



ANNUAL REPORT 2024

ANNUAL REPORT 20 4



Duit Seringgit by Siti Nursuhada Nurul Azmi

Batik design inspired by the one ringgit note encompasses the intersection of culture, economy and identity. The design also plays with the abstract interpretation of currency, turning it into an art form that transcends its monetary value. The one ringgit note is often considered a simple denomination, symbolising the roots of the economy. Batik is more than just fabric; it is a narrative of cultural pride, economic awareness and artistic innovation.

Design was submitted for the Batik Lestari 2024 Showcase.

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MISSION STATEMENT

To promote and maintain fair, efficient, secure and transparent securities and derivatives markets and to facilitate the orderly development of an innovative and competitive capital market.





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CHAIRMAN'S MESSAGE



It is my distinct honour as Chairman of the Securities Commission Malaysia (SC) to present the SC's Annual Report for 2024.

The year marked a leadership transition for this venerable organisation. I assumed the Chair in mid-June, succeeding Dato' Seri Dr. Awang Adek Hussin. His invaluable contributions laid a solid foundation for some of the initiatives and accomplishments mentioned in this report, and I would like to record my gratitude to Dato' Seri for his exemplary leadership. These included the various initiatives to ensure the financial sustainability of the SC and also the introduction of the voluntary buy-out scheme of post-employment medical benefits.

The commendable progress, as well as measures introduced in 2024, is a reflection of the SC's time-honoured approach to continuously engage with industry and collaborate closely with key stakeholders. This helps foster trust in our regulatory and development work and promotes investor confidence in the Malaysian capital market.

These well-established foundations have certainly eased my task of steering the SC forward.

KEY REGULATORY AND DEVELOPMENTAL HIGHLIGHTS OF 2024

In 2024, the SC's regulatory efforts centred on enhancing market efficiency, resilience and investor protection. From a developmental perspective, initiatives were focused on strengthening the sustainability, competitiveness and accessibility of the domestic capital market.

I am happy to share that a fast-track IPO approval process has been introduced to reduce the timeline for Main Market and ACE Market listings to three months. The SC also approved the first accelerated transfer from ACE to the Main Market in 2024. These process enhancements underscore our commitment to raise market efficiency.

In fact, Malaysia had the highest number of listings in the region with 55 IPOs in 2024 compared to 32 IPOs in 2023. This contributed to a marked increase in market capitalisation, enabling the size of the capital market to exceed RM4 trillion.

Unfortunately, scams and unlicensed activities continued to proliferate, putting investors' hard-earned monies at risk. This necessitated a pro-active stance in disrupting illegal and fraudulent activities. Measures in 2024 included stepping up surveillance of unlicensed activities, early interventions via the SC's Investor Alert List, and collaborating with relevant authorities to block errant websites and social media postings. As a result of these efforts, the number of enquiries and reports received by the SC increased by 337% since 2019.

In terms of enforcement priorities for 2024-2026, corporate misconduct was identified as an additional concern alongside disclosure breaches, securities fraud, and unlicensed activities. The use of digital evidence has also increased in line with the pervasiveness of social media and online tools. As such, the SC's newly established Digital Forensic Lab will be a valuable asset in growing our capabilities to preserve and analyse electronic data.

Technology and cyber security risks also rank high as a major concern. The revised *Guidelines on Technology Risk Management* (GTRM), implemented in August 2024, will ensure our market intermediaries strengthen their preparedness for identifying, mitigating and managing these potential risks.

Despite the risks, we are also cognisant of the benefits of technology. Central to fostering digital innovation in the capital market have been programmes such as the SCxSC and FIKRA ACE. The SC's Regulatory Sandbox was launched at the SCxSC Fintech Summit 2024 to provide a platform to encourage ideation of innovative products and services, including tokenised securities.

Sustainability is another key focus area. The *National Sustainability Reporting Framework* (NSRF), launched in September 2024, established a robust framework for corporate sustainability disclosures. This will ensure Malaysian corporates provide consistent, comparable and reliable sustainability information.

Still on the topic of sustainability, I am pleased to share that the SC has appointed a Chief Sustainability Officer, demonstrating our commitment to 'walk the talk'. In addition, a fee review exercise with stakeholders has commenced towards enhancing our financial sustainability.

It is also important for access to market-based fundraising to be inclusive, particularly for micro, small and medium enterprises (MSMEs) and Mid-Tier Companies (MTCs). In this regard, the SC released the Catalysing MSME And MTC Access to the Capital Market: 5-Year Roadmap (2024-2028) to intensify efforts to advance this segment. The inaugural Batik Lestari festival, held in December 2024, also provided us with greater insights on the challenges faced by local artisans, while demonstrating the capital market's ability to support growth for those in non-traditional sectors.

The size of Malaysia's investment management industry has surpassed RM1 trillion, a welcome sign of its ability to preserve and grow wealth for investors.

Recognising such strengths, the government announced the new Family Office incentive scheme in September 2024 to attract high-net-worth regional and Malaysian families to support our MSMEs and new economy sectors.

These form the key highlights of the SC's work in 2024 detailed, alongside a great many other initiatives, in this report.

ASPIRATIONS FOR 2025

As I pen this message at the beginning of 2025, I naturally associate the new year with the following descriptors: challenging and busy. Apart from our routine regulatory and developmental activities which are already considerable, there are numerous regional as well as national level initiatives that the SC is spearheading.

In conjunction with Malaysia's ASEAN Chairmanship in 2025, the SC assumed the Chair of the ASEAN Capital Markets Forum (ACMF), which is a regional grouping of securities and capital market regulators.

In line with the ASEAN 2025 theme of Inclusivity and Sustainability, the ACMF agenda for this year includes the release of the ASEAN Taxonomy Version 4 (through ACMF's participation in the ASEAN Taxonomy Board) as well as securing ASEAN Ministerial endorsement of the ASEAN Transition Finance Guidance Version 2. In addition, we will push to develop a taxonomy for Mitigation, Adaptation, Resilience and Sustainable Finance (MARS).

Our chairmanship of ACMF represents an opportunity to advance regional collaboration and build better connected and resilient capital markets within ASEAN. With these objectives in mind, the ACMF will also focus on finalising the five-year ACMF Action Plan 2026-2030.

I am also eager to ensure our homegrown multinationals and companies can lead the region in championing the sustainability agenda. In 2025, we will have the first batch of public-listed companies (PLCs) with market capitalisation of more than RM2 billion issuing sustainability reports. There is, however, still much to be done.

The NSRF implementation will continue, with the focus turning to proposing legislative amendments to the Financial Reporting Act and the issuance of Sustainability Reporting Standards by the Malaysian Accounting Standards Board.

In terms of social finance, we are on track to establish Malaysia's first Social Exchange, which was announced by the Prime Minister, Dato' Seri Anwar Ibrahim, in May 2024. The Social Exchange Pilot Programme, or SEPP25, initiated in early 2025 is a major step towards providing market-based fundraising for social projects and bringing Malaysia closer to meeting the United Nations

Sustainable Development Goals (UN SDGs). SEPP25 will identify the necessary requirements and ecosystem needed for the Social Exchange which is scheduled to be fully operational in 2026.

The Social Exchange also exemplifies the utility and applicability of the Magasid Al-Shariah Guidance Islamic Capital Market Malaysia, which was released in 2023. I believe the capital market requires more such use cases and applications to provide additional guidance to intermediaries and stakeholders in adopting these principles.

To this end, we are working towards developing specific indicators for each Magasid al-Shariah principle, starting with the equity market in 2025. The release of specific guidance and indicators related to Islamic values will hopefully encourage greater Islamic product innovation and subsequently reinforce Malaysia's leadership in Islamic finance.

The SC will also be operationalising the Single Family Office (SFO) incentive scheme announced by the Government with a view to provide a clear, flexible and facilitative structure to enable families to establish their presence efficiently. Once the tax order is gazetted, the aim is to pre-register at least two SFOs in 2025.

Alongside this, in 2025, Malaysia will undergo two key assessments. These are the Financial Action Task Force (FATF) Mutual Evaluation, which is conducted every seven to 10 years, and the biennial Corporate Governance (CG) Watch for the Asia Pacific region.

The FATF assessment of Malaysia, including AML/CFT/ CPF supervision framework, will be crucial for Malaysia's global reputation and investment attractiveness. This is Malaysia's fourth Mutual Evaluation since 2001 and the stakes are high. A less favourable report may lead to global financial institutions reducing or worse, halting transactions with local financial intermediaries.

Equally important, would be to maintain or improve upon our previous rankings in the CG Watch 2025, particularly in the categories of Auditors and Audit Regulators, CG Rules and Listed Companies.

Structurally, the capital market also needs more longterm thinking and assessment of future trends in the next 10 to 20 years. For example, the size of the domestic capital market has grown markedly and much larger than banking assets. This suggests equity, sukuk and debt are major fundraising instruments for corporates, and we need to ensure this trajectory continues as the capital market is important in funding economic growth.

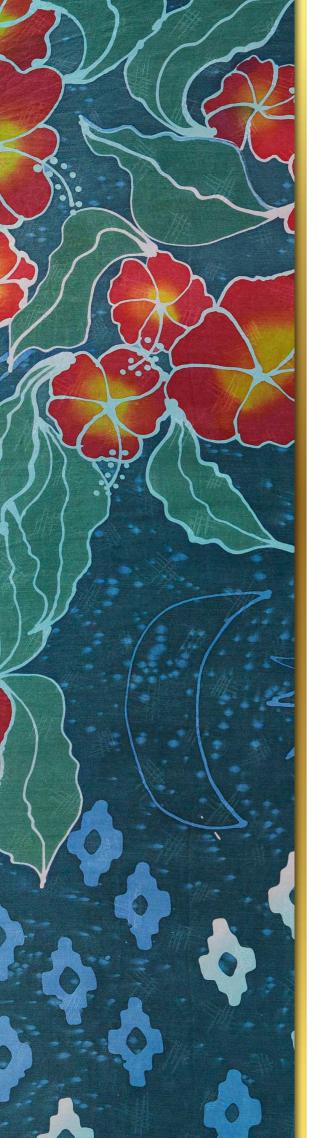
The SC will begin the process of shaping views and insights for the long term, including vision and objectives, in developing the Capital Market Masterplan 4 (CMP4) in 2025. It will succeed CMP3 (2021-2025). The underlying objective of CMP4 will be to ensure the Malaysian capital market remains competitive and resilient amid economic, social and technological changes.

In closing, I wish to extend my gratitude to all SC staff for their professionalism, and also, the SC's Board Members and Executive Team. To that end, my heartfelt thanks to the Board Members, Tan Sri Gooi Hoe Soon, Datuk Dr. Zunika Mohammed, Dato' Alizatul Khair Osman Khairuddin, Datuk Dr. Shahrazat Haji Ahmad and Encik Kemal Rizadi Arbi, for their steer and invaluable insights over the course of the year. A special thank you to Tan Sri Mazlan Mansor, who completed his tenure in February 2024, and a warm welcome to Datuk Nik Mohd Hasyudeen Yusoff, who joined the SC Board in January 2025.

Finally, I would like to acknowledge our stakeholders, including industry players, regulators, and key decision makers, for their unwavering support and collaboration over the years. Together, let us continue to build a stable, fair, and orderly capital market that serves the needs of all Malaysians.

Dato' Mohammad Faiz Azmi





KEY HIGHLIGHTS

HIGHLIGHTS 2024: CAPITAL MARKET PERFORMANCE 5-YEAR PERFORMANCE (2020-2024)



- Total capital market size grew by 9.7% yoy to RM4.2 trillion in 2024, driven by growth in both equity market capitalisation and total bonds and sukuk outstanding.
- Since 2020, the total market has grown by 5.5% p.a.*, with bonds and sukuk outstanding growing by
- Based on compound annual growth rate (CAGR).
- # Total may not add up due to rounding.

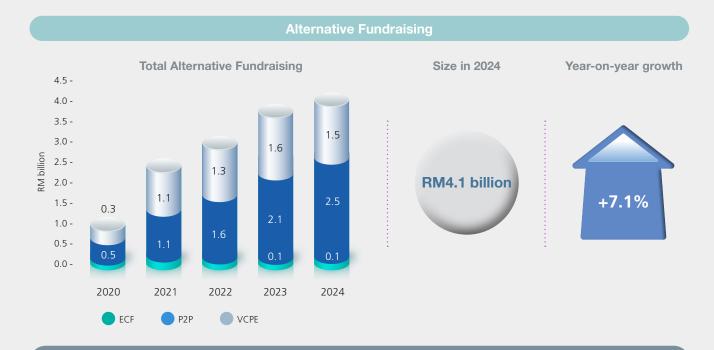
Size of Islamic Capital Market Islamic capital market size Size in 2024 Year-on-year growth 3.0 -2.5 -2.0 -1.0 1.3 1.3 1.2 15-RM2.6 trillion +8.5% 1.0 -0.5 -1.2 00-2020 2021 2022 2023 2024 Total sukuk ICM Bursa market capitalisation outstanding

- In tandem, the Islamic capital market (ICM) grew by 8.5% to RM2.6 trillion in 2024.
- Since 2020, the total ICM has grown by 5.3% p.a.*, driven by the growth in sukuk outstanding (7.1%),
- Based on compound annual growth rate (CAGR).
- # Total may not add up due to rounding.

HIGHLIGHTS 2024: CAPITAL MARKET PERFORMANCE 5-YEAR PERFORMANCE (2020-2024)

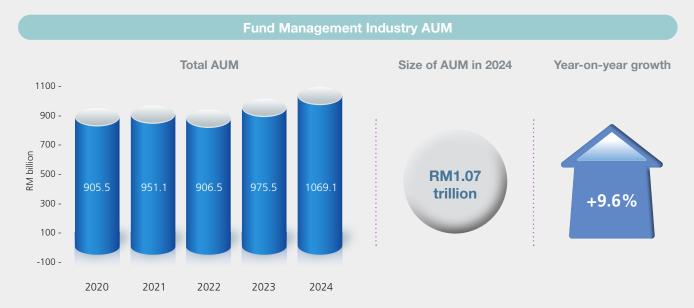


- Total fundraising in equity and bond market grew by 8.7% from 2023, to RM138.9 billion (2023: RM127.7 billion raised), driven by significant increase in primary fundraising activities (with a record number of 55 IPOs) and continued momentum in bond and sukuk issuances.
- # Total may not add up due to rounding.



- Alternative financing avenues continued to facilitate financing to MSMEs and MTCs, raising RM4.1 billion in 2024, driven mainly by the encouraging growth in P2P financing as measures continue to be implemented to catalyse financing for businesses of all sizes.
- # Total may not add up due to rounding.

HIGHLIGHTS 2024: CAPITAL MARKET PERFORMANCE 5-YEAR PERFORMANCE (2020-2024)



- AUM of the fund management industry breached the RM1 trillion mark, having grown 9.6% to RM1.07 trillion driven by strong global equity market performance.
- # Total may not add up due to rounding.

HIGHLIGHTS 2024: REGULATORY ACTIONS

CRIMINAL ACTION





COMPOUNDS





compounded amount

CIVIL ACTION

RM 9.87 mil civil penalties imposed





RM 1.86 mil returned to 168 investors



concluded civil actions (involving 4 defendants)

ADMINISTRATIVE ACTION





reprimands

penalties/ fines imposed



HIGHLIGHTS 2024: KEY INITIATIVES



Facilitative regulatory frameworks to balance developmental needs with investor protection

- Ensured proactive surveillance and supervision, supported by enhanced internal capabilities and strengthened crossborder regulatory co-operation.
- Intensified investor protection measures, including timely detection and intervention of scam and unlicensed activities and clarifying regulatory treatments for 'finfluencers'.
- Upheld market standards in gatekeeping and product approvals, while enhancing time-to-market through introduction of expedited licensing and IPO process.
- The SC's Regulatory Sandbox launched to provide a controlled environment for innovative products and services that do not fully fit into existing regulatory frameworks to be tested while ensuring adequate investor protection.



Fortified fundraising ecosystem for businesses of all stages

- Launched the Catalysing MSME and MTC Access to the Capital Market: 5-Year Roadmap (2024-2028) to drive greater financing for MSMEs and MTCs.
- Launched the Impact Investing Framework, and together with the Malaysian Co-Investment Fund (MyCIF), equity crowdfunding (ECF) and peer-to-peer financing (P2P financing) has continued to offer niche financing solutions for strategic segments (agriculture, social enterprises, ESG etc.).
- Released the Practical Guide on Venture Capital and Private Equity in Malaysia to provide greater regulatory clarity, and introduced the VC Golden Pass to attract prospective venture capital investors and practitioners to establish presence in Malaysia.



Embedded sustainability, corporate governance and social impact in the capital market

- Launched the National Sustainability Reporting Framework (NSRF) to enhance sustainability disclosure standards of Malaysian corporates.
- Announced the establishment of the Social Exchange to facilitate fundraising for projects with positive social outcomes.
- Release of the CG Monitor 2024 highlighted the high level of adoption of PLCs to the Malaysian Code on Corporate Governance (MCCG) 2021, signifying strong commitment to governance.

HIGHLIGHTS 2024: KEY INITIATIVES



Broadened market participation to empower investors and expand the capital base

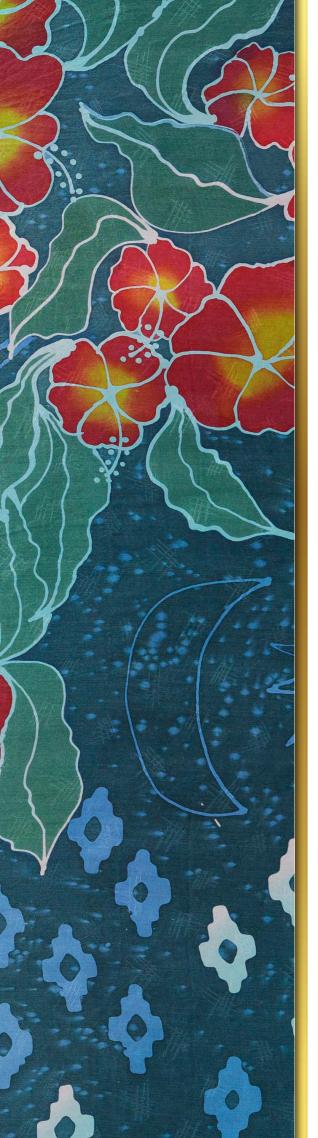
- Launched the Single Family Office (SFO) Scheme to attract family offices through facilitative regulatory framework and fiscal incentives.
- Widened the sophisticated investor categorisation to a more diversified pool of investors.
- Continued to democratise access to investment channels through the digital asset exchanges (DAX), digital investment management (DIM) platforms and e-services platforms.



Amplified investor education and outreach for greater participation

- Conducted outreach and awareness programmes through platforms such as the InvestSmart® and Financial Education Network (FEN); connected with approximately 1,922,969 participants through 51 events.
- Flagship programmes such as SCxSC, FIKRA ACE, NaviGate: Green Capital Market Financing Series and ELEVATE continues to connect businesses to financing opportunities in the capital market.





PART 1 CAPITAL MARKET REVIEW AND OUTLOOK

PART 1: CAPITAL MARKET REVIEW AND OUTLOOK

OVERVIEW

The global economic landscape remained stable in 2024, amid continued easing of inflation in advanced economies, while consumer spending remained resilient. The year also saw the loosening of monetary policy from major central banks. The global economy faced headwinds from rising trade frictions between major economies and escalating geopolitical tensions that contributed to overall volatility in global financial markets. Domestically, the Malaysian economy recorded a strong pick-up, underpinned by robust domestic demand, primarily from the improvement in private investments as well as a recovery in trade activities. As a result, the Malaysian capital market outperformed its regional peers during the year, while continuing its function to enable and facilitate capital-raising. The outperformance was mainly on the back of strong corporate earnings and promising economic growth that led to an increase in trading interest. Going forward, the domestic capital market is expected to remain stable, fair, and orderly, backed by sound corporate and economic fundamentals, ample domestic liquidity, and a supportive policy environment.

GLOBAL DEVELOPMENTS IN 2024

The global economy remained stable in 2024, driven by easing inflationary pressures and recovery in global trade. Despite facing multiple headwinds, advanced economies managed to achieve a 'soft landing' underpinned by sustained consumer spending amid easing inflation and a resilient labour market. Growth within advanced economies were mostly supported by the United States (US), while growth in the Eurozone remained subdued. Meanwhile, emerging economies continued to support global growth, underpinned by strong private consumption in India and an acceleration in growth in ASEAN countries backed by the recovery in external demand. Nevertheless, China's economic recovery slowed with increasing deflationary risks due to the withstanding property crisis, tepid domestic demand and trade frictions with other major economies.

While growth proved resilient, the global economy also experienced headwinds in 2024, including volatility in currency and capital flows, rising political uncertainty due to multiple elections around the world, heightened trade tensions among major economies, and continued geopolitical tensions. Moreover, the mixed global economic data and the slower disinflation in the US compared to the other major economies added complications to monetary policy decisions from major central banks, raising concerns over a potential global economic downturn.

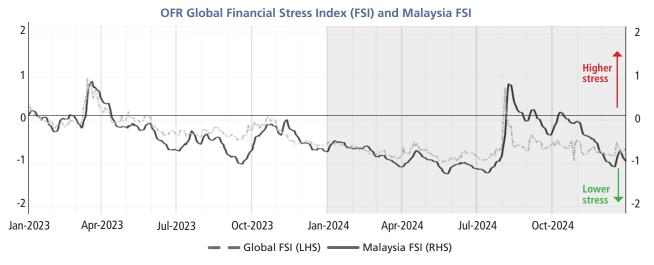
The International Monetary Fund (IMF) in its World Economic Outlook report in October 2024 forecasted global growth to expand at a slower pace of 3.2% in 2024 from 3.3% in 2023, with narrowing divergences. Nevertheless, Asia Pacific remained as a global growth driver, with the IMF foreseeing growth in the region to expand by 4.6% in 2024 (2023: 5.0%).

Global financial markets performance gained momentum in 2024, as investors priced in optimism over potential interest rate cuts by major central banks, while corporate earnings remained favourable. The progress of easing inflation and growth prospects across

major economies shaped investors' expectations surrounding the path of global monetary policy, which resulted in cross-border portfolio fund flows that created additional volatility to the financial market. The level of global financial stress surged in August 2024, amid recession concerns in the US and the unwinding of the yen carry trade following Bank of Japan's unexpected move to raise its key interest rate in late July. However, financial stress moderated after a series of encouraging US economic data releases that helped to alleviate concerns of a recession, buoying the performance of the global financial markets towards the end of the year (Chart 1).

On the performance of global equity markets, the MSCI World Index rose by 16.99% in 2024, while the MSCI Emerging Market Index trailed the global benchmark, rising 4.96%, reflecting China's sluggish economic growth, and continuing trade tensions with the US. In September 2024, India's weight in the MSCI AC World IMI Index rose to 2.4%, higher than China's weight of 2.2%, representing a shift in investors' preference to new emerging market growth engines. Meanwhile, global bond indices improved in 2024, driven by continued dovish monetary policy expectations throughout most of the year amid easing global inflationary pressures (Chart 2).

CHART 1 Global financial stress levels heightened in August 2024, amid recession concerns in the US and the unwinding of the yen carry trade



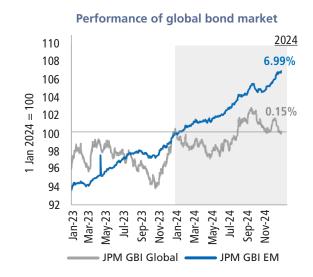
Notes: The Global FSI is from the Office of Financial Research, US Department of Treasury, while the Malaysia Financial Stress Index (MFSI) is internally estimated following similar methodology (see Monin, 2017). Value of FSI above zero indicates higher than historical average financial stress in the economy.

Source: US Office of Financial Research, the SC's internal estimates.

CHART 2 Global equities and bonds performances improved in 2024



Source: Refinitiv Eikon Datastream; the SC's calculations.



MALAYSIAN CAPITAL MARKET DEVELOPMENTS IN 2024

The Malaysian economy exhibited robust growth in 2024, supported by resilient domestic private sector activities, the recovery in external demand and a pick-up in tourist arrivals. The labour market strengthened further, with the unemployment rate falling to its lowest level in five years, while wage growth remained favourable. By economic activity, the services sector remained as the major driver given resilient consumer spending and positive labour market conditions. Additionally, both headline inflation and core inflation moderated despite higher utilities and transportation prices following fiscal policy adjustments during the year, reflecting minimal cost pass-through effects. In 2024, real GDP expanded 5.1%, driven by a steady growth in domestic demand (Chart 3).

The domestic capital market continued to support the real economy

The Malaysian capital market remained resilient and orderly while continuing to serve its fundamental role in enabling and facilitating capital-raising to fund the domestic economy. Malaysia's financial stress remained

below its historical average¹ in 2024, with the exception of the third quarter mostly due to the global market selloff in August and concerns over the US elections. The Malaysian capital market outperformed most of its regional peers despite recording net foreign equity outflows, supported by strong buying interest from several local institutional investors, stable political and macroeconomic conditions, and the recovery of the Malaysian Ringgit against major currencies.

The strong buying interest in the local bourse was followed by a slew of initial public offerings (IPOs) and the growth in the total outstanding for the bond and sukuk market, which resulted in the increase in the size of the capital market to RM4.2 trillion in 2024 (2023: RM3.8 trillion). The fund management industry expanded in 2024, with total assets under management (AUM) rising to a record high of RM1.1 trillion (2023: RM975.5 billion), driven by strong global equity market performance, particularly Al-related valuations in the US market (Chart 4). The unit trust segment remained the largest source of funds, comprising 51.1% of total AUM (2023: 51.3%).

Total funds raised in the capital market grew to RM138.9 billion in 2024 (2023: RM127.7 billion), of which RM14.7 billion was raised through the equity market², while

3.7

3.6

3.5

3.4

3.3

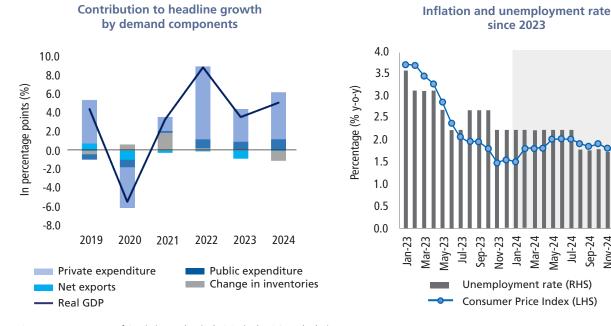
3.2

3.1

3.0

2.9

CHART 3 The Malaysian economy expanded substantially in 2024 supported by robust domestic demand and global trade recovery



Source: Department of Statistics Malaysia (DOSM), the SC's calculations.

Long term average: 0.00.

In the equity market, RM7.4 billion was raised via 55 IPOs and RM7.3 billion through secondary fundraising.

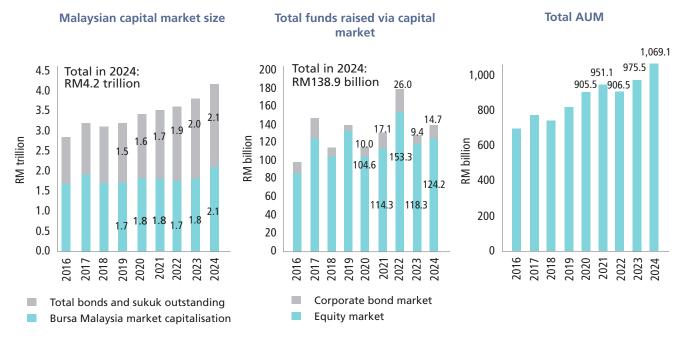
RM124.2 billion was issued through the corporate bond market. For the year, the number of IPOs increased to 55, from 32 in 2023. In line with the government's economic policies that also focus on sustainability, the steady increase in issuances of sustainability-related instruments³ affirmed the capital market's pivotal role in supporting financing needs. Meanwhile, the growth in alternative fundraising platforms,4 such as equity crowdfunding (ECF) and peer-to-peer financing (P2P financing), continued to promote financial inclusivity especially for micro, small and medium-sized enterprises (MSMEs).

The performance of the Malaysian equity market

was largely driven by a series of domestic factors including further clarity in national policy rollouts (e.g. NIMP 2030, NETR, NSS), fiscal consolidation measures (e.g. diesel subsidy rationalisation), favourable earnings growth and corporate activities. This was further supported by Malaysia's position in the global semiconductor value chain and numerous analysts' upgrades on their FBMKLCI targets. Besides domestic developments, global headwinds also continued to influence investment sentiment and redirection of capital, with volatility driven by the uncertainty of the direction and pace of global monetary policy in 1H2024, ongoing geopolitical conflicts and slower economic growth from China. Notably, the foreign equity outflow from the domestic equity market amounted to -US\$941.9 million in 2024, compared to a net outflow of -US\$514.2 million in 2023.

The overall market capitalisation of the local bourse ended higher at RM2.1 trillion in 2024 (2023: RM1.8 trillion), while that of the FBMKLCI rose to RM1.2 trillion (2023: RM1.0 trillion). The benchmark FBMKLCI index outperformed global and regional markets (MSCI Asia Pacific: 7.23%, MSCI ASEAN: 7.67%), rising by 12.90% (2023: -2.73%) to end the year at 1,642.33 points, while the FBM Mid 70 and FBM Small Cap rose by 28.93% and 9.85% (2023: 12.28% and 9.57%) to 18,841.13 points and 17,963.66 points respectively, displaying a positive shift in sentiment favouring medium and small-sized companies, as reflected by the favourable

CHART 4 Size of the Malaysian capital market grew in 2024 amid higher fundraising activities, while AUM of the fund management industry breached the RM1 trillion mark



Source: Bursa Malaysia; the SC's calculations.

Issuances of sustainability-related instruments was RM13.3 billion in 2024 (2023: RM8.7 billion).

Funds raised via ECF and P2P financing was RM2.6 billion in 2024 (2023: RM2.2 billion).

performances of FBM Mid 70 and FBM Small Cap (Chart 6). Notably, among ASEAN-5 counterparts, the FBMKLCI outperformed most of its peers despite recording a net outflow of funds (Chart 7). The growth in the equity market capitalisation for the year was favourable, in tandem with the pick-up in GDP growth. There continues to be a divergence in size of the capital market and GDP, but the capital market have made significant strides to narrow the gap in the past two years (Chart 5).

Meanwhile, the distribution of returns of the total equity market suggested that the equity market was able to provide diverse return potential for investors (Chart 10). In 2024, a total of 38 stocks recorded an annual return of more than 100%. These stocks were mostly from the FBM Small Cap and the FBM ACE Index, and majority are from the industrials and information technology sectors. This suggests that the market provides good

investment opportunities and favourable returns especially to those with sound market understanding.

Non-residents remained net sellers of Malaysian equities, amounting to a total of -RM4.16 billion in 2024 (2023: -RM2.34 billion), while local retail investors sold -RM5.83 billion (2023: -RM0.96 billion). Notably, local institutional investors accumulated a sum of +RM9.99 billion in 2024 (2023: +RM3.30 billion) (Chart 6). Despite a net sell position, the participation rate for foreign investors rose to an average of 35.77% in 2024 (2023: 28.41%), highlighting the appeal of the domestic equity market to non-residents. Trading interest on equities improved significantly with the average daily trading volume at 4.29 billion units in 2024 (2023: 3.55 billion units), and at a higher average value of RM3.44 billion per day (2023: RM2.29 billion), reflecting favourable investor sentiment (Chart 8).

CHART 5 Malaysia's equity market capitalisation and economic growth has moved in tandem over the years, while significant opportunities remain to bridge the gap

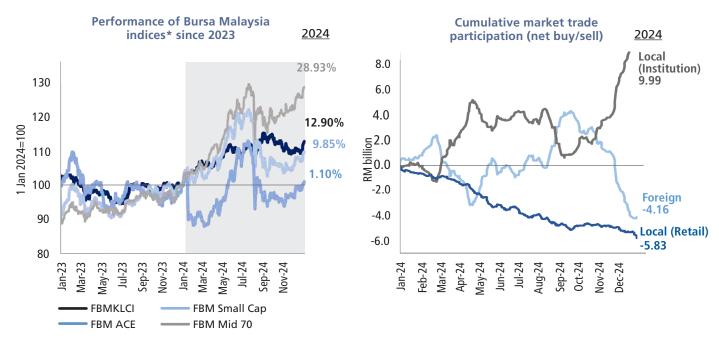


Local Bourse Market Cap and Nominal GDP

Market capitalisation represents Bursa Malaysia's total equity market.

Source: Bloomberg, DOSM, World Federation of Exchanges (WFE).

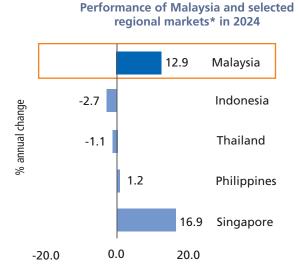
CHART 6 Malaysia's equity market displayed growing interest toward the mid and small cap segments, while local institutions were the sole net buyers of local equities

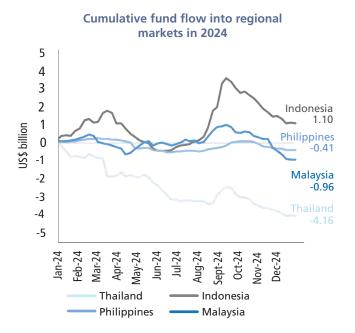


Note:

Source: Bloomberg, Bursa Malaysia, the SC's calculations.

CHART 7 The benchmark FBMKLCl outperformed most of its regional peers in 2024, despite recording net fund outflows from the Malaysian equity market



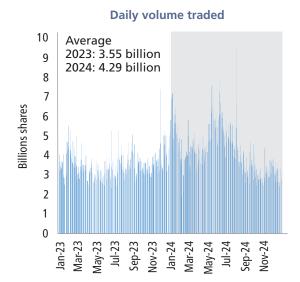


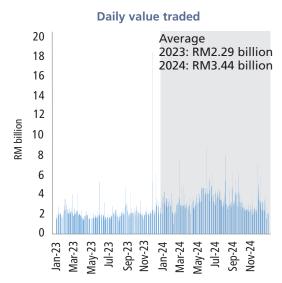
Source: Bloomberg.

FBM KLCI consists of the largest 30 companies ranked by full market capitalisation in the FTSE Bursa Malaysia EMAS Index, while FBM Mid 70 encompasses the next 70 largest companies. FBM Small Cap consists of all constituents of the FTSE Bursa Malaysia EMAS Index that are not constituents of the FTSE Bursa Malaysia Top 100 Index. FBM ACE includes companies listed on the ACE Market.

Referenced composite indices: Malaysia – FBMKLCI; Indonesia – JCI; Thailand – SET; Philippines – PCOMP; Singapore – STI.

CHART 8 Equity daily trading volume and value improved in 2024, reflecting favourable investor sentiment





Note:

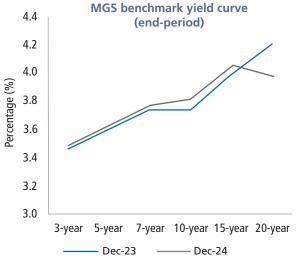
Daily trading values and volumes are inclusive of off-market transactions. The abnormality on 29 November 2023 was due to RM16 billion in off-market transactions between CelcomDigi related entities

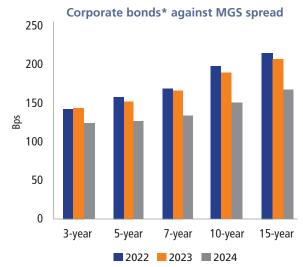
Source: Bursa Malaysia, the SC's calculations.

In the Malaysian bond market, total bonds and sukuk outstanding grew to RM2.10 trillion (2023: RM2.01 trillion), underpinned by the continued issuance of bond and sukuk, particularly government bonds. The overall Malaysian Government Securities (MGS) yield curve shifted slightly upward across most of the tenures during the year, except for 20-year notes, tracking the movement of the global bond market. This was mainly driven by the global economic and political uncertainties

as disinflationary progress slowed in the US and elections took place in several countries. The spread between corporate bonds and MGS also narrowed across all tenures, mostly supported by the optimism on domestic economic performance (Chart 9). Meanwhile, participation of foreign investors moderated in the domestic bond market, with net inflows amounting to +RM4.78 billion in 2024 (2023: net inflows +RM23.65 billion).

CHART 9 The MGS yield curve shifted slightly upward amid global economic and political uncertainties, while corporate spreads tightened on resilient investor demand

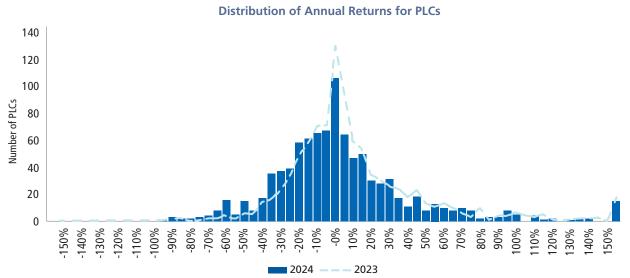




Source: Bloomberg, Refinitiv Eikon Datastream, the SC's calculations.

^{*} Corporate bonds rated between AAA and BBB.

CHART 10 The distribution of equity returns provides diverse opportunities for investors



Source: Bloomberg, the SC's calculations.

OUTLOOK FOR 2025

The Malaysian economy is projected to remain on a steady growth trajectory in 2025, buoyed by continued strength in domestic demand, primarily through continued expansion in private sector spending and investment. The ongoing rollout of government economic plans will continue to add support to the economy, while the recovery of the Malaysian ringgit will lift consumer spending activity. However, risks to growth remain tilted to the downside given current external challenges.

In the domestic capital market, activity will likely be driven by the momentum in the domestic economy, while volatility is likely to be influenced primarily by uncertainties surrounding geopolitical instability, regulatory and policy issues as well as growth in certain segments of advanced economies. Nevertheless, continued supportive policy actions under the Ekonomi MADANI framework and the implementation of National Economic Plans are expected to provide a tailwind in the medium-term. This signals continued commitment by the government towards improving medium-term economic growth prospects. Meanwhile, conditions in the domestic capital market are expected to remain orderly, underpinned by firm macroeconomic and corporate fundamentals, ample domestic liquidity and supportive capital market infrastructure.

SPECIAL FEATURE 1

ISSUES AND CHALLENGES OF AGEING TO CAPITAL MARKET

Overview - Ageing, a Demographic Shift that Demands Attention

The world is facing a demographic shift from ageing, and Malaysia is no exception. Malaysia is currently undergoing this shift more rapidly than expected, driven by declining birth rates and rising life expectancy (Chart 1).

An ageing population refers to a demographic shift where older individuals make up a larger share of the total population. In 2022, 7.2% of Malaysians had surpassed the age of 65, placing Malaysia within the United Nations (UN)-defined parameters of an 'ageing nation.' In 2024, this proportion inched higher to 7.7%,³ signalling a steady and irreversible trend that is reshaping not only Malaysia's social structure but also its economic and financial landscape. Updated projections from the Department of Statistics Malaysia (DOSM) indicates that Malaysia will transition to an 'aged nation' by 2040, with 17.3%4 of Malaysians being 60 years or older, significantly sooner than previous estimates in 2016 of 14.5%⁵. Looking further ahead, the UN World Population Prospects 2024 projects that 16.8% of Malaysians will be aged 65 and above in 20507 (Chart 2).

This accelerated trajectory represents a critical challenge that demands immediate attention. The impact of an ageing population extends significantly not only to economic activity but also to the capital market. Rising healthcare and pension costs are straining public finances, while the reducing size of the workforce affects economic productivity. At the same time, the capital market needs to adjust to the changing savings and investment habits of an ageing population. Without timely and targeted measures, these trends could affect both economic growth and societal well-being. Recognising the challenges ahead, the government is developing a national ageing blueprint. While the details of the blueprint are yet to be published, it reflects the government's commitment to proactively planning for the implications of an ageing population. The blueprint is expected to outline policy planning, frameworks, and action plans across various aspects, including the macroeconomy, fiscal management, employment, skills and education, social security, and lifelong health aimed at addressing economic growth, workforce adjustments, social protection, and healthcare for the elderly. Importantly, the capital market has a critical role to play in ensuring some of these needs are met.

Ageing in the Twenty-First Century: A Celebration and a Challenge. (United Nations Population Fund, 2012).

DOSM. (31 July 2023). Current Population Estimates, Malaysia, 2023. Retrieved October 2024.

DOSM. (31 December 2024). Current Population Estimates, Malaysia, 2024. My Ageing Dashboard Portal. Retrieved January 2025.

^{&#}x27;Elderly population to hit 17% by 2040, says Stats Dept' The Star, 7 September 2024. https://www.thestar.com.my/news/nation/2024/09/06/ elderly-population-to-hit-17-by-2040-says-stats-dept#close.

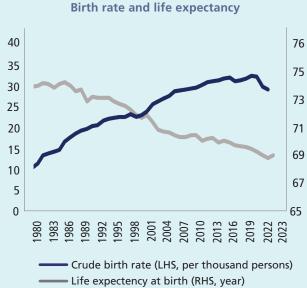
DOSM. (4 November 2016). Malaysia population projection 2010-2040. Retrieved October 2024.

My Ageing Dashboard Portal, DOSM. Retrieved October 2024. https://www.dosm.gov.my/MyAgeing.

Ibid.

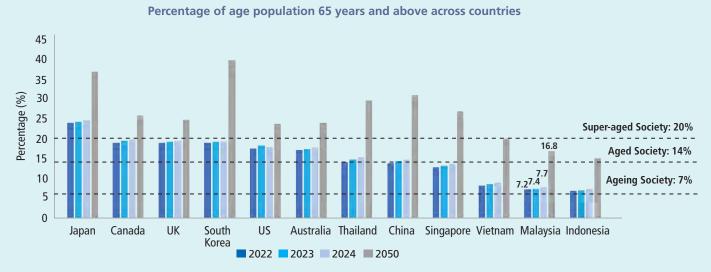
CHART 1 Malaysia's ageing population is on the rise, driven by declining birth rates and increasing life expectancy

Malaysia's demographic trend **Ageing trend** 11.6% 14 12 11.1% -10 Percentage (%) 7.7% 8 5.2% 7.2% 6 4 3.1% 2 0 2010 970 2000 2022 2021 99, - 65 and above 60 and above



Source: DOSM.

CHART 2 Malaysia is anticipated to transition to an 'Aged Society' sooner than expected



Note:

Source: UN World Population Prospects 2024, DOSM.

Under UN guidelines, a country is classified as an ageing society when over 7% of its population is 65 years or older. An aged society is reached when more than 14% are 65 and above, and a super-aged society occurs when over 20% of the population is above 65.

As Malaysia faces the challenges posed by an ageing population, two critical issues emerge as particularly pressing: retirement savings inadequacy and suboptimal allocation of savings.

ISSUE 1

Retirement Savings Inadequacy

Income security at old age is a growing concern as the capacity to work and earn income diminishes post-retirement. Among the growing issues that contribute to income security are discussed below.



Retirement Savings

Statistics from the Employees Provident Fund (EPF) show that most Malaysians approaching retirement age have median savings below RM240,000 (Chart 3),8 a Basic Savings benchmark set by the EPF since 2019. However, as announced in December 2024, the EPF now recommends members aim for at least RM390,000, a new Basic Savings benchmark to better reflect the rising costs of living and retirement needs.

Previously, the RM240,000 benchmark assumed retirees would withdraw RM1,000 monthly over 20 years, aligned with Malaysia's average life expectancy. This assumption has become outdated due to escalating living and healthcare costs, prompting the EPF to highlight a minimum of RM600,0009 as adequate in 2022, based on revised estimates of a monthly expenditure of RM2,45010 for basic necessities. This amount was intended to provide a more comfortable retirement, especially for those in urban areas.

The World Bank (2020) estimates that nearly 75% of workers who have reached the age of 54 have less than RM250,000 in their EPF accounts. This means about 75% of workers will have a monthly benefit of less than RM1,050, only slightly above the poverty line income (PLI) of RM980¹⁰ per month (before its revision in 2022 to RM2,589¹¹). This supports the growing recognition that the previous basic savings threshold of RM240,000 no longer reflect the financial realities of retirement in Malaysia.

In response to the inadequate retirement savings of many of its members, the EPF introduced a new Retirement Income Adequacy (RIA) framework, which takes effect in 2028. This framework outlines a three-tiered savings structure:

Savings Tier	Amount (RM)	Objective	Assumptions
Adequate	650,000	To provide a reasonable standard of living during retirement	Estimated monthly expenditure for single elderly living in Klang Valley (RM2,690 per month)
Basic	390,000	To cover essential retirement needs	60% of Adequate savings amount
Enhanced	1,300,000	To support greater financial security and independence for a higher quality of life	2x of Adequate savings amount

Notably, the new Basic Savings level of RM390,000, which set to take effect in 2028, represents a significant increase from the previous benchmark of RM240,000. To ensure a smooth transition for members, the EPF will implement a gradual transition. The Basic Savings benchmark will increase by RM50,000 annually over the next three years, reaching RM290,000 by January 2026 and RM340,000 by January 2027. This phased approach provides members with ample time to meet the new target of RM390,000 by 2028.

EPF Website (2024, August 12). https://www.kwsp.gov.my/en/w/article/how-to-open-an-epf-account.

^{&#}x27;RM600,000 needed to retire comfortably: EPF' The Sun, October 19, 2022. https://thesun.my/malaysia-news/rm600000-needed-to-retirecomfortably-epf-MB10%60004019.

The Edge (2020, July 10) https://theedgemalaysia.com/article/malaysias-poverty-rate-rises-56-%E2%80%94-chief-statistician.

¹¹ Report of Poverty in Malaysia, 2022. DOSM.

A closer look at the EPF's new tiered savings benchmarks:

Adequate Savings (RM650,000): This level supports monthly withdrawals of RM2,708 in the first year, which (1) will gradually increase to RM7,389 by the 20th year, providing a reasonable standard of living during retirement. This is based on updated estimates of the minimum monthly expenditure of RM2,690 (Belanjawanku 2024/2025) for a single senior citizen in Klang Valley.

At the start of retirement, a balance of RM650,000 is expected to support monthly withdrawals over a 20-year period, reflecting the average life expectancy of Malaysians. Assuming an annual return of 4% on the balance, retirees can begin withdrawing RM2,708 in the first month. The remaining principal, benefiting from the 4% annual return, allows for gradual growth in withdrawals, reaching RM7,389 per month by the 20th year. Notably, the initial monthly withdrawal of RM2,708 exceeds the upper bracket median income of the B40 group (B4) (RM2,382 per person)¹² and the revised national average PLI of RM2,589 as of 2022.

- (2) Basic Savings (RM390,000): This represents 60% of the Adequate Savings target of RM650,000, drawn from the civil service pension system, where retirees receive 60% of their last drawn salary. The EPF has adopted this figure to suggest a savings level that, although lower than the adequate savings benchmark, should still suffice to cover essential living expenses in retirement. This supports monthly withdrawals for RM1,625 in year one, eventually growing to RM4,434 by year 20. With RM390,000, retirees can withdraw RM1,625 per month, which is above the lower part of B40 group (B2) RM1,517 per person¹³ (based on 2022) but below the national average PLI of RM2,589 as of 2022.
- (3) Enhanced Savings (RM1,300,000): Twice the amount of Adequate Savings, enabling retirees to start with monthly withdrawals of RM5,417 in the first year, growing to RM14,779 by the 20th year.

Alarmingly, the EPF's 2023 annual report revealed that the median savings for members aged 54 is only 154,000, significantly short of the RM650,000 adequate savings required by the EPF. The replacement rate is a key measure that shows how much of a person's pre-retirement income is replaced by pensions or post-retirement income. The OECD recommends a replacement rate of 70% to 80% to maintain a comfortable living standard after retirement. Malaysia lags behind global standards with the World Bank (2012) estimating Malaysia's replacement rate at just 31.2%, 14 while the OECD (2012) 15 reported a lower rate of 30%. Although, these studies are over a decade old, they remain some of the most reliable references available, given the lack of more recent assessments. This means that retirees in Malaysia only have around 30% ¹⁶ of their income for the last drawn salary as post-retirement income. This indicates that most retirees will experience significant financial strain during retirement, further emphasising the importance of adequate planning and saving for old age.

Rising Gig Economy Workforce

The rise of the gig economy and its related employment makes retirement planning more challenging. Many gig workers do not have access to formal retirement benefits, affecting their financial security. Contrary to some public perceptions, the rate of informal employment in Malaysia for all groups of workers has declined over time and stood at 26.8% in 2022¹⁷ (Chart 4). However, among all informally employed workers, the subset of gig workers, particularly location-based gig workers, has been increasing in number. 18

Assumption; in calculating per-person income for B40 households, an average of at least two persons per household is assumed. This is a simplification to provide a baseline estimate for income per person.

Adequacy Pension entitlements, replacement rates and pension wealth, World Bank Pension Indicators and Database (2012).

Pensions at a Glance Asia Pacific, OECD, 2012.

EPF's Social Protection Insights Volume 1, 2016.

¹⁷ Informal Employment in Malaysia: Trends, Challenges and Opportunities for Reform (World Bank, February 2024).

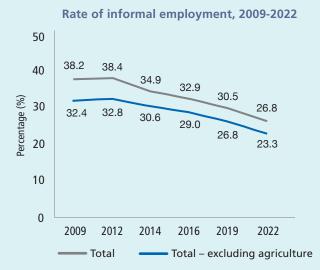
MDEC, Informal Employment in Malaysia (World Bank, February 2024).

CHART 3 Malaysia's ageing population is on the rise, driven by declining birth rates and increasing life expectancy

Members' aged 54 median savings 260 240 220 200 -45% -36% 180 160 140 120 100 80 60 40 20 2019 2020 2021 2022 2023 2018 Median savings

Source: EPF Annual Report 2023.

CHART 4 Informal employment in Malaysia has been declining over time

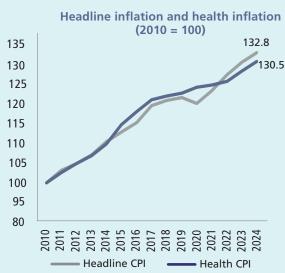


Source: World Bank, DOSM.

Rising Healthcare Costs

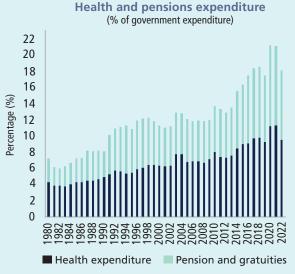
Healthcare is crucial for an ageing society, and Malaysia currently faces one of the highest healthcare inflation rates¹⁹ globally at 12.6%, far above the global average of 5.6%²⁰. This rise in medical costs reduces retirees' purchasing power, worsening the retirement income gap. It also puts financial strain on the government, with rising healthcare and pension costs as more elderly citizens depend on public healthcare after retirement (Chart 6).

CHART 5 Rising trend on healthcare cost are putting financial pressure, especially on retirees



Source: DOSM, CEIC.

CHART 6 Financial strains to the government through additional pension and health expenditure



Source: World Bank, DOSM.

Policy Document on Medical and Health Insurance/Takaful Business. Medical inflation refers to the year-on-year increase in the average treatment cost as billed by hospitals for surgical treatments and/or non-surgical treatments covered under the medical reimbursement insurance/takaful product, BNM.

Implementation of Co-Payment Requirements for Medical and Health Insurance and Takaful Products, BNM, 6 July 2024.

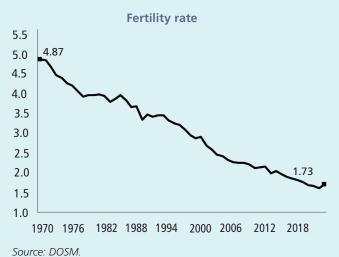


Rising social contract expectations, straining society

The rise in ageing populations driven by longer life expectancy and lower birth rates, is creating pressure on Malaysia's traditional norms of elder care. Historically, the responsibility for caring and financially supporting the elderly parents rested largely on children, reflecting a deeply rooted cultural norm that formed an implicit 'social contract', a concept which embodies mutual expectations between individuals and society.

However, Malaysia's fertility rate has significantly declined over the years. From around 4.9 children per woman in 1970, it has decreased to 1.7 in 2022 (Chart 7), well below the replacement-level fertility rate of 2.1²¹ children per woman. This decrease in fertility means fewer children are being born to replace the ageing population, resulting in a

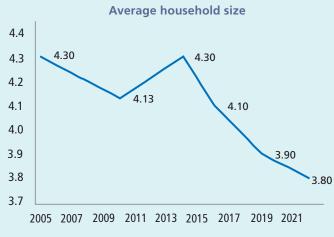
CHART 7 Malaysia's fertility rate is steadily declining over the



shrinking younger population and smaller households. The average household size has also steadily decreased, from 4.9 persons in 2014 to 3.8 in 2022 (Chart 8), limiting the pool of people who can share the burden of elder care.

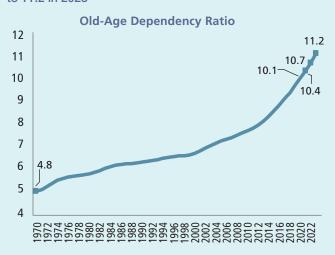
The rise of the elderly dependency ratio²², in line with the ageing population (Chart 9), reflects an unsustainable shift, with an increasing number of elderly individuals relying on a smaller working-age population. The traditional intergenerational contract, where multiple children share the responsibility for elder care, is becoming increasingly unsustainable. These situations cause additional strain on society, as fewer people are available to fulfil these expectations set by the traditional social contract.

The average household size has been shrinking. reflecting smaller families and fewer children to care for ageing parents



Source: DOSM.

CHART 9 The elderly dependency ratio has risen from 4.9 in 1970 to 11.2 in 2023



Source: DOSM.

Replacement-level fertility refers to the total fertility levels of about 2.1 children per woman. This value represents the average number of children a woman would need to have to reproduce herself by bearing a daughter who survives to childbearing age. - United Nations World Population Prospects 2024. https://population.un.org/wpp/assets/Files/WPP2024_Summary-of-Results.pdf

Age dependency ratio, old, is the ratio of older dependents--people older than 64--to the working-age population--those ages 15-64. Data are shown as the proportion of dependents per 100 working-age population. World Bank World Development Indicator.

Consequently, the traditional social contract, wherein multiple children were expected to care for elderly parents, no longer applies to the same extent, with this responsibility now being more broadly distributed across society. The rising expectation of the 'social contract' now extends beyond familial support, encompassing greater reliance on both government and the private sector to provide sustainable retirement solutions. Public systems, including healthcare and social safety nets, are increasingly absorbing the financial responsibilities of supporting ageing parents, while capital market solutions, such as retirement funds and eldercare financing products, are anticipated to become the vital parts of the societal framework moving forward.

ISSUE 2

Financial literacy and suboptimal savings allocation

Amid the growing concerns over retirement inadequacy in Malaysia, awareness in savings mobilisation present a significant barrier in achieving sustainable financial security for the ageing population. Despite efforts to encourage better saving behaviour, several key challenges still hinder the optimal allocation of savings.

A proportion of retail savings can be channelled towards capital market

Households have ample savings that could be directed into the capital market. Currently, RM886 billion, nearly one-third of Malaysia's total RM3.2 trillion household financial assets (excluding EPF), is held in bank deposits (Chart 10). The ratio of unit trust investments to deposits has been declining, with deposit growth outpacing that of unit trusts (Chart 11), indicating a trend toward preference to hold more cash rather than investing. Individual deposits include RM569 billion in bank fixed deposits and RM317 billion in bank savings or current accounts. By redirecting a small portion of these liquid assets into higher-yielding capital market instruments, such as unit trusts or private retirement schemes (PRS), investors could potentially enhance their retirement adequacy and improve on savings mobilisation. Although the PRS, a voluntary alternative to EPF's mandatory contributions, is growing, their net asset under management remains small at RM6.5 billion compared to EPF's RM867 billion in total active EPF contributions, indicating significant potential for other instruments (Chart 12). This illustrates untapped potential for PRS and other market instruments as complementary, voluntary options for retirement planning.

CHART 10 Households do have enough savings that can be mobilised

Household financial assets

(RM billion)

2,712.3

675.9

745.5

808.4

2019

1,904.9

538.6

545.2

485.6

2013

EPF active

Individual

deposits

Others*

contributions

867.2

923.5

2023

CHART 11 Declining unit trust to deposits ratio

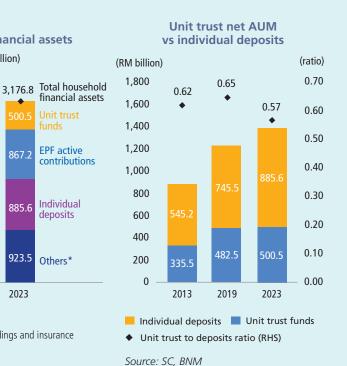


CHART 12 Capital market products such as PRS total value remains low as compared to EPF savings



Source: SC, EPF

Note:

3,500

3,000

2,500

2.000

1,500

1.000

500

0

Includes securities holdings and insurance

Source: SC, CEIC

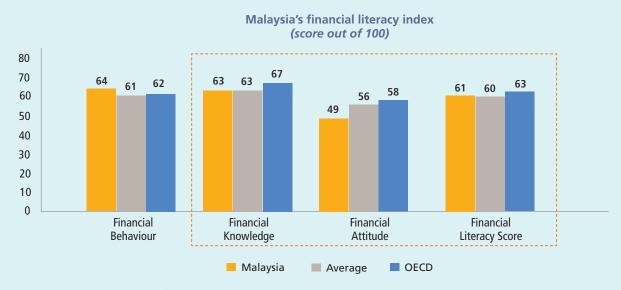
Low financial literacy hinders investments in the capital market

Low financial literacy limits household participation in the capital market. According to the OECD Survey of Adult Financial Literacy, while many Malaysians are good at managing money, such as budgeting and paying bills on time, their financial knowledge in some other aspects remain limited (Chart 13). Key gaps include:

- Over half of the respondents are unfamiliar with the time value of money.
- 44% lack long-term financial goals.
- Nearly 50% do not understand the concept of risk diversification.

Addressing low financial literacy is key to securing a stable future, especially for those nearing retirement.

CHART 13 Malaysians exhibit healthy money management, but lack knowledge in numeracy and planning for long-term goals



Source: OECD/INFE 2023 Survey of Adult Financial Literacy.

How Does Ageing Affect the Capital Market?

As the population ages, the capital market may experience structural shifts to better meet the evolving financial needs of older investors. The ageing population reshapes the structure of the capital market, requiring changes to meet their financial needs. Key shifts include:

- 1. Reducing breadth of the retail market participants: In 2020, 75% of retail investors were aged 40 or older, and half of the retail trade volume came from those aged 40 to 60.23 As these investors age, the number of active retail participants will shrink, affecting market diversity.
- 2. Increased risk aversion: Older investors prefer less risky assets, shifting focus from high-risk, high-reward opportunities to capital preservation, which could reduce market volatility and liquidity.²⁴
- 3. Retiring remisiers: The exit of experienced brokers (remisiers), combined with the rise of robo-advisors, could lead to less personalised advice for retail investors.

SC Annual Report 2020.

^{&#}x27;Differences in Risk Aversion between Young and Older Adults', Neuroscience and Neuroeconomics 2012. S. M. Albert and J. Duffy, (2012).

Secular stagnation – lower labour productivity and investment rates:²⁵ Studies indicate that as the 4. workforce ages, investment rates typically decline because older individuals may be less inclined to invest in growth-oriented assets due to decreasing income and lower productivity levels.

Conclusion

Malaysia's ageing population presents significant challenges for both individuals and the economy, particularly retirement inadequacy and the concentration of household savings in bank deposits as opposed to investment in the capital market. Alarmingly low retirement savings and soaring healthcare costs threaten the financial security of retirees, while the rise of the gig economy complicates access to essential benefits. Expanding the range of investment options for household savings, including capital market avenues alongside boosting financial literacy, can help improve retirement preparedness and support economic growth. By redirecting liquid assets toward higher-yielding investments and educating individuals on financial planning, retirement preparedness can be improved.

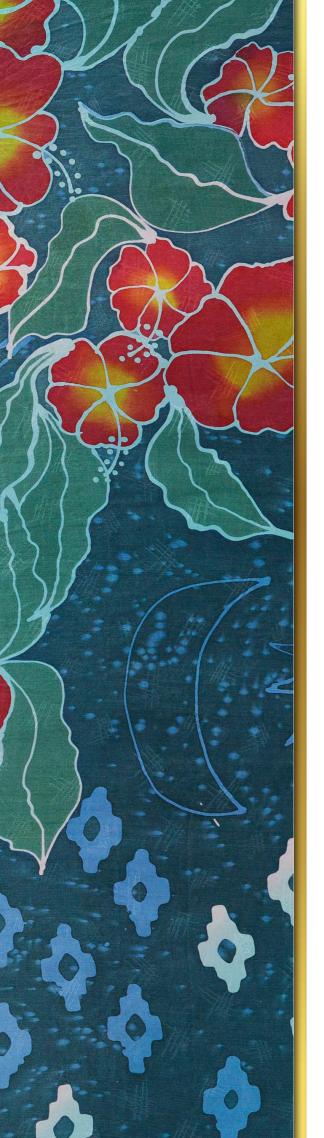
As the capital market adapts to changing demographics, it must also recognise shifts in investor behaviour and preferences. With proactive measures, innovative financial products, and targeted policies, Malaysia can bolster the financial security of its ageing citizens while ensuring the sustainability of its capital market.

Perhaps it is timely to relook and address these challenges holistically and work together to create a more resilient financial landscape. Doing so would not only support the elderly but could also improve economic stability by reducing future dependency on government-funded social welfare systems. Ultimately, enhanced financial resilience benefits both individuals and the broader economy in an increasingly complex economic environment.

Finance & Development (International Monetary Fund), The Impact of Ageing on Economic Growth. March 2017, https://www.imf.org/en/ Publications/fandd/issues/2017/03.







PART 2 REGULATORY PERFORMANCE AND OUTCOMES

PART 2: REGULATORY PERFORMANCE **AND OUTCOMES**

INTRODUCTION

In 2024, the SC continued its mission of promoting a fair, efficient, secure, and transparent capital market through a comprehensive regulatory framework encompassing rulemaking, surveillance, and enforcement. This part provides an overview of the SC's key regulatory initiatives and outcomes for the year, underscoring its commitment towards maintaining market integrity and safeguarding investor interests.

MONITORING AND MANAGEMENT OF SYSTEMIC RISK

In 2024, global financial markets experienced pockets of volatility due to uncertainty in the Federal Reserve's monetary policy stance, persistent inflationary pressures, heightened geopolitical tensions and US presidential elections. Despite some stabilisation in energy prices, the capital market remained sensitive to shifts in economic fundamentals, including the impact of global monetary policy expectations and uncertainties surrounding global economic growth. Against this backdrop, the SC proactively identified and managed potential downside risks that could impact the systemic stability of the Malaysian capital market.

This year, the SC has strengthened its enterprise-wide risk governance framework to enable a more streamlined and structured approach in managing systemic risks. To enhance the efficiency and effectiveness of risk oversight and decision-making processes, the SC has consolidated its two risk committees – the Systemic Risk Oversight Committee (SROC) and the Executive Risk Management Committee (ERMC) - into a unified committee now known as the Risk Management Committee (RMC). Regular RMC meetings were held to address potential risk concerns emerging from various segments of the capital market that could contribute to build-up of systemic risk concerns. The RMC is supported by the Market Risk Committee (MRC) and the Technology and Cybersecurity Risk Committee (TCRC) (Figure 1).

In carrying out the systemic risk management role, the SC actively monitored various components of the capital

FIGURE 1 Systemic risk governance structure



RMC represents the consolidation of two committees, previously known as SROC and ERMC.

market, including the domestic equity and bond markets, foreign fund flows, and trading activities to identify any potential stress points.

In 2024, the SC further deepened its systemic risk management efforts by conducting deep dive thematic studies on key developments, including the impact of global election cycles, China-related risks and vulnerabilities, and geopolitical tensions in the Middle East.

The SC also collaborated closely with other regulatory bodies, including Bank Negara Malaysia (BNM) and the Labuan Financial Services Authority (Labuan FSA), to identify and discuss systemic risk concerns that could potentially impact the Malaysian capital market. Key issues discussed during these engagements include the global monetary policy outlook, currency movements, and emerging risk issues such as environmental, social, and governance (ESG) risks and the growing threat of cyberattacks. These discussions facilitated a timelier and co-ordinated inter-agency response when necessary, enhancing the resilience of the overall financial system.

As part of its ongoing commitment to proactive systemic risk management, the SC has published its third Capital Market Stability Review in the first quarter of 2025. This publication will provide a comprehensive assessment of the risk landscape in the Malaysian capital market, highlighting key drivers of systemic risk and offering insights to guide stakeholders in navigating the evolving market conditions.

CAPITAL-RAISING

Equity

TABLE 1 Equity applications

No. of applications	2024	2023
Received during the year	20	22
Considered	21	18
Approved	21	18

TABLE 2 Service charter performance – equity applications

ociviec onartei periormanoc		equity ap	phoation	10	
Comito		- .	Results		
	Service	Measure	Target	2024	2023
	Processing of equity applications	% of applications processed within time charter*	90%	99%	99%

Note:

- Based on number of queries issued:
 - (i) first round of query raised within 10 MDs from receipt of complete submission; and
 - (ii) subsequent queries raised within five MDs from receipt of complete replies.

In 2024, the SC received 20 equity applications, 12 of which were for initial public offering (IPOs), which included two proposed secondary listings on the Main Market. Other equity applications received were applications for a proposed acquisitions, resulting in a significant change of business direction or policy, and seven for transfer of listings to the Main Market of Bursa Malaysia Bhd (Bursa Malaysia) (Table 1). A further nine applications had been brought forward from 2023 (Please refer to Table 1A on page 79 for Detailed Statistics).

Out of the total 29 equity applications for consideration in 2024, 21 were considered and eight remained under review as at year-end. This marks the highest number of equity applications considered by the SC since 2014, demonstrating a significant increase in primary fundraising activity and interest. On average, five rounds of gueries were raised when processing each equity application considered, 99% of which were raised within time charter (Table 2).

Notable IPO approvals in 2024

Malaysia's equity market recorded significant activity in 2024, with 55 IPOs, the highest since 2005. This represents a substantial increase compared to 32 IPOs in 2023 and 35 in 2022, showcasing the continued growth and resilience of the market.

Among the approved IPOs, two were particularly noteworthy:

- 1. 99 Speed Mart Retail Holdings Bhd, a leading convenience store chain operator, raised RM2.36 billion, making it the largest IPO in Malaysia in the past seven years and the biggest in ASEAN for 2024, drawing widespread attention.
- 2. Johor Plantations Group Bhd, an oil palm plantation company, raised RM0.74 billion, ranking as the fifth largest IPO in ASEAN for 2024.

These notable IPOs highlight the growing confidence in Malaysia's equity market and its capacity to attract large-scale companies. The strong performance in 2024 reaffirms Malaysia's role as a key player in driving equity growth and attracting investments in the region.

The SC also registered 24 equity prospectuses in 2024, comprising 11 prospectuses for IPOs and 13 abridged prospectuses.

Corporate Bonds and Sukuk

TABLE 3 Corporate bonds and sukuk lodgements

Lodgements during the year	2024	2023
No. of lodgements	87	64

TABLE 4 Corporate bonds and sukuk-related documents

No. of documents	2024	2023
Lodgement of trust deed/ supplemental trust deed	118	107
Deposit of information memorandum/ lodgement of disclosure document	61	62
Lodgement of product highlights sheet	1	3
Registration of abridged prospectus	1	2

In 2024, the number of corporate bonds and sukuk lodgements¹ remained stable with 87 corporate bonds and sukuk lodgements made with the SC compared to 64 lodgements in the previous year (Table 3). Sukuk accounted for 71% of the number of lodgements, as well as 70% of the nominal value in relation to ringgitdenominated instruments (sukuk RM115.59 billion; total RM165.89 billion) and 100% of the nominal value for foreign currency-denominated instruments (sukuk US\$35.00 billion; total US\$35.00 billion) (Please refer to Table 2A on page 79 for Detailed Statistics).

There were no corporate bonds or sukuk applications in 2024, compared to two corporate bonds applications with a nominal amount of RM0.22 billion received in 2023.

A total of 181 documents were received in 2024 compared to 174 documents received in 2023, representing a 4% increase in corporate bonds and sukuk-related documents received by the SC (Table 4).

Take-overs and Mergers

The SC administers the Malaysian Code on Take-overs and Mergers 2016 (Code) and Rules on Take-overs, Mergers and Compulsory Acquisitions (Rules) to ensure that the acquisition of control takes place in an efficient, competitive, and informed market. The SC's focus extends to the conduct of relevant parties, ensuring equal treatment for all offeree company shareholders and promoting timely and adequate disclosure to support informed decision-making on take-over related transactions.

In line with its mandate, the SC recognises its role in ensuring an efficient, competitive, and informed market and hence, regularly reviews take-over policies to ensure the existing requirements and practices provide an orderly framework for take-overs, mergers and compulsory acquisitions. To this end, public consultations or engagements with key stakeholders are organised to ensure that feedback is sought as and when the need arises.

TABLE 5 Take-overs, mergers and compulsory acquisitions

Applications and documents considered	2024	2023
Clearance of offer/scheme documents	21	10
Clearance of independent advice circulars (IACs)	29	13
Clearance of whitewash ² circulars	7	4
Applications for exemption from mandatory offer obligation	22	19
Other applications	18	16
TOTAL	97	62

TABLE 6 Service charter performance – take-overs and mergers

Manager	Townst	Results		
Measure Target		2024	2023	
Offer documents cleared within 21 calendar days from receipt of take-over offer notice	100%	100%	100%	
IACs for take-over offers cleared within 10 calendar days from offer document dispatch date		100%³	100% 4	
Scheme document and independent advice letter for schemes cleared within 35 calendar days from date of announcement by offeree board to table the resolution for the scheme to shareholders for approval		100%	100%	

Pursuant to the Lodge and Launch Framework for Unlisted Capital Market Products (LOLA Framework).

Whitewash refers to an exemption from mandatory offer obligation arising from the issuance of new securities, granted by the SC subject to fulfilment of the stipulated conditions including approval from independent holders at a general meeting.

Includes one application where extension of time was granted to dispatch the IAC to shareholders.

Includes one application where extension of time was granted to submit an IAC to the SC and dispatch the same to shareholders.

In 2024, the SC considered a total of 97 applications under the Rules compared to 62 applications in 2023. This was mainly attributed to a higher number of takeover offers/schemes as well as clearance of independent advice circulars undertaken during the year (Table 6) which reflected the improved appetite for take-over and merger activities during the year.

The SC cleared 21 offer documents involving a total offer value⁵ of RM18.22 billion or an average of RM867.69 million per offer. This represented an increase of RM12.69 billion against the previous year (2023: 10 offers with total offer value of RM5.53 billion, averaging RM553.43 million per offer). Only one of the 21 offers was undertaken by way of a scheme, as opposed to three schemes in 2023.

The conditional voluntary take-over offer by Gateway Development Alliance Sdn Bhd, Pantai Panorama Sdn Bhd, Kwasa Aktif Sdn Bhd and GIP Aurea Pte Ltd (collectively, the Joint Offerors) and UEM Group Bhd and Employees Provident Fund Board (collectively, the Joint Ultimate Offerors) to acquire all the remaining ordinary shares in Malaysia Airports Holdings Bhd (MAHB Offer) was the largest offer at RM12.30 billion in offer value, representing 68% of the total offer value in 2024. Other two notable offers in terms of offer value include the conditional mandatory take-over offer by Public Bank Bhd for all the remaining ordinary shares in LPI Capital Bhd at RM2.18 billion (LPI Offer) and the selective capital reduction and repayment exercise by MPHB Capital Bhd at RM0.75 billion.

Of the 21 offers in 2024, 18 were in relation to offeree companies listed on the Main Market, one in relation to an offeree company listed on the ACE Market (Carlo Rino Group Bhd) and two in relation to unlisted public companies (Central Cables Bhd and KLK Sawit Nusantara Bhd).

Sector-wise, the transportation and logistics sector followed by the financial services sector were the highest in terms of offer value at RM12.30 billion (comprising the MAHB Offer) and RM2.18 billion (comprising the LPI Offer), representing 68% and 12% of the total offer value in 2024 respectively.

The SC also cleared 29 IACs in 2024, 22 of which were in relation to take-over offers/schemes and seven in relation to exemptions from the mandatory offer obligation pursuant to the whitewash procedures (2023: 13 IACs). In addition, seven whitewash circulars were also cleared in relation to exemptions from the mandatory offer obligation (2023: 4 whitewash circulars). As for applications in relation to exemptions from having to undertake a mandatory take-over offer, the SC had considered 22 applications in 2024 (2023: 19 applications), of which 10 applications involved whitewash exemptions and 12 applications involved acquisitions or transfer of shares within members of a group of persons acting in concert. The SC also considered 18 applications pursuant to certain requirements under the CMSA and the Rules.

The value of the total number of securities subject to the offer/scheme based on the offer price.

INVESTMENT MANAGEMENT AND PRODUCTS

Collective Investment Schemes and Private Retirement Scheme

TABLE 7 Applications and lodgements for collective investment schemes (CIS1) and private retirement scheme (PRS)

	Cons	idered	Арр	roved	Pending Co	nsideration
(i) Applications	2024	2023	2024	2023	As at 31 Dec 2024	As at 31 Dec 2023
Authorisation of collective invest	ment 40	22	40	22	9	5
schemesUnit trust fundsExchange-traded funds	39 ²	22 ³	39 1	22	8 -	5 -
 Real estate investment trusts 	-	-	-	-	1	-
Authorisation of private retirement for	unds -	4	-	4	-	-
Exemption/variation from guidelines	5	5	5	5	2	-
Other applications	28 ⁴	205	28	20	1	1
Registration of prospectuses/disclosu documents	ıre 133	304	133	304	18	12
Registration of deeds	100	303	100	303	11	7
TOTAL	306	658	306	658	41	25
(ii) Ladramanta		Lodged			Launche	ed
(ii) Lodgements	2024	202	3	2024		2023
Wholesale funds	59	44		61		43

Note:

- Consists of unit trust funds, exchange-traded funds, real estate investment trusts and wholesale funds. Includes 3 funds which were also qualified as SRI funds. Includes 7 funds which were also qualified as SRI funds.

- Includes 9 applications seeking qualification as SRI funds.
- Includes 5 applications seeking qualification as SRI funds.

TABLE 8 Service charter performance - CIS

Service	Measure	Target	Results
Authorisation of collective investment schemes	Decision issued within: For unit trust funds	90%	100% (2023: 96%)

In 2024, the SC considered a total of 306 applications relating to CIS and PRS, comprising applications to establish new funds, register prospectuses and disclosure documents, register deeds and other ancillary matters.

The SC also received 59 lodgements in relation to wholesale funds under the LOLA Framework for sophisticated investors.

Investment Products

TABLE 9 Structured warrants considered

Structured warrants	2024	2023
No. of eligible issuers	7	7
No. of base prospectuses registered	7	7
No. of supplementary prospectuses registered	26	20
No. of term sheets registered	1,811	1,515

In 2024, the SC registered 1,811 term sheets for the offering of structured warrants, representing a 20% increase from 1,515 term sheets registered in 2023. Additionally, the SC registered 26 supplementary prospectuses in the same year, marking an increase of 30% compared to 2023 (Table 9). These developments underscore the structured warrants market's growing significance within Malaysia's capital market, providing investors with a broad spectrum of listed investment choices. Structured warrants continue to offer exposure to various underlying assets, enabling investors to capitalise on market movements with greater leverage. The structured warrants market's sustained expansion highlights increasing investor participation, driven by growing interest in accessible and flexible trading instruments that support portfolio diversification and strategic positioning. This momentum also reflects the evolving preferences of investors, who are actively seeking higher-yield opportunities in listed markets.

TABLE 10 Service Charter Performance - Structured Warrants

Service charter	Marrier	Target ·	Results	
Service Charter	Measure		2024	2023
Registering a base prospectus for the offering of structured warrants	Registration of base prospectus before the intended date of the base prospectus, upon receipt of a complete application at least 14 market days prior to the intended date of registration of the base prospectus	100%	100%	100%
Registering a supplementary base prospectus for the offering of structured warrants	Registration of supplementary base prospectus before the intended date of the supplementary base prospectus, upon receipt of a complete application at least three market days prior to the intended date of registration of the supplementary base prospectus	100%	100%	100%
Registering term sheets for the offering of structured warrants	Registration of term sheet before the intended date of the term sheet, upon receipt of a complete application at least one market day prior to the intended date of registration of the term sheet	100%	100%	100%

GATEKEEPING

The SC remains unwavering in its commitment in ensuring that only individuals and entities that meet fit and proper standards are granted licenses or registrations to operate within the capital markets. In 2024, the SC continued its rigorous approach to licensing, performing comprehensive assessments for each applicant, including adverse checks with other regulatory bodies and authorities to ensure a high standard of market integrity (Table 11). All applications for Capital Markets Services Licences (CMSLs) and Capital Markets Services Representative's Licences (CMSRLs) were processed within the timelines established by the SC's service charter, reflecting the SC's commitment for efficiency and adherence to service standards (Table 12).

TABLE 11 Status of licensing and registration application

Status of licensing and registration application		
Application for new CMSL	2024	2023
New applications received	7	8
Brought forward from previous year	5	18
Approved	7	16¹
Returned or withdrawn	1	5
Application for registration (VCPE and DAC)		
New applications received	17	15
Brought forward from previous year	2	8
Approved	15	13
Returned or withdrawn	1	6
Application for registration of RMO		
New applications received	5	172
Brought forward from previous year	5 ²	3
Approved	3	9
Returned or withdrawn	5 ²	6
Application for registration new CMSRL		
New applications received	966	931
Brought forward from previous year	52	51
Approved	937	864
Returned or withdrawn or rejected	38³	65

Note:

- Include six applications approved in principle pending fulfilment of conditions by the applicants for licence issuance.
- Include applications submitted by an entity seeking to be registered for two different activities.

Service charter performance - licensing of CMSL and CMSRL

Service		Towns	Results	
	Measure	Target	2024	2023
New CMSL application	Within six weeks of receiving complete application	100%	100%	100%
New CMSRL application	Within two weeks of receiving complete application	100%	100%	100%

Include one application rejected.

In 2024, seven new CMSL holders were approved. Meanwhile, there were 15 new registered entities approved which includes 14 venture capital and private equity (VCPE), and one Digital Asset Custodian (DAC). During the same period, the SC also registered three recognized market operators (RMO), consisting of two peer-to-peer financing platform operators and one digital asset exchange operator.

As of 31 December 2024, 937 CMSRL applications were approved and the total number of CMSRL holders stood at 10,314.

During 2024, four CMSL holders had surrendered their licenses as they were no longer in the business of the regulated activity(ies) for which they were licensed. In addition, 889 CMSRL holders had surrendered their respective licences due to retirement, resignation (due to better offer) and change in career path.

TABLE 13 License or registration ceased, revoked and suspended

CMSL holders	2024	2023
Ceased, revoked or suspended	4	3
CMSRL holders		
Ceased, revoked or suspended	889	962
Application for registration		
Ceased, revoked or suspended	5	8

SURVEILLANCE

Promoting Transparency and Accountability in Public-Listed Companies for Market Integrity

The integrity of capital markets is paramount for fostering investor confidence and ensuring the stability of the financial system. In this context, the SC plays a critical role in monitoring the conduct of public-listed companies (PLCs), with the aim of ensuring compliance with securities laws and regulations, ultimately safeguarding investors' interests.

The SC's surveillance efforts are risk-based, focusing on scrutinising corporate transactions, disclosures, and financial statements of PLCs. This year, with the greater enhancement of its in-house surveillance and analytics tools, the SC has employed greater automation and more effective analytics in identifying companies with heightened concerns. With better detection and more expeditious review of cases, the effectiveness of the SC's surveillance has been enhanced, resulting in a 60%

increase (in comparison to 2023) in the number of cases with potential issues being reviewed and appropriate actions taken.

In reviewing PLCs' corporate transactions and conduct, the SC engaged with directors, officers, and statutory auditors to gather insights and ensure accountability. Upon completion of review, cases with possible breaches of securities laws were referred for formal investigation and/or enforcement action by the SC, while cases with possible breaches of Listing Requirements were directed to Bursa Malaysia for further action.

Greater emphasis has also been placed on PLCs' adherence to approved financial reporting standards to ensure transparency and comparability in financial statements, thus providing investors with accurate information about the PLCs' financial health.

To ensure that its surveillance activities remain relevant and effective, the SC continuously reviews and, where appropriate, enhances and refines its approaches, taking into consideration, among others, emerging market trends and concerns regarding corporate behaviour and conduct. As the capital market continues to evolve amid global challenges, the SC's commitment to safeguarding investors' interests remains unwavering, making it a cornerstone of market stability and integrity.

Fostering Compliance with Take-over and Merger Regulations and Maintaining **Effective Regulation**

As part of its mandate, the SC also closely monitors compliance with the take-over requirements to detect misconduct and breaches which could jeopardise the interests of the investing public. In 2024, the SC had issued infringement notices for various non-compliances detected which include failure by advisers to ensure clients comply with the take-over regulations and noncompliances relating to dealings in securities during the offer period and/or disclosure of information to the SC (Table 14).

TABLE 14 Surveillance outcomes

Surveillance outcomes	2024	2023
Administrative actions*	0	1
Infringement Notices*	5	5

Computed based on the offeree company involved rather than the number of notices issued or actions taken. Statistics also reflected under the SC's administrative actions (Table 20) and Infringement Notices (Table 25).

In addition, towards pre-empting and addressing major issues in take-over related transactions, the SC encourages early engagement through its consultation process. In undertaking this process, the SC is mindful of commercial sensitivity and expediency as well as confidentiality. By taking this approach, the SC provided a conducive environment for stakeholders to seek relevant clarifications and guidance with the goal of enhancing stakeholders' compliance with the regulatory requirements for take-over and merger transactions. In 2024, consultations with the SC involved diverse aspects of take-over regulations including identification of ultimate offeror and persons acting in concert, triggering of the mandatory offer obligation and eligibility for exemption, conditions and pre-conditions to offers, eligibility to act as independent adviser and other general enquiries.

During 2024, the SC and Bursa Malaysia also engaged in numerous discussions and dialogues with the board of directors of companies to be listed on the Main Market or the ACE Market in relation to pertinent requirements to be observed by listed companies, including the key take-over regulations. This initiative served as a vital platform for the sharing of key regulatory requirements while fostering a deeper understanding of some of the regulatory requirements among the newly listed companies.

In addition to its interactions with advisers during review of applications or consultations, the SC engaged with industry practitioners to address take-over related issues and/or clarify compliance. This open communication channel helped foster strong working relationships with stakeholders. On 11 October 2024, the SC hosted a dialogue on current take-over and merger issues, attended by representatives from 26 corporate finance advisory firms and the Malaysian Investment Banking Association (MIBA). The annual dialogue was wellreceived, with participants finding it insightful and helpful in providing clarity on the identified topics.

The SC also recognises the importance of having regular meetings with other take-over regulators to address issues of common interest and build relationships across borders. In line with this, the SC participated as one of the speakers in the 7th International Takeover Regulators' Conference held in Toronto, Canada in May 2024 and shared Malaysia's experience in navigating take-overs transactions during the global pandemic of COVID-19 in one of the sessions. The conference was a closed meeting for regulators over two days followed by an open session participated by the broader Canadian financial community and included both regulators and other presenters with expertise in mergers and acquisitions as speakers on the last day.

These international engagements helped the SC to be apprised of the relevancy of its regulatory framework on take-over activities vis-à-vis the evolving market landscape and global best practices. In addition, these engagements with other regulators and experts were useful in, among others, providing better insights to the SC on emerging issues and trends as well as management of the same.

In summary, the SC's multifaceted approach to regulating take-overs and mergers-through proactive oversight, consultations, informative dialogues and international engagements-reinforces its commitment in maintaining a fair and well-regulated marketplace in Malaysia. To further enhance its regulatory framework, the SC had enhanced the Equity Guidelines in respect of significant changes in the business direction and policies of listed corporations. This initiative promotes adherence to regulatory standards while safeguarding the rights of minority shareholders. These measures underscore the SC's commitment to fostering a fair and transparent marketplace, ensuring that Malaysia's take-over activities remain aligned with evolving market conditions while upholding the interests of all stakeholders.

Preserving Market Integrity through Proactive Surveillance of Trading Activities

The SC remained steadfast in our commitment to ensure that the capital market operates in a fair and orderly manner. Working closely with Bursa Malaysia, the SC monitored, detected and responded to trading anomalies that posed potential risks to the integrity of the capital market.

The SC's oversight over Bursa Malaysia involved regular engagements to ensure, among others, that untoward trading practices were detected and addressed effectively at an early stage. Through these engagements, Bursa Malaysia took timely, proportionate actions, including engaging with capital market intermediaries to communicate concerns and potential interventions, ensuring that the intermediaries remain vigilant in discharging their roles and responsibilities in maintaining a fair and orderly market.

During periods of heightened market volatility, the SC undertook and ensured Bursa Malaysia undertook heightened scrutiny and proactive measures including issuing joint public communications to keep the market apprised of the stock market's condition. These co-ordinated activities were part of the SC's multipronged approach towards ensuring market integrity and investor protection is safeguarded at all times. This included, among others, strategic communication so that investors are equipped with the relevant information and reminded to base investment decisions on fundamentals and corporate announcements by PLCs.

To further protect investors, Bursa Malaysia would issue Unusual Market Activity (ÜMA) gueries, requiring the affected PLCs to provide responses that were promptly announced, ensuring timely dissemination information to support informed investment decisions by the investing public. In May 2024, Bursa Malaysia introduced a new Trading Reminder to further strengthen investor protection. This measure alerts investors on stocks experiencing ongoing volatility, even after PLCs have responded to UMA queries, complementing existing investor protection measures.

In 2024, the SC's market surveillance efforts involved 1,477 assessments (2023: 1,405 assessments) of trading anomalies detected and in-depth analyses of market abuse cases including possible insider trading and market manipulation. Key areas of surveillance focus in 2024 included monitoring and assessment of material anomalies in price and volume movements, corporate disclosures and announcements, complaints and referrals received as well as other information sources such as the media. Cases with possible breaches of securities laws were escalated for investigation and appropriate enforcement action.

To enhance efficiency, the SC employed data analytic tools to complement the core market surveillance system while analysing trading activities. The data analytic tools are based on a quantitative model to support deep analyses of large and complex trading data and the identification of patterns such as potential trading clusters among market participants. This technology strengthened the SC's ability to achieve greater efficiency in analysing possible market misconducts.

Strengthening Cross-Border Surveillance Collaboration

A key component of the SC's success in surveillance activities lies largely in effective and mutual sharing of experience with international capital market regulators. The SC continued to play an active role in maintaining close collaboration with international surveillance counterparts through various information sharing and exchange platforms, such as the Asia Pacific Regulators' Dialogue on Market Surveillance (ARMS).

In 2024, the SC hosted the 9th ARMS in Kuala Lumpur, Malaysia, gathering surveillance counterparts from Australia, Hong Kong, India, Indonesia, Japan, Saudi Arabia, Singapore and Thailand. The dialogue focused on the regulation and surveillance of digital assets exchanges and trading, SupTech and data analytics in market surveillance, trading misconduct typologies and the surveillance on unlicensed activities. Practical insights were shared on strategic surveillance approaches, various analytics tools and systems adopted in the respective jurisdictions to enhance surveillance analysis and improve efficiency in the detection of anomalous trading activities. These open and constructive discussions contributed meaningfully towards ensuring that participating jurisdictions' surveillance strategies and approaches remained relevant and aligned with international best practices.

In light of the increasing cross-jurisdictional nature of capital market activities, the SC took proactive steps to address cross-border market abuses. Conduct issues involving foreign participants and licensed persons were shared with international regulatory counterparts through the IOSCO Multilateral Memorandum of Understanding (MMOU). This collaboration aimed to combat cross-border trading misconduct that could compromise market integrity while achieving mutually beneficial regulatory outcomes. The sharing of surveillance observations also helped strengthen governance standards and accountability among intermediaries in handling cross-market trades.

Ongoing Monitoring and Surveillance over the Corporate Bonds and Sukuk Market

In 2024, domestic bond yields were stable with the benchmark 10-year MGS yield moving within the range of 3.7% to 4.0%. Headline Consumer Price Index (CPI) inflation in Malaysia rose from a low of 1.5% in January 2024 to 1.8% in November 2024 whereas headline CPI in the US declined from 3.1% in January 2024 to 2.7% in November 2024.

Domestically, BNM had maintained the Overnight Policy Rate (OPR) at 3.00% throughout 2024. The monetary policy stance remains supportive of the economy and is consistent with the current assessment of inflation and growth prospects.

In the US, the Federal Reserve cut interest rates for the first time in four years, by 50bps in September 2024 on the back of a cooling labour market and inflation. In November and December 2024, the interest rates were further cut twice by 25bps each as inflation continued to progress towards the Fed's 2% inflation target. The latest Fed dot plot indicates that most US Fed officials project interest rates to settle at 3.75%-4.00% endyear, equivalent to a total of 50bps rate cut in 2025. The dot plot is published quarterly by the Fed and shows where each member of the policymaking committee expects the Federal Funds Rate will be by the end of the current year.

From the SC's observations, these events did not have any major impact on domestic corporate bonds issuers' ability to raise funds at competitive rates throughout the year. Long-term corporate bond and sukuk issuance in 2024 amounted to RM124.1 billion, within the SC's projection of RM120-RM130 billion issuance in 2024.

As part of the SC's continuous efforts to supervise the corporate bonds and sukuk market, the SC closely monitors corporate bonds issuers under credit stress. Presently, such corporate bonds issuers are minimal (less than 2% of the corporate bonds and sukuk market) and mainly originated from the energy and utilities, real estate and transportation sectors. These issuers have, for example, requested investors' indulgence for extension of time to meet agreed-upon financial ratios, delays in coupon or principal payment as well as other forms of refinancing.

The corporate bonds and sukuk market had witnessed no issuer default in 2024, compared to one issuer default worth RM200 million in 2023. Six rating downgrades were observed during the year 2024 (2023: 8). Out of the six rating downgrades, two were from the real estate sector, two from the industrial sector and one each from the transportation sector and the automobile and parts sector. As for rating outlook, there were 11 corporate bond issuers with a negative outlook in 2024 (2023: 10).

Strengthening Bond Market Surveillance Activity

In the corporate bonds and sukuk market, market participants play a pivotal role in upholding market integrity by ensuring adherence to regulations and safeguarding investors' interests. To this end, the SC has worked with various stakeholders, including credit rating agencies, bond pricing agencies, and bond and sukuk trustees, throughout 2024 to share knowledge, provide insights, and address both existing and emerging challenges.

In January 2024, the SC organised several engagements with law firms to understand the industry practice on bond and sukuk default from a legal perspective. In March 2024, the SC conducted a closed-door discussion with a credit rating agency to exchange insights on the latest developments impacting the local bond and sukuk market. Issues discussed included bond market outlook, interest rate expectations, foreign investments. domestic rating stability and accuracy, and China's property market. The SC will maintain its interactions with key market participants to stay updated on the latest market developments.

SUPERVISION

Supervision of Technology and Cyber **Risk Assessments**

In 2024, the SC observed a growing reliance on advancing technologies, such as blockchain, cloud, artificial intelligence (AI), and internet of things (IoT), to improve efficiency, automation and data-driven decisionmaking. While these technological advancements offer significant benefits, they also introduce new risks and challenges. This year saw increasing concerns over malware and ransomware attacks, resulting in data leaks for affected organisations. Additionally, technology resilience and preparedness within the market faced scrutiny following the CrowdStrike outage, underscoring the critical need to address supply chain vulnerabilities.

Revision of the Guidelines on Technology Risk Management

On 19 August 2024, the Guidelines on Technology Risk Management (GTRM) was revised and implemented. This implementation follows a one-year familiarisation period that began on 1 August 2023. The intention was to provide adequate time for capital market entities (CME) to prepare and enable themselves to meet the requirements of the GTRM. The GTRM superseded the Guidelines on Management of Cyber Risk (GMCR), which primarily addressed cyber security concerns. In contrast, the GTRM offers a more comprehensive framework that integrates technology risk management, effectively addressing a wider range of risks within the capital market.

Monitoring Technology and Cyber Trends

Under the GTRM, CMEIs are required to report technology and cyber incidents via the Vault system, a case management system platform designed for CME to report technology and cyber incidents. The Vault system also facilitates effective analysis of trends and root causes, thereby strengthening the SC's oversight capabilities.

Since the introduction of GTRM, there has been a notable increase in reported incidents, which has enhanced the SC's visibility into the industry's risk posture and reinforced efforts to ensure technology and cyber resilience within the capital market. The SC's analysis of incidents reported via the Vault from Q1 to Q4 2024 indicates that 77% were classified as technology incidents, primarily involving hardware or software failures. The remaining 23% were categorised as cyber security incidents, with data breaches being the most prevalent. These findings highlight the critical importance of robust management of software and hardware components, particularly in addressing supply chain risks. The SC strongly advised organisations to remain vigilant given their potential repercussions.

Despite a decrease in overall cyber security incidents compared to 2023, each new incident presents the risk of greater organisational impact. Notably in 2024, the increased frequency of ransomware and malware cases have brought data confidentiality risks towards affected organisations.

Empowering Senior Leaders in Technology and Cyber Risk Management

On 10 May 2024, the SC held its inaugural 'C-Suite Forum on Managing Technology and Cyber Risk' as part of the SCxSC initiative. Approximately 180 senior executives from the capital market industry attended, underscoring the sector's commitment to addressing evolving technology and cyber risk challenges. The SC highlighted the critical role of C-Suite leadership in navigating the increasingly complex landscape of technology and cyber risk stressing that strategic guidance from senior management is essential for effective risk mitigation and resilience.

The forum provided an opportunity to discuss key findings from technology audits, capital market incident trends, and gain insights into the GTRM. Among the key takeaways shared with senior executives were the five most common findings from supervisory technology audits, as summarised in the Table 15.

TABLE 15

Five common si	Five common supervisory technology audit findings			
Security Assessment	 Absence of regular assessments such as penetration testing and vulnerability assessment. Failure to remediate findings within the approved and documented timeline. 			
Third-Party Service Provider	 Absence of third-party service provider framework, policy and procedures. Absence of periodic assessment on the capabilities of provider during contract period. 			
Technology Audit	 Frequency and scopes of technology audit are not commensurate with the business model, risk appetite and level of technology dependency of the capital market entity. 			
Technology Risk Management	 Absence of technology risk management framework. Incomprehensive policy and procedures to support the framework. 			
Cyber Hygiene	Poor cyber hygiene practices, such as (among others): Weak cyber security awareness to identify threats such as phishing e-mails, compromised e-mail, malware, etc., and lack of training / latest updates on technology developments for board members and senior management to discharge oversight role. Irregular security patches that resulted in software not running on latest versions and mitigations controls not in place.			

In Table 15 are the five common supervisory technology audit findings that were shared to senior executives during the forum.

The SC's analysis revealed a significant increase in reported incidents of ransomware, unauthorised access, and Distributed Denial of Service (DDoS) attacks within the industry. The SC's observations indicate that organisations are not consistently adhering to appropriate cyber hygiene practices. Many of the reported ransomware incidents are linked Ransomware-as-a-Service (RaaS) platforms. Furthermore, there are notable gaps in detection and response capabilities, as well as insufficient preparation for handling cyber-related incidents and co-ordinating management responses. Most importantly, fostering awareness of cyber security is vital to mitigating these risks.

The forum also provided the opportunity for the SC to engage and apprise the C-Suite executives as to the SC's expectations in their management of technology and cyber risks, particularly in light of the rapid evolution of technological advancements. It highlighted the necessity for C-Suite leaders to be aware of and comprehend their crucial roles in overseeing the management of these risks.

Technology Supervision

The SC has conducted a series of supervisory assessments focusing on new licensees and selected capital market entities. By closely monitoring and evaluating the technological capabilities and cyber security measures of these market participants, the SC aims to strengthen the resilience of the capital market, enabling it to effectively address emerging threats and seize opportunities for growth and innovation.

These assessments play a critical role in ensuring adherence to the SC standards on technology and cyber security implementation, as well as compliance to the technology risk management, as outlined in the GTRM. Through these efforts, the SC seeks to enhance the security posture of the capital market entities, fostering a well-prepared and adaptive capital market ecosystem.

Supervision of Capital Market **Intermediaries**

In 2024, building on the foundations established in prior years, the SC continued to strengthen its supervision of capital market intermediaries through its risk-focused supervisory approach. This approach emphasises the importance of sound governance conduct, financial integrity and ethical practices. To ensure compliance with regulatory requirements, the SC employs a comprehensive array of tools and methodologies, which include-

- **ongoing monitoring**: The SC employs continuous monitoring by its supervisors, leveraging data analytics derived from regulatory submissions and insights gained through continuous monitoring. This proactive approach enables the SC to identify potential risks early and engage with intermediaries proactively and in a timely manner.
- structured supervisory assessments: The SC conducts structured supervisory assessments, which encompass both targeted and in-depth assessments on intermediaries based on identified risk factors.

- thematic reviews: The SC undertakes thematic reviews to address emerging risks that could impact the integrity of the capital market, ensuring that intermediaries remain resilient in the face of evolving market conditions.
- **for-cause** assessments: The SC performs investigative assessments in response to complaints, referrals, and supervisory concerns related to misconduct.

TABLE 16 Supervisory assessments on intermediaries

Assessment type	Number of completed assessments		
,	2024	2023	
Structured supervisory assessments*	41	28	
For-cause assessments	169	113	
Thematic industry reviews	2**	2	

Note:

- The number of intermediaries identified for these assessments are determined through the evaluation of predefined risk factors.
- The two reviews involved assessments on the adoption of the Guidance Note on Managing Environmental, Social and Governance Risks by Fund Management Companies and the state of preparedness of capital market intermediaries in complying with the Guidelines on Market Conduct and Business Practices for Investment Analysts.

Pursuant to these supervisory assessments, some notable lapses observed included the inadequate exercise of care, skill and diligence by some intermediaries, mis-selling of funds, poor documentation/record maintenance, and insufficient protection of clients' data. Accordingly, the SC issued a total of 39 communications to affected intermediaries on its regulatory concerns and expectations. The types of communications included issuance of supervisory letters, infringement notices, guidance notes, show cause letters, sanction letters etc. (Table 17).

TABLE 17 Supervisory outcomes

Supervisory outcomes	2024	2023
Referral for administrative enforcement action	5	4
Industry communication/ engagement	9	8
Issuance of Infringement Notices	28	37
Issuance of supervisory letters	6	4
Issuance of show cause letter	4	0
Issuance of sanction letter	1	0

The SC continues to enhance its supervisory framework and approaches particularly in priority areas such as towards curbing / addressing money laundering, financing of terrorism and proliferation towards ensuring market integrity. Further, the SC has undertaken a holistic review of the adequacy of the assessment, understanding and mitigation of risks of capital market intermediaries.

Enhancing the Standards of Conduct of Capital Market Intermediaries

The revision to the Guidelines on Conduct for Capital Market Intermediaries (Conduct Guidelines) was made with the view of elevating standards of professionalism and integrity of capital market intermediaries (CMIs).

A key focus of the Conduct Guidelines is to require CMIs to discharge their duties professionally with care, skill, and diligence in dealing with their clients. Recognising that the 'tone at the top' is important, regulatory expectations have been clearly set out for the board and senior management. Extensive consultations with various segments of the industry were held to ensure the effective implementation of the Conduct Guidelines. In line with the objective of getting CMIs to prioritise honest and fair treatment of their clients, the Conduct Guidelines stipulate requirements for CMIs who provide tailored-made advice to their clients on how they must have a reasonable basis for providing such advice for the benefit of the client. The suitability assessment requirements, previously found in the Guidelines on Sales Practices of Unlisted Capital Market Products, have been revised and is now found in the chapter on personal advice in the Conduct Guidelines.

The Conduct Guidelines also provide for the evolving digital landscape by covering the provision of products and services on online platforms, including specific guidance for those providing digital advice services.

Safeguarding vulnerable clients is another priority, with the Conduct Guidelines offering specific provisions to ensure that intermediaries treat these clients fairly and responsibly. This measure supports capital market intermediaries in appropriately addressing the unique needs of clients who may require additional care and consideration.

The industry was given six months to familiarise themselves with the Conduct Guidelines before it into effect on 1 October 2024. This initiative underscores the regulator's commitment to fostering an ethical, clientfocused capital market environment.

1. Thematic review on the role of Principal Advisers

disclosure-based regulatory framework for fundraising activities has heightened the reliance on and significance of Principal Advisers (PAs) in delivering credible information regarding corporate proposals. The role of the PAs includes ensuring that proposals submitted by them are accurate with no material omission as well as do not contain false or misleading statements. Consequently, PAs are required to conduct thorough due diligence to substantiate, to the best of their ability, the accuracy of the information presented in the corporate proposals. Recognising the vital role of PAs, the SC conducted a series of assessments on selected recognised PAs mainly to assess their compliance with the SC's Guidelines on Submission of Corporate and Capital Market Product Proposals.

Observation

Generally, the SC observed that the PAs met the expected standards in the preparation and submission of corporate proposals to the regulators, with room for improvement in maintaining comprehensive documentation as evidence to the activities carried out. Among others, the SC observed:



Policies and procedures governing the role of PAs are in place



Activities of PAs are adequately supervised with clear line of responsibility and authority



Conflict of interest checks and risk assessments are carried out when accepting mandates



Reasonable due diligence were conducted to substantiate information on the corporate proposals



Quality reviews are conducted prior to submission of corporate proposals to the regulators



Second and third line of defense reviewed the adequacy and effectiveness of corporate finance activities

Outcome

While maintaining comprehensive documentation can time-consuming, the extensiveness of the documentation maintained by the PA demonstrates that reasonable enquiries had been made by the PAs and will serve as due diligence defence. This is an essential aspect of the role of PA as it safeguards not only the PA's professional reputation but also ensures the applicants receive the highest level of service from the PA and investors' interests are protected.

Thematic review on referral and 2. marketing arrangements

The SC is cognisant of the evolving need for businesses to adopt innovative ways to promote and market capital market products/services including leveraging the use of technology and social media. Consequently, in January 2024, the SC conducted a thematic review on selected capital market participants. The initiative was to assess the governance and oversight of their current marketing practices, the conduct of marketing representatives⁵ (MR) and any other persons conducting marketing and referral activities which have evolved in response to technological innovations.

Participants were assessed on various perspectives i.e. compliance with Guidelines on Marketing Representatives (MR Guidelines), governance structure and processes, recruitment and onboarding, usage of online/social media platforms, ongoing monitoring, training and remuneration.

Observation

Selected intermediaries were assessed on various perspectives i.e. compliance with Guidelines on Marketing Representatives (MR Guidelines), governance structure and processes, recruitment and onboarding, usage of online/social media platforms, ongoing monitoring, training and remuneration. Broadly, it was observed that these intermediaries have processes in place to recruit, onboard and remunerate their MRs. Concurrently, basic policies and procedures were also established to govern their marketing and referral activities, such as:

ensuring that marketing and promotional activities carried out on social media platforms for its products and/or services are not misleading and only directed to the targeted audience.

putting in place consequence management frameworks to govern misconduct and/or breaches of regulatory requirements or internal policies and procedures by its MR.



Outcome

Although the selected intermediaries, in general, have proper processes in place, the SC will continue to engage these intermediaries as there is room for further improvements in ensuring the proper conduct of MRs. Among others, to have a consistent oversight framework on MR and enhance monitoring on the use of social media in view of the evolution of marketing via these platforms. The findings of these on-going engagements may result in enhancements to the current guidelines.

Supervision of Exchanges and Financial **Market Infrastructures**

Supervision of Bursa Malaysia Bhd

The regulatory framework for Bursa Malaysia Bhd (Bursa Malaysia) was designed to ensure the securities and derivatives exchanges, clearing houses and central depositories (approved institutions) continue discharging their mandates and functions effectively in adherence with the statutory requirements for a fair and orderly market to safeguard public interest and investor protection.

The SC's supervisory approach had been operationalised to facilitate effective supervision of the approved institutions through reporting obligations, engagements,

Marketing Representative (MR) as defined in MR Guidelines means a person who acts as an introducer for a principal, undertakes marketing of the services, provides client support services and is registered with the principal.

ongoing reviews of regulatory submissions and regulatory assessment (RA).

In 2024, the SC conducted a series of supervisory engagements with Bursa Malaysia aimed at enhancing collaboration pertaining to listing and enforcement matters for regulatory effectiveness, as follows:

- In May 2024, a high-level dialogue with Bursa Malaysia was conducted following an RA on its listing function, which focused primarily on the ACE Market One-Stop Centre, administration of secondary fundraising and relief applications. Recommendations were made on certain areas to ensure procedural clarity, operational resilience and effective decision-making; and
- In July 2024, a regulatory off-site engagement with Bursa Malaysia was held to discuss its Regulatory Plan 2024-2026 and address key regulatory issues. Among the key regulatory areas covered with agreed actions include the administration of Bursa Malaysia's enforcement framework and enhancement of supervisory coordination with the SC to safeguard the investing public and maintain market confidence.

Supervision of Recognized Market Operators

The SC's regulatory framework on RMOs comprising equity crowdfunding (ECF), P2P financing, DAX, e-services platform and initial exchange offering platform operators, aims to facilitate the growth of responsible financial innovation commensurate with a balanced supervisory approach to ensure proper conduct of operators for investor protection and market integrity.

Accordingly, the SC adopts a risk-based approach to its supervision of RMOs, premised on relevant data points including specific risks posed by types of operators and its activities, and complaints trends. Considerations were also made to the outcome of a sectoral risk assessment report completed in 2024 in relation to virtual assets⁶.

The adopted supervisory approach encompasses a range of activities including regular interactions with operators, ongoing reviews of regulatory submissions, thematic reviews, RAs, and complaints handlings relating to among others, governance, operations, cyber security, and system integrity.

In 2024, the SC enhanced its oversight on the RMOs given the increasing participation of issuers and investors, substantial growth of fundraising activities and the number of trading platforms. The supervisory efforts carried out include-

- five RAs which focused on compliance with antimoney laundering requirements as well as the adequacy and effectiveness of ongoing due diligence frameworks in accordance with the relevant guidelines;
- three thematic assessments in relation to compliance with key provisions of the Guidelines on Recognized Markets, compliance with the Guidelines on Prevention of Money Laundering, Countering Financing of Terrorism, Counter Proliferation Financing and Targeted Financial Sanctions for Reporting Institutions in the Capital Market (AML Guidelines) as well as on RMOs' understanding of proliferation financing obligations conducted pursuant to amendments to the AML Guidelines; and
- 41 ad-hoc assessments following the SC's ongoing monitoring exercises as well as complaints and referrals received from the public and other regulatory agencies.

Following these assessments and reviews, the SC observed several critical areas requiring improvement by the relevant RMOs in ensuring a robust compliance culture and operational efficiency, among others, consistency in the implementation of policies and procedures, enhancement on record-keeping, and strengthening governance and oversight of the board of directors.

Notably, following an RA exercise completed in 2024, an administrative action was initiated against Tokenize Technology (M) Sdn Bhd, an RMO-DAX, for failure to adequately carry out, among others, control measures pertaining to anti-money laundering.

Supervision of Self-Regulatory Organization

The SC's oversight on the Federation of Investment Managers Malaysia (FIMM) aims to ensure that it continues to discharge its mandates effectively as a selfregulatory organization for public interest with particular regard for the protection of investors.

Virtual Risk Assessment 2024 which can be accessed at https://www.sc.com.my/amla/publications.

In 2024, the SC carried out supervisory engagements with FIMM pertaining to its governance, operations, regulatory efforts, and industry development initiatives. These engagements were complemented by ongoing reviews of regulatory submissions in ensuring FIMM maintains adherence with the statutory requirements and regulatory expectations. The SC also conducted a series of engagements with FIMM to exchange insights on strategic issues and key regulatory concerns.

The SC had participated in FIMM's annual convention to observe issues and trends surrounding the fund management industry, particularly on marketing, distribution and sales practices involving unit trust and private retirement schemes.

Aside from FIMM's continued regulatory and industry development efforts, the SC observed that FIMM had introduced various initiatives for capacity building, to enhance compliance culture and market's financial literacy towards greater operational effectiveness.

Supervision of Private Pension **Administrator**

The SC supervises the Private Pension Administrator (PPA) in ensuring proper discharge of its functions as a central administrator for Private Retirement Schemes (PRS), including providing education on investment and retirement saving through PRS.

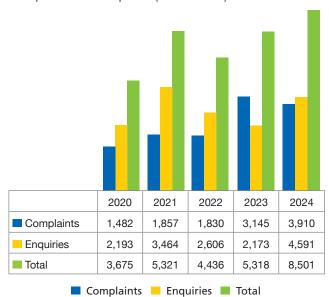
In 2024, PPA continued to provide enrolment and topup service via the PRS Online platform for its members and the public. Various efforts for investor education, including marketing initiatives and promotional campaigns were also introduced to elevate public awareness and literacy on PRS, which is pivotal to facilitate greater growth of the PRS industry.

COMPLAINTS AND ENQUIRIES

The SC reported a significant rise in the overall number of complaints and inquiries received in 2024 compared to previous years, indicating a consistent upward trend over the years.

In 2024, the SC received a total of 8,501 cases, consisting of 3,910 complaints and 4,591 enquiries. This represents a 60% increase from 2023 (Chart 1).

CHART 1 Complaints and Enquiries (2020 - 2024)



The increase was mainly contributed by unlicensed activities and scams that formed 51.3% and 62.2% respectively of the total complaints and enquiries received (Chart 2 and Chart 3).

CHART 2 Classification of complaints

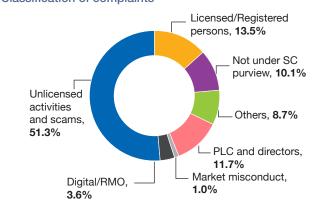
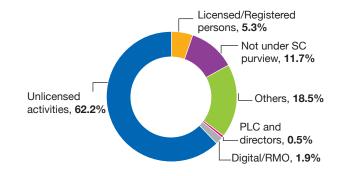


CHART 3 Classification of enquiries



Scams and Unlicensed activities

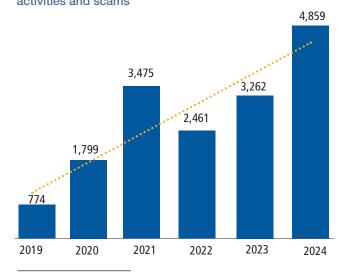
Complaints and inquiries on scams and unlicensed activities have been consistently rising with a 337% increase from 2019 to 2024. However, while the overall increase appears alarming, it is encouraging that more people are reporting scams and unlicensed activities without falling victims to these activities and scams before coming forth to the SC. Through the complaints and enquiries received, the SC managed to gain insight on the prevailing trends and emerging modus operandi. This in turn allowed SC to expeditiously take the necessary interventions so that the illegal activity can be curbed to avoid more people from falling victim.

Surveillance of Unlicensed Activities

In addition to complaints and enquiries received from the public, the SC also established a dedicated Surveillance of Unlicensed Activities (SUA) unit in 2022 to proactively address the rising risks posed by unlicensed market participants.

Over the years, the SUA unit has uncovered emerging trends, including the increasing use of social media platforms and influencers to promote unlicensed products and services, as well as the growing prevalence of deepfake technology being used to impersonate influential and prominent figures in fraudulent activities. The SUA unit has observed another notable shift in money transfer methods, with some schemes utilising third-party payment gateway services for financial transactions rather than transfers of money to personal bank accounts to avoid suspicion and evade detection.

CHART 4 Complaints and enquiries on scams and unlicensed activities and scams



As of 31 December 2024, the SC identified a total of 796 URLs (2023: 569 URLs) across various websites and social media for potential breaches related to the offering of unlicensed products and services to Malaysians. Among these, 59% originated from Telegram, 19% from Facebook, 13% from websites, 4% from Instagram and 5% from other sources including TikTok, X, and YouTube.

Broad Types Identified

The complaints and inquiries received by the SC and those identified through our surveillance can generally be divided into two categories:

- **Scams** including various types of scams, such as those involving non-existent investment products.
- **Unlicensed activities** where individuals or entities conduct regulated business without being licensed or registered with the SC.

Investment Scams

The primary difference between an investment scam and other types of scams lies in the nature of the deception and the focus of the fraudulent activity. For instance, in an investment scam, the deception revolves around financial investments where promises of high returns or low-risk opportunities that either do not exist or are not as they are represented. They exploit people's desire for financial gain by misleading them about the nature, profitability, or legitimacy of the investment.

Despite the widespread awareness of investment scams, there are still a number of people who continue to be exposed to and/or fall victim as represented in the continuous rise on the number of complaints. The reason for people to continue to fall for such scams can be due to several factors:

Lack of Basic Investment Knowledge: A significant portion of the population does not have the basic understanding of investment principles. They may struggle to grasp complex financial instruments or recognise the red flags when it is a scam. According to a recent survey by the SC,7 many investors rely on third-party information sources, such as advice from friends or family, which can lead to poor decisionmaking.

Report titled Understanding the Level of Vulnerability towards Investment Scams and Readiness for Retirement Planning.

- Greed and Desire for Quick Profits: Scammers often manipulate their victims by promising high returns with minimal risk. This allure of quick money may appeal to individuals who may not fully understand the associated risks.
- Trust in Authority: Scammers frequently impersonate trustworthy figures, such as government officials, reputable organisations, or well-known personalities. This can mislead people into believing that the investment opportunity is legitimate.
- **Psychological Manipulation:** Scammers employ psychological tactics, such as creating a sense of urgency with 'limited-time offers' or using fake testimonials for social proof. These strategies can pressure victims into making hasty decisions.
- Emergence of New Tactics: While efforts are being made to raise awareness about scams, scammers are constantly evolving and developing new tactics such as getting victims to pay in the form of digital assets as the mode of payment compared to traditional fiat currency.

These factors contribute to the ongoing vulnerability of individuals to investment scams.

Emerging Scam Trends

The SC continuously monitors emerging trends and methods related to scams to ensure appropriate and timely interventions are taken. In 2024, some of the notable new trends observed by the SC are:

Α. **Use of Deepfakes**

Scammers use deepfakes, generated by artificial intelligence (AI), to impersonate prominent individuals and reputable companies (including the SC's Intermediaries). These videos often feature public figures or well-known brands, lending false credibility to fraudulent schemes. The AI manipulates the video to closely match the voices and appearances of these figures, making fake investment opportunities seem legitimate. Typically, these deepfake videos promote investments supposedly backed by well-known companies. The scam posts include a 'Learn More' button or link, directing viewers to a sign-up page that collects personal information. Those who access the link are also asked to download an application, which puts them at risk of cybercrime. Once signed up, potential victims are contacted by fraudulent agents who deceive them into transferring money into mule bank accounts.

В. **Pre-IPO Investment Scams**

Mostly involving private placement offerings, such scams are usually timed with upcoming IPO listings published on Bursa Malaysia's website. Perpetrators of these scams, posing as 'agents', usually create a public group on WhatsApp to promote these pre-IPO investments. Following this, potential victims will be added into said group unsolicited. These schemes may be accompanied by fake testimonials from other investors to appear credible. Payments for the 'subscription' will be required to be made to bank accounts of entities not related to the IPO and suspected of being mule bank accounts. On the IPO listing day, these 'agents' will proclaim that the IPO shares have been listed and had made profits, and that additional payments are needed for their shares to be allotted. This is to convince the victims to part with more money.

Arising from the above emerging concerns, the SC took out media releases on 4 July 2024 titled 'SC warns public on pre-IPO investment scams', and on 22 July 2024 titled 'SC warns public on deepfake investment scams'.

C. Scams using Company Mule Bank Accounts **Instead of Bank Accounts of Individuals**

The SC observed the use of companies incorporated with Suruhanjaya Syarikat Malaysia (SSM) as mule bank accounts. The fraudsters will use bank accounts of existing but dormant companies with no business operations to receive and transfer illicit funds.

In the past, the SC observed mostly the use of individual bank accounts as mules to disguise their operations. On this, the SC in 2022 took enforcement actions against 19 mule account holders. By operating under the guise of a legitimate business entity, scammers can create a false sense of trust and credibility, making potential victims more susceptible.

The observations above align with a global trend seen in other jurisdictions, indicating that the challenges faced by Malaysians are not unique but reflect issues occurring worldwide.

Arising from the above emerging concerns, the SC, where necessary, took out media releases on 4 July 2024 titled 'SC Warns Public on Pre-IPO Investment Scams',

on 22 July 2024 titled 'SC Warns Public on Deepfake Investment Scams' and on 9 December 2024 titled 'SC Alerts Public on Fake Investment Letters Using SC's Name'.

Measures Implemented to Curb Scams and Unlicensed Activities

The SC strengthened its monitoring and surveillance of scams and unlicensed activities offered online, including through websites and social media platforms. The SC undertook a proactive approach in combatting scams and unlicensed activities by conducting early intervention and disrupting the activities including inclusion in the SC's Investor Alert List, blocking of the websites and social media platforms as well as collaborating and co-ordinating with the relevant authorities. The SC had also adopted social media intervention strategies where messages will be publicly posted on social media pages of suspected scammers and unlicensed activities operators, to warn the operators that the SC is aware of their activities and that they are in breach of securities laws.

In addition, where the breach of securities laws is established, appropriate enforcement action will also be taken. Enforcement actions are taken based on several factors including but not limited to sufficient and conclusive evidence.

In addition to the above interventions, the SC in 2024 embarked on a new intervention approach namely by issuing notification letters to local banks alerting them regarding possible mule bank accounts involved in unlicensed activity cases uncovered by the SC.

The SC revises Guidance Note on **Investment Advice to include Finfluencers**

The SC observed concerns on the conduct of financial fnfluencers or commonly known as finfluencers, whose activity (among others) may constitute providing of unlicensed investment advice. To strengthen and intensify investor protection, the SC has among others, updated its Guidance Note on the Provision of Investment Advice. The Guidance Note clarifies which finfluencers' activities may constitute investment advice and, consequently, must comply with the CMSA. Additionally, the SC has issued warning letters to the identified third-party Malaysian payment gateway operators involved in facilitating unlicensed activities. Accompanying this, the SC also published an informative infographic with Frequently Asked Questions and a checklist. The SC will continue to address any developments and trends through, among others, issuance of guidance to the public.

TABLE 18 Intervention efforts on scams and unlicensed activities

Actions Taken	2024	2023
Commencement of enforcement action	4	4
Inclusion in the SC's Investor Alert List	273	315
Blocking of websites with assistance from Malaysian Communication and Multimedia Commission (MCMC)	153	146
Facebook and Instagram Accounts Geo-Block	81	95
Request to block Telegram accounts	180	153
Social media interventions	336	420
Lodgement of police reports	141	97
Referrals to other agencies/foreign regulators	235	128
Issuance of Notices of Cease and Desist	3	5

The SC Addresses Regulatory Concerns Over Unregistered Digital Asset **Exchange Operators**

The offering and trading of digital assets in Malaysia are regulated by the SC. Digital assets, which comprise of both, digital currencies and digital tokens, are prescribed as securities pursuant to the Capital Markets and Services (Securities Regulations) (Digital Currencies and Digital Tokens) Prescription Order 2019 (Prescription Order), which came into force on 15 January 2019.

Anyone who wishes to trade in digital assets may do so through a Digital Asset Exchange. Any person who operates or maintains a Digital Asset Exchange (DAX) in Malaysia must be registered with the SC as a recognized market operator (RMO). And any person who intends to operate a DAX must comply with the Guidelines on Recognized Markets (RMO Guidelines) and will be subjected to ongoing requirements applicable to an RMO pursuant to the said RMO Guidelines.

A DAX that operates in Malaysia i.e. targets Malaysian investors without being registered with the SC will be in breach of the CMSA. The SC considers a DAX to be actively targeting Malaysian investors if its operator or the operator's representative directly or indirectly promotes the DAX in Malaysia. Examples of such promotions are having MYR denomination as option to trade on their platform, advertising the DAX in any publication in Malaysia, or sending any direct mail or email to Malaysian addresses to market or promote the DAX.

Following the coming into force of the Prescription Order in January 2019 the SC received 996 complaints and enquiries on unregistered DAX operators.

	2020	2021	2022	2023	2024
Complaints and Enquiries	117	241	76	343	219

These are mainly DAX operators that may be licensed or regulated by foreign regulators but were found to be soliciting Malaysian investors. There are instances where the DAX platforms are completely fake, with no real trading activities taking place. Investors are misled into believing they are participating in legitimate trades, while their money is being siphoned off by the scammers. These fraudulent platforms often provide no information about their location or any legitimate company backing, placing them beyond the SC's regulatory reach and making it difficult to track them down.

The SC received multiple complaints involving monetary losses / dispute from investors who invested through such unregistered DAX operators. Based on the information shared by complainants, most of these operators who targeted Malaysians were not responsive to the emails or calls made by the complainants seeking explanation. Therefore, Malaysians who invest with these operators may not have the requisite protection or recourse in the event of any disputes. For an orderly development of the RMO markets in Malaysia and to ensure investor protection, the SC has in place the requirements for a DAX to be properly registered.

In response to the prevalence of unauthorised DAX operators, the SC adopted a multi-pronged approach to supress the concern via enforcement actions, investor alerts, blocking of websites (done through the assistance of the Malaysian Communications and Multimedia Commission), cease and desist directives, and investor education initiatives.

To date, the SC has taken enforcement actions against four unauthorised DAXs over the past years with the latest being in November 2024 against ByBit. These DAX operators rank among the largest by trading volume and have a significant global presence but were found to be soliciting Malaysian investors. Consideration on whether enforcement action should be initiated is always based on availability of evidence, the desired outcomes and whether there are alternative means to achieve the same outcome.

In the case of ByBit, the SC reprimanded ByBit pursuant to Section 354(3) of the CMSA and issued directives to disable their websites and mobile applications (in the Apple Store and Google Play Store). They were also required to immediately cease circulating, publishing, or sending any advertisements, whether via email or other means, to Malaysian investors. This action by the SC in 2024 is consistent with the actions that the SC has taken against Binance, Remitano (in 2020) and Huobi (in 2023), following the coming into force of the Prescription Order in January 2019.

The SC will continue to monitor and take such actions as necessary, including enforcement actions to protect Malaysian investors and to serve as a deterrent to those who seek to carry on their business in Malaysia illegally.



While the SC will continue to play its part, including monitoring and undertaking measures to detect and act against such illegal activities involving unregistered DAX, the public should also take responsibility and exercise judgment and caution. Investors who have been solicited to invest in a DAX, located in or outside Malaysia, which is not registered with the SC may report to the SC for appropriate action to be taken.

ENFORCEMENT

TABLE 19 Key enforcement outcomes

Key enforcement outcomes		
Key outcomes	2024	2023
Preliminary investigation		
No. of cases reviewed for enforcement action	39	43
No. of offences reviewed	67	76
Investigation		
No. of investigations commenced	16	19
No. of active investigations	62	55
No. of raids conducted	14 locations	10 locations
Criminal actions		
New criminal actions commenced	16 persons/entities (involving 53 charges)	2 persons (involving 12 charges)
No. of criminal actions completed with no pending appeal	-	7 (involving 14 persons)
No. of ongoing criminal cases	27 cases (involving 36 individuals)	21 (involving 32 persons)
No. of persons convicted/conviction affirmed	1	5
Custodial sentences imposed	Five years	One day to three years
Total value of fines imposed by the Court	RM3.0 million	RM8.675 million
Compounds		
No. of compounds issued	1 (Involving 1 person)	2 (involving 2 persons)
Total compounds imposed	RM805,000	RM269,900
Civil actions		
No. of civil actions commenced including issuance of Letter of Demands	12	15
No. of civil actions completed	3 (involving 4 defendants	3 (involving 15 defendants)
No. of ongoing civil cases	14 (involving 27 defendants)	11 (involving 21 defendants)
No. of civil actions completed successfully	3 (involving 4 defendants)	3 (involving 15 defendants)
Total value of civil penalties imposed by the Court	RM9,867,999	RM4,813,123

TABLE 19 (continued)

Key outcomes	2024	2023
Regulatory settlements		
No. of regulatory settlements (before the commencement of any court action)	6 (Involving 6 persons)	6 (involving 6 persons)
Total disgorgement	RM12.04 million	RM13.83 million
Restitution		
No. of investors restituted	168	119
Amount restituted	RM1,862,885	RM301,208
No. of investors earmarked for restitution	1,068	658
Amount earmarked for restitution	RM8,779,099	RM4,586,915
Administrative actions		
No. of sanctions imposed: Penalties Reprimands Directives Revocation	125 (62) (54) (8) (1)	140 (44) (80) (16)
Total value of penalties imposed	RM13.72 million	RM19.53 million
Infringement Notices		
No. of Infringement Notices issued	125	124

The SC's Enforcement Priorities 2024 - 2026

The SC's enforcement priorities were introduced in 2020 identifying disclosure breaches, securities fraud and unlicensed activities. Since then, the enforcement priorities

TABLE 20 Breaches of securities law reviewed

Nature of offence^	No. of breaches reviewed for 2024
Breaches related to disclosure	10
Securities fraud	7
Breach of SC's LOLA Guidelines	7
Corporate misconduct*	6
Breach of FIMM's Code of Ethics and/or circular	6
Breach of the SC's Guidelines on Prevention of Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeting Financial Sanctions for Reporting Institutions in the Capital Market	5
Unlicensed Activities	4
Market manipulation	4
Breach of SC's Guidelines on Conduct for Capital Market Intermediaries	3
Insider trading	2
Breach of Securities Industry (Central Depositories) Act 1991 (SICDA)	2
Breach of SC's Guidelines on Compliance Function For Fund Management Companies	2
Breach of SC's Licensing Handbook/ Condition	2
Breach of Bursa Rules, Directive or Listing Requirements	2
Non-compliance of Notice issued by SC's Investigating Officer	1
Breaches concerning unregistered DAX	1
Non-compliance with Securities Industry (Compliance with Approved Accounting Standards) Regulations 1999	1
Breach of SC's Guidelines on Submission of Corporate and Capital Market Product Proposals	1
Breach of SC's Guidelines on Sales Practices of Unlisted Capital Market Product	1
TOTAL	67

Note:

- ^ Not including breaches relating to Take-overs and Mergers.
- Breach of s.317A CMSA only.

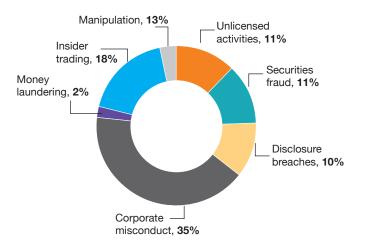
have been reviewed on a yearly basis between 2020 to 2023 and, effective 2024, the SC developed the three-year enforcement priorities which introduced corporate misconduct as an additional enforcement priority, in response to the influx of breaches of such nature (Table 20).

Based on a review of the various breaches of securities law in 2024, 40% of the offences relates to the SC's identified enforcement priorities which resulted from the SC's active surveillance, supervision, and/or complaints received.

Details of the SC's Active Investigation Cases

As of 31 December 2024, there were a total of 62 active investigations cases. The SC, in line with its mandate to protect investors, continued to allocate significant resources in 2024 to investigate cases involving securities fraud, corporate misconduct, unlicensed activities, and disclosure violations, which made up two-thirds of its investigation efforts. The breakdown of the active investigations cases by nature of offences are reflected in Chart 5

CHART 5 Breakdown of active investigations cases

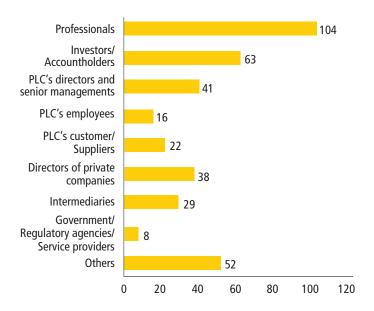


The SC's emphasis on these types of breaches, is also categorised as fraud crimes at the national level, as it is one of the most prevalent and high risk crimes in Malaysia. This focus aligns with the Malaysia National Risk Assessment (NRA) 2023, a comprehensive assessment aimed at identifying and evaluating the country's exposure to money laundering and terrorism financing (ML/TF) risks.

The SC's Investigating Officers are vested with a range of investigative powers designed to support the effective collection of documentary and oral evidence, which are crucial components of the investigative process.

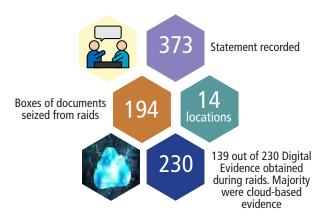
In 2024, the SC's Investigating Officers recorded statements from 373 individuals, with over half obtained from investors/accountholders, professionals such as investment bankers, auditors, and lawyers, as well as employees, directors, and senior management of publiclisted companies (Chart 6). This reflects the SC's active investigations targeting securities fraud and corporate misconduct offenses.

CHART 6 Witness category as at 31 December 2024



Additionally, the SC conducted a series of raids across 14 locations nationwide to gather documentary evidence for ongoing investigations. These operations were met with substantial co-operation from the individuals and companies involved. Further details of the investigation efforts undertaken throughout the year, are illustrated in Figure 1.

FIGURE 1 Breakdown of investigation works carried out

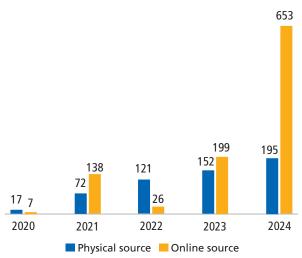


Revolutionising Investigations: How the SC's Digital Forensic Advancements Lead the Shift from Paper to Pixels

The modernisation of the corporate workplace has significantly transformed investigative approaches, with a shift from traditional documentary evidence to a greater reliance on digital evidence. As organisations increasingly adopt digital tools and platforms for communication and record-keeping, the volume of electronic data generated has skyrocketed. Consequently, the SC's investigating officers now prioritise the analysis of emails, instant messages, and digital transactions stored in cloud-based systems as primary sources of evidence.

The SC's investigation team is supported by an in-house, highly skilled digital forensic team that continually enhances its capabilities through the latest technological advancements. This year, the SC established its very own Digital Forensic Lab (DF Lab), a dedicated facility equipped with diverse cutting-edge forensic technology essential for the comprehensive digital evidence extraction and analysis. This establishment comes at a pivotal time, addressing the rising demand for forensic data extraction and analysis, which is evident by the increasing number of digital evidence reviewed and extracted since 2020 as depicted in the Chart 7.

CHART 7 Digital evidence review and extraction



The distinguishing factor of the SC's DF Lab which sets it apart from the industry, lies in its state-of-the-art e-discovery capabilities, which provides a cutting-edge solution for the SC's Investigating Officers to swiftly and accurately pinpoint relevant evidence in ongoing investigations, which are often concealed within a vast ocean of digital records.

Since its establishment in 2020, the SC Digital Forensic Team, has expanded its scope beyond investigation matters to providing digital forensic services to various line departments across the SC. These services include online data preservation, computer analysis services, Open-Source Intelligence (OSINT), and social messaging extraction, providing critical support to departments in performing their regulatory functions.

Empowering Digital Forensics: The SC and Cybersecurity Malaysia's Initiative for Best Practices in Preserving Instant Messages

With the objective of fostering the exchange of best practices among the digital forensic practitioners among the Law Enforcement Agencies (LEAs), an initiative was undertaken between the SC and Cybersecurity Malaysia to improve the overall efficiency and effectiveness of digital forensics in investigations. Cognisant of the fact that digital evidence becomes abundantly more integral for the completion of a thorough investigation, accordingly, necessitating advanced skills and up-todate practices among investigators alike.

An early achievement of this initiative is the development and validation of laboratory-designed methods compliant with ISO 17025:2017 standards. This standard emphasises best practices and reliability in forensic processes that are sound with established digital forensic methodologies. Furthermore, the initiative aims to uphold rigorous standards in forensic investigations, ensuring that the digital evidence is robust, reliable, and ultimately admissible in court.

A key outcome from the series of engagements includes the creation of guidelines focused on preserving data from instant messaging and cloud platforms. Of particular significance is the SC's development and validation of a new guideline for alternative methods of extracting data from WhatsApp. This guideline offers a critical reference point for the SC's digital forensic team, enhancing capabilities in handling mobile communications devices.

Breaking Borders: The SC's Global Co-operation via IOSCO MMOU in **Cross-Border Investigations**

In collecting documentary and oral evidence globally, the SC leverages cross-border co-operation through the IOSCO MMOU on Consultation and Cooperation and Exchange of Information. This is especially important given the frequency of cross-border transactions in SC investigations. In 2024, the SC made 15 requests for investigative assistance to 11 foreign supervisory authorities via the IOSCO MMOU, aiming to secure help in recording statements from overseas witnesses and obtaining documentary evidence, including banking documents, securities transaction records, telephone records, and information on the beneficial ownership of companies (Table 22).

The SC also renders investigative assistance to IOSCO members. In 2024, the SC has provided investigative assistance to five foreign supervisory authorities on their ongoing investigations.

TABLE 21 Requests for investigative assistance to IOSCO members

Jurisdictions	No. of requests
Australia	2
China	1
Denmark	2
Hong Kong	2
India	1
Indonesia	2
Mongolia	1
New Zealand	1
Oman	1
Qatar	1
Singapore	1

Powerful Collaboration: The SC and Law **Enforcement Link Up for Breakthrough Success in Capital Market Investigations**

The SC recognises that collaboration with other law enforcement agencies is essential for fulfilling its regulatory obligations. The SC actively collaborates with other enforcement agencies and regulatory bodies across Malaysia to gather essential evidence for identifying breaches of securities law. In 2024, these collaborative efforts reached new heights, culminating in the successful arrests of key individuals involved in ongoing investigations. Notably, two individuals under investigation were arrested at the Kuala Lumpur International Airport. This initiative involved collaborations with various LEAs, including the Royal Malaysia Police, Malaysian Anti-Corruption Commission (MACC), Malaysia Airports Aviation Security (AVSEC) and foreign supervisory authorities such as the International Criminal Police Organization, Singapore Police Force's Commercial Affairs Department (CAD Singapore).

Ongoing Criminal and Civil Cases at Various Courts (as at 31 December 2024)

In 2024, there were 41 ongoing cases in court at first instance or appeal stages, involving 63 individuals as listed in Table 23.

The nature of these cases includes corporate misconduct, insider trading, securities fraud, market manipulation, unlicensed activities as well as money laundering offences.

TABLE 22 Ongoing criminal and civil cases (as at 31 December 2024)

(d3 dt 31 December 2021)			
Types of actions	Court	No. of cases	No. of individuals
Criminal Action	Sessions Court	15	20
	High Court	8	11
	Court of Appeal	4	5
Civil Action	High Court	6	14
	Court of Appeal	6	11
	Federal Court	2	2
TOTAL		41	63

Efforts to Restitute Investors

(as at 31 December 2024)

In 2024, following the successful resolution of civil suits and regulatory settlements, the SC has restituted 168 investors, totalling RM1,862,885.53. Furthermore, an additional RM8,779,099.11 has been earmarked for restitution involving 1,068 investors.

Highlights of the SC's Successful **Enforcement Cases** (as at 6 February 2025)

The SC Charges Three Individuals and Two Companies with Money Laundering and Unlicensed Fund Management

Between January 2024 to May 2024, the SC charged three individuals and two companies for multiple offences relating to money laundering and unlicensed activities which were carried out in Kuala Lumpur and Selangor between December 2020 to January 2023.

On 10 and 11 January 2024, Ang Jen Chuen (Dexter Ang), former director of Pixelvest Sdn Bhd (Pixelvest), Syaiful Riezal bin Ahmad (Syaiful), former CEO of Infinity Trustee Bhd (ITB) and Chin Wai Lan (Sophia Chin), Pixelvest director were charged separately with a total of 28 money laundering charges under section 4(1)(b) of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLATFPUAA).

The charges concerned the receipt of proceeds from unlawful activity between December 2020 to January 2023 involving a collective sum of over RM283.5 million.

Read more on the following media releases, 'SC Charges Former Director, CEO for Over RM119 Mln in Money Laundering'

https://www.sc.com.my/resources/media/media-release/ sc-charges-former-director-ceo-for-over-rm119-mln-inmoney-laundering

'SC Charges Pixelvest Director with Money Laundering involving RM164.5 million'

https://www.sc.com.my/resources/media/media-release/ sc-charges-pixelvest-director-with-money-launderinginvolving-rm1645-mln

Subsequently on 26 February 2024, all three individuals further faced predicate charges under the Capital Markets and Services Act 2007 (CMSA) by virtue of their positions as CEO/directors of either Pixelvest or ITB at the material time in accordance with section 367(1) of the CMSA. The charges were connected to Pixelvest's conduct in carrying on a business in fund management without holding a Capital Markets Services Licence (CMSL) or being a registered person between 15 December 2020 and 31 August 2022. The charges also concerned ITB's conduct of acting in furtherance of Pixelvest's offence between 1 December 2020 and 11 October 2020.

Read more on the following media release, 'SC Charges Three Individuals for Unlicensed Capital Market Activities' https://www.sc.com.my/resources/media/media-release/ sc-charges-three-individuals-for-unlicensed-capitalmarket-activities

Following the charging of the three individuals, SC then proceeded with charges against both companies, Pixelvest and ITB on 30 April 2024 and 10 May 2024. Pixelvest was charged with one charge under section 58(1) of the CMSA for carrying out a business of fund management without holding a CMSL or being a registered person. Separately, ITB was charged with two charges under section 370(b) read together with section 58(1) of the CMSA for acting in furtherance of Pixelvest's offence. Sophia Chin was also preferred with one additional charge under the CMSA by virtue of her position as ITB director at the material time.

Read more on the following media releases, 'SC Charges Pixelvest and Former Infinity Trustee Director with Unlicensed Capital Market Offences'

https://www.sc.com.my/resources/media/media-release/ sc-charges-pixelvest-and-former-infinity-trustee-<u>director-with-unlicensed-capital-market-offences</u>

All three individuals claimed trial against all the charges. Dexter was granted a collective bail sum of RM8.02 million for all the charges against him, whilst Sophia and Syaiful were granted bail of RM14.01 million and RM200,000 respectively. They were also imposed with additional bail conditions such as surrender of passport and monthly reporting to the SC. As for ITB and Pixelvest, both companies similarly claimed trial to the charge(s) through the company representatives. The matters are currently pending in court.

The SC Charges Ex-bank Analyst with **Unlicensed Capital Market Activities**

On 23 January 2024, Mohd Arif Fadzlee Mohd Arifin (Arif), a former bank analyst and business owner, was charged with two charges under section 59(1) of the CMSA and section 362(3) of the CMSA relating to unlicensed capital market activities and the misuse of the 'unit trust consultant' title. The alleged offences took place in 2011 at Petaling Jaya and Nilai.

Read more on media release, 'SC Charges Ex-Bank Analyst with Unlicensed Capital Market Activities'

https://www.sc.com.my/resources/media/media-release/ sc-charges-ex-bank-analyst-with-unlicensed-capitalmarket-activities

The SC Wins Insider Trading Civil Case Involving Perak Corp Shares

On 13 February 2024, the SC successfully proved its case in the civil suit against Dato' Aminuddin Md Desa (Amin), former Chief Executive Officer of Perbadanan Kemajuan Negeri Perak and Perak Corporation Bhd (Perak Corp) for committing insider trading. The High Court ordered Amin to pay a sum of RM2.46 million being an amount equal to three times the profit made by him as a result of the insider trading breach, to pay the SC a civil penalty of RM1 million and barred him from being appointed as a CEO or director or being involved in the management of a PLC and/or a subsidiary of a PLC for a period of five years. Amin was also restrained from trading in any securities on Bursa Malaysia for a period of five years.

Read more on media release, 'SC Wins Insider Trading Civil Case'.

https://www.sc.com.my/resources/media/media-release/ sc-wins-insider-trading-civil-case

Former Remisier Charged with Securities Fraud and Unlicensed Capital Market Activities

On 19 February 2024, Peter Chuah Hock Heng (Peter) was charged with one charge under section 179(b) of the CMSA for defrauding an investor by promising a 10% return within a year involving securities of public companies. Peter, a former remisier, was also charged in a separate court with two charges under section 58(1) of the CMSA for holding himself out as carrying on a business in dealing in securities without a licence. The offences allegedly took place between February and April 2014 at Petaling Jaya, Selangor. Peter claimed trial to all the charges and was granted bail at RM80,000 for all three charges. He was also ordered to surrender his passport and report to the SC on a monthly basis.

Read more on media release, 'SC Charges Former Remisier with Securities Fraud and Unlicensed Capital Market Activities'

https://www.sc.com.my/resources/media/media-release/sc-charges-former-remisier-with-securities-fraud-and-unlicensed-capital-market-activities

SC Wins Insider Trading Civil Suit Against former CEO and Director of GW Plastics Shares for Communication of Inside Information; Tippee Found Liable for Insider Trading

On 22 April 2024, the SC successfully proved its case in its civil suit against Datuk Lim Kok Boon (Lim), former Chief Executive Officer and Non-Independent Executive Director of GW Plastics Holdings Bhd (GW Plastics) and Cheah Mean Har (Cheah) for insider trading. The High Court found that Lim had breached section 188(3)(a) of the CMSA when he communicated inside information in relation to a proposed share sale agreement and distribution of cash proceeds involving GW Plastics to Cheah. Cheah who subsequently went on to acquire GW Plastics shares following the communication was found liable for insider trading under section 188(2)(a) of the CMSA. Cheah was ordered by the High Court to pay to the SC a sum of RM142,500 which is three times the profit she made from the breach. Lim was also ordered to pay the same amount to the SC as disgorgement. Additionally, Lim and Cheah were also imposed with civil penalties amounting to RM1 million and RM500,000 respectively.

Read more on media release, 'SC Wins Insider Trading Civil Suit Involving GW Plastics Shares'

https://www.sc.com.my/resources/media/media-release/sc-wins-insider-trading-civil-suit-involving-gw-plastics-shares#:~:text=Lim%20was%20the%20Chief%20Executive%20Officer%20and%20Non-Independent%20Executive%20Director

Federal Court Rules in SC's Favour, Ricky Wong's Leave Application to Attend and Participate in Ongoing Civil Suit via RCT Dismissed

On 7 May 2024, the Federal Court unanimously dismissed an application by Wong Shee Kai (Ricky Wong), who is currently still at-large, for leave to appeal to the Federal Court against the Court of Appeal's dismissal of his application to attend and participate in the SC's civil suit against him via remote control technology (RCT Application) pursuant to Order 33A of the Rules of Court 2012 (Order 33A).

Read more on media release, 'Federal Court Rules in SC's Favour, Ricky Wong's Leave Application Dismissed': https://www.sc.com.my/resources/media/media-release/federal-court-rules-in-scs-favour-ricky-wongs-leave-application-dismissed

Court of Appeal Reinstates Conviction and Sentence Against Ramesh a/l Rajaratnam for Insider Trading

On 6 May 2024, the SC succeeded in its appeal to the Court of Appeal against Dato' Ramesh a/l Rajaratnam (Ramesh)'s acquittal for insider trading. The Court of Appeal held that the High Court had erred in acquitting Ramesh without considering the merits of the case. As such, the High Court's decision in acquitting Ramesh on the first charge was set aside and the earlier conviction and sentence imposed by the Sessions Court was reinstated. The Court of Appeal further directed that the case be remitted to the High Court to be heard on the merits before another High Court judge.

Read more on media release, 'Court Of Appeal Rules in Favour of SC in Insider Trading Case'

https://www.sc.com.my/resources/media/media-release/court-of-appeal-rules-in-favour-of-sc-in-insider-trading-case

The SC Charges Man Who Evaded the Law for 15 Years

On 9 May 2024, Wong Jit Kiang (Daniel Wong) was charged with one charge under section 122C(c) read together with section 87A(b) of the *Securities Industries Act 1983* (SIA) for abetting the late Toh Chun Toh Gordon (Toh) in engaging in an act which operated as a fraud on Multi-Code Electronics Industries (M) Berhad (Multi-Code). The offences allegedly took place in March 2007 at Johor Bahru. Daniel claimed trial to the charge and was refused bail by the Sessions Court following

objections by the SC. On revision, the High Court granted his application for bail at RM1 million. He was also given additional bail conditions such as the surrender of his passport and a nightly home curfew. The matter is currently pending in court.

Read more on media release, 'Man, who Evaded the Law for 15 Years, Charged with Abetting Former MD of Multi-Code for Securities Fraud'

https://www.sc.com.my/resources/media/media-release/ man-who-evaded-the-law-for-15-years-charged-withabetting-former-md-of-multi-code-for-securities-fraud

Court Revokes Bail of Unlicensed Futures Trader

On 21 May 2024, the Sessions Court allowed the SC's application to revoke Mohd Azhidi bin Laili (Azhidi)'s bail on the basis that he had breached his bail conditions by failing to appear in court on two separate occasions and to report to the SC's Investigating Officer (IO). Pursuant to the Court's order, Azhidi was taken into custody and will be remanded pending the completion of his trial.

Read more on media release 'Court Revokes Bail of Unlicensed Futures Trader'

https://www.sc.com.my/resources/media/media-release/ court-revokes-bail-of-unlicensed-futures-trader

Dato' Dr. Yu Kuan Chon Sued for Market Manipulation

On 24 June 2024, the SC filed a civil suit against Dato' Dr. Yu Kuan Chon (Yu). Yu is alleged to have breached sections 175 and 176 of the CMSA for market rigging and market manipulation involving shares in Shangri-La Hotels (M) Bhd between 1 March 2018 and 24 July 2018. The SC is seeking, among others:

- (1) A declaration that Yu has breached sections 175(1) and/or 176(1) of the CMSA;
- (2) An order that Yu pays the sum of RM26,572,397.70, being three times the amount of pecuniary gain of RM8,857,465.90 made by him as a result of the breaches, and a civil penalty in the amount of RM1,000,000.00; and
- (3)An order that Yu be restrained from trading in securities on any stock exchange in Malaysia for

a period of five years, and that Yu be barred from becoming a chief executive or director, or being involved in the management, directly or indirectly, of any public company or any subsidiary of a public company in Malaysia for a period of five years.

Read more on media release, 'SC Sues Dato' Dr. Yu Kuan Chon for Market Manipulation'

https://www.sc.com.my/resources/media/media-release/ sc-sues-dato-dr-yu-kuan-chon-for-market-manipulation

Former Investment Banker Faces 11 Charges in relation to Securities Fraud and Unlicensed **Capital Market Activities**

On 18 September 2024, Ruwan Amaresh Shaun Ponniah (Ruwan) was charged with ten charges under section 179(b) of the CMSA for defrauding investors into depositing monies totalling RM201,000 for purported shares investments. Ruwan was also charged with one charge under section 58 of the CMSA for holding himself out as carrying on a business in fund management without being licensed or a registered person for fund management under the CMSA. The offences took place between October 2018 and June 2020 at Petaling Jaya.

Read more on the media release, 'SC Charges Former Investment Banker with Securities Fraud and Unlicensed Capital Market Activities'

https://www.sc.com.my/resources/media/media-release/ sc-charges-former-investment-banker-with-securitiesfraud-and-unlicensed-capital-market-activities

Court of Appeal Rules in Favour of the SC in Insider Trading Appeal

On 27 November 2024, the Court of Appeal unanimously dismissed the appeal by Dato' Raymond Yap Wee Hin (Yap) against the decision of the High Court, which found the former deputy chairman of Patimas Computers Bhd liable for insider trading. Yap was ordered to pay the SC a sum of RM4.28 million in disgorgement and civil penalty.

Read more on media release, 'Court of Appeal Rules in Favour of the SC in Insider Trading Appeal'

https://www.sc.com.my/resources/media/media-release/ court-of-appeal-rules-in-favour-of-the-sc-in-insidertrading-appeal

TABLE 23
Administrative sanctions imposed

	Sanctions imposed					
Persons in breach	Reprimand	Penalty	Restitution	Directive	Revocation of licence	Suspension of licence
Registered persons	7	9	-	-	-	-
Licensed persons	14	35	-	2	1	-
Other entities/individuals	29	14	-	6	-	-
RMO	4	4	-	-	-	-
TOTAL	54	62	0	8	1	0

Leveraging the SC's Administrative Actions

Apart from initiating criminal or civil actions, the SC also leverages its statutory powers for administrative actions against 34 persons (as at 31 December 2024), which provides a full spectrum of sanctions and remedies against the persons in breach (Table 23).

As of 31 December 2024, a total penalty of RM13.719 million has been imposed against various persons for their misconduct and breaches under the securities laws and guidelines issued by the SC as follows:

- seven licensed intermediaries for delay in submitting the monthly returns for the relevant wholesale funds;
- two registered persons for delay in submitting the post-issuance reports for their structure products;
- one responsible party for delay in submitting the redemption notices for a programme;
- two individuals who carried on a business of the regulated activity of dealing in securities without holding a CMSL, and who failed to seek recognition by the SC and failed to register with the SC a disclosure document, in relation to making available, offer for subscription or purchase, or issue an invitation to subscribe for or purchase of foreign shares in Malaysia;
- five individuals who engaged in transactions which involved proceeds of unlawful activities;

- one individual who issued falsified documents to his clients, entered into profit-sharing arrangements with his clients, carried out discretionary trading on his clients' accounts despite the participating organisation's prohibition on its dealer's representatives from carrying out any discretionary trading and carried out trading in a client's account based on third-party instructions without any written authorisation from the client;
- one licensed intermediary for failing to have in place adequate systems, policies and procedures to accurately identify, verify and document transactions of its investors, to conduct on-going due diligence and scrutiny of its customers and to clarify the economic background and purpose of any transactions or business relationship as well as failure to report suspicious transactions;
- one director of an unlisted public company for failing to seek SC's authorisation prior to offer for purchase of bonds, failing to register with the SC a disclosure document for the offer of the bonds and making false statements in the offer letters to the investors;
- one unit trust consultant (UTC) for misappropriating monies from four investors, providing statements of accounts to two individuals which contained false information and for engaging in deceptive and misleading acts by procuring and receiving monies from investors based on his deception;
- one recognized market operator (RMO) for failing to adopt and demonstrate application of a risk-

based approach, to conduct on-going due diligence and scrutiny on the business relationship with its customers throughout the course of the business relationship, to reclassify customer as higher risk and consider lodging suspicious transaction report and to ensure that the frequency in implementing on-going due diligence or enhanced due diligence must commensurate with the level of money laundering or terrorism financing risks posed by the customer;

- one unlisted public company and its three directors for failing to register a prospectus with the SC in relation to the issuance or offering for subscription or purchase of convertible redeemable noncumulative preference shares;
- one licensed intermediary for failing to seek the SC's authorisation prior to selling structured products for four high net-worth individuals and failure to register with the SC a disclosure document for the issuance of the structured product to the said individuals, failure to provide a product highlight sheet to high net-worth individuals and making a misleading statement in a disclosure document;
- one digital asset exchange and its director for operating a recognized market without registering with the SC under Section 34 of the CMSA;
- one UTC for allowing and receiving pre-signed forms, executing 26 unauthorised investments and 23 unauthorised switching transactions in unit trust account, engaging in deceptive and misleading acts by preparing and issuing seven falsified unit holder ledgers and one falsified audit confirmation and exhibiting dishonest behaviour by arranging for another person to attend mandatory annual product fundamental training session to fulfil the pre-requisite CPD points imposed by FIMM to maintain registration as a UTC; and
- one individual for causing one public-listed company shares to be deposited and maintained in two individuals securities account.

Redress via Infringement Notices

In carrying out the SC's surveillance, gatekeeping and supervisory functions, the SC also utilises its nonstatutory enforcement tools, to address breaches of securities laws or guidelines that do not warrant the initiation of any formal enforcement actions.

In such instance, the SC may issue the following Infringement Notices to the relevant parties concerned:

- Supervisory letters with infringement issued pursuant to the exercise of the SC's supervisory function or the conduct of an examination under section 126 of the Securities Commission Malaysia Act 1993 (SCMA).
- Warning letters issued pursuant to the discharge of the SC's gatekeeping function such as the issuance of licenses, approval of corporate proposals and review of prospectuses. Warning letters may be issued to licensed, registered persons or other professionals or experts.
- Non-compliance letters issued pursuant to the discharge of the SC's gatekeeping function for minor breaches.
- Notice of Cease and Desist issued to immediately halt and prevent further violation of any obligations under the securities laws. Failure to comply with the Notice of Cease and Desist may attract formal enforcement action by the SC.

As of 31 December 2024, 125 Infringement Notices have been issued by the SC, with the breakdown as in Table 24.

TABLE 24 Type of infringement notices

Type of infringement notices	No. issued	
Supervisory letters with infringement	32	
Warning letters	71	
Non-compliance letters	19	
Notice of Cease and Desist	3	
TOTAL	125	

THE SC'S PRIORITIES

Reducing Time to Market – Continuing the Focused Scope Assessment and **Expediting IPO Approvals**

The Focused Scope Assessment (FSA) framework, launched in 2024, marks a significant advancement to enhance operational efficiency and meet the evolving standards of Malaysia's capital markets. This framework, which aligns with international standards set by IOSCO and FATF, aims to expedite the approval process for applications relating to new eligible capital market intermediaries and registration of RMOs, reducing the time to market from over six months to just three months.

The FSA framework applies to activities including corporate finance advisory, investment advice, boutique portfolio management, financial planning, venture capital, private equity, digital asset custodianship, and RMOs. It emphasises a targeted review approach, assessing the applicant's regulatory and operational readiness based on specific, quantifiable criteria such as fit and proper assessments and capital adequacy.

The SC continues to uphold its existing assessment criteria for all licensing and registration applications, focusing on key risk areas such as business model, fit and properness, compliance with minimum regulatory requirements, and other considerations as stipulated in the applicable laws, regulations, and guidelines. This framework empowers applicants with more control over the efficiency of their application process and encourages proactive readiness among applicants, aligning with its commitment to a robust and efficient capital market.

In line with the SC's continuous efforts to streamline processes for operational efficiency and effectiveness, the RMO Guidelines were amended to reinforce governance and compliance. These updates place greater responsibility on boards, senior management, and compliance officers while enhancing the SC's supervisory capabilities through clarified regulatory expectations and introducing a new requirement for full-scope supervisory assessments for new capital market intermediaries and RMOs within 12 months of their operational. This approach supports a more secure and transparent capital market ecosystem.

Expedited IPO Approval Process by the SC and Bursa Malaysia

A key highlight of 2024 was the introduction of a fast-track IPO approval process by the SC and Bursa Malaysia. Launched in March 2024, the initiative aims to expedite IPO approvals on both the Main Market and the ACE Market with a target of reaching a decision within three months. This commitment is conditional on Principal Advisers/Sponsors satisfactorily addressing the regulators' queries and comments within five market days upon receipt of such queries and comments. Despite the shorter timeframes, the regulators have committed to maintaining rigorous assessment, ensuring that investors protection and public interests remain a top priority. This initiative is expected to attract highquality companies, particularly those aligned with Malaysia's national growth agenda, by offering a clearer and more efficient path to listing.

The SC Approves First Accelerated Transfer from ACE to Main Market in **Record 14 Days**

In a major milestone for market efficiency, the SC approved its first application under the accelerated transfer process in 2024. NationGate Holdings Bhd completed its transfer from the ACE Market to the Main Market in a record 14 market days, showcasing the SC's commitment to enhancing market efficiency. The accelerated transfer process was introduced in 2023 through amendments to the Equity Guidelines, effective 1 January 2024, with the goal of streamlining the listing transfer process for eligible ACE Market companies.

The SC Broadens Sophisticated Investor **Criteria for Greater Market Accessibility**

In 2024, the SC introduced the Guidelines on Categories of Sophisticated Investors to broaden investor criteria and enhance market accessibility. Key updates include a new 'Knowledge and Experience' category for individuals with financial expertise, flexibility in financial thresholds for high-net-worth individuals, recognition of primary residence value (up to RM1 million), and expanded joint account definitions to reflect collective family financial status. These measures aim to attract a diverse investor base, fostering growth and stability in Malaysia's capital market while maintaining its competitiveness and vibrancy.

These developments collectively reinforce the SC's role in fostering a dynamic and efficient equity market, catering to the evolving needs of companies and investors alike.

Ensuring Regulatory Effectiveness to Combat Money Laundering and Terrorist Financing Activities

In an effort to enhance regulatory effectiveness in combatting money laundering and terrorist financing activities, the SC issued a revised Guidelines on Prevention of Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing for Reporting Institutions in Capital Markets (Guidelines on AMI/CFT/CPF) on 13 June 2024.

The revised Guidelines on AML/CFT/CPF aim to ensure alignment with the Financial Action Task Force (FATF)'s latest requirements, placing a greater emphasis on the enhancement of risks assessments and preventive measures on proliferation financing (PF) and enhancing the transparency of beneficial ownership information. Additionally, the revisions also address the compliance needs of the industry, providing firms with updated guidance on risk-based approach to Virtual Assets Service Providers (VASP).

The revised Guidelines on AML/CFT/CPF include several key amendments to enhance compliance and governance across reporting institutions. First, the

guidelines establish clearer roles and responsibilities for both the board of directors and senior management, underscoring the importance of oversight at all levels. Reporting institutions are also guided to align their institutional risk assessments with the National Risk Assessment (NRA) conducted by the National Coordination Committee, applying additional risk mitigation measures based on the NRA's findings.

Furthermore, customer due diligence (CDD) requirements now include minimum income-related information to improve customer profiling. The guidelines also mandate a risk-based approach to proliferation financing, requiring specific risk assessment and mitigation measures. Reporting institutions must also ensure that trustees or equivalent parties in legal arrangements disclose their roles when establishing business relationships. Additionally, for digital asset wire transfers, beneficiary institutions are obligated to verify beneficiary information, with clarified responsibilities for sanctions screening and counterparty due diligence on Virtual Asset Service Providers.

These revisions reflect the SC's commitment to aligning with international standards and strengthening the regulatory framework for reporting institutions.

Detailed statistics

TABLE 1A Equity applications and prospectus registrations (detailed)*

Equity applications	2024	2023
Brought forward from the previous year	9	7
Received during the year	20	22
Total applications for consideration	29	29
Approved during the year	21	18
Not approved during the year	-	-
Returned during the year	-	-
Total applications considered	(21)	(18)
Withdrawn during the year	-	(2)
Lapsed (exceeded 6-month validity period)	-	-
Carried forward to the next year	8	9
Equity prospectus registrations	2024	2023
Prospectus	11	6
Abridged prospectus	13	11
Total registrations	24	17

TABLE 2A Corporate bonds and sukuk lodgements (detailed)*

Ringgit-denominated	No. of lodgements		Nominal amount (RM billion)	
	2024	2023	2024	2023
Lodgements for the year	86	61	165.89	171.26
Corporate bonds	23	20	48.80	73.00
Sukuk	61	41	115.59	98.26
Combination	2	-	1.50	-
	No. of lod	gements	Nominal amount (US\$ billion)	
Foreign gurrong, donominated				
Foreign currency-denominated	2024	2023	2024	2023
Lodgements for the year	2024 1	2023	2024 35.00	2023 50.00
	2024 1 -			
Lodgements for the year	2024 1 - 1	3		50.00

Note:

^{*} Refer to Capital-Raising section.





PART 3 STRENGTHENING THE SUSTAINABILITY AND COMPETITIVENESS OF THE CAPITAL MARKET

PART 3: STRENGTHENING THE SUSTAINABILITY AND COMPETITIVENESS OF THE **CAPITAL MARKET**

INTRODUCTION

The efficient mobilisation of capital is crucial for enhancing the sustainability and competitiveness of the Malaysian capital market. Towards this end, the SC continues to improve market inclusivity and accessibility and enable more diverse investment options for investors spanning across both traditional and alternative markets. Efforts are mainly focused on the augmentation of investment landscape and products, broadening of the derivative markets, expansion of players and products in the digital asset space and empowering purpose-driven innovation towards a dynamic market in this digital era. In addition to reinforcing the current ecosystem, fundraising opportunities continue to be enhanced particularly for MSMEs and mid-tier companies (MTCs).

Simultaneously, the SC remains committed in ensuring sustainability, good governance and strong social impact among its market growth initiatives. Continuous efforts are being made in driving the sustainability and corporate governance agenda.

Arising from the global need for harmonised sustainability reporting, the SC has facilitated the development and implementation of the National Sustainability Reporting Framework (NSRF) to elevate the availability of consistent, comparable and reliable sustainability information to enhance Malaysia's competitiveness and attractiveness to investors. From various engagements with key stakeholders, the SC has worked towards enhancing the clarity of sustainable and responsible investment (SRI) through the development of the SRI Taxonomy Plus-Standards. From a social finance ecosystem, the SC will be spearheading the launch of the Social Exchange, an innovative fundraising platform aimed at driving impactful social change by facilitating the flow of private and philanthropic capital into projects that deliver positive social outcomes.

In order to drive these initiatives, while meeting evolving market demands and anticipating future challenges, the SC advocates for a proactive approach to nurture necessary talent towards the development of a suitably skilled talent pipeline. The SC remains dedicated to fostering competitive markets and encouraging innovation for further growth, that are both sustainable and impactful, with the aim to raise the international standing of the Malaysian capital market and its regulatory framework on a global scale.

FORTIFYING FUNDING AND INVESTMENT ECOSYSTEM FOR SUSTAINABLE GROWTH

Aligned with evolving market needs and digital advancements, and in addition to spurring sustainable growth, the capital market continued to expand its role in financing business ventures, creating jobs and driving impactful social change. In this aspect, the SC has facilitated various measures through the provision of innovative capital market initiatives and collaborative endeavours with a broad spectrum of stakeholders.

Catalysing MSME and MTC Access to the Capital Market: 5-Year Roadmap (2024-2028) (MSME and MTC Roadmap)

While MSMEs have traditionally been a key focus of national economic policies, MTCs are seen as a 'missing middle'. The government's plans and blueprints for MSME development play a key role in the overall national agenda, this includes the recent Ekonomi MADANI framework, which reinforces the government's commitment in supporting the transformation of local MSMEs. However, MTCs have not received the equivalent level of attention. A joint study in 2024 by the SC and the Institute for Capital Market Research Malaysia (ICMR)¹ states that MTCs are akin to a 'missing middle', generally too large to qualify for MSME-targeted government assistance yet lacking the scale and capabilities of the larger listed corporations. However, the MTC segment represents untapped potential, as they are generally well-suited to raise financing from market-based sources.

It was against this backdrop that the SC launched the MSME and MTC Roadmap. The MSME and MTC Roadmap was launched on 23 May 2024 by Senator Datuk Seri Amir Hamzah Azizan, the Minister of Finance II represented by Datuk Johan Mahmood Merican, Secretary General of Treasury.

The MSME and MTC Roadmap aims to better position the capital market as an attractive and robust source of financing for MSMEs and MTCs. While MSMEs and MTCs traditionally rely on bank financing, there is much potential for the capital market to play a bigger role, diversifying the funding sources of MSMEs and MTCs while narrowing the financing gap that exists. Furthermore, greater inclusion of firms of all sizes signals a deep and well-diversified capital market, potentially attracting a greater supply of both domestic and foreign capital, and thus positioning Malaysia as a preferred fundraising destination for MSMEs and MTCs in the region.

The target addressable universe of the MSME and MTC Roadmap is approximately 28,000 MSMEs, MTCs and startups with large economic impact and high potential to raise funds in the capital market.

Five guiding principles form the underlying foundation for the MSME and MTC Roadmap's nine crosscutting strategies and 36 initiatives. These are anchored on three key approaches of (1) regulatory and product innovation; (2) market infrastructure; and (3) capacity building. In its first year, a third of the 36 initiatives of the MSME and MTC Roadmap have been implemented.

The MSME and MTC Roadmap is supported by the Ministry of Finance (MOF), Ministry of Investment, Trade and Industry (MITI), Ministry of Economy (MOE), and Ministry of Entrepreneur and Cooperatives Development (MECD). In ensuring a holistic and co-ordinated approach, the MSME and MTC Roadmap is also aligned with various aspects of the national agenda including the Ekonomi MADANI framework, the

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

FIGURE 1 Illustration of the nine cross-cutting strategies and 36 initiatives

Catalysing MSME and MTC Access to the Capital Market: 5-Year Roadmap (2024-2028)

9 Strategies and 36 Initiatives through 3 Approaches

Enhance MSME and MTC pathways to fundraising

- a. Introduce fundraising incubation for MSME and
- b. Create pathway from ECF to the public market
- c. Facilitate listing for MSME and MTC in national priority sectors
- d. Encourage the use of growth metrics for LEAP Market and transfers to ACE Market
- e. Facilitate listing by introduction
- f. Mobilise MSME listing grant
- q. Facilitate speedier IPO approvals

5. Forge public-private partnerships for MSME and MTC investments

- a. Provide guarantee for capital market instruments
- b. Establish MSME and MTC co-investment schemes in strategic sectors and activities
- c. Explore blended finance for MSMF and MTC with international and local partners

Revitalise the LEAP Market as an SME feeder market

- Broaden eligible investor class for LEAP Market
- b. Widen the pool of listing advisers
- c. Expand methods of remuneration for advisers
- d. Establish SME-focused

Improve digitalisation

information and data

connectivity

of MSME and MTC

information

b. Spearhead MSME

and MTC data and

information sharing

among public institutions

Innovate and customise products for MSME and

- Enable MSME and MTC-focused listed
- b. Facilitate issuance of bonds/sukuk by MSME
- c. Spur indirect financing for MSME and MTC
- d. Facilitate flexible fundraising instruments for MSME and MTC

- e. Encourage experimentation to enable tokenisation and investment vehicles innovative capital market
- f. Develop waqf assets and MTC through ECF and P2P financing platforms
 - Promote Shariah-compliant ECF and P2P financing platforms

Facilitate private market deals

- a. Introduce trade sale board
- b. Develop factoring information platform for MSME and MTC

Boost MSME and MTC readiness

- a. Introduce MSME a. Introduce digitalised and MTC fundraising MSME and MTC capital readiness assessment market knowledge and
 - b. Establish MSME and MTC simplified pitching guide to investors
 - c. Broaden accelerator and matching network
 - d. Support effective ESG disclosures by MSME
 - e. Promote corporate governance best practices in MSME

Enhance capital market referrals

- a. Introduce diagnostic tool and referral platform for MSME and MTC capital market solutions
- b. Empower MSME and MTC touchpoints as capital market advocates
- c. Leverage awareness programmes by MSME and MTC agencies and associations
- d. Create funnelling channels for MSME and MTC into capital market initiatives

- Strengthen awareness and talent among investors and intermediaries
- a. Promote corporate venturing activities through capacitybuilding and awareness programmes
- b. Grow specialised capital market talent for the MSME and MTC segment

Regulatory and product innovation (11) Market infrastructure (14)

Capacity building (11)

Twelfth Malaysia Plan (12MP), the New Industrial Master Plan 2030 (NIMP 2030), the National Energy Transition Roadmap (NETR), the Malaysia Venture Capital Roadmap 2024-2030 (MVCR) and the SC's Capital Market Masterplan 3 (CMP3).

A key outcome envisaged under the MSME and MTC Roadmap is a targeted RM40 billion in total funds raised via the capital market by 2028. This objective is to be achieved through the introduction of new frameworks, market infrastructure, and capacity-building programmes in building a robust pipeline of MSMEs and MTCs into the capital market. The RM40 billion target necessitates a compound annual growth rate (CAGR) of roughly 46%. In 2023 itself, RM6.3 billion was raised through the MSME and MTC capital market channels, i.e. the ACE Market, LEAP Market, VC, PE, ECF and P2P financing.

The success of the MSME and MTC Roadmap will require close collaboration and co-operation among multiple stakeholders, including relevant government ministries, public agencies, and the private sector across the various cross-cutting strategies and initiatives. As of 2024, several collaborations have commenced, including with the MOF's Government-linked Entities Activation and Reform Programme (GEAR-uP) team, as well as through the inking of MOUs with SME Corporation Malaysia, Khazanah Nasional, and Credit Guarantee Corporation Malaysia. The SC will continue to seek close partnerships with other parties in ensuring the success of the MSME and MTC Roadmap.

The full MSME and MTC Roadmap can be found on the SC website here: https://www.sc.com.my/api/ documentms/download.ashx?id=e9b390ba-f259-4afc-99d6-08b20cf6cf00

ECF AND P2P FINANCING: FUELLING MSME GROWTH IN ADVANCING EKONOMI MADANI

In tandem with the objective of the Ekonomi MADANI Framework (Ekonomi MADANI) to promote greater economic growth, inclusion and sustainability, ECF and P2P financing continue to play a vital role in supporting the financing needs of businesses in Malaysia by providing enhanced access to alternative financing. This access is essential for fostering resilience and growth of businesses, given their importance to the national economy.

As of December 2024, both ECF and P2P financing have facilitated over RM9 billion in funding, benefiting over 20,000 businesses across various business activities. In 2024, total funds raised grew by 18% reaching RM2.6 billion (2023: RM2.2 billion).

The contribution of Shariah-compliant ECF and P2P financing to the total funds raised continued to increase, reflecting a rising demand for Islamic financing options. In 2024, Shariah-compliant financing accounted for 30% of the total funds raised amounting to RM787.6 million, compared to 24% (RM524.8 million) in 2023. This growth was predominantly driven by the P2P financing market.

Businesses located outside the Klang Valley have consistently leveraged ECF and P2P financing to meet their funding requirements. In 2024, 33% of businesses that have fundraised through ECF and P2P financing platforms are located outside Klang Valley (2023: 36%), collectively securing RM856.6 million in funding. This highlights the role of alternative financing in promoting financial inclusivity and supporting economic growth beyond the Klang Valley.

The agriculture sector in particular has witnessed substantial growth in the total amount raised through ECF and P2P financing. This growth aligns with efforts to support the national food security agenda by channelling critical funding to agricultural businesses. In 2024, the sector raised RM24.2 million, doubling from RM12.6 million in 2023, indicating a rising interest in agricultural investment as a national priority.

In 2024, a 5% decline was recorded in overall investor participation volume compared to 2023. Despite this trend, institutional investment has shown resilience, increasing by 23% to reach RM1.6 billion. This indicates that institutional investors are increasingly recognising the potential of alternative financing in offering diversification of investment portfolios. Fostering greater institutional investor participation can make a difference to the ECF and P2P financing market. Despite comprising only 2% of ECP and P2P investors, institutional investors accounted for 60% of the total investment value in the ECF and P2P markets in 2024.

As part of the ongoing evolution of the alternative financing landscape, efforts in 2024 were focused on expanding into new market segments and enhancing investor participation, in alignment with the SC's MSME and MTC 5-Year Roadmap.

Growing market segments

1. Widening financing options for MSMEs and small contractors participating in government contracts

In line with efforts to enhance financing accessibility for MSMEs, the SC has facilitated the participation of P2P financing in the government procurement financing scheme. The scheme will enable P2P financing platform operators registered with the SC to provide financing to MSMEs and small contractors involved in government contracts. Traditionally, businesses participating in government contracts rely primarily on banks and factoring houses for financing. This new scheme, which came into effect on 1 January 2025, aims to diversify financing avenues and better address the working capital needs of smaller businesses, particularly for those fulfilling government contracts under the scope of supplies, services or contract works.

The scheme is tailored to cater to specific financing requirements faced by MSMEs and small contractors. It offers two primary financing options: invoice financing, which supports cash flow post-contract delivery and financing for contract implementation (pre-financing). By addressing both types of financing needs, it provides a comprehensive solution to improve cash flow for contractors engaged in government projects.

Nine P2P platform operators will participate in this scheme, with seven of them offering Shariah-compliant financing options. This initiative represents a significant step in broadening the financing ecosystem for MSMEs and small contractors, enhancing their ability to secure necessary funding and contribute more effectively to government-led projects.

2. Continuous growth of ECF and P2P segments with the entrance of new market operators

ECF and P2P markets have garnered considerable interest from applicants looking to offer niche financing solutions to further diversify the financing and investment landscape in Malaysia. In 2024, three newly registered market operators commenced operations to offer Shariah-compliant financing and debt-based financing for MTCs, providing issuers and investors with access to a broader range of diversified offerings in the alternative financing space.

Mobilising capital to support entrepreneurial and business financing needs

Driving greater institutional investor 1. participation in the P2P financing market

With the increasing demand from businesses for alternative financing, the SC has observed greater diversification of the investor base to meet these expanding needs, fuelled in part by the growing participation of institutional investors in the P2P financing segment. Greater institutional investor participation can lead to a more robust, scalable, and resilient P2P financing market, benefiting all participants in the ecosystem.

To facilitate greater involvement of institutional investors in the P2P financing segment, the SC organised a focus group discussion that brought together key stakeholders from the P2P financing, fund management and trustee segments. Attended by over 40 participants, this initiative aimed to identify challenges and collaboratively explore solutions to facilitate greater institutional participation in the P2P financing market. Among others, participants emphasised the importance of establishing standardised valuation methodologies across various P2P products for fair pricing and discussed preferred investment vehicles to facilitate P2P investments. The session also underscored the ongoing need to raise awareness of P2P financing among institutional investors to further broaden market participation.

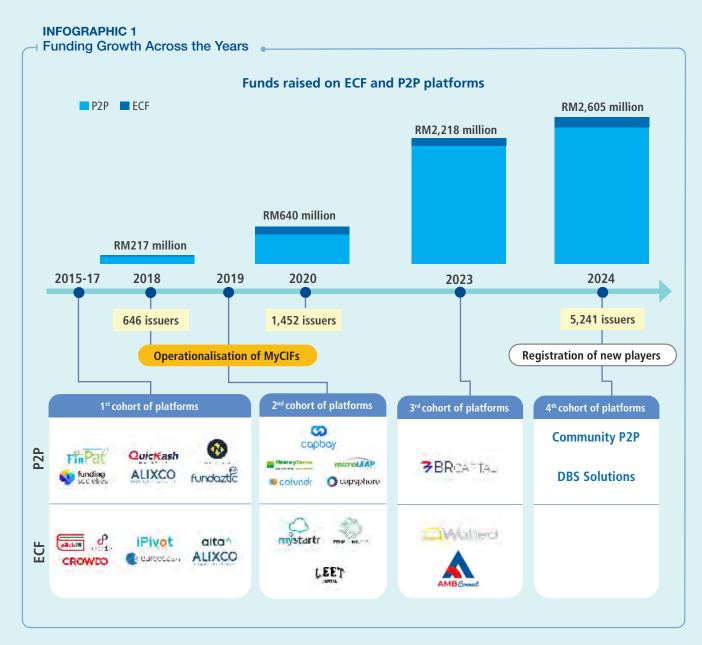
SPECIAL FEATURE 2

MALAYSIA CO-INVESTMENT FUND (MyCIF): SPURRING GROWTH AND ENHANCING **COMPETITIVENESS OF MSMEs**

Celebrating MyCIF's 5-Year Journey

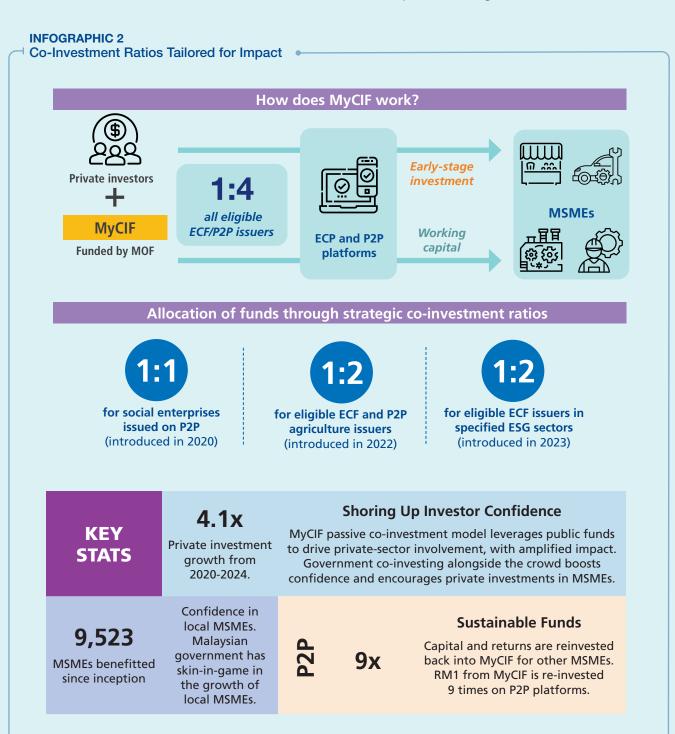
Introduction

Established in 2019, MyCIF has been a game-changer in financing for Malaysian MSMEs, through co-investing in ECF and P2P campaigns. MyCIF serves as a catalyst to the alternative financing space, bridging the funding gap for MSMEs and fostering growth across Malaysia.



Co-Investment Mechanism as a Strategic Policy Tool

MyCIF's co-investment model is designed to incentivise growth in strategic segments, channelling investments to where they are needed most. By adjusting its co-investment ratio, MyCIF has supported strategic segments, such as food security and environmental, social and governance (ESG)-related industries. From 2020 to 2023, these sectors benefitted from enhanced ratios of 1:1 or 1:2 compared to the general 1:41.

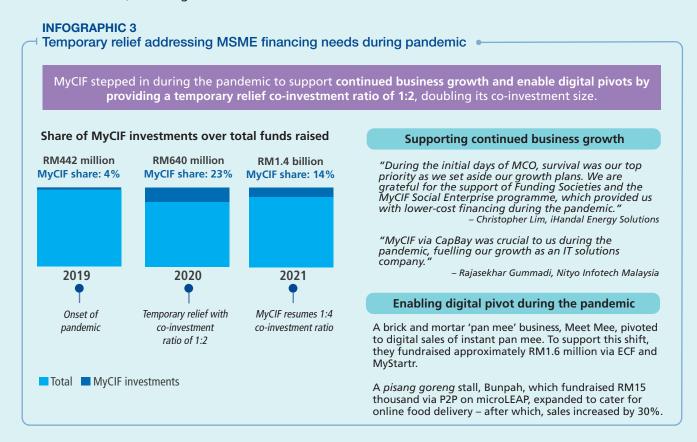


^{1:4} ratio = MyCIF will invest RM1 for every RM4 successfully raised from private investors on the MyCIF participants' platforms.

Resilience Amid Crisis

Vital 'buoy' to empower MSMEs to stay afloat

The pandemic posed unprecedented challenges to MSMEs, many of which struggled to stay afloat. In response to urgent needs, MyCIF stepped in to provide temporary relief by adjusting its co-investment ratio from 1:4 to 1:2, doubling its co-investment size. MyCIF support has provided MSMEs with much-needed financial lifelines, enabling them to weather the crisis and rebuild for a more sustainable future.



Aligning Investments with Strategic Growth Pillars

Through preferential co-investment ratios, MyCIF has guided investments into key national priority areas, such as food security, environmental and social impact segments. Notable businesses benefitting from MyCIF's preferential ratio include Aliyah Rizq Farm, with its successful expansion from 25 to 200 acres, tripling its livestock production. Likewise, iHandal Energy Solutions weathered pandemic challenges by leveraging MyCIF-backed investments for cost-effective operations, underscoring the fund's role in supporting businesses with sustainability goals.

Food Security	Social Enterprises	Environment (ESG)		
8x Increase in agri issuers invested by MyCIF after implementation of 1:2 special ratio	7.1 million Amount (RM) co-invested in social enterprises by MyCIF since inception	Environmental-impact companies co-invested by MyCIF		

"MyCIF Strategic Schemes and Initiatives – Over the years, we have defined strategic allocation developed to cater to underserved and strategic segments to national development agenda."

- Dr. Wong Huei Ching, Chairperson, MyCIF Committee

Bridge to Future Funding and New Growth Horizons

MyCIF has helped to fuel the growth journey of 307 start-ups



Start-ups which started with MyCIF gained confidence for subsequent fundraising rounds on ECF.



MyCIF beneficiaries in ECF gained visibility from other investors including Venture Capital (VC).



MyCIF helps companies grow beyond domestic markets, establishing regional presence.

companies secured multiple rounds of funding via MyCIF

companies obtained additional funding via VCs

companies have regional presence





Speedrent Technology, a rental property platform, and Uni Enrol, a digital scholarship matching service, both went on to subsequent ECF fundraising rounds.





PolicyStreet, an insurtech startup, and Fefifo, an agritech startup, secured more than RM67 million and US\$3.1 million in additional VC funding respectively.



Angkasa X, a tech-social inclusion company, with presence across ASEAN, filed for listing on Nasdaq in 2023.

MyCIF Notable Divestments in ECF

Capital gains from notable exits are reinvested back into other MSMEs



LAPASAR 2021 21.4%



NU VENDING

2023 19.7%



WILSTECH

2024

174%

MyCIF has provided vital support for budding startups, bridging the gap to future funding and growth opportunities. It has enabled MSMEs to reach new markets, diversify revenue streams, and attract attention from larger investors, including VCs and PE firms. This enhanced visibility and credibility have paved the way for sustained expansion and innovation for MSMEs.

MyCIF Open Day 2024

To commemorate its five-year anniversary, a MyCIF Open Day, titled 'Genesis, Contribution and Future of MyCIF', was held on 8 April 2024 at the Asian Institute of Chartered Bankers (AICB) building. The event, which was graced by Senator Datuk Seri Amir Hamzah Azizan (Minister of Finance II), Datuk Johan Mahmood Merican (Secretary General of Treasury) and the SC Chairman, featured seven digital boards on a gallery walk with curated speakers guiding attendees through MyCIF's five-year contribution to the MSMEs. The event also unveiled two new incentives aimed at boosting MSMEs in the upstream segments of the agriculture and bio-economy sectors in support of the food security agenda.

Under the new incentives, effective from April 2024 until the end of 2025, MyCIF will:

- Invest at 0% financing rate in eligible P2P campaigns; and
- Forego dividend income from investments in eligible ECF campaigns.

The implementation of these incentives has led to a 105% increase in co-investments in the agriculture sector compared to the previous year. To support fundraising of wagf development via ECF and P2P financing platforms, new MyCIF incentives were also announced by Prime Minister Dato' Seri Anwar Ibrahim at the Global Forum on Islamic Economics and Finance (GFIEF) on 28 May 2024. This is to benefit MSMEs, undertaking waqf-related projects, especially in the development of waqf land in the upstream agriculture and bio-economy segments.



Release of MyCIF's Impact Investing Framework and Toolkit

As part of Budget 2024, MOF allocated RM100 million to MyCIF for a period of three years for impact investing in the focus areas of food security, environment, community, education and healthcare. This also includes funding development projects of waqf assets in these focus areas.

This strategic allocation forms part of a new MyCIF scheme, called the Environmental and Social Impact (ESI) scheme, which supersedes the earlier ESG Scheme launched in 2023 with a broader range of focus areas. The MyCIF Impact Investment Framework (Impact Framework) was subsequently released in July 2024 to facilitate MyCIF investments into ECF and P2P financing businesses that qualify under this ESI scheme. The Impact Framework sets out impact goals to be achieved in MyCIF focus areas, supported by a toolkit to help ECF and P2P financing businesses to measure their impact contribution.

Following the release of the ESI scheme, there were three campaigns that had successfully raised funds on ECF platforms with MyCIF co-investing a total of RM1.2 million.



EDUCATION & COMMUNITY

DIA Academy Sdn Bhd

(DIA - Dialogues Includes All) Experiential training centre offering dialogue in the dark exhibitions and training workshops, from the perspectives of individuals with special abilities. Its mission is to help future employers recognise unique strengths and challenges of these individuals.



HEALTHCARE

Ascension Innovation Sdn Bhd

Champions accessibility, inclusivity and economic empowerment by rectifying systemic inefficiencies prevalent within public and private sectors of healthcare delivery. Its flagship product, aiCMS, employs technology to optimise clinical management processes for patient engagement and retention.



ENVIRONMENT

Telcov Sdn Bhd

Offers innovative e-waste recycling solutions, including a proprietary mobile app that streamlines e-waste collection and rewards users with recovered precious metals. Telcov is authorised by the Department of Environment (DOE) to handle, treat and dispose 300 tons per month of e-waste materials.

MyCIF Strategies Schemes in 2024

Fortifying food security and creating environment and social impact.

Ongoing MyCIF initiatives

Announced in 2022

Agriculture Scheme



1:2 co-investment ratio to support ECF and P2P campaigns in agriculturesector

Primary agriculture activities as defined by SME Corp including crops, livestock, fishing and aquaculture.



Schemes Implemented in 2024

Enhanced initiative

Food Security Scheme

Environmental and Social

Impact Scheme

From April 2024 to end of 2025, following additional incentives for upstream agriculture and bio-economy businesses:

- 0% financing rate in eligible P2P campaigns; 1. and
- Forego dividend income in eligible ECF 2. campaigns

This includes fundraising campaigns for waqf asset development.

Announced in 2023

ESG Scheme



1:2 co-investment ratio to support ECF campaigns in strategic sustainability sectors

- Renewable energy.
- Waste and water management.
- Circular economy.

ESG Scheme

replaced

Launched in July 2024, 1:2 co-investment ratio to support impact businesses in focus sectors (Environment, community, food security, education and healthcare)

Also partnering with State Islamic Religious Councils (SIRCs) to fund development projects of waqf assets in focus sectors.

MyCIF's Significant Achievements

With a total allocation of RM260 million from the government since the inception of the fund, MyCIF has successfully co-invested RM1.19 billion in over 9,000 MSMEs, achieving a remarkable 4.1 times multiplier effect. This has attracted a total of RM4.92 billion in private investments, bringing the overall funds raised with MyCIF's support to RM6.11 billion.

From its inception, MyCIF had invested approximately RM126 million in 308 ECF campaigns and RM1.06 billion in 69,977 P2P campaigns.

2. Facilitating a conducive tax environment for greater individual participation in the ECF market

As part of efforts to incentivise investments into ECF by individuals, the government had announced in Budget 2021 that individual investors be given an income tax exemption (ECF Tax Exemption), subject to the following:

- Investment must be made through ECF platforms from 2021 to 2023;
- Exempted amount is equivalent to 50% of investments made, capped at RM50,000 for each year of assessment (YA);
- Exempted amount is limited to 10% of aggregate income for each YA:
- Investment is not allowed to be disposed of within two years from the date of investment; and
- The investor, investee company and amount of investment must be verified by the SC.

On 20 February 2024, the SC submitted the first ECF investment annual data reporting to Lembaga Hasil Dalam Negeri Malaysia (LHDN). This served as a reference for LHDN to verify the first tax filing for ECF Tax Exemptions in ECF companies by individuals since the tax order became effective.

To further encourage individual investments in ECF, the government has extended the ECF Tax Exemption for another three years, until 31 December 2026 as part of the Federal Budget 2024 announcement. The scope has also been expanded to permit individual ECF investors investing through nominee limited liability partnership to benefit from the tax exemption. Previously, the ECF Tax Exemption was limited to individuals investing in the investee companies via ECF platforms, directly or through nominee companies. These measures allow more individual investors who are investing through ECF platforms to benefit from the ongoing ECF Tax Exemption.

3. Enhancing opportunities for retail investors in the ECF market

ECF has empowered retail investors to participate in start-ups and early-stage business investments, traditionally only accessible to institutions and high-networth individuals. This has democratised investment opportunities, enabling a broader population to benefit from entrepreneurial success.

Since ECF was introduced in 2015, the RM5,000 retail investment cap has remained unchanged despite evolving economic conditions. As the ECF market matures, there is growing demand for a higher cap that aligns with investor appetite and expanding opportunities. Raising this limit would better align with the increasingly larger size of ECF deals, fostering a more responsive and dynamic investment environment.

In this regard, the SC has liberalised the ECF retail investment limit from RM5,000 to RM10,000. This liberalisation, which came into effect on 6 January 2025, will provide greater flexibility for retail investors with higher investment capacity to participate in high potential ECF ventures. In addition, it supports a more inclusive investment framework, promoting a thriving entrepreneurial nation, in tandem with the Ekonomi MADANI framework and objectives of the KL20 Action Plan.

4. Facilitating investor liquidity and exit mechanisms through ECF and P2P secondary markets

The introduction of secondary markets within the ECF and P2P financing landscape represents a significant milestone, enhancing liquidity for investors. This initiative enables the trading of ECF shares and P2P investment notes, providing new investors with diverse investment opportunities.

To date, four registered market operators have received approval from the SC to operationalise secondary markets. Of these, two P2P financing and one ECF platform are now fully operationalised.

The SC launches GROWMatch and signs MOU with MDEC, Sidec, UPM, and Impact Circle

On 16 August 2024, the SC launched GROWMatch, a new matching initiative that allows agri-business entrepreneurs to showcase their ventures and attract necessary funding from alternative financing. The Minister of Digital, Gobind Singh Deo delivered the keynote address at the event.

Supported by 17 partners, including venture capital firms and government agencies, GROWMatch combines diverse expertise to support food security innovators, particularly small companies facing funding challenges. GROWMatch taps into ECF and P2P platforms to support MSMEs in strategic and underserved sectors.

The programme achieves two main outcomes: first, it provides agripreneurs with exposure to the investment community, from digital funding platforms to VC/PE firms, expanding their access to essential capital and mentorship. Second, it offers investors valuable insights into the unique risks and opportunities within techdriven agri and food security sectors, fostering more informed, strategic investments.

At the GROWMatch pitching session, 20 outstanding entrepreneurs showcased innovative solutions, vying for diverse financing opportunities from alternative funding providers. Selected from over 70 applicants for their strong track records, business models, and execution strategies, these participants exemplified the high calibre of the GROWMatch cohort. Post-programme, several issuers are progressing toward securing financing, with some already attracting investments, highlighting the programme's effectiveness in fostering impactful financial connections.

At the same event, the SC also signed a Memorandum of Understanding (MOU) with the Malaysia Digital Economy Corporation (MDEC), Selangor Information Technology and Digital Economy Corporation (Sidec), Universiti Putra Malaysia (UPM) and Impact Circle.

The MOU seeks to promote food security self-sufficiency through alternative financing. It combines diverse expertise to develop, incubate and finance opportunities that support agripreneurs scale their business and contribute to the overall goal of achieving food security. Partners within the GROWMatch ecosystem, including the MOU signatories, have contributed to nearly 70% of GROWMatch applications and played a key role in preparing these ventures for investment.



These promising developments are set to enhance the attractiveness of the ECF and P2P markets, benefiting both issuers and investors. Furthermore, they will also contribute towards fostering a more dynamic and accessible capital market.

Establishment of the Malaysian Innovation Agri-Financing Steering Committee (MIAF)

As part of GROW, MIAF was established by the SC and the Ministry of Agriculture and Food Security (KPKM) to foster greater adoption of alternative financing among agropreneurs in support of the country's food security agenda. MIAF is a collaborative initiative that includes KPKM, Agrobank, Malaysia Digital Economy Corporation (MDEC) and the SC. The committee aims to leverage the expertise and resources of its members to increase the agriculture sector's understanding and adoption of alternative financing (ECF and P2P financing) and technology, as well as facilitate the growth of investment-ready agribusinesses.

The inaugural MIAF meeting, held on 8 February 2024, explored a range of initiatives to bolster the agri-financing ecosystem. These initiatives focused on advancing agri-financing solutions by fostering connections between agribusinesses and alternative financing sources to support innovation, growth and sustainability in Malaysia's agriculture sector.

MOBILISING PRIVATE AND PHILANTHROPIC CAPITAL VIA THE SOCIAL EXCHANGE

Enhancing the Social Finance Ecosystem in Malaysia

On 28 May 2024, Prime Minister Dato' Seri Anwar Ibrahim officially announced the establishment of Malaysia's first Social Exchange at the GFIEF. This significant development underscores the government's commitment to fostering social innovation and addressing pressing societal challenges through collaborative efforts.

The SC proudly spearheads this groundbreaking initiative, marking a significant step towards enhancing the social finance ecosystem in Malaysia. This innovative fundraising platform is the first regulator-led initiative of its kind in the country, aimed at driving impactful social change by facilitating the flow of private and philanthropic capital into impactful projects that deliver positive social outcomes and foster sustainable development. This initiative not only demonstrates the SC's commitment to social innovation but also sets a precedent for collaborative efforts in addressing societal challenges.

Aligning with Ekonomi MADANI **Aspirations and Sustainable Development** Goals

The establishment of the Social Exchange is expected to foster collaborative solutions and empower societal development, aligning seamlessly with the aspirations of the Ekonomi MADANI framework aiming for a just, equitable, and sustainable economy. This initiative reflects a strategic move to integrate social finance mechanisms into Malaysia's broader economic development plans, promoting shared prosperity and social justice.

In addition, the Social Exchange focuses on funding eligible projects that encompass diverse themes aligned with the United Nations Sustainable Development Goals (SDGs). By aligning with these global goals, the Social Exchange aims to create meaningful impact on communities and contribute to Malaysia's sustainable development agenda.

Key areas include:



Social Welfare: Initiatives that improve the quality of life for disadvantaged communities.



Quality Education: Programmes that enhance educational access and outcomes.



Capacity Building: Projects that strengthen skills and competencies within communities.



Good Health and Wellbeing: Efforts aimed at improving healthcare services and promoting healthy lifestyles.

Formation of an Advisory Committee

To ensure the effectiveness and success of the Social Exchange, the SC established an Advisory Committee led by the SC Chairman. The Committee comprises members with relevant backgrounds and represents institutions identified as key enablers for the initiative. The Advisory Committee is expected to:



Provide Strategic Guidance

Offer insights on the key building blocks necessary for the establishment and operation of the Social Exchange.



Foster Collaboration

Encourage partnerships between government, private sector, and non-profit organisations.



Enhance Impact

Recommend strategies to maximise the social outcomes of funded projects.

AUGMENTING THE INVESTMENT LANDSCAPE

The SC remains focused on enhancing investment avenues and fostering a dynamic ecosystem that supports wealth accumulation and the innovation economy. In 2024, the SC introduced pivotal measures to strengthen Malaysia's investment landscape, targeting greater inclusivity, innovation, and competitive growth within private markets. Anchored by the goals of the Ekonomi MADANI framework and the KL20 agenda, these efforts are crafted to expand Malaysia's investment landscape, positioning the country as a leading hub for private capital while facilitating greater access for investors.

Corporate Innovation Reports

Malaysia's private markets have experienced steady growth over recent years and have become an increasingly important fundraising avenue for the innovation economy. As of 2024, the venture capital (VC) and private equity (PE) sectors include over 145 registered corporations, managing RM24.7 billion in assets. This marks a 297.75% growth in assets over the past 10 years from 2014 to 2024.

Nevertheless, Malaysia's ambitions extend beyond this growth trajectory, aiming to broaden and deepen the private market ecosystem, acknowledging its crucial role in financing real economic activity. This is in tandem with Malaysia's Ekonomi MADANI objective of 'Raising the Ceiling' and the national KL20 agenda to establish Malaysia as a leading startup ecosystem globally.

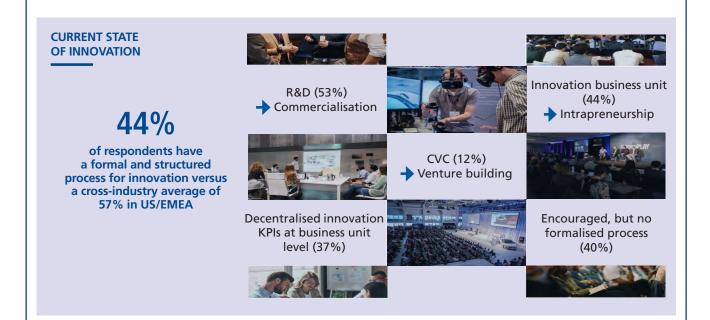




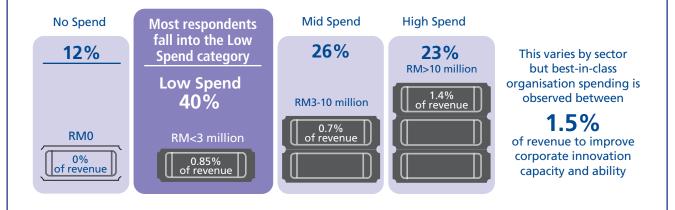
Corporate venture capital (CVC) is a key component in this journey, providing a dynamic and increasingly important pillar of the investment ecosystem. CVC involves the creation of dedicated venture funds by corporations, enabling direct investment in external, early-stage businesses that help these corporations meet their strategic and long-term financial goals. In recent years, the SC and Capital Markets Malaysia (CMM) have sought to catalyse CVC activity among Malaysian corporates through a series of CVC programmes. Insights gained from these programmes suggested that only a minority of corporates are embracing CVC and further effort is required for the majority of corporates who are starting the journey.

Hence in 2024, the SC conducted a Corporate Innovation Survey as a 'temperature check' on the state of corporate innovation among PLCs. Respondents of the survey represented approximately 36% of the FBM 100 Index's market capitalisation, or RM482 billion.

Among the key observations, 70% of the respondents believe their company is reasonably well-prepared for innovation. Despite this, the survey highlighted that only 44% of corporates had a formal and structured process for innovation compared to 57% in the US/EMEA region.



In terms of annual spend on innovation, 40% of the respondents indicated that their annual innovation spend was approximately 0.85% of revenue which was lower than the global average of between 1% to 5% of revenue.



Additionally, 65% of respondents indicated that 'lack of resources' in terms of knowledge, talent, and capital is the primary barrier to innovation.



Further to this, CMM sought to better understand the status of Malaysia's CVC ecosystem and realise opportunities for development. To this end, CMM collaborated with Boston Consulting Group (BCG) and its unit BCG X to release a report on the state of corporate venturing in Malaysia entitled 'Advancing Malaysia's Innovation Landscape: The Pivotal Role of Corporate Venture Capital'. The report leveraged surveys and discussions with over 30 senior leaders of the Malaysian corporate landscape, analysed current CVC activity in Malaysia and benchmarked against other ASEAN countries.

The report highlighted that Malaysia's challenges in catalysing an effective CVC ecosystem are not unique and that similar obstacles had been observed in countries across ASEAN. This provided the opportunity to learn from successful CVC models and strengthen Malaysia's CVC ecosystem. Three key levers were identified to this end.



Level 1: Educate and enhance awareness for board and senior leadership

Educate and enhance awareness in board and senior leadership positions on the benefits of CV.



Level 2: Create opportunities to start small

Creating incentives for corporates to make smaller, more manageable investments in areas closely aligned to the core business is a proven and effective way to initiate CVC activities.



Level 3: Improve connectivity between startups, corporates and funding sources

Develop centralised platforms that improve connectivity between industry stakeholders to enhance startup visibility and facilitate better alignment and co-ordination of investment across various funding sources.

The SC and CMM have embarked on the implementation of some of these levers through several CVC-related programmes. Nevertheless, as CVC is poised to unlock significant economic value for businesses and the wider economy in Malaysia, this journey can be furthered by the SC's continuous efforts in increasing awareness, creating opportunities to start small and improving connectivity between startups and corporates.

Ultimately, these efforts will empower stakeholders in Malaysia to effectively address the current barriers to CVC participation, and foster a more vibrant, innovative and economically robust corporate sector.

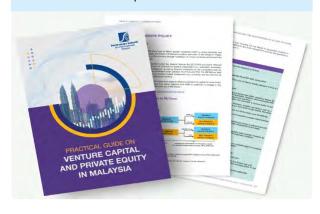
Enhancing Access in Malaysia's Private Markets

The VC and PE industries are important components of the alternative financing ecosystem in the Malaysian capital market, playing the essential role of mobilising capital as well as nurturing promising startups and high growth enterprises. Facilitating the growth of private markets is thus essential to the SC's aim of promoting financial inclusion and increasing the breadth and depth of the domestic capital market.

In 2024, the SC took significant steps to support Malaysia's VC and PE ecosystem. This included releasing the Practical Guide on Venture Capital and Private Equity in Malaysia and streamlining the VC registration process for eligible VCs through the introduction of the VC Golden Pass.

What is VC and PE Practical Guide?

The Practical Guide for Venture Capital and Private Equity in Malaysia offers a crucial overview for managing VC and PE funds, designed to aid prospective fund managers, investors and service providers.



Recognising the critical role of VC and PE firms in funding innovative and high-growth companies, the Guide provides greater clarity on the VC and PE landscape. It does so by outlining Malaysia's regulatory environment, covering key areas such as capital market regulations, taxation, fund structuring, and foreign exchange to promote ease of investment and operational transparency. This represents the SC's broader commitment to nurturing Malaysia's entrepreneurial ecosystem, aligning with national aspirations to foster a globally competitive startup environment and establish the country as one of the top 20 global startup hubs by 2030.

Complementing these efforts, the SC introduced the VC Golden Pass to expedite the registration process for eligible international VCs, reducing application times from six weeks to two weeks. This initiative aligns with the SC's broader strategy of encouraging knowledge transfer, best practices, and capital inflows, further embedding Malaysia within the global investment community.

VC Golden Pass

Objectives

Attract sizeable global and regional VCs to establish presence in Malaysia

Incentives



Expedited registration approval from 6 weeks to 2 weeks, subject to a complete submission and applicant fulfilling all requirements of the SC's Focus Scope Assessment



Support letter from the SC in obtaining **Employment Pass** for VC senior management and staff, together with the SC's approval for VC registration

Eligibility



Existing global AUM of at least US\$100 million



Commitment to building local presence - physical office in Malaysia with a least two local staff in the investment team

Through these initiatives, the SC reinforces its commitment to fostering a robust and inclusive financial ecosystem, further positioning Malaysia as a leading hub for VC and PE within Asia. By lowering operational barriers, enhancing market transparency, and encouraging knowledge transfer, the SC not only broadens financial access for local businesses but also aligns with the national KL20 agenda. Together, these efforts serve to attract global investors, support highimpact growth sectors, and contribute to Malaysia's long-term economic resilience and competitiveness.

Widening Sophisticated Investor Categorisation

While Malaysia's current investor categorisation has provided a solid foundation, a comprehensive review identified opportunities to enhance inclusivity, particularly for the mass affluent. In this regard, the SC introduced the Sophisticated Investor Framework in 2024 to expand the categories of sophisticated investors and broaden capital market access. The revised framework offers access to a more diversified pool of investments, better aligning with investors' financial capacity and risk profiles, and underscores the SC's commitment to fostering an inclusive investment environment.

Key features of the expansion include a new category that considers the knowledge and experience of sophisticated investors. In addition, enhancements to current categories were made, allowing flexibilities of existing financial thresholds for high-net-worth individuals (HNWIs). The new 'Knowledge and Experience' category will benefit individuals who do not meet financial tests but are able to demonstrate financial knowledge sophistication to participate in relevant market offerings. This category assesses potential investors based on their education, recognised financial association membership, and practical experience in relevant sectors such as banking, capital markets or insurance.

Another key change is the inclusion of an investor's primary residence value, up to a cap of RM1 million, in assessing their qualification as a sophisticated investor. The definition of a joint account is also expanded to incorporate accounts with a spouse or child, including total net joint annual income and investment portfolios. This expansion will better depict a family's collective financial status and investment potential.

This reinforces the SC's commitment to maintain capital market competitiveness and vibrancy, while promoting greater investor participation. Previously, categories of sophisticated investors were prescribed in Part 1 of Schedule 6 and Schedule 7 of the Capital Markets and Services Act 2007 (CMSA). This has now been moved to Guidelines on Categories of Sophisticated Investors to facilitate these changes.

Facilitating Greater Diversity Within The Fund Management Industry

Over the years, the SC has enabled greater diversity of products, services and distribution channels within the fund management industry in recognition of the evolution of investment preferences. For example, in 2022, the wholesale fund framework was expanded to enable domestic managers to invest in more alternative investment products via special purpose vehicles. Additionally, the e-services framework was introduced in 2020, to enable e-wallets and e-payment service providers to democratise the online distribution of capital market products, including unit trust schemes.

In order to achieve better outcomes for investors, the SC recognises the importance of enabling a wider range of perspectives, skills and expertise within the industry to drive innovation and in product, services and distribution channels. In this regard, the SC introduced two measures to grow the diversity and number of fund management firms and representatives.

The first is, liberalising the licensing requirements around corporate ownership in the fund management industry. This move allows entities beyond those traditionally associated with the financial sector to obtain licences and undertake fund management activities. By enabling non-traditional financial institutions to participate, the SC is fostering greater competition, promoting innovation, and encouraging the adoption of new business models within the industry.

Secondly, the SC has expanded the minimum qualification and experience requirements for fund managers. This change acknowledges experience in premier banking, financial planning (FP), and unit trust consulting (UTC) as relevant for portfolio management roles. By opening fund management to professionals from these diverse backgrounds, the SC aims to attract a wider range of expertise and increase the talent pool, ultimately enhancing the industry's capability to deliver superior fund management services.

A more diverse pool of firms and fund management personnel will drive growth, better serve the evolving needs of investors, and keep the industry competitive in an ever-changing market. By broadening access and encouraging diverse participation, the SC is helping to build a more inclusive, vibrant, and resilient fund management industry.

Enhancing the investor base: Family Office Tax Incentive Scheme

In the next decade, capital markets globally will be experiencing the largest intergenerational transfer of wealth in history. The 'baby boomer' generation, born between the 1950s and 1960s, is now retiring and passing on their wealth to the next generation. According to McKinsey, between 2023 and 2030, ultra-high-net-worth (UHNW) and high-net-worth (HNW) families in the Asia Pacific region are set to experience an intergenerational wealth transfer estimated at US\$5.8 trillion. UHNW families are expected to account for about 60% of the total wealth transfer, and many are setting up family offices to facilitate the process. Family offices serve as an investment office for UHNW families and provide a range of services including wealth management, legal, bookkeeping and tax planning, insurance and risk management, concierge and family services, governance, education and succession planning, and philanthropy.

The growth of family offices offers a unique and valuable opportunity for capital market intermediaries and service providers to deliver highly personalised and tailored solutions. Fund managers and financial planners are well-positioned to benefit from this expanding sector. Family offices, often seeking bespoke investment strategies, provide fund managers with the chance to oversee large, diversified portfolios that go beyond traditional asset classes. For financial planners, the rise of family offices opens doors to a range of comprehensive services, from estate planning and tax optimisation to succession planning, allowing them to cater to the complex, multigenerational needs of these clients.

Equally, capital market service providers such as trustees, alongside professionals like accountants and lawyers, are integral to the smooth and efficient functioning of family offices. These professionals provide services, including asset administration, legal compliance, and tax optimisation, which are critical to ensuring the longterm sustainability and seamless transfer of wealth across generations.

MOF and the SC recognised the significant opportunity family offices presented for domestic capital markets and sought to capitalise on it. As a result, the Single Family Office Tax Incentive Scheme (SFO Scheme) was introduced. The SC has been empowered to lead the co-ordination and implementation of the SFO Scheme.

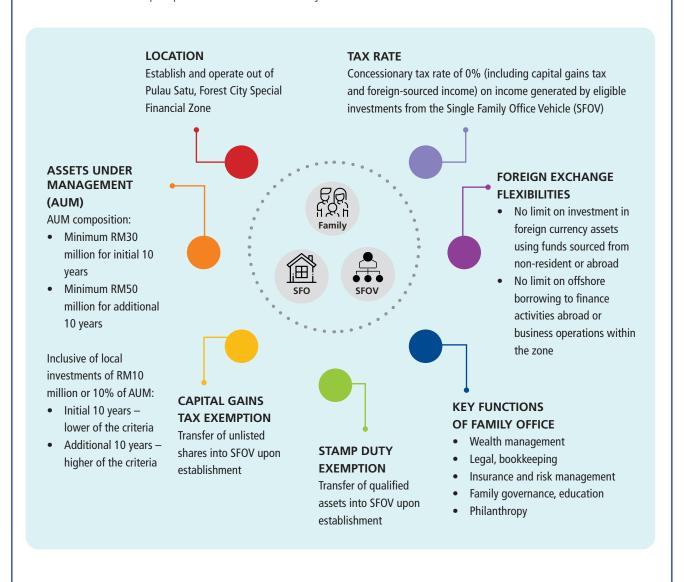
The Forest City Special Financial Zone (FCSFZ) was established to lure foreign family offices to invest in Malaysia and leverage talent within Malaysia as well as attract Malaysian families with investment abroad to repatriate foreign currency holdings to Malaysia to be managed here. The incentive scheme provides for a 0% concessionary tax rate on income generated from eligible investments by the Single Family Office Vehicle (SFOV) for an initial 10 years and subsequent 10 years subject to several conditions being fulfilled. This includes:

- Hold AUM of at least RM30 million; meet minimum local investment in eligible and promoted investments of at least 10% of asset under management (AUM) or RM10 million, whichever is lower;
- SFOV to spend operating expenditure (OPEX) locally at a minimum, of RM500,000 annually;
- Employ a minimum of two full-time employees of whom at least one is an investment professional, with minimum monthly salary of RM10,000;

Establishing the SFO Scheme enables Malaysia to enhance its investor base by attracting regional and Malaysian families to manage their wealth from Malaysia. The projected economic multiplier of this initiative from the local substance requirements is estimated to range from RM3.9 billion to RM10.7 billion, which also includes the positive effects on the creation of skilled employment and the demand for other ancillary services.

The establishment and growth of family offices in Malaysia hold great potential for the broader economy. As wealth is reinvested domestically, it has the power to fuel the expansion of Malaysian companies and industries, fostering innovation and driving economic growth. Beyond financial investments, family offices can also play a pivotal role in supporting local communities through philanthropic initiatives, contributing to social development and creating a lasting impact on the well-being of society.

By creating a conducive environment for family offices and leveraging Malaysia's robust regulatory framework to encourage reinvestment of wealth within the country, Malaysia is well-positioned to strengthen its capital market, empower local businesses, and enhance its global competitiveness. The continued development of family offices aligns with the nation's vision for sustainable, inclusive growth, ensuring that both financial and social capital are harnessed to drive a prosperous future for all Malaysians.



ENHANCING OPPORTUNITIES FOR THE DERIVATIVES MARKET

In its efforts to continue to enhance opportunities within the derivatives market towards fostering growth and a more diverse, resilient trading environment, the SC has made key amendments to the Guidelines on Contracts for Difference (CFD Guidelines) and granted approvalin-principal for the relaunch of the Single Stock Futures (SSF) contract. The SC has also introduced the USD Used Cooking Oil FOB Straits (Platts) Futures (FUCO) to broaden the derivative product offerings.

Revision to Guidelines on Contracts for Difference

Following an extensive review of the CFD framework and feedback received from the CFD providers, the SC issued the third revision of the CFD Guidelines on 14 June 2024.

Key amendments to the CFD Guidelines include:

- expanding the types of underlying instrument for (a) CFD to units of exchange traded fund, units of real estate investment trusts as well as commodity derivatives listed on Bursa Malaysia Derivatives or a Specified Exchange³; and
- (b) reducing the average daily market capitalisation of the underlying corporation from RM1 billion to RM500 million.

In addition to enabling a more diverse range of investment options for market participants, the changes serve to align requirements e.g., where the underlying instrument is shares listed on Bursa Securities, the average daily market capitalisation for a CFD is aligned to the structured warrants framework. Further, operational flexibility has also been granted i.e., allowing the submission of documents by CFD providers via electronic means instead of CD-ROM.

These adjustments ensure that the framework remains facilitative and fosters the growth of available products.

While CFDs remain accessible only to sophisticated investors, the pool of such investors has widened following the issuance of Guidelines on Categories Sophisticated Investors in February 2024.

Relaunch of Single Stock Futures Contract

As part of an initiative to revamp and generate vitality in the Single Stock Futures (SSF) Contract, several modifications were made:

- 1. Expanding the number of eligible underlying stocks – from 10 stocks to 30 stocks capturing all the constituents of FBMKLCI;
- 2. Reducing the contract size of SSF to cater for retail participation – where the contract size of SSF will be reduced from 1,000 shares per contract to 100 shares per contract;
- Lowering of trading and clearing fees from a 3. tiered basis based on the price of the SSF to a flat fee of RM1.00
- 4. Modification to speculative position limit and changes to treatment of when there is a corporate action on the underlying securities

The spectrum of changes is meant to enhance the attractiveness of the contract, especially for retail participants. Retail investors can use SSF to hedge their stock portfolios or capitalise on trading opportunities, allowing for greater flexibility and risk management. By attracting this growing segment of the market, the initiative could enhance market breadth and depth, fostering a more diverse and resilient trading environment.

The SSF contract is targeted for relaunch by Bursa Malaysia Derivatives in the first quarter of 2025.

Introduction of USD Used Cooking Oil FOB Straits (Platts) Futures (FUCO)

Used cooking oil (UCO) is a multifaceted commodity that can be repurposed into valuable by-products, including renewable fuels, oleochemical products and animal feed. As a favourable addition to the range of sustainable listed derivatives products available, the introduction of FUCO serves to:

Capitalise on current trends and needs in 1. renewable energy by providing price discovery and hedging tools for UCO players;

A 'Specified Exchange' is a person or body that operates a derivatives market outside Malaysia under section 105 of the CMSA.

- 2. Fuel intercommodity trading as crude palm oil, soybean oil and UCO are correlated products that are commonly cross hedged; and
- 3. Position Bursa Malaysia Derivatives as the first exchange in Asia to have a FUCO contract.

The contract is also aligned to Malaysia's commitment towards Sustainable Development Goals (SDG) and NETR of catalysing our biomass energy productions derived from UCO.

The contract was launched by Bursa Malaysia Derivatives on 16 December 2024.

DEMOCRATISING INVESTMENTS THROUGH THE DIGITAL ASSET **ECOSYSTEM AND DIGITAL PLATFORMS**

Technological advancements, global trends and consumers' growing familiarity with alternative assets in the digital ecosystem continue to evolve the structure of capital markets. Consequently, there is more demand for diversified investment options and increasing preference for digital channels to assess these investment options.

Digital Asset Ecosystem

The digital asset ecosystem in Malaysia has continued to develop and evolve in tandem with development and evolution of digital asset ecosystem globally. In Malaysia, there has been a rebound of crypto-asset trading activities within the recognized market operators - digital asset exchange (RMO-DAX) space, expansion of ecosystem players, increase in digital asset-related products, such as digital asset funds, and initial exchange offering token fundraising as well as more interest in blockchain adoption and tokenisation within the capital market.

The increased interest in digital assets signals Malaysian investors' growing familiarity with this new asset class and the associated regulated players in the market. This is aligned with the SC's digital agenda to create a more diversified and democratised capital market.

Digital Asset Investments

The SC observed that the average daily trading value of RMO-DAXs has increased by 2.6 times in 2024 compared to the previous year. Aside from the price rebound globally, this increase could be attributed by the additional eight digital asset (DAs) listed on the RMO-DAX which is a 73% increase from the 11 DAs tradeable in 2023 and the increase in number of overall investor base by approximately 23%.

Since the launch of the first digital asset fund in 2023, three more have been established in 2024. These funds offer a variety of strategies including single-asset passive funds and actively managed funds. Apart from these funds, the collective investment scheme space has also seen funds seeking minor exposure into digital assets through investments in digital assets and blockchain firms. The increased diversity will meet different needs of investors.

To provide greater regulatory clarity on the treatment of DA as securities, the SC has designated DA custodians as a 'custodian' under section 121 of the CMSA. As the SC remains cognisant of the importance of the roles that custodians have in capital market activities regardless of the asset class, the same designation and responsibilities shall apply across designated custodians.

Token Fundraising

In 2024, initial exchanges offering (IEO) operators issued their first token issuance for issuers to fundraise. There was an issuance of a tokenised Shariah-compliant investment note for an issuer to fundraise via a tokenised investment note. There were also two issuance(s) of utility tokens, which created new fundraising opportunities by offering investors access to products or services in exchange of tokens.

With the total funds raised amassing RM48 million, the SC believes this is the first step towards building a more vibrant alternative fundraising market.

Securities Tokenisation

Blockchain technology promises various characteristics such as programmability, transparency and accessibility, consequently, driving global interest tokenisation of underlying securities. In embracing such developments within the Malaysia market, the SC is looking to issue a guidance on tokenisation of securities to assist intermediaries in understanding and managing the associated risks while providing regulatory clarity.

In line with the SC's objective towards developing forward-looking policies that support the future of the Malaysian capital market, the SC is collaborating with Khazanah Nasional to explore the issuance of a tokenised bond or sukuk. This endeavour will allow both parties to delve into the functions and utility of tokenisation, ranging from the use of smart contracts to custodial arrangements, consequently deepening understanding on the benefits and the risks involved with blockchain technology.

Digital Investment Management and E-services platforms

Digital Investment Management

Launched in 2017, the digital investment management (DIM) framework has been instrumental in advancing robo-advisory services within Malaysia's capital markets. By enabling both emerging and established digital investment managers to harness technology, the framework has fostered innovative, efficient methods for delivering personalised financial products and services according to investors' risk appetite. This shift has increased accessibility for users, aligned with evolving investor demands for transparent and more costeffective automated portfolio management services.

As of December 2024, DIM has grown over 500 times since December 2018 with total AUM, valued at RM1.9 billion.

E-Services Platform

The introduction of the e-services platform (e-SP) regulatory framework in 2017 has enabled digital platforms such as e-payment platforms, e-commerce platforms and e-wallets to partner with CMSL holders to distribute capital market products, thus providing additional investment channels for investors. Since its introduction, e-SPs facilitated the online distribution of 66 capital market products, providing further accessibility to investment opportunities for the benefit of investors. To date, the SC has registered six e-SPs.

As of December 2024, the cumulative value of subscriptions to capital market products distributed on e-SPs surpassed RM53 million, marking more than a twofold increase compared to December 2023. Notably, in 2024 alone, subscriptions of approximately RM33 million, accounting for 61% of the total subscriptions, were recorded.

FIGURE 1 Snapshot of DIM industry

Size of the Industry AUM Accounts created RM1.9 billion 1.17 million Over 500 times growth since its inception in 2018 Client demography **Common investment goals** 46% are in their 20s Holiday **55%** live outside Klang Valley **Build personal** House/car wealth 32% are women Wedding Education Note: Data up to 31 December 2024.

SPECIAL FEATURE 3

SCxSC EXPANSION: DRIVING INNOVATION FOR A SUSTAINABLE CAPITAL MARKET

Since its inception, the Synergistic Collaboration by Securities Commission Malaysia (SCxSC) programme has been central to fostering innovation in the capital market. Underpinned by the accelerating pace of technology-driven innovation, there is a need for greater engagement with innovators to respond to these developments more effectively. Starting in 2023, SCxSC was expanded to foster focused collaboration with industry players and the broader ecosystem, enhance deeper understanding of new innovations at play, and gain valuable insights for policymaking.

The SCxSC aims to unlock potential of innovation to enhance the capital market, thus support the SC's strategic goals of fostering competitive economic growth, empowering investors, and shaping a more inclusive and sustainable stakeholder economy, as outlined in the CMP3. In 2024, SCxSC transitioned from an annual fintech conference to a series of targeted, thematic events aimed at specific outcomes. This shift reflects three core objectives:



The 2024 programme expanded into four key series, each addressing different aspects of capital market innovation:

Views from the Top **Innopolicy Roundtables** 01 **02** C-suite Leaders Dialogue Insights from innovators, on innovations leveraging technologists, and financial emerging technologies while professionals to inform of managing risks policy development **Pitch and Match TechTrek** 03 04 **Networking opportunities** Technical capability for innovators, financial development focus on

professionals, and investors to

foster collaboration

cybersecurity and technology

risk management



Series of SCxSC programme implemented throughout 2024 on key innovation domains



The programme culminated in the SCxSC Fintech Summit, the SC's flagship fintech conference from 1 to 2 October 2024. The event gathered around 1,000 attendees, bringing together financial professionals, policymakers, fintech communities and technologists from Malaysia and across the region.

With the theme 'Where Innovation Meets Purpose', the fintech summit featured thought leadership, innovation showcases and discussions on:

- Al's applications in various domains, including impact investing, RegTech, and business growth;
- Tokenisation and its growing role in capital markets and the potential of digital assets as a new asset class; and
- Innovation in Islamic finance with FIKRA ACE's pitching sessions spotlighting solutions designed to address the unique needs of Islamic capital markets.

During the SCxSC fintech summit, the SC announced the introduction of the Regulatory Sandbox; given the rapid emergence of innovative products and services that challenges the boundaries of our existing regulatory framework. This Regulatory Sandbox offers a controlled environment to explore new ideas that will benefit the capital market while maintaining focus on investor protection. This would supplement the SC's approach towards creating fit-for-purpose and forward-looking policies for the capital market.

SCxSC continues to underscore the SC's commitment to foster responsible, purpose-driven innovation. By facilitating meaningful dialogue between regulators, market players, and innovators, SCxSC remains pivotal in shaping a capital market ecosystem that is resilient, forward-thinking, and primed for sustainable growth in the digital era.

ADVANCING ESG THROUGH THE **CAPITAL MARKET**

Over the decade, the SC has championed various initiatives and frameworks in promoting responsible investment and enhancing environmental, social and governance practices to encourage sustainable finance. This includes green bonds and sukuk, which facilitate funding for environmentally friendly projects. As the SRI segment in Malaysia's capital market continues to evolve, the SC continues to support multi-prong national sustainability initiatives and frameworks as the country advances its sustainability agenda with a goal of achieving Net Zero by 2050.

SRI through the Development of the SRI **Taxonomy Plus-Standards**

Since the issuance of the *Principles-Based SRI Taxonomy* for the Malaysian Capital Market (Principles-Based SRI Taxonomy), the SC has engaged with relevant stakeholders to deepen understanding and encourage the adoption of the Principles-Based SRI Taxonomy across the Malaysian capital market. This Principles-Based SRI Taxonomy which was issued in December 2022 in line with the recommendations from the SC's Sustainable and Responsible Investment Roadmap for the Malaysian Capital Market (SRI Roadmap) provides a framework to assist a wide range of users in identifying and classifying economic activities that align with environmental, social, and sustainability objectives.

The first of such adoption was by reNIKOLA Holdings Sdn Bhd (reNIKOLA), a renewable energy producer whose Green Financing Framework was reviewed and deemed in alignment to the Principles-Based SRI Taxonomy. Subsequently reNIKOLA via its whollyowned subsidiary, reNIKOLA Solar II Sdn Bhd (reNIKOLA Solar II, issued its RM390.0 million ASEAN Green SRI Sukuk (reNIKOLA II Green Sukuk) on 29 September 2023, which was aligned with the Principles-Based SRI Taxonomy.

As the SRI segment in Malaysia's capital market continues to evolve, there is a growing need for more detailed guidance on thresholds and metrics for key economic sectors. To address this, the SC is developing the SRI Taxonomy Plus-Standards, which outlines additional guidance on thresholds and metrics for key economic sectors through the development of technical screening criteria (TSC). The SRI Taxonomy Plus-Standards aligns with national policies and targets, while also considering the ASEAN Taxonomy, where applicable.

Recognising the substantial effort required for this initiative, the SC is undertaking a multi-phased, multi-year approach to ensure thorough and focused development of the TSC for each key economic sector.

To obtain feedback for the development of the relevant components of the taxonomy, the SC conducted several stakeholder consultations throughout 2024, engaging ministries, government agencies, institutional investors, and key stakeholders in the energy sector. These sessions facilitated in-depth discussions on the components of the SRI Taxonomy Version 2, with a particular focus on its application to the Malaysian energy sector and capital market. An internal reference document on the SRI Taxonomy Plus-Standards for the Energy Sector has been developed to serve as a guiding document to further support the advancement of national taxonomy development in Malaysia.

Advancing Malaysia's Sustainability Agenda and Facilitating Development of a Holistic Carbon Market Ecosystem

The Twelfth Malaysia Plan sets out the country's aim to achieve Net Zero by 2050, with an announcement shortly thereafter that a feasibility study on carbon pricing, which includes carbon tax and emissions trading system will be conducted.

A feasibility study on carbon pricing implementation is being conducted by MOF through the Malaysia Partnership for Market Implementation (PMI) programme with the World Bank. This study, which is expected to be completed in 2025 will provide suitable recommendations for implementation of carbon pricing in Malaysia. The SC is a member of the PMI Carbon Pricing Implementation (CPI) Steering Committee as well as the PMI CPI Technical Working Group to provide input and feedback to MOF and World Bank on the feasibility study on the potential implementation of carbon pricing instruments in Malaysia. This includes on findings and interim reports prepared by World Bank.

In addition to the PMI CPI study, the SC also supports the Ministry of Natural Resources and Environmental Sustainability (NRES) in developing the National

Climate Change Bill (Rang Undang-Undang Perubahan Iklim Negara)(RUUPIN) and the National Carbon Market Policy (Dasar Pasaran Karbon Kebangsaan, DPKK). Together, these policies will help mobilise and guide government agencies, industry, communities, and other stakeholders in addressing the challenges of climate change and carbon emissions in a holistic manner. The SC is a member of both the RUUPIN and DPKK Technical Working Committees, working closely with NRES and other members, including ministries, government agencies, state governments, and organisations, to provide input and feedback on the development of RUUPIN and DPKK, with the aim of finalising these regulations and policies. The RUUPIN aims to strengthen institutional arrangements on data and information disclosure as well as emissions reduction mechanisms to thrive and prosper while marching towards a low carbon and resilient economy in Malaysia. Additionally, the DPKK aims to support the adoption of both compliance and voluntary carbon market mechanisms in Malaysia. The SC also supported NRES in facilitating stakeholder consultation sessions with the financial sector on RUUPIN and DPKK through the Joint Committee on Climate Change (JC3).

As these policies take shape at the national level, in December 2022 Bursa Malaysia launched the Bursa Carbon Exchange (BCX), Malaysia's voluntary carbon market exchange (VCM), the world's first Shariahcompliant carbon exchange, as domestic demand for carbon credits grow. The launch of the VCM is seen as a critical step in catalysing the domestic carbon market as this will establish local capabilities in developing carbon projects and monitoring, reporting and verification (MRV) services, while crowding in funding required for the various carbon projects.

Following the launch of the BCX in 2022, BCX hosted the first domestically generated carbon credits auction from the Kuamut Conservation Project in July 2024, highlighting Malaysia's ability to produce highintegrity carbon credits. In tandem, as clean energy becomes central to Malaysia's decarbonisation journey, BCX carried out its inaugural auction of renewable energy certificates (RECs) generated from the Murum Hydroelectric Plant in Sarawak, the first large scale sustainable energy project.

The year also saw the establishment of the Malaysia Carbon Market Association, launched in August 2024 to facilitate and accelerate the development of the Malaysian carbon market. The non-profit organisation is represented by a consortium of players from both private and public sectors.

In addition to developing Malaysia's carbon market, the SC continues to support the development of other national sustainability-related government policies and initiatives including the Nationally Determined Contribution Roadmap and Action Plan (NDC Roadmap) and Long-Term Low Emission Development Strategies (LT-LEDS). The SC participated in an engagement session on the development of the NDC Roadmap and Long- LT-LEDS organised by NRES to share its sustainable finance initiatives.

The SC is also a member of the REDD Plus Finance Framework Advisory Committee (RFFAC) Technical Working Group on Forest Carbon Offset (FCO). The REDD Plus Finance Framework (RFF) was developed as a finance mechanism to incentivise activities to enable forest preservation. The technical working group is a platform to exchange views and provide inputs as the protocols and guidelines for the FCO currently being developed by the Malaysia Forest Fund (MFF). The REDD Plus Finance Framework (RFF) was developed by MFF which was formed on the initiative of NRES as a finance mechanism to incentivise activities that help keep forests standing. It is designed to use funds for non-carbon benefits as well as for carbon credits.

Championing Financial Sector Response to Climate Change: Joint Committee on **Climate Change**

As Co-Chairs of the JC3, the SC and BNM are committed to enhancing the financial sector's response of climate change. As Malaysia moves toward a low-carbon economy and a more sustainable future, it is essential for all players, regulators, the exchange, financial institutions, and organisations alike, to contribute to this transition. The JC3 is actively exploring approaches to help companies navigate the shift to a low-carbon economy in a just and orderly manner, while also supporting financial institutions in accelerating capital allocation to businesses that showcase viable climate transition pathways.

As Co-Chair of Sub-committee 3 (SC3) (Product and Innovation) of JC3, the SC guided and provided support for a working group chaired by Maybank, deputy

chaired by CIMB Bank and co-led by HSBC Amanah to develop a transition finance framework. The framework is meant to serve as a practical guide for financial institutions in Malaysia to develop credible sustainable finance and transition finance solutions, and is targeted for issuance in 2025.

These concerted efforts underscore the importance of collaboration and open discourse, as the financial industry works together towards Malaysia's net zero commitments.

Other key milestones include:



Pilot projects:

- Greening Value Chain (GVC) pilot programme has enabled over 330 SMEs to measure and report their greenhouse gas emissions, with plans to expand this initiative among government-linked companies and public-listed companies.
- Greening Industrial Park (GIP) pilot programme aims to transition the management of industrial parks and operations of their tenant companies to low-carbon and sustainable practices. Kota Kinabalu Industrial Park (KKIP) and UMW High Value Manufacturing Industrial Park have been selected as the first two pilot parks.



The third iteration of the Climate Data Catalogue published in December 2024, which will introduce approximately 28 new data items related to biodiversity and nature-related financial risks.



Establishment of the Climate Finance Innovation Lab (CFIL), spearheaded by Bank Pembangunan Malaysia. The CFIL aims to accelerate decarbonisation efforts through innovative financial solutions that support climate transition, adaptation, and nature-related projects. The SC will be part of the working group that sets up the initial framework for which the CFIL will operate, in addition to being part of the Steering Committee to provide direction and guidance to the CFIL.

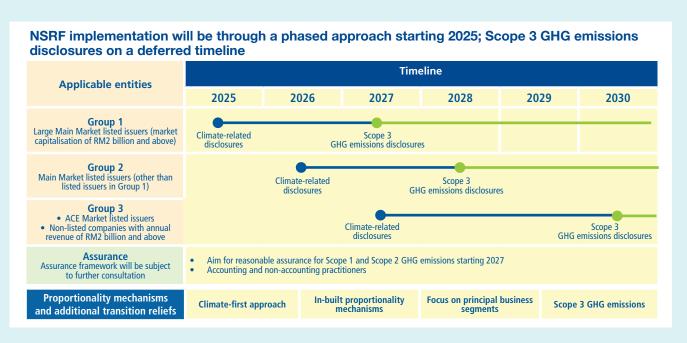
SPECIAL FEATURE 4

NATIONAL SUSTAINABILITY REPORTING **FRAMEWORK**

On 24 September 2024, the NSRF was launched by the Minister of Finance II, Senator Datuk Seri Amir Hamzah Azizan at the SC. The NSRF addresses the use of the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB) as the baseline sustainability disclosure standard for companies in Malaysia, as well as the assurance requirements for sustainability information. Under the NSRF, companies may complement use of the ISSB standards with other reporting frameworks to meet the information needs of different stakeholders. Malaysia fully adopts the ISSB standards, joining 29 other jurisdictions that have decided or are taking steps to introduce the ISSB standards in their legal or regulatory frameworks.

The Advisory Committee on Sustainability Reporting (ACSR), which is chaired by the SC, developed the NSRF to enhance the availability of consistent, comparable and reliable sustainability information to elevate Malaysia's competitiveness and attractiveness to investors. It is intended to provide a disclosure framework for companies to measure and hold themselves accountable over their sustainability-related commitments and targets, and to drive more sustainable business conduct and outcomes. The NSRF also shares a common goal with the Magasid al-Shariah, as introduced through the SC's Magasid Al-Shariah Guidance Islamic Capital Market Malaysia, in November 2023, emphasising on Humanity; Justice and Benevolence; Clarity and Transparency; and Fiduciary and Accountability, among others.

The implementation of the NSRF will be in a phased and developmental manner given the varying degree of readiness and maturity in sustainability reporting practices of companies. Initial focus of the disclosures will be on climate-related risks and opportunities, before moving to the other sustainability topics. Group 1, comprising large Main Market listed issuers with market capitalisation of RM2 billion and above, will start using the standards from annual reporting periods beginning on or after 1 January 2025. Group 2, comprising Main Market listed issuers (other than the listed issuers in Group 1), will start in 2026, whereas Group 3, which comprise ACE Market listed issuers and non-listed companies with annual revenue of RM2 billion and above, will start in 2027.



The NSRF was developed through extensive engagements and consultations, including:

- 15 February 2024 to 29 March 2024 issuance of a public consultation paper on the NSRF. A public response paper on the outcomes of the public consultation was published on 21 October 2024.
- 5 March 2024 a consultation webinar on the NSRF, with close to 600 online participants. The agenda of the webinar was to brief participants on the consultation paper approach and to provide opportunity to participants to raise queries on the NSRF.
- 8 March 2024 ACSR organised a session with the ISSB to provide regulators with an understanding of the of the ISSB's inaugural sustainability disclosure standards, specifically the IFRS S1 General Requirements for Disclosures of Sustainability-related Financial Information and IFRS S2 Climaterelated Disclosures.
- 3 April 2024 Focus group discussion with large non-listed companies, particularly those with annual revenue of RM500 million and above.
- 8 April 2024 to 22 April 2024 issuance of a survey to international stakeholders on the NSRF.
- 18 April 2024 ACSR engagement with the Ministry of Domestic Trade and Costs of Living (KPDN) to discuss the proposed inclusion of non-listed companies under the NSRF.
- 26 April 2024 ACSR roundtable engagement with relevant ministries and agencies. Participation included representatives from MOF, Ministry of Economy, MITI, NRES, KPDN and Malaysia External Trade Development Corporation (MATRADE). The objectives of the roundtable were to socialise the NSRF with the relevant ministries and agencies and discuss how the initiatives by the ACSR and ministries, in terms of supporting the national sustainability agenda, can be aligned.
- 7 June 2024 ACSR engagement with ISSB to discuss several key areas related to the ISSB Standards and development of the NSRF.
- 10 October 2024 An International Auditing and Assurance Standards Board (IAASB) Roundtable on sustainability assurance was organised by the SC Audit Oversight Board (AOB) for the ACSR to obtain a better understanding of the proposed assurance standards for sustainability information (ISSA 5000, General Requirements for Sustainability Assurance Engagements).

The ACSR in undertaking its mandate, kept MOF abreast of key milestones and was guided by the MOF's views and input in the development of the NSRF.

The implementation of the NSRF will be supported through an initiative of the ACSR called PACE, which stands for Policy, Assumptions, Calculators and Education. PACE will among others, run capacity-building programmes and make available NSRF-related guidance materials and tools.





Regular Feedback

Providing mechanism for feedback, advice and

response

Understanding interoperability of

- Advisory Panel comprising industry experts, specialists including climate
- Industry working groups
- FAQs and surveys (including those targeted at supporting medium and smaller companies)



Framework

frameworks

- **GRI Professional** Certification Programme
- **GRI-ISSB** interoperallity Module (Module 6)
- Practical programmes on using the ISSB Standards



Model Disclosures

Providing illustrative materials for reference, including those which address industry specific details

- Proforma disclosures
- Disclosure of Scope 3 **GHG** emmisions



Digital Solutions

Leveraging platforms and tools to ease disclosures and calculations

Emissions Calculator



Value Chain

Easing process for SMEs to disclose information including data on sustainability

SME reporting tool based on CMM's Simplified ESG Disclosure Guide

Completed and upcoming PACE initiatives include:

- Global Reporting Initiative (GRI) Professional Certification Programme for 100 accountants from audit firms registered with the AOB, which started on 16 October 2024. The programme was conducted over three cohorts, the last of which was completed on 30 October 2024. The accountants are expected to undergo the GRI Professional Certification Modules to equip themselves with the necessary competencies to advise companies in their sustainability reporting as well as effectively assess, verify and provide assurance on sustainability disclosures.
- NSRF Navigating the Transition: A Guide for Boards is a document intended to be a simplified guide for boards to use the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, and IFRS S2 Climate-related Disclosures (collectively referred to as the ISSB Standards). It outlines key questions and considerations as companies prepare to use the ISSB Standards. The document was issued on 20 January 2025.
- GRI-ISSB Interoperability Module, which will be rolled out as a training programme under PACE. The GRI is a widely used sustainability reporting framework by companies, and hence will be the base from which companies are starting to use the ISSB Standards.
- Proforma Disclosures to provide illustrative references to companies to guide the preparation of their disclosures. The proformas will be focused for companies in the highest emitting sectors in Malaysia.
- SME Reporting Tool to help SMEs provide relevant sustainability data. The tool will be based on the 35 sustainability indicators as identified in Capital Market Malaysia's (CMM) Simplified ESG Disclosure Guide (SEDG).

STRENGTHENING OF CORPORATE **GOVERNANCE**

The recent developments in corporate governance in Malaysia reflect a strong commitment to enhancing transparency, accountability, and sustainability among PLCs and MSMEs. This commitment is evident through various regulatory initiatives and policies aimed at fostering greater openness in corporate practices, which enhance the flow of information to stakeholders and promote trust in the business environment.

General Meeting

In August 2024, the SC introduced a policy requiring PLCs to hold hybrid or physical general meetings starting 1 March 2025. This decision stems from the need to ensure meaningful engagement between boards and companies with their shareholders at least once a year, enhancing accountability and transparency in shareholders interaction. While fully virtual meetings played an essential role during the pandemic, the shift back to hybrid or physical meetings is viewed as a crucial step to safeguard shareholder rights and promote more effective engagement.

The policy was introduced following completion of the benchmarking study conducted by the SC on practices from relevant jurisdictions, engagements with selected Malaysian PLCs, and analysis of feedback received by the SC from both local and global investors, who generally expressed their preference for hybrid or physical meetings given that these facilitate meaningful shareholders engagement.

Corporate Governance Monitor 2024

On 4 November 2024 the SC released its Corporate Governance Monitor 2024 (CG Monitor 2024) which provided an update on the adoption of the Malaysian Code on Corporate Governance 2021 (MCCG 2021) by public-listed companies based on disclosures in their Corporate Governance reports. The 2024 edition of the CG Monitor looks at adoption of the MCCG, based on information in CG Reports issued by PLCs for financial years 2022 and 2023.

The CG Monitor 2024 provides detailed observations on selected best practices in the MCCG 2021. This includes best practices introduced in the 2021 update of the MCCG, particularly those related to sustainability. It also highlights the Step Up practices and best practices that have been adopted by 60% or fewer PLCs. These practices are categorised as practices with 'Low Adoption'.

The CG Monitor 2024 also includes two feature articles; by Professor Mak Yuen Teen titled 'Corporate Governance Practices in Malaysia Continue to Improve' and by the Institute of Corporate Directors Malaysia on 'Improving Disclosure of Board and Senior Management Remuneration'.

Key Highlights

- Out of the 48 MCCG best practices, 30 have an adoption level of above 90%.
- As of 1 October 2024, 67% of PLCs have boards where at least 50% of its directors are Independent Non-Executive Directors (INEDs). However, among the 261 PLCs led by an Executive Chairman, only 60% have a board composition of at least 50% INEDs, highlighting the need for continuous effort to enhance independent oversight within these boards. This highlights the need for further improvement to ensure stronger independent oversight.
- The adoption of the nine-year tenure limit for INEDs has improved, with 18% of PLCs (165 PLCs) implementing this best practice. Additionally, the reliance on the two-tier voting process to retain INEDs up to the 12-year limit has significantly decreased, from 96 PLCs in 2023 to 37 in 2024, reflecting a positive shift towards better governance practices. However, there remains room for improvement, as a considerable number of companies continue to retain INEDs up to the 12-year limit. PLCs are encouraged to leverage the Institute of Corporate Directors Malaysia (ICDM) Director Sourcing and Placement services, which feature a pool of over 1,000 board-ready individuals.
- Participation of women on boards (WOB) continues to increase, with women holding 1,936 board positions, representing 27% of all board roles across PLCs. However, 39 out of the Top 100 PLCs⁴ have yet to reach the 30% WOB target.

The top 100 PLCs refers to the constituents of the FTSE Bursa Malaysia Top 100 Index.

- In 2024, over 50% of PLCs conducted their AGMs virtually or in hybrid formats, a practice that proved effective during the pandemic. However, with the mandate for general meetings to be conducted physically or in hybrid formats coming into effect on 1 March 2025, PLCs must fully transition to these formats. This shift aims to enhance shareholder engagement and foster stronger governance by enabling more meaningful participation and interaction between shareholders and the board.
- Sustainability-related best practices were introduced in MCCG 2021 and since then there has been a significant increase in the adoption of these practices. More than 96% of companies have adopted the sustainability related practices in 2023, which focus on the responsibility of the board and management in the oversight of sustainability, communication on sustainability strategies and targets with stakeholders, as well as ensuring that the board remains informed about relevant sustainability developments. However, the CG Monitor emphasises that PLCs need to improve the integration of sustainability metrics into the performance evaluations of both the board and senior management. The NSRF will play a key role in establishing consistent sustainability-related disclosures in line with international standards. PACE initiative will further support companies by providing resources, policy guidance, and capacity-building programmes to enhance sustainability reporting and governance.

Corporate Governance Watch (CG Watch) 2023

On 12 June 2024, the Asian Corporate Governance Association (ACGA), in collaboration with CLSA Ltd, released the ASEAN chapter of the Corporate Governance (CG) Watch 2023 report, titled 'Spectrum of Standards: Regulators Set the Tone on CG Progress'. CG Watch 2023 is based on the ACGA's biennial corporate governance assessment of corporate governance practices across 12 Asia Pacific markets. Malaysia maintained its fifth position and was recognised for its continued progress in several key governance areas. Australia topped the ranking, followed by Japan, Singapore and Taiwan.

Countries were assessed across seven categories. Malaysia secured first place in the auditors and audit regulators category, showcasing the strength of its audit oversight framework across the region. The ACGA recognises that the AOB plays a key role through regular inspections, publishing enforcement outcomes, and leading initiatives such as Audit Quality Indicators.

Malaysia also ranked second in the CG Rules and Listed Companies categories, demonstrating the effectiveness of initiatives such as the one-woman board rule and mandatory sustainability training for directors. The report also identified areas for further enhancement, including remuneration disclosures for directors and strengthening investor engagement. The SC will continue to focus on these areas, working towards further alignment with international standards.

NURTURING A SUSTAINABLE TALENT PIPELINE IN THE CAPITAL MARKET

The SC advocates for a proactive approach to nurturing talent that not only meets current demands but also anticipates future challenges in the capital markets. Strategies and initiatives focus on identifying future talent needs, fostering diversity and inclusion and enhancing educational partnerships.

investED

Launched by Prime Minister Dato' Seri Anwar Ibrahim in June 2023, the investED Leadership Programme helps ensure a sustainable talent pipeline in catering for the evolving needs of Malaysia's capital market.

This SC-led initiative is notably the first ever collaboration between the SC, MOF, MOHE, capital market industry and universities. The investED Leadership Programme is open to Malaysian graduates from all disciplines. The first cohort of 169 candidates graduated in February 2024 with more than 65% of them being offered positions with their respective host organisations.

The second cohort of the investED Leadership Programme commenced on 1 August 2024 where trainees began a one-month comprehensive classroom training at the Asia School of Business (ASB). This was followed with a six-month on-the-job experience with leading industry partners, beginning 1 September 2024.

The second cohort saw 1,271 applications, of which 305 applicants were shortlisted for interviews. At the end of the recruitment cycle, 268 offers were made and on 1 August 2024, 199 trainees reported for the one-month comprehensive classroom training at ASB. Most of the trainees that were successfully recruited for the second cohort were of Finance, Business Administration, Economics, Accounting and Data and Information Technology majors.

In 2024, the investED programme was implemented in partnership with a wider array of organisations including investment banks, stockbroking firms, fund management companies, ECF platforms, advisory services and audit firms. A total of 47 organisations hosted the investED trainees.

Since its inception until end 2024, investED has also engaged 110,668 university students via 13 career fairs and 47 career talks nationwide. It plans to engage more students, universities and partner firms in 2025 with aspirations to host 200 trainees.

FIKRA ACE

The SC has taken various initiatives to enhance the ICM ecosystem, one of which is the SC's Islamic fintech accelerator programme, 'FIKRA' which was launched in 2021. In continuation of that, the SC is now organising FIKRA ACE, a three-year initiative that aims to enhance the ICM ecosystem by facilitating the development of Islamic fintech through a structured approach. FIKRA ACE is an Islamic fintech programme consisting of the following:

- Accelerator A programme supporting startups in developing Shariah-compliant fintech solutions.
- Circle A networking forum to connect fintech innovators, Islamic finance professionals, and other ecosystem participants.
- **E**xcel A collaboration initiative focusing on capacity-building through partnerships with universities and research institutions.

FIKRA ACE aims to nurture innovation, talent and build capacity to provide further catalyst in expanding and broadening of Islamic capital market offerings for continued growth. It also reflects the SC's commitment to enhance Islamic fintech within the Islamic capital market ecosystem and elevate the value proposition of Islamic finance that has been made more efficient with the advent of technology such as mobilising wealth to the underserved segments.

FIKRA ACE Accelerator

The FIKRA ACE Accelerator Cohort 2024 was launched in July 2024. The programme includes eight weeks of intensive training encompassing mentorship, market access support, and regulatory guidance, with partners such as NEXEA, MDEC, and the Islamic Development Bank contributing to the cohort's success.

The SC received 828 applications and 126 submissions from local and international based fintech startups. Of this number, 24 startups offering various solutions were selected as participants of FIKRA ACE Accelerator Cohort 2024 with 10 finalists selected to showcase their innovations at the SCxSC Fintech Summit in October 2024.

FIKRA ACE Circle

The SC collaborated with Islamic Finance News and Malaysia Digital Economy Corporation to organise the FIKRAtech Roundtable in London on 4 September 2024.

The event aimed to stimulate discussions, experience sharing, and exploration of ideas and solutions for advancing the Islamic capital market through financial technology. It was attended by about 40 participants from the Malaysian and UK fintech ecosystem. The discussion areas included embedding Magasid al-Shariah and challenges in accessing capital for fintech start-ups as well as an evolutionary versus a revolutionary approach in growing Islamic fintech.

FIKRA ACE Excel

The SC collaborated with Universiti Sains Malaysia's Computer Science Student Society to host the Varsity Hackathon (VHACK). VHACK, was the inaugural event of the FIKRA ACE Excel and seeks to grow the fintech talent pipeline, stimulate students' creativity and critical thinking, and develop digital skills among students and young professionals, particularly in the Islamic fintech space.

The programme, launched in February 2024, received an overwhelming response of over 900 applications from 90 higher learning institutions around the world. On the final pitching day that was held at USM in Penang, 10 teams from multiple public and private universities were crowned winners.

The winners and participants showcased their ability to assimilate technical knowledge into real-life applications empowered by technology, with proposed solutions ranging from interactive educational platforms, investment and debt management apps to improve financial literacy to tech-powered crops management solutions.





PART 4 STRATEGIC ENGAGEMENTS WITH STAKEHOLDERS

PART 4: STRATEGIC ENGAGEMENTS WITH STAKEHOLDERS

INTRODUCTION

The SC's commitment to fostering a facilitative and inclusive ecosystem for the Malaysian capital market is anchored on strategic engagement and open communication with both stakeholders and the public. Recognising that shared accountability is essential to promoting sustainable growth and innovation, the SC has strengthened its approach to collaboration across the industry and beyond, ensuring that the needs and perspectives of all stakeholders are carefully considered in policy formulation and developmental initiatives.

In 2024, the SC engaged a broad range of stakeholders to pursue initiatives that emphasise sustainable and responsible investment (SRI) and the Islamic capital market (ICM). By collaborating closely with key industry participants, the SC aimed to drive impactful outcomes that align with its vision for an inclusive and resilient capital market.

Engagement efforts spanned a range of platforms, from investor education to awareness programmes and targeted media engagements, amplifying the SC's outreach to ensure stakeholders are well-informed and engaged. Internal engagements with the SC staff also continued to foster a high-performance culture, enabling the SC to meet its regulatory responsibilities more effectively.

Through these strategic engagements, the SC remains committed to cultivating a robust capital market that serves the needs of all stakeholders, facilitating Malaysia's growth as a fair, efficient, and transparent market in the global economy.

SHARED ACCOUNTABILITY

Enhancing Cybersecurity Awareness in the Capital Market

On 14 November 2024, the SC conducted a webinar session titled 'Evolving Cyber Landscape', targeting capital market entities (CMEs) as participants. The session aimed to provide an overview of the industry's current cyber security posture, focusing on trends in emerging threats and best practices. It sought to equip participants with practical strategies in navigating the evolving cyberspace and addressing vulnerabilities in their operations. The webinar featured a presentation by a leading threat intelligence organisation. It provided insights on future cyber security challenges particularly for the financial industry. The presentation highlighted vulnerabilities arising from emerging fintech technologies and supply chain dependencies approaching 2025.

The session discussed recent threat patterns in the Asia Pacific (APAC) region, noting a reduction in the total number of cyber activities. However, geopolitical conflicts have complicated the regional threat matrix, requiring precautions. The session also highlighted new risks related to the financial industry, particularly those posed by generative AI such as deepfakes and the most frequently asked questions regarding the SC's GTRM expectations. This approach ensures that all participants have a clear understanding. The webinar concluded with emphasising the SC's determination to providing CMEs with 'best practice' knowledge that aims to

elevate the level of protection and secure the entire digital ecosystem and technology infrastructure.

FACILITATIVE AND INCLUSIVE ECOSYSTEM

Micro, Small and Medium-Sized Enterprises and Mid-Tier Companies

On 23 May 2024, the SC launched the Catalysing MSME and MTC Access to the Capital Market: 5-Year Roadmap (2024-2028) (Roadmap), a multi-year blueprint that seeks to better position the capital market as an attractive and robust source of financing for MSMEs and MTCs while building a solid foundation for scalable and sustainable MSME and MTC capital market solutions

The Roadmap was launched by the Secretary-General of Treasury Datuk Johan Mahmood Merican on behalf of the Minister of Finance II, Datuk Seri Amir Hamzah Azizan. The event, held at the SC, was attended by over 400 participants comprising representatives from government ministries and agencies, MSME and MTC business owners, industry associations, research houses, and financial intermediaries.

In developing the Roadmap, a whole-of-nation approach was employed, comprising extensive engagements with key stakeholders – both from the public and private sectors. The SC conducted four





ideation and solutioning workshops attended by MSME and MTC owners, industry associations, capital market intermediaries, and government agencies, gaining greater insights into the salient financing challenges faced by MSMEs and MTCs. This was complemented by 25 bilateral engagements with several workshop participants to dive deeper into their issues and suggestions.





To garner crucial government support, the SC undertook a socialisation exercise and engaged the Prime Minister's Office and relevant ministries including the ministers of Entrepreneur Development and Cooperatives (MECD), Economy (MOE), and Investment, Trade, and Industry (MITI), to ensure that the Roadmap was aligned to the priorities and goals of each ministry. After the launch of the Roadmap, the SC continued to work closely with the government, including presenting the Roadmap at the National Entrepreneur and SME Development Council (NESDC), which is chaired by the Deputy Prime Minister, to secure further support of the ministries and agencies.

The successful implementation of the 36 initiatives identified in the Roadmap will require multi-stakeholder commitment and effort. Hence, the SC has engaged key partners to support the initiatives to position the capital market as an attractive financing option for MSMEs and MTCs. As at December 2024, the SC has entered into two Memoranda of Understanding (MOUs). The first was a partnership with Khazanah Nasional to catalyse the growth and expansion of MTCs via an initial RM500 million investment commitment by Khazanah, as well as through various capacity-building programmes and a fundraising incubation initiative to enhance the capital market-readiness of MTCs. The other was with the Credit Guarantee Corporation (CGC) to connect MSMEs and MTCs to capital market financing solutions that best meet their financing needs via CGC's imSME platform, as well as to support the de-risking of investments in MSMEs and MTCs by extending credit quarantees to capital market solutions.

Looking ahead, the SC will continue to engage extensively with parties interested in moving the Roadmap initiatives forward.

Private Markets

KL20 Summit 2024

At the KL20 Summit 2024, spearheaded by the Ministry of Economy, the Malaysian government showcased ambitious plans to create a dynamic entrepreneurial ecosystem in the country. The aim is to create an environment that nurtures talent and attracts investment, making Malaysia a leading centre for entrepreneurship and innovation in the ASEAN region as well as a top 20 global startup hub by 2030.

In support of this national agenda, the SC participated in the summit to spotlight Malaysia as the top destination for global VCs and startups to set up their operations. The SC was one of the marquee exhibitors for the summit which was attended by GLICs, local and foreign VC/PE firms, investors, startups, and various government agencies. Under KL20, the SC is the implementing agency for the VC Golden Pass which aims to attract global or regional VCs to set up and manage funds out of Malaysia.

The KL20 Summit 2024 marked the beginning of the KL20 initiative, with discussions underway to continue the summit in 2025. In collaboration with key stakeholders, including the MOE, MOSTI, Khazanah Nasional, MAVCAP, MDEC, MRANTI, and Cradle, the SC helped lay the groundwork for Malaysia's startup ambitions. A key insight from the summit highlighted Malaysia's unique positioning, with global VC/PE capital reserves at record highs, a neutral geopolitical stance, and strong domestic capabilities. Capitalising on these factors, Malaysia is positioned to achieve KL20's vision of becoming a top 20 global startup ecosystem by 2030.

Penang: MBAN Coffee and Conversations + Engagements

The SC also works closely with stakeholders at the state level to encourage the growth of alternative financing space in their respective agencies. On 8 January 2024, the SC participated as a keynote speaker in the Malaysian Business Angel Network (MBAN) event titled 'Coffee & Conversations: What's Next in Corporate Venturing', held at Harmonico Penang.

The event aimed to encourage discussion among corporates in northern Malaysia on corporate venture capital (CVC), and spur these corporates to begin their CVC journey. Through this event, the SC collaborated with key stakeholders including MBAN and Digital Penang. As a complement to the event, the SC also engaged CREST and Digital Penang in separate meetings to understand initiatives related to the capital market in the electrical and electronics (E&E) sector, paving the way for future collaboration between the SC and stakeholders in Penang.

Johor: NaviGate (Alternative Financing) + Engagements

On 20 May 2024, the SC organised its NaviGate event series in Iskandar Puteri, Johor, with the aim to explore sustainability practices in the alternative financing space including VC/PE. The SC collaborated with Iskandar Investment Bhd (IIB), MAVCAP, Penjana Kapital, Bintang Capital Partners and selected ECF and P2P financing operators for this event, which served as an opportunity for Malaysian MSMEs to discover alternative capital market financing avenues for green and sustainable financing needs.

Among the key takeaways from a private markets angle are insights on how VC/PE firms are adopting

sustainability considerations, standards or accreditation (e.g. UN Principles for Responsible Investment) and their implications to investment decisions in VC/PE firms. At the event, the SC also engaged with selected startups based in Johor to understand their funding needs and explore alternative financing avenues to serve their needs.

Corporate Venture Capital Programmes

In 2024, the SC introduced the Catalyst Series, a dialogue on corporate innovation, to foster engagement between corporates and startups, validate business models, attract and retain top talent as well as tackle real-world business challenges. This series was introduced in recognition that corporate venture capital is an increasingly important pillar of the investment ecosystem and that many corporates are just starting their CVC journeys and may lack knowledge, talent and connections to startups.

The inaugural dialogue explored the role of innovation in cybersecurity and its importance to corporates. It also included experience sharing and networking opportunities for corporate leaders to learn about what worked and what didn't on their respective innovation journeys.

The second instalment of the SC's Catalyst Series, which was co-organised with The Hive Southeast Asia, explored how generative AI represents a paradigm shift to problem-solving and innovation as well as the adoption of AI and the ethical considerations. The event was attended by corporations, industry leaders, policymakers, and innovators who explored the transformative potential of generative AI in the digital economy. Partners and founders at The Hive, LLC, including T.M. Ravi and Kamesh Raghavendra, and The Hive Climate AI, such as Géraldine Andrieux Gustin were also in attendance to share how generative AI is on-course to become one of the most transformative eras in human history and the role AI has in addressing climate change.

Additionally, Capital Markets Malaysia (CMM) collaborated with the Institute of Corporate Directors Malaysia (ICDM) to deepen board-level insights on the strategic value of CVC. This partnership offered senior leaders a platform to explore best practices, governance standards, and the advantages of innovation-led investments. Key takeaways from the session highlighted a broad investor perspective on innovation across diverse business models, while acknowledging the challenges in securing quality deal flow. Participants shared that with varied investment options, expert collaboration, and portfolio-based risk management, corporations can effectively optimise returns and minimise risks in the startup sector.

These sessions reflect the SC's focus on regulatory excellence as well as internal transformation,, sustainability, and talent development, ensuring a unified approach to its priorities for 2024.

On 30 September 2024, the SC convened a management offsite to streamline its priorities for 2025 and beyond, recognising that the year ahead will be critical in delivering several high-impact initiatives. The SC's senior management worked closely to align resources and strategies, ensuring optimal preparation for the upcoming ASEAN chairmanship year, the FATF Mutual Evaluation, and the rollout of key frameworks such as the MSME Roadmap, NSRF, and the Family Office initiative.

These engagements reflect the SC's commitment to continuous improvement and collaboration, enabling its staff to deliver results that shape the capital market's future. With a clear sense of direction and aligned efforts, the SC remains steadfast in its mission to support sustainable market growth, uphold regulatory integrity, and ensure that the organisation is ready to take on the challenges of 2025.

Stakeholder Economy with SRI and ICM

Building a stakeholder economy is critical in creating a financial ecosystem where all stakeholders, comprising investors, businesses, regulators, and society, work together towards a common goal, fostering inclusive and sustainable growth. In alignment with the SC Capital Market Masterplan 3 (CMP3), the SC is committed to elevating the ICM to its next phase of development. This strategic direction aims to ensure that Malaysia remains competitive and positions itself as a global leader and role model in the ICM. Additionally, it aligns with the principles of Magasid al-Shariah, which similarly seeks to shape a financial landscape that looks beyond profit to encompass the broader societal and ethical considerations. The integration of Magasid al-Shariah, will also reinforce Malaysia's leadership role while guiding the industry towards ethical and sustainable growth in line with Islamic values.

In 2024, the SC initiated various efforts to forge and deepen relationships and in turn created new opportunities for collaboration and partnerships through conferences, roundtables, forums, and workshops. With the inherent design aligned with CMP3's objectives, the focus areas moving forward will include Islamic fintech, Islamic social finance, and impact investing, which are vital for developing a robust ICM while continuing to facilitate the existing ecosystem. By working together with key stakeholders, the SC aims to cultivate a stakeholder economy that not only meets the needs of the market but also upholds the values of Magasid al-Shariah, ensuring that the ICM serves as an effective vehicle for raising funds, redistributing wealth, and driving sustainable economic development.

Advancing The ICM Shariah Adviser Fraternity – SC Nadwah of Shariah **Advisers In Islamic Capital Market 2024**

The 2nd edition of the SC Nadwah of Shariah Advisers in the Islamic Capital Market 2024 (SC Nadwah 2024) was organised in partnership with Bursa Malaysia on 25 April 2024 at the SC. The event provided Shariah advisers and ICM stakeholders a key platform to receive updates and stay informed of the latest resolutions from the Shariah Advisory Council (SAC) and regulatory developments in ICM. One primary area of discussion centred on the implementation of the Magasid Al-Shariah Guidance for Islamic Capital Market Malaysia in Islamic finance from regional and international perspectives. The event attracted close to 250 participants, reinforcing its role in enhancing the capacity of Shariah advisers with industry-specific knowledge and expertise.

A closed-door focus group discussion with Shariah Advisers was also held in collaboration with BNM on 26 April 2024. This was to explore the future direction of Shariah advisory services and was attended by over 50 participants, including Shariah advisers, SAC members, and senior representatives from the SC, BNM, and Bursa Malaysia.





Industry Dialogue with Shariah Advisers

On 8 March 2024, the SC organised an Industry Dialogue with Shariah Advisers in Islamic Capital Market 2024 (SC Shariah Advisers Dialogue 2024). The SC Shariah Advisers Dialogue 2024 was instrumental in enabling robust discussions on various matters including on the regulatory framework, capacity building, Shariah compliance and supervision in ICM, latest advancements in ICM, and addressing the critical issues and challenges faced by Shariah advisers in balancing compliance with innovation in this rapidly evolving sector.

A total of 50 participants attended the half day dialogue comprising Shariah advisers registered with the SC, Shariah committee members from Islamic financial institutions under BNM and other ICM stakeholders.



Fostering Innovation In Islamic Fintech -FIKRAtech Roundtable

The FIKRAtech Roundtable was held in London, UK on 4 September 2024. Building on the success of the inaugural Islamic Fintech Roundtable in 2023, the FIKRAtech Roundtable was introduced to further stimulate discussions, experience sharing, and exploration of ideas and solutions for advancing the ICM through financial technology (fintech). It was attended by 24 Malaysian and UK fintech players, organised in collaboration with Islamic Finance News (IFN) and Malaysia Digital Economy Corporation (MDEC).

The discussion centred on the following key areas:

- The strong potential of Islamic fintech is growing, 1. at the same time its significant challenges, particularly in accessing capital to scale up, still persist.
- The aspired outcomes from the Collaboration 2. between Malaysia and the UK fintech ecosystems to drive the development of globally impactful solutions.
- 3. The success in Islamic social fintech requires clear regulations, equal opportunities, data-driven decision-making, and a strong focus on ESG and Shariah compliance.

Amplifying Sustainability and Social Finance through ICM – SC Partners with IsDB to Advance ICM

A key ICM milestone was recorded when the SC signed an MOU with the Islamic Development Bank (IsDB) Group on 29 April 2024 in Riyadh, Saudi Arabia. The occasion paved the way for greater co-operation in ICM and broadening the reach of Islamic fintech and social finance, particularly waqf. The Prime Minister of Malaysia, Dato' Seri Anwar Ibrahim and IsDB President and Chairman, Dr. Muhammad Al Jasser, witnessed the signing of the landmark MOU, the first-of-its-kind between the Malaysian capital market regulator and the multilateral development bank of the Global South.

Dato' Seri Anwar and Dr. Muhammad Al Jasser, in their meeting in March 2023, agreed that regulators, authorities and businesses in Malaysia are to work closely with IsDB to explore new areas of collaboration. These include developing and piloting innovative Islamic finance products, promoting the halal industry, and supporting MSMEs.

Under the MOU, both the SC and IsDB will collaborate in several key areas. These include facilitating innovation in Islamic fintech, promoting development of Islamic social finance, and encouraging inflow of investments. Both parties aim to increase capacity building, knowledge sharing and joint technical projects in key interest areas related to ICM, which can also be capitalised by both institutions for the benefit of other IsDB member countries.



Waqf and Islamic Capital Market **Roundtable and Engagements with State Islamic Religious Councils**

The Wagf and Islamic Capital Market Roundtable, organised by the SC in collaboration with the Mailis Ugama Islam dan Adat Resam Melayu Pahang (MUIP), took place on 15 August 2024, at the Hyatt Regency Hotel in Kuantan, Pahang. Themed 'Merintis Pelaksanaan Wakaf Kontemporari', the Roundtable gathered over 60 stakeholders from the waqf ecosystem, including government agencies, policymakers, state Islamic Religious Councils (SIRCs), Shariah advisers, academia, and market practitioners. Discussions focused on the need for innovative contemporary waqf models and the application of technology to enhance waqf management, promoting transparency, efficiency, and community involvement.

In line with the previous roundtable, the SC conducted a series of post-event meetings with SIRCs to strengthen relationships, understand challenges, and explore synergies to maximise the impact of *waqf* development in Malaysia. The SC also discussed with SIRCs on the role of the MyCIF, initiated by the Ministry of Finance to co-invest in MSMEs through ECF and P2P financing platforms for developmental efforts for *waqf* asset and market-based fundings. SIRCs have expressed enthusiasm about collaborating with the SC to expand *waqf's* impact through MyCIF and other ICM products.

As a key component of Islamic social finance, waqf has significant potential to address socio-economic challenges like poverty and unemployment while integrating with Shariah-compliant funds to achieve meaningful social impact for communities.

15th SC-OCIS Roundtable 2024

With the objective of furthering global thought leadership in Islamic finance, the 15th SC-OCIS Roundtable (Roundtable), themed 'Restoring Humanity in Finance', was held in Oxford from 7 to 8 September 2024. Since its inauguration in 2010, the Roundtable continues to spur discussions and intellectual discourse on contemporary issues in Islamic finance, contributing to developmental efforts particularly in the ICM space.

Discussions encapsulated restoring the moral lens to finance practices and shifting the focus from value extraction, where resources are exploited for short-term gain, towards value creation, where financial decisions are made with a view for long-term sustainability and societal benefit. It is hoped that the outcomes of the Roundtable will lead to the application of universal values, as encapsulated in the *Magasid al-Shariah*,

throughout a company's value chain, including from funding to the delivery of products and services, aligned to stakeholder expectations.

The Roundtable was graced by HRH Sultan Nazrin Muizzuddin Shah, Ruler of Perak Darul Ridzuan and the Royal Patron for Malaysia's Islamic Finance Initiative who delivered a special address at the OCIS Malaysia Auditorium to more than 50 international participants.

SC-World Bank Conference

The strong and long partnership between the SC and the World Bank (WB) was strengthened through the fifth edition of the SC-World Bank Conference, themed 'Empowering MSMEs: Cultivating Compassionate Growth through the Capital Market'. Held on 15 October, the conference focused on the crucial role of MSMEs in fostering equitable economic and social development. It explored how the capital market and ICM can address funding gaps through an inclusive approach aligned with *Maqasid al-Shariah*, to broaden wealth and nurture businesses within a supportive ecosystem.

The event underscored the importance of collaboration among governments, regulators, businesses, and investors, while highlighting technology, financial inclusivity, and supportive policies as key drivers for sustainable MSME growth.

Close to 300 participants from the MSME ecosystem, including government agencies, VC and PE firms, local Islamic banks, and GLICs attended the conference.

The conference's highlight was the launch of the ESG Disclosure Assessment of Malaysia's Listed Companies and Recommendations for Policy Development, jointly developed by the SC and the World Bank. Unveiled by Deputy Minister of Investment, Trade and Innovation, Liew Chin Tong, the report analysed the ESG practices of 90 companies listed on Bursa Malaysia and major asset owners. Key recommendations included ongoing monitoring and consultation to enhance ESG disclosures in line with the NSRF, promoting adherence to Bursa Malaysia's sustainability reporting guidelines, and encouraging ESG practices among domestic investors.

Building a Sustainable Capital Market

To effectively develop SRI policies and promote a sustainable capital market, the SC emphasises active collaboration with various stakeholders, including public policymakers. These engagements ensure that SRI strategic objectives align with broader national policies and commitments to sustainable development and climate goals, laying the foundation for the future development of SRI policies and strategies in the Malaysian capital market.

Joint Committee On Climate Change

The Joint Committee on Climate Change (JC3) remains committed to collaborating with the ministries, relevant government agencies and industry associations to advance the financial sector's response to climate-related risks, in line with national strategies and priorities.

As Co-Chairs, both the SC and BNM engaged with members and observers of JC3 on a myriad of topics and reviewed progress of ongoing work to ensure specific action plans support a just and orderly transition of the economy.

The JC3 outreach virtual session on 12 July 2024 also provided a comprehensive introduction on how the sustainability agenda is shaping the VC/PE industry both globally and regionally. This learning opportunity allowed JC3 members to deepen their understanding of how VC and PE can play a pivotal role in financing climate solutions.

The SC and BNM also hosted engagement sessions in the second half of the year, on behalf of the MOE and MOF on the National Energy Transition Roadmap (NETR) and Carbon Capture Utilisation and Storage (CCUS). At these sessions, the ministries facilitated discussions on the funding needs and explored suitable financing mechanisms for these projects.

In addition, JC3 in collaboration with Ministry of Natural Resources and Environmental Sustainability (NRES) hosted an engagement session on the Rang Undang-Undang Perubahan Iklim Negara (RUUPIN) and Kajian Dasar Pasaran Karbon Kebangsaan (KDKK) to gather feedback and commentary from JC3 members and

observers and other financial sector industry players on the proposed legislation and policy frameworks.

Engaging in Committees and Workshops for Collective Climate Action

The SC continues to support various government initiatives by leveraging its expertise in sustainable finance through participation in related workshops as well as memberships of various committees.

During the first quarter, the SC also participated in an engagement session hosted by the Malaysia Productivity Corporation (MPC) on the development of an ESG Certification Framework to help improve Malaysia's position in all rankings and reports such as the GGEI: Global Green Economy Index (GGEI) and International Institute for Management Development (IMD).

The SC is a member of the Malaysia Petroleum Resources Corporation (MPRC) National OGSE Sustainability Framework (NOS-F) Guide Project Committee, with a primary function to review, provide constructive feedback and approve the final report for the NOS-F Guide.

On the global front, the SC serves as an advisory committee member of the Global Islamic Finance Program (GIFP) for Climate, Nature, and Development, announced at the 2023 United Nations Climate Change Conference (COP28) in Dubai. The SC continues to provide guidance and strategic direction for the establishment and operationalisation of the GIFP, which aims to mobilise Islamic capital through blended finance solutions to support nature-based solutions (NbS). This is aimed at leveraging Malaysia's global leadership in Islamic finance and the strong alignment between Islamic finance and SRL

The SC chairs the COMCEC Sustainability Taskforce (COMCEC STF), which was established as a platform for capital market regulators to collaborate and identify common drivers for sustainable finance. The COMCEC STF also seeks to foster long-term collaboration among member countries by advancing co-ordinated solutions for sustainable finance and reporting. Among the initiatives undertaken by the Taskforce was a baseline survey designed to assess the status of members'

regulatory frameworks, shared challenges, limitations within the sustainable finance ecosystem. The findings from this survey will assist COMCEC STF members in developing targeted outreach programmes and ensure effective identification of capacity-building needs aligned with the Taskforce's objectives.

Promoting SRI Awareness and Capacity Building Locally and Internationally

The SC continues to engage in the active promotion of SRI through awareness and targeted capacity-building programmes. These initiatives are crucial in equipping stakeholders with the necessary knowledge and support to make informed decisions aligned with sustainability goals.

Capacity building efforts are an integral part of the agenda to foster sustainable finance. It presents opportunities to learn, consider key developing areas and exchange views to develop common approaches and solutions, to ensure that the capital market continues to meet changing global needs.

NaviGate: Capital Market Green Financing Series

The SC continues to organise programmes under NaviGate: Capital Market Green Financing Series, the SC's flagship awareness programme for green and sustainable financing.

To discover opportunities in alternative capital market financing avenues such as ECF and P2P financing platforms, the SC, supported by CMM held the first NaviGate programme of the year on 26 April 2024 in Kuala Lumpur.

The half-day programme offered insights into the process of fundraising via ECF and P2P financing, with peer sharing of experience by MSMEs and platform operators, and their motivation to raise sustainable financing through these platforms.

This was followed by the second programme on 20 May 2024, where SC and Iskandar Investment Bhd (IIB) cohosted the NaviGate: Capital Market Green Financing Series in Johor, offering insights into fundraising via ECF and P2P financing platforms, with MSMEs sharing their journeys towards sustainable financing. The programme also aimed to increase awareness of sustainability practices from the lens of VC/PE firms, emphasising their critical role in fostering green initiatives and responsible investments.

Concurrently, the SC led a closed-door roundtable engagement with Johor state agencies and other relevant stakeholders. This session focused on discussing sustainable development and climate-friendly initiatives, exploring how these can be facilitated through the capital market.

In line with the SC's ongoing efforts to facilitate transition finance and support businesses and industries in their shift towards a net zero economy, the SC, in collaboration with the Glasgow Financial Alliance for Net Zero's Asia Pacific Network (GFANZ APAC) hosted another NaviGate programme on 9 October 2024. This programme was supported by the British High Commission Kuala Lumpur and Bursa Malaysia.

The forum titled 'Transition Investing towards Net Zero', featured discussions on globally accepted transition planning and finance guidance from the UK Transition Plan Taskforce and GFANZ. Participants also gained insights into the investment strategies of net-zerocommitted investors and explored challenges and opportunities for hard-to-abate sectors, particularly the energy sector, in the transition to a low-carbon economy.

The one-day forum featured speakers from the UK Transition Plan Taskforce (UK TPT), UK His Majesty's Treasury (HMT), GFANZ APAC Network, abrdn, Bursa Malaysia as well as Kumpulan Wang Persaraan (KWAP). Over 150 participants from ministries, GLICs, asset management companies, fund management companies, financial institutions as well as corporates attended the forum.

Study Visits for Continued Learning

Japan's Association for Overseas **Technical Cooperation and Sustainable** Partnerships (AOTS) Training Programme for Energy Transition Support for Malaysia

From 26 February to 1 March 2024, the SC participated in AOTS' Training Programme for Energy Transition Support for Malaysia through a nomination by the Ministry of Economy. This programme, a collaboration between the governments of Japan and Malaysia, aims to provide capacity building to facilitate Malaysia's energy transition.

The Malaysian delegation also included representatives from the Ministry of Economy, Ministry of Energy Transition and Water Transformation, Ministry of Natural Resources and Environmental Sustainability, the Energy Commission, the Sustainable Energy Development Authority, the Malaysian Investment Development Authority, Petronas, and BNM.

The training programme featured discussions, sharing sessions, and site visits with Japan's Ministry of Economy, Trade and Industry, the Japan Research Institute of Innovative Technology for the Earth, Kansai Electric Power, Kawasaki Heavy Industry, and other prominent energy companies. Held across Tokyo, Kyoto, Kobe, and Osaka, the programme provided an opportunity for knowledge exchange and demonstrations of Japan's efforts and latest technologies. Additionally, the programme included insights into the financing required for energy transition, as well as the various financial instruments and structures needed to mobilise these efforts.

(b) Capacity Building Alliance of Sustainable Investment (CASI) Green Finance Capacity Building

On 24 and 25 June 2024, the SC participated in the Capacity Building Alliance of Sustainable Investment (CASI)'s event, which featured a two-day workshop in Hong Kong, followed by a study visit to Huzhou (Zhejiang Province in China) from 26 to 28 June 2024. At the

workshop in Hong Kong, the SC participated in a panel session titled 'Market Updates and Policy Frameworks for Sustainable Finance' where updates on taxonomy, disclosure requirements as well as sustainable financing such as SRI and SRI-linked sukuk were discussed.

The study visit featured three themes, (a) using green finance to support industrial transformation and upgrading; (b) using green finance support ecological restoration; and (c) showcasing innovative practices by financial institutions in Huzhou.

The visit to Huzhou featured site visits which allowed participants to learn more about green projects in the region. One such example was the prefabricated buildings, which significantly reduce consumption, require less manual labour, results in less waste and shortens time taken to complete the project. Other interesting initiatives included green battery production, innovative bamboo utilisation in replacing plastic and the national wetland parks. As the pioneer of green development, Huzhou is the world's only international co-operation demonstration zone of ecological civilisation recognised by the Conference of the Parties to the United Nations Convention on Biological Diversity, or COP15.

The event was participated by over 300 attendees from 20 jurisdictions.

Enhancing the Profiling of SRI Internationally

As a capital market regulator who is at the forefront in championing SRI and given its comprehensive approach in creating an SRI ecosystem, the SC participated in several events to share its experiences and viewpoints.

The SC is also regularly invited to speak on a wide range of sustainability topics at local and international conferences. This included events such as:

Study Visit to Malaysia by the Kenyan Delegation on 30 January 2024 where the SC presented the SC's SRI Initiatives focusing on the Principles-Based SRI Taxonomy. The study visit was hosted by the World Bank;

- Borneo Energy Transition Conference 2024 on 27 February where the SC moderated a panel session titled, 'Accelerating New Energy Projects with Sustainable Financing Solutions', which discussed, (a) crucial building blocks as companies work towards their own transition plans; (b) realworld examples of companies leveraging the various sustainable finance frameworks as they seek to raise funding; and (c) how definitions, standards and taxonomies help achieve Malaysia's sustainability ambitions. The event was organised by MARC and SEDC Energy;
- Regional Seminar on Promoting Green Finance in ASEAN in Lao PDR on 6 March 2024, where the SC participated in a panel which covered the crucial role of regulators in unlocking green and transition finance flows in ASEAN;
- Funding Gaps to Achieve Carbon Transition Goals in ASEAN, organised by Moody's on 7 May 2024. The SC participated as a panellist on discussions around challenges for ASEAN countries that have high dependence on hard-to-abate sectors and the role of transition finance in supporting their decarbonisation journey;
- Ethical Finance ASEAN 2024: Scaling Up Sustainable Finance Virtual Summit on 8 May 2024. The SC participated as a panellist in the session titled 'COP Fireside: From Dubai to Baku Driving Climate Finance'. The fireside discussed key outcomes for Malaysia at COP 28 from a climate finance perspective;
- Asia Investor Group on Climate Change (AIGCC)

 CMM Roundtable on Malaysia's Energy
 Transition on 16 May 2024. The SC participated in the roundtable, where perspectives on how to support Malaysia's implementation of the NETR were shared;
- Roundtable on Blue Finance: Bonds, Sukuk and Loans co-organised by CMM and the International Finance Corporation (IFC), held on 17 May 2024 which saw discussions on the potential of blue bonds, sukuk and loans as innovative financing instruments;

- Unlocking Sustainable Financing Flows for Environmental and Social Impact in Emerging Markets: Lessons from Southeast Asia on 6 June 2024, organised by World Bank Treasury and SGX Fixed Income. The panel focused on the role of financial regulators in Southeast Asia to scale up sustainable finance including SRI sukuk and bonds and reduce climate and sustainability risks in the financial system;
- Kuala Lumpur International Sustainability Conference, hosted by the Asia School of Business on 7 June 2024 where the SC delivered the keynote address, urging regulators, corporations, academia, and civil society to collaborate and coordinate their actions to drive meaningful change;
- Asia Pacific Green Hydrogen Conference organised by Ministry of Energy and Environmental Sustainability Sarawak on 11 June 2024, where the SC delivered the keynote address on 'Derisking investment into green hydrogen', highlighting key case studies where the SRI Sukuk Framework has enabled Malaysian entities to issue SRI sukuk in the form of green, sustainable and social sukuk;
- Bond and Sukuk Trustee Forum on 1 August 2024, jointly organised by the SC and the Association of Trust Companies Malaysia. The SC participated as a panellist in the session on 'Sustainability and ESG Integration', covering issues such as (a) the broadening and deepening of the bond and sukuk market to meet Malaysia's sustainable development and climate change goals (b) harmonisation and transparency of sustainability-related disclosures and reporting standards and (c) how to strengthen fiduciary duty and mitigate greenwashing risks in sustainable investing as well as taxonomies;
- The 6th International Sustainable Energy Summit (ISES) 2024: International Sustainable Energy Summit organised by Sustainable Energy Development Authority (SEDA) Malaysia from 20 to 21 August 2024. The SC moderated a panel which touched on ESG-driven sustainable finance, including enabling policies, key trends and innovative financial products; and

Empowering Sustainable Futures: Strategies for Financing the SDGs at the Malaysia SDG Summit 2024 organised by the National SDG Centre and Ministry of Economy on 18 September 2024. The SC participated in the panel session which discussed how the Malaysian capital market has been financing SDGs.

INTERNATIONAL PROFILING

International Organization Of Securities Commissions, ASEAN Capital Markets Forum And International Trade

International regulatory co-operation

The SC continues to demonstrate our commitment to global regulatory policy making and international standard-setting by being actively involved in the International Organization of Securities Commissions (IOSCO), the leading international standard-setter for securities regulation. IOSCO's membership regulates more than 95% of the world's capital markets in approximately 130 jurisdictions.

In March 2024, the SC was re-elected as the APRC representative to the governing Board of IOSCO. The re-election to the IOSCO Board is a recognition of the SC's active contribution and demonstrates the support and confidence IOSCO members have in the SC as an organisation. The SC's position on the IOSCO Board allows it to be at the forefront of global regulatory discussions and policymaking and gain relevant insights into emerging regulatory issues impacting capital markets. Close engagement with international regulatory counterparts also helps strengthen jurisdictional benchmarking which shapes domestic policies while ensuring that the SC's regulatory approach is in line with global best practices.

The SC is a member of IOSCO's Sustainable Finance Task Force (STF), where the focus of the work relates to corporate reporting (disclosure of sustainability-related information and sustainability-related assurance), promoting sound-functioning carbon markets, transition plans disclosures and green finance products in fixed income markets and ESG benchmarks. The SC formed part of the Technical Review Coordination Working

Group that assessed the International Sustainability Standards Board's (ISSB) draft climate-related disclosure standards, which ultimately led to IOSCO's endorsement of both the general and climate-related disclosure standards in June 2023. IOSCO has called on securities regulators to consider ways in which they might adopt, apply or otherwise be informed by the ISSB Standards within their jurisdictional context.

The SC subsequently launched NSRF in September 2024 which addresses the use of the standards issued by the ISSB as the baseline for sustainability reporting in Malaysia (refer to page 112 of SC Annual Report 2024).

The SC is a key member of IOSCO's Policy Committees on Emerging Risks, Secondary Market Regulation, Retail Investors as well as the Assessment Committee. In respect of IOSCO's Committee on Emerging Risks, the SC was involved in the development of the IOSCO Risk Outlook 2025/26 that reviewed emerging global risks, trends and vulnerabilities and their implications for global capital markets for the year. Within IOSCO's Committee of Retail Investors, the SC is involved in the work relating to investor education on crypto-assets, and finfluencers and their impact on retail investors.

Within IOSCO's Assessment Committee, the SC contributed to the development of Guidance Material for users of the IOSCO's Assessment Methodology for the for Assessing Implementation of IOSCO Objectives and Principles of Securities Regulation.

The SC is also a member of the IOSCO's Primary Markets Network and Diversity Network. Through the discourse in these various fora, the SC is able to gain insights and tap on relevant experience and expertise of regulators in other markets.

Within the Asia Pacific region, the SC is actively involved in the Asia Pacific Regional Committee, leading and participating in different working groups. As Chair of the APRC Small and Medium Enterprises (SME) Working Group, the SC published a Report on SME financing through regional capital markets which discussed regional SME financing needs and considered challenges and solutions to facilitate the development of effective SME financing within capital markets. In June 2024, the SC joined the newly established APRC Scams Online Working Group to exchange experiences to mitigate scams and online harms, including curbing the promotion of unlicensed/unregistered products via social media platforms. The SC is also a member of APRC's SupTech Working Group which looks at issues and challenges of RegTech/SupTech solutions in APRC jurisdictions.

At the annual EU-Asia Pacific Regulatory Forum held in conjunction with the APRC meeting in February, senior policymakers from the European Commission and Asia Pacific securities regulators discussed key policy and market developments within the respective regions. These included areas relating to fintech (crypto assets, operational resilience and artificial intelligence) and sustainable finance (ESG disclosure, taxonomy and transition finance).

The SC is also a leading member of IOSCO's Growth and Emerging Markets (GEM) Committee, which comprises 80% of IOSCO's overall membership. As a GEM Steering Committee member and a member of the GEMC's Market Development Working Group, the SC also profiled the SC's Roadmap for catalysing SME access to the capital market in Malaysia to help shape future GEMC agenda and discussions on market development at the GEMC annual meeting that took place in December.

In November 2024, the SC collaborated with the World Federation of Exchanges (WFE) to host a dialogue in Kuala Lumpur. Held alongside the WFE's 63rd Annual General Meeting, the event was attended by over 100 senior regulators and exchange heads to address emerging issues and promote stronger collaboration in the global capital markets. The dialogue focused on three pivotal areas: the interplay between private and public markets; the roles of regulators and exchanges in advancing sustainable finance; and the impact of emerging technologies on market structure.

International Co-Operation on Cross-Border Enforcement, Supervision and Surveillance

An important priority area for the SC has been to strengthen cross-border co-operation in the areas of enforcement and supervision. Since 2007, the SC has been a signatory to the IOSCO Multilateral Memorandum of Understanding (MMOU) on co-operation and the exchange of information, which allows the SC to obtain valuable information and evidence to support the SC's enforcement actions.

In 2024, the SC made approximately 20 requests for assistance from its international regulatory counterparts under the IOSCO MMOU. Strong co-ordination with international securities regulators through this global information sharing network has strengthened the SC's enforcement capabilities in dealing with cross-border market misconduct.

Recognising the importance of experience-sharing in the areas of cross-border supervision, enforcement and surveillance, the SC participated in the APRC Supervisory Directors' Meetings and Enforcement Directors' meetings. In June, the SC also chaired the Asia Pacific Regional Market Surveillance Dialogue in Kuala Lumpur where discussions focused on the impact of social media on trading activity and the regulatory developments on digital assets.

Strengthening Regulatory Capacity through the IOSCO Asia Pacific Hub

The IOSCO Asia Pacific Hub (Hub), established in Kuala Lumpur in 2017, continued to deliver capacity building activities for securities regulators globally. Hosted by the SC, the Hub represents IOSCO's only presence outside of its headquarters in Madrid, Spain. Since its establishment, the Hub has come to play an important role in building the regulatory capabilities of IOSCO members, with more than 2,500 participants having benefitted from the Hub's programmes.

In 2024, the Hub's capacity building covered areas relating to Anti-Money Laundering/Counter-Terrorist Financing Regulation for Virtual Assets and Virtual Asset Service Providers (a collaboration with the Financial Action Task Force), IOSCO-World Bank Workshop on Sustainability Reporting Adoption Roadmaps, Market Surveillance: Emerging Trends and Tools, Combatting Fraud and Online Scams, Jurisdictional Approaches in the regulation of Crypto and Digital Assets and Decentralised Finance, and Operational Resilience: Lessons for Regulators from CrowdStrike outage.

Moving forward, to further support capacity building efforts, the Hub will seek to collaborate with other international organisations and entities and to provide technical assistance, produce and circulate educational briefings and seminar proceedings on topics relevant to capital markets.

Driving Sustainable Finance in the ASEAN Capital Markets

The SC has been an active participant in the ASEAN Capital Markets Forum (ACMF) since its establishment in 2004. In particular, the SC has played a vital role in guiding the ACMF's sustainable finance agenda through its role as Co-Chair of the ACMF Sustainable Finance Working Group (SFWG), which was responsible for the development and publication of the ASEAN Green, Social, Sustainability, and Sustainability-Linked Bond Standards and the ASEAN Sustainable and Responsible Fund Standards between 2018 and 2022.

In 2024, the SC continued its contribution towards the field of ASEAN Sustainable Finance through its work the ASEAN Taxonomy for Sustainable Finance, which launched its 3rd version in March. Technical Screening Criteria (TSC) released in Version 3 outlined quantitative criteria for two additional focus sectors, namely (i) Transportation and Storage; and (ii) Construction and Real Estate, bringing the total number of focus sectors covered by the ASEAN Taxonomy to three. The new focus sectors cover activities including construction and renovation of buildings, demolition and site preparation, and acquisition and ownership of buildings, as well as urban and freight transport, and infrastructure for land, water, and air transport, among others.

The Green tiers for these new focus sectors have been aligned, where appropriate with relevant sectoral guidelines and regulations (e.g. International Maritime Organisation (IMO) 2023 GHG Emissions strategy, International Green building certifications), to ensure that the ASEAN Taxonomy remains credible, interoperable, and inclusive while reducing regulatory fragmentation. The Green tier of the ASEAN Taxonomy continues to refer to widely used international taxonomies such as the EU Taxonomy and where relevant, will be tailored according to ASEAN's unique circumstances. The Amber tiers serve as a transition category, providing a useful stepping stone for companies to learn and adjust their activities in pursuit of the green tier.

The SC has been working closely with fellow regulators in the region, and BNM to ensure the ASEAN Taxonomy is aligned with other guidelines and standards already in existence, including the *Principles-Based SRI Taxonomy* issued by the SC, and the Climate Change and Principlebased Taxonomy (CCPT) issued by BNM. Version 3 of the ASEAN Taxonomy has undergone a stakeholder consultation process in the second half of 2024, with TSCs for future versions soon to be developed.

The ACMF also released the ASEAN Transition Finance Guidance (ATFG) Version 2 on 22 October 2023, which addresses how an entity may assess and/or demonstrate a credible transition. Following the release of the first version of the ATFG in October 2023, the ACMF undertook a targeted stakeholder consultation process, which resulted in the introduction of several key elements to further clarify and adapt the ATFG to the needs of ASEAN.

Key additions include detailed clarification on types of transition finance available and covered by the ATFG, as well as guidance on the use and augmentation of existing reference pathways in an ASEAN context.

In October 2024, the SC officially took over as ACMF Chair from the Lao Securities Commission Office (LSCO), for the year 2025. With a vision of a more interconnected ASEAN capital market, the SC looks forward to its chairmanship, with emphasis on sustainability and inclusivity, leveraging ASEAN's key strengths of its growth, demographic dividends, and savings to GDP.

Strengthening Regional Leadership: The 41st ASEAN+3 Bond Market Forum

From 28 to 30 October 2024, Malaysia hosted the 41st ASEAN+3 Bond Market Forum (ABMF), marking the country's debut as the host of this event since its establishment in 2010. Co-organised by the SC and the Asian Development Bank (ADB), the forum was officiated by Datuk Johan Mahmood Merican, Secretary General of Treasury, Ministry of Finance Malaysia. Held at the SC, the forum brought together over 180 participants, including policymakers, regulators, and financial leaders from ASEAN+3 countries. With the theme 'Sustainable Finance and the Role of Ethics', it provided a platform to discuss sustainable finance, regional bond market integration, and cross-border settlement solutions, aligning with Malaysia's preparations for its ASEAN Chairmanship in 2025.

In his welcoming remarks, SC Chairman Dato' Mohammad Faiz Azmi emphasised that finance must transcend numbers and serve as a force for sustainable, ethical change. He highlighted Malaysia's leadership in advancing sustainable finance through innovative frameworks such as the SRI Sukuk Framework, Magasid Al-Shariah Guidance, and the MyCIF. These initiatives demonstrate the SC's commitment to fostering inclusivity, building an ethical financial ecosystem, and addressing regional sustainability challenges.





A key highlight of the forum was the fireside chat between the SC Chairman and Ken Shibusawa, the great-great-grandson of Eiichi Shibusawa, the father of Japanese capitalism. The session, live-streamed globally, emphasised the need to integrate ethical values into financial practices to tackle climate challenges and build economic resilience.

The forum further reinforced Malaysia's role as a hub for bond and sukuk markets, while addressing key regional and global challenges, such as limited private sector participation in sustainability initiatives and the financing gap for sustainable infrastructure. By advocating for solutions like blended finance and collaboration through platforms such as the ASEAN Taxonomy, Malaysia demonstrated its commitment to advancing sustainable and inclusive financial solutions in the region. As Malaysia prepares to assume the ASEAN Chairmanship in 2025, the SC is committed to strengthening partnerships and promoting innovation in sustainable finance.

COMMUNICATION AND OUTREACH

Batik Lestari: Bridging the Capital Markets and Creative Industries to Empower MSME Batik Artisans

Prime Minister Dato' Seri Anwar Ibrahim emphasised the importance of batik and the need to promote its heritage of craftsmanship. Recognising this, the Prime Minister requested the SC to take the lead in promoting and championing the Malaysian batik heritage, aligning it with Malaysia's ASEAN Chairmanship 2025. This initiative marked the origin of Batik Lestari, a name introduced to reflect the commitment to preserving Malaysian batik cultural legacy.

For the first time, the SC collaborated with MyCV in strengthening ties between the capital market and the creative industries to empower MSME batik artisans.

'Lestari' is a Malay word that means 'sustainable' or 'enduring'. It often refers to something that is able to be maintained or preserved for a long time, typically in a way that is environmentally friendly or responsible. Batik Lestari (Sustainable Batik) embodies this concept by aiming to showcase and promote the rich legacy and artistry of Malaysian batik.

The Batik Lestari Festival was officiated by by Dato' Seri Dr. Wan Azizah Dr. Wan Ismail at the SC on 5 December. Highlights included a two-day batik workshop introducing participants to the batik-making process and a showcase of 20 batik vendors, connecting artisans with corporate clients to expand their market reach.

The SC Chairman, Dato' Mohamad Faiz Azmi announced a three-year plan to further expand the scope and impact of the Batik Lestari initiative. This plan underscores the SC's continued commitment to supporting MSME batik artisans. By aligning with ASEAN's agenda,



Batik Lestari strengthens Malaysia's cultural presence while enabling artisans to access broader markets and economic opportunities.

The evening featured the 'Malam Batik Lestari' fashion show competition, celebrating diverse talents and supporting upcoming Malaysian batik entrepreneurs by providing a platform to elevate their work. Winners included the top three designs, five consolation awards, and two batik sustainability recognitions. More than 80 entries were judged on the overall presentation, cultural authenticity and creativity in adopting Malaysian motif elements by a seven-member panel of juries.





On 6 December, the festival continued with an ECF and P2P financing session, providing MSME batik vendors with insights into alternative financing options like peer-to-peer lending and funding to foster sustainable growth for their business. Additionally, MyCV provided awareness and opportunities via its agency platforms such as grants and advisory services, tailored to assist creative services.

The SC's Audit Oversight Board's **Conversation with Audit Committees**

To improve corporate governance in public-listed companies and increase investors' confidence in the quality and reliability of audited financial statements, engagements with audit committees (ACs) have been a key focus area for the Audit Oversight Board (AOB). ACs play an important role in the financial reporting process through their oversight of financial reporting and the audit process.

ACs are instrumental in setting the tone for the company's financial reporting process and the relationship with the independent auditor. Effective oversight by knowledgeable and independent ACs are important to enhance audit quality. Recognising this, the AOB has worked to ensure that ACs are adequately informed and equipped with relevant information to effectively carry out their oversight responsibilities over auditors and the audit process.







Sustainability was one of the focus of the conversations with the ACs. The SC through its involvement in the Advisory Committee on Sustainability Reporting (ACSR), was instrumental in the launch of the NSRF, which charts Malaysia's approach for sustainability reporting, using the disclosure standards issued by the International Sustainability Standards Board (ISSB Standards) and a framework for sustainability assurance.

In addition to these regular conversation with ACs, the AOB also shares the AOB Annual Inspection Report with ACs and have recently embarked on providing more targeted information via e-bulletin titled the AOB Alert. Available on the SC's website, the aim is to provide the ACs with regular updates on matters affecting financial reporting and audit quality.

Investor Education and Awareness

In 2024, the SC continued to carry out its investor education programmes through the InvestSmart® brand. This was done through InvestSmart®'s various initiatives and collaborations with key stakeholders to reach out to the public and identified targeted communities including vulnerable groups. This was done through various on-the-ground interactions with investors as well as leveraging on social media, digital media and other platforms to increase knowledge on investment literacy, the importance of retirement planning, and awareness on unlicensed activities and scams.

InvestSmart® organises its very own large scale annual flagship events that serves to provide and nurture investors with investment knowledge. There are two such events conducted annually, the first event, usually held earlier in the year is organised outside of the Klang Valley and the latter, within.

InvestSmart®'s other on-the-ground activities include InvestSmart®@SC, face-to-face engagements, InvestSmart® collaborative events with strategic partners such as the Financial Education Network's Karnival Celik Kewangan by BNM, Minggu Saham Amanah Malaysia by Permodalan Nasional (PNB), Bursa Marketplace and many more.

InvestSmart® Fest 2024

The SC, through its investor empowerment initiative, InvestSmart®, organised its annual flagship investor education event InvestSmart® Fest 2024 (ISF 2024) from 11 to 13 October 2024 at Hall 2 and 3, Mid Valley Exhibition Centre (MVEC), Mid Valley Megamall. The Fest, held annually since 2014, is intended to promote greater awareness of capital market products and services, informed investment decisions, awareness of rights and responsibilities as an investor, better financial planning and greater participation in the capital market.

The ISF 2024 highlighted key messages including importance of retirement planning, emerging concerns on Finfluencers and implications and awareness on mule bank accounts.

Held in conjunction with the IOSCO's World Investor Week 2024 and Financial Literacy Month 2024, the theme was Bijak Labur Hidup Makmur.

The event was officiated by Yew Yee Tee, Executive Director and General Counsel Securities Commission Malaysia on 11 October 2024. During the opening ceremony, the SC and Bursa Malaysia, took part in the 'Ring the Bell for World Investor Week' campaign. The opening also had a special appearance by Douglas Lim, a local comedian to launch a new anti-scam video by InvestSmart®.





ISF 2024 attracted more than 21,000 visitors the highest ever recorded since the annual InvestSmart began in 2014. The event was well received both from the public and 43 exhibitors comprising capital market institutions, associations, industry players and other relevant regulatory and government agencies. The three-day event showcased products and services offered by capital market intermediaries including stocks, bonds, unit trusts, private retirement schemes, ECF, P2P financing, digital investment management (DIM) and digital asset exchanges (DAX).

Featured were 23 talks and panel discussions by leading industry experts sharing their insights on the Malaysian capital market and investment opportunities available. These sessions were also broadcasted live on InvestSmart®'s Facebook and YouTube channel to reach a wider audience.

To encourage visitor engagement and interaction, a dedicated 'anti-scam zone' was introduced for the first time featuring the SC, the Association of Banks Malaysia (ABM) and National Scam Response Centre (NSRC). It served as a one-stop centre for visitors to learn more on the current scam trends and how to protect themselves. There was also the comic strip corner featuring InvestSmart® mascots with content detailing the latest investment scams out there.

As in past years, the SC in collaboration with the Financial Planning Association of Malaysia (FPAM) and the Malaysian Financial Planning Council (MFPC) made available free one-hour financial planning consultation sessions with licensed financial planners under the #FinPlan4u® initiative. This initiative attracted 367 engagements from the public.

Bersama Investsmart® @ Johor 2024

Bersama InvestSmart® is the SC's annual flagship investor education event for retail investors outside of the Klang Valley. The event, which has the same objective as InvestSmart® Fest was previously held in Kota Kinabalu in 2019, Kuching in 2022, and Penang in 2023.

For 2024, Bersama InvestSmart® was held in Johor from 17 to 19 May at the Mid Valley Exhibition Centre, Mid Valley Southkey, Johor Bahru showcasing products and services offered by capital market intermediaries while featuring seminars conducted by leading industry experts. A total of 38 exhibitors, including capital market regulators, licensed and registered intermediaries, affiliates, and governmental bodies, participated in the three-day event, which attracted more than 13,500 visitors.

#FinPlan4u® service desk was also made available attracting 160 members who obtained free one-on-one consultations from licensed financial planners.





Face-To-Face Digital Clinic For Urban B40 Including Seniors – Klinik Silap Labur Duit Lebur

In 2024, the SC collaborated with Pepper Labs Sdn Bhd, a social enterprise experienced in engaging with marginalised and B40 communities and micro-entrepreneurs to run this programme which was designed to raise awareness on scams and unlicensed activities promoted online via social media platforms. This had an outreach of 2,130 participants through 64 sessions conducted at 50 different locations.







Agen Bijak Labur Desa Programme

In 2024, the SC worked with the Ministry of Education to roll out the Agen Bijak Labur Desa (ABJAD) programme targeting 7,500 non-urban population nationwide with the following objectives:

- Create financially literate rural communities by enhancing their awareness on scams and illegal schemes, empowering them to safeguard their own wealth.
- Broaden the awareness of rural communities in relation to investment products to build their wealth.
- Improve the digital literacy of the rural population to encourage the use of technology particularly in relation to digital financial services and to ensure that they are well-equipped to face certain challenges.

The ministry also assisted to identify more than 20 rural secondary schools to participate in ABJAD. This was done using a 'train-the-trainers' approach where teachers and students from the identified schools are trained to be 'Agents of Change' in spreading anti-scam awareness to family members and other adults in their communities.

In 2024, the SC also collaborated with the Ministry of Rural and Regional Development (KKDW) to leverage

KKDW's existing initiatives with rural communities. The SC worked with the Ministry's 191 Pusat Komuniti Desa (PKD) to roll out ABJAD and also participated in the Pusat Komuniti Desa Mobile Negeri Sarawak in Miri. These two locations attracted over 3,100 participants.

InvestSmart® Online Series

The InvestSmart® Online Series is a webinar that provides the public with knowledge on the basics of capital market products and services and awareness on scams and unlicensed activities. Two webinars were held under this banner:

OECD's Global Money Week 2024 (a)

In conjunction with the OECD's Global Money Week 2024, InvestSmart® organised an online webinar with Segi University and College on 20 March 2024. The webinar titled 'Silap Labur Duit Lebur' attracted 65 students.

(b) **IOSCO's World Investor Week**

In conjunction with IOSCO's World Investor Week 2024, InvestSmart® organised an online webinar for the public on 8 October 2024. The webinar was to create awareness in an area of prevailing interest namely sustainable investment for the retail investors. The webinar was attended by 63 participants.





InvestSmart® @SC - Program Celik Kewangan

InvestSmart® continued with its quarterly on-theground financial literacy programme held within the SC premises. These programmes expose targeted groups to knowledge relating to effective financial management, investing, and ways to avoid being victims of scams. The programmes held were:

Pusat Aktiviti Warga Emas (PAWE) Ampang Hilir - The session held on 25 May 2024 reached 84 seniors aged 55 years and above.

- Members from the Persatuan Pesara Kerajaan Malaysia, Bahagian Negeri Selangor – This session was held on 22 June 2024 and attended by 108 seniors aged 55 years and above.
- Students from Tunku Abdul Rahman University of Management and Technology (TARMC) – On 27 September 2024, InvestSmart® collaborated with Bursa Young Investor Club (BYIC) which was attended by over 80 students.
- Gig workers; namely riders and drivers from GRAB - Held on 16 November 2024, 269 participated and benefited from the topic on investment and scam awareness.





Students from Universiti Teknologi MARA (UiTM) Puncak Alam and Kolej Profesional Baitulmal Kuala Lumpur - On 30 November 2024, the session was attended by 117 students.

Outreach to Community Leaders

Awareness and engagements through community leaders is an effective way of reaching out to the masses. In 2024, the SC undertook the following through this initiative:

- On 14 August 2024, InvestSmart® was invited to moderate a forum in conjunction with the SC's Shariah Advisory Council Off-site meeting held at Masjid Sultan Ahmad Shah 1, Kuantan. The forum on 'Shariah Mislabelling' featured the Mufti of Pahang, the Mufti of Selangor and another member of SC's Shariah Advisory Council. The forum was attended by 300 participants comprising registered religious speakers, imams for the district of Kuantan and members of the public. The forum, which was also streamed live on Facebook, had approximately 2,700 views.
- InvestSmart® also embarked on the following:
 - Worked together to deliver the Friday sermon on scams and unlicensed activities

- at all mosques and suraus that hold Friday congregational prayers in Selangor.
- Disseminated anti-scam messages to all mosques and suraus through its social media platforms and bulletins (print and online).
- Conducted Train the Trainer (TTT) programmes through registered religious speakers (Pemegang Tauliah Berdaftar) with Jabatan Agama Islam Selangor (JAIS).
- On 28 September 2024, the SC gave a talk on investment scams at a fellowship meeting hosted at St. Paul's Church, Petaling Jaya. Over 70 participants attended the session on 'Investment Scams: Exposed'.
- In November 2024, circulated posters on '5 steps to avoid falling victim to scams' and 'latest investment scam trends' to temples (Court Hill Sri Ganesar Temple, Jalan Pudu, KL and Sri Subramaniar Swamy Temple, Batu Caves, KL). The posters were then distributed to the visitors of the temples.

My Money & Me Programme 2024 by the Malaysian Financial Planning Council (MFPC)

InvestSmart® once again participated in MFPC's 'My Money and Me' Programme for 2024. My Money and Me is an investment literacy programme by MFPC targeting youths. MFPC organised physical workshops at six locations across the country. The SC participated in five out of the six sessions attracting over 1,437 participants.







InvestSmart® @ National Science Centre

InvestSmart® collaborated with the National Science Centre (NSC) to engage with parents and children on three occasions in 2024:

- 9 March 2024: InvestSmart® mobile van was on site during the school holidays to engage with the public to disseminate investment knowledge and anti-scam messages. This initiative attracted over 2,250 parents and children.
- 25-26 June 2024: InvestSmart® was invited to their Hari Istimewa Sains. The event was participated by university students as well as identified associations for the disabled. The event was officiated by Chang Lih Kang, Minister of Science, Technology and Innovation on 25 June 2024 and brought in 2,913 attendees.
- 14 September 2024: During the school holidays, InvestSmart® again had its van on site and attracted over 5,815 parents and children.

InvestSmart® @ Grab Driver Centre Open Day

The open day was an engagement platform between Grab and its driver partners to equip them with essential financial knowledge. InvestSmart® participated in this initiative under the FEN umbrella and took up a booth space and nominated a speaker to provide insights on

investor education and anti-scam awareness through a presentation titled 'Semak Sebelum Labur'. InvestSmart® engaged over 1,000 participants from 24 to 25 February 2024.

InvestSmart® X Program Madani Rakyat 2024

In 2023, the Prime Minister's Office organised a three-day event to communicate and enhance public understanding of government policies. Various ministries including the Ministry of Finance (MOF) were invited to set-up booths at the event. For 2024, MOF organised seven events across the country and InvestSmart® participated in five of them:

- Zon Utara in Penang from 3 to 5 May 2024. InvestSmart®, together with five other institutions/ agencies joined MOF at its booth. MOF featured the SC's anti-scam awareness as a key focus during the event. The three-day event attracted more than 170,000 visitors.
- Program MADANI Rakyat 2024 Zon Selatan was held from 15 to 17 August at Dataran UTM Skudai, Johor Bahru, and brought in 223,048 visitors.
- Program MADANI Rakyat 2024 Sarawakku Sayang was held from 27 to 29 September at Perkarangan Boulevard Mall, Miri and attracted over 301,000 visitors.



- Program MADANI Rakyat Sabah was held from 18 to 20 October at Perkarangan Stadium Likas, Kota Kinabalu. This event attracted over 485,000 visitors over three days.
- Program MADANI 2 Tahun was held from 22 to 24 November at the Kuala Lumpur Convention Centre and brought in 223,047 visitors.

InvestSmart® X Bursa Marketplace Fair 2024

From 11 to 12 May 2024, InvestSmart® opened a booth at Bursa Malaysia's 'Bursa Marketplace Fair 2024'. The event was to educate and enhance investors' understanding and knowledge of the capital market and catered to all investor segments. The event was held at Suria Sabah Shopping Mall, Kota Kinabalu, and attracted 2,000 visitors.

From 9 to 10 November 2024, InvestSmart® participated at Bursa Marketplace Fair at Viva City Megamall at Kuching, Sarawak which had 15,734 attendees.



InvestSmart® X Karnival Saham Perlis

On 19 October 2024, InvestSmart® was invited to participate together with BNM under the FEN banner at Karnival Saham Perlis – Bersama Bursa Malaysia. This event was officiated by DYTM Tuanku Raja Muda Perlis. This event attracted 1,556 visitors.

InvestSmart® X Program Jelajah Anti-Scam Kebangsaan

Cyber Security Malaysia organised the Program Jelajah Anti-Scam Kebangsaan and invited InvestSmart® to participate in three events in 2024 namely on 6 May in Johor, 27 June in Kedah and on 13 November 2024 in Perak. InvestSmart® joined as a panel speaker alongside BNM and the Royal Malaysia Police to discuss the topic on scams and unlicensed activities. These three events drew a crowd of approximately 1,300 attendees.

InvestSmart® X Financial Wellness Day 2024

On 2 April 2024, InvestSmart® opened a booth at the Sime Darby Financial Wellness Day to educate Sime Darby Bhd's staff before their bonus payout to address financial concerns among the employees and foster a culture of financial literacy. The event was attended by approximately 700 staff.



InvestSmart® X E-Duit Desa Kundasang, Sabah

eDuit Desa is an initiative by BNM to enhance usage of cashless transactions in rural areas. The programme includes FE programmes to equip merchants and locals with financial management skills as they embark towards a cashless society. InvestSmart® was invited to participate in their programme in Kundasang, Sabah on 2 June 2024. The SC gave an anti-scam awareness pocket talk titled 'Silap Labur Duit Lebur'. The event gathered 203 participants.



Minggu Saham Amanah Malaysia 2024

Organised by PNB since year 2000, the 23rd instalment of Minggu Saham Amanah (MSAM) 2024 was held at the Setia City Convention Centre (SCCC), Shah Alam from 22 to 25 August 2024. The annual event seeks to raise awareness and educate the public on investing in unit trusts, showcase PNB's investment products and investment companies; and highlight the regulatory and business environment within which the unit trust industry operates. At this event, PNB also created a dedicated section for FEN featuring booths by its members and partners, including InvestSmart®. The event attracted over 200,000 visitors over five days.

InvestSmart® X Karnival Celik Kewangan 2024

Kuantan

From 6 to 7 July 2024, InvestSmart® was invited to BNM's Karnival Celik Kewangan at the East Coast Mall, Kuantan, Pahang as part of the 'FEN Street', where each FEN member was given a dedicated booth. The

InvestSmart® team reached out to over 200,000 visitors over the two-day event.

Sarawak

From 15 to 17 November 2024, InvestSmart® participated in BNM's Karnival Celik Kewangan at the Viva City Megamall, Kuching, Sarawak as part of the 'FEN Street'. This event drew 22,400 visitors over the three days.

InvestSmart® X Festival Belia Pahang 2024

In conjunction with Hari Belia Peringkat Negeri Pahang organised by Ministry of Youth and Sports (KBS), InvestSmart® was invited to Festival Belia Pahang 2024 from 26 to 28 July 2024 at Dataran Wisma Belia, Indera Mahkota, Kuantan. The event gathered youths between the ages of 18 to 40 years old. During this event, the InvestSmart® team raised awareness about investment scams to the 70,000 visitors that attended the three-day event.



InvestSmart® X PJ Startup Festival 2024

Organised by Pusat Khidmat DUN Kampung Tunku in collaboration with the Petaling Jaya City Council (MBPJ) and the Selangor State Government. The objective of the event was to gather the PJ and Subang communities, to raise awareness on the funding landscape available and to highlight the regulatory and business environment through a host of activities. From 17 to 18 August, InvestSmart® shared information and knowledge on investment products and services, and anti-scam awareness. The event attracted over 5,000 visitors comprising residents, university and college students, startups and SME entrepreneurs.



InvestSmart® X FIMMAC 2024

On 12 September 2024 the Federation of Investment Managers Malaysia (FIMM) organised their annual FIMM Annual Convention (FIMMAC) themed 'Innovate and Invest' at the Vertical, Bangsar South, Kuala Lumpur. This event was attended by unit trust scheme and private retirement scheme consultants, members of the investment management industry, and the public. InvestSmart® had a booth and was a panellist on the topic 'Clarity Through Noise'. The one-day event attracted over 1,070 participants.

FEN's Financial Literacy Month 2024

FEN's Financial Literacy Month 2024 (FLM 2024) was held in October 2024, with the theme 'Bijak Wang Hidup Sejahtera'. FLM 2024 was officiated on 1 October by Senator Datuk Seri Amir Hamzah Azizan, Minister of Finance II at Sasana Kijang, KL, followed by the flag-off of Skuad Celik Kewangan's month-long roadshow. Various activities were carried out by FEN members and partners such as nationwide roadshows, forums, symposiums, events, workshops and webinars. InvestSmart® participation in FLM 2024 were as follows:

 An exhibitor at the launch of FLM and National Financial Literacy Symposium (NFLS) 2024 from 1 to 3 October 2024.

- Organised webinar on Sustainability for retail investors.
- On 14 October 2024, during the EPF Financial Literacy Week 2024, InvestSmart® participated in the pocket talk on the topic of scams and introduction to capital market products and services. The event attracted 1,009 attendees consisting of EPF staff and the general public.

Public Service Announcements on All Television Channels, Radio Stations, and Public Transport

InvestSmart® continued its collaboration with the Ministry of Communications and Digital to promote investment literacy and anti-scam messaging nationwide via public service announcements on all television channels, radio stations, and public transportation operated by Prasarana. This collaboration allowed InvestSmart® to reach millions of Malaysians at no cost. The PSAs included the following:

- Radio announcements on all local radio stations from 1 August 2023 to 1 October 2024 to use the SC's investment checker before investing.
- TV crawler on all local television channels between 15 November 2024 to 15 February 2025, reminding the public to beware of scams perpetrated through mule bank accounts.

InvestSmart® Speaking Engagements

INCEIF University's INCEIF Discourse Series, the 12th edition

On 16 February 2024, InvestSmart® was invited to speak at the INCEIF Discourse Series on 'The Misuse of the Shariah-Compliant Label'. The session delved into the misuse of the Shariah-compliant label among the investing community, particularly by companies offering Shariah-compliant investment tools. The session garnered an audience of 77 viewers from INCEIF's faculty, students and alumni.

Kelab Pencegahan Jenayah SMK Damansara

On 24 July 2024, under the FEN banner, InvestSmart® was invited to give a talk on financial and investment scams at a programme organised by Kelab Pencegahan Jenayah SMK Damansara Jaya (SMKDJ). The programme was attended by 320 students and teachers.

BNM's Scholars Development Programme (SDP) for Pre-Departure Students 2024

BNM invited InvestSmart® to talk on investment scams on 2 August 2024 to 38 BNM scholars pursuing their studies in the US, UK and Australia. The objective was equip the students with the knowledge and skills to manage their finances while abroad.

'Financial Literacy in the 21st Century', K-Youth Programme

FEN received an invitation from Pepper Labs Sdn Bhd to speak at their K-Youth Programme. K-Youth is a youth employability initiative by Khazanah Nasional which aims to develop Malaysia's future talent. InvestSmart® gave a online talk on investment scams to 95 youths on 6 August 2024.

Amazing Seniors: Walk-A-Breakfasthon

InvestSmart® was invited by Hire Seniors to give a talk on 'Avoid Investment Scams: Learn How' on 29 September 2024 at Tropicana Gardens Mall, Kota Damansara. The event was supported by KBS and the Malaysian Women's Marathon, attracting over 500 visitors.

InvestSmart® @ IKIM FM

InvestSmart® was also featured on IKIM FM on 8 and 10 October 2024. The interview focused on raising awareness on the various types of investment scams and how to avoid them as well as to promote InvestSmart®'s flagship event.

InvestSmart X Unit Trust Experience 2024

InvestSmart® was invited by the Federation of Investment Managers Malaysia (FIMM) to give a talk on 'Case Study on Misconduct Involving UTC' on 23 November 2024. The event attracted over 2,200 visitors.



Publications – Pitch Article

Pitch Article on Mule Bank Accounts

As most scams share a common element; the use of mule bank accounts, the SC published an article on Malaylanguage media outlets on the topic of 'Membongkar Akaun Keldai: Cara Mengesan dan Mengelak daripada Penipuan Pelaburan (Scam)'. The article was featured in several publications, including Harian Metro, Berita Harian, Mstar, and Kosmo, reminding the public to never deposit money into a mule account and never allow their bank account to be used as a mule account.

Read more on the featured article on Harian Metro titled 'SC ambil tindakan terhadap 19 pemilik akaun keldai'.

https://www.hmetro.com.my/ mutakhir/2024/12/1161263/sc-ambil-tindakanterhadap-19-pemilik-akaun-keldai?utm_ source=lumi&utm_medium=lumi_web&utm_ campaign=article

Read more on the featured article on Kosmo titled 'SC ambil tindakan terhadap 19 pemilik akaun keldai'. https://www.kosmo.com.my/2024/12/01/sc-ambiltindakan-terhadap-19-pemilik-akaun-keldai/



Scam Awareness Protect and Prevent video featuring the SC, Bursa Malaysia and PDRM

This video was a documentary on the impact scams have on people and how precautionary steps need to be taken to avoid from falling victim. This video was launched during the closing of InvestSmart® Fest.

InvestSmart® Social Media Outreach

InvestSmart® continued to make full use of its social media platforms to reach the public with bite-sized information, further educating them on capital market products and services, and awareness on scams and unlicensed activities. Numerous multi-language social media postings were made on InvestSmart®'s Facebook, Instagram, Twitter and TikTok platforms, reaching more than 16 million users in 2024.

New Anti-Scam Videos

During the, InvestSmart® 2024 two anti-scam videos were launched in collaboration with Bursa Malaysia.

New Anti-scam Video Featuring Douglas Lim



This video featured the latest investment scams with key investor education messaging. This video took a comedic twist on the types of scams that were being perpetrated. It featured Malaysia's homegrown comedian, Douglas Lim. The video was later posted on all InvestSmart® social media platforms and garnered over 1.7 million views.



INTERNAL ENGAGEMENTS TO DRIVE **VALUE**

Efficient internal engagements serve as the foundation for building alignment, fostering collaboration, and driving the SC's collective aspiration to develop and regulate the capital market. In a dynamic environment, where strategic priorities continuously evolve, these engagements ensure that every individual within the organisation remains connected to the bigger picture. By encouraging open communication and shared ownership of goals, the SC nurtures a cohesive and high-performing workforce, enabling the organisation to respond effectively to challenges, create lasting value, and deliver on its mission with clarity and purpose.

Business Planning - Townhall and Management Meeting

Building on the three-year Business Plan 2023-2025, a townhall session was held on 7 February 2024, where the SC management provided staff with key updates on enterprise developments for the year. This included the 2024 Business Plan and Corporate Scorecard, which outline the SC's regulatory and developmental priorities in alignment with national agendas. Additionally, the Townhall introduced important enterprise-wide initiatives such as the SC's Organisational Anti-Corruption Plan (OACP), the Sustainability First Initiative (SFI), and the Technology and Analytics Masterplan (TAAM), alongside key human resource updates.

Advancing SC DNA Values and Practices

The SC DNA, introduced in March 2023 with six dimensions serves as the backbone for the SC's values and form a powerful foundation in embodying the values of a model regulator and in delivering excellence in all aspects of our work. In 2024, various interventions were curated to internalise these values

across the organisation. These interventions brought together the cross-section of the SC population via physical and virtual activities and emphasised specific touchpoints.

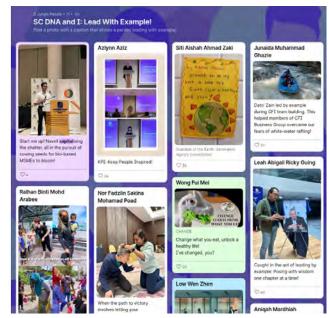
In cultivating a dynamic environment and in building inclusivity the interventions also strengthened the inter-department network and fostered comradeships between staff members.

Individuals who stood out as the most active participants via the trackable touchpoints were Moses Cheng Qing Wong (Analytics), Nur Atiqah Mohamad Tajuddin (Risk Management) and Siti Nur Aina Md Hussin (Corporate Surveillance).

Moving forward, the dimensions of the SC DNA has been aligned to be part of the Leadership competencies across the SC.







STRATEGIC COMMUNICATION **INITIATIVES**

The SC achieved a significant milestone with 4,128 news articles published throughout the year, reflecting widespread media interest and engagement. This extensive coverage highlighted the SC's role in advancing regulatory developments, sustainability initiatives, and industry collaborations, showcasing the SC's impact and influence on key issues in the sector. The diverse range of topics covered in these articles also demonstrated the SC's commitment to transparency and communication with stakeholders.

Key media engagements include:

- **88 media releases** issued (as of December 2024), spotlighting regulatory updates and market development initiatives;
- **Seven technical briefings** to provide clarity on regulatory frameworks;
- Five press conferences/media doorstops, fostering real-time interaction with the press;
- **16 media interviews** featuring SC leadership, positioning them as thought leaders; and
- **Six op-eds** published, offering expert perspectives on capital market developments.

Amplifying Key Initiatives

The SC leadership amplified its thought leadership through 36 impactful speeches, including 30 delivered by the Chairman and six by the Executive **Team**, at key forums. These speeches were prominently covered in the media and helped to further establish the SC as a leading voice in the capital market industry.

Supporting MSMEs and Sustainability

A highlight of the SC's communications efforts in 2024 was the extensive coverage of the SC's Catalysing MSME and MTC Access to the Capital Market: 5-Year Roadmap. The launch event itself received over 200 pieces of coverage, reflecting broad interest and support across media platforms.

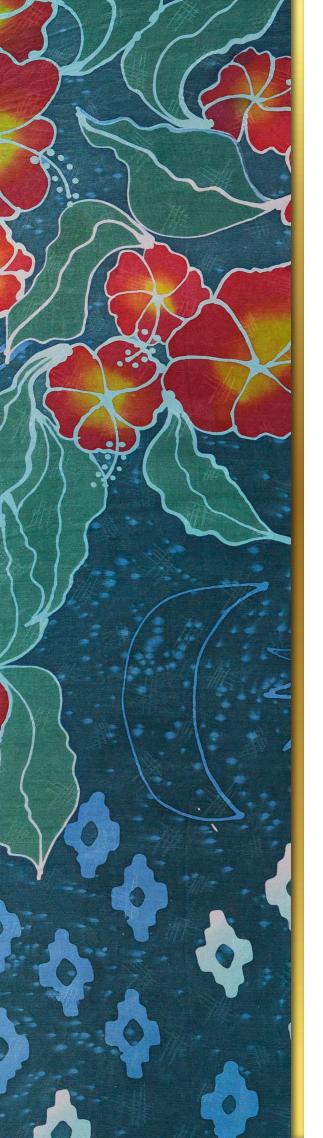
The potential audience of the initiative exceeded 6 million, which was further increased by industry commentary and support from important stakeholders who praised the SC's efforts to provide a strong framework to support this segment.

Another notable mention was the SC-OCIS Roundtable in the UK, where HRH Sultan Nazrin Shah delivered a keynote on 'Restoring Humanity in Finance'. The full text of his speech was featured in The Edge, helping to spotlight the SC's commitment to promoting ethical practices and social responsibility in finance.

Leveraging Social Media

The SC leveraged its digital and social media platforms to amplify its communication efforts and enhance engagement with diverse audiences. Notably, the SC's social media postings gained significant traction beyond its own channels, with approximately 76 postings shared and cited by the media as a credible source of news. These include updates on the SC's Investor Alert List, pre-event promotions, and highlights from key events.





PART 5 ORGANISATION INFORMATION



DATUK DR. SHAHRAZAT Haji ahmad DATO' ALIZATUL KHAIR OSMAN KHAIRUDDIN TAN SRI WEE HOE SOON @ GOOI HOE SOON

Note:

- The line-up of Board Members as at 31 December 2025.
- Dato' Seri Dr. Awang Adek was a board member until 15 June 2024.
- Datuk Rashidah Mohd Sies and Tan Sri Mazlan Mansor completed board member tenures on 12 January and 29 February 2024 respectively.
- Datuk Nik Mohd Hasyudeen Yusoff was appointed board member on 15 January 2025.



DATO' MOHAMMAD **FAIZ AZMI**

DATUK DR. ZUNIKA **MOHAMED**

KEMAL RIZADI ARBI



DATO' MOHAMMAD **FAIZ AZMI**

Appointed 16 June 2024

DATO' MOHAMMAD FAIZ AZMI was appointed the Executive Chairman of the Securities Commission Malaysia (SC) in June 2024 by the Minister of Finance. He was appointed as Board member of the SC in August 2023.

He was the Chairman of PwC Malaysia for 11 out of his 30 years with the firm. He has over 38 years of experience in the audit and business advisory services in Malaysia and the UK. He was the leader of PwC's Global Islamic Finance Team practice from 2007 to September 2012. He was also PwC's Malaysia's Financial Services Leader and joint Head of Audit and led the ESG and Shariah Investing as part of PwC's Sustainability and Climate Change practice in Malaysia. He retired as a partner and the Executive Chairman of PwC Malaysia in June 2023.

Much of his recent work has been with the Federal and State Governments involving work related to Accrual Accounting, acting as an Administrator for an airline and certain government entities and being part of the Federal Government National COVID-19 vaccine rollout. He has also been involved in the financial restructuring of government agencies and investigations.

Dato' Faiz is a member of the Malaysian Institute of Accountants and a Fellow of ICAEW. He has held the post of President of the Malaysian Institute of Accountants, Chairman of the Malaysia Accounting Standards Board, President of the Kuala Lumpur Business Club and ICAEW City Group Chairman.

He was educated in Malaysia and the UK and read law at the University of Durham before being called to the English Bar. He is an alumnus of Lincoln's Inn and a member of the Inns of Court of Malaysia. He is a member of the Worshipful Company of Chartered Accountants England and Wales. He was conferred the Darjah Kebesaran Sultan Sharafuddin Idris Shah (DSIS), which carries the title Dato' in 2013 by the Sultan of Selangor. He was conferred an Honorary Degree of Doctorate of Laws by the University of Nottingham in July 2016.



TAN SRI WEE HOE SOON @ GOOI HOE SOON

Appointed 1 January 2019

TAN SRI GOOI HOE SOON has over 35 years of experience in the fields of accounting and corporate finance. He was instrumental in the successful implementation of several corporate exercises, which include mergers and acquisitions and corporate debt restructuring exercises by PLCs.

He is a member of the EPF Investment Panel and currently sits on the board of directors of Yinson Holdings Bhd, JaGaSolution Bhd (formerly known as Red Ideas Holdings Bhd), Perusahaan Sadur Timah Malaysia (PERSTIMA) Bhd, AIA Bhd, Hydropipes Bhd and LMS Compliance Ltd.

Tan Sri Gooi was the former Chairman of the Board of EON Bank Bhd from 2009 to 2012, Chairman of Amity Bond Sdn Bhd and Deputy Chairman of Avenue Capital Resources Bhd. He was also the CEO/Executive Director-Dealing of Avenue Securities Sdn Bhd. Tan Sri Gooi is a Member of the Malaysian Association of Certified Public Accountants and Malaysian Institute of Accountants.



DATUK DR. ZUNIKA **MOHAMED**

Appointed 1 June 2020

DATUK DR. ZUNIKA MOHAMED is currently the Deputy Secretary General (Policy), Ministry of Economy.

She joined the civil service in 1994 and spent most of her career at the Economic Planning Unit (EPU, Prime Minister's Department). At EPU, she held various positions and portfolios including macroeconomic, agriculture and infrastructure planning as well as distribution and regional development. In late 2018, she had a one-year stint in the Ministry of Agriculture and Agro-based Industries (MOA), covering policy and strategic planning, business development and investment, agriculture modernisation and international co-operation.

She is a trained economist. In her current position at the Ministry of Economy, she leads the preparation and conceptualisation of the 13th Malaysia Plan, 2026-2030.

She received her Doctorate in Economics from the University of Putra Malaysia (UPM) and obtained her postgraduate and undergraduate economics degrees at the International Islamic University (IIU), Malaysia and the University of North Texas, US, respectively. She also holds a diploma in Public Administration from the National Institute of Public Administration (INTAN) Malaysia.

Currently she also sits on several boards of government statutory bodies namely the Malaysia External Trade Development Corporation (Matrade), Federal Agricultural Marketing Authority (FAMA), Halal Development Corporation Bhd (HDC), Rubber Industry Smallholders Development Authority (RISDA), Langkawi Development Authority (LADA) and Selangor State Development Corporation (PKNS).



DATO' ALIZATUL KHAIR OSMAN KHAIRUDDIN

Appointed 1 January 2019

DATO' ALIZATUL KHAIR OSMAN KHAIRUDDIN graduated with a Bachelor of Laws (Honours) from the University of Malaya in 1976 and a Master of Laws from the London School of Economics, University of London, UK, in 1982.

Dato' Alizatul Khair has extensive experience in the legal and judicial fields since 1976. Among the posts she held were Legal Advisor to the Ministry of Education, Deputy Head of the Civil Division of the Attorney General's Chambers and State Legal Advisor of Penang at the Penang State Legal Advisor's Office in 1995.

Dato' Alizatul Khair was later appointed a Judicial Commissioner at the Shah Alam High Court (2003), Judge at the Shah Alam High Court (2004), Judge at the Kuala Lumpur High Court (2008) and Judge of the Court of Appeal in 2011.

In 2017, Dato' Alizatul Khair was appointed to the Federal Court where she served until her retirement in 2019.



KEMAL RIZADI ARBI

Appointed 15 January 2024

KEMAL RIZADI ARBI has 30 years of global experience in the financial services and corporate sector involved in Islamic finance, investment banking, corporate finance, fund management, sustainable finance, fintech, virtual assets, and as a regulator, policymaker and strategic developer of capital markets (including the Islamic capital market) in the Middle East and Asian region.

He is currently an Advisor with the government of Oman and has been with the Executive President and Vice President's Office at the Financial Services Authority (Oman FSA) since 2013, which regulates and develops the financial industry relating to the capital market and insurance sectors (both conventional and Islamic). He has been involved in the development of the Islamic capital market in Oman from the very beginning since the introduction of Islamic finance.

Prior to joining the Oman FSA, he had established initiatives for the development of the Malaysian and ASEAN+3 capital markets (including Islamic capital markets), through various senior positions at the SC. He was also a Member of the Malaysian Audit Licensing Interview Panel Committee of the Ministry of Finance Malaysia.

He had advised the Board of Directors of PLCs in various industries on corporate transactions, while working as a senior corporate and investment banker at the Maybank group and another investment bank previously owned by the Minister of Finance (Incorporated) Malaysia. In addition, he had been a Board Member of an asset management company previously co-owned by the Johor Corporation involved in fund management.

He has also been appointed as a Professor of Practice by the INCEIF University Malaysia, and elected as President of the Chartered Institute of Islamic Finance Professionals (CIIF) where he is a Fellow chartered member (F.CPIF).

Kemal graduated with a Bachelor of Science degree in Actuarial Science from the University of Iowa, US as a JPA scholar. He also holds an MBA (Finance) from the International Islamic University Malaysia and Chartered Islamic Finance Professional (CIFP) master's degree from the INCEIF University Malaysia.



DATUK DR. SHAHRAZAT HAJI AHMAD

Appointed 15 February 2024

DATUK DR. SHAHRAZAT HAJI AHMAD is currently the Deputy Secretary General of Treasury (Investment) with the Ministry of Finance (MoF).

She graduated from the MARA Institute of Technology (ITM) in 1993 with an Advanced Diploma in Accounting and later attained both her Masters and Doctorate in Social Sciences in International Economics from the International University of Japan and The University of Kitakyushu, Japan, respectively.

Datuk Dr. Shahrazat began her service with the government at the MoF in January 1995 at the Government Investment Company Division. First as Assistant Secretary then later as Principal Assistant Secretary. Subsequently in April 2010, she joined the Implementation Co-ordination Unit (ICU) in the Prime Minister's Department, where she served for 11 years until November 2021. She started with the position of Deputy Director of Infrastructure Division, before being promoted as Director in several different divisions such as Economic, Social and Outcome Evaluation divisions.

Datuk Dr. Shahrazat was later appointed as Deputy Director General of Development, the last post she held in the ICU, Prime Minister's Department before being transferred to the Ministry of Defence in November 2021. She held the position of Deputy Secretary General of Development for two years before being transferred to MoF with her current position as Deputy Secretary General of Treasury (Investment).

She is currently a director of the Retirement Fund (Incorporated) (KWAP), The National Trust Fund of Malaysia (KWAN), Armed Forces Fund Board (LTAT) and Telekom Malaysia. She also serves as director in private companies under the purview of MOF Inc.



DATUK NIK MOHD HASYUDEEN YUSOFF

Appointed 15 January 2025

DATUK NIK MOHD HASYUDEEN YUSOFF has over 30 years of experience in the accounting and regulatory fields; and has held leadership roles across various organisations. He currently sits on the boards of Lembaga Tabung Haji, Petron Malaysia Refining & Marketing Bhd and Bank Islam Malaysia Bhd.

Previously, he was Group Managing Director and Chief Executive Officer of Lembaga Tabung Haji, the SC's Executive Director in charge of Market and Corporate Supervision and the Executive Chairman of the Audit Oversight Board.

He was also the President of the Malaysian Institute of Accountants and a member of the Malaysian Accounting Standards Board.

Datuk Nik Hasyudeen is also an Adjunct Professor at the Faculty of Business and Economics, University of Malaya.

He is a member of the Malaysian Institute of Accountants and a fellow of the CPA Australia. He holds a degree in Business from Curtin University, Perth, Western Australia.

EXECUTIVE MEMBERS



BUDIMAN LUTFI MOHAMED

Executive Director Enforcement

DR. WONG HUEI CHING

Executive Director Digital Strategy & Innovation

YEW YEE TEE

Executive Director and General Counsel

SHARIFATUL HANIZAH SAID ALI

Executive Director Islamic Capital Market

DATIN PADUKA AZALINA ADHAM

Managing Director

- 1. Datuk Kamarudin Hashim retired as Managing Director on 30 August 2024.
- 2. Neetasha Rauf is appointed Chief Sustainability Officer on 1 January 2025.



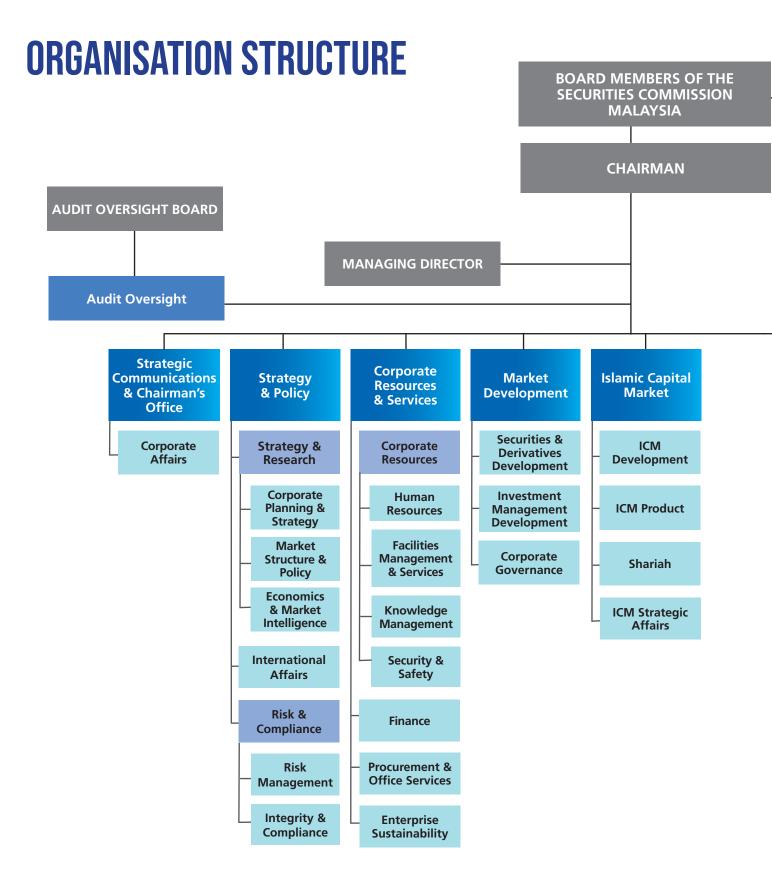
DATO' MOHAMMAD **FAIZ AZMI** Chairman

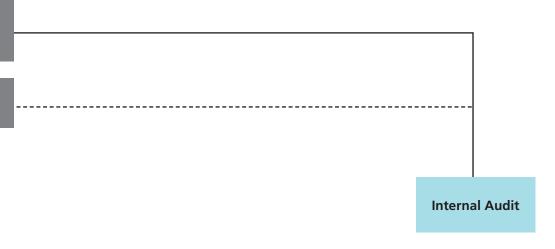
SALMAH BEE MOHD MYDIN Executive Director Market Development

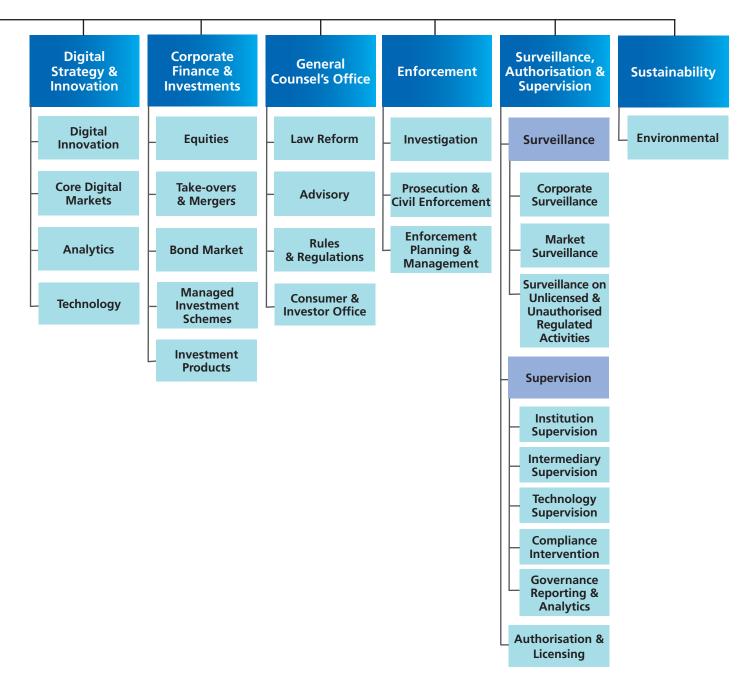
AZHARI MAZLAN Executive Director Corporate Finance & Investments

ALEX 001 THIAM POH Executive Director and Head Audit Oversight

JALIL HAMID Executive Director Strategic Communications & Chairman's Office







SHARIAH ADVISORY COUNCIL MEMBERS



PROFESSOR DATO' DR. AZNAN HASAN Chairman



PROFESSOR DR. ENGKU RABIAH ADAWIAH ENGKU ALI Deputy Chair



PROFESSOR DR. ASHRAF MD HASHIM



SAHIBUS SAMAHAH PROFESSOR DATO' DR. ASMADI MOHAMED NAIM



ASSOCIATE PROFESSOR DR. MOHAMED FAIROOZ ABDUL KHIR



SAHIBUS SAMAHAH DATO' SETIA DR. HAJI ANHAR HAJI OPIR



DR. MARJAN MUHAMMAD



ASSISTANT PROFESSOR DR. **AKHTARZAITE HAJI ABDUL AZIZ**



BURHANUDDIN LUKMAN

STATEMENT ON GOVERNANCE

The SC is a statutory body established under the Securities Commission Malaysia Act 1993 (SCMA) to regulate and develop the Malaysian capital market. The SC's mission is to promote and maintain fair, efficient and transparent securities and derivatives markets and to facilitate the orderly development of an innovative and competitive capital market. It is committed to ensure investor protection, fair and orderly markets, and monitor, mitigate and manage systemic risks arising from the capital market. The SC's responsibilities, powers and authorities are clearly defined and transparently set out in securities laws, namely the SCMA, Capital Markets and Services Act 2007 (CMSA) and Securities Industry (Central Depositories) Act 1991 (SICDA).

ABOUT THE COMMISSION

Board Members

The Board is responsible for the overall governance of the SC. The Minister of Finance appoints Board members. The Board comprises a Chairman, a Deputy Chief Executive and seven other members who may include persons representing the government and private sector. The Chairman is entrusted with the day-to-day administration of the SC as provided by section 4B(1) of the SCMA.

Dato' Mohammad Faiz Azmi was appointed as the SC Chairman on 16 June 2024, following his appointment as a Board member on 15 August 2023. A profile of Board members is featured on pages 154 to 157 and their involvement in the various committees established by the Board is provided on page 165.

The Chairman is appointed for a term of three years, and is eligible for reappointment upon completion of his or her term. Other Board members are appointed for a term of two years, and are eligible for reappointment upon completion of the term.

A person is disqualified from holding the office of a Board member if he or she holds a full time office in any public-listed company, becomes a member of either Houses of Parliament, or becomes an officer or director of an entity that is regulated by the Commission. Similarly,

a Board member shall not hold office if he or she-

- is convicted of a criminal offence involving fraud, dishonesty, corruption or violence;
- is declared a bankrupt;
- is not capable of discharging his or her duties;
- fails to attend three consecutive meetings of the Board without leave;
- conducts himself in such a way as to bring disrepute to the Commission;
- fails to disclose his or her interests; or
- becomes involved in any activity which may interfere with his or her independence in discharging his or her functions.

The SCMA requires a Board member to manage conflicts of interest by disclosing his or her interest in any matter under discussion by the Board or any of its committees. Once a disclosure is made, he or she—

- shall neither take part nor be present in any deliberation or decision of the Board or its committees; and
- shall be disregarded for the purposes of constituting quorum of the Board or its committees, relating to the matter.

Functions of the Commission

The functions of the Commission are to:

- advise the Minister on all matters relating to the capital market;
- regulate all matters relating to the capital market;
- ensure that the provisions of the securities laws are complied with;
- regulate the take-overs and mergers of companies;
- promote and regulate all matters relating to fund management, including unit trust schemes and PRS;

- be responsible for supervising and monitoring the activities of any exchange holding company, stock exchange, derivatives exchange clearing house and central depository;
- take all reasonable measures to maintain the confidence of investors in the capital market by ensuring adequate protection for such investors;
- promote and encourage proper conduct among participating organisations, participants, affiliates, depository participants and all licensed or registered persons of an exchange, clearing house and central depository, as the case may be;
- suppress illegal, dishonourable and improper practices in the capital market, and in the provision of investment advice or other services relating to the capital market;
- consider and make recommendations for the reform of the securities laws;
- encourage and promote the development of the capital market in Malaysia including research and training in connection thereto;
- encourage and promote self-regulation by professional associations or market institutions in the capital market;
- license, register, authorise, approve and supervise all persons engaging in regulated activities or providing capital market services as may be provided for under the securities laws;
- promote and maintain the integrity of all licensed persons, registered persons, approved persons and participants in the capital market;
- register or recognise all auditors of PIEs or schedule funds, and to exercise oversight over any person who prepares a report in relation to financial information of public interest entities or schedule funds, in relation to capital market activities:
- promote confidence in the quality and reliability of audited financial statements in Malaysia, and to promote and develop an effective and robust audit oversight framework in Malaysia;
- take all reasonable measures to monitor, mitigate and manage systemic risks arising from the capital market;
- promote and regulate corporate governance and approved accounting standards of listed corporations; and
- set and approve standards for professional qualification for the capital market.

The Commission also has the functions and powers conferred upon it by or under the securities laws.

Board Meetings

A total of 11 Board meetings were held in 2024, with a quorum requirement of five members. The attendance record is set out in Table 1.

The Board's governance of the SC is supported by the various board committees established under section 18 of the SCMA, as listed in Table 2.

TABLE 1 Attendance at Board meetings

Board members	Number of meetings attended	
Dato' Seri Dr. Awang Adek Hussin ¹	5/5	
Dato' Mohammad Faiz Azmi ² As Chairman As SC Board Member	11/11 6/6 5/5	
Tan Sri Gooi Hoe Soon	10/11	
Datuk Dr. Zunika Mohamed	8/11	
Tan Sri Mazlan Mansor ³	1/1	
Dato' Alizatul Khair Osman Khairuddin	11/11	
Kemal Rizadi Arbi	11/11	
Datuk Dr. Shahrazat Ahmad ⁴	6/10	

Notes:

- Resigned from the Board on 15 June 2024.
- Appointed as SC Chairman 16 June 2024.
- Tenure ended 29 February 2024.
- Appointed to the Board on 15 February 2024.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (ARC) comprises nonexecutive members of the SC as shown in Table 2, who are appointed by the Board. The purpose, authority and responsibilities of the ARC are set out in the Audit and Risk Committee Charter as approved by the Board. Essentially, the ARC provides oversight of the SC's governance, risk management and internal control practices.

The ARC has an oversight role over the internal audit function, including reviewing the outcome of audits and approving the annual internal audit plan.

TABLE 2 **Board Committees**

Coi	mmittee	Key responsibility	Board Members
1.	Audit and Risk Committee (ARC)	Review the effectiveness of the SC's governance, risk management and internal control systems, and review the annual financial statements.	 Tan Sri Gooi Hoe Soon (Chairman) Datuk Dr. Zunika Mohamed Dato' Alizatul Khair Osman Khairuddin
2.	Issues Committee	Review and decide on primary listings of corporations and business trusts on the Main Market; acquisition of assets which results in a significant change in business direction or policy of a corporation or business trust listed on the Main Market; and secondary or cross listings of foreign corporations or foreign business trusts on the Main Market.	 Dato' Seri Dr. Awang Adek Hussin (Chairman)² Tan Sri Gooi Hoe Soon
3.	Take-overs and Mergers (TOM) Committee	Review take-over and merger related applications of a novel and/ or complex nature and matters relating to national policy.	 Dato' Mohammad Faiz Azmi (Chairman)¹ Dato' Seri Dr. Awang Adek Hussin (Chairman)² Kemal Rizadi Arbi Datuk Dr. Shahrazat Ahmad
4.	Licensing Committee	Review and decide on applications for the grant of a new Capital Markets Services Licence (CMSL), new licensed representatives, appointments of directors, key management or compliance officers that are submitted together with a new CMSL application;, and to consider any policy recommendations relating to licensing issues.	 Dato' Mohammad Faiz Azmi (Chairman)¹ Dato' Seri Dr. Awang Adek Hussin (Chairman)² Datuk Dr. Zunika Mohamed Kemal Rizadi Arbi
5.	Nomination and Remuneration Committee (NRC)	Assess and formulate the remuneration of the Chairman and Deputy Chief Executive (DCE) and make appropriate recommendations to the Minister of Finance.	 Tan Sri Mazlan Mansor (Chairman)³ Tan Sri Gooi Hoe Soon (Chairman)⁴ Datuk Dr. Zunika Mohamed Dato' Alizatul Khair Osman Khairuddin
6.	Sustainability Committee	Provide oversight on the formulation of the SC's internal policy positions as well as policy positions to regulate and develop the capital market on sustainability and ESG-related strategies.	 Dato' Mohammad Faiz Azmi (Chairman)¹ Dato' Seri Dr. Awang Adek Hussin (Chairman)² Tan Sri Gooi Hoe Soon Datuk Dr. Zunika Mohamed
7.	Regulatory Strategy and Advisory Committee (RSAC) ⁵	Provide holistic and strategic advice (Advice) to the SC Chairman and the SC Board regarding the regulatory landscape across various SC business functions. These functions include Surveillance, Authorisation, Licensing, and Supervision, the General Counsel's Office and Enforcement business groups (the relevant business groups).	 Dato' Alizatul Khair Osman Khairuddin (Chairman) Dato Dr. Nik Ramlah Nik Mahmood⁵ Dato' Ishak Mohd Yusoff⁵

Notes:

(Previous member of the Issues Committee, TOM Committee, Licensing Committee and Sustainability Committee prior to being appointed as the SC Chairman).

Appointed as SC Chairman 16 June 2024.

² Resigned from the Board 15 June 2024.

³ Completed term as Board Member on 29 February 2024.

⁴ Appointed as Chairman NRC on 1 March 2024.

⁵ Committee member appointed by the SC Board.

The ARC reviews the suitability, independence and performance of external auditors and makes recommendations to the independent non-executive Board members for the annual appointment/ reappointment of the external auditors. The ARC is also responsible for the review of the external auditors' proposed audit scope, audit approach, audit fee and audit outcome, including reviewing all significant matters relating to the financial statements with Management and the external auditors. For the financial year of 2024, the ARC had convened seven meetings.

SHARIAH ADVISORY COUNCIL

The SAC is mandated to ascertain the application of Shariah principles on any matter relating to the ICM and plays an important role in the development of Malaysia's ICM. It advises the Commission on any Shariah issue relating to the ICM and issues rulings on the ICM which are published for the benefit of the industry. The nine SAC members as listed in Table 3, serve for a three-year period commencing 1 July 2023, as assented by the Yang di-Pertuan Agong under section 31ZK of the SCMA.

AUDIT OVERSIGHT BOARD

The Audit Oversight Board (AOB) was established under Part IIIA of the SCMA and its mandate is to assist the SC in discharging its regulatory function in respect of developing an effective audit oversight framework, promoting confidence in the quality and reliability of audited financial statements, and regulating auditors of PIEs and scheduled funds.

The AOB also exercises oversight over any person who prepares a report relating to the financial information of PIEs and schedule funds, in relation to capital market activities. The AOB members are appointed by the Board (Table 4).

RISK MANAGEMENT AND INTERNAL CONTROLS

Board Responsibility

The Board acknowledges the importance of maintaining a robust risk management framework and internal control to safeguard its integrity and governance.

To ensure this, the Board through delegation to the Board level ARC and management level Risk Management Committee (RMC), oversees the implementation,

TABLE 3 Shariah Advisory Council members

SAC members

- 1. Professor Dato' Dr. Aznan Hasan (Chairman)
- Professor Dr. Engku Rabiah Adawiah Engku Ali (Deputy Chair)
- Professor Dr. Ashraf Md Hashim 3.
- Sahibus Samahah Professor Dato' Dr. Asmadi **Mohamed Naim**
- Associate Professor Dr. Mohamed Fairooz Abdul Khir 5.
- 6. Sahibus Samahah Dato' Setia Dr. Haji Anhar Haji Opir
- 7. Dr. Marjan Muhammad
- Assistant Professor Dr. Akhtarzaite Haji Abdul Aziz
- 9. Burhanuddin Lukman

TABLE 4 Audit Oversight Board members

AOB members

- Tan Sri Abu Samah Nordin 1.
- Alex Ooi Thiam Poh
- 3. Salmah Bee Mohd Mydin
- Hong Chin Pheng
- 5. Datuk Nor Azimah Abdul Aziz
- 6. Dato' Seri Ahmad Johan Mohammad Raslan
- Dato' Noorazman Abd Aziz 7.

monitoring, and continual enhancement of the organisation's risk management framework. This includes assessing emerging risks, evaluating the effectiveness of internal controls, and ensuring compliance with regulatory standards.

The SC has also established the Financial Risk Committee (FRC) and Technology and Cybersecurity Risk Committee (TCRC), Operational Risk Committee (ORC) and Safety and Health Committee (SHC) to support the RMC in reviewing the adequacy and integrity of the SC's enterprise risk management system which includes the key processes of risk identification, assessment, mitigation, monitoring and reporting. Through the RMC, these committees update the ARC and Board periodically of their work and ensuring all activities are consistent with the SC's strategic objectives and risk appetite.

Board and Management Responsibility

The management is accountable to the Board. As per Section 4(3)(c) of the SCMA, the Board is responsible for reviewing and adopting appropriate systems and controls to manage the enterprise risks of the SC.

Risk Appetite

The SC's risk appetite outlines the extent, nature, and types of risk the organisation is willing and able to accept in the pursuit of its strategic goals. It also establishes the risk tolerance levels and limits to guide, manage, and regulate the SC's risk-taking activities.

The risk appetite is a key element of the SC's effective risk management framework, guided by strong topdown leadership from the Board and active bottom-up engagement from Management at all levels.

FIGURE 1 The SC's Enterprise Risk Appetite Statement



The SC is committed to achieving our strategic objectives and protecting our reputation as a respected and reliable capital market regulator. We are open to initiatives and strategies that will facilitate the orderly development of an innovative and competitive capital market. Our commitment to sustaining operations is balanced with an open view of business resiliency. Our approach combines resiliency, trust preservation, and innovation for a dynamic capital market sector.

Risk Management Framework

The SC's Enterprise Risk Management Framework is set up in accordance with ISO 31000:2018 Risk Management Guideline which include the identification, evaluation, reporting, treatment, monitoring, and review of both strategic and operational risks within the SC. This is implemented through the establishment of the Enterprise Risk Management Policy and Standard Operating Procedure for Enterprise Risk Management (ERM SOP).

The identified risks are documented in the risk register and subsequently evaluated to assign a risk rating. The Risk Management department would then challenge and validate these risk registers for accuracy, reliability and integrity. This assessment is determined using a matrix that evaluates the likelihood of occurrence and the potential impacts, considering both financial and non-financial consequences. Following this assessment, line departments are responsible for implementing mitigation measures aimed at achieving a residual risk that falls within the SC's acceptable tolerance levels.

In the effort to enhance the efficiency and effectiveness of risk oversight and decision-making processes, the SC has consolidated its two management risk committees – the Systemic Risk Oversight Committee (SROC) and the Executive Risk Management Committee (ERMC) – into a unified committee now known as the Risk Management Committee (RMC). With this consolidation, it will provide the SC's senior management a better holistic view of key risks across the capital market as well as at enterprise level. In 2024, a total of 23 meetings were held to deliberate various key issues.

FIGURE 2 The SC's Internal Risk Governance Structure

The Board has the purpose of providing high-level guidance and a strategic avenue **Board** for addressing risk issues. The ARC serves the purpose of providing structured and systematic oversight of the SC's governance, risk management and Audit and Risk Committee The RMC was established to monitor, mitigate Risk

and manage systemic risks arising from the capital market as provided under Section 15(1)(p) of the SCMA, as well as assisting the Board on reviewing and adopting appropriate systems and control to manage the enterprise **Management** Committee risk of the SC as provided under Section 4(3)(c) of the SCMA.

Financial Risk Committee

The FRC covers financial and procurement risks to the SC and ensures that such risks are adequately managed.

Operational Risk Committee

The ORC addresses SC-wide operational risks related to SC assets, buildings, people and security.

The SHC provides support for occupational safety and health-related matters.

Technology and Cybersecurity Risk Committée

The TCRC covers technology and cyber security risks related to the SC It also provides strategic input and challenges the risk identification and management of key risks in these areas.

Internal Controls

The SC has established a comprehensive framework of internal control measures, incorporating policies and procedures that address key operational areas, including governance, staffing, procurement, operational resilience, data protection, and risk management. These measures are designed to ensure the effectiveness and reliability of the overall control environment.

FIGURE 3 **Internal Control Measures**



Internal Controls



Governance and compliance

Ethical conduct and standards of behaviour in the discharge of its duties



Business processes and procedures

Guidance for the SC's employees in the discharge of their functions



Information and knowledge management

Secure, retain, and disseminate information



Operational resiliency

Ability to navigate through uncertainty



Anti-corruption measures

Strong sense of accountability and professionalism

Risk management is a dynamic process, and as part of ongoing efforts to maintain the SC's resilience, the risk taxonomy has been revised and streamlined. This establishes a unified approach to strategic risks which allows for more effective risk mitigation strategies where action plans are now becoming targeted and centralised, and integration of interconnected risks which facilitates a more cohesive risk management strategy.

FIGURE 4













Business Continuity and Crisis Management

Business Continuity Management

The SC is fully committed to fortifying organisational resilience through the implementation of a robust Business Continuity Management (BCM) Policy and BCM Standard Operating Procedure, aligning with the ISO 22301:2019 Security and Resilience - Business Continuity Management System (BCMS) requirements. This corresponds with the organisation's ongoing efforts to ensure the sustainability of operations, even in the event of crises or disasters.

The SC also has an annual programme which includes awareness, training, review and validation on the efficiencies and effectiveness of BCM. Execution of the programme is reported to the RMC.

Crisis Management

Crisis management is a vital component of the SC's risk management framework, ensuring preparedness and resilience in the face of unexpected challenges. There is an established Crisis Management Policy and Crisis Management Standard Operating Procedure (SOP) to quickly identify, assess, and respond to crises, minimising disruptions to our operations while safeguarding stakeholders' interests.

The crisis management plan is regularly reviewed and updated to reflect evolving risks, ensuring that SC is well-equipped to handle emergencies with agility and effectiveness. Through proactive communication and decisive action, the SC remains committed to maintaining operational stability and protecting our strategic objectives.

Emerging Risks

In today's dynamic environment, as organisations increasingly rely on innovative solutions and remain closely connected to external influences – new hazards pose potential challenges. Emerging risks are often marked by uncertainty in both their likelihood and their potential impact to business functions and operations.

To remain resilient, the SC is actively monitoring these emerging risks, even though they may not pose any immediate threats, consistent with forward-looking approach in managing risk.

The SC has implemented an internal process to identify emerging risks annually. This methodology includes analysing risk data points from both leading and lagging key risk indicators, engaging with risk officers and relevant stakeholders, and conducting environmental scans for emerging risk trends. The SC utilises the risk outlook to strategise the business plan, complementing the SC's strategic planning efforts.

By identifying emerging risks early, the SC can proactively develop mitigation measures and response plans, as shown in Figure 5.

FIGURE 5



Integrity and Compliance

The establishment of the Code of Conduct served the following purposes:

- Defining governance expectations for Board Members in the execution of their duties.
- Outlining expectations for the SC's employees, encompassing ethical conduct and standards of behaviour throughout their tenure with the SC.
- In embracing the tenets of governance, integrity and compliance, the SC has continuously maintained the highest standards that focuses on ethical conduct when dealing with both external and internal stakeholders.

The SC's Code of Conduct sets clear expectations for employee behaviour, emphasising the organisation's values and principles. It outlines the consequences for breaches to ensure alignment with high standards of governance and professional conduct.

To uphold transparency and integrity within the workforce, the SC conducts thorough verification of potential hires and delivers regular awareness sessions on ethics and integrity, reflecting its commitment in promoting a culture of integrity and compliance.

The SC has also established the Job Rotation Policy, which is designed to promote talent development by providing staff with opportunities to enhance their skills and broaden their professional growth. This initiative supports career progression, encourages knowledge sharing across the organisation, and contributes to maintaining a healthy succession ratio for missioncritical positions while identifying and addressing skill gaps. This ensures that the organisation is prepared as a future ready regulator.

Promoting governance, integrity, and anti-corruption practices remains a priority at the SC. Mandatory training programmes, led by subject matter experts, are implemented for employees at all levels. The Job Rotation Policy also promotes a rotation programmes for key positions and high-risk departments. This initiative enhances the effectiveness of the SC's anticorruption efforts. Organisational structure reviews are also conducted to address conflicting functions within business groups and to establish clear segregation of duties.

Additionally, collaborative sessions with line departments are organised to address specific needs and encourage an agile approach to fraud prevention and internal controls.

Policies and Procedures

Recognising the importance of having well-established organisational policies and procedures, an SC wide exercise was undertaken to review these documents were up-to-date. Policies and procedures are the cornerstone for promoting good business conduct in the organisation. Clear and documented processes provide a sense of accountability and guide for employees to ensure goals are achieved while efficiency is maintained.

The commitment shown by the employees in completing the review, exemplifies the culture of proper governance to mitigate unwarranted situations.

Talent Management

The Job Rotation Policy has been implemented to promote a rotation programme for key positions and high-risk departments.

This initiative enhances the effectiveness of the organisation's anti-corruption efforts. Additionally, organisational structure reviews are conducted to address conflicting functions within business groups and to establish clear segregation of duties.

To support sustainable operations, the SC prioritises maintaining a healthy succession ratio for missioncritical positions and regularly assesses skill gaps. This robust approach to succession planning ensures that the organisation is prepared as a future ready regulator.

Procurement

The Procurement and Office Services Department has successfully deployed a new E-Procurement system, representing a significant milestone in streamlining workflows, improving efficiency, and enhancing accountability across procurement activities. By leveraging technology, the system ensures better tracking, monitoring, and reporting of procurement transactions, reducing manual intervention and mitigating risks associated with human error.

Key improvements achieved since the implementation of the SC E-Procurement System include:

- Time Efficiency: Reduced the procurement 1. cycle by 25%, significantly cutting down time compared to the manual process.
- 2. Automated Budget Control: Replaced manual budget tracking with automated processes, ensuring accuracy and reducing the administrative workload.

- 3. Efficient Vendor Search: Vetted vendors are readily available with an easy search feature by categories, streamlining vendor selection.
- Simplified Approval Process: Introduced a 4. one-click approval request, eliminating the need for time-consuming email or meeting-based approvals.
- 5. Improved Document Handling: Enabled direct document extraction within the platform, reducing the effort of tracking and compiling multiple document formats.

The implementation of the E-Procurement System marks a step towards modernising and strengthening the organisation's procurement processes while supporting its commitment to good governance and continuous improvement.

Sensitive and Confidential Information

The Authorisation for Disclosure of Information Policy governs the release of material non-public information to third parties. Requests for disclosure of such information will be referred to a committee consisting of senior management of the SC for a decision.

Information and Knowledge Management

To ensure compliance and effective records management, the SC has implemented a comprehensive framework in accordance with the National Archives Act 2003 (Act 629).

The Records Management Policy (RMP) provides clear guidelines, standards, and procedures for managing records within the SC. The RMP ensures that records are suitable for use as evidence or information in support of business operations and legal obligations. Additionally, it has streamlined the retention and dissemination processes, enhancing staff access to knowledge and information for daily tasks.

To further strengthen records management practices, the SC has developed the SC's Enterprise File Classifications (EFC) and the Records Disposal Schedule (RDS). This alignment with Arkib Negara Malaysia (ANM) requirements demonstrates the SC's commitment in maintaining a robust records management system that meets regulatory standards.

Key improvements resulting from the RMP, EFC, and RDS include:

- Enhanced compliance with regulatory requirements: Adherence to the National Archives Act and ANM guidelines ensures the integrity and accessibility of SC records.
- Improved efficiency and effectiveness: Standardised classification and retention schedules streamline record management processes, reducing administrative burden and improving information
- Strengthened accountability and transparency: A well-managed records system supports accountability and transparency in the SC's operations.
- The SC's ongoing commitment to records management ensures that its information assets are protected, accessible, and utilised effectively to support its regulatory functions and contribute to the overall efficiency and effectiveness of the organisation.

Technology and Cybersecurity

The SC has taken steps to enhance its resilience in the face of evolving technology and cybersecurity risks. In 2024, these measures included strengthening data governance, access controls, operations resilience, and project management capabilities.

As the SC increasingly leverages AI in its SupTech work, ensuring accessible quality data and effective data governance becomes paramount. The Enterprise Data Governance (EDG) framework was deployed this year to promote standardised data handling practices, improve data quality, and align data-related activities with the SC's long-term objectives. This is a critical pillar towards our objective of becoming a data-driven organisation.

From a security standpoint, the focus has been on strengthening access controls to prevent unauthorised access to sensitive systems and data. These efforts aim to fortify the SC infrastructure and enhance the SC's ability to prevent, detect, and respond to increasingly sophisticated cyber attacks, ensuring a secure and resilient operational environment.

To strengthen the resilience of operations, the SC implemented the IT Operations Management (ITOM) tool, enhancing real-time IT infrastructure monitoring and enabling faster responses to operational issues. This contributed to more efficient and reliable IT operations. Additionally, the SC conduct regular simulation exercises to strengthen business continuity and the ability to recover critical operations in the face of potential disruptions.

To address execution risks in technology projects, the SC has focused on strengthening its project management capabilities. By enhancing governance structures and risk management practices, the SC team is better equipped to execute technology projects in line with strategic goals, mitigating risks related to scope, timelines, and resources.

Governance, Integrity and **Anti-Corruption Measures**

The SC's Organisational Anti-Corruption Plan (OACP) 2024-2026 was developed in line with Government directives to focus on strengthening good governance and affirming measures to address organisational issues in relation to governance, integrity, and corruption to enhance SC's performance.

As part of ongoing initiatives and creating a corporate integrity culture, a new mandatory training programme was initiated in 2024 till 2025 to build awareness and understanding about the importance of governance, integrity and anti-corruption especially in a working environment.

Further, the scope of the existing SC Anti-Corruption Committee (SC JAR) was enhanced which demonstrated the SC's commitment to support the government's fight against corruption. Following this, the committee was renamed as SC Jawatankuasa Tatakelola (SC JTK). The SC JTK serves as a platform focused on addressing organisational issues pertaining to governance, integrity and anti-corruption measures.

The OACP 2024-2026 is monitored, and the implementation achievement reports are reported to the top management periodically.

INTERNAL AUDIT

The SC's Internal Audit Department (IAD) assists the ARC in discharging its duties and responsibilities. IAD reports directly to the ARC, which determines the adequacy of scope and function of the department as set out in the Internal Audit Charter. IAD accomplishes its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control and governance processes.

IAD carries out its responsibilities by conducting reviews based on the internal audit plan as approved by the ARC and the International Standards for the Professional Practice of Internal Auditing as issued by The Institute of Internal Auditors.

The main activities of IAD for the year 2024 included performing predominantly risk-based audits for the areas identified in the internal audit plan and ad-hoc review of certain functions as requested by Management. The results of the audits and activities performed by IAD were presented to the ARC for its review and deliberation. Where applicable, IAD conducted followup enquiries to ensure that Management's corrective actions were implemented appropriately and provided periodic updates on the status or progress of the key actions to the ARC. In addition, IAD played an advisory role in the course of discharging its responsibilities.

IAD had also reviewed the ARC Charter and Internal Audit Charter to ensure they remain relevant and had sought the ARC's feedback and approval.

EXTERNAL STAKEHOLDER AND PUBLIC COMMUNICATION

SIDREC is a body approved by the SC to handle capital market-related monetary disputes by investors against its members. SIDREC members are CMSL holders or Registered Persons under the CMSA who are authorised to deal in securities, derivatives, private retirement schemes and fund management services. This includes banks, brokers, unit trust management companies, fund managers, PRS providers and distributors as well as two development financial institutions.

An independent and impartial body providing effective and affordable access to redress for monetary disputes between investors and market intermediaries is recognised as a fundamental aspect of global best practices. This approach aligns with the SC's commitment to advancing its initiative for investor protection and empowerment.

In 2024, SIDREC received 230 claims and enquiries, out of which 38 were eligible disputes (2023: 266 claims and enquiries, of which 49 were eligible disputes). Of the 44 cases resolved, 50% (22 cases) were successfully resolved through case management and mediation without having to proceed to adjudication. Since its establishment up to 2024, SIDREC has managed a cumulative total of 3,922 claims and enquiries, including 747 eligible disputes and 3,175 enquiries.

SIDREC actively engages with the investing public through awareness initiatives, in addition to its involvement in the dispute resolution process with both SIDREC's members and investors. SIDREC also collaborates with its members, the SC, and various stakeholders including industry associations and self-regulatory organizations with the aim to share constructive insights and address concerns arising from the dispute resolution process, providing valuable feedback to the market, investors, and regulators.

As announced by the MOF, BNM, and the SC, an integrated dispute resolution scheme has been established to streamline financial dispute resolution for investors/financial consumers and capital market intermediaries/financial service providers. In line with this initiative, SIDREC and the Ombudsman for Financial Services (OFS) have consolidated into a single entity, the Financial Markets Ombudsman Service (FMOS), effective January 2025. This consolidation aims to provide a consistent approach to investor and consumer protection, enhance operational efficiencies between the two alternative dispute resolution (ADR) bodies, and ensure the resolution process remains fair, impartial, seamless, and free for investors and financial consumers.

Through ongoing collaboration with stakeholders such as the SC, BNM, and industry participants, FMOS will remain responsive to the evolving challenges of the capital and financial sector and uphold global best practices in alternative dispute resolution.

ENTERPRISE SUSTAINABILITY

INTRODUCTION

The SC strives to be a sustainable organisation, taking into consideration the environmental and social impact of its operations, while setting the tone for other publiclisted companies in Malaysia. Aligned with global trends and Malaysia's climate aspirations as outlined in the National Energy Transition Roadmap (NETR), the SC's decarbonisation commitments are to be Carbon Neutral by 2040, and Net Zero by 2050. The SC's Sustainability First Initiative (SFI) introduced the SFI Roadmap in 2023 to chart the organisation's effort to transition to net zero and includes Environmental, Social and Governance initiatives.

This segment covers the SC's enterprise sustainability initiatives, which includes incorporating improved sustainability practices within the organisation. It also includes an overview of the SC's commitment to the United Nations Sustainable Development Goals (UN SDGs).

The SC's Commitment to the UN SDGs

Consistent with the SC's goal to be a sustainable organisation, six SDGs have been identified as relevant to the SC's enterprise values and operations. The following are the relevant SDGs and how the SC is contributing to its specific targets (Figure 1).

FIGURE 1

SDGs

SDG Targets

SC's Initiatives



- 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
- 7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.
- By 2030, increase substantially the share of renewable energy in 7.2 the global energy mix.
- 7.3 By 2030, double the global rate of improvement in energy efficiency.
- 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and
- 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
- persons with disabilities, and equal pay for work of equal value.
- 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.



- 16.6 Develop effective, accountable and transparent institutions at
- 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.

- investED Leadership and Job Placement Programme
- **TVET Development Programme**
- Solar panel installation
- Vehicle transition
- Lighting transition
- Hiring of hearing-impaired gardeners
- SC Safety and Health Committee
- SC's Emergency Response Team (ERT)
- Established waste policy and waste Standard Operating Procedure (SOP)
- Establishment of:
 - **Board Sustainability Committee**
 - Sustainability Steering Committee
 - **Enterprise Sustainability** Department

ENVIRONMENTAL

The SC's Emissions

Under the environmental pillar, the SC has started tracking the greenhouse gas (GHG) emissions associated with its operations including its Scopes 1, 2 and 3. The calculation of the SC's GHG emissions is done via a carbon management solution and is guided by the GHG Protocol methodology.

Scope 1 emissions represent the direct emissions from sources owned or controlled by the SC, including its mobile combustion and stationary combustion sources. Scope 2 emissions are the indirect emissions arising from the purchase of electricity, while Scope 3 represents the upstream and downstream indirect emissions that occur in the SC's value chain.

Assessing its GHG emissions is crucial to understand and quantify the SC's carbon footprint. By accurately measuring its GHG emissions, the SC is able to develop effective strategies to reduce its carbon emissions, aligning with its decarbonisation commitments to be Carbon Neutral by 2040, and Net Zero by 2050.

The SC's Decarbonisation Efforts

Under the SFI, several emissions abatement levers were introduced in 2024. The SC also conducted an Energy Audit that analysed energy consumption, evaluated the performance of systems, and identified potential energy-saving measures. The following section outlines the SC's decarbonisation initiatives (Figure 2).

FIGURE 2

Solar Panel Installation



To further enhance the SC's energy efficiency, the installation of solar panels on the SC's rooftop is expected to be completed by March 2025.

The installation of the solar panels is projected to decrease electricity consumption within the SC by approximately 20%.

Vehicle Transition



To manage Scope 1 emissions, the SC has transitioned its petrol fleet from conventional fossil fuel vehicles to hybrid and Electric Vehicles (EVs), with charging stations installed within the organisation.

Lighting Transition



The SC is expected to fully transition its office building and perimeter lighting to energy-saving LED lighting by March 2025, replacing less efficient conventional options to significantly lower carbon emissions.

An estimated 7% reduction in electricity consumption is anticipated with the transition to LED lighting.







SOCIAL

As the capital market regulator, the SC demonstrates social responsibility to broader societal well-being to promote positive change and contribute to a more sustainable and equitable future. Under the SC's sustainability framework, the social pillar is a three-pronged approach that is targeted to benefit the SC staff, as well as the external underserved community (Figure 3).

FIGURE 3



Employer of Choice

The SC strives to be a preferred employer among job seekers in Malaysia by building a healthy and supportive work environment, with an emphasis on maintaining the health, safety and wellbeing of its employees.

In 2024, the SC received the Malaysia's 100 Leading Graduate Employers award. To be an employer of choice, the SC has internal policies that promote fair labour practices, career development and workplace safety, among others.

Throughout the year, the SC's Sports and Recreation Club (KSRSS) organised various activities and events to strengthen staff camaraderie such as its annual Family Day, the SC Family Fun Run, and the Fruit Fest 2024.

The KSRSS's Adulting 101 series organised in 2024 further offered life tips to young adults on budgeting and taxes, while the Pasar Pre-Loved provided an avenue for staff to buy and sell pre-loved items, promoting zero waste practices.



The SC's Safety and Health Committee (SHC) plays a vital role in fostering a healthy lifestyle among SC staff. The Safety and Health Week 2024 included health screenings such as blood tests, total body composition analyses, eye examinations, among others.

Supporting staff health, there are counselors and professional psychiatrists to improve staff mental wellbeing, besides a wide coverage of approximately 7,000 clinics and hospitals for medical attention.



Additionally, the SC has commenced renovation of key areas of the SC building for increased staff utilisation and comfort. The creche was renovated to double its infant capacity and improve its visual appearance. Other enhancements to the SC building included renovations to the Ground and Lower Ground floor toilets, and refurbishment to the auditorium, gym, and multipurpose hall for better comfort and utilisation.

Fostering Financial Literacy

Supporting the SC's mandate of investor protection, fostering financial literacy and investor education forms part of the SC's social pillar to improve awareness among various stakeholders. The SC continuously promotes investor awareness and education via various initiatives and programmes.

The annual InvestSmart® Fest educates investors to be more informed, improving public financial literacy. The investED programme, a capacity-building programme, aims to enhance the capital market knowledge of young graduates.



Responsible Corporate Citizen

The SC as a responsible corporate citizen regularly seeks to identify and uplift the underserved community via philanthropic and non-philanthropic initiatives.

The Batik Lestari Project, a collaboration between the SC and MyCreative Ventures Sdn Bhd, aims to promote Malaysian batik and provide a platform for artisans to engage with corporate entities, helping them reach a wider market, elevating their income potential.

The Kampung Angkat MADANI is a programme to uplift rural villages via the provision of essential infrastructure. Over 5,000 attendees participated in the Kampung Angkat MADANI Carnival (KKAM) by the Ministry of Finance at SK Kampung La, Hulu Besut, Terengganu, on



2 November 2024. Officiated by Datuk Johan Mahmood Merican, Secretary-General of Treasury, the event featured services from 22 agencies, including the SC.

The SC, KWAP, LHDN and KWSP jointly sponsored the 'Back to School' programme for 135 students of SK Kampung La, providing school essentials such as backpack bags, stationery sets, colour pencils and notebooks.

GOVERNANCE

The SC is committed to upholding robust sustainability governance standards through its Board Sustainability Committee (BSC) and establishment of a Sustainability Steering Committee (SSC) in 2024.

The BSC provides oversight on the SC's sustainability and ESG-related strategies and initiatives internally, and externally to regulate and develop the capital market. The BSC is supported by the SSC to guide and monitor key sustainability and ESG-related matters within the SC and in respect of the SC's role to regulate and develop the capital market.

Furthermore, as part of the SC's ongoing commitment to advancing ESG principles and sustainable development in the capital market, the SC will be appointing a Chief Sustainability Officer with effect January 2025.

The enhanced sustainability governance structure underscores the SC's heightened awareness of the pressing need to address sustainability efforts in a comprehensive and holistic manner.

OUR PEOPLE

AUTOMATION: TRANSFORMING THE WORKFORCE

As technological advancements continue to reshape the business landscape, the SC is evolving to adopt automation in ways that streamline operations, enhance the employee experience, and improve overall organisational outcomes. The SC's human resources increasingly rely on technology to drive efficiency, informed decision-making and cultivate a more agile and inclusive workforce. In the second quarter of 2024, the Human Resources Department has successfully completed the first phase of an upgraded human resources management system, automating HR processes to enhance operational efficiency. This integration has simplified HR transactions, improved access to services and enhance employee experience.

RECRUITMENT AND TALENT REQUISITION

In 2024, the SC continued our recruitment initiatives, primarily on a needs and replacement basis. This was important to ensure the continuity of an inflow of highskilled talents into the organisation; both at executive and mid-management levels. The SC hired a total of 93 candidates, of whom 87 were experienced hires and six Graduate Management Executives (GMEs) (including two returning scholars). In addition, career progression opportunities were given to qualified employees, where 89 promotions were affected across the SC. This is a testament of the SC's belief in continuously recognising and rewarding strong, consistent performers.

The SC also continued to provide opportunities for young graduates, particularly those who are in their penultimate year of study to gain knowledge and work experience in a regulatory environment; 33 undergraduate students from both local and foreign universities had completed their internships during the year. In addition, 16 trainees from polytechnics and vocational colleges were given practical training opportunities in the SC's Facilities Management and Services Department.

In continuing our talent development efforts, 15 employees underwent secondment or attachment programmes; among others to the Ministry of Finance, Consumer Credit Oversight Board (CCOB), Islamic Financial Services Board (IFSB), Malaysia International Islamic Financial Centre (MIFC), Capital Markets Malaysia (CMM), IOSCO Asia Pacific Hub and World Bank. These opportunities enabled employees to gain greater learning, broaden work experience, expand networking opportunities, and inculcate knowledge sharing. The SC was also privileged to host secondees from BNM, Mailis Agama Islam Wilayah Persekutuan and (MAIWP) and Brunei Darussalam Central Bank.

Realising that there is a need to create greater awareness of the wide range of career opportunities available in the capital market, the SC continued to spearhead investED, the talent inculcation programme. investED is a large-scale, multi-faceted three-year capacity-building programme that aims to enhance the capital market knowledge of students, creating job opportunities for graduates, enhancing the leadership skills amongst graduates, and offering them job placement opportunities. In the second year of running, a total of 199 trainees were recruited for the cohort and commenced classroom learning session at the Asia School of Business for a month and were successfully placed in designated participating organisations. A total of 41 organisations within the capital market fraternity participated in the placement exercise.

TRAINING AND EMPLOYEE **DEVELOPMENT**

Learning and development interventions at work provide employees with the ability to sharpen skills they already have and build new skills they need to perform in the future workplace by staying abreast of new technologies, trends and best practices. This year, the SC has seen a 95% participation in learning and development interventions, reflecting the investment and commitment the organisation is making in its employees' professional growth and development.

This year, the SC made significant inroads into staff leadership development with investments in staff through structured leadership learning interventions. The launch of the leadership learning series incorporated

modules for the development of new managers and middle managers as well as the top management. In 2024, the organisation focused on delivering training on the specific skills required of leaders at present time including emotional intelligence, stakeholder management, strategic thinking, innovation by design thinking, business writing and presentation delivery. Besides classroom training models and self learn through an e-learning platform, the SC also introduced a brandnew group coaching and mentoring programme. The programmes were initiated to reinforce the SC's middle management with the tools and skills needed to enhance more effective leadership within the organisation.

Beyond leadership development, the SC launched the Governance, Integrity and Anti-Corruption (GIC) Awareness Programme required under the SC's OACP 2024-2026. This awareness training programme was planned as part of the SC's mandate to increase awareness of the importance of governance, integrity and anticorruption practices at work. The programme was conducted in both Bahasa Malaysia and English to help ensure all staff understand the SC's GIC policies and the consequences of breaching them. Additionally, all SC staff face risks at any point of time in their employment at the SC. In order to help staff fully understand the risks they face in workplace and their rights in mitigating them, the SC completed the delivery of several Office Safety and Risks programmes. The programme led to several additional interventions at the SC aimed at supporting the wellbeing and safety of SC staff, including an organisation-wide briefing from SOCSO.

Furthermore, the SC introduced the SC Balanced Scorecard in 2023 in efforts to fulfil the organisation's need for outcome-based performance measurement as well as comprehensive goal and strategy alignment across the organisation. Consequently, a SMART KPI (Specific, Measurable, Achievable, Relevant, and Timely Key Performance Indicators) training programme was launched in 2024 to ensure clarity in setting key performance indicators that can improve performance measurement and increase accountability so that the SC can align and achieve its missions and mandates amidst current challenges and complexities, and work towards becoming a future ready regulator.

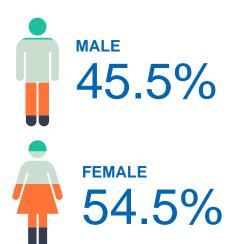
In an ever-changing global economy, access to higher education has become more crucial than ever before. However, for many young students, the financial barriers to attending university can be overwhelming, preventing them from pursuing their academic and professional aspirations. The provision of undergraduate scholarships plays a vital role in bridging this gap, ensuring that talent and ambition are not hindered by financial limitations. In 2024, the SC scholarship programme attracted significant interest, receiving hundreds of applications from talented and ambitious individuals. Our rigorous selection process involved multiple stages, done to ensure the candidate's alignment with the SC's DNA and mission. Out of all applicants, the SC has selected to award the scholarship to two exceptional recipients. Upon completion of their education, these scholars will join the SC as part of the SC's talent attraction programme.

The SC has also enhanced its existing Job Rotation Policy, designed to promote talent development by providing staff with opportunities to enhance their skills and broaden their professional growth. Job rotation is a highly effective strategy for enhancing skills, fostering professional growth, boosting employee engagement, facilitating succession planning, encouraging knowledge-sharing, and retaining talent within an organisation. It also reinforces the SC's commitment to uphold integrity and transparency in its operations, and circumventing engagement in corruption practices with relevant stakeholders.

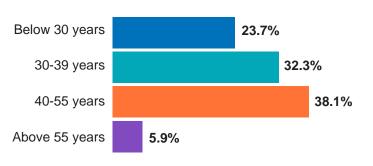
GENDER AND DIVERSITY

HEADCOUNT

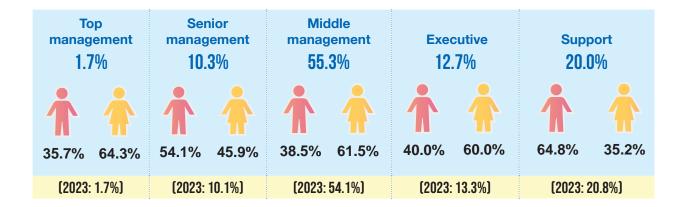
(As of 31 December 2024) (2023:838)



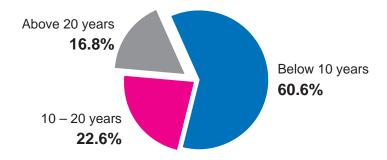
EMPLOYEE AGE GROUP



POSITION



YEARS OF EXPERIENCE IN THE SC



FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	2024 RM′000	2023 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment Intangible assets Right-of-use assets Other receivables Other investments Tax recoverable	4 5 6 8 9	140,679 19,720 6,746 1,176 498,535 11,943	141,568 18,938 6,838 1,814 202,219
		678,799	371,377
CURRENT ASSETS			
Other investments Tax recoverable	9	306,420	423,403 11,943
Trade and other receivables Cash and cash equivalents	10 11	31,726 101,623	35,384 381,133
		439,769	851,863
TOTAL ASSETS		1,118,568	1,223,240
RESERVES			
Compensation fund reserve Accumulated surplus	12	100,000 777,967	100,000 780,080
TOTAL RESERVES		877,967	880,080
NON-CURRENT LIABILITIES			
Post-employment benefits Lease liabilities	13 14	123,174 4,734	233,455 6,186
		127,908	239,641
CURRENT LIABILITIES			
Lease liabilities Other payables and accruals Contract liabilities	14 15 16	3,662 105,222 3,809	3,117 95,265 5,137
		112,693	103,519
TOTAL LIABILITIES		240,601	343,160
TOTAL RESERVES AND LIABILITIES		1,118,568	1,223,240

The notes on pages 187 to 217 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
INCOME			
Levies Fees and charges License fees Registration fees Finance income Other income		209,518 27,472 4,132 3,296 36,262 19,714	144,342 16,576 3,215 3,144 36,744 5,885
	17	300,394	209,906
LESS: EXPENDITURE			
Staff costs Administrative expenses Depreciation of property, plant and equipment Amortisation of intangible assets Depreciation of right-of-use assets Rental expense Finance cost on lease liabilities	18 4 5 6	210,062 53,227 11,429 3,766 458 316 439	209,664 41,879 10,186 3,530 457 371 274
NET OPERATING SURPLUS/(DEFICIT)		20,697	(56,455)
Less: Funds to affiliates	19	(6,700)	(10,500)
Surplus/(Deficit) before tax for the financial year	20	13,997	(66,955)
Taxation	21	<u> </u>	(4,340)
Surplus/(Deficit) after tax for the financial year		13,997	(71,295)
Other comprehensive loss: Items that will not be reclassified subsequently to profit or loss	22		
Remeasurement of defined benefit liability		(16,110)	(36,566)
Total comprehensive loss for the financial year		(2,113)	(107,861)

The notes on pages 187 to 217 are an integral part of these financial statements.

STATEMENT OF CHANGES IN RESERVES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Compensation fund reserve RM'000	Accumulated surplus RM'000	Total RM'000
At 1 January 2023	100,000	887,941	987,941
Deficit for the financial year Remeasurement of defined benefit liability	-	(71,295) (36,566)	(71,295) (36,566)
Total comprehensive loss for the financial year	-	(107,861)	(107,861)
At 31 December 2023/1 January 2024	100,000	780,080	880,080
Surplus for the financial year Remeasurement of defined benefit liability	-	13,997 (16,110)	13,997 (16,110)
Total comprehensive loss for the financial year		(2,113)	(2,113)
At 31 December 2024	100,000	777,967	877,967
	Note 12		

The notes on pages 187 to 217 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2024 RM'000	2023 RM′000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit) before tax		13,997	(66,955)
Adjustments for:			
Depreciation of property, plant and equipment	4	11,429	10,186
Amortisation of intangible assets	5	3,766	3,530
Depreciation of right-of-use assets	6	458	457
Gain on disposals of property, plant and equipment	4	(198)	(23)
Loss on property, plant and equipment written off Impairment loss on property, plant and equipment	4 4	70 1,559	3
Loss on intangible assets written off	5	802	_
Impairment loss on intangible assets	5	3,359	_
Reversal of liabilities due to post-employment benefits	3	3,333	
voluntary buy-out scheme	13	(9,874)	-
Net fair value gain on financial asset at fair value		(- / - : - /	
through profit or loss (FVTPL)		(923)	(1,325)
Finance income		(36,262)	(36,744)
Finance cost on lease liabilities		439	274
Current service cost and interest expense on			
post-employment benefits	13	6,600	14,443
OPERATING DEFICIT BEFORE WORKING CAPITAL CHANGES		(4,778)	(76,154)
Changes in working capital:			
Trade and other receivables		(1,692)	(1,825)
Other payables and accruals		9,087	49,602
CASH FROM/(USED IN) OPERATION		2,617	(28,377)
Tax paid		-	(6,841)
Benefit payout from post-employment benefits	13	(4,927)	(4,504)
Settlement of post-employment benefits voluntary			
buy-out scheme	13	(118,190)	
NET CASH USED IN OPERATING ACTIVITIES		(120,500)	(39,722)
CASH FLOWS FROM INVESTING ACTIVITIES			
Maturity of investments in Government Guaranteed Bonds		5,000	10,000
Withdrawal/(Acquisition) of quoted unit trusts		30,000	(150,000)
Acquisition of discretionary mandate		(300,000)	-
Movement in deposits placed with licensed bank		105,947	375,559
Finance income received		22,435	30,762
Proceeds from disposal of property, plant and equipment		215	42
Acquisition of property, plant and equipment*	5	(9,824)	(6,801)
Acquisition of intangible assets	Э	(8,810)	(11,906)
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(155,037)	247,656

	Note	2024 RM'000	2023 RM′000
CASH FLOWS FROM FINANCING ACTIVITY			
Repayment of lease liabilities**		(3,973)	(2,566)
NET CASH USED IN FINANCING ACTIVITY		(3,973)	(2,566)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(279,510)	205,368
CASH AND CASH EQUIVALENTS AT 1 JANUARY		381,133	175,765
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		101,623	381,133
 Reconciliation of cash payment for acquisition of property, plant ar and equipment during the financial year 	nd equipment t	o the addition of	property, plant
		2024 RM'000	2023 RM'000
Net cash payment for purchase of property, plant and equipment		9,824	6,801
Add: Acquisition of computer hardware under finance lease		2,261	10,867
Additions for the financial year (Note 4)		12,085	17,668
** Reconciliation of liabilities arising from financing activities			
		2024 RM'000	2023 RM'000
At 1 January		9,303	-
Non-cash changes Addition of lease Finance cost on lease liabilities		2,627 439	11,595 274
Cash flow from financing activity Repayment of lease liabilities		(3,973)	(2,566)

9,303

8,396

The notes on pages 187 to 217 are an integral part of these financial statements.

At 31 December (Note 14)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. **GENERAL INFORMATION**

The Securities Commission Malaysia (SC) is a statutory body established under the Securities Commission Malaysia Act 1993 (SCMA) for the regulation and development of capital markets. The SC has direct responsibility for supervising and monitoring the activities of market institutions including the exchanges and clearing houses and regulating all persons licensed under the Capital Markets and Services Act 2007 (CMSA). The address of the SC is at:

3, Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur, Malaysia.

These financial statements were authorised for issue by the Board Members on 6 February 2025.

2. **BASIS OF PREPARATION**

Statement of compliance

The financial statements of the SC have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS), and International Financial Reporting Standards (IFRS).

(i) Amendments to published standards that are effective

The SC has applied the following amendments to published standards for the first time for the financial year beginning on 1 January 2024:

- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'.
- Two amendments to MFRS 101 'Presentation of Financial Statements'.
 - The first amendments, 'Classification of Liabilities as Current or Non-current'
 - The second amendments, 'Non-current Liabilities with Covenants'
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'.

(ii) New standard and amendments to published standards that have been issued but not yet effective

New standard, amendments to published standards and annual improvements that are effective for financial year beginning on or after 1 January 2025 are set out below:

- Amendments to MFRS 121 'Lack of Exchangeability' (effective 1 January 2025).
- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026).
- Annual Improvements to MFRSs (Amendments to MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards', Amendments to MFRS 7 'Financial Instruments: Disclosures', Amendments to MFRS 9 'Financial Instruments', Amendments to MFRS 10 'Consolidated Financial Statements' and Amendments to MFRS 107 'Statement of Cash Flows') (effective 1 January 2026).
- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027).

These new standard, amendments to published standards and annual improvements will be adopted on the respective effective dates. The SC has started a preliminary assessment on the effects of the above new standard, amendments to published standards and annual improvements and the impact is still being assessed.

Basis of measurement (b)

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the SC's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the followings:

(i) **Post-employment benefits**

For the annual actuarial valuation, the provision is determined using actuarial valuation prepared by an independent actuary. The actuarial valuation involved making assumptions about discount rate, medical inflation rate and life expectancy. As such, the estimated provision amount is subject to significant uncertainty. The assumptions used to estimate the provision are as disclosed in Note

(ii) Capitalising of expenditure in technology related assets

The SC has undertaken the technology transformation plan which involves the purchase of computer hardware, software and developing applications. The development costs that were directly attributable to bringing the asset to its intended use is capitalised whereas the expenses incurred during the research stage were expensed off accordingly.

(iii) **Estimated useful lives of identified assets**

In view of the phased implementation of the technology transformation plan, the estimated useful lives of the newly acquired computer hardware and system are disclosed in Note 3(b)(iii).

(iv) Assessment of impairment of non-financial assets

The SC assesses impairment of the non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount of an asset is measured at the higher of the fair value less cost to sell (FVLCTS) for that asset and its value-in-use (VIU). The VIU is the net present value of the projected future cash flows derived from the cash generating units (CGU) discounted at an appropriate rate.

Projected future cash flows are based on the SC's judgements in terms of assessing future uncertain parameters such as estimated revenue growth, operating costs, discount rates and other available information. These judgements are based on the historical track record and expectations of future events that are believed to be reasonable under the current circumstances.

The assumptions used and results of the impairment assessment of non-financial assets are disclosed in Note 26.

3. **MATERIAL ACCOUNTING POLICIES**

The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the SC, unless otherwise stated.

(a) **Financial instruments**

Recognition and initial measurement (i)

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the SC becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the SC changes its business model for managing financial assets and the contractual term of the cash flows in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model. SC classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss (FVTPL).

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding (SPPI). Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Finance income and impairment loss are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Finance income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(f)(i)) where the effective interest rate is applied to the amortised cost.

Fair value through profit or loss (FVTPL)

Financial assets that do not satisfy the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at FVTPL.

Subsequent measurement

Changes on fair value of investments in fixed income securities that are subsequently measured at FVTPL are recognised in profit or loss in the period in which they arise.

Financial assets designated at FVTPL are remeasured at each reporting date. The fair values are determined by reference to observable market prices provided by independent pricing sources.

Financial liabilities

Amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Finance cost is recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the SC currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

Property, plant and equipment (b)

(i) **Recognition and measurement**

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts, if any, of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within 'other income' or 'administrative expenses' respectively in profit or loss.

(ii) **Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the SC and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

During the financial year, the SC changes the estimated useful lives as follows:

	2024	2023
Buildings	50 years	50 years
Office equipment, furniture and fittings	3-10 years	5-10 years
Motor vehicles	5 years	5 years
Computer and application systems	3-7 years	3-5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

(c) **Intangible assets**

Computer software

Computer software is initially measured at cost. Costs recognised are costs (including staff costs) directly associated with identifiable software controlled by the SC that will generate probable future economic benefits. Following initial recognition, computer software is measured at cost less accumulated amortisation and accumulated impairment losses. Included in the computer software costs are the costs related to the technology transformation plan undertaken by the SC. The expenses incurred during the research stage were expensed off accordingly.

The useful lives of computer software are assessed to be finite. Computer software is amortised over their estimated useful lives of three to seven years and assessed for impairment whenever there is an indication that they may be impaired.

The amortisation periods and methods are reviewed at least at each financial year end. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation periods or methods, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on computer software with finite lives is recognised in profit or loss. Projects-in-progress are not amortised as these computer software are not yet available for use.

Gains or losses arising from derecognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(d) Leases

(i) **Definition of a lease**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the SC assesses whether:

- the contract involves the use of an identified asset this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- as a lessee, it has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- as a lessee, it has the right to direct the use of the asset. The SC has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the SC has the right to direct the use of the asset if either the SC has the right to operate the asset; or the SC designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the SC allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the SC is a lessee, it has elected not to separate non-lease components and will instead account for the lease and nonlease components as a single lease component.

(ii) **Recognition and initial measurement**

As a lessee

The SC recognises a right-of-use asset and a lease liability at the commencement date of the contracts for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The SC has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The SC recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) **Subsequent measurement**

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment and intangible asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

If the lease transfers ownership of the underlying asset to SC by the end of the lease term or if the cost of the right-of-use asset reflects that the SC will exercise a purchase option, the SC depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, SC depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the SC's incremental borrowing rate. Subsequent to the initial recognition, the SC measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with licensed banks which have an insignificant risk of changes in fair value with original maturities of three months or less and are used by the SC in the management of its short term commitments.

Included in deposits with licensed banks are reserved deposits amounts held on behalf of stockbroking industry development, brokers' security deposits and government agencies or funds.

(f) **Impairment**

(i) **Financial assets**

The SC recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The SC measures loss allowances at an amount equal to lifetime expected credit loss, except for Government Investment Issues and Government Guaranteed Bonds that are determined to have low credit risk at the reporting date, cash and cash equivalents for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the SC considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the SC's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the SC is exposed to credit risk.

The SC estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the SC assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the SC determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the SC's procedures for recovery of amounts due.

All financial assets, except for those measured at fair value through profit or loss are subject to impairment.

(ii) **Non-financial assets**

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. The recoverable amount of an asset or cashgenerating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

(q) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring services to a customer, excluding amounts collected on behalf of third party. The SC recognises income when (or as) it transfers control over a service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The SC transfers control of services at a point in time unless one of the following over-time criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the SC performs;
- the SC's performance creates or enhances an asset that the customer controls as the asset is (b) created or enhanced; or
- the SC's performance does not create an asset with an alternative use and the SC has an (c) enforceable right to payment for performance completed to date.

(i) Levies

Levies represent a percentage of the consideration for every purchase and sale of securities recorded on Bursa Malaysia Securities Berhad (Bursa) in respect of different classes of securities as specified in Section 24 of the SCMA and the Securities Commission (Levy on Securities Transactions) (Amendment) Order 2009.

The SC recognises levies from Bursa as income at point in time on an accrual basis.

(ii) Fees and charges

The SC records fees and charges as income over time when the services are performed. The SC records the fees and charges received in advance as a contract liability.

(iii) License fees

License fees are recognised as income as the services are performed over time. The SC records the license fees received in advance as a contract liability.

(iv) Registration fees

Registration fees are recognised at a point in time upon registration of auditors.

(h) Finance income

Finance income is recognised as it accrues using the effective interest method in profit or loss. It comprises:

- (a) interest earned on bank deposits and fixed income securities;
- the amortisation of premiums or discounts on purchases of fixed income measured at amortised (b) cost.

(i) **Other Income**

Included in other income are, among others:

- (i) Penalty income on auditors for failing to comply with any provisions or condition imposed under Part IIIA - Audit Oversight Board of the SCMA. Penalty income is recognised at a point in time pursuant to Section 31Z of SCMA. The penalty amount is restricted and shall be utilised for planning and implementing capacity building programmes in relation to the accounting and auditing profession.
- (ii) Recovery of investigation and proceeding costs that is recognised at a point in time. According to Section 200 and 201 of the CMSA, the SC can recover an amount from person who has contravened Section 175, 176, 177, 178, 179 and 181 as well as 188 of the CMSA where any amount recovered by the SC can be firstly reimburse to the SC for all costs of the investigation and proceedings in respect of the contravention.
- (iii) Residual sum that is recognised at a point in time where Section 200 and 201 of the CMSA states that to the extent that any amount obtained has not been distributed to persons who have suffered loss or damage as a result of the contravention, such sum shall either be paid to the Capital Market Compensation Fund or retained by the SC to defray the cost of developing and facilitating educational programmes for capital market investors and professionals or the cost of regulating the capital market, with the approval of the Finance Minister.
- For net gain/loss on financial assets at FVTPL, the change in fair value or disposal of the financial (iv) assets are recognised in profit or loss as they arise.

Employee benefits (j)

(i) **Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave, contribution to social security organisation (SOCSO), Employees Provident Fund (EPF) or Private Retirement Scheme (PRS) are measured on an undiscounted basis and are expensed off as the related service is provided.

A liability is recognised for the amount expected to be paid if the SC has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) **Defined benefit plans**

Post-employment benefits

The SC provides post-employment medical coverage to eligible employees engaged prior to 1 January 2003.

The SC's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligations is performed by an independent qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the SC, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The SC determines the net finance cost or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Costs and expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The SC recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Deferred taxes (k)

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Funds to affiliates (I)

The SC provides funds to eligible affiliates to undertake capital market activities. These funds are recognised in profit or loss when payments have been made.

(m) Provisions

Provisions are recognised when the SC has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation and reflects the present value of expenditures required to settle the obligation where the time value of money is material.

(n) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the SC uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the SC can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The SC recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Office equipment, furniture and fittings RM'000	Computer hardware RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
Cost						
At 1 January 2023 Additions Disposals Write off Reclassification to intangible assets Transfer to/(from)	232,162 - - - - -	125,470 374 (984) (19,112) - 4,864	47,884 11,535 (75) (39,472) - 528	1,753 231 (190) (2)	1,267 5,528 - (1,267) (5,392)	408,536 17,668 (1,249) (58,586) (1,267)
At 31 December 2023/1 January 2024	232,162	110,612	20,400	1,792	136	365,102
Additions Disposals Write off Reclassification from intangible assets Transfer to/(from)	- - - -	473 (384) - - 6,152	2,330 (24) - 593 213	1,706 (965) - -	7,576 - (70) - (6,365)	12,085 (1,373) (70) 593
At 31 December 2024	232,162	116,853	23,512	2,533	1,277	376,337
Less: Accumulated depreciation and impairment loss At 1 January 2023						
Accumulated depreciation Accumulated impairment loss	109,212 109	115,658 -	46,445 -	1,737 -	-	273,052 109
Depreciation for the financial year Disposals Write off	109,321 4,643 - -	115,658 3,197 (977) (19,110)	46,445 2,325 (63) (39,471)	1,737 21 (190) (2)	-	273,161 10,186 (1,230) (58,583)
At 31 December 2023/1 January 2024 Accumulated depreciation Accumulated impairment loss	113,855 109	98,768 -	9,236 -	1,566 -	- -	223,425 109
Depreciation for the financial year Reclassification from intangible assets Disposals Impairment loss	113,964 4,643 - -	98,768 2,694 - (371)	9,236 3,788 492 (20) 1,559	1,566 304 - (965)	- - - -	223,534 11,429 492 (1,356) 1,559
At 31 December 2024 Accumulated depreciation Accumulated impairment loss	118,498 109	101,091	13,496 1,559	905	- -	233,990 1,668
	118,607	101,091	15,055	905		235,658

	Buildings RM'000	Office equipment, furniture and fittings RM'000	Computer hardware RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
Carrying amounts						
At 1 January 2023	122,841	9,812	1,439	16	1,267	135,375
At 31 December 2023/1 January 2024	118,198	11,844	11,164	226	136	141,568
At 31 December 2024	113,555	15,762	8,457	1,628	1,277	140,679

Impairment assessment has been performed as disclosed in Note 26.

5. INTANGIBLE ASSETS

	Computer softwares RM'000	Capital work-in progress RM'000	Total RM'000
Cost			
At 1 January 2023 Additions Write off Transfer to/(from) Reclassification from property, plant and equipment	45,140 67 (19,181) 6,038	3,225 11,839 - (6,038) 1,267	48,365 11,906 (19,181) - 1,267
At 31 December 2023/1 January 2024	32,064	10,293	42,357
Additions Write off Transfer to/(from) Reclassification to property, plant and equipment	- 4,460 (593)	8,810 (802) (4,460)	8,810 (802) - (593)
At 31 December 2024	35,931	13,841	49,772
Less: Accumulated amortisation and impairment loss			
At 1 January 2023 Accumulated amortisation Accumulated impairment loss	39,070 -	-	39,070 -
Amortisation for the financial year Write off	39,070 3,530 (19,181)	- - -	39,070 3,530 (19,181)
At 31 December 2023/1 January 2024 Accumulated amortisation Accumulated impairment loss	23,419	- - -	23,419
	23,419	-	23,419

	Computer softwares RM'000	Capital work-in progress RM'000	Total RM'000
Amortisation for the financial year Reclassification to property, plant and equipment Impairment loss	3,766 (492)	3,359	3,766 (492) 3,359
At 31 December 2024 Accumulated amortisation Accumulated impairment loss	26,693 -	- 3,359	26,693 3,359
	26,693	3,359	30,052
Carrying amounts			
At 1 January 2023	6,070	3,225	9,295
At 31 December 2023/1 January 2024	8,645	10,293	18,938
At 31 December 2024	9,238	10,482	19,720

Impairment assessment has been performed as disclosed in Note 26.

RIGHT-OF-USE ASSETS 6.

	Leasehold land RM'000	Building RM'000	Computer hardware RM'000	Total RM'000
Cost				
At 1 January 2023 Additions	9,154 -	- 179	- 549	9,154 728
At 31 December 2023/1 January 2024 Additions	9,154 -	179 94	549 272	9,882 366
At 31 December 2024	9,154	273	821	10,248
Less: Accumulated depreciation				
At 1 January 2023 Depreciation	2,587 92	90	- 275	2,587 457
At 31 December 2023/1 January 2024 Depreciation	2,679 92	90 92	275 274	3,044 458
At 31 December 2024	2,771	182	549	3,502

	Leasehold land RM'000	Building RM'000	Computer hardware RM'000	Total RM'000
Carrying amounts				
At 1 January 2023	6,567			6,567
At 31 December 2023/1 January 2024	6,475	89	274	6,838
At 31 December 2024	6,383	91	272	6,746

The SC leases two leasehold land for 99 years which expire in 2094 and 2096, respectively.

Impairment assessment has been performed as disclosed in Note 26.

7. **DEFERRED TAX ASSET**

In previous financial year, the SC was granted a 5-year tax exemption from Year of Assessment (YA) 2022 until YA 2026. Accordingly, the utilisation of the unabsorbed capital allowance and unutilised tax losses against SC's business income is not probable. As a consequence, the deferred tax asset is derecognised in previous financial year.

	2024 RM'000	2023 RM'000
Deferred tax assets		
At 1 January Recognised in statement of comprehensive income (Note 21)	-	10,057
 property, plant and equipment provisions 	-	(8,481) (1,576)
At 31 December	<u>-</u>	

The amounts of unabsorbed capital allowance and unutilised tax losses for which no deferred tax asset is recognised in the statement of financial position are as follows:

	2024 RM′000	2023 RM'000
Unabsorbed capital allowance Unutilised tax losses	59,249 55,534	45,017 55,534
	114,783	100,551
Deferred tax assets not recognised at 24% (2023: 24%)	27,548 ————	24,132

8.

The unutilised tax losses of RM55.5 million (2023: RM55.5 million) will expire in the following YA:

	2024 RM′000	2023 RM'000
<u>YA</u>		
2028 2033	11,060 44,474	11,060 44,474
	<u>55,534</u>	55,534
. OTHER RECEIVABLES	2024	2022
	2024 RM′000	2023 RM'000
Staff financing Less: Unearned profit	1,947	2,765
 Islamic financing on housing and motor vehicles 	(41)	(71)
	1,906	2,694
Less: Amount due within 12 months (Note 10)	(730)	(880)
Amount due after 12 months	1,176	1,814
The rates and tenure of staff financing are as follows:		
	Maximum charged (per annum)	Rate repayable period
Islamic financing and conventional housing loans Islamic financing and conventional motor vehicle loans Study loans Computer loans	2% 4% - -	25 years 7 years 5 years 4 years

The Islamic and conventional housing and motor vehicle financing are secured over the properties and motor vehicles of the borrowers, respectively. The SC considers probability of default as remote since both financing is supported by collateral, as described in Note 25.3(c).

The maturity structure of the financing to staff as at the end of the financial year is as follows:

	2024 RM'000	2023 RM'000
Within 1 year	730	880
More than 1 year and up to 5 years	970	1,470
More than 5 years	206	344
	1,906	2,694

OTHER INVESTMENTS 9.

	Non-	current	Cur	rent	To	tal
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fair value through profit or loss:						
Investment in quoted unit trust	128,334	152,291	-	-	128,334	152,291
 Investment in discretionary mandate 	314,268	-	-	-	314,268	-
Amortised costs:	Amortised costs:					
 Government Investment Issues and Government 						
Guaranteed Bonds – Deposits placed with	49,933	49,928	-	5,036	49,933	54,964
licensed banks	6,000		306,420	418,367	312,420	418,367
	498,535	202,219	306,420	423,403	804,955	625,622

During the financial year, the SC has invested RM300.0 million in discretionary mandate managed by external fund managers which are medium-term and long-term in nature.

In previous financial year, the SC has invested in quoted unit trust amounting to RM150.0 million which are classified as medium-term and long-term investments

Included in deposits placed with licensed banks is an amount reserved for planning and implementing capacity building programmes in relation to the accounting and auditing profession of RM1.9 million (2023: RM3.1 million).

Government Investment Issues and Government Guaranteed Bonds will mature in 2029 and 2038, respectively. The weighted average yield to maturity of Government Investment Issues and Government Guaranteed Bonds was 4.59% per annum (2023: 4.44% per annum).

Deposits placed with licensed banks have maturity period ranging from 6 months to 15 months (2023: 6 months to 15 months) and earned income at rates ranging from 2.50% to 4.20% per annum (2023: 3.85% to 4.30% per annum).

10. TRADE AND OTHER RECEIVABLES

	2024 RM′000	2023 RM'000
Levies receivable Finance income receivable	16,665 8,154	14,849 13,936
Other receivables Deposit Prepayments Short term staff financing (Note 8)	1,077 1,120 3,980 730	1,045 1,117 3,557 880
Short term starr infancing (Note o)	31,726	35,384

11. CASH AND CASH EQUIVALENTS

	RM'000	RM'000
Cash and bank balances	40,118	329,637
Deposits placed with licensed banks	61,505	51,496
	101,623	381,133

2024

2023

Deposits placed with licensed banks have maturity period of 1 month (2023: 1 month and 3 months) and earned income at rates ranging from 2.30% to 3.40% per annum (2023: 3.80% to 4.00% per annum).

Included in deposits placed with licensed banks are amounts reserved for stockbroking industry development of RM16.1 million (2023: RM15.6 million), amounts reserved for brokers' security deposits of RM0.3 million (2023: RM0.2 million) and funds held in trust of approximately RM45.1 million (2023: RM35.6 million).

The bank balances are placed with licensed banks.

12. COMPENSATION FUND RESERVE

This represents an amount allocated from the accumulated surplus for the Capital Market Compensation Fund Corporation.

13. POST-EMPLOYMENT BENEFITS

The defined benefit plan is an unfunded post-employment medical plan, which provides medical benefits for participants and their eligible dependents after retirement age until the death of the participant or spouse, or for child dependents up to age 18 or age 24, if they are still studying.

As such, the ultimate cost of the plan depends on the longevity of the retirees and their eligible dependents, the incidence and cost of events resulting in claims under the plan, and the inflation of such costs in the future.

Funding

The plan is unfunded. Employer contributions to the plan refer to the medical claim amounts paid directly by the SC. The SC expects to pay approximately RM2.9 million in contributions to its defined benefit plan in 2025.

Post-employment benefits voluntary buy-out scheme

During the financial year, the Board Members approved the voluntary buy-out scheme for active and retired members of the post-employment benefits who opted to give up their future rights to the post-employment benefits in return for a cash settlement. The SC Board Members approved a final payout of RM118.2 million based on the final number of applicants who signed the buyout agreement for the voluntary buy-out scheme. The settlement resulted in the reversal of liabilities of RM9.9 million which is recognised in the statement of comprehensive income in the financial year.

Movement in net defined benefit liability

	2024 RM'000	2023 RM'000
Net defined benefit liability at 1 January	233,455	186,950
Included in profit or loss		
Current service cost Interest expense Reversal of liabilities due to post-employment benefits	1,306 5,294	3,690 10,753
voluntary buy-out scheme	(9,874)	-
	(3,274)	14,443
<u>Others</u>		
Benefits paid Settlement of post-employment benefits voluntary	(4,927)	(4,504)
buy-out scheme Remeasurement of defined benefit liability	(118,190) 16,110	- 36,566
Net defined benefit liability at 31 December	123,174	233,455

Defined benefit obligation actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	2024	2023
Discount rate	4.6%	5.1%
Medical cost inflation	10%, reducing	10%, reducing
	to 6% in 4 years	to 6% in 4 years
Normal retirement age	60 years	60 years

Assumptions regarding future mortality are based on published statistics and mortality tables.

At 31 December 2024, the weighted-average duration of the defined benefit obligation was 18 years (2023: 17 years).

Sensitivity analysis

The sensitivity analysis is based on a change in a significant assumption while holding all other assumptions constant. The sensitivities have been assessed by:

		Defined bene Increase RM'000	efit obligation Decrease RM'000
	2024 Discount rate (1% movement) Medical cost inflation rate (1% movement)	(18,107) 21,432	22,910 (17,368)
	2023 Discount rate (1% movement) Medical cost inflation rate (1% movement)	(36,886) 44,823	47,158 (35,952)
14.	LEASE LIABILITIES	2024 RM'000	2023 RM′000
	Non-current Lease liabilities	4,734	6,186
	<u>Current</u> Lease liabilities	3,662	3,117
		8,396	9,303
15.	OTHER PAYABLES AND ACCRUALS	2024 RM′000	2023 RM′000
15.	Funds held in trust Regulatory settlements		
15.	Funds held in trust	RM′000 42,593	RM'000 47,641
15.	Funds held in trust Regulatory settlements Deposits received License fees Registration fee	42,593 17,015 1,266 672	47,641 14,955 1,203 608
15.	Funds held in trust Regulatory settlements Deposits received - License fees - Registration fee - Others Accruals	42,593 17,015 1,266 672 5 16,663	47,641 14,955 1,203 608 6 6,061
15.	Funds held in trust Regulatory settlements Deposits received - License fees - Registration fee - Others Accruals	42,593 17,015 1,266 672 5 16,663 27,008	47,641 14,955 1,203 608 6 6,061 24,791
	Funds held in trust Regulatory settlements Deposits received License fees Registration fee Others Accruals Other payables	42,593 17,015 1,266 672 5 16,663 27,008	47,641 14,955 1,203 608 6 6,061 24,791 95,265

The fees and charges are in relation to fees and charges received in advance for proposals submitted to the SC and will be recognised as income when the performance obligation is satisfied over time.

The license fees are in relations to license fees that are paid to the SC annually in advance by the license holders and will be recognised as income over time upon the respective license holders' anniversary date.

17. INCOME

	Note	2024 RM'000	2023 RM'000
Revenue Finance income	17.1	244,418	167,277
 fixed deposit bond quoted unit trust discretionary mandate 		14,237 2,386 5,290 14,349	33,262 2,517 965 -
Other income	17.2	36,262 19,714	36,744 5,885
Total income		300,394	209,906

17.1 Nature of revenue

The following information reflects the transactions of the SC:

Nature of services	Significant payment term	Timing of recognition or method used to recognise revenue
Levies	30 days	Revenue is derived from Malaysia and recognised at a point in time.
Fees and charges	Not applicable	Revenue is derived from Malaysia and recognised over time.
License fees	Not applicable	Revenue is derived from Malaysia and recognised over time.
Registration fees	Not applicable	Revenue is derived from Malaysia and recognised at a point in time.

17.2 The nature of other income are as follows:

Nature of services	Significant payment term	Timing of recognition or method used to recognise income
Penalty income	Not applicable	Income is derived from Malaysia and recognised at a point in time.
Recovery of investigation and proceeding costs	Not applicable	Income is derived from Malaysia and recognised at a point in time.
Residual sum	Not applicable	Income is derived from Malaysia and recognised at a point in time.
Net fair value gain and loss on financial asset at FVTPL	Not applicable	Gain or loss from a change on fair value of financial asset.

17.3 The table below provides information about contract liabilities from contracts with customers:

	Note	2024 RM'000	2023 RM'000
Contract liabilities	16	3,809	5,137
Income recognised during the financial year that was included in the contract liabilities balance at the beginning of the financial year		5,137	2,860
STAFF COSTS		2024 RM'000	2023 RM′000
Remuneration, bonus, staff medical, staff training and overtime		179,927	169,156

19. **FUNDS TO AFFILIATES**

Defined contribution plan

Other employees benefits

Post-employment benefits

18.

The SC provides funds to various entities involved in projects and programmes that develop, promote and enhance the well-being of the Malaysian capital market. Four of the entities are related parties to the SC as disclosed in Note 23.

29,521

(3,274)

210,062

3,888

21,321

4,744

14,443

209,664

20. SURPLUS/(DEFICIT) BEFORE TAX

SORPLOS/(DEFICIT) BEFORE TAX	Note	2024 RM'000	2023 RM'000
Surplus/(Deficit) before tax is			
arrived at after charging/(crediting):			
Auditors' remuneration		180	163
Executive members' emoluments		3,839	3,198
Non-executive members' allowance		1,413	955
Rental expense:			
Plant and equipment		316	371
Depreciation of property, plant and equipment	4	11,429	10,186
Gain on disposals of property, plant and equipment		(198)	(23)
Loss on property, plant and equipment written off	4	70	3
Loss on intangible assets written off	5	802	-
Impairment loss on property, plant and equipment	4	1,559	-
Impairment loss on intangible asset	5	3,359	- (4.225)
Net fair value gain on financial assets at FVTPL	_	(923)	(1,325)
Amortisation of intangible assets	5	3,766	3,530
Depreciation of right-of-use assets	6	458	457
Finance cost on lease liabilities		439	274
Repair and maintenance Communication and online resources		13,413	11,903
Reversal of liabilities due to post-employment		5,170	4,021
benefits voluntary buy-out scheme	13	(9,874)	_
benefits voluntary buy out scheme	15	(5,674)	

21. **TAXATION**

In the previous financial year, the SC was granted tax exemption status by the MOF for YA 2022 until YA 2026.

	2024 RM'000	2023 RM'000
Current tax expense: – overprovision of taxation in prior financial year Deferred taxation (Note 7)	- -	5,717 (10,057)
		(4,340)

The explanation and the relationship between taxation and surplus/(deficit) before tax is as follows:

	2024 RM'000	2023 RM'000
Surplus/(Deficit) before tax	13,997	(66,955)
Tax calculated at the Malaysian tax rate of 0% (2023: 0%)	-	-
Tax effects of: - derecognition of deferred tax assets - overprovision of taxation in prior financial year		(10,057) 5,717
Taxation	_	(4,340)

22. **OTHER COMPREHENSIVE LOSS**

	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
2024 Items that will not be reclassified subsequently to profit or loss Remeasurement of defined benefit liability	(16,110)		(16,110)
2023 Items that will not be reclassified subsequently to profit or loss Remeasurement of defined benefit liability	(36,566)		(36,566)

23. **RELATED PARTIES**

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the SC if the SC has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the SC and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the SC either directly or indirectly. The remuneration of the key management personnel is disclosed in Note 20 under the heading of 'Executive members' emoluments'.

23.1 The SC has related party relationship with Securities Industry Development Corporation (SIDC), as the Chairman of the SC is also the Chairperson of SIDC, and one of the SIDC Board Members is also a member of the Senior Management in the SC.

Significant related party transactions

The significant related party transactions with SIDC is shown below:

	2024 RM'000	2023 RM'000
Funding to SIDC	4,000	4,100
Management fee paid by the SIDC	516	516
Training provided by SIDC	1,073	63

The SC has a related party relationship with the Capital Market Compensation Fund Corporation (CMC) as CMC was established under the CMSA, the SC may provide monies to the CMC as stated in Section 159(a) of CMSA, the CMC is required to consult the SC where there is an event of default of the Relevant Persons, the CMC is required to submit its annual regulatory report and audited financial statements to the SC as required by the provision of CMSA, and one of the CMC Board Members is also a member of the Senior Management in the SC.

Significant related party transactions

The significant related party transactions with the CMC is shown below:

	2024 RM'000	2023 RM'000
Management fee paid by the CMC	158	158

23.3 The SC has a related party relationship with the Capital Markets Promotion Council (CMPC), as the Chairman of the SC is also the Chairperson of CMPC, and one of the CMPC Board Members is also a member of the Senior Management in the SC.

Significant related party transactions

The significant related party transaction with the CMPC is shown below:

	2024 RM'000	2023 RM'000
Funding to the CMPC	500	1,700

23.4 The SC has a related party relationship with the IOSCO Asia Pacific Hub (Hub), as the two Directors of the Hub are also members of the Senior Management in the SC.

Significant related party transactions

The significant related party transaction with the Hub is shown below:

	RM'000	2023 RM'000
Funding to the Hub	200	500

24. CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities are as follows:

2024 2023 RM'000 RM'000
ment 7,410 4,093 12,659 18,474
12,659 ————————————————————————————————————

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

The following tables provide an analysis of financial instruments categorised as follows:

- i. Amortised cost (AC); and
- ii. FVTPL

	AC RM'000	FVTPL RM'000	Carrying amount RM'000
2024			
Financial assets			
Other receivables – long term Other investments Trade and other receivables* Cash and cash equivalents	1,176 362,353 26,626 101,623 491,778	442,602	1,176 804,955 26,626 101,623 934,380
<u>Financial liabilities</u>			
Other payables and accruals* Lease liabilities	(103,279) (8,396)	- -	(103,279) (8,396)
	(111,675)	_	(111,675)

	AC RM'000	FVTPL RM'000	Carrying amount RM'000
2023			
Financial assets			
Other receivables – long term Other investments Trade and other receivables* Cash and cash equivalents	1,814 473,331 30,710 381,133 886,988	152,291 - - 152,291	1,814 625,622 30,710 381,133 1,039,279
Financial liabilities			
Other payables and accruals* Lease liabilities	(93,448) (9,303)	- -	(93,448) (9,303)
	(102,751)		(102,751)

^{*} Exclude non-financial instruments

25.2 Financial risk management

The SC has policies and guidelines on the overall investment strategies and tolerance towards risk. Investments are managed in a prudent manner to ensure the preservation and conservation of the fund.

The SC has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Price risk

25.3 Credit risk

Credit risk is the risk of a financial loss to the SC if a counterparty to a financial instrument fails to meet its contractual obligations. The exposure to credit risk arises principally from the individual characteristics of each customer. There are no significant changes as compared to prior periods.

Receivables

Risk management objectives, policies and processes for managing the risk

The SC has a formal credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

In managing credit risk of receivables, the SC manages its debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, receivables will be collected within 30 days.

Recognition and measurement of impairment loss

The SC uses an allowance matrix to measure Expected Credit Loss (ECL) of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

The following table provides information about the exposure to credit risk and ECLs for receivables as at 31 December 2024.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2024			
Not past due Past due 1 – 30 days Past due 31 – 60 days	27,702 98 2 27,802	- - - -	27,702 98 2 27,802
2023			
Not past due Past due 31 – 60 days	32,518 6	- -	32,518 6
	32,524	-	32,524

Receivables above has not recognised any loss allowance comprise receivables from:

- (a) Bursa which has no history of default and has been remitting levies to the SC within the stipulated timeframe;
- Financial institutions and debt issuers who have no history of default; (b)
- Staff financing are supported by collateral in the form of residential properties and motor vehicles with (c) its respective fair value exceeding its outstanding debts. The fair value of the collateralised properties is determined using the comparison method based on professional valuation. The fair value of the collateralised motor vehicles is determined using the comparison method based on available market data.

Cash and cash equivalents

The cash and cash equivalents are held with licensed banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These licensed banks and financial institutions have low credit risk. In addition, some of the bank balances are insured by government agencies. Consequently, the SC is of the view that the loss allowance is not material and hence, it is not provided for.

The SC's investments are mainly in fixed deposits with approved financial institutions and bonds issued by the government and other government agencies.

Investments and other financial assets

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the SC has holdings in debt securities that are managed internally with holdings in Malaysian Government Investment issues (GII) and Guaranteed bonds. Additionally, the debt securities that are managed by external fund managers have a minimum rating of A and above, with an oversight by the Investment Advisory Panel.

25.4 Liquidity risk

Liquidity risk is the risk that the SC will not be able to meet its financial obligations as they fall due. The SC monitors and maintains a level of cash and cash equivalents deemed necessary by the SC to finance its operations and to mitigate the effects of fluctuations in cash flows.

Maturity analysis

The table below summarises the maturity profile of the SC's financial liabilities as at the end of the reporting period. There is no contractual interest rate for other payables and accruals.

	Carrying amount RM'000	Contractual cashflow	Under 1 year	Over 1 year
2024				
Financial liabilities				
Other payables and accruals* Lease liabilities	103,279 8,396	103,279 8,928	103,279 3,974	- 4,954
	111,675	112,207	107,253	4,954
2023				
Financial liabilities				
Other payables and accruals* Lease liabilities	93,448 9,303	93,448 10,023	93,448 3,246	- 6,777
	102,751	103,471	96,694	6,777

^{*} Exclude non-financial instruments

25.5 Market risk

Market risk is the risk that changes in market prices, such as interest rates that will affect the amount SC invested in fixed deposits, quoted unit trust and discretionary mandate. Such risks will be reflected in the price and the carrying value of the financial assets.

25.5.1 Interest rate risk

The SC's interest-bearing assets mainly comprise fixed deposits with banks and bank balances.

The interest rate profile of the SC's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2024 RM'000	2023 RM'000
<u>Fixed rate instruments</u>		
Financial assets	423,858	524,827

Interest rate risk sensitivity analysis

Interest rate risk sensitivity analysis for floating rate instruments

The SC does not have any floating rate financial assets at amortised cost. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

25.5.2 Price risk

Price risk arises from the movement in price of the guoted unit trust and discretionary mandate. Performance on the quoted unit trust and discretionary mandate are regularly updated to Management.

25.6 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of fixed deposits is assumed to reasonably approximate their fair values.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statement of financial position.

Fair value of financial instruments

	not carried at fair value			-	
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
2024					
Non-current					
Financial assets					
Long term receivables Government Investment Issues and Government	-	-	1,176	1,176	1,176
Guaranteed Bonds	-	52,072	-	52,072	49,933
	-	52,072	1,176	53,248	51,109

Fair value of financial instruments not carried at fair value

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
2023					
Current					
Financial assets					
Government Investment Issues and Government Guaranteed Bonds		5,058 5,058		5,058 5,058	5,036
Non-current					
Financial assets					
Long term receivables Government Investment Issues and Government	-	-	1,814	1,814	1,814
Guaranteed Bonds	-	52,453	-	52,453	49,928
		52,453	1,814	54,267	51,742

Level 1 fair value

Level 1 fair value is derived from unadjusted quoted price in active markets for identical financial assets that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2023: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets.

Financial instruments not carried at fair value

Description of valuation technique and input used <u>Type</u>

Discounted cash flows using a rate based on the current market rate of Long term receivables

borrowing.

Financial instruments carried at fair value

Investment in quoted unit trust is categorised at Level 1 while investment in discretionary mandate is categorised at Level 2.

IMPAIRMENT ASSESSMENT ON ASSETS 26.

During the financial year, impairment testing has been performed on property, plant and equipment, intangible assets and rights-of-use assets. The recoverable amounts are determined based on value in use (VIU) method. The key assumptions used in the VIU calculations are as follows:

	2024	2023
Discount rate	3.82%	3.75%
Growth rate	3.00%	2.50%

Based on the impairment assessment, there is no impairment loss recognised in this financial year.

27. RESERVES MANAGEMENT

The SC's financial management objective is to maintain adequate reserves to safeguard the SC's ability to perform its duties and functions independently and effectively. Management monitors the long-term capital commitments to ensure that sufficient funds are available to meet the obligations. The SC's investments are managed in a prudent manner to ensure the preservation of the funds.

28. **AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements for the financial year ended 31 December 2024 were authorised by the Board Members of the SC for issuance and signed by the SC's Board Members on 6 February 2025.

SECURITIES COMMISSION MALAYSIA STATEMENT BY BOARD MEMBERS

In the opinion of the Board Members, the financial statements set out on pages 182 to 217 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Securities Commission Malaysia as of 31 December 2024 and of its financial performance and cash flows for the financial year then ended.

On behalf of the Board Members:

DATO' MOHAMMAD FAIZ BIN MOHAMMAD AZMI CHAIRMAN

Kuala Lumpur

WEE HOE SOON @ GOOI HOE SOON MEMBER

SECURITIES COMMISSION MALAYSIA

STATUTORY DECLARATION

I, Nur Fatin binti Abdul Aziz, the officer primarily responsible for the financial management of the Securities Commission Malaysia, do solemnly and sincerely declare that the financial statements set out on pages 182 to 217 are, to the best of my knowledge and belief, correct and I make this solemn declaration believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

NUR FATIN BINTI ABDUL AZIZ OFFICER

Subscribed and solemnly declared by the abovenamed Nur Fatin binti Abdul Aziz, at Kuala Lumpur in the Federal Territories on 6 February 2025.

Before me:

SAIDATUL ASHIKIN BT SEPIAN @ SOFFIAN 01 JAN 2025 - 31 DIS 2027

No. 23, 2nd Floor, Jalan Medan Tuanku, 50300 Kuala Lumpur.

INDEPENDENT AUDITORS' REPORT TO THE BOARD MEMBERS OF THE SECURITIES COMMISSION MALAYSIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the Securities Commission Malaysia (SC), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies information, as set out on pages 182 to 217.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the SC as at 31 December 2024, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards (MFRS) and International Financing Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the SC in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (By-Laws) and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Board Members for the Financial Statements

The Board Members are responsible for the preparation of financial statements of the SC that give a true and fair view in accordance with MFRS and IFRS. The Board Members are also responsible for such internal control as the Board Members determine is necessary to enable the preparation of financial statements of the SC that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the SC, the Board Members are responsible for assessing the SC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either intend to liquidate the SC or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the SC as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the SC, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- Conclude on the appropriateness of the Board Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the SC or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the SC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the SC, including the disclosures, and whether the financial statements of the SC represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

- This report is made solely to the Board Members, as a statutory body and for no other purpose. We do not assume responsibility to any other person for the content of this report.
- 2. The financial statements of the SC for the preceding financial year ended 31 December 2023, were audited by another auditor whose report dated 30 January 2024 expressed an unmodified opinion on the financial statements.

Forvis Mazars PLT

(formerly known as Mazars PLT) 201706000496 (LLP0010622-LCA) AF 001954 Chartered Accountants

Kuala Lumpur

6 February 2025

Chong Fah Yow 03004/07/2026 J Chartered Accountant





PART 6 MARKET STATISTICS

CORPORATE PROPOSALS

EQUITY

In 2024, the SC approved 21 equity applications of which 10 were for IPO on the Main Market of Bursa Malaysia with a total market capitalisation of RM21.39 billion. The estimated amount of funds raised from these IPOs is around RM4.70 billion (Table 1). The remaining applications approved include 1 proposed acquisition resulting in a significant change of business direction or policy and 10 transfers of listing from the ACE Market to the Main Market.

There were a total of 55 new listings in 2024, of which 11 were on the Main Market, 40 were on the ACE Market and the remaining 4 were on the LEAP Market with a total market capitalisation of RM31.37 billion. The total amount of funds raised from these new listings in 2024 was approximately RM7.42 billion.

CORPORATE BONDS AND SUKUK

The Malaysian corporate bonds and sukuk market reported total issuances of RM124.15 billion in 2024, representing a 4.92% increase from RM118.33 billion issued in 2023.

Ringgit-denominated corporate bonds and sukuk issues continued to form the majority of the proposals approved by/lodged with the SC with a total nominal value of RM165.89 billion, of which 69.68% or RM115.59 billion were sukuk (Table 2).

The total number of ringgit-denominated corporate bonds and sukuk approved by/lodged with the SC with tenures of 1 to 7 years and more than 15 years increased by 15% and 65.71% respectively. There was a decrease of 37.50% in the total number of ringgit-denominated

TABLE 1 Equity applications approved by type of proposals

	2024		2023	
Type of proposals	No. of proposals approved	Estimated amount to be raised (RM million)	No. of proposals approved	Estimated amount to be raised (RM million)
IPO on Main Market: - Domestic companies	10	4,696.78	7	2,808.29
Restructuring / Mergers and acquisitions	1	-	-	-
Transfer from ACE Market to Main Market	10	-	11	-
TOTAL	21	4,696.78	18	2,808.29

TABLE 2 Lodged/approved ringgit-denominated corporate bonds and sukuk issues

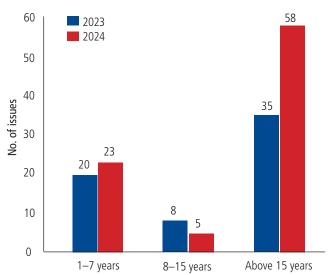
	2	024	2023	
Type of issues	No. of issues	Nominal amount (RM million)	No. of issues	Nominal amount (RM million)
Corporate bonds - Commercial papers/Medium-term notes/Bonds - Loan stocks	22 1	48,450.00 354.00	20 2	73,004.50 215.46
Subtotal	23	48,804.00	22	73,219.96
Sukuk - Islamic commercial papers/Islamic medium-term notes/Islamic bonds - Islamic loan stocks	61 -	115,585.00	41 -	98,263.00
Subtotal	61	115,585.00	41	98,263.00
Combination of corporate bonds and sukuk – Medium-term notes/Islamic medium-term notes	2	1,500.00	-	-
Subtotal	2	1,500.00	-	-
TOTAL	86	165,889.00	63	171,482.96

corporate bonds and sukuk with tenures ranging from 8 to 15 years (Chart 1).

In 2024, a total of 56 ratings were assigned by credit rating agencies to ringgit-denominated corporate bonds and sukuk issues lodged with the SC, as compared to 40 ratings assigned in 2023. The number of unrated issues has increased by 21.43% as compared to 2023 (Chart 2).

There was 1 foreign currency-denominated sukuk lodged with the SC in 2024.

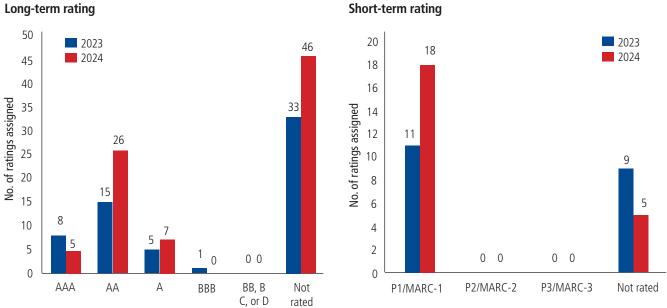
Tenure of lodged/approved ringgit-denominated corporate bonds and sukuk issues



Note:

Tenure of facility, and not the respective notes or papers under the facility.

CHART 2 Rating summary of lodged/approved ringgit-denominated corporate bonds and sukuk issues



Note:

A corporate bond or sukuk issue may be assigned with more than 1 credit rating (e.g. for commercial papers/medium-term notes programmes, both short-term rating accorded for commercial papers and long-term rating for medium-term notes are taken into account).

INVESTMENT MANAGEMENT

FUND MANAGEMENT

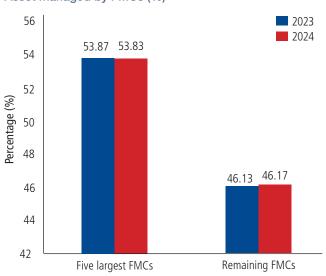
The total AUM of licensed FMCs in Malaysia increased by 9.59% to RM1,069.07 billion as compared to RM975.48 billion in 2023. In 2024, the top 5 FMCs contributed 53.83% of total AUM as compared to 53.87% in 2023 (Chart 1).

Sources of funds under management were largely from unit trust funds (UTFs), EPF, corporate bodies, and wholesale funds (WFs) (Table 1). The funds were allocated in various asset classes and locations, of which, investment inside Malaysia by FMCs amounted to RM724.51 billion, representing 67.77% of the total AUM as at end of 2024 (Chart 2). The bulk of investment was allocated in equities with 50.23% at end of 2024, as compared to 48.65% in 2023 (Chart 3). The asset allocation for investment inside Malaysia continued to focus on equities, fixed income and money market placement, trend is similarly observed last year (Chart 4).

TABLE 1 Source of clients' funds under management

Source of funds	2024 (RM billion)	2023 (RM billion)
UTF	546.08	499.88
EPF	208.30	186.92
Corporate bodies	122.03	107.83
WF	82.60	77.15
Statutory bodies and government agencies	54.00	45.52
Individuals	24.99	21.22
Others	23.46	30.51
PRS	7.61	6.45
TOTAL	1,069.07	975.48

CHART 1 Asset managed by FMCs (%)



Assets invested inside and outside of Malaysia (RM billion)

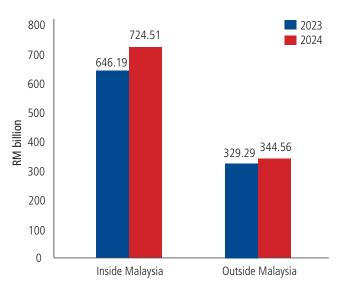
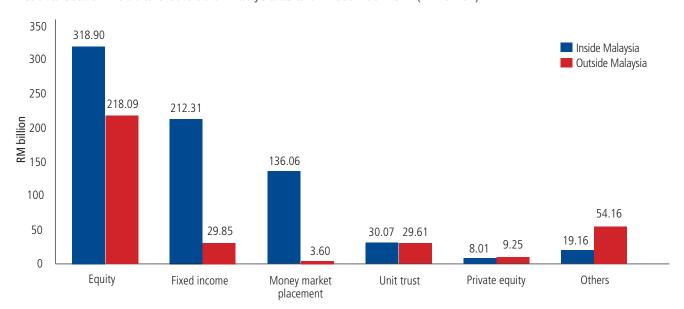


CHART 3 Asset allocation (%) 60 2023 48.65 _50.23 2024 50 40 Percentage (%) 30 22.95 22.65 20 13.33 13.06 7.80 6.87 10 5.56 5.58 1.71 1.61 0 Equity Fixed income Money market Unit trust Private equity Others placement

CHART 4 Asset allocation inside and outside of Malaysia as at 31 December 2024 (RM billion)



COLLECTIVE INVESTMENT SCHEMES AND PRIVATE RETIREMENT SCHEMES

Unit Trust Funds

Unit trust funds continued to be the largest component of the Malaysian CIS industry with a total net asset value (NAV) of RM546.08 billion recorded as at 31 December 2024 (2023: RM499.88 billion). The percentage of the total NAV of the unit trust fund industry against Bursa Malaysia Securities Bhd's (Bursa Malaysia) market capitalisation was 26.25% (2023: 27.83%). In 2024, a total of 33 unit trust funds were launched while 12 funds were terminated and 3 funds matured, which brought the total number of unit trust funds offered by 39 locally-incorporated unit trust management companies to 775 funds as at 31 December 2024 (Table 2).

The unit trust fund industry recorded total gross sales (excluding reinvestment of distribution) of RM283.54 billion (2023: RM228.68 billion), the majority of which were distributed by unit trust management companies with total gross sales of RM140.50 billion (Chart 5). Overall, the unit trust funds industry recorded net redemptions (excluding reinvestment of distribution) of -RM8.59 billion in 2024 (2023: -RM25.19 billion).

Wholesale Funds

In the wholesale funds segment, a total NAV of RM82.60 billion was recorded as at 31 December 2024 (2023: RM77.15 billion). A total of 61 funds were launched under LOLA Framework to sophisticated investors while

CHART 5 Distribution Channels

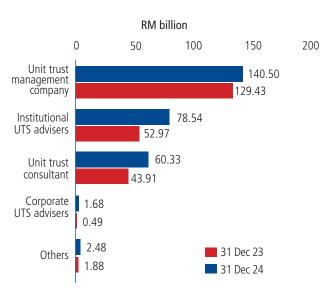


TABLE 2 Overall status of UTF industry

	31 December 2024	31 December 2023
No. of funds offered - Conventional - Shariah-compliant	775 476 299	757 466 291
Units in circulation (billion units)	757.38	756.79
No. of accounts (million)*	27.39	26.38
Total NAV (RM billion) - Conventional (RM billion) - Shariah-compliant (RM billion)	546.08 423.86 122.22	499.88 386.77 113.11
% of NAV to Bursa Malaysia market capitalisation^	26.25	27.83

Note:

- No. of accounts include number of unit holders accounts with institutional Unit Trust Schemes (UTS) advisers that operate nominee account systems.
- The comparison made between the total NAV of the unit trust funds industry and Bursa Malaysia's market capitalisation is not an indication of the actual amount invested in Bursa Malaysia by the unit trust funds

35 funds were terminated, 7 funds were converted to unit trust fund and 8 funds matured in 2024, which brought the total number of wholesale funds offered by 53 fund management companies to 476 funds as at 31 December 2024 (2023: 465 funds).

SRI Funds

As at 31 December 2024, there were 75 funds offered to investors which have been qualified as sustainable and responsible investment (SRI) funds under the Guidelines on Sustainable and Responsible Investment Funds (2023: 68 funds). The 75 funds comprised 45 unit trust funds and 30 wholesale funds with a total NAV as at 31 December 2024 of RM14.44 billion (2023: RM7.70 billion).

Real Estate Investment Trusts

As at 31 December 2024, there was a total of 19 real estate investment trusts (REITs) listed on the Main Market of Bursa Malaysia with a total market capitalisation (including a stapled group) of RM48.93 billion (2023: RM41.78 billion). The total asset size grew from RM66.95 billion as at 31 December 2023 to RM69.98 billion as at end of 2024. There are 2 unlisted REIT offered to sophisticated investors as of 31 December 2024.

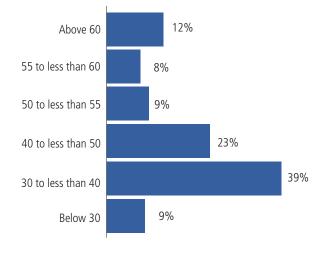
Exchange-Traded funds

With the listing of Eq8 FTSE Malaysia Enhanced Dividend Waqf ETF in 2024, the total number of exchange-traded funds (ETFs) listed on the Main Market of Bursa Malaysia as at 31 December 2024 was 16 (2023: 15) with a total market capitalisation of RM2.36 billion (2023: RM2.21 billion).

Closed-End Fund

As at 31 December 2024, there continued to be only one closed-end fund (CEF) listed on the Main Market of Bursa Malaysia with a market capitalisation of RM405 million (2023: RM392 million).

CHART 6 PRS members by age group



Private Retirement Schemes

As at 31 December 2024, the number of private retirement schemes (PRS) remained unchanged with 14 schemes comprising 78 funds offered by 9 PRS providers. The total NAV grew 17.98% to RM7.61 billion as at 31 December 2024 (2023: RM6.45 billion), with contributions from members during the year remaining robust where RM938 million was invested into PRS (2023: RM767 million).

The total number of members as at 31 December 2024 increased by 6.61% to 617,000 (from 579,000 as of 31 December 2023), with key PRS demographics as indicated in Charts 6 – 8.

CHART 7 PRS members by gender

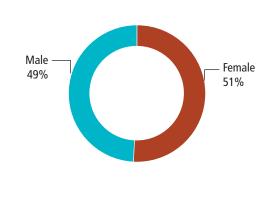
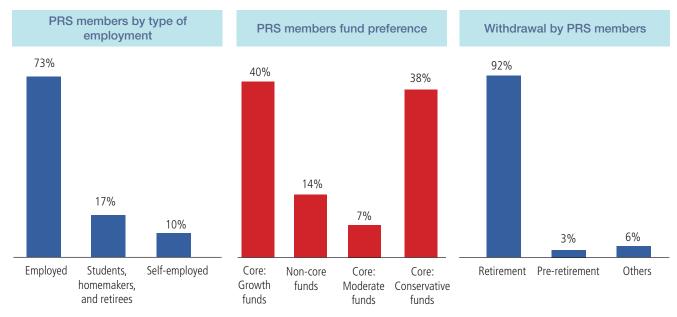


CHART 8



INVESTMENT PRODUCTS

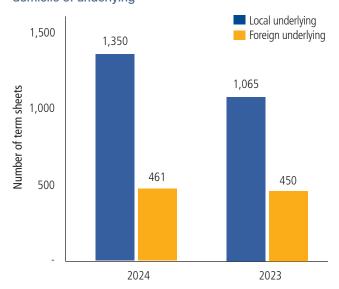
Structured Warrants

In 2024, the SC registered 1,811 term sheets for the offering of structured warrants, an increase of 20% as compared to 2023 where 1,515 term sheets were registered.

The number of structured warrants term sheets with local underlying expanded in 2024 with 1,350 term sheets registered, representing an increase of 27% compared to 2023 (2023: 1,065 term sheets). A total of 461 term sheets with foreign underlying were registered in 2024 as compared to 450 term sheets in 2023.

In 2024, the number of registered structured warrants term sheets with index as an underlying increased by 25% (2024: 419 term sheets, 2023: 334 term sheets). Structured warrants over foreign underlying indices increased by 30% compared to 2023, driven primarily by a considerable growth in structured warrants over the Hang Seng Index. Other foreign indices include structured warrants over the Nikkei Stock Average (Nikkei 225) Index, Hang Seng Tech Index, S&P 500 Index, NASDAQ-100 Index and Dow Jones Industrial Average Index.

CHART 9 Structured warrants term sheets registered by listing domicile of underlying



Structured Products

In 2024, a total of 16 issuers lodged 45 new structured product programmes with the SC under the LOLA Framework for unlisted capital market products. These programmes comprised a variety of underlying references and had an aggregate size of RM225 billion with each programme having a size limit of up to RM5 billion (Table 3).

TABLE 3 Structured product programmes

	2024		2023	
New programmes lodged	No. of programmes	Size (RM billion)	No. of programmes	Size (RM billion)
Principle - Conventional - Islamic	40 5	200 25	18 2	90 10
TOTAL	45	225	20	100

Structured Product Series

The Malaysian structured product market reported a decrease of 2% of total new issuances in 2024 compared to 2023.

High-net worth individuals (HNWIs) continued to form the majority of investors accounting for 93.4% of investors in structured product. The balance 6.6% of investors comprised high-net worth entities and accredited investors and persons who acquire the unlisted capital market product for a consideration of not less than RM250,000 per transaction category (Chart 10).

Conventional structured products continued its market domination accounting for 93.7% of issuance in 2024 (Chart 11). The issuance of Islamic structured products increased by 250% in 2024.

In 2024, a total of 186 structured product series were lodged under the LOLA Framework for the offering to sophisticated investors (2023: 167), representing an increase of 11%.

Contracts for Difference

The SC introduced the Guidelines on Contracts for Difference (CFD) on 6 April 2018. A CFD is a leveraged derivatives product that allows investors to participate in the price movement of an underlying instrument.

In 2024, there were 2 CFD providers offering CFD in Malaysia based on shares, indices and commodities.

CHART 10 Breakdown by investor type

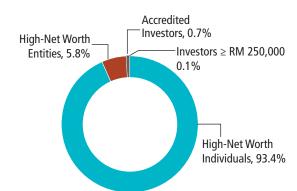
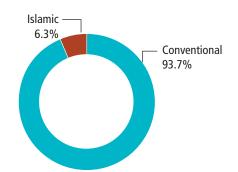


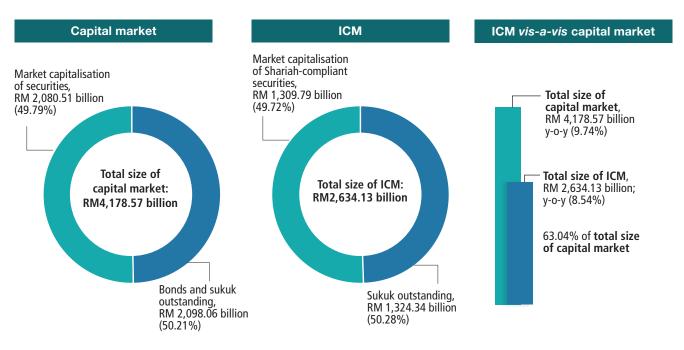
CHART 11 Breakdown by principle



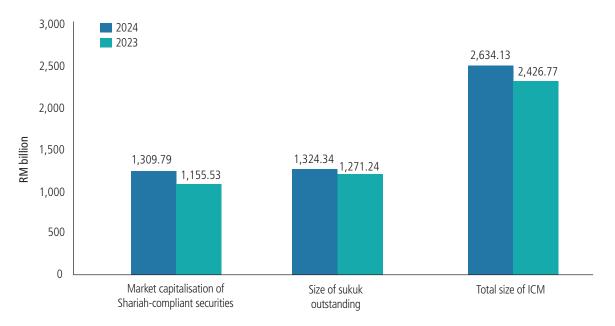
ISLAMIC CAPITAL MARKET

The ICM maintains a substantial contribution, accounting for 63.04% of the overall capital market. Demonstrating steady growth, the ICM expanded by 8.5% year-on-year, increasing from RM2,426.77 billion in 2023 to RM2,634.13 billion as at end 2024. The ICM comprises of Shariah-compliant securities, with total market capitalisation of RM1,309.79 billion, and sukuk, with total amount outstanding of RM1,324.34 billion (Chart 1).

CHART 1 ICM as at December 2024



Size of ICM



SHARIAH-COMPLIANT SECURITIES

As of end 2024, the number of Shariah-compliant securities increased from 811 to 822, constituting 79.11% of the total 1,039 listed securities on Bursa Malaysia. The market capitalisation of Shariahcompliant securities registered an increase to 11.71% as compared to end 2023, standing at RM1,309.79 billion or 62.96% of the total market capitalisation by December 2024, (Chart 2).

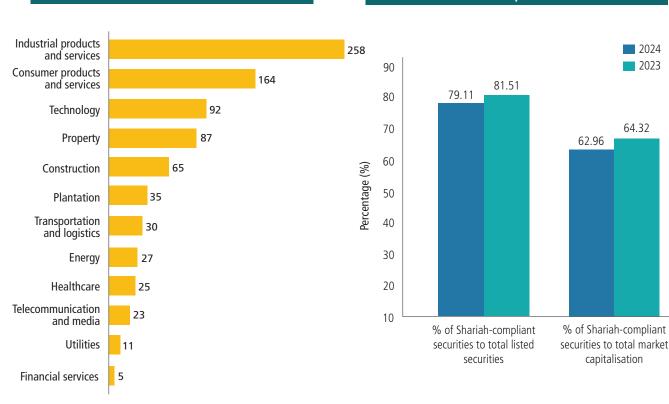
CHART 2 Shariah-compliant securities as at December 2024





Breakdown by sectors for **Shariah-compliant securities** Percentage of number and market capitalisation of Shariah-compliant securities

> 2024 2023

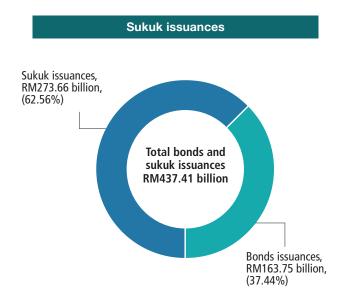


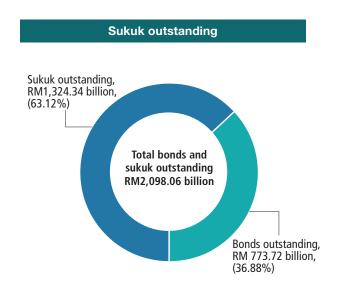
SUKUK

Corporate sukuk issuances represented 74.36% (2023: 77.25%) of total corporate bonds and sukuk issuances while corporate sukuk outstanding accounted for 84.58% (2023: 83.96%) of total corporate bonds and sukuk outstanding (Table 3). The total sukuk issuances in 2024 represented 62.56% (2023: 60.84%) of total bonds and sukuk issuances whereas total sukuk outstanding represented 63.12% (2023: 63.20%) of total bonds and sukuk outstanding (Chart 3 and Table 4).

20 issuers issued SRI Sukuk and SRI Sustainability-Linked Sukuk in 2024, bringing the cumulative number of SRI Sukuk issuers to 48 since this classification was introduced in 2015. Corporate SRI sukuk issuances in 2024 amounted to RM9.98 billion, which was 10.81% of total corporate sukuk issuances for the year, while corporate SRI sukuk outstanding increased to RM34.46 billion as at December 2024 (2023: RM26.32 billion), constituting 4.75% of total corporate sukuk outstanding.

CHART 3 Sukuk as at December 2024



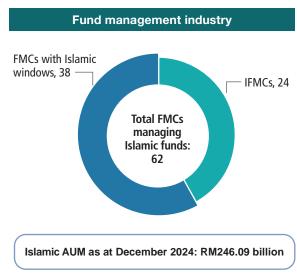


ISLAMIC FUND MANAGEMENT

As at December 2024, Islamic AUM stood at RM246.09 billion, a year-on-year increase of 8.82% from RM226.14 billion as at end 2023 (Chart 4). Total number of Islamic CIS (UTF, WF, PRS, REIT and ETF) amounts to 422 as of December 2024, which includes 30 Islamic SRI funds. Additionally, there were a total of 62 fund management companies overseeing Islamic funds, comprising 24 full-fledged Islamic fund management companies and 38 fund management companies with Islamic windows as at December 2024.

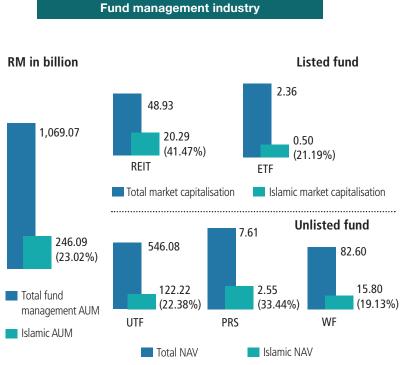
CHART 4 AUM of Islamic fund management

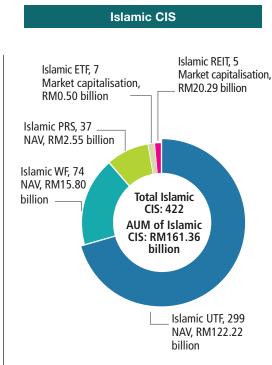




AUM is sourced from CIS and private mandates.

Islamic fund management as at December 2024





KEY STATISTICS

TABLE 1 Size of ICM

	2024 RM billion	2023 RM billion
Market capitalisation of Shariah-compliant securities	1,309.79	1,155.53
Size of sukuk outstanding	1,324.34	1,271.24
Total size of ICM	2,634.13	2,426.77
% ICM to total capital market	64.23%	63.73%

TABLE 2 Shariah-compliant securities

	2024	2023		
Number of securities:				
Shariah-compliant securities	822	811		
Total listed securities	1,039	995		
% of Shariah-compliant securities to total listed securities	79.11%	81.51%		
Market capitalisation (RM billion):				
Shariah-compliant securities	1,309.79	1,155.53		
Total market capitalisation	2,080.51	1,796.40		
% of Shariah-compliant securities to total market capitalisation	62.96%	64.32%		

TABLE 3 Corporate sukuk

	2024	2023		
Total issuance (RM billion)				
Sukuk issuance	92.32	91.41		
Total corporate bonds and sukuk issuances	124.15	118.33		
% of sukuk to total corporate bonds and sukuk issuances	74.36%	77.25%		
Total outstanding (RM billion)				
Sukuk outstanding	725.68	705.52		
Total corporate bonds and sukuk outstanding	858.00	836.74		
% of sukuk to total corporate bonds and sukuk outstanding	84.58%	84.32%		

TABLE 4 Total sukuk

	2024	2023		
Total issuance (RM billion)				
Sukuk issuance	273.66	333.13		
Total bonds and sukuk issuance	437.41	547.53		
% of sukuk to total bonds and sukuk issuances	62.56%	60.84%		
Total outstanding (RM billion)				
Sukuk outstanding	1,324.34	1,271.24		
Total bonds and sukuk outstanding	2,098.06	2,011.33		
% of sukuk to total bonds and sukuk outstanding	63.12%	63.20%		

TABLE 5 Islamic AUM

	2024	2023
Islamic AUM (RM billion)	246.09	226.14
Total fund management industry (RM billion)	1,069.07	975.48
% Islamic AUM to total fund management industry	23.02%	23.18%

TABLE 6 Islamic UTF

	2024	2023
Islamic UTF	299	291
Total industry	775	757
NAV of Islamic UTF (RM billion)	122.22	113.11
NAV of total industry (RM billion)	546.08	499.88
% NAV of Islamic UTF to total industry	22.38%	22.63%

TABLE 7 Islamic WF

	2024	2023
Islamic WF	74	76
Total industry	476	465
NAV of Islamic WF (RM billion)	15.80	14.78
NAV of total industry (RM billion)	82.60	77.15
% NAV of Islamic WF to total industry	19.13%	19.16%

TABLE 8 Islamic PRS funds

	2024	2023
Islamic PRS	37	37
Total industry	78	78
NAV of Islamic PRS (RM billion)	2.55	2.20
NAV of total industry (RM billion)	7.61	6.45
% NAV of Islamic PRS to total industry	33.44%	34.11%

TABLE 9 Islamic REIT

	2024	2023
Islamic REIT	5	5
Total industry	19	19
Market capitalisation of Islamic REIT (RM billion)	20.29	17.93
Market capitalisation of total industry (RM billion)	48.93	41.78
% market capitalisation of Islamic REIT to total industry	41.47%	42.90%

TABLE 10 Islamic ETF

	2024	2023
Islamic ETF	7	6
Total industry	16	15
Market capitalisation of Islamic ETF (RM billion)	0.50	0.41
Market capitalisation of total industry (RM billion)	2.36	2.21
% market capitalisation of Islamic ETF to total industry	21.19%	18.55%

TABLE 11 Registered Shariah advisers

	2024	2023
Individual	82	75
Corporation	19	20
Total registered Shariah advisers	101	95

VENTURE CAPITAL AND PRIVATE EQUITY

TABLE 1 Statistics of industry participants

	2024	2023
Number of registered corporations	145	137
Number of registered VCMCs and VCCs	115	113
Number of registered PEMCs and PECs	30	24
Number of VC and PE professionals ¹	278	305

Note:

The total number of registered corporations stood at 145 as at 31 December 2024 (Table 1). The venture capital segment accounted for 115 registered corporations (venture capital management corporation (VCMC) and venture capital corporation (VCC)), while the private equity segment consisted of 30 registered corporations (private equity management corporation (PEMC) and private equity corporation (PEC).

As at end 2024, the number of professionals employed by the industry with at least 4 years experience stood at 278.

TABLE 2 Industry key statistics Figures in RM millions

	2024		2023	
	Private equity	Venture capital	Private equity	Venture capital
Total committed funds under management [1]	18,005.63	6,698.07	11,000.01	6,581.14
Total drawn capital [2]	10,689.09	4,227.86	8,899.53	4,551.23
Estimated capital available for investment [3]=[1]-[2]	7,316.54	2,470.21	2,100.48	2,029.91
Total no. of investee companies	88	437	63	392

Note:

The statistics are based on self-reported figures by registered VC/PE firms. Y-o-y movements may vary. Totals may not add up due to rounding.

Total committed funds in the industry as at the end of 2024 stood at RM18.01 billion and RM6.70 billion for private equity (PE) and venture capital (VC) respectively (Table 2), with a combined total of RM24.70 billion. For private equity, commitments are sourced largely from corporate investors (40.91%), individuals and family offices (16.77%) and financial institutions (13.27%) (Chart 1).

For venture capital, government agencies and investment companies (35.99%), sovereign wealth funds (20.15%) and individuals and family offices (19.55%) make up the top 3 sources of funding (Chart 2).

The top 3 registered corporations by amount of investor commitments as at end-2024 were Creador, Gaia Investment Partners and Xeraya Capital.

VC investments in 2024 concentrated on growth stage (44.60%), followed by early stage (35.98%) and startup stage (13.44%) opportunities. PE investments were primarily channeled into growth stage (83.82%), with

Professionals with at least 4 years of experience.

CHART 1 Sources of funds, private equity (2024: RM18.01 billion)

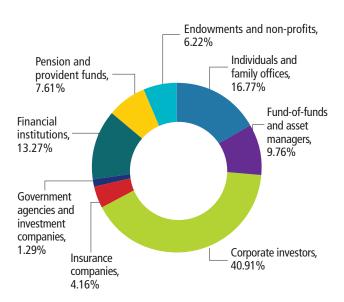
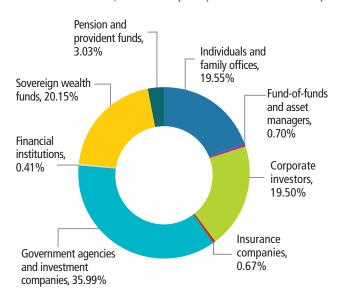


CHART 2 Sources of funds, venture capital (2024: RM6.70 billion)



Note:

Government agencies and investment companies: Includes ministerial investment companies (e.g. Minister of Finance (Incorporated)), government agencies, statutory bodies and government-linked investment companies established for the purpose of managing investments of public funds.

TABLE 3 Investments during 2024

Business Stage	New investments (RM '000)	% of segment	No. of companies	
Venture Capital				
Seed	2,634.00	0.70%	6	
Start-up	50,499.10	13.44%	19	
Early stage	135,223.22	35.98%	9	
Growth	167,638.24	44.60%	29	
Bridge/Mezzanine/Pre-IPO	14,344.15	3.82%	2	
Turnaround/Restructuring	5,529.14	1.47%	8	
Private Equity				
Early stage	183,852.86	16.18%	6	
Growth	952,182.11	83.82%	11	
Total	1,511,902.82	100.00%	90	
Venture Capital	375,867.85	24.86%	73	
Private Equity	1,136,034.97	75.14%	17	

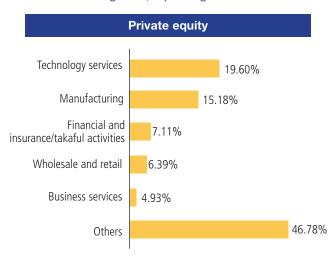
some investments made in early-stage opportunities (16.18%). In total, 90 VC and PE deals were recorded in 2024 (Table 3).

In terms of target industries, wholesale and retail trade (13.65%) saw the highest share of VC investment in 2024, followed by other service activities (11.92%), and professional, scientific and technical activities (10.94%).

As for PE, investments were largely channeled to technology services (19.60%) in 2024, followed by manufacturing (15.18%) and financial and insurance/ takaful activities (7.11%) (Chart 3).

Divestments in PE portfolios during 2024 were mainly exits in the growth stage, while the majority of divestments in VC were early-stage positions, followed by growth stage (Table 4). Exits in 2024 were primarily through IPO or sale to public markets and redemption of shares.

CHART 3 Investments during 2024, top 5 target industries



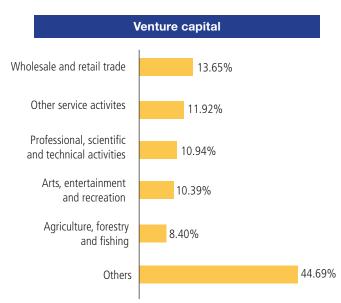


TABLE 4 Divestments during 2024

Business Stage	Divestments (RM '000)	% of segment	No. of companies
Venture Capital			
Start-up	50,908.98	12.47%	9
Early stage	200,782.09	49.19%	14
Growth	125,436.76	30.73%	76
Buyout	171.11	0.04%	1
Bridge/Mezzanine/Pre-IPO	8,081.81	1.98%	2
Turnaround/Restructuring	22,803.23	5.59%	15
Private Equity			
Early stage	475,836.14	42.46%	10
Growth	637,962.66	56.93%	9
Buyout	6,750.00	0.60%	2
Total	1,528,732.78	100.00%	138
Venture Capital	408,183.97	26.70%	117
Private Equity	1,120,548.80	73.30%	21

Note:

Figures measured at cost.

EQUITY CROWDFUNDING¹

CAMPAIGNS

Since its inception, ECF has garnered a total fundraising amount of RM776.15 million across 404 campaigns, with Shariah-compliant campaigns contributing 4% of the total funds raised.

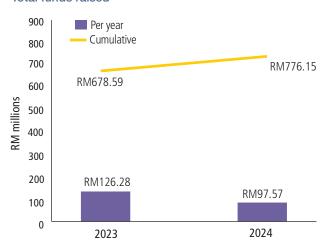
As shown in Chart 1, total funds raised in 2024 decreased by 23% to RM97.57 million, compared to RM126.28 million in 2023. A similar declining trend is observed in the number of successful campaigns, which dropped from 51 in the previous year to 35 in 2024.

Despite the overall decline in total funds raised in 2024, there was an increase in the growth of larger campaigns,

raising funds exceeding RM3 million. These constituted 31% of the campaigns in 2024, up from 25% in 2023 (Chart 2).

Wholesale and retail trade, repair of motor vehicles and motorcycles received the highest funding in 2024, amounting to RM24.67 million. Meanwhile, the agriculture, forestry, and fishing sectors experienced significant growth, with the total amount raised doubling to RM17.81 million in 2024 (Chart 3). Seedstage and Series A-stage campaigns continue to be the main fundraising stages (94%) in 2024, as indicated in Chart 4.

CHART 1 Total funds raised



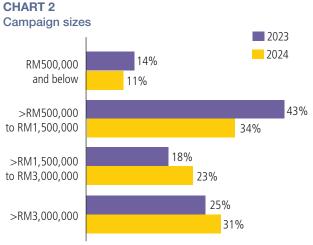


CHART 3 Top 5 sectors by total funds raised

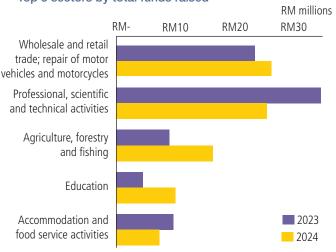
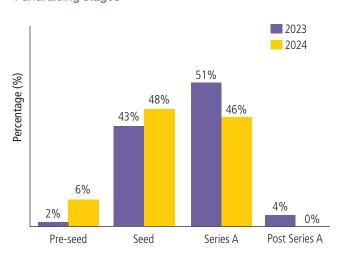


CHART 4 Fundraising stages



Previously reported statistics have been adjusted according to latest reported numbers.

ISSUERS

Since ECF was first established, the total number of issuers has reached 400². Nevertheless, the total number of issuers in 2024 decreased to 35, down from 51 in the previous year. While 77% of ECF issuers were based in Selangor and Kuala Lumpur, there is growing interest can be observed from issuers outside the Klang Valley, including those from Kelantan and Negeri Sembilan, constituting 6% of the total issuers (Chart 5). The share of issuers with a technology focus saw a marginal increase, rising to 47% from 46% in 2023 (Chart 6). A shift in the trend is observed, with the proportion of issuers operating for less than 3 years rising to 41% in 2024, compared to 27% in the previous year (Chart 7).

CHART 5 Issuer: Business location

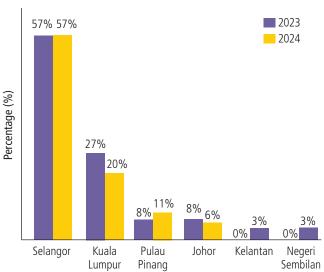
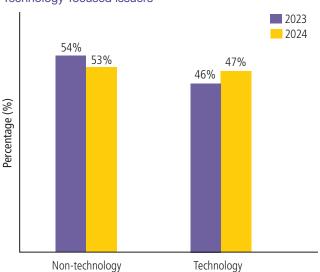
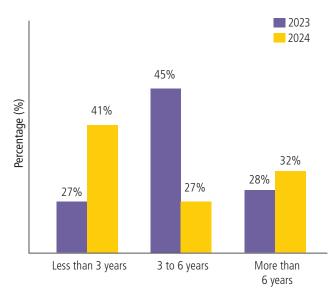


CHART 6 Technology-focused issuers



Include returning issuers.

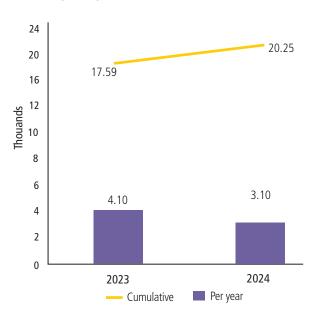
CHART 7 Issuer: Years in business



INVESTORS

Since inception, the total number of participating investors has exceeded 20,000. Nevertheless, in 2024 alone, the total number of investors decreased by 24% to 3,099, from 4,095 in the previous year (Chart 8). First-time investors comprised 15% of ECF investors in 2024.

CHART 8 Investor participation³



Investor participation refers to investors who have invested in a campaign.

TABLE 1 Investor demographics

		2024	2023
	Malaysian	98%	96%
Nationality	Foreign	2%	4%
Condor	Female	23%	34%
Gender	Male	77%	66%
	Below 35	44%	34%
	35 to 45	33%	36%
Age	>45 to 55	16%	19%
	Above 55	7%	11%
	Retail	72%	54%
	Angel	15%	38%
Туре	Sophisticated – HNWI	7%	6%
	Sophisticated – HNWE and Accredited	5%	2%
	Non-Sophisticated Entity ⁴	1%	-

⁴ New category introduced effective January 2024.

PEER-TO-PEER FINANCING¹

CAMPAIGNS

Since its inception, P2P financing has raised a total of RM8.49 billion via 120,370 campaigns with 20% of the total funds raised contributed by Shariah-compliant campaigns [2023: 15%]. In 2024, the total funds raised increased by 20% to RM2.51 billion, from RM2.09 billion in 2023 (Chart 1). Likewise, total campaigns in 2024 increased to 34,512 from 31,002 in 2023.

Campaign sizes in 2024 continued to be of smaller fundraising amounts, with 66% of campaigns raising RM50,000 and below (Chart 2). Wholesale and retail trade; repair of motor vehicles and motorcycles remained the largest sector served in 2024, raising RM1.28 billion and contributing 51% of the total fundraising for the year (Chart 3).

CHART 2 Campaign sizes

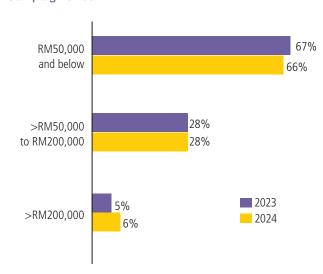


CHART 1 Total funds raised

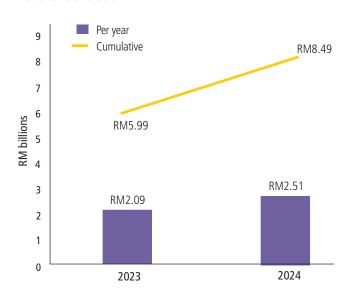
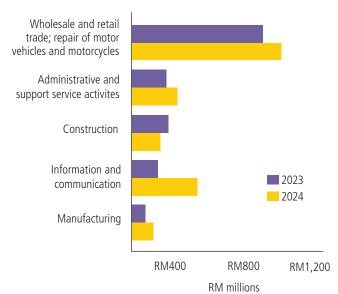
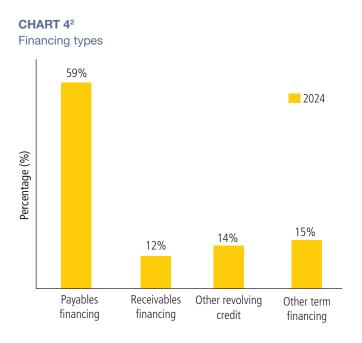


CHART 3 Top five sectors by total funds raised



Previously reported statistics have been adjusted according to latest reported numbers.



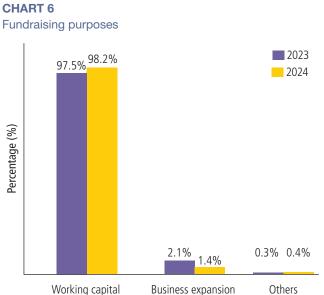


CHART 5 Tenure types

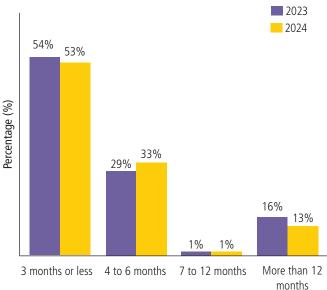
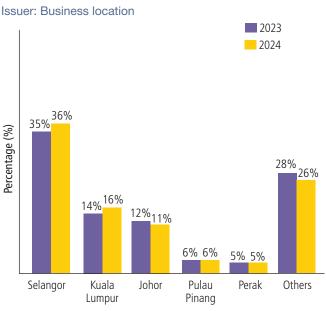


CHART 7



In Chart 4, the majority of investment notes issued were for payable financing, representing 59% of the total campaigns this year. Campaigns with short-term investment notes comprising tenures of 3 months or less remains the most (53%) funded campaigns in 2024 (Chart 5). The purpose of fundraising in 2024 continued to be predominantly (98%) for working capital (Chart 6).

ISSUERS

As at end 2024, the total number of issuers stood at 19,9563. In 2024 alone, total number of issuers decreased by 3% to 5,206 from 5,359 in 2023. In terms of business location, issuers based in Selangor and Kuala Lumpur continued to be the most served by P2P financing in 2024 at 52% (Chart 7). Non-technology

New financing type category effective January 2024.

Include returning issuers.

CHART 8 Technology-focused issuers

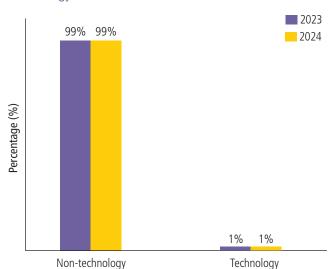
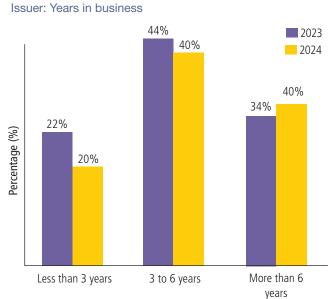


CHART 9

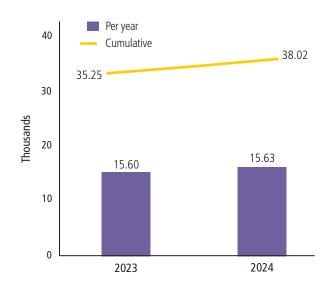


focused issuers formed 99% of total issuers (Chart 8). As shown in Chart 9, majority (80%) of issuers have been in operation for three years and more.

INVESTORS

As shown in Chart 10, the total number of participating investors has exceeded 38,000 since P2P financing was first introduced. In 2024, there was a slight increase of 0.2% in the total number of investors to 15,628 from 15,599 in 2023. There were 7% of new investors participating in P2P in 2024.

CHART 10 Investor participation⁴



Investor participation refers to investors who have invested in a campaign.

TABLE 1 Investor demographics

investor demographics			
		2024	2023
	Malaysian	97%	98%
Nationality	Foreign	3%	2%
Candan	Female	29%	28%
Gender	Male	71%	72%
	Below 35	41%	46%
	35 to 45	34%	32%
Age	>45 to 55	16%	14%
	Above 55	9%	8%
	Retail	90%	86%
	Angel	4%	5%
Туре	Sophisticated – HNWI	5%	8%
	Sophisticated – HNWE and accredited	0%	1%
	Non-sophisticated entity ⁵	1%	-

⁵ New category introduced effective January 2024.



ACRONYMS AND ABBREVIATIONS

ABJAD Agen Bijak Labur Desa

ABM Association of Banks Malaysia

ACGA Asian Corporate Governance Association

ACMF ASEAN Capital Markets Forum

ACSR Advisory Committee on Sustainability Reporting

ADB Asian Development Bank artificial intelligence

AMLATFPUAA Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of

Unlawful Activities Act 2001

Anti-Money Laundering, Countering Financing of Terrorism/ AMLCFT/PF

Proliferation Financing

AOB Audit Oversight Board

Asia-Pacific **APAC**

APRC Asia Pacific Regional Committee Audit and Risk Committee ARC **ASB** Asia School of Business

Association of Southeast Asian Nations **ASEAN** ASEAN Sustainable and Responsible Fund **ASEAN SRF** ASEAN Taxonomy for Sustainable Finance **ASEAN Taxonomy ATCM** Association of Trust Companies Malaysia

AUM assets under management BCXBursa Carbon Exchange **BNM** Bank Negara Malaysia

BSC Board Sustainability Committee CAGR compound annual growth rate

CFD contract for difference

CFD Guidelines Guidelines on Contracts for Difference

CMCCapital Market Compensation Fund Corporation

CIS collective investment schemes CME capital market entities CMM Capital Markets Malaysia CMP3 Capital Market Masterplan 3

CMSA Capital Markets and Services Act 2007 **CMSL** Capital Markets Services Licence **CMSR** Capital Market Stability Review

Capital Market Services Representative's Licence **CMSRL** Code Malaysian Code on Take-overs and Mergers 2016

COP28 28th United Nations Climate Change Conference of the Parties

CPI Consumer Price Index CRA credit rating agency CVC corporate venture capital DAC **Digital Asset Custodians** DAX digital asset exchange DeFi decentralised finance DF digital forensics

DIM digital investment management DOSM Department of Statistics Malaysia

ECF equity crowdfunding **EPF Employees Provident Fund**

ERMC Executive Risk Management Committee environmental, social and governance **ESG**

ETF exchange-traded fund EU **European Union**

FTSE Financial Times Stock Exchange **FBMKLCI** FTSE Bursa Malaysia KLCI

Technical Working Group on Forest Carbon Offset FCO

FCSFZ Forest City Special Financial Zone Financial Education Network FFN

FIMM Federation of Investment Managers Malaysia

FMC Fund Management Company

FPAM Financial Planning Association of Malaysia

FRC Financial Risk Committee

Focused Scope Assessment framework FSA

Financial Stress Index FSI **FSOY** soybean oil future contract **FVTPL** fair value through profit or loss **GDP** gross domestic product GHG greenhouse gas emissions GIFP Global Islamic Finance Program GIP Greening Industrial Park

GLIC government-linked investment company **GMCR** Guidelines on Management of Cyber Risk Guidelines on Technology Risk Management **GTRM**

GRI Global Reporting Initiative GVC Greening Value Chain **HNW** high-net-worth

HNWE high-net-worth entities **HNWI** high-net-worth individual

International Auditing and Assurance Standards Board **IAASB**

ICDM Institute of Corporate Directors Malaysia

ICM Islamic capital market

Institute for Capital Market Research Malaysia **ICMR**

IEO initial exchange offering **IMF** International Monetary Fund

International Financial Reporting Standards **IFRS**

Impact Framework Impact Investment Framework

INCEIF International Centre for Education in Islamic Finance IOSCO International Organization of Securities Commissions

IPO initial public offering ISF 2024 InvestSmart® Fest 2024

International Sustainability Standards Board **ISSB**

IAASB International Auditing and Assurance Standards Board

Jabatan Kemajuan Islam Malaysia **JAKIM** IC3 Joint Committee on Climate Change

Ministry of Rural and Regional Development (Kementerian Kemajuan **KKDW**

Desa dan Wilayah)

KPI key performance indicator **LEAs** Law Enforcement Agencies

Labuan FSA Labuan Financial Services Authority

LOLA Framework Lodge and Launch Framework for Unlisted Capital Market Products

MAS Monetary Authority of Singapore MCCG Malaysian Code on Corporate Governance

MCMC Malaysian Communications and Multimedia Commission

MDEC Malaysia Digital Economy Corporation **MFRS** Malaysian Financial Reporting Standards MGS Malaysian Government Securities MIA Malaysian Institute of Accountants Malaysian Investment Banking Association MIBA MIFC Malaysia International Islamic Financial Centre MITI Ministry of Investment, Trade and Industry

MOE Ministry of Education **MOF** Ministry of Finance

Ministry of Higher Education **MOHE**

Multilateral Memorandum of Understanding **MMOU**

MOU memorandum of understanding

MR marketing representative **MRC** Market Risk Committee

MSMEs micro, small and medium-sized enterprises

MTC mid-tier company

MVCR Malaysia Venture Capital Roadmap 2024-2030

MyCIF Malaysia Co-Investment Fund

NAV net asset value

NDC Roadmap Nationally Determined Contribution Roadmap and Action Plan

NETR National Energy Transition Roadmap NIMP New Industrial Master Plan 2030 NRA National Risk Assessment 2023 **NSRC** National Scam Response Centre

NSRF National Sustainability Reporting Framework

OACP Organisational Anti-Corruption Plan

OFCD Organisation for Economic Co-operation and Development

OPR Overnight Policy Rate ORC Operational Risk Committee P2P financing peer-to-peer financing PA principal advisers PΕ private equity PIE public-interest entity **PLC** public-listed company PLI poverty line income

PNB Permodalan Nasional Malaysia

Prescription Order Capital Markets and Services (Securities Regulations) (Digital

Currencies and Digital Tokens) Prescription Order 2019

PRS private retirement scheme RA regulatory assessment **REIT** real estate investment trust RIA Retirement Income Adequacy

RM Ringgit Malaysia

RMC Risk Management Committee **RMO** recognized market operator

Rules on Take-overs, Mergers and Compulsory Acquisitions Rules Catalysing MSME and MTC Access to the Capital Market: 5-Year Roadmap

Roadmap (2024-2028)

SAC Shariah Advisory Council SC Securities Commission Malaysia

SCXSC Synergistic Collaboration by Securities Commission Malaysia

Securities Commission Act 1993 **SCMA**

SCMA Securities Commission Malaysia Act 1993

SC-OCIS Securities Commission Malaysia-Oxford Centre for Islamic Studies

SEDG Simplified ESG Disclosure Guide SFI Sustainability First Initiative

SFO Single Family Office Tax Incentive Scheme

SFOV Single Family Office Vehicle

Sustainable Finance Working Group **SFWG** Safety and Health Committee SHC Securities Industries Act 1983 SIA

SICDA Securities Industry (Central Depositories) Act 1991 Securities Industry Development Corporation SIDC SIDREC Securities Industry Dispute Resolution Center

small and medium-sized enterprise **SME** SRI sustainable and responsible investment

Sustainable and Responsible Investment Roadmap for the Malaysian SRI Roadmap

Capital Market

Principles-Based SRI Taxonomy for the Malaysian Capital Market **SRI Taxonomy**

SRO self-regulatory organization

SROC Systemic Risk Oversight Committee SSC Sustainability Steering Committee

SSF Single Stock Futures

SSM Companies Commission of Malaysia SUA Surveillance of Unlicensed Activities

SupTech Supervisory Technology

TAAM Technology and Analytics Masterplan

TCRC Technology and Cybersecurity Risk Committee

technical screening criteria **TSC**

technical and vocational education and training **TVFT**

United Arab Emirates UAE **UHNW** ultra-high-net-worth UiTM Universiti Teknologi MARA

United Nations UN

UPC unlisted public company United States of America US

unit trust fund **UTF** UTS unit trust scheme

VASP Virtual Assets Service Providers

VC venture capital

WQ-FF Waqf-Featured Fund Framework

YΑ Year Assessment у-о-у year-on-year

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