundraising platforms such as the Social Exchange to enable retail investors to participate in small-scale, high-impact projects. The Social Exchange, which will be developed in phases, will connect NGOs, social enterprises, donors and investors, through the broadening of capital market access and instruments that support social impact projects. NGOs and Social Enterprises will be able to raise funds from a wider pool of donors and investors, through the Social Exchange, for social impact projects that benefit communities.

By enhancing transparency, credibility and accountability within the social finance ecosystem, this initiative will complement government efforts to strengthen community resilience and social welfare through market-driven solutions.

To further catalyse innovation and crowd-in private capital, the SC will support the mobilisation of capital through climate finance innovation platforms (e.g. the Climate Finance Innovation Lab) and the establishment of special-purpose funds or vehicles for adaptation projects. These initiatives will complement existing funding channels, create proof-of-concept opportunities for emerging sustainability solutions and scale up investments in frontier sectors.

Collectively, these measures will form a robust foundation for scaling investable opportunities, improving capital allocation efficiency and channelling funds to projects with the highest measurable impact. They also seek to align domestic financing with Malaysia's broader sustainability goals, advance climate transition, enhance adaptation and resilience, and promote social equity. The SC believes that a well-articulated and managed framework may also attract international funds that seek to do good.

Overall, these measures will unlock commercial investment for environmental and social projects, facilitate cross-border capital flows into sustainability-focused products and reinforce the capital market's role in driving Malaysia's shift towards a sustainable and inclusive economy.

Scale investable opportunities, improve capital allocation efficiency and channel funds to projects with the highest measurable impact



IMPLEMENTATION PRIORITY II BUILDING A ROBUST SUSTAINABLE FINANCE ECOSYSTEM

The SC intends to accelerate the development of the sustainable finance ecosystem, partly in pursuit of its goals to develop sustainable finance as a niche. There are many aspects to consider in building the ecosystem:



The ecosystem will be supported by clear taxonomies, robust measurement standards and transparent sustainability disclosures. The SC will collaborate with BNM to develop a national sustainability taxonomy, aligned with the ASEAN Taxonomy and mitigation co-benefits and Adaptation for Resilience (mARs) Guide. This will provide consistent definitions and improve market clarity as well as investor confidence.

Clear taxonomies, robust measurement standards and transparent sustainability disclosures



The SC will develop impact investment guidance, beginning with social impact indicators aligned with international frameworks to standardise impact measurement and disclosure requirements. This will improve the credibility of disclosures, comparability of impact outcomes and support informed decision-making with a view to building investor confidence that their capital is being channelled into projects delivering genuine environmental and social outcomes. Overall, this will facilitate greater capital mobilisation for projects with meaningful community benefits.



Enhanced transparency standards will be reinforced by strong safeguards and oversight to mitigate risks such as greenwashing, fraud and market misconduct. Market discipline will be anchored in robust self-governance mechanisms, strengthened professional standards and industry-led accountability. These will be complemented by proportionate regulatory supervision to identify, address and deter misconduct across the ecosystem.

Strong safeguards and oversight to mitigate risks – greenwashing, fraud and market misconduct





The NSRF issued in 2024, adopts a phased approach to implementation, starting with FY2025 for large, listed companies with market capitalisation of more than RM2 billion. The NSRF refers directly to the IFRS® Sustainability Disclosure Standards, specifically IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (collectively referred to as the ISSB Standards). This is an important first step to provide investors and stakeholders with better data on how Malaysian companies are preparing themselves for climate change and ultimately, the sustainability of their business. As listed and large non-listed companies progressively adopt the ISSB Standards, the Advisory Committee on Sustainability Reporting (ACSR), chaired by the SC, will focus on improving the quality of data sets and explore how the disclosed information can demonstrate to both domestic and international investors the resilience of our business community in navigating future uncertainties.

Provide investors and stakeholders with better data on climate change and business sustainability



A well-functioning carbon market depends on deep liquidity and credible price signals to support effective risk management and price discovery. Instruments such as carbon credits and Renewable Energy Certificates (RECs) play a critical role in anchoring market confidence by enabling investors to assess value with greater certainty. The SC will work with key stakeholders to strengthen assurance mechanisms, standards and price discovery frameworks, while facilitating the development of Malaysia's carbon market. Potential linkages with regional carbon markets will be explored to enhance interoperability, deepen liquidity and support credible regional price formation, thereby unlocking larger flows of sustainable and transition capital.



A well-functioning sustainable finance ecosystem requires a diverse and skilled network of market participants to originate, structure, verify and assure impact investments. The SC will prioritise building local capability and attracting global expertise across the sustainable finance value chain. This includes enabling service providers such as impact investment managers, ESG rating agencies, verification bodies, auditors and technology vendors to play a greater role in origination, structuring and assurance. Collaboration with international firms and development partners will help transfer knowledge, raise professional standards and build the technical depth of domestic players. In tandem, efforts will be made to localise expertise and strengthen professional capacity across the ecosystem. This includes the establishment of an association of sustainability professionals. The deepening of market expertise is critical to success in financing climate transition, environmental resilience and inclusive socio-economic development.

Build local capability and attract global expertise across the sustainable finance value chain

Overall, these measures will contribute to higher levels of transparency, comparability and accountability that will convince investors to increase their allocations to sustainable finance products while encouraging boards to embed sustainability into corporate strategies as a driver of long-term value.



SUMMARY OF KEY ACTIONS – SUSTAINABILITY

KEY ACTION ITEMS		KEY COLLABORATORS	
Implementation Priority I: Mobilising Capital for Sustainability-Related Projects			
1.	Facilitate sustainable financing, including via blended finance instruments to de-risk climate and social projects.	BNM, SIRC, SSM, ROS, NGOs, Social Enterprises, Industry Players	
2.	Coordinate concessional and alternative capital pools such as Islamic social finance, philanthropy to crowd-in private investment.		
3.	Leverage regulated fundraising platforms such as Social Exchange to widen access to social-impact financing.		
Implementation Priority II: Building a Robust Sustainable Finance Ecosystem			
4.	Drive adoption of the national sustainability taxonomy, aligned with the ASEAN Taxonomy and mARs Guide.	BNM, Industry Players	
5.	Support the growth and development of Malaysia’s carbon market ecosystem.	Bursa Malaysia, AOB, SSM, Industry Players	
6.	Formulate impact-investment guidance, beginning with social-impact indicators.		
7.	Develop an ecosystem of capable market participants, including impact-investment managers, ESG-rating agencies, verification bodies and an association of sustainability professionals.		

OUTCOME THEME 4: CAPITAL MARKET AS GATEWAY TO REGIONAL OPPORTUNITIES



The next phase of Malaysia's capital market growth is dependent on its ability to capture opportunities in the fastest growing region in the world.

Asia is the fastest-growing region in the world. Growth trends will be magnified as global trade and investment flows are increasingly re-directed intra-regionally. In the transition to a multipolar-based global economy, ASEAN stands to benefit from a rapid increase in the levels of intra-regional trade and investment. It is of little surprise that ASEAN's share of the global economy is being elevated with the region projected to become the world's fourth-largest economy by 2040.²²

However, ASEAN capital markets are currently substantially under-represented relative to its economic presence. For example, ASEAN currently represents only 4% of the MSCI Emerging Markets Index.²³ The bright long-term economic growth prospects suggest there is huge upside potential for ASEAN capital markets and regional intermediation over the next two decades. There is thus significant incentive for the ASEAN capital markets regulators and their intermediaries to collaborate to unlock intra-regional cross-border capital flows to fund the growth of their economies and build regional resilience against global financial shocks.

The Malaysian capital market stands at a strategic crossroad in terms of how it is to move forward to unlock regional opportunities. Malaysia's strategic geographical location provides natural connectivity across the regional growth corridors in Asia-Pacific, South Asia, Eurasia and the Middle East. As a prominent member of ASEAN and given its relationships with many Asian countries, Malaysia is well positioned to seek opportunities to transform the thriving economic relationships into cross-border capital and deal flows.

The CMP envisages that Malaysia will step forward positively to establish itself as a regional gateway; a platform that promotes mutually beneficial two-way relationships with other regional capital markets and intermediaries.

Malaysia offers a compelling proposition with its ICM size of RM2.7 trillion and globally-recognised sukuk expertise. Apart from unparalleled access to Shariah-compliant and ethical opportunities, Malaysia also plans to develop niches in sustainable, ethical and infrastructure finance. These attractions are underpinned by international acknowledgement of Malaysia's regulatory strengths in relation to its governance²⁴ and investor protection standards. Overall, Malaysia is operating from a position of strength

²² Oxford Economics (2025), *GDP forecast*.

²³ MSCI (2025), *Emerging Markets Index*.

²⁴ ACGA CG Watch Rankings (2023).



as it has a relatively mature capital market ecosystem with relatively sophisticated intermediaries, large government-linked and private institutional investors and excellent relationships with regional and global regulators.

The CMP has set a target to grow assets with foreign underlying in Malaysia's capital market to beyond RM100 billion to RM110 billion by 2030. The vision is to position Malaysia as a regional gateway by facilitating funding for the expansion of homegrown regional champions, issuers and intermediaries to finance their expansion across the region.

The Malaysian capital market will evolve to become a product hub with niches in ASEAN-themed underlying, including Shariah-compliant ETFs, ethical, sustainable and infrastructure funds. Towards this end, the SC will collaborate with other ASEAN regulators to ensure greater harmonisation of regulatory frameworks, standards and processes, with a view to reducing transaction frictions and increasing payment and settlement efficiencies.

Intra-regional cross-border flows is likely to grow substantially as it is underpinned by rising Asian affluence and savings accumulation. The expansion of regional-linked products and cross-border fundraising will open new lines of intermediation business in origination, advisory and fund management, thereby creating opportunities for intermediaries to secure fresh mandates and new fee pools. Expanding the array of regional assets provides investors in the Malaysian capital market with greater choice for portfolio diversification and strategies to enhance their long-term returns. Domestic investors would also gain improved access to invest in one of the world's fastest-growing economic regions.

Work to strengthen cross-border connectivity is already in progress. Through the ASEAN Capital Markets Forum (ACMF) Action Plan 2026–2030, ASEAN is advancing a set of strategic initiatives to strengthen regional capital markets, deepen cross-border integration, and position the region as a cohesive and attractive destination for capital and investment. The Action Plan promotes the development of regional products and platforms, including 'ASEAN Diamonds', a cornerstone initiative to support ASEAN firms in expanding their regional footprint, alongside the facilitation of ASEAN indices and the development of a regional Shariah screening tool. Collectively, they aim to attract greater regional and global investment, expand intra-ASEAN capital market activity, and reinforce ASEAN's long-term financial resilience.

IMPLEMENTATION PRIORITIES FOR 2026–2030



IMPLEMENTATION PRIORITY I FUNDING EXPANSION OF HOMEGROWN REGIONAL CHAMPIONS

Malaysian companies are well positioned for regional expansion, supported by the depth and resilience of the domestic capital market. To further enhance access to capital, the SC will facilitate fundraising for regional ventures, business acquisitions and strategic projects particularly in sectors such as *halal*, ethical and sustainable industries.

Efforts are in place to increase the number of Malaysian companies recognised under the Malaysian ASEAN Business Entity (MyABE) Status. The initiative aims to support their expansion beyond domestic borders and accelerate their progress into multinational enterprises by enhancing their access to diverse sources of capital market funding.

Increase the number of Malaysian companies recognised under the MyABE Status



IMPLEMENTATION PRIORITY II POSITIONING MALAYSIA AS A REGIONAL FUNDRAISING AND INVESTMENT DESTINATION

Malaysia's equity market has a good track record in mobilising funds to support national projects and corporate expansion. Efforts will continue to focus on building the IPO pipeline for both domestic and foreign companies. In tandem, efforts would be made to improve Malaysia's fundraising value proposition by digitalising listing and IPO workflows to shorten timelines, improve efficiency and lower issuance costs.

At the same time, Malaysia aims to position itself as a preferred high quality investment destination for institutional investors and family offices by actively promoting its value proposition internationally. This includes showcasing the country's stable economic fundamentals, growing financial markets and supportive regulatory landscape. Through targeted outreach, strategic partnerships and a strong emphasis on investor confidence, Malaysia seeks to attract long-term and high-quality investments.

Given its fundraising infrastructure, Malaysia is ready to serve as a gateway to attract foreign governments and entities to raise funds through equities, bonds or sukuk. This will be achieved through deeper regulatory collaboration and harmonisation with regional and global counterparts. By creating a more seamless,

Position Malaysia as an attractive investment destination and gateway for global capital raising



facilitative and predictable fundraising environment, Malaysia can attract a broader spectrum of enterprises seeking efficient access to capital, while also strengthening its role within the regional financial ecosystem.

Success will hinge on Malaysia's ability to generate investor interest and market liquidity in foreign listings. Domestic institutional investors and intermediaries would be encouraged to participate in regional fundraising exercises, particularly for infrastructure projects. The visibility of foreign listings will be supported by Bursa Malaysia and research institutions initiating analyst coverage. Consideration will also be given towards enhancing access to retail investors using domestic channels. The SC will collaborate with Bursa Malaysia and intermediaries to roll out targeted retail education and promotional campaigns to increase awareness of foreign listings.

Establishing Malaysia as an attractive fundraising destination will significantly boost market vibrancy. It will lay a strong foundation for bundling products into regional themes, unlocking vast opportunities for local intermediaries, underwriters, accountants and legal advisors to innovate, structure, execute and advise. While Malaysia already possesses deep experience, expertise and networks to structure and originate regional products, a surge in regional fundraising activities will serve as a powerful magnet to attract international talent to collaborate or relocate to Malaysia.

In view of these, there is scope for Bursa Malaysia to evolve its services and processes to diversify its activities, facilitate trading in a wider range of regional assets and enhance connectivity to a wider base of retail and foreign investors across the region.



IMPLEMENTATION PRIORITY III ESTABLISHING NICHE IN INNOVATIVE AND HIGH-IMPACT PRODUCTS

Stakeholders such as institutional funds, family offices and retail investors increasingly seek to increase their allocations to regional, innovative and value-based products. This demand is further reinforced by beta activism and next generation preferences for value-based and non-traditional products and channels. Intermediaries should seize the opportunity to manufacture such products that meet investor diversification needs and their growing appetite for thematic investing.

The CMP envisages leveraging the strong regional economic growth and Malaysia's Islamic finance leadership and ethical as well as sustainable finance to establish niches for structuring innovative, high-impact investment products. The SC will promote the development of products such as depository receipts, thematic ETFs and funds that are regionally focused.

**Promote
facilitative
environment
for product
innovation,
domiciliation
and deal
execution**

The SC will work closely with Bursa Malaysia and industry players to create a facilitative environment for product innovation, domiciliation, and deal execution by refining regulations and collaborating with other regulators to harmonise region-wide standards and address impediments. The SC may undertake co-development initiatives with regional market participants aligned with the standards and needs of regional investors. Measures including adoption of AI-based digital screening tools for Shariah compliance and ESG alignment will be introduced to improve cross border product visibility and scalability. Local intermediaries should also consider exploring partnerships with global or regional houses to co-manufacture, domicile or list regional products in Malaysia and embark on a global distribution platform to widen their distribution channels.

SUMMARY OF KEY ACTIONS – REGIONAL OPPORTUNITIES

KEY ACTION ITEMS		KEY COLLABORATORS
Implementation Priority I: Funding Expansion of Homegrown Regional Champions		
1.	Increase the number of local companies recognised as Malaysian ASEAN Business Entities (MyABE) to support regional expansion.	MIDA, BNM, Bursa Malaysia, ACMF, Industry Players
2.	Facilitate fundraising for Malaysian companies expanding into the region, especially for ventures in <i>halal</i> , ethical and sustainable sectors.	
Implementation Priority II: Positioning Malaysia as a Regional Fundraising and Investment Destination		
3.	Facilitate greater cross-border capital flows for companies and strategic projects to position Malaysia as a leading regional fundraising hub.	MIDA, ACMF, Bursa Malaysia, BNM, Industry Players, GLICs
4.	Establish Malaysia as a preferred investment destination for institutional investors and family offices through enhanced market visibility, liquidity and investor engagement.	MIDA, Bursa Malaysia, BNM, Industry Players
Implementation Priority III: Establishing Niche in Innovative and High-Impact Products		
5.	Originate and innovate regionally themed investment offerings such as ASEAN infrastructure bonds and sukuk, <i>halal</i> economy funds, thematic ETFs and listed VC/PE funds.	ACMF, Bursa Malaysia, BNM, Industry Players, ICM stakeholders



DIFFERENTIATOR: ISLAMIC CAPITAL MARKET LEADERSHIP



Malaysia's Shariah compliance will be anchored by *Maqasid al-Shariah*, demonstrating *Halal-Toyyib* as the compass for capital market development.

Malaysia is recognised globally as a leader in Islamic finance. The country was ranked first in the ICD-LSEG Islamic Finance Development Indicator for 13 consecutive years and remains the world's largest sukuk issuer.²⁵ Malaysia's ICM has grown to RM2.7 trillion today, representing around 64% of Malaysia's total capital market size, reflecting regulatory maturity, market depth and sustained innovation.²⁶

Malaysia's established and mature ICM ecosystem positions the nation at the forefront of innovation in Islamic finance. Moving beyond Shariah compliance, the CMP envisions Malaysia's ICM being anchored by *Maqasid al-Shariah* (objectives of Shariah) and demonstrating the *Halal-Toyyib* as the guiding compass for capital market development. This paradigm shift will accelerate the origination of purpose-driven Islamic financial products designed to deliver outcomes that uphold the essentials of human well-being; faith, life, intellect, lineage and wealth, while aligning capital with real economic outcomes and advancing shared, sustainable prosperity.

Demand for Shariah-compliant and ethical investment products will continue to expand, supported by demographic and values-based trends. The global Muslim population is projected to grow by 75% between 2010 and 2050, with a large proportion located in rapidly growing Asian economies.²⁷ In Malaysia, the Muslim share of its population is projected to rise from 63.5%²⁸ in 2020 to 72.4% in 2050²⁹. These shifts, coupled with the rise of values-based investors where 66% of Gen Z and 70% of millennials prioritise ethical and social alignment, will sustain positive long-term growth trends for Islamic finance.³⁰

Historically, Islamic finance has been defined by form, eliminating prohibited elements such as *gharar* (uncertainty), *maysir* (gambling) and *riba* (interest), and differentiating products through contracts such as *musharakah*, *mudharabah* and *ijarah*. While necessary, this approach has sometimes resulted in perceptions of Shariah-compliant products as 'conventional mirrors' with limited differentiation in economic effect.

²⁵ LSEG (2025), *ICD-LSEG Islamic Finance Development Report*.

²⁶ SC, *Annual Report 2024*.

²⁷ World Economic Forum (October 2015), *How religious will the world be in 2050?*

²⁸ Department of Statistics Malaysia (DOSM).

²⁹ PEW Research Center.

³⁰ World Economic Forum (March 2025), *2024 Global Retail Investor Outlook*.

The next phase of growth is to move beyond compliance, towards purpose. In this context, innovation and origination of purpose-driven Islamic capital market products and services are paramount for sustaining Malaysia's leadership and competitiveness. Anchored by *Maqasid al-Shariah* and demonstrating the *Halal-Toyyib*, Malaysia is well-placed to lead this paradigm shift through innovative Shariah-compliant products that deliver real economic value.

The *Halal-Toyyib* emphasises that Islamic finance must be more wholesome than just Shariah-compliant, focused on superior value creation and tangible societal benefit rather than replication of conventional products.

As a guiding compass for the ICM, embedding *Maqasid al-Shariah* principles into governance, product design and investor or stakeholder engagement will lift the market's value proposition across both traditional and innovative instruments. A wider range of Shariah-compliant products that reflect the full spectrum of risk-sharing and the underlying values of Islamic finance will attract new investors who now have access to a wider choice across asset classes such as impact-linked sukuk, tokenised financial assets, private financing, digital tokens and carbon credits. Wider product choice enables better portfolio diversification for both conservative and growth-oriented investors. With product design and governance anchored by *Maqasid al-Shariah* principles, fairness and transparency are reinforced, safeguarding long-term stakeholder interests.

Thought leadership and innovation will confer Malaysia a first mover advantage and assist its evolution into a regional hub for cross-border offerings across, for example ASEAN and the Gulf Cooperation Council (GCC). Capital market intermediaries must support this aspiration by playing an active role in promoting a greater variety of risk-sharing models and scaling the mobilisation of concessional capital with a view to tapping capital pools of return-centric investors to deepen market liquidity. Intermediaries should also seek to expand outreach to new investors to further widen participation. Early movers will be rewarded by their ability to capture the potentially large flows of ethics-driven capital from regional markets and global centres.

Concurrently, demographic realities require solutions that matter at home. As Malaysia moves towards an ageing society, asset managers could further expand their offerings by innovating retirement solutions with Islamic social finance features. Such products can integrate elements of impact and *waqf*-linked investments to support long-term income security while contributing to positive social outcomes.

Ultimately, the CMP aims to position Malaysia's ICM as a leading centre for ethics-driven finance, with a view to establishing new benchmarks in governance, innovation and social impact. Embedding *Maqasid al-Shariah* into the capital market will be a key differentiator, adding value for investors through the integration of Shariah principles and social values on an end-to-end basis. Aligning capital with real economic and social outcomes will highlight how social purpose can optimise investment valuations and reinforce Malaysia's aspiration to be a niche for ethics-driven products.



IMPLEMENTATION PRIORITIES FOR 2026–2030



IMPLEMENTATION PRIORITY I ICM THOUGHT LEADERSHIP

To cement Malaysia's ICM thought leadership, Shariah compliance will be anchored by *Maqasid al-Shariah*, to align the ICM more closely with ethics-driven finance. Investors seeking both Shariah and ethical integrity will value the enhanced transparency and governance that accompanies this approach.

Malaysia's ICM leadership will be further strengthened through deepening collaboration with regions such as the GCC and other Muslim-majority countries to attract more global experts and market players. This collaborative approach will be undertaken in phases through the formalisation of new strategic collaborative partnerships to enhance global visibility and the promotion of *Maqasid al-Shariah* as Malaysia's distinctive value proposition. The objective is to eventually broaden the investor base across high-priority markets.

The SC will also explore the development of *Maqasid al-Shariah* indicators to help investors identify ethical assets with greater confidence. Complementing this, AI-based digital tools will be explored to screen public information for Shariah compliance across jurisdictions to enhance transparency and comparability.

To sustain Shariah governance excellence, the industry must cultivate a new generation of innovative, multi-disciplinary Shariah leaders that are able to thrive in the next generation ICM landscape. Focus will be placed on enlarging the pool of Shariah scholars with expertise in finance, sustainability, governance and innovation. This encompasses the introduction of a Super Scholar programme to develop leadership capability with relevant technical competencies to strengthen the pipeline of senior Shariah leadership.

**Shariah
compliance
anchored
by *Maqasid
al-Shariah*,
to align with
ethics-driven
finance**



IMPLEMENTATION PRIORITY II COMPETITIVENESS OF ISLAMIC ASSETS

With the new approaches and expansion into emerging asset classes, Malaysia's ICM is poised to enter its next phase. Commercial success will depend on the ability of the pioneers of innovative Shariah-compliant instruments to originate products with competitive risk-return profiles and liquidity comparable to conventional assets. In this regard, the product structures should be anchored in *Maqasid al-Shariah*, demonstrating the *Halal-Toyyib* and reflecting core Islamic values, including *baraka* (blessings).

The SC will support initiatives that enhance product innovation, accessibility and competitiveness of Shariah-compliant products across frontier areas such as digital assets, private financing and carbon markets. Initiatives will include streamlining approval processes, strengthening market infrastructure and upskilling Shariah advisers.

Product innovation will be guided by the ICM Product Roadmap, a strategic blueprint to expand Shariah-compliant product availability across both traditional and emerging asset classes. The introduction of ICM's Innovation Lab will facilitate ideation, structure design, process refinement and infrastructure development. This can be extended to Islamic social finance instruments for climate adaptation, resilience and social impact projects, including Shariah-compliant blended finance models to attract public, private and philanthropic capital.

Overall, the SC aims to ensure a continuous pipeline of competitive Shariah-compliant products across all asset classes, including private financing, VC, PE and tokenised assets to reinforce Malaysia's leadership in the global ICM. Intermediaries that innovate first-to-market Shariah-compliant variants will enjoy early-mover advantages in investor access and revenue capture.

Continuous pipeline of competitive Shariah-compliant products across asset classes



IMPLEMENTATION PRIORITY III ISLAMIC SOCIAL FINANCE

Investors increasingly seek investment products that deliver measurable social outcomes alongside financial returns. Islamic social finance can play a more prominent role in mobilising and scaling funds to address long-term social and climate-related challenges, from retirement planning to climate adaptation.

The SC will encourage the development of innovative products such as retirement solutions with Islamic social finance features. At the same time, efforts will be made to establish a mobilisation framework for Islamic social finance solutions including *zakat* and *waqf* to serve as concessional capital for underfunded areas such as climate adaptation. Stakeholders such as the SIRC will be engaged and form part of key collaborative partners to ensure alignment and effectiveness to meet the nation's pressing needs for environmental resilience, retirement preparedness and social equity.

Overall, the CMP seeks to harness the immense potential of Islamic social finance within the broader ICM to support national priorities, from reducing the retirement savings gaps to unlocking new pathways for climate financing. This will reinforce Malaysia's role as a pioneer in purpose-driven finance with a view to extending access to the underbanked or underserved.

Harness the potential of Islamic social finance to support national priorities



IMPLEMENTATION PRIORITY IV

ANCHOR GOVERNANCE ON *MAQASID AL-SHARIAH* PRINCIPLES

Global investors are generally demanding stronger validation of the ethical credentials of investment products. Towards this end, efforts will be made to embed *Maqasid al-Shariah* more deeply into Malaysia's capital market. In this regard, embedding Islamic principles into governance structures offers a transparent framework on conduct and accountability to strengthen investor confidence. Overall, this will further strengthen Malaysia's ICM value proposition.

The SC will therefore explore the integration of *Maqasid al-Shariah* principles into key governance levers such as rules, regulations, stewardship codes and disclosure frameworks. Capacity building efforts will be undertaken to elevate Shariah advisers from compliance gatekeepers to trusted stewards guiding purpose-driven strategies. This includes expanding their role in identifying and monitoring assets against applicable standards and principles.

In tandem with this, the SC will strengthen the Shariah governance framework for ICM products and services. The aim is to entrench an ICM that is anchored on six aspirations as specified by the *Maqasid al-Shariah*, namely Humanity, Justice and Benevolence, Clarity and Transparency, Flexibility and Innovation, Fiduciary and Accountability, and Accessibility and Inclusivity. This alignment will reinforce Malaysia's positioning as an ethics-driven market that combines strong governance with societal purpose.

**Integration
of *Maqasid
al-Shariah*
principles
into key
governance
levers**

SUMMARY OF KEY ACTIONS – ICM LEADERSHIP

KEY ACTION ITEMS		KEY COLLABORATORS	
Implementation Priority I: ICM Thought Leadership			
1. Strengthen ethical principle foundations with <i>Maqasid al-Shariah</i> tools to guide purpose-driven investments.		Shariah Advisory Council of the SC and BNM, industry players, GLICs, Knowledge partners ³¹ , Bursa Malaysia, BNM, SIRCs	
2. Build enabling ecosystem, with tools and infrastructure to support product discovery and screening of Shariah-compliant assets.			
3. Launch a Super Scholar programme to strengthen the pipeline of senior Shariah leadership for ICM.			
4. Promote Malaysia’s leadership in ethical finance.			
Implementation Priority II: Competitiveness of Islamic Assets			
5. Expand Shariah-compliant product availability across both traditional and emerging asset classes through issuance of ICM Product Roadmap.		Shariah Advisory Council of the SC and BNM, industry players, GLICs, Knowledge partners, Bursa Malaysia, BNM, SIRCs	
6. Establish ICM Innovation Lab to pilot new product structures, refine approval processes and strengthen supporting infrastructure.			
Implementation Priority III: Islamic Social Finance			
7. Encourage development of innovative Islamic social finance products and frameworks, including <i>waqf</i> -linked, <i>zakat</i> -based and impact-oriented solutions to mobilise capital for social and climate objectives.		Shariah Advisory Council of the SC and BNM, industry players, GLICs, Knowledge partners, Bursa Malaysia, BNM, SIRCs	
Implementation Priority IV: Anchor Governance on <i>Maqasid al-Shariah</i> Principles			
8. Strengthen Shariah governance frameworks by embedding <i>Maqasid al-Shariah</i> principles and build capacity of Shariah advisers as stewards of purpose-driven finance.		Shariah Advisory Council of the SC and BNM, industry players, GLICs, Knowledge partners, Bursa Malaysia, BNM, SIRCs	

³¹ Refers to technical expert or research institution with expertise in Islamic finance.



CRITICAL FOUNDATION: REGULATORY AND GOVERNANCE EXCELLENCE



With the fast-changing capital market landscape, facilitative regulation and robust governance must go hand-in-hand to maintain the balance between innovation, vibrancy, market integrity and investor protection.

Global capital markets are evolving rapidly, driven by technological disruption, the emergence of new asset classes and increasing complexity of cross-border activities. These shifts are blurring traditional intermediation and regulatory boundaries, creating opportunities while exposing markets to emerging risks ranging from scams to cyber-attacks and systemic stress. Regulators worldwide are under pressure to manage these risks with greater agility.

Malaysia's regulatory and governance framework has been internationally recognised for its strong investor protection and facilitative approach to market development. These were advanced under CMP3 (2021–2025) through streamlined enforcement, strengthened oversight and elevated governance standards.

Cognisant of future challenges, the SC's core regulatory goals remain steadfast. Facilitative regulation and strong governance will continue to serve as the foundation of a modern and resilient capital market. The CMP envisions Malaysia's capital market being anchored by a globally trusted regulatory framework aligned with international standards, including the International Organization of Securities Commissions' (IOSCO) tenet of 'same activity, same risk, same regulatory outcome'³².

In line with the *Government Service Efficiency Commitment Act 2025* (GSEC Act 2025), the SC will undertake structured reviews of laws and regulatory frameworks to ensure their continued efficiency, effectiveness and proportionality. The SC will also streamline regulatory processes to facilitate the introduction of new products and services, improve linkages between markets, deepen supervisory oversight through technology and expand regulatory coverage to reinforce investor protection and market resilience. Collectively, these measures will ensure that regulation keeps pace with market structure changes while maintaining investor confidence.

³² IOSCO Policy Recommendations for Crypto and Digital Asset Markets (including DeFi), 2023.



IMPLEMENTATION PRIORITY I FACILITATIVE REGULATORY FRAMEWORKS AND GOVERNANCE

This priority focuses on keeping regulations relevant and inculcating good governance practices as new business models emerge. The SC will continue to streamline regulations to facilitate innovation, especially in priority areas related to sustainability, Shariah-related investments, alternative asset classes, digital assets and private markets. When considering emerging business models in the capital market, the SC will seek to harmonise regulatory treatment across asset classes and activities within nascent and mature industries, guided by IOSCO's tenet of 'same activity, same risk, same regulatory outcome'.

In line with the GSEC Act 2025, the SC will conduct a structured review of its laws and guidelines to identify provisions that are outdated, redundant or duplicative. This initiative supports the Government's wider effort to enhance regulatory efficiency and service delivery, ensuring that capital market regulations remain facilitative, effective and proportionate to evolving market needs.

In parallel, the SC will strengthen governance in proportion to risks arising from new business activities or processes. The SC will outline risk-proportionate expectations on disclosure, reporting and conduct, and ensure high standards of transparency and accountability while improving time-to-market for new products.

Product and activity convergence continues to blur traditional licensing boundaries. To provide clarity for businesses expanding across asset classes, the SC will refine its licensing and registration framework to introduce clear, risk-based pathways. A phased implementation and transitional arrangements will ensure a smooth transition once the enhanced framework is in place.

As rules and structures evolve, governance cultures must also be deepened. Malaysia has significantly enhanced its corporate governance standards since the Asian financial crisis, yet there remains room for improvement. Boards and senior management are expected to strive to reinforce their oversight, strengthen accountability and embed a culture of stewardship and ethics that considers broader stakeholder interests.

**Harmonise
regulatory
treatment
across
all capital
market
activities and
participants**

To strengthen market discipline, accountability will be extended beyond boards to include key governance professionals such as compliance officers, sustainability officers and auditors. This extension of accountability will be supported by the relevant regulatory, professional and investor representative bodies as well as by industry players. The SC will support professional bodies and industry associations to elevate professional standards, enhance competency frameworks and promote a consistent culture of ethical conduct across the market. Professional capability will be strengthened through targeted training, continuous upskilling and the sharing of best practices to ensure that governance expertise keeps pace with growing market sophistication.

Finally, the SC will also broaden governance coverage for capital market participants such as intermediaries, VC and PE companies, RMOs, investment banks, digital asset service providers and ESG rating agencies as well as explore enhancements to the AOB's oversight role. Overall, the objective is to establish consistent baseline standards of accountability, transparency and ethical conduct across all market activities. Capital market participants are expected to take proactive remedial steps to address unsatisfactory business conduct practices or to engage with the SC on appropriate corrective measures.



IMPLEMENTATION PRIORITY II

STRENGTHENING CAPITAL MARKET ECOSYSTEM DEVELOPMENT TO ENHANCE FUTURE READINESS

The emergence of new asset classes and technology-driven activities has disrupted traditional regulatory models. To keep pace, the SC will intensify proactive reviews of existing regulations to ensure they adequately address the risks posed by newer business models such as digital platforms, alternative-investment providers and cross-sector entities offering capital market products or services.

The SC will work to eliminate gaps by extending oversight to new categories of intermediaries and service providers encompassing digital platforms, digital asset service providers, critical third-party IT vendors, non-traditional distribution channels (such as finfluencers) and valuers. Given accelerating technological disruption, greater emphasis will be placed on strengthening accountability and extending regulatory reach, with conduct regulation focused on market behaviour, professional integrity and investor outcomes.

As the market landscape evolves, closer cooperation among regulators is essential to manage emerging risks. Internationally, the SC will strengthen collaboration with counterpart agencies to enhance cross-border cooperation and achieve common regulatory outcomes. Domestically, the SC will continue to work closely with BNM and other relevant agencies to monitor the adequacy of current regulatory arrangements and to manage an orderly transition towards a twin-peaks regulatory model. Under this model, the SC will continue to strengthen its supervisory oversight as the conduct regulator while BNM focuses on prudential regulation. The success of this transition will depend on proactive stakeholder engagement and resource alignment, with market intermediaries consulted to ensure a seamless process.

Additionally, the SC will deepen engagement with market intermediaries to foster a more conducive environment for innovation, to improve linkages between markets and access to regional opportunities and to strengthen operational resilience. Intermediaries are encouraged to maintain competitive fee structures, strengthen professional competence and align business models toward capturing next-generation opportunities. The evolving role of intermediaries will be reviewed, with support extended for the upskilling of key ecosystem agents, including remisiers, unit trust and private retirement scheme consultants. This will ensure that human expertise continues to complement technology in providing quality services and advice.

Intermediaries will also be encouraged to transition from product-centric sales or commission-based activities to holistic, goal-based engagement models that prioritise investors' long-term financial well-being. In parallel, the SC will review industry fee structures to ensure greater fairness and transparency for investors in achieving long-term wealth accumulation.



IMPLEMENTATION PRIORITY III DATA-DRIVEN SUPERVISION

Technology is speeding up the pace and increasing the volume and complexity of capital market activities. To cope, the SC will increasingly rely on advanced technology and data analytics for proactive risk detection and early supervisory oversight to achieve its regulatory goals of maintaining market integrity and protecting investors.

Towards this end, the SC will establish a robust data architecture across the capital market. This would involve streamlining data pipelines, facilitating the integration of fragmented databases, upgrading interfaces between exchanges, platforms and other market nodes, redefining the data taxonomy and promoting data sharing. Together, these initiatives will strengthen the foundation for technology-based surveillance and supervisory oversight.

The SC will also work closely with the industry to enable more RegTech and SupTech solutions, including AI-powered surveillance tools to manage risks, detect anomalies and extend supervisory reach. These technologies will support more proactive monitoring and deliver timely, data-driven insights to facilitate

Evolving business models to seize next-gen opportunities while delivering real value for investors

Robust data architecture across the capital market

risk pre-emption. The SC will continue collaborating with key industry players such as Bursa Malaysia and FIMM towards creating an industry-wide platform that would facilitate oversight over a wider range of asset classes. The SC will also review the use of MyDigital ID for authentication purposes and eXtensible Business Reporting Language (XBRL) for data submissions as well as work with other local and international agencies to reduce scamming activities.

In summary, these measures will align Malaysia's capital market regulation with current market realities and international standards. The SC will streamline its laws and regulations to reduce friction, strengthen governance standards across licensed and registered entities and expand oversight to new intermediaries and service providers. Technology and data will be integrated into supervision to assist the SC to identify risks early and to act faster. Together, these regulatory initiatives will contribute towards enhancing market integrity, protecting investors and ensuring that innovation develops within clear regulatory boundaries.

SUMMARY OF KEY ACTIONS – REGULATORY AND GOVERNANCE

KEY ACTION ITEMS		KEY COLLABORATORS
Implementation Priority I: Facilitative Regulatory Frameworks and Governance		
1. Review capital market laws and guidelines in line with GSEC Act 2025.		Regulatory, professional and investor-representative bodies as well as industry players
2. Rationalise authorisation frameworks to facilitate evolving business models, asset classes and investment activities.		
3. Harmonise governance standards across capital market participants, including boards, key management and governance professionals.		
Implementation Priority II: Strengthening Capital Market Ecosystem Development to Enhance Future Readiness		
4. Review development of the regulatory ecosystem to ensure it remains effective.		Industry Players
5. Drive alignment for potential implementation of a twin-peaks regulatory model considering impact on intermediaries and investors.		BNM
Implementation Priority III: Data-driven Supervision		
6. Establish robust data architecture to streamline data pipelines across the capital market, including integration of non-conventional and raw data.		Industry Players
7. Enabling RegTech/SupTech solutions and AI-powered surveillance tools to anticipate risks, detect anomalies and strengthen supervisory reach through proactive, data-driven insights.		



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Ladang Langit reimagines the northern harvest tradition by transforming golden grains into celestial forms set against a cobalt sky. Its flowing linear strokes mirror wind sweeping across fields, balancing earthiness and transcendence. This motif, inspired by Kedah's *biji padi*, speaks to endurance, renewal and the quiet generational wisdom held within the act of cultivation.

04

CONCLUDING THOUGHTS AND ACKNOWLEDGEMENTS



CONCLUDING THOUGHTS

The CMP reaffirms the strategic direction for Malaysia's capital market, one that is resilient, inclusive and future-ready. While the plan sets a bold long-term course, it also recognises the importance of remaining agile and responsive as conditions evolve.

Delivering this vision is not the responsibility of any single party. It will require strong, sustained collaboration across government, regulators, industry and the wider stakeholder ecosystem.

The SC is committed to working closely with all parties to ensure collective ownership of outcomes and coordinated delivery. This will be supported by cross-agency teams driving key initiatives, regular engagements with industry participants and structured channels for early feedback during the development of rules and frameworks. Together, these efforts will build stronger alignment, reduce uncertainty and ensure that regulatory measures are practical, effective and responsive to market needs.

Above all, the CMP is a commitment to action. It has clear implications for how the regulators and stakeholders organise themselves, prioritise resources and measure impact over time. The SC will lead with focus and discipline, driving implementation with consistency while remaining open to recalibration where needed.

This marks both a starting point and a shared pledge. The success of the CMP will ultimately be defined by the ability of all stakeholders to work together and deliver meaningful outcomes that strengthen Malaysia's position in the region and the world.

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ABBREVIATIONS

ACE Market	A sponsor-driven market designed for companies with growth prospects
ACGA	Asian Corporate Governance Association
ACMF	ASEAN Capital Markets Forum
AI	Artificial Intelligence
AML	Anti-Money Laundering
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
AUM	Assets Under Management
AOB	Audit Oversight Board
BNM	Bank Negara Malaysia
CAGR	Compound Annual Growth Rate
CLMV	Cambodia, Laos, Myanmar and Vietnam
CMM	Capital Markets Malaysia
CMP1	<i>Capital Market Masterplan 2001-2010</i>
CMP2	<i>Capital Market Masterplan 2011-2020</i>
CMP3	<i>Capital Market Masterplan 2021-2025</i>
CMP	<i>Capital Market Masterplan 2026-2030</i>
DAX	Digital Asset Exchange
DOSM	Department of Statistics Malaysia
DvP	Delivery-Versus-Payment
ECF	Equity Crowdfunding
EPF	Employees Provident Fund
ESG	Environmental, Social and Governance
ETF	Exchange-Traded Fund
FBM KLCI	FTSE Bursa Malaysia Kuala Lumpur Composite Index
FIMM	Federation of Investment Managers Malaysia
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GLICs	Government-Linked Investment Companies
ICD	Islamic Corporation for the Development of the Private Sector
ICDM	Institute of Corporate Directors Malaysia
IDX	Indonesia Stock Exchange
IFDI	Islamic Finance Development Indicator
ICM	Islamic Capital Market
IEO	Initial Exchange Offering
IIC	Institutional Investors Council of Malaysia
IMD	International Institute for Management Development
IOSCO	International Organization of Securities Commissions
IPO	Initial Public Offering
JC3	Joint Committee on Climate Change
KPIs	Key Performance Indicators
KPKT	Ministry of Housing and Local Government
KWAP	<i>Kumpulan Wang Persaraan (Diperbadankan)</i>

KYC	Know-Your-Customer
LEAP Market	An adviser-driven market for emerging companies and SMEs, accessible to sophisticated investors under the <i>Capital Markets and Services Act 2007</i>
LHDN	Inland Revenue Board of Malaysia (<i>Lembaga Hasil Dalam Negeri</i>)
LSEG	London Stock Exchange Group
MAICSA	Malaysian Institute of Chartered Secretaries and Administrators
MAIN Market	A prime market for established companies that have met the standards in terms of quality, size and operations
MAS	Monetary Authority of Singapore
MBAN	Malaysian Business Angel Network
MCCG	Malaysian Code on Corporate Governance
MIDA	Malaysian Investment Development Authority
MITI	Ministry of Investment, Trade and Industry
MoF	Ministry of Finance
MoHR	Ministry of Human Resources
MOSTI	Ministry of Science, Technology and Innovation
MSCI	Morgan Stanley Capital International
MSMEs	Micro, Small and Medium-sized Enterprises
MSWG	Minority Shareholders Watch Group
MTCs	Mid-Tier Companies
MyNAP	National Adaptation Plan
MVCA	Malaysian Venture Capital and Private Equity Association
NAIO	National AI Office
NAV	Net Asset Value
NETR	<i>National Energy Transition Roadmap</i>
NFTs	Non-Fungible Tokens
NGOs	Non-Governmental Organisations
NIMP	<i>New Industrial Master Plan 2030</i>
NRES	Ministry of Natural Resources and Environmental Sustainability
NSRF	National Sustainability Reporting Framework
PE	Private Equity
PETRA	Ministry of Energy Transition and Water Transformation
PLCs	Public-Listed Companies
PLCT	Public-Listed Companies Transformation
PN17	Practice Note 17
PPA	Private Pension Administrator Malaysia
PRS	Private Retirement Scheme
PRSCs	Private Retirement Scheme Consultants
P2P	Peer-to-Peer Financing
RCEP	Regional Comprehensive Economic Partnership
RECs	Renewable Energy Certificates
REITs	Real-Estate Investment Trusts
RMK13	13 th Malaysia Plan
RMO	Recognized Market Operator
ROS	Registrar of Societies
SC	Securities Commission Malaysia
SET	The Stock Exchange of Thailand
SGX	Singapore Exchange
SIDC	Securities Industry Development Corporation
SIRC	State Islamic Religious Councils

SMEs	Small and medium enterprises
SSM	Companies Commission of Malaysia
SRI	Sustainable and Responsible Investment
TDFs	Target Date Funds
UTCs	Unit Trust Consultants
VC	Venture Capital
VC/PE	Venture Capital/Private Equity

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